

**立法會**  
**Legislative Council**

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**Panel on Housing**

**Subcommittee on the Long Term Housing Strategy**

**Minutes of the meeting**  
**held on Friday, 14 March 2014, at 4:30 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 LEUNG Yiu-chung  
Hon Frederick FUNG Kin-kee, SBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon IP Kwok-him, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Members absent** : Hon Tony TSE Wai-chuen (Deputy Chairman)  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon WU Chi-wai, MH

Dr Hon Fernando CHEUNG Chiu-hung

**Public Officers  
attending : For item II**

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 Alfred LEE  
Senior Administrative Officer (Long Term Housing Strategy)  
Housing Department

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

**Staff in attendance :** Miss Lilian MOK  
Senior Council Secretary (1)1

Ms Mandy LI  
Council Secretary (1)1

Miss Mandy POON  
Legislative Assistant (1)1

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Action

**I. Information papers issued since last meeting**

Members noted that the following paper had been issued since the last meeting –

(LC Paper No. CB(1)829/13-14(01) — Referral arising from the meeting between Legislative Council members and Wong Tai Sin District Council members on 5 December 2013 regarding the

re-launch of the Tenants Purchase Scheme and review on the Survey on Household Income of public rental housing tenants (Chinese version only) (Restricted to Members))

## **II. Long Term Housing Strategy Report on Public Consultation**

(LC Paper No. CB(1)1053/13-14(01) — Administration's paper on "Long Term Housing Strategy Report on Public Consultation"

LC Paper No. CB(1)915/13-14(01) — "Long Term Housing Strategy Report on Public Consultation" published by the Long Term Housing Strategy Steering Committee

### Relevant paper

LC Paper No. CB(1)1756/12-13(01) — Consultation Document entitled "Long Term Housing Strategy: Building Consensus, Building Homes" issued by the Long Term Housing Strategy Steering Committee)

2. The Secretary for Transport and Housing ("STH") briefed members on the key findings and recommendations of the Long Term Housing Strategy Steering Committee ("the LTHS Steering Committee") which were set out in the Long Term Housing Strategy Report on Public Consultation ("the Report"). He advised that the Administration would take full account of the Report and other views collected during the three-month public consultation period from 3 September to 2 December 2013 when formulating Hong Kong's long term housing strategy ("LTHS") which would be announced by end of 2014. The key findings and recommendations of the LTHS Steering Committee were summarized as follows –

- (a) a supply-led strategy with public housing accounting for a higher proportion of the new housing production should be adopted;
- (b) the public generally accepted 470 000 units as the total public and

private housing supply target for the coming 10 years, with public housing to account for at least 60 per cent of the new housing production;

- (c) more should be done to ensure the rational use of public rental housing ("PRH") resources;
- (d) the Government should exercise caution and carefully assess the pros and cons as well as the risks involved in regulating subdivided units ("SDUs"); and
- (e) the Government should carefully study the consequences of reinstating rental control and providing rent subsidy to assist inadequately housed households ("IHHs").

*(Post-meeting note: STH's speaking note was circulated to members vide LC Paper No. CB(1)1097/13-14(01) on 17 March 2014.)*

#### Long term housing supply target

3. Mr IP Kwok-him said that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the adoption of the supply-led strategy and the public-private split for the new housing supply (i.e. 60:40). However, he was concerned about the supply of private housing which would vary subject to economic conditions and the commercial decisions of private developers. Mr LEUNG Chi-cheung shared Mr IP's views that private housing supply was at the sole discretion of private developers who would adjust their marketing strategies according to market situation and commercial consideration. There might not be sufficient private housing supply to meet the total supply target. Mr LEUNG further proposed the Administration to consider introducing a "vacant property tax" to discourage flat hoarding, thereby increasing the supply of residential flats in the property market.

4. STH advised that the public-private split of 60:40 proposed by the LTHS Steering Committee served to respond to the clear community aspiration that, under the current situation of insufficient housing supply with housing price and rent reaching levels beyond the general public's affordability, the Government should take the lead in increasing public housing supply to tackle the supply-demand imbalance. He assured members that the Administration would closely monitor the private housing supply target on one hand and pay due regard to the importance of ensuring the stable and healthy development of the private residential market on the other. The total housing supply target would also be reviewed on an annual basis to take into account any changes in policy and/or prevailing circumstances.

5. Mr Frederick FUNG said that he did not support the total housing supply target of 470 000 units for the next 10 years recommended by the LTHS Steering Committee as it was relatively low and far from adequate to meet the housing demand of the community. He opined that the target should be increased to 550 000 units, with private and public housing accounting for 200 000 units and 350 000 units respectively. The Administration should also consider the appropriate split between PRH and Home Ownership Scheme ("HOS") flats within the new public housing production and maintain the interchangeability of production between PRH and HOS such that PRH and HOS production could be adjusted flexibly in response to the latest market situation. Mr FUNG further proposed that the Administration should consider allocating the land lots on the Application List which were not purchased by private developers for PRH or HOS development and explore innovative means, such as converting containers to residential use, to increase housing supply.

6. While expressing support for the 10-year housing supply target, Ir Dr LO Wai-kiwok enquired about the 5-year housing supply target. He opined that the surge in property prices might be attributable to the "high land price policy" of the Government. STH responded that the construction programme of some 80 000 public housing units in the coming five years from 2012-2013 to 2016-2017 had been set and the bulk of the supply of public housing would be completed in the second 5-year period. As for private housing, it was estimated that there would be a supply of about 71 000 new residential flats in the coming three to four years. The Administration would keep a close eye on private housing production to ensure that the private housing supply target would be achieved. STH further clarified that the Hong Kong Government did not have a "high land price policy" and land prices were determined by the market. The Government would assess land prices on the basis of open market value, taking into account prevailing market conditions.

7. Mr LEUNG Yiu-chung expressed concern as to whether the Administration could achieve the 10-year housing supply target of 470 000 units. He pointed out that the Kwai Tsing District Council ("DC") had objected to the construction of new PRH blocks in the district at a recent meeting as the DC members remained concerned that new PRH development on infill sites would impose additional burden on existing ancillary facilities. They called for a holistic development approach for new PRH projects with the provision of adequate infrastructural, transport and community facilities. Mr IP Kwok-him also noted that there were objections to PRH projects from local communities on the grounds of a high concentration of public developments and inadequate community facilities in the districts.

8. STH admitted that it was an enormous challenge to meet the 10-year housing supply target. Whilst the Administration could complete the necessary planning procedures in a timely manner and expedite the construction process as far as practicable, the support of DCs and local communities, sufficient manpower supply in the construction industry and adequate financial resources of the Hong Kong Housing Authority ("HA") were keys to the timely completion of PRH projects in the pipeline. The Administration would continue to spare no effort in achieving the target and liaising closely with DCs and local communities to solicit their support for PRH development. The Administration would also ensure the provision of adequate ancillary facilities for new PRH estates. STH further advised that the total housing supply target of 470 000 units was derived from the projected total housing demand which had taken account of different demand components, including the net increase in the number of households over the coming 10 years.

9. Mr LEE Cheuk-yan criticized the Administration for not taking effective measures to resolve Hong Kong's housing problems or formulating concrete proposals to address the housing needs of different specific groups in the community, in particular IHHs and youngsters. For instance, the Administration had refused to consider reinstating rental control. STH responded that increasing housing production, particularly the supply of PRH and HOS, was the ultimate solution to housing shortage. He assured members that the Administration was concerned about the living conditions of the public and was well aware of the pressing home ownership aspirations of Hong Kong people. Although there was considerable support in the community for reinstating rental control to alleviate the financial burden of IHHs, the Administration was concerned about the implications of rental control. As regards SDUs, the Administration shared the public's sentiment that the safety of households living in SDUs should under no circumstances be compromised.

10. On Mr LEE Cheuk-yan's suggestion of using the vacated flats pending redevelopment by the Urban Renewal Authority or HA as transitional housing for IHHs, STH explained that if suitable housing sites were identified, the Administration would earmark the sites for permanent public housing development instead of transitional accommodation, given that the former was the ultimate solution to different housing problems. He further reiterated that it might not be practicable for the Administration to use PRH estates pending redevelopment as transitional housing for PRH applicants, as most of the affected residents living in PRH estates to be redeveloped would choose not to vacate their units until the very last minute before the redevelopment process commenced.

11. Mr Albert CHAN expressed dissatisfaction about the recommendations of the LTHS Steering Committee as set out in the Report, which were vacuous in his opinion. He opined that to fulfill Hong Kong's long term housing demand, the Administration should proactively develop new towns which would not only provide a large number of residential units but also accommodate the social, economic and development needs of Hong Kong. STH agreed that building new towns could effectively address the housing demand of the community. Cross-bureaux and inter-departmental collaboration should be further enhanced to expedite new town development.

#### Financial position of HA

12. Mr LEUNG Kwok-hung was of the view that the production volume of public and private housing was subject to the supply of housing land in a continual and stable manner. Without adequate land supply, the problem of housing shortage could not be resolved easily. Given that a significant increase in PRH and HOS production in the coming years would inevitably require additional financial commitment from HA, Mr LEUNG expressed concern about the financial position of HA.

13. STH agreed that the adequate supply of land suitable for residential development was crucial for achieving the 10-year housing supply target of 470 000 units. The Administration had been striving to secure the necessary land resources to meet the target. STH also acknowledged that housing development required a huge amount of investment. As HA built more subsidized flats amid rising construction costs, its reserves would be diminishing. HA had notified the Financial Secretary of its financial position and would work closely with the Government to ensure that HA would have the necessary resources to implement the ambitious programme of constructing 280 000 public housing units in the coming 10 years.

#### Supply of HOS flats

14. Mr IP Kwok-him was of the view that the target of producing about 5 000 HOS flats per year was inadequate given the overwhelming demand for public housing. The Administration should strive to build more HOS flats beyond the level that it had already pledged as this would be conducive to establishing a progressive housing ladder, meeting the growing home ownership aspirations of the low to middle-income families and providing an avenue for better-off PRH tenants to buy their own homes, thus releasing valuable PRH resources to help those in need. While the LTHS Steering Committee did not recommend any split between PRH and HOS units within the public housing portion of the total supply target, Mr IP proposed a distribution of 140 000 PRH

units and 140 000 HOS flats (i.e. a ratio of 1:1). Consideration should also be given to lowering the selling prices of HOS flats to attract PRH tenants to make a purchase, such as setting the prices at 50% of the market value of the flats.

15. STH responded that the Chief Executive had announced in the Policy Address 2014 that the Government had accepted the recommendation of the LTHS Steering Committee to adopt 470 000 units as the total housing supply target for the next 10 years, with public housing accounting for 60%. To meet this target, the Government aimed to provide an average of about 20 000 PRH units and about 8 000 HOS flats per year. If a considerably higher weighting was given to HOS, the supply of PRH units would inevitably decrease. Nevertheless, the Administration noted that there was widespread support for building more HOS flats to encourage better-off tenants to purchase such flats, thus freeing up their PRH units for re-allocation. The Administration would further consider the feasibility of increasing the production of HOS as far as practicable. HA would decide on the selling price as well as the respective quota for Green Form applicants and White Form applicants in each sale exercise. Under the existing pricing methodology, prices of HOS flats were determined by applying a discount rate to the market value of the flats. The discount rate was related to the affordability of eligible households.

#### Ratio between public and private housing

16. Mr KWOK Wai-keung said that The Hong Kong Federation of Trade Unions recommended that the public housing proportion should be increased to 70% of the new housing production, i.e. a public-private ratio of 70:30. The ratio should be adjusted flexibly to cater for changes in circumstances. He also opined that the Administration should substantially increase PRH supply in urban areas as many PRH applicants wished to live in urban districts which were convenient for them to travel to/from work or study, thus saving travelling expenses.

17. STH advised that according to the views collected during the consultation period, the public generally agreed that public housing should account for at least 60% of the new housing production. As such, the public-private split of 60:40 proposed by the LTHS Steering Committee served to respond to the community aspiration. While building more PRH units in urban districts could address the housing needs of low-income families, the Administration had been facing challenges in identifying suitable sites as land was scarce in urban areas.



## Redevelopment of aged PRH estates

18. Miss Alice MAK pointed out that the general public considered the redevelopment of aged PRH estates effective in increasing PRH supply. As HA had announced recently that it had completed a review of the redevelopment potential of 22 aged PRH estates, she enquired about the implementation plan and timetable for redevelopment and whether the Administration would increase the amount of subsidies provided to affected residents. Mr KWOK Wai-keung also urged for expeditious redevelopment of aged PRH estates in urban areas. Mr Albert CHAN, however, said that he did not support redeveloping aged PRH estates hastily. He opined that the Administration should exercise caution in considering whether or not to redevelop aged PRH estates as PRH redevelopment involved complicated issues that required thorough consideration. It was also not cost-effective to redevelop aged PRH estates when the construction cost was high at present.

19. STH responded that although HA had completed a review of the redevelopment potential of 22 aged PRH estates, the redevelopment process would not take place at once. Before redevelopment was carried out, the Administration had to conduct a series of technical studies to carefully examine the build-back potential of individual estates and the net gain in flat production upon redevelopment. The Administration would also need to ensure that there were suitable and adequate decanting facilities for rehousing affected residents. Given the complicated process, the redevelopment of a PRH estate would normally take more than a decade. When concrete redevelopment parameters were available for a particular project, HA would draw up the redevelopment timetable and make announcements on the redevelopment project. As for the subsidies to affected residents, a mechanism was already in place to review from time to time the amount of subsidies.

20. Mr Frederick FUNG opined that the redevelopment of aged PRH estates should be district-based, taking into account the development and planning of individual districts. Citing some older urban districts, such as Sham Shui Po, Kowloon City and Kwun Tong, as examples, Mr FUNG said that there were suitable rehousing resources in the relevant districts and the Administration should expeditiously conduct planning on the redevelopment of these areas. Consideration could also be given to assigning PRH estates which would be redeveloped and had already been left vacant as transitional housing for low-income households which had been awaiting PRH allocation for a long time. In addition, the Administration should also consider carrying out redevelopment programmes in the older urban areas to reap development potential.

21. STH responded that according to experience, most of the affected residents living in the PRH estates which were planned to be redeveloped would

choose not to vacate their units until the very last minute before the redevelopment process had commenced. As such, the suggestion of using PRH estates pending redevelopment as transitional housing for applicants on the Waiting List ("WL") might not be practicable. The Permanent Secretary for Transport and Housing (Housing) supplemented that there was also a suggestion for the Government to allocate new PRH estates for rehousing tenants affected by PRH redevelopment such that the redevelopment of different aged PRH estates could take place at the same time. However, the suggestion was considered not feasible as the Administration needed to reserve a certain number of new PRH units for allocation to applicants on WL.

#### Manpower resources of the construction industry

22. Mr KWOK Wai-keung expressed concern about the tight manpower situation of the construction industry and requested the Administration to address the problem by, for example, enhancing training for construction personnel so as to attract more people to join the industry. Miss Alice MAK also urged the Administration to uphold the principle of not affecting the employment of local construction workers, as mentioned in paragraph 6.30 of the Report, when considering whether to import skilled labour to Hong Kong under the "Supplementary Labour Scheme" to meet the increasing manpower demand of the construction industry.

#### Reinstatement of rental control

23. Mr Frederick FUNG urged for the reinstatement of rental control to curb the undue rent hikes. Mr LEUNG Chi-cheung also enquired whether the Administration would consider making use of tax incentives to encourage flat owners to rent out their flats, so as to alleviate the impact of rental control on the supply of rental flats.

24. STH acknowledged that the community was concerned about the high rental of private housing and there were suggestions for the Government to re-introduce rental control. The LTHS Steering Committee was, however, worried about the consequences of reinstating rental control. The Administration shared the concern of the Steering Committee. Given that there were divergent views on rental control in the community, the Administration would examine the subject further and provide findings on the implications of reinstating rental control.

#### Review of the existing housing policies

25. Pointing out that there were cases where the actual waiting time of applicants for PRH was considerably long than the average waiting time of

around three years as pledged by HA, Mr LEUNG Chi-cheung expressed concern that some existing housing policies could not resolve the problem of inadequate supply of PRH but had driven grown-up children of sitting tenants to move out of their parents' PRH units, thus creating additional demand for housing. He called on the Administration to review PRH-related policies to expedite the turnover of PRH units and ensure the proper use of PRH resources. Consideration should also be given to allowing grown-up children of sitting tenants to be added to the tenancy so that they would not be discouraged from living in their parents' PRH units and register on WL for PRH, leading to an upsurge in the number of PRH applicants.

26. STH agreed on the need to speed up the turnover of PRH units to address the housing needs of PRH applicants. However, the overall supply and demand of PRH and the distribution of PRH applicants' choices of districts varied from time to time. It was also a matter of personal decision for a PRH applicant to choose whether to accept the first flat offer or wait for subsequent offers. Under such circumstances, the actual waiting time of PRH applicants was dynamic and constantly changing. Nevertheless, to better understand the situation of PRH allocation, HA would continue to conduct case analysis to study the actual waiting time of PRH applicants. HA would also enhance the transparency and accountability of the management of PRH applications.

#### Revitalization of industrial buildings for "transitional accommodation" use

27. Ir Dr LO Wai-kwok enquired whether the Administration would consider examining the feasibility of allowing conversion of industrial buildings for "transitional accommodation" use in the context of the policy on revitalization of industrial buildings. STH advised that if an industrial building was to be converted for residential use, it had to comply with the building standards and requirements for domestic buildings. This would involve substantial alterations of the building concerned and such works, even if technically feasible, would be very costly. As such, the Administration considered the option of revitalizing industrial buildings for "transitional accommodation" use not practicable.

#### Concluding remarks

28. The Chairman appreciated the Administration's effort to conduct the LTHS review, which was the first step in the right direction to address Hong Kong's housing problems. While expressing support for the adoption of the supply-led strategy, with public housing accounting for a higher proportion of the new housing production, the Chairman opined that –

- (a) the Administration should proactively address the housing needs of young people by building a progressive housing ladder through

reviewing PRH-related policies (e.g. the Well-off Tenants Policies) and re-launching different housing schemes, including the Tenants Purchase Scheme ("TPS") and the Home Starter Loan Scheme ("HSLs");

- (b) the Administration should consider providing rent subsidy to households awaiting PRH or lessening their tax burden;
- (c) the Administration should consider launching redevelopment programmes for buildings developed under the Civil Servants Co-operative Building Society Scheme, with a view to increasing land supply in urban areas; and
- (d) the Administration should consider formulating a redevelopment plan for Tai Hang Sai Estate which was dilapidated and severely aged.

29. STH responded that the establishment of a progressive housing ladder to promote upward mobility was one of the Government's housing policy objectives. The LTHS Steering Committee therefore recommended the increase of HOS supply to help rebuild the housing ladder and address the home ownership aspirations of youngsters and first-time home buyers who could not afford private residential flats. On the suggestion of re-launching TPS and HSLs, the Administration shared the concern of the LTHS Steering Committee about the possible implications of the suggestion. STH further advised that Tai Hang Sai Estate was a private housing estate which was built and managed by the Hong Kong Settlers Housing Corporation Limited ("HKSHCL"). In this connection, the Government and HA did not have any control over the Estate. The HKSHCL was seeking the Government's views on the future redevelopment of Tai Hang Sai Estate and relevant government departments were actively following up on the issue. The Administration would explore with HKSHCL on how best to assist it in this respect.

### **III. Any other business**

#### Way forward for the Subcommittee

30. The Chairman advised that since the establishment of the Subcommittee in December 2012, it had held 11 meetings to exchange views with the Administration on different housing-related issues and make recommendations on Hong Kong's LTHS. Having regard to the fact that the LTHS Steering Committee had submitted its recommendations to the Administration for consideration and the Administration had indicated that it hoped to announce

the LTHS by the end of 2014, the Chairman suggested that the Subcommittee should conclude its work and the Panel on Housing ("the Panel") should follow up the issues about LTHS and the relevant policy measures in future. He invited members' views on his suggestion.

31. While Mr Albert CHAN and Mr LEUNG Kwok-hung considered that the Subcommittee should continue to monitor the work of the Administration in finalizing the LTHS and relevant policy measures, other members agreed to the Chairman's suggestion that the Subcommittee should conclude its work and submit a report of its deliberations to the Panel. The Chairman said that the Clerk would prepare a report of the Subcommittee for circulation to members for consideration.

32. There being no other business, the meeting ended at 6:05 pm.

Council Business Division 1  
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