

**Legislative Council Panel on Housing and Panel on Planning, Lands and Works
Policy Initiatives of Housing, Planning and Lands Bureau**

Introduction

The 2004 Policy Agenda just issued lists the HKSAR Government's new and ongoing initiatives over the next three and a half years. This note elaborates, where applicable, on the policy initiatives affecting the Housing, Planning and Lands Bureau (HPLB) in the 2004 Policy Agenda. Where necessary, it also gives an account on the position reached on initiatives in the 2003 Policy Agenda.

2004 Policy Agenda

2. A list of HPLB's initiatives in the Policy Agenda 2004 is at Annex I. The details of HPLB's new initiatives and on-going initiatives in the next three and a half years are set out in Annex II.

2003 Policy Agenda

3. An account of the progress of or the position reached on HPLB's initiatives in the 2003 Policy Agenda is at Annex III.

Housing, Planning and Lands Bureau
January 2004

List of HPLB Initiatives in the Policy Agenda 2004

Vibrant Economy

New Initiatives:

We will

- *Continue to co-ordinate the timetable for the disposal of railway-property developments to ensure that there would not be adverse impact on the property market. [HPLBN1]*
- *Monitor housing supply and compile comprehensive housing supply statistics. [HPLBN2]*
- *Provide assistance as necessary to enable the Housing Authority to divest through public listing its retail and car-parking facilities. [HPLBN3]*

Ongoing Initiatives:

We are

- *Relaxing statutory restrictions on security of tenure with a view to resuming the free operation of the private rental market. [HPLBO1]*
- *Promoting a title registration system to give greater security to interests in land and property and simplify conveyancing. [HPLBO2]*
- *Exploring various options for disposal of the Housing Authority's surplus Home Ownership Scheme blocks. [HPLBO3]*
- *Exploring further opportunities for outsourcing the Housing Authority's services. [HPLBO4]*

Caring and Just Society

New Initiatives:

We will

- *Implement the improvement measures for the Pre-Sale Consent Scheme. [HPLBN4]*
- *Consider how best to speed up the processing of application for small houses. [HPLBN5]*

Ongoing Initiatives:

We are

- *Reviewing the mechanism for the determination of domestic rents for public housing. [HPLBO5]*
- *Maintaining supply of public rental housing for needy applicants with an average waiting time of around three years. [HPLBO6]*

Enlightened People with a Rich Culture

Ongoing Initiative:

We are

- *Formulating a comprehensive development package for the integrated arts, cultural and entertainment district in West Kowloon. [HPLBO7]*

Environmentally Responsible Development

New Initiatives:

We will

- *Ensure that our planning and land use objectives are geared towards our mission to protect the Victoria Harbour and enhance it for the enjoyment of our residents and visitors alike. Apart from Central, Wan Chai North and South East Kowloon, the Government will not undertake any further reclamation in the Harbour. Our policy will be reflected in relevant town plans. [HPLBN6]*
- *Review the development intensity in public housing projects to enhance the living environment and cost-effectiveness within permitted plot ratio. [HPLBN7]*
- *Study various options and promote discussion on how to speed up the urban renewal process. [HPLBN8]*

Ongoing Initiatives:

We are

- *Developing a land use, transport and environment strategy under the Hong Kong 2030 study to guide the long-term development of Hong Kong. [HPLBO8]*
- *Enhancing building management and maintenance of private housing through education, publicity, and greater participation of professional bodies and the private sector, and initiating discussions on ways to provide one stop service to owners of private buildings. [HPLBO9]*
- *Improving the legislative framework for building control and building safety. [HPLBO10]*
- *Streamlining the town planning process under the Town Planning Ordinance and enhancing openness of the planning system. [HPLBO11]*
- *Consulting various stakeholders with a view to making preliminary proposals on small house policy for more in-depth discussion. [HPLBO12]*

2004 Policy Agenda of Housing, Planning and Lands Bureau

In 2003, the Secretary for Housing, Planning and Lands has conducted a comprehensive review of the policies in the areas of housing, planning and lands under his charge, and has also re-considered the focus of our work. The ensuing paragraphs set out the policy objectives and strategies of the Housing, Planning and Lands Bureau for the next three and a half years.

Implementation of the Housing Policy

2. The property market is a vital part of Hong Kong's economy. The healthy development of the property market hinges on the overall economic situation and public confidence in the market. In November 2002, the Government announced the Statement on Housing Policy to rationalize our housing targets and strategies, clarify the Government's role and minimize our intervention in the market in order to ensure sustained and healthy development of the property market. Last October, the Government made a further statement on the implementation and consolidation of the relevant policies and measures. On the basis of the prevailing housing policy, the Government would make further efforts to coordinate the supply of flats, with a view to strengthening public confidence in the market.

Supply and Demand in the Property Market

3. In the interest of a more accurate assessment of the latest position of the private residential property market, we have devised a comprehensive system and database to monitor private housing supply and compile comprehensive housing supply statistics [HPLBN2]*, which will facilitate the formulation of timely measures to cater for new circumstances.

4. While the current supply of private housing is still abundant, the number of unsold completed flats has decreased from about 20 000 as at end June 2003 to about

* Reference inside [] relates to that of relevant initiatives of the 2004 Policy Agenda listed in Annex I.

18 000 in end November 2003. According to the number of Notifications of Commencement of Foundation Works filed with the Buildings Department, the number of works commencement in the private sector has decreased substantially from 1998 onwards. In the three years straddling from 1998 to 2000, foundation works for an average of 30 000 new units commenced each year; the number of works commencement in 2001 and 2002 fell to about 18 000 units whereas those in 2003 fell to a record low of about 14 000 units. This shows that the flat production “peak” has passed. Judging from the current situation of works commencement, the supply of new flats in the next few years will only be on the decrease.

5. The figures on property market outlined above indicates that the imbalance of supply and demand in the property market has improved and that the property market is beginning to pick up, showing that our housing policy is in the right direction. We are firmly committed to maintaining a clear, comprehensive and consistent housing policy.

Land Supply

6. As announced in October 2003, the Government has decided to resume the Application List System from January 2004, so that land supply can be regulated through market forces for the healthy and normal development of the property market. After careful consideration of the market situation and views expressed by relevant sectors, we will draw up a new Application List based on the following four guiding principles:

- (a) Different types and sizes of sites are provided for application by developers so as to meet various market demands;
- (b) We have taken a prudent approach as the market has just begun to stabilise and there is still an abundant supply of private residential flats. We only put in an appropriate number of sites, most of which are small and medium in terms of land size and development ratio in order to avoid any sudden upsurge in the supply of residential flats;
- (c) In view of the increase in transactions for the high-end residential market and the greater demand for sites of such residential development in recent years, a number of quality sites for low density residential development are included in the Application List; and

(d) No sites in districts where excessive supply of residential flats would prevail in the next few years are included in the Application List.

The Lands Department will soon announce the new Application List which would be made available for application and bidding by developers.

7. We have reached a consensus with the two railway corporations on railway-property developments. The Mass Transit Railway Corporation Limited and the Kowloon-Canton Railway Corporation announced their latest plans for railway-property developments in September and October last year respectively. To ensure that there would not be any adverse impact on the property market, we will continue to liaise closely with the two railway corporations to co-ordinate the timetable for the disposal of railway-property developments [HPLBN1].

Disposal of Surplus Home Ownership Scheme Flats

8. To tie in with the Government's policy objective of withdrawing from the property market, the Housing Authority (HA) has decided that the production and sale of Home Ownership Scheme (HOS) flats will cease indefinitely and that the small number of unsold and returned flats will not be offered for sale as subsidised housing before the end of 2006. For some 10 000 surplus HOS flats which are completed or under construction but have never been offered for sale, we are actively exploring various options to dispose of them through market-friendly means. Last year, 2 100 HOS flats were converted into public rental housing (PRH) units. We will continue to examine the feasibility and implications of the various options for disposal of the surplus HOS flats [HPLBO3], and to consider whether these surplus flats should be changed to other uses.

Facilitating Smooth Operation of the Property Market

Relaxation of Tenancy Control

9. The Government completed the review of the Landlord and Tenant (Consolidation) Ordinance last year. We would relax all statutory restrictions on security

of tenure with a view to revitalising and resuming the free operation of the private rental market so as to attract more property investment [HPLBO1]. The Landlord and Tenant (Consolidation) (Amendment) Bill 2003, which was introduced into the Legislative Council (LegCo) in June 2003, is now under scrutiny by the Bills Committee. We look forward to its early enactment.

Title Registration System

10. We introduced the Land Titles Bill into the LegCo in December 2002. The main purposes of the Bill are to promote a title registration system to give greater security to interests in land and property and to simplify conveyancing [HPLBO2]. Under the proposed title registration system, the procedures for establishing the title to a property are simplified as it will no longer be necessary to review the historical title deeds. This will be a major reform in land registration, and will provide greater protection to property owners, purchasers and any other people who are involved in property transactions. The successful implementation of such major reform is no easy task. In the course of scrutinising the Bill, members of the Bills Committee have raised a number of technical issues and reflected to us the concerns of the industry. We will continue to actively respond to such concerns and assist the Bills Committee with its work.

Pre-sale Consent Scheme

11. To further protect the interests of property owners and investors, we conducted a comprehensive review of the Pre-Sale Consent Scheme in mid-2003. The Lands Department has formulated a number of new improvement measures, which include requiring developers to provide more information, obtaining prior consent from the Department before solicitors are changed, and seeking consent of banks which provide mortgages and solicitors' firms for transfer of sales proceeds. Developers are responsible for notifying purchasers of any delay in works. We believe that this series of improvement measures will promote the smooth operation of the Pre-Sale Consent Scheme. The Lands Department will brief the LegCo Panel on Planning, Lands and Works and the LegCo Panel on Housing and implement the improvement measures for the Pre-Sale Consent Scheme [HPLBN4].

Public Housing Policy

Maintaining the Waiting Time for Public Rental Housing

12. The Government is committed to providing PRH to low-income families to meet their housing needs. We will continue to do so and develop a rolling housing development programme with a view to maintaining the supply of PRH for needy applicants with an average waiting time of around three years [HPLBO6]. Moreover, we will review the existing PRH allocation policy and strengthen the measures for tenancy enforcement for more effective use of housing resources.

Review of Rent Determination Mechanism

13. Last year, the Court handed down its judgment on the judicial review case on PRH rents and ordered the HA to conduct a rent review as soon as possible. The HA has full respect for the rule of law. However, as the Court's ruling involves proper interpretation of the Housing Ordinance, the HA, as a responsible public body, is obliged to lodge an appeal to clarify the important legal points. Moreover, the ruling has significant and far-reaching public interest and public finance implications. Upon the HA's application for a stay of execution of the order, the Court has subsequently agreed that the HA does not have to implement rent adjustment before conclusion of the appeal. The HA is now conducting a rent review exercise according to the court's order.

14. Meanwhile, the HA's Ad Hoc Committee on Review of Domestic Rent Policy has resumed its work on reviewing the mechanism for the determination of domestic rents for public housing [HPLBO5]. We will consider the views of different sectors of the community in formulating a sustainable rent policy which ensures rational allocation of public resources.

Divestment of Housing Authority's Retail and Car-parking Facilities

15. In the past year, the HA has thoroughly examined the divestment of its retail and car-parking facilities, and has formulated an implementation plan. The divestment project will enable the HA to focus on its core function as a provider of subsidised public housing.

16. We will provide assistance as necessary to enable the HA to divest through public listing its retail and car-parking facilities [HPLBN3]. The current plan is to establish a Real Estate Investment Trust (REIT) and transfer its retail and car-parking facilities to the REIT. Arrangements will then be made for the REIT to put up an initial public offering (IPO) on the Stock Exchange of Hong Kong, with the proceeds from the sale going to the HA in entirety. The HA appointed the Global Coordinators and financial consultants in October last year and is working with them on matters related to the establishment of the REIT and the IPO. Under the current plan, the REIT is tentatively scheduled for listing on the Stock Exchange of Hong Kong in 2004/05.

Outsourcing HA's Services

17. In line with the principle of "big market, small government", the Housing Department (HD) has recently conducted a comprehensive review of the outsourcing arrangements. We will adopt a flexible and dynamic strategy in delivering estate management and maintenance services through the optimal use of a combination of outsourcing arrangements and in-house resources. The aim is to enhance the cost-effectiveness of both outsourced and in-house managed estate management and maintenance services and make full and best use of in-house staff resources. It remains HD's policy to expand the scope and coverage of outsourcing for its estate management and maintenance services in the long run. We will explore further opportunities for outsourcing the HA's services [HPLBO4].

Planning and Lands Policies

18. The effective implementation of our housing policy has to go hand in hand with comprehensive planning and lands policies. A few major areas are highlighted below.

Planning for Hong Kong

Hong Kong 2030

19. We will develop a land use, transport and environment strategy under the Hong

Kong 2030 Study to guide the long-term development of Hong Kong [HPLBO8]. The Stage Three public consultation of the study is now in progress. In this public consultation, we seek the views of the public on a number of planning options and alternatives. For example, what kind of living environment do we prefer? A high-density or a low-density living environment? Should our future homes be built in the existing urban area or in the New Territories? Should we keep on expanding the existing business districts, or should we identify alternative locations for constructing new and quality business centres? We hope to solicit public views and pool our wisdom together to work out a development pattern most beneficial to the long-term development of Hong Kong.

20. To tie in with the above development study, we will review the development intensity in public housing projects to enhance the living environment and cost-effectiveness within permitted plot ratio [HPLBN7].

Harbour Development

21. Talking about the long-term development of Hong Kong, one must not leave out the issue of reclamation. We, like other members of the general public, treasure and love our Victoria Harbour. We have reiterated time and again that the Government will not undertake any further reclamation in the Harbour apart from the works in Central, Wan Chai North and Southeast Kowloon. We will conduct a comprehensive review of the projects in Wan Chai North and Southeast Kowloon to ensure that these projects are in compliance with the law. In consideration of the aspirations and wishes of the public and to dispel doubts, the Government will amend the relevant town plans. This will reflect and demonstrate Government's determination in protecting Victoria Harbour [HPLBN6].

22. In future, in the process of planning and developing the waterfront, we have to study how to give our harbour city an entirely new look, beautify the shoreline and enhance our waterfront view so as to make it more harmonious for the enjoyment of our residents and visitors alike. It is our aim to make Victoria Harbour a harbour for the people.

23. To achieve this vision, we have set the blueprint for new developments on both sides of the harbour. In respect of Southeast Kowloon, we plan to turn the former Kai Tak Airport site into a new development area. As for West Kowloon, we have

formulated a comprehensive development package for an integrated arts, cultural and entertainment district [HPLBO7], which will help enhance Hong Kong's status as Asia's premiere centre of arts, culture and entertainment. For this purpose, an Invitation for Proposals was issued on 5 September 2003. Interested private corporations may submit their proposals before 19 June 2004.

Arresting Urban Decay

24. At present, there are some 15 000 private buildings in Hong Kong which are over 30 years of age. The number of such old buildings is increasing. As a result of building neglect, different parts of our city show signs of decay.

25. Since the outbreak of SARS last year, there is increased awareness of the importance of building care. The incident also highlights the need to establish a holistic and long-term solution to building management and maintenance matters so as to tackle the problems associated with building neglect. In this connection, we launched a public consultation exercise on the policy direction to promote proper building management and maintenance in late 2003.

26. It is the responsibility of owners to keep their buildings in good repair. We intend to enhance building management and maintenance of private housing through education, publicity, and greater participation of professional bodies and the private sector, and initiate discussions on ways to provide one stop service to owners of private buildings [HPLBO9]. We have already conducted a briefing for the LegCo Panel on Planning, Lands and Works on this matter. We will consult and discuss with all relevant parties including the LegCo, District Councils, the industry, professional bodies, non-government bodies and the general public. Since the issue concerns our living environment, we will carefully consider the views received before deciding on the next stage of work.

27. Separately, we have already put in place a holistic urban renewal policy to deal with the urban decay problem. This policy comprises redevelopment, rehabilitation, revitalization and preservation. We will study various options on how to speed up the urban renewal process and promote discussions in the community [HPLBN8].

Building Control

28. In April 2003, we introduced the Buildings (Amendment) Bill into the LegCo to improve the legislative framework for building control and building safety, to rationalise the building control regime under the Buildings Ordinance and to strengthen safety requirements [HPLBO10]. The minor works control regime is, *inter alia*, the most important proposal of the Bill. Under the proposed regime, only qualified and registered minor works contractors can carry out such minor building works as erection and removal of signboards, drainage works and demolition of illegal structures, in order to ensure that the works are carried out in a cost-effective and safety manner. The Bill is now under scrutiny by the Bills Committee. Its enactment will mark a big step forward in the efforts to enhance building safety. We will continue to work hand in hand with the Bills Committee and the industry.

Small Houses

29. We will continue to review the policy on small houses and consult various stakeholders with a view to making preliminary proposals on small house policy for more in-depth discussion and public consultation [HPLBO12]. Since many people have expressed concern about the long processing time of small house applications, the Lands Department will consider how best to speed up the processing of application for small houses [HPLBN5].

Streamlining Procedures and Serving the Community

30. Streamlining and expediting the current development planning and approval procedures will accelerate the progress of works and private development projects, and is thus beneficial to both the industry and the community at large. In this connection, we introduced the Town Planning (Amendment) Bill 2003 into the LegCo in May 2003 to streamline the town planning process under the Ordinance and to enhance openness of and public participation in the planning system [HPLBO11]. The Bill is under deliberation by the Bills Committee.

31. Land lease conditions, planning procedures and building requirements are there

to serve the community. The Planning Department, Buildings Department and Lands Department have completed the study on how best to eliminate possible duplication and promote fast-track processing through enhanced communication and streamlined procedures. We will allow the industry greater flexibility in their development plans under established principles, with a view to firmly anchoring the responsibility for technical details in the professionals. In this connection, the relevant Government departments have issued a Joint Practice Notes to the industry last August.

Conclusion

32. In the days ahead, we will focus on the most fruitful and flexible use of our precious housing and land resources. We will work closely with various public and private organisations including the Housing Authority, the Housing Society and the Urban Renewal Authority to ensure effective co-ordination and maximum efficiency in the use of resources and manpower. We look forward to your support so that we can work together for the long-term planning and housing development of Hong Kong to create a better living environment.

Housing, Planning and Lands Bureau
January 2004

List of Initiatives of Housing, Planning and Lands Bureau in the Policy Agenda 2003***Vibrant Economy***

<u>Initiative</u>	<u>Progress Made/Present Position</u>
<i>Implement the series of housing measures set out in the Statement on Housing Policy made by the Secretary for Housing, Planning and Lands on 13 November 2002</i>	<p>The Statement announced the following measures, all of which are progressing on course, as follows:</p> <ul style="list-style-type: none">(a) stop all scheduled land auctions and suspend the Application List until end 2003 : Completed. Please refer to paragraph 6 of the paper at Annex II.(b) co-ordinate the pace and timing of railway-related property development : Ongoing. Please refer to the initiative HPLBN1 in the list at Annex I and paragraph 7 of the paper at Annex II.(c) adjust the public rental housing production having regard to demand with a view to maintaining the average waiting time of around three years: Ongoing. Please refer to HPLBO6 and paragraph 12 of the paper at Annex II.(d) cease the production and sale of flats under the Home Ownership Scheme (HOS): Completed. We are exploring different options for disposal of surplus HOS blocks. Please refer to HPLBO3 and paragraph 8 of the paper at Annex II.(e) launch the Home Assistance Loan Scheme: The Scheme was launched in January 2003. Application for the 2003/04 quota has been closed. A comprehensive review of the Scheme will be conducted in early 2004.(f) halt Mixed Development Scheme/Private Sector Participation Scheme : Completed.(g) halt the Tenants Purchase Scheme : The Scheme has been halted except for Phases 6A and B of the Scheme which have previously been announced for sale. In the light of the SARS, sale arrangements for Phase 6 of the Scheme have been deferred until 2004 after completion of condition surveys and drainage maintenance and repair works.

	<p>(h) relax statutory security of tenure restrictions : Please refer to HPLBO1 and paragraph 9 of the paper at Annex II.</p> <p>(i) scrap anti-speculation measures restricting internal sale and quantity of property purchase : Completed.</p>
<i>Evaluate divestment options for the Housing Authority's retail and car-parking facilities with a view to developing an implementation plan</i>	Please refer to HPLBN3 and paragraphs 15 and 16 of the paper at Annex II.
<i>Exploring further opportunities for outsourcing the Housing Authority's services</i>	Please refer to HPLBO4 and paragraph 17 of the paper at Annex II.
<i>Introducing a title registration system to give greater security to interests in land and property and simplify conveyancing</i>	Please refer to HPLBO2 and paragraph 10 of the paper at Annex II.

Caring and Just Society

<u>Initiative</u>	<u>Progress Made/Present Position</u>
<i>Review the mechanism for the determination of domestic rents for public housing, subject to the outcome of the current judicial review of the Housing Authority's decision to defer review of rents</i>	Please refer to HPLBO5 and paragraphs 13 and 14 of the paper at Annex II.
<i>Maintaining supply of public rental housing for needy applicants within an average waiting time of three years</i>	Please refer to HPLBO6 and paragraph 12 of the paper at Annex II.

Enlightened People with a Rich Culture

<u>Initiative</u>	<u>Progress Made/Present Position</u>
<i>Formulate a comprehensive development package for the integrated arts, cultural and entertainment district in West Kowloon</i>	Please refer to HPLBO7 and paragraph 23 of the paper at Annex II.

Environmentally Responsible Development

<u>Initiative</u>	<u>Progress Made/Present Position</u>
<i>Develop a land use, transport and environment strategy under the Hong Kong 2030 study to guide the long-term development of Hong Kong</i>	Please refer to HPLBO8 and paragraph 19 of the paper at Annex II.
<i>Consult various stakeholders with a view to making preliminary proposals on small house policy for more in depth discussion</i>	Please refer to HPLBO12 and paragraph 29 of the paper at Annex II.
<i>Enhance building management and maintenance of private housing through education, publicity, and greater participation of professional bodies and the private sector, and initiate discussions on ways to providing one stop service to owners of private buildings</i>	Please refer to HPLBO9 and paragraphs 24 - 26 of the paper at Annex II.
<i>Improving the legislative framework for building control and building safety</i>	Please refer to HPLBO10 and paragraph 28 of the paper at Annex II.
<i>Streamlining the town planning process under the Town Planning Ordinance and enhancing openness of the planning system</i>	Please refer to HPLBO11 and paragraph 30 of the paper at Annex II.