

Information Paper for the Legislative Council Panel on Housing Meeting on 3 January 2000

Overall Supply of Public Housing Flats

Purpose

The purpose of this paper is to inform members of the effect of –

- the provision of subsidised home ownership (SHO) flats by mixed development;
- the replacement of a proportion of SHO flat production with the provision of loans; and
- sale of public rental housing (PRH) sites for redevelopment to the private sector

on the overall supply of public housing.

PROVISION OF SHO FLATS BY MIXED DEVELOPMENT

Background

2. The “mixed development” concept was first put forward for consultation in 1997 in the Long Term Housing Strategy Review Consultative Document. The objective is to encourage private sector involvement in the public housing programme so as to improve the quality, variety of design and the standard of the management of the flats concerned. In accordance with Government’s commitment in the 1997 Policy Address, two sites will be put out for tender by private developers for the implementation of the mixed development pilot scheme.

Mixed development pilot scheme

3. The successful tenderers for the mixed development sites are required to build and hand over a fixed proportion of flats equivalent to at least 30% of the saleable floor area in the development to Government for

sale as SHO flats to eligible purchasers. These eligible purchasers have to meet the same eligibility criteria for flats sold under the Home Ownership Scheme (HOS), and the same resale restrictions will apply. A total of about 800 SHO flats will be produced under the mixed development pilot scheme.

Effect on overall supply of public housing

4. It should be emphasized that mixed development is an alternative means of SHO flat production. The SHO flats produced through mixed development will contribute towards the annual public housing flat production target of 50 000 units, similar to flats built under the HOS by the Housing Authority (HA) and the Private Sector Participation Scheme (PSPS) and flats built under the Flat-For-Sale-Scheme (FFSS) by the Housing Society (HS). Its effect on the overall supply of public housing is therefore neutral. Government will conduct a review of the mixed development pilot scheme in due course to determine whether more SHO flats will be provided through this approach.

5. The HA supports the concept of mixed development and is considering a study of alternative forms of mixed development. So far, detailed proposals have not been submitted to the HA for consideration.

PARTIAL REPLACEMENT OF SHO FLAT PRODUCTION WITH LOANS

Policy commitment

6. As stated in the 1999 Policy Address, the Government proposes to embark on a partial shift in the means of providing assisted housing from the conventional “bricks and mortar” approach by replacing part of the SHO flat production programme with loans.

7. There are many advantages in providing loans, e.g. a wider choice for home buyers to meet their individual needs; reducing the burden on taxpayers; and helping the market to adjust quickly to short term changes in demand.

8. It should be emphasised that there is no plan by the Government to replace the SHO flat production programme entirely with loans. The various SHO schemes are well established and have been well received by eligible home buyers. The present proposal only aims to provide more flexibility to potential SHO flat buyers in their choice of flats and to achieve better cost-effectiveness. The new arrangement will be implemented gradually and cautiously. The operation of the new arrangement will be carefully monitored.

Effect on overall supply of public housing

9. To fulfil the Government's pledge to provide housing assistance to an average of 50,000 eligible households a year, sufficient loans will be provided to replace the reduction of SHO flat production. In other words, the overall number of households benefitting from Government's housing assistance will remain unchanged.

SALE OF PUBLIC RENTAL HOUSING SITES FOR REDEVELOPMENT TO THE PRIVATE SECTOR

10. The HA's redevelopment programme for old public rental housing estates under the Comprehensive Redevelopment Programme (CRP) will be completed by 2005. In accordance with the strategy laid down in the Long Term Housing Strategy White Paper published in 1998, any redevelopment after the completion of the CRP will be carried out selectively on an estate by estate basis, and will be dictated by the structural conditions of rental blocks, the economic benefits of redevelopment, and the availability of reception flats.

11. Tenants affected by the CRP are now being offered new or refurbished PRH flats in their original districts or mortgage subsidies to purchase subsidised home ownership flats. As the flats made available to tenants affected by the CRP is covered by the annual public flat production target, its effect on the overall supply of public housing is also neutral.

12. There are, at present, no plans for large scale redevelopment programmes upon completion of the CRP in 2005. Newer buildings have been built to higher standards and are better maintained, thus resulting in a longer life span.

13. While the HA recognises the merits of inducing more private sector participation in subsidised housing provision, such as through mixed development, neither the HA nor the HD has considered the concept nor the details of selling redeveloped PRH sites to the private sector.

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