

立法會

Legislative Council

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Panel on Development and Panel on Housing

**Minutes of joint meeting
held on Wednesday, 29 January 2014, at 4:30 pm
in Conference Room 1 of the Legislative Council Complex**

Members present : Members of the Panel on Development

- * Hon Tony TSE Wai-chuen (Deputy Chairman)
- * Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
- * Hon Abraham SHEK Lai-him, GBS, JP
- * Hon Frederick FUNG Kin-kee, SBS, JP
Hon Cyd HO Sau-lan
- * Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
- * Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yeet, GBS, JP
- * Hon LEUNG Kwok-hung
- * Hon Albert CHAN Wai-yip
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
- * Hon LEUNG Che-cheung, BBS, MH, JP
- * Hon Alice MAK Mei-kuen, JP
- * Dr Hon KWOK Ka-ki
- * Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon CHIANG Lai-wan, JP

Members of the Panel on Housing

Hon WONG Kwok-hing, BBS, MH (Chairman)
Hon WU Chi-wai, MH (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Paul TSE Wai-chun, JP
Hon KWOK Wai-keung

Members absent : Members of the Panel on Development

Dr Hon LAU Wong-fat, GBM, GBS, JP (Chairman)
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
* Hon Alan LEONG Kah-kit, SC
* Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon CHAN Han-pan
* Ir Dr Hon LO Wai-kwok, BBS, MH, JP

Members of the Panel on Housing

Hon LEE Cheuk-yan
Hon WONG Yuk-man
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

* Also members of the Panel on Housing
Also a member of the Panel on Development

Public Officers attending : **For item II**

Development Bureau

Mr Paul CHAN, MH, JP
Secretary for Development

Mr Thomas CHAN, JP
Deputy Secretary for Development
(Planning and Lands) 1

Mr LIU Chun-san
Principal Assistant Secretary (Works)2

Transport and Housing Bureau

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

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

Housing Department

Ms Ada FUNG, JP
Deputy Director (Development & Construction)
Housing Department

Planning Department

Miss Ophelia WONG, JP
Deputy Director/District
Planning Department

Ms Christine TSE
Assistant Director/Special Duties
Planning Department

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

Staff in attendance : Ms Sharon CHUNG
Chief Council Secretary (1)6

Mr Ken WOO
Senior Council Secretary (1)5

Mr Anthony CHU
Senior Council Secretary (1)6

Ms Mandy LI
Council Secretary (1)1

Miss Mandy POON
Legislative Assistant (1)1

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I. Election of Chairman

The Chairman of the Panel on Development had indicated earlier that he would not be able to attend the meeting. Members agreed that Mr WONG Kwok-hing, Chairman of the Panel on Housing, would chair the meeting.

II. Increasing housing land supply

(LC Paper No. CB(1)781/13-14(01) — Administration's paper on "Increasing housing land supply"

LC Paper No. CB(1)781/13-14(02) — Background brief on "Increasing housing land supply" prepared by the Legislative Council Secretariat)

2. With the aid of a powerpoint presentation, Deputy Secretary for Development (Planning and Lands)¹ briefed members on the Administration's measures to increase housing land supply to meet the new housing supply target for the next 10 years as well as in the long term.

(Post-meeting note: A soft copy of the powerpoint presentation materials was circulated to members vide LC Paper No. CB(1)830/13-14(01) by email on 30 January 2014.)

3. The Secretary for Transport and Housing ("STH") added that as announced in the Chief Executive's 2014 Policy Address, the Administration had adopted 470 000 units as the new public and private housing total supply target for the coming 10 years, with public housing accounting for 60% of the new production. He said that in making land available for new housing developments, the Administration would take into account the practical planning factors, including traffic and infrastructure capacity, provision of community facilities, impacts on the local environment, and so on. The Administration would consult the relevant District Councils ("DCs") and the local communities to ensure that the impact of the proposed housing developments on the local residents would be minimized.

Land use reviews

4. Miss CHAN Yuen-han said that the housing policy of the last term of Government had caused an imbalance between the demand and supply of housing, resulting in surging property prices and rents which were beyond the affordability of the general public. While agreeing that new land had to be

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found to address the housing shortage problem, she cautioned the Administration that it had given the public an impression that it was opening up land indiscriminately. Citing the reservation of Wong Tai Sin DC over the proposal to increase the development intensity of the ex-Tai Hom Village site, she cast doubt on the support of DCs for increasing housing developments in the respective districts, given that an increase in population in a district would have an impact on the living environment and community facilities. In response, STH stressed that the total supply target of 470 000 housing units was recommended by the Long Term Housing Strategy ("LTHS") Steering Committee after conducting a rigorous study and projection on the long-term housing demand. The Administration would give due regard to the needs and capacity of each district in implementing the measures to increase housing land supply.

5. Dr KWOK Ka-ki and Mr Frederick FUNG held the view that the 152 potential sites which required amendments to their respective statutory plans for change of use and increase in development intensity for housing developments in the coming five years (i.e. from 2014-2015 to 2018-2019) ("the 152 Sites") would have to undergo lengthy town planning and public consultation processes. Dr KWOK said that the relevant DCs and local communities would have strong views against rezoning Government, Institution or Community ("GIC") sites to residential sites, as this would affect the provision of community facilities to local residents. He queried whether the Administration was over-optimistic on the chances for the rezoning applications to be supported.

6. Miss Alice MAK pointed out that out of the 152 Sites, 50 sites providing around 94 000 flats were in the New Territories West ("NTW"). She asked how the Administration would solicit DCs' support given that some local residents were opposed to a proposal of the Hong Kong Housing Authority ("HA") on developing two public rental housing ("PRH") buildings at a site in Kwai Chung.

7. The Secretary for Development ("SDEV") acknowledged the challenges that the Administration would face in replanning land for housing developments. The Administration would not be able to achieve the housing supply target without the local communities' support. The Development Bureau ("DEVB"), together with other relevant bureaus/departments, would strive to work out practicable solutions to address local residents' concerns. He said it was encouraging that there had been some successful cases such as those in Kwun Tong and Ma On Shan where local residents had supported rezoning of some of the proposed sites for housing developments.

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8. SDEV supplemented that for the short to medium-term measures to increase land supply, some of the efforts made by the Administration had started to bear fruits. In the past year, DEVB had been carrying out land use reviews together with the relevant departments, and about 80 new potential housing sites had been identified. These sites made up part of the 152 Sites, which were distributed over 16 districts. Information about the distribution of the 152 Sites, the estimated number of flats to be produced from these sites in each district, and the estimated year of availability by year was given in Annex B to the Administration's paper. Upon completion of further studies confirming their development feasibility, the Administration would consult the relevant DCs and stakeholders.

9. Mr Vincent FANG pointed out that rezoning the 152 Sites for residential use and increasing the development intensity was a lengthy process and a lot of applications of similar nature by private owners had not been approved by the Town Planning Board ("TPB") due to traffic and environmental concerns. He queried the ground for the Administration to be optimistic over the chance that the rezoning applications in respect of the 152 Sites would be approved by TPB. With reference to the Administration's estimation that only 58 700 flats would be available from the 152 Sites by 2015-2016, he asked how the Administration could ensure the continuity of the housing programme if there was a change in the Government in 2017.

10. SDEV said that all plan amendment applications from the Administration and other parties had to undergo the same statutory town planning process, and comply with the relevant requirements in respect of environment, air ventilation, traffic, drainage, etc., so as to ensure that no adverse impact beyond an acceptable level would be created. To obtain community support and TPB's approval for rezoning the potential housing sites and increasing the development intensity, DEVB would work hard with the relevant bureaus/departments to address the potential impacts, if any. SDEV opined that if the Administration's target and work in enhancing housing land supply had public support, they should not be discontinued upon the change of Government.

11. Mr James TO pointed out that there might be concerns whether TPB would adopt different standards in considering the rezoning applications regarding the 152 Sites and other privately-owned sites in the vicinity. On the other hand, the public might be worried about possible transfer of benefits to private developers by allowing their rezoning applications. He cautioned the Administration that such applications should be handled carefully and fairly as it might tarnish TPB's reputation. He shared some members' concern

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that the town planning process for rezoning the 152 Sites might impede the progress of the Administration's programme for providing new housing units.

12. Deputy Director/District, Planning Department ("DD(D)/PlanD") said that it was the Administration's intention that the 152 Sites, most of which being Government land, be rezoned to residential use and/or the development intensity of which be increased. Technical assessments on transport and other infrastructures, environment, air ventilation, etc. would be carried out to confirm that the zoning amendment and/or the increase in development intensity would not create any insurmountable problems and be acceptable in planning terms. Private developers could likewise make similar applications, supported by technical assessments, for the consideration of TPB. TPB would apply the same yardstick to consider those similar applications irrespective of the applicant and there would be no question of unfairness.

13. Dr Kenneth CHAN highlighted the importance to achieve public consensus on the measures to increase housing land supply. In this connection, he held the view that the Administration should provide the information about the relevant measures in a transparent manner. He expressed disappointment that very limited information about the 152 Sites was available in the Administration's paper. Dr CHAN stressed that the details of the 152 Sites, including their locations and conditions, had to be provided to DCs and the local communities for their consideration at an early stage before the commencement of the relevant statutory town planning process. To avoid creating false hopes or misunderstanding, the Administration should also inform the public about the limitations of these sites, and that the number of flats expected to be generated from these sites and the year of availability were subject to changes, depending on the technical assessments on individual sites and the progress of the relevant procedures or works. The Administration should give an account of the reasons for not considering other land sources, such as the land granted on private recreational leases, the land reserved for Village Type Development and military use, for housing developments.

[Mr Albert CHAN requested to put in record his dissatisfaction with the Chairman for using the speaking time of Dr Kenneth CHAN to express his views about the duration of Dr CHAN's remarks so that the Administration did not have time to give a response.]

14. Mr WU Chi-wai said that the Administration should provide the details about the 152 Sites so that members would monitor the progress of the conversion of these potential sites into disposed sites. SDEV said that the

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Administration would announce the locations of the 152 Sites when consulting the relevant DCs and local communities.

15. Citing the case of rezoning a site which was originally planned as a carpark in Lei Yue Mun for housing development, Mr Paul TSE suggested that the Administration should study the impact of rezoning on the local residents if the rezoning would result in not providing certain community facilities. In reply, SDEV assured members that in rezoning GIC sites, the Administration would ensure that the concerned community facilities would either be relocated or co-located at the sites, and the provision of community facilities in the area concerned would meet the standards stipulated in the Hong Kong Planning Standards and Guidelines.

16. Ms Emily LAU welcomed the attendance of both SDEV and STH at the meeting, which, she believed, was a preferred arrangement for the Administration to discuss housing land issues with members. She held the view that the Administration appeared to be incapable of resolving the acute housing shortage problem in Hong Kong. Pointing out that the Administration's target was to provide only 210 000 flats from the 152 Sites, she commented that the figure fell short of the target of supplying 470 000 flats in the next 10 years. Given that there were great controversies at the district level over some land development projects, she queried whether the Administration's target in respect of increasing housing supply would be achievable. She was gravely concerned that the continued housing shortage problem would have a great adverse impact on the stability and harmony of the society.

17. STH said that the Administration's efforts in increasing housing land supply had made good progress. The sites for producing the public housing announced in 2013 Policy Address had already been identified. In view of the higher target set for housing production in the next 10 years, i.e. 470 000 units, which was recommended by the LTHS Steering Committee, the Administration had to continue to explore housing land resources. The identification of the 152 Sites was a progress made in respect of short- to medium-term measures at this stage. He added that the Administration attached great importance to the support and cooperation of the public in achieving the housing production target. The Administration would work with various stakeholders in the community to resolve the problems related to the rezoning or development of the potential housing sites.

18. SDEV said it was unfair to criticize that the Administration was incapable in resolving the housing shortage problem. He stressed that the problem had existed long before the present term of Government and the

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Administration had been tackling it from both the demand and supply sides. Demand-side management measures included the imposition of new stamp duties to stabilize the property market. On the supply-side measures, the Administration had made the best efforts to make available sites from various sources for housing developments. Of the 36 GIC sites reviewed in 2013, 18 had already been zoned for or rezoned to residential use or were undergoing the statutory rezoning process. Another 21 GIC sites had also been identified as suitable for residential developments. Besides, new sites had been added to the annual land sale programme in the past year. Moreover, apart from the 152 Sites, there were other sources of housing land supply, such as the land no longer needed for the original earmarked purposes in Tai Po Area 9 and the Queen's Hill in Fanling, which would be converted for housing development.

Redevelopment of aged public housing estates

19. Miss CHAN Yuen-han asked if the Administration would consider redeveloping aged PRH estates, such as Choi Hung Estate, to increase the supply of PRH units. If Choi Hung Estate was to be redeveloped, she suggested that the residents of Choi Hung Estate be decanted at the new PRH units to be provided at the ex-Tai Hom Village site, and the Administration could take the opportunity to relieve the traffic congestion problem at Choi Hung Interchange. With the traffic conditions at Choi Hung Interchange improved, the development intensity of the new housing developments at Anderson Road Quarry site could be increased. Pointing out that new PRH units would be available at Lower Ngau Tau Kok Estate and the ex-Tai Hom Village site, Mr WU Chi-wai urged the Administration to seize these opportunities to redevelop aged PRH estates in Kowloon East.

20. Mr Frederick FUNG opined that the redevelopment of aged PRH estates was a more effective way to increase public housing supply than resumption of private land or rezoning the sites which were currently not designated for residential use. He said that the Hong Kong Association for Democracy and People's Livelihood had conducted a survey on PRH estates aged 35 years or more with no more than 24 storeys and provided the results to the Housing Department. According to the survey, there were a total of 38 such estates, while the number of estates aged 40 years or more was 12. It was estimated that after redevelopment, the number of flats to be provided in these estates could be increased by 150%. Mr FUNG suggested that the new PRH estates to be completed in Sham Shui Po in the next few years be used for decanting the four aged PRH estates in the Kowloon West. In particular, consideration should be given to redeveloping Tai Hang Sai Estate, which had been built more than 50 years ago.

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21. STH responded that in order to identify more redevelopment opportunities, HA had been studying the redevelopment potential of existing aged PRH estates, in particular those with a high buildback capacity in accordance with the "Refined Policy on Redevelopment of Aged Public Rental Housing Estate" currently in force. A review on the redevelopment potential and feasibility of 22 aged PRH estates had been completed. Further studies would be conducted for those estates with redevelopment potential, including Wah Fu Estate. As redevelopment of aged PRH estates would require decanting resources, which would reduce the number of PRH units available, HA had to plan the redevelopment process carefully. The redevelopment plans would be announced once they were available.

22. As regards the redevelopment of Tai Hang Sai Estate, STH advised that the estate was a private housing estate built and managed by the Hong Kong Settlers Housing Corporation Limited. While the Administration and HA were prepared to discuss with the Corporation the assistance needed for redeveloping the estate, the Corporation had the discretion to decide when to take forward the redevelopment.

23. Referring to the recent incidents of cost overrun of certain public works projects, Mr Albert CHAN expressed grave concerns about the redevelopment cost for Wah Fu Estate and the relevant decanting arrangements. He considered that it would be more cost-effective to identify new sites for housing developments than to redevelop aged PRH estates. In the past, the Administration had granted former PRH sites to private developers for developing private housing, disregarding the public's need for public housing. He queried whether the redevelopment of Wah Fu Estate would eventually provide public housing.

24. STH emphasized that Wah Fu Estate would be redeveloped to provide more public housing units. Since the redevelopment of the Estate would involve complicated issues which needed careful studies and planning, the details, such as the scope, timetable and the decanting arrangements, etc., could only be announced when these issues had been resolved.

Other sources of land supply

Urban renewal

25. Dr CHIANG Lai-wan was concerned about the slackened redevelopment process undertaken by the Urban Renewal Authority ("URA"). She asked if the Administration would consider replanning an old

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urban area, instead of individual buildings, to expedite urban renewal. In reply, SDEV assured members that the work of URA would not slow down. Urban renewal was an important process to improve the quality of life of residents in the urban areas and to rationalize land uses. The Administration was in full support of URA enhancing its efforts to forge ahead to achieve these goals. On the suggestion for URA to focus its efforts on redevelopment projects of a sizeable scale, he said that apart from the need to assess the resource implications, URA would also have to prioritise its redevelopment programme on the basis of building conditions. Many individual buildings were in more dilapidated conditions and had a more imminent need for redevelopment. To carry out urban renewal in a district-based approach, the Administration had set up the Kowloon City District Urban Renewal Forum. The Forum had recently completed drawing up a Urban Renewal Plan for Kowloon City. The Administration would study the Plan and follow up, where appropriate, in future urban renewal endeavours in the Kowloon City district. Meanwhile, the experience gained from the redevelopment of the Kwun Tong town centre would serve as a useful reference.

Village Type Development

26. Dr KWOK Ka-ki suggested that the Administration should consider replanning the 1 200 hectares of land zoned as "Village Type Development", which was mainly for small house development by the indigenous villagers. Alternatively, consideration might be given to increasing the development intensity of sites which would have only minimal impact on the environment, such as the site at Kam Sheung Road.

27. SDEV said that the Administration recognized the need to review the New Territories Small House Policy, which had been in force for more than 40 years, having regard to the present-day land use planning and the principle of optimal use of land resources. However, "Village Type Development" sites were in general not suitable for large-scale developments because of the infrastructural and other logistical constraints and their sporadic locations. A review on the Policy would inevitably entail complex issues in various aspects including legal, environment, land use planning, etc., all of which required careful examination. He said the Administration would continue to engage various sectors of the community in the discussions and communication on the subject.

Redevelopment of areas formerly under the flight path

28. Mr Frederick FUNG suggested that, to increase housing supply, the plot ratios of and height restrictions on the developments in the areas formerly

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under the flight path, including Kowloon Tong, Kowloon City and Yau Tsim Mong, should be relaxed or removed. These areas could be redeveloped through urban renewal and the process should be expedited. If URA's resources did not allow it to undertake all the redevelopment projects in these areas, HA and the Hong Kong Housing Society should be involved.

29. SDEV said that many old buildings in Kowloon City had already been redeveloped or were being redeveloped. He reiterated that the Administration would consider the Urban Renewal Plan for Kowloon City proposed by the Kowloon City District Urban Renewal Forum in taking forward redevelopment projects in Kowloon City. As for the redevelopment of the other areas mentioned, such as Kowloon Tong and Yau Tsim Mong, SDEV said that apart from height restrictions, any redevelopment in a district would also have to take into account other capacity issues such as the capacity of the existing transport facility and other infrastructure facilities.

Relaxing the development moratorium on Pok Fu Lam

30. While expressing support for the relaxation of the development moratorium on Pok Fu Lam to provide more public housing units, Mr YIU Si-wing was concerned about the capacity of the transportation network between Pok Fu Lam and other districts. STH advised that with the proposed partial lifting of the moratorium on Pok Fu Lam, the development of public housing in six Government sites in the area would provide about 11 900 additional public housing units. While the new population would create pressure on the transportation network, the Administration would give a full account of the measures to address the transportation demand of the new population. As announced in the 2014 Policy Address, the Administration would actively consider taking forward the South Island Line (West).

Development of Lantau

31. Mr YIU Si-wing asked about the Administration's plan to increase housing supply in Lantau to accommodate a total population of 200 000. SDEV said that Lantau enjoyed a strategic location with many new mega infrastructure projects under construction/planning, such as the Hong Kong-Zhu Hai-Macao Bridge to be completed in a few years, the proposed artificial islands in the central waters to the east of Lantau, the development of North Commercial District on the Airport Island and the proposed Tuen Mun-Chek Lap Kok Link. Against this background, the Administration had launched the Stage 2 public engagement for Tung Chung new town extension in 2013. According to the initial land use options, the project could provide about

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33 000 to 38 000 residential units in Tung Chung East, as well as 15 000 units in Tung Chung West. The public would be further consulted on the proposed new town extension in 2014.

Other views

32. Dr Fernando CHEUNG suggested that the Administration should consider making use of other sources of land supply, including land for military use, sites granted on private recreational leases, brownfield sites, etc., for housing developments. He did not agree to the Administration's present approach to increasing land supply through reclamation and developing the North East New Territories New Development Areas in consideration that the latter project would affect a large number of existing residents.

33. Mr Albert CHAN said that he had forwarded a proposal on increasing land supply to the Administration in June 2013. The proposed options included the development of 2 700 hectares of land zoned for military use. He said it was unfair to the general public that the Administration did not consider using the under-utilized military sites, golf courses and the Chief Executive's Fanling Lodge for housing developments. The land planning policy was tilted to the parties with vested interests. In the past 10 years, the Administration had failed in formulating the right housing and land planning policies. He supported that the new town development mode adopted in the past should be used to increase housing supply. In his view, rezoning GIC sites for housing developments would have serious impact on local residents, who would suffer from insufficient provision of community facilities, and further developing Tung Chung was to make it a death trap.

Development plot ratios for Government, Institution and Community sites

34. Mr WU Chi-wai asked if the Administration would consider relaxing the permissible plot ratio of 1.5 for GIC uses in residential development so that more community facilities could be co-located at one site to cater for the demands of the local communities. He cautioned the Administration that, if such demands were not satisfied, it should be prepared to meet resistance at the community level to the rezoning of GIC sites.

35. SDEV said that the plot ratios of GIC sites could be adjusted, if necessary, after undergoing the relevant town planning procedures. DD(D)/PlanD clarified that only for the outline zoning plans in Kowloon was there a restriction of plot ratio of 7.5 for domestic and 1.5 for non-domestic uses in residential zoning. The non-domestic plot ratio would allow for

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commercial and GIC uses. The Planning Department ("PlanD") would consider the maximum plot ratio of each site individually in preparing for the rezoning, taking into account the needs of the local residents. If justified, the non-domestic plot ratio could be increased to cater for GIC facilities.

Hung Shui Kiu New Development Area

36. Noting that 50 000 of the planned 100 000 job opportunities at the proposed Hung Shui Kiu New Development Area would be generated from the logistics industry, Miss Alice MAK asked if the Administration would formulate a policy to support the sustainable development of the industry so that the job opportunities would materialize. If there was no such policy, she was concerned about the development of the industry in the long run and considered that, in such circumstances, the land reserved for the operation of the logistics industry in the New Development Area might be deployed for housing developments.

37. STH said that the logistics industry was an important part of Hong Kong's economy. The Administration's policy was to encourage the logistics industry to provide high value-added services. In this connection, the Hong Kong Logistics Development Council had been set up with the participation of industry members to discuss and coordinate the introduction of measures to maintain Hong Kong's position as a preferred international and regional logistics hub. The development of the logistics industry had the support of the Administration.

Sites for hotel developments

38. Mr YIU Si-wing referred to the findings of the Assessment Report on Hong Kong's Capacity to Receive Tourists at the end of 2013, which had been released in January 2014, that Hong Kong would generally be able to receive the visitor arrivals, projected to be over 70 million, in 2017 but hotel rooms would continue to be in tight supply. He enquired about the Administration's measures to increase hotel sites. SDEV advised that in the past few years, sites specified for hotel developments had been included in the annual land sale programme. Moreover, the Administration had introduced revitalization measures to facilitate the redevelopment and wholesale conversion of older industrial buildings into commercial buildings or hotels. In the proposed New Development Areas, some sites had been planned for commercial uses, including hotel developments.

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Vacancy rates of public and private housing units

39. Dr Fernando CHEUNG pointed out that, according to the information compiled by the Census and Statistics Department, there were 2 648 000 permanent living quarters and around 2 386 000 domestic households in Hong Kong as at the first quarter of 2013. By comparing the two figures, there should be 262 000 vacant housing units in Hong Kong. As such, the housing shortage problem was caused by the distribution of housing resources but not its supply. Given that around 47% of the housing units in Hong Kong were subsidized housing, he considered that more of such units should be provided as they would not create distribution problem. He was concerned that the Administration's target of producing only an average of around 28 000 PRH units annually in the coming 10 years was too low to meet the housing needs of more than 230 000 applicants on the Waiting List for PRH. As pointed out by the Director of Audit in a recent report, there were 12 471 unoccupied PRH units as at 31 March 2013 and some of these units had been left unoccupied for a long time. He asked how HA would respond to the Director of Audit's Report to make good use of precious public housing resources.

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40. STH said that the Administration had responded to the Director of Audit's Report on the number of vacant PRH units at the meetings of the Public Accounts Committee. The vacancy rates for private housing units and PRH units were around 4.3% and less than 1% respectively. He undertook to provide information on the vacancy rates of housing units in Hong Kong, including public and private housing, and to respond to the view that there was a substantial number of vacant units to satisfy the housing demand of Hong Kong people.

41. Mr LEUNG Kwok-hung queried the accuracy of the 4.3% vacancy rate for private housing and considered that the actual rate was much higher. In response to Mr LEUNG's enquiry, STH said that the rate was provided by the Rating and Valuation Department.

Hong Kong Property for Hong Kong People

42. Mr Paul TSE asked whether the "Hong Kong Property for Hong Kong People" ("HKPHKP") measure, which was not mentioned in the 2014 Policy Address, had been discontinued. In reply, SDEV said that two sites at Kai Tak Development had been sold under the pilot scheme for HKPHKP in 2013. As the percentage and number of residential property transactions by non-Hong Kong Permanent Residents had fallen sharply, there was no

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urgency for further implementing HKPHKP at this stage. The Administration would keep it under review.

Income and asset limits for the Waiting List for Public Rental Housing

43. Dr CHIANG Lai-wan commended that the newly constructed PRH buildings were of good quality and design. She pointed out that, however, many people whose earnings were just over the Waiting List income limits had to live in sub-divided flats, which were inferior in terms of living environment and quality than PRH units. She asked how the Administration would assist these people in meeting their housing needs. In order to make themselves eligible for PRH applications, these people might opt to earn less, which would cause an adverse effect on social mobility. In response, STH said that in setting the Waiting List income limits, the Administration had to consider how to make the most efficient use of limited public housing resources. The income limits were derived using a "household expenditure" approach, which consisted of housing costs and non-housing costs plus contingency provision and had been established for a long time. For those households with incomes exceeding the limits, it was expected that new HOS flats coming on stream would meet their housing needs.

Manpower resources in the construction industry and relevant Government departments

44. Mr Vincent FANG expressed concerns about the supply of skilled construction workers for the large number of housing development projects in the next 10 years. Sharing similar concerns, Dr CHIANG Lai-wan said that there might not be sufficient construction workers and management staff for implementing the new housing projects, which would impede the progress of the Administration's housing programme.

45. SDEV acknowledged that the supply of construction workers was tight. He advised that the Administration had adopted various measures to address the problem, such as enhancing the training for construction workers in association with the Construction Industry Council and adopting new design and construction methods by using prefabricated components. The Administration had also briefed the Labour Advisory Board on the estimated volume of construction outputs for the next few years with a view to obtaining the Board's support for streamlining the processing of applications by employers to timely import skilled labours under the "Supplementary Labour Scheme".

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46. Mr Paul TSE said that the staff of PlanD were under extreme work pressure arising from the large number of applications related to land planning. He asked the Administration to review the manpower of PlanD and other relevant Government departments which were involved in handling land use or planning related applications. SDEV acknowledged that PlanD had an immense workload generated from the Administration's multi-pronged approach to increasing land supply. He expressed appreciation for their dedication and professionalism in implementing the relevant initiatives. Additional manpower had been provided to the relevant departments and the Administration would closely monitor their workloads.

Rent control

47. Ms Cyd HO was concerned that the town planning process and other relevant procedures for amending the statutory plans for the 152 Sites would take a longer time than that estimated by the Administration, i.e. more than five years. She said the Labour Party suggested that, in order to provide immediate relief to the public on their housing needs, the Administration should reinstate rent control through amending the Landlord and Tenant (Consolidation) Ordinance (Cap. 7). She proposed that the notification period for termination of a tenancy agreement be increased from one month to three or six months. With the notification period extended, the tenants would have more time to prepare for the removal and the landlords would have a lower incentive to terminate the contracts given the possible changes in the rental market during the period. She said that if the Administration would not accept this suggestion, she might consider amending the Ordinance with a Member's bill.

48. Dr Fernando CHEUNG said he had requested the Administration at a meeting of the Panel on Housing to provide studies or evidence to substantiate the Chief Executive's remarks that rent control would discourage landlords from letting their flats, thereby reducing housing supply and increasing the rent level. He said the fact was that after the cancellation of rent control in 1998, the rent level had been rising incessantly. Mr LEUNG Kwok-hung opined that, given the uniqueness of Hong Kong's property market, it was imperative that the Chief Executive should study seriously the effectiveness of imposing rent control in Hong Kong rather than coming to a conclusion easily.

49. Dr CHIANG Lai-wan said that rent control might have no significant impact on the landlords as they preferred to rent their properties to corporate customers, who had been excluded from the rent control regime when it was in force in the past. Mr Paul TSE said that as rent control had given rise to

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many litigation cases in the past and would distort the rental market, he requested to put in record that the issue should be handled very carefully. He cautioned the Administration that such control might affect the interests of small property owners.

50. STH noted members' views. He said that during the LTHS consultations, the public had given different views on rent control and its impact on the market and the rent level. There were concerns about the negative impacts of re-launching rent control. He assured members that the Administration would further examine the contentious issue of rent control, including making reference to overseas experience.

Demand-side management measures

51. Mrs Regina IP enquired about the Administration's assessment of the impact of its demand-side management measures on the property market and for how long these measures were expected to continue to be in force. Regarding the exemption of Buyer's Stamp Duty ("BSD"), she said that there had been concerns about the loophole arising from applying the exemption to the guardians or trustees of minors who were Hong Kong Permanent Residents ("HKPR minors"). The Administration had agreed to her suggestion on withdrawal of the BSD exemption for acquisitions made on behalf of HKPR minors. She asked whether those guardians and trustees who had already purchased a property on behalf of HKPR minors between the commencement of implementation of BSD and the enactment of the relevant ordinance would be entitled to the exemption.

52. STH said that after the implementation of the demand-side management measures, the overheated property market had stabilized since March 2013. The measures could facilitate the healthy development of the property market. Since the property market would be affected by various factors, including those related to the macro-economic environment, it would be difficult to establish a direct link between the prices and the stamp duties. The Administration could not predict how long the measures had to last, but would closely monitor the developments in the property market. The Administration was prepared to report to the relevant Panel(s) on its assessment on the effectiveness of the measures when necessary.

53. As regards the imposition of BSD, STH said that the Administration noted the concerns of the bills committee about the exemption loophole in respect of acquisitions made on behalf of HKPR minors and agreed to move a Committee stage amendment to withdraw the relevant exemption. He stressed that all bills were invariably subject to deliberations and alterations

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during the legislative process before they were enacted as laws. Only after LegCo had completed its scrutiny of a bill and the relevant amendment ordinance had been gazetted could the operation of the proposed regulatory regime under the bill be finalized. If the Administration's proposal to withdraw the relevant exemption was supported by LegCo and the relevant amendment bill was passed, all guardians or trustees of HKPR minors who had acquired any residential properties for the minors concerned since the commencement of the BSD (i.e. 27 October 2012) would have to pay BSD for the transactions conducted. Besides, to ensure that the rates could be adjusted in line with the market conditions in a timely manner, the Administration had proposed to introduce a mechanism whereby the BSD and SSD rates could be revised by means of subsidiary legislation subject to LegCo's negative vetting.

III. Any other business

54. There being no other business, the meeting ended at 6:30 pm.

Council Business Division 1
Legislative Council Secretariat
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