

**Speech by the Secretary for Transport and Housing
at the Legislative Council
Special Finance Committee Meeting (Housing)
on 3 April 2014**

Chairman,

In the new financial year, the Government has three major areas of work relating to housing.

(A) Formulating the Government's Long Term Housing Strategy (LTHS) for the next Ten Years

2. We will make reference to the consultation document issued by the LTHS Steering Committee last September and its public consultation report submitted this February, as well as various views collected from the community to formulate the LTHS. We will also follow up on major housing issues which the community is concerned about, including issues relating to Subdivided Units (SDUs).

3. On the issue of whether the Government should regulate SDUs by way of licensing, there are diverse views in the community. The Government has to study the feasibility of this proposal comprehensively before coming to a decision.

4. Moreover, it has been the Government's view that increasing the supply of Public Rental Housing (PRH) is the basic solution to address the housing needs of inadequately-housed families.

5. We understand that the community is concerned about the high rental of private residential housing and there are suggestions for the Government to re-introduce rental control. The Government, however, is worried that rental control may have the adverse effects of reducing the supply of rental flats, resulting in the landlords being selective on their tenants and end up with the negative effect of pushing up the rental level. Given that there are divergent views on rent control in the community, we must not act hastily on this matter.

(B) Increasing the Supply of Public Housing

6. As announced by the Chief Executive in the 2014 Policy Address, the Government has adopted the total housing supply target of 470 000

units for the coming ten years, with public housing (i.e. PRH and Home Ownership Scheme (HOS) units) accounting for 60%, which means about 280 000 flats with about 200 000 PRH flats and about 80 000 HOS flats. While it is the fact that the bulk of the supply of public housing will only be completed in the second five-year period, the Hong Kong Housing Authority (HA) has already embarked on the necessary preparatory work such as identifying the land required and conducting other planning process.

7. In order to achieve this target, we need to secure the support of the local community. We also need to face challenges arising from the manpower shortage of the construction industry and the financial constraints of the HA. In this connection, the HA will make the best use of PRH resources; continue to enhance its cost-effectiveness and to strengthen the sustainability of its operative mode. On the other hand, it will carry out an assessment on the additional resources required for implementing the new housing target. It will also undertake detailed discussions with the Government with a view to ensuring its long-term financial sustainability.

8. I would also like to mention about the redevelopment of PRH. The HA has recently announced that it had completed a review of the redevelopment potential of 22 aged PRH estates. However, I must point out that, from both resources and time perspectives, it is impossible for the redevelopment of all these 22 aged estates to take place at the same time. According to experience, residents affected by redevelopment always wish to be rehoused in the same district or adjacent locality. Therefore, we must first consider whether there are suitable rehousing resources in the relevant district before kicking-start the redevelopment process. At the same time, we need to strike a balance as using the rehousing resources will have implications on the applicants on the PRH Waiting List. In addition, we need to carry out a series of technical studies for the estates proposed for redevelopment, as well as consulting the residents and the stakeholders concerned. Furthermore, we need to conduct planning on redevelopment and for the provision of ancillary facilities such as transport and community facilities, etc. All these will take time. Only when concrete redevelopment parameters are available for a particular project, would the HA draw up the redevelopment timetable and make announcement on these redevelopment projects. We would also consult the District Councils and the residents concerned. These generally would take place about three years prior to actual redevelopment.

(D) Monitoring the Development of Private Residential Property Market

9. In light of the new housing supply target over the next ten years, we will continue to monitor the trend of construction and sale of private residential properties. The Development Bureau will continue to provide housing land. We estimate that about 71 000 private residential units¹ will be available for sale in the next three to four years.

Conclusion

10. Chairman, I am pleased to respond to questions on housing policies from Members, while my colleagues from the Housing Department will respond to questions on the implementation and financial matters.

**Transport and Housing Bureau
April 2014**

¹ This includes about 5 000 completed but unsold flats, about 50 000 flats which are under construction but not yet sold and about 16 000 flats from disposed sites where construction work is ready to start.