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**Panel on Housing**

**Subcommittee on the Long Term Housing Strategy**

**Minutes of the meeting**  
**Friday, 27 September 2013, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

- Members present** : Hon WONG Kwok-hing, BBS, MH (Chairman)  
Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon IP Kwok-him, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon WONG Yuk-man  
Hon WU Chi-wai, MH  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Member attending** : Hon LEUNG Yiu-chung

**Members absent** : Hon Tony TSE Wai-chuen (Deputy Chairman)  
Dr Hon LAM Tai-fai, SBS, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

**Public Officers attending** : **For item I**

Professor Anthony CHEUNG, GBS, JP  
Secretary for Transport and Housing

Mr D W PESCOD, JP  
Permanent Secretary for Transport and Housing  
(Housing)

Miss Agnes WONG, JP  
Deputy Secretary for Transport and Housing (Housing)

Mr Steven HO  
Senior Economist (6)  
Financial Secretary's Office

Mr Percy LEUNG  
Assistant Director (Strategic Planning) (Acting)  
Housing Department

**Clerk in attendance** : Ms Miranda HON  
Chief Council Secretary (1)1

**Staff in attendance** : Mr Jackie WU  
Research Officer 2

Ms Diana WONG  
Research Officer 5

Miss Lilian MOK  
Council Secretary (1)1

Miss Mandy POON  
Legislative Assistant (1)1

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**I. Long Term Housing Strategy Consultation Document**

- (LC Paper No. CB(1)1756/12-13(01) — Administration's Consultation Document on "Long Term Housing Strategy: Building Consensus, Building Homes"
- LC Paper No. CB(1)1818/12-13(01) — Administration's paper on "Long Term Housing Strategy Consultation Document"
- LC Paper No. IN27/12-13 — Information Note on "Long Term Housing Strategy" prepared by the Research Office of the Legislative Council Secretariat)

The Secretary for Transport and Housing ("STH") briefed members on the key messages and recommendations of the Long Term Housing Strategy Steering Committee ("the LTHS Steering Committee") as set out in the LTHS Consultation Document ("the Consultation Document") entitled "Building Consensus, Building Homes". He advised that the LTHS Steering Committee would submit a report on the public consultation to the Government for consideration, tentatively in early 2014. The Government would then take into full account the recommendations of the LTHS Steering Committee and the views received from the public in formulating the LTHS and relevant policy measures.

(*Post-meeting note*: STH's speaking note was circulated to members vide LC Paper No. CB(1)1855/12-13(01) on 2 October 2013.)

Role of the LTHS Steering Committee

2. Mr Frederick FUNG enquired about the role of the LTHS Steering Committee, and whether the Administration was making use of the public consultation exercise as an excuse to delay the formulation of housing strategies to resolve Hong Kong's housing problems. Mr LEUNG Kwok-hung was of the view that the Administration was not responsive to the imminent and pressing housing needs of the community and had failed to take timely action to tackle different housing problems.

3. STH responded that while the Government was concerned about the existing housing problems, the LTHS Steering Committee was established to focus on the review of the existing housing policies and problems, and make

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recommendations on Hong Kong's LTHS for the next 10 years. The LTHS Steering Committee was also tasked to publish the Consultation Document to set out its recommendations and propose a range of options for three-month public consultation. A report on the public consultation would be submitted by the LTHS Steering Committee to the Government for consideration.

Projection figures and methodology

4. Dr KWOK Ka-ki commented that the relatively low total housing supply target of 470 000 units for the next 10 years and the public/private split for the new housing supply (i.e. 60:40) as recommended by the LTHS Steering Committee were not commensurate with the demographic changes in recent years, in particular the increase in total population and the number of households. While Hong Kong had been facing tight housing supply, the housing demand projection figures in the Consultation Document were even lower than those in previous LTHS studies. Dr KWOK doubted the commitment of the Administration to provide adequate and affordable housing to each and every household in Hong Kong over the long term. Mr Frederick FUNG shared similar views as Dr KWOK that the future housing supply target was far from adequate to meet the housing demand of the community. Mr LEUNG Kwok-hung opined that the Administration should make reference to the housing policies of Singapore and adopt a ratio of 80:20 as the public/private split for future housing supply.

5. STH responded that the LTHS Steering Committee considered the total housing supply target of 470 000 units reasonable as it was derived from the projected total housing demand. As regards the proposed public/private split, the LTHS Steering Committee recommended that public housing should take precedence in the overall supply of new housing units with a view to addressing the imminent housing needs of low-income families. As such, the ratio of 60:40 was proposed to be adopted as the public/private split for the housing supply in the next 10 years. The total housing supply target and the public/private split would be reviewed on an annual basis to take into account any changes in policy and/or prevailing circumstances.

6. Referring to the research findings of the Institute for Public Policy Research of the United Kingdom ("UK") issued in 2011 as mentioned in the Information Note on LTHS prepared by the Legislative Council Secretariat, Mr Frederick FUNG pointed out that unlike UK, the demand for public housing in Hong Kong remained high at all times. He queried whether the proposed public/private split for the future new housing supply and the production volume of Public Rental Housing ("PRH") over the next 10 years were appropriate and sufficient.

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7. STH acknowledged that the demand for public housing in Hong Kong had continued to grow, but the actual housing demand, in particular in the private sector, would vary subject to economic conditions and the commercial decisions of private developers and home buyers. While different countries adopted different methodologies to formulate their LTHS, the LTHS Steering Committee, in developing the methodology for projecting the long-term housing demand, considered that only the major components of net increase in the number of households, households that would be displaced by redevelopment, and households that were inadequately housed, would count towards the number of new housing units required. The Permanent Secretary for Transport and Housing (Housing) ("PSTH(H)") supplemented that the circumstances in Hong Kong nowadays were very different from the past and hence a new projection methodology was adopted by the LTHS Steering Committee for projecting the long-term housing demand. To better reflect any changes in policy and/or prevailing circumstances, the LTHS Steering Committee had also recommended that the projection methodology and the projection results should be reviewed on an annual basis.

8. Mr WU Chi-wai pointed out that the increase in household income was not commensurate with the surge in property prices and the affordability ratio (i.e. the ratio of mortgage payment to income) had deteriorated. As about 70% of the households in Hong Kong were eligible for public housing (including both PRH and Home Ownership Scheme ("HOS") units), Mr WU asked if the future public housing production target could fulfill the vision of providing adequate and affordable housing to these households.

9. STH responded that having regard to the supply-led strategy, with public housing accounting for a higher proportion of the new housing production, the LTHS Steering Committee recommended the ratio of 60:40 as the public/private split for future housing supply, with a view to striking a balance between increasing the production of public housing and stabilizing the private market. The proposed public/private split would be adjusted flexibly to cater for changes in circumstances, including changes in the property market. On HOS supply, the LTHS Steering Committee also recommended that the Government should be proactive in identifying sites and developing more HOS units on top of those it had already pledged to meet the growing home ownership aspiration of the low to middle-income families which were not eligible for PRH.

10. Mr LEUNG Che-cheung enquired whether the LTHS Steering Committee had taken into account the number of new arrivals in projecting the net increase in the number of households, and if not, whether it would review the projection figures by making reference to the population policy of Hong Kong. STH

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advised that each year, new households were formed arising from immigration, marriages, splitting of existing households, etc. while existing households might be dissolved. It was the net increase in the number of households that would count towards the number of new housing units required and generate new housing demand. The latest domestic household projections published by the Census and Statistics Department ("C&SD") in January 2013 were used as the basis for assessing the overall physical housing demand from the net increase in the number of household. Since C&SD's domestic household projections were trend-based and illustrated what would happen if the past trends were to continue in future, the LTHS Steering Committee recommended that the projections should be reviewed on an annual basis to cater for changes in circumstances.

*(Post-meeting note: A supplementary information note on the methodology and results of the projection of the long term housing demand as set out in the Consultation Document provided by the Administration was circulated to members vide LC Paper No. CB(1)194/13-14(02) on 30 October 2013.)*

Average waiting time for PRH

11. Mr IP Kwok-him acknowledged the importance of PRH in addressing the basic housing needs of the grassroots. He said that if the community could reach a consensus on different housing issues, this would greatly contribute towards social stability and harmony of Hong Kong. Mr IP opined that what mattered most in the public consultation exercise was whether the public was supportive of the proposal to adopt a "supply-led" strategy, with public housing accounting for a higher proportion of the new housing production, and how the ratio between PRH and other kinds of subsidized housing could be adjusted flexibly.

12. Dr KWOK Ka-ki commented that the low supply of PRH units (about 79 000 PRH units from 2012-13 to 2016-17) had resulted in a long Waiting List ("WL") for PRH, with 118 700 general applicants (i.e. family and elderly applicants) on WL and 115 600 non-elderly one-person applicants under the Quota and Points System ("QPS") as at end June 2013. He doubted whether the Administration would be able to fulfill its pledge of maintaining the average waiting time ("AWT") for general applicants on WL at about three years, given such a large number of PRH applicants on WL. He also criticized the Administration for neglecting the plight of low-income households which had been awaiting PRH allocation for a long time.

13. STH responded that under the established mechanism, eligible PRH applicants were entitled to three housing offers (one at a time) and the waiting

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time of applicants was counted up to the first flat offer. Since the overall supply and demand of PRH and the distribution of PRH applicants' choices of districts varied from time to time, the AWT of PRH applicants was dynamic and constantly changing. As the problem of supply-demand imbalance in PRH was long-standing, it was impossible to rectify the situation in a short time, taking into account the lead time required for increasing the supply of land with the necessary infrastructure and the actual housing construction. Nonetheless, the Government had already secured sufficient land for the construction of 79 000 PRH units from 2012-13 to 2016-17. There would also be an annual average of about 7 000 net units recovered through voluntary surrender of PRH units by sitting tenants. STH further said that under the proposed public/private split, a higher proportion of public housing would be produced in the next 10 years. As such, the proportion of public housing in the total housing stock would gradually increase over time, making affordable housing more readily available to the general public.

14. Echoing the views of Dr KWOK Ka-ki, Mr LEUNG Yiu-chung and Dr Fernando CHEUNG expressed grave concern about the Hong Kong Housing Authority ("HA")'s ability to maintain the AWT for general applicants on WL at around three years and the long waiting time of non-elderly one-person applicants for PRH allocation. STH acknowledged that there was a long waiting list for PRH and the number of non-elderly one-person applicants had been increasing in recent years. As PRH was the primary housing solution for the grassroots, the LTHS Steering Committee recommended that HA should progressively extend the PRH three-year AWT pledge to non-elderly one-person applicants aged 35 above in the long run to allow them to gain earlier access to PRH. Since some of the non-elderly one-person applicants might earn an income exceeding the income limit and become ineligible for PRH, the number of such applicants might vary with time.

15. On the AWT for PRH applicants, STH stressed that the pledge of maintaining the AWT for general applicants on WL at around three years could still be achieved as at June 2013. However, the Administration would be facing challenges in maintaining the AWT target since the number of PRH applicants on WL continued to increase under the current tight supply of PRH units and it took time to make available new supply of PRH units. The LTHS Steering Committee was also concerned about the possibility of the AWT departing from the target and considered that the AWT target underlined the Administration's determination to provide affordable rental housing to the grassroots. The LTHS Steering Committee had therefore recommended that the Administration should strive to maintain the AWT target, despite the possibility of occasional departure from the target.

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16. Mr WONG Yuk-man expressed disappointment over the Consultation Document. Having regard that housing issues remained people's greatest concern and involved different policy areas, Mr WONG strongly urged the Administration to address housing problems with determination. He opined that increasing housing production, in particular the supply of PRH, was the ultimate solution to housing shortage. In response, STH assured members that he was concerned about the living conditions of the public and was well aware of the pressing home ownership aspiration of Hong Kong people. As mentioned in the Consultation Document, there was a need to forge a community consensus as early as possible on the key issues and possible options therein.

17. Taking into consideration that some PRH applicants might be unwilling to move into PRH estates located in remote areas, the Chairman proposed that the Administration should consider introducing a "monthly ticket scheme" for all types of public transport so as to alleviate people's burden of travelling expenses.

Redevelopment of old urban areas and aged PRH estates

18. Mr Frederick FUNG enquired whether the Administration would consider carrying out redevelopment programmes in the older urban areas of the territory and aged PRH estates so that more residential units could be built upon redevelopment. STH agreed that the redevelopment of aged PRH estates was a source of new housing supply to meet the demand of low-income families. Housing aspirations of the public might also be fulfilled by urban renewal where dilapidated urban areas were revitalized to reap development potential. He said that while the Administration did not have a timetable for redeveloping aged PRH estates, it would be assessing the redevelopment potential of individual aged estates with a view to identifying more redevelopment opportunities.

Development of new areas

19. Mr LEUNG Che-cheung noted that the Administration had been facing huge challenges in identifying suitable sites to meet the new housing supply target. Citing some development projects in Yuen Long as examples, Mr LEUNG enquired whether the Administration would consider presenting the project proposals which would be implemented in the same district in a package so that relevant District Councils and local residents would have a better understanding of the future development of their districts. The Administration should also ensure the balanced provision of ancillary and community facilities to meet the community needs.



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20. STH responded that relevant government bureaux/departments ("B/Ds") had been working closely with each other to identify suitable sites for housing development and would ensure an adequate provision of transport and community facilities having regard to district needs. The Administration would also provide more comprehensive information and strengthen its communication with District Councils and local residents to solicit their support for its development projects.

Vacancy of public housing units

21. In response to Mr WU Chi-wai's enquiry about the vacancy of public housing units, the Deputy Secretary for Transport and Housing (Housing) ("DSTH(H)") advised that according to the administrative record of the HA, there were about 3 689 lettable vacant PRH units as at 30 June 2013. She further explained that the figures on households from the General Household Survey conducted by C&SD and those provided by HA differed in their coverage and were compiled for different purposes. They therefore should not be directly compared with each other. In particular, the number of vacant PRH units could not be calculated by simply deducting the number of households published by the C&SD with the number of PRH units. The Administration would provide information on the handling of vacant PRH units and the relevant figures for members' reference.

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(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)194/13-14(01) on 30 October 2013.)

Formulation of the LTHS

22. Mr LEUNG Che-cheung was of the view that the next-term Government might find it difficult to deliver promises of the incumbent Government as socio-economic circumstances kept changing. He therefore considered it not desirable for the Government to lay down policy initiatives beyond its term of office. STH responded that as a long lead time was required for housing construction and urban planning, the LTHS to be formulated would inevitably span over a long period of time. He considered that as long as the Government was acting in the overall interests of Hong Kong, its policies would serve the purpose of addressing the aspiration of the general public.

23. Mr Christopher CHUNG commented that as compared to previous LTHS studies, the recommendations made by the LTHS Steering Committee were not proactive enough to address the existing housing problems. While acknowledging the complexities of the problems, Mr CHUNG considered that the Administration should play a more active role in housing supply and engage

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the community in deliberation as some controversial issues would require consensus by the public.

24. STH responded that the LTHS Steering Committee had been mindful not to over-estimate or under-estimate when projecting the long-term housing demand. Since 10 years was a long period of time, the projection which was premised on a large number of variables might vary under different economic and social circumstances. The LTHS Steering Committee had recommended that the projection should be reviewed annually to take into account any changes in policy and/or prevailing circumstances. While the LTHS Steering Committee had made reference to the projection methodologies adopted in previous LTHS studies, it considered that the projection methodology set out in the Consultation Document fit the unique and prevailing circumstances of Hong Kong.

Roles of various housing delivery agents

25. While acknowledging the difficulties of the Administration in resolving the housing problems, Miss Alice MAK enquired about the roles of various housing delivery agents, including HA, the Hong Kong Housing Society ("HKHS") and the Urban Renewal Authority ("URA"), in helping to provide adequate housing to Hong Kong people. STH responded that HA had been providing PRH units and subsidized sale flats (primarily through HOS) to meet the needs of households that could not afford private housing. HKHS, being an independent organization, had also been implementing different housing schemes to meet the evolving needs of the community. While the LTHS Steering Committee fully recognized the efforts made by HKHS in providing public housing and considered that HKHS should play an active role in the provision of rental units and subsidized sale flats, HA should continue to be the primary provider of affordable housing to the public. As regards the redevelopment of aged public housing estates, HA and HKHS would continue to assess the redevelopment potential of aged estates and identify suitable sites for rehousing the residents affected by the redevelopment.

26. STH further advised that URA was responsible for undertaking, encouraging, promoting and facilitating the regeneration of the older urban areas of Hong Kong. The LTHS Steering Committee had recommended that URA could be invited to explore enhancing its role in the provision of housing suitable for low to middle-income households by increasing the proportion of small and medium-sized flats in its future projects.

Proliferation of subdivided units

27. Miss Alice MAK expressed concern about the pressing housing needs of

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people living in subdivided units ("SDUs"). She pointed out that while some people had chosen to live in SDUs for practical reasons, such as convenience for travelling to/from their place of work or study, some actually had no other choices as they could not afford private residential flats and at the same time were not eligible for PRH. Miss MAK enquired how the Administration would assist those people.

28. STH said that the LTHS Steering Committee was concerned about the housing needs of the grassroots, especially those who were inadequately housed. It recommended that a plan for a sustainable increase in PRH supply should be formulated to address their housing needs. Moreover, the LTHS Steering Committee had not overlooked the housing aspirations of people who were not eligible for PRH and could not afford private residential flats. It proposed that an effective housing ladder should be established in the long run and the production of HOS flats should be increased to help these people achieve home ownership within their affordability.

29. Mr KWOK Wai-keung expressed concern about the safety of people living in SDUs. He pointed out that even if the Administration could not eradicate all SDUs within a short period of time, the safety conditions of such units should under no circumstances be compromised. STH advised that the Administration had been taking enforcement actions against the irregularities involving building works associated with SDUs located in domestic and composite buildings to ensure their building and fire safety.

Introducing a licensing or landlord registration system for SDUs

30. Mr Christopher CHUNG indicated that he did not support the proposal of introducing a licensing or landlord registration system for SDUs in residential and composite buildings. He opined that the Administration should step up enforcement actions against SDUs located in industrial buildings as such buildings were neither designed nor suitable for residential use. The use of an industrial unit for domestic purpose would pose high risk to the occupants. As for those SDUs in residential and composite buildings, the demand and supply of such units should best be regulated by market forces. The Chairman shared similar views as Mr CHUNG and considered the introduction of a licensing or landlord registration system for SDUs in residential and composite buildings not feasible.

31. STH noted that the proposal of introducing a licensing or landlord registration system for SDUs in domestic and composite buildings had aroused a heated debate in the community. While some people pushed for the eradication of SDUs entirely, some saw merit in regulation. Others urged for tolerance of SDUs in view of housing supply shortage. The LTHS Steering

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Committee would take into consideration the arguments both for and against the proposal when making recommendations to the Administration for further consideration.

Re-establishment of a progressive housing ladder

32. Mr KWOK Wai-keung was of the view that to meet the housing demand of the public, a development strategy which aimed primarily at the provisions of PRH units to be supplemented by HOS flats should be adopted. The ratio of public housing should be further increased so that more PRH and subsidized sale flats would be built. Mr KWOK also proposed that in re-establishing an appropriate and progressive housing ladder with PRH as the foundation and subsidized flats on top of PRH, the Administration should consider subdividing the housing ladder into sub-levels to facilitate upward mobility of the public. For example, the Administration should work with HKHS to re-introduce Group B rental housing estates, which were commonly known as "public housing for the middle-class" and had slightly higher income and asset limits, to relieve the housing pressure on the sandwich class. The Administration should also study whether the pricing of HOS flats could be unpegged with the market price so as to lower their selling prices.

33. STH responded that the public/private split for the new housing supply was a preliminary proposal for further discussion in the community. The Administration had yet to decide on the ratio of public and private housing. On HOS pricing, STH explained that there was a pricing methodology for HOS flats under which flat prices were determined by applying a discount rate to the market value of flats. The discount rate was related to the affordability of the eligible households, including their abilities to repay the mortgage. The Administration would continue to take heed of public sentiment and aspirations in formulating the LTHS.

34. In response to Mr IP Kwok-him's enquiry about the re-establishment of a housing ladder, STH explained that one of the Administration's housing policy objectives was to re-build a progressive housing ladder with PRH as the foundation to meet the basic housing needs of the grassroots families. On top of PRH, HOS flats would be provided. The better-off PRH tenants could choose to purchase HOS flats and this would enable the re-allocation of PRH resources to those most in need. The Administration would also maintain the healthy and steady development of the private property market so that people who could afford home ownership in the private market to choose suitable accommodation according to their affordability.

### Definition of "adequate and affordable housing"

35. Dr Fernando CHEUNG considered that the Administration should provide a definition of "adequate and affordable housing" in the Consultation Document as a clear definition of the term would help formulate more effective and precise measures to meet the housing needs of various groups in society. He pointed out that the increase in household income was not commensurate with the surge in property prices and the affordability ratio remained high at above 50%, representing deterioration in the affordability of the general public. Given the persistent decline in people's affordability, Dr CHEUNG urged the Administration to set a housing affordability index for reference of the general public.

36. STH advised that paragraph 4.18 of the Consultation Document had set out the circumstances which the LTHS Steering Committee considered should be taken into account in determining whether households were "inadequately housed" for the purpose of projecting the long-term housing demand. The LTHS Steering Committee had also made reference to the housing strategies of overseas countries. However, different countries had different interpretations of the term "adequate housing", given the variation in circumstances. Likewise, there was no universally agreed housing affordability index.

### Implementation of rental control

37. The Chairman and Mr LEUNG Kwok-hung urged the Administration to implement rental control with appropriate refinements made to the rental control measures to suit the prevailing circumstances. STH noted that there was much controversy over rental control in the community. He said that the LTHS Steering Committee had discussed the suggestions of offering rent allowances to grassroots tenants and to implement rental control (including control on the level of rents). The LTHS Steering Committee, however, was worried that given the inadequate supply in the market, such measures might induce landlords to ask for a higher rent upfront. As for the security of tenure, this would discourage landlords from letting their flats, thus incidentally decreasing the supply of flats in the rental market and pushing up market rents, and thus rendering the measure counter-productive. As such, the downside of implementing rental control would outweigh its benefits. Moreover, providing monthly rent assistance specifically to WL applicants awaiting PRH allocation would probably induce more people to queue up for PRH and push up rents and property prices.

### Review of the "Well-off Tenants Policies"

38. Mr Christopher CHUNG expressed concern that the "Well-off Tenants

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Policies" could not resolve the problem of inadequate supply of PRH units, but had driven young people to move out from their parents' PRH units and register as non-elderly one-person applicants under QPS for PRH allocation. He urged the Administration to review the "Well-off Tenants Policies" as well as to consider providing incentives to encourage better-off PRH tenants to purchase HOS flats such that more PRH units would be released for re-allocation. For example, PRH tenants could be given priority in HOS flat selection and a certain proportion of HOS flats could be reserved for them in each sales exercise. Mr CHUNG also proposed that the Administration should encourage the younger generation to live with their grandparents in the same PRH units to foster harmonious families.

39. STH responded that there were divergent views on the "Well-off Tenants Policies" in society. While some people called for scrapping of the policies, some considered that the policies should be maintained or even tightened up to better utilize scarce PRH resources. The LTHS Steering Committee would take heed of public views before making a final recommendation to the Administration for consideration.

Production of HOS flats

40. Noting the LTHS Steering Committee's recommendation that the Government should play a more active role to increase the supply of public housing (comprising PRH and subsidized sale flats), Mr James TO enquired whether the Administration would set a waiting time target, similar to the one for PRH allocation, for HOS applicants to underline the Government's determination to provide adequate and affordable housing to each and every household in Hong Kong.

41. STH responded that the LTHS Steering Committee would consider the suggestion. He further said that while the LTHS formulated in 1998 had set an overall home ownership rate of 70%, the Administration did not prescribe any such hard target in the current LTHS review. The LTHS Steering Committee had proposed to adopt a ratio of 60:40 between the new public and private housing supply, with necessary adjustments to be made in accordance with changes in the demand structure in future. Within public housing, the ratio between rental housing and subsidized sale units should be kept sufficiently flexible to respond to changing demands.

Re-launching the Tenants Purchase Scheme and the Home Starter Loan Scheme

42. The Chairman urged the Administration to consider re-launching the Tenants Purchase Scheme and the Home Starter Loan Scheme since the former scheme would enable sitting PRH tenants to buy their units and the latter would

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assist first-time home buyers to acquire their own homes.

Other views and concerns

43. Mr KWOK Wai-keung expressed concern about the challenges of an aging population in Hong Kong. Given that the population policy straddled a number of policy areas, with housing being one of them, Mr KWOK opined that the Administration should take into account the demographic and socio-economic characteristics of the population when formulating future housing strategies. STH acknowledged that housing policies had far reaching implications on people's life plans. As set out in the Consultation Document, the vision for the LTHS was to provide adequate and affordable housing for each and every family in Hong Kong. The Steering Committee on Population Policy, chaired by the Chief Secretary for Administration, had been established to review the population policy of Hong Kong and study other related issues.

44. Noting that many pieces of agricultural land in the New Territories had been left idle after acquisition by property developers and some agricultural land had become container yards or vehicle parks, Mr LEUNG Kwok-hung urged the Administration to review the deserted agricultural land in the New Territories to ascertain the feasibility of using such land for residential development. Consideration should also be given to resuming the land from those developers who engaged in the hoarding of land.

45. Mr LEUNG Che-cheung pointed out that in dealing with the different housing problems, the Administration should not confine itself to addressing the issue of quantity but should also consider how to progressively improve quality. In his views, the quality of life of the public should not be compromised. STH responded that while the Administration would try to strike a balance between an appropriate increase in plot ratio to enhance short-term housing supply on the one hand, and improving people's living environment on the other, the public might have to accept trade-offs in order to resolve the housing problem. The Administration would also ensure that the provision of infrastructure and ancillary facilities would not be compromised.

Concluding remarks

46. The Chairman appreciated the Administration's effort to conduct the LTHS review, which was a first step in the right direction to address the housing problems. Since many inadequately housed households had grave difficulties in meeting their imminent housing needs, the Chairman urged the LTHS Steering Committee to submit the report on the public consultation to the Government as early as possible in the first quarter of 2014 so that the Government could implement effective and timely measures in its remaining term.

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47. In view of the wide public concern on the housing issues, the Chairman proposed and members agreed that the Subcommittee would hold meetings to receive views from the public on the Consultation Document.

**II. Any other business**

Extension of work

48. Given that the public consultation exercise on the Consultation Document was ongoing, the Subcommittee considered that it was incumbent upon it to actively participate in the public consultation and continue to monitor the work of the LTHS Steering Committee and the Administration in concluding the consultation exercise and finalizing the LTHS and relevant policy measures. With the foregoing, the Chairman proposed and members agreed that the Subcommittee should continue its work in the 2013-2014 session.

49. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1  
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22 April 2014