

**Legislative Council Panel on Housing and
Panel on Development**

**The Short to Medium Term Housing and Land Supply Measures
Announced by the Chief Executive
on 30 August 2012**

PURPOSE

This paper updates Members on the progress of the ten housing and land-supply measures announced by the Chief Executive on 30 August 2012 to tackle the housing issues.

BACKGROUND

2. As stated in the election Manifesto of the Chief Executive (CE), housing tops the list of livelihood issues that are of concern to the community. It is also the bedrock of a stable society. Addressing housing issues is one of the key policy priorities of the Government.

3. It is the Government's objective to adopt a balanced approach in increasing the supply of public housing while maintaining the stability of the private housing market. In recent months, we have noticed that there is notable increase in both property rents and prices and more and more people have found it difficult to find suitable flats in the market at prices which they can afford. In order to tackle the pressing housing problems, the Chief Executive announced on 30 August 2012 a package of ten short and medium term measures to expedite the supply of subsidised and private housing units¹, details and the updated position of which are set out below.

¹ The Financial Secretary announced further measures to address the overheated property market on 26 October 2012. Details of the measures were separately discussed at the joint meeting of the LegCo Housing Panel and Financial Affairs Panel on 2 November 2012.

PROGRESS UPDATE

Short-term Measures (6-12 months)

To expedite the putting up of the Housing Authority's remaining Home Ownership Scheme (HOS) stock for sale

4. To address the pressing home ownership aspiration of the community, the Subsidized Housing Committee (SHC) of the Housing Authority (HA) agreed on 12 September 2012 to release the remaining 832 surplus HOS flats for sale in early 2013. It was also agreed that the implementation arrangements of the traditional HOS, including price setting and premium payment arrangements, will be applied for the sale. The HA is now working out the implementation details for the sale, including the allocation ratio between Green Form (GF) and White Form (WF) applicants, the income and asset limits for WF applicants, pricing and other preparation work for sale. Details will be announced around two months prior to the sale in early 2013.

To provide the flats at Tsing Luk Street, Tsing Yi as subsidized sale flat

5. There are views that while the original “rent-and-buy” mode of the My Home Purchase Plan (MHPP) may help target families save up for home ownership, the public’s biggest concern at this juncture is to have an adequate supply of suitable flats for sale on the market to enable them to acquire their own homes. As such, we consider it necessary to further increase the supply of subsidised sale flats in the short term, so as to help meet the public’s home ownership aspiration. Since the original MHPP may not be the best solution to the pressing home ownership aspirations of the public, we have decided to change the method of disposal of the first MHPP project at Tsing Luk Street, Tsing Yi (the Tsing Luk Street project) from letting to sale. We will also revisit the original MHPP as soon as possible.

6. The construction works of the Tsing Luk Street project have already commenced. The project will provide 988 no-frills small and

medium sized flats. The Hong Kong Housing Society (HKHS) expects that the construction works will be completed in 2014. HKHS will turn all the flats under the project to subsidised sale flats and arrange them to be sold at a discounted price (i.e. below market price) to the target group originally eligible under the MHPP (i.e. households with monthly income of around \$40,000 or below). HKHS is working out the sale arrangements of the Tsing Luk Street project, and estimates that the flats can be offered for sale in the form of uncompleted flats by end 2012.

To speed up the processing of pre-sale consent applications

7. Following the announcement of the measure by the CE, the Lands Department has issued a total of six pre-sale consents in respect of residential developments as at 26 October 2012, involving a total of 3 919 units. As at 26 October 2012, 20 applications for pre-sale consent (involving a total of 10,448 units) in respect of residential developments were being processed. We will continue to expedite the process of pre-sale consent applications.

To continue government-initiated land sale in the quarterly land sale programme for October to December 2012

8. Since 2010, the Government has fine-tuned the arrangement for the sale of government sites by initiating sale through public auction or tender while retaining the Application List system. The objective is to increase the supply of land to the market. It is now an established practice that we announce quarterly land sale programme in advance. For the first three quarters of 2012-13 (April to December 2012), a total of 16 residential sites², which have a capacity to produce about 5 000 flats, have been announced for Government-initiated sale.

9. We announced on 31 August 2012 the quarterly land sale programme for October to December 2012 in which we will sell six residential sites with a capacity to provide about 1 760 flats. Together

² Developers have successfully triggered another two residential sites which have been sold (totaling about 165 flats).

with one West Rail property development project at Tsuen Wan West Station to be tendered in the same quarter, the seven residential sites could produce about 2 650 flats. Depending on market reaction, we will continue putting up more residential sites for sale.

To convert the Chai Wan Factory Estate for Public Rental Housing (PRH) use, and to redevelop two industrial buildings

10. With a view to preserving the building by adaptive re-use, HA is now conducting various technical studies and assessments, including ground investigation, contamination assessment, traffic and environmental impacts assessments, etc for the Chai Wan Factory Estate, which was designed in the 1950s, and will consult the local community by end 2012. We endeavour to commence the conversion work in mid-2013 for completion in 2015, which will then provide about 180 PRH flats (including one to two-person flats and one-bedroom flats).

11. On the other hand, we need to accelerate the renewal of old industrial areas to release more sites for residential or commercial development. In the 2012-13 Budget, the Financial Secretary invited the Urban Renewal Authority (URA) to launch redevelopment projects of industrial buildings in the form of a pilot scheme. The URA has since identified two target industrial buildings for redevelopment within the current financial year and commenced one of the pilot projects on 26 October 2012 which is for residential use and will provide about 180 small to medium sized flats. The other pilot project will be for office use.

Medium-term Measures

To continue the sale of the 4 000 remaining MHPP flats

12. Apart from the Tsing Luk Street project, we incline to sell the remaining 4 000 flats originally planned for MHPP at a discounted price. We are also exploring how best to assist the original target group of MHPP to achieve home ownership.

To grant part of the site in the Kai Tak Development originally reserved for the “Flat-for-Flat” Scheme for HOS development

13. HA is now conducting various technical studies and assessments (including environmental, traffic, drainage and sewerage impacts assessments, etc.) to formulate a suitable design scheme. The HA will work with other government departments and proactively contact the local community, so as to complete about 480 HOS flats in 2017-18 in the Kai Tak Area.

To rezone an “Open Space” site without development programme in Cheung Sha Wan for PRH development

14. The HA is now conducting various technical studies and assessments (including environmental, traffic, drainage and sewerage impacts assessments, etc.) to formulate a suitable design scheme. The HA will continue to liaise with other government departments and to seek the support of the local community, so as to facilitate the Planning Department (PlanD) in rezoning the site to residential use. We endeavour to complete the rezoning and construction works in 2019, which will advance the provision of about 2 300 PRH flats at the site by two years.

To convert 36 “Government, Institution or Community” (GIC) and other government sites to residential use

15. PlanD has identified 36 G/IC and other government sites (about 27 hectares) suitable for residential use. It is estimated that about 11 900 private and public housing flats can be produced. Amongst the 36 sites, 26 sites have yet to undergo zoning change for residential use. We will consult the public on the rezoning amendments in accordance with the statutory procedures under the Town Planning Ordinance.

To explore the potential of converting industrial land/building into residential use under the town planning regime and the Buildings Ordinance

16. In converting industrial buildings for residential use, the Town Planning Ordinance and statutory plans, the Buildings Ordinance and its subsidiary legislation, and the conditions in the relevant land leases have to be complied with. However, most industrial buildings are located on sites with zoning restricting or not permitting residential use. Even if residential use is permitted in planning terms, the conversion would face various technical difficulties under the building and land lease control regimes. To help address the shortage of housing supply in the short to medium-term, the Government is exploring possible ways to overcome these hurdles in the context of the policy on revitalization of industrial buildings to facilitate wholesale conversion of industrial buildings to “transitional accommodation” use on an interim basis as a stop-gap measure.

“Long Term Housing Strategy”

17. In addition to the above short and medium measures, the Government has launched the Long Term Housing Strategy (LTHS) review as part of its efforts to take forward the Government’s housing vision. The LTHS Steering Committee has held its first meeting on 15 October 2012. The Steering Committee will review the changing housing needs and priorities of the community and recommend measures to address these housing needs. It will also look at housing demand for both public and private sectors, advise on the current policies and practices, and make appropriate recommendations to ensure that the policies and practices contribute effectively to the policy objectives and priorities of the Chief Executive. Its target is to produce a consultation document by around mid 2013. This will follow by a three-month public consultation. The report on the public consultation will be published by end 2013.

“Hong Kong Property for Hong Kong People”

18. Housing land is a scarce resource in Hong Kong. The objective of the Hong Kong Property for Hong Kong People (HKPHKP) policy is to give priority to the housing needs of Hong Kong people. For land sale sites subject to the HKPHKP measure, we propose to restrict through land sale conditions the sale and re-sale of flats built on these sites to Hong Kong permanent residents for 30 years. We are working out the implementation details and are planning to incorporate relevant land sale conditions into two sites located at the Kai Tak Development Area. The sites, which are suitable for building small to medium sized flats, will be sold in the first quarter of 2013 as a pilot under the HKPHKP measure.

WAY FORWARD

19. The Government will move forward with the implementation of the above short and medium term measures, while development of the long term housing strategy will be undertaken in parallel.

**Transport and Housing Bureau
Development Bureau
November 2012**