

**立法會**  
***Legislative Council***

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**Panel on Housing**

**Meeting on 5 January 2015**

**Background brief on "Long Term Housing Strategy"  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides background information on the Long Term Housing Strategy ("LTHS") and a summary of the views and concerns expressed by members of the Subcommittee on the Long Term Housing Strategy ("the Subcommittee") formed by the Panel on Housing ("the Panel") on the subject.

**Background**

2. In September 2012, the Government launched the LTHS review<sup>1</sup> as part of its efforts to take forward its housing vision. The review aims to ensure optimal use of the existing land and housing resources to meet housing needs of the community in the short, medium and long term. The Long Term Housing Strategy Steering Committee ("the Steering Committee")<sup>2</sup> was formed by the Government to take forward the review and make recommendations on Hong Kong's LTHS for the next 10 years.

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<sup>1</sup> The LTHS review covers: (a) compilation, collation and comprehension of all relevant housing-related information; (b) ways to increase housing supply, including optimization of the usage of existing public and private housing stock, in the short, medium and long term; and (c) projection of housing demand for both public and private sectors to meet the needs of various groups in the community.

<sup>2</sup> The Steering Committee is chaired by the Secretary for Transport and Housing ("STH") and comprises 15 non-official and three official members, namely the Permanent Secretary for Transport and Housing (Housing), the Permanent Secretary for Development (Planning and Lands), and the Government Economist.

3. On 3 September 2013, the Steering Committee issued a Consultation Document entitled "Building Consensus, Building Homes" ("the Consultation Document") and embarked on a three-month public consultation ("the Consultation"). The Consultation Document set out the Steering Committee's views and recommendations on the proposed LTHS, encompassing issues such as the vision for the LTHS, the projection of long term housing demand, the housing needs of specific groups in the community, measures to maximize the rational use of public rental housing ("PRH") resources, the role of various housing delivery agents and measures to increase housing supply, etc. The key recommendations in the Consultation Document are set out in **Appendix I**.

4. On 17 February 2014, the Steering Committee submitted its report on the Consultation to the Government for consideration. A summary of the views collected during the Consultation is at **Appendix II**.

### **Deliberations of the Subcommittee**

5. In view of the importance of LTHS, the Panel appointed the Subcommittee at its meeting on 3 December 2012 to discuss various issues covered in the LTHS review and make recommendations on LTHS. The Subcommittee held a total of 11 meetings. At the meeting on 11 November 2013, the Subcommittee received views from the public on the Consultation. The Subcommittee concluded its work and submitted a report<sup>3</sup> to the Panel on 7 July 2014. The major views and recommendations of the Subcommittee are summarized in the ensuing paragraphs.

#### Total housing supply target

6. The Subcommittee generally took the view that provision of more public housing was the ultimate solution to the housing problems and that the future housing strategy should be supply-led.

7. Noting that as recommended in the Consultation Document, the proposed housing supply target for the next 10 years (i.e. from 2013-2014 to 2022-2023) was 470 000 units with a ratio of 60:40 as the public/private split, some members criticized that the proposed target was inadequate to meet the housing demand of the community and the public/private split of 60:40 was not commensurate with the demographic changes in recent years. Some members suggested that the housing supply target should be increased to 550 000 units, with private and public housing accounting for 200 000 units and 350 000 units respectively. While some members supported the adoption of the public/private ratio of 60:40 for the new housing supply, some other members however

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<sup>3</sup> See [LC Paper No. CB\(1\)1705/13-14](#).

suggested that the public housing proportion should be increased to 70%, i.e. a public/private ratio of 70:30. The ratio should be adjusted flexibly to cater for changes in circumstances.

8. Some members were concerned about the supply of private housing which they considered was at the sole discretion of private developers. To ensure there was sufficient private housing supply, some members reiterated their proposal for the Administration to consider introducing a "vacant property tax" to discourage flat hoarding.

#### Supply of Home Ownership Scheme flats

9. Noting that the Administration had pledged to provide about 17 000 Home Ownership Scheme ("HOS") flats in total over the four years from 2016-2017 onwards and thereafter an annual average of 5 000 HOS flats, some members were of the view that the target was inadequate given the overwhelming demand for public housing. Consideration should also be given to lowering the selling prices of HOS flats to attract PRH tenants to purchase HOS flats.

10. Some members requested the Administration to maintain interchangeability between PRH and HOS production such that the proportion of PRH and HOS could be adjusted flexibly in response to the latest market situation. Some other members also suggested the Administration to set a waiting time target for HOS applicants, similar to the one for PRH allocation.

#### Waiting time for PRH

11. Members were concerned about the long waiting time for PRH. Taking into consideration that some PRH applicants might be unwilling to move into PRH estates located in remote areas, some members recommended that the Administration should offer incentives to encourage PRH applicants to move to estates located in relatively remote areas in order to expedite the letting of less popular units.

#### Introducing a licensing or landlord registration system for subdivided units

12. Members in general did not support the proposal of introducing a licensing or landlord registration system for subdivided units ("SDUs") in residential and composite buildings. They 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. Members were of the strong view that the safety conditions of SDUs should under no circumstances be compromised.

### Re-establishment of a progressive housing ladder

13. Members generally took the view that 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<sup>4</sup>) and re-launching different housing schemes, including the Tenants Purchase Scheme<sup>5</sup> and the Home Starter Loan Scheme<sup>6</sup>.

14. Some members suggested that to meet the housing demand of the public, a development strategy which aimed primarily at the provision of PRH units to be supplemented by HOS flats should be adopted. It was 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.

### Rent subsidy and rental control

15. Some members strongly urged for the reinstatement of rental control to curb the undue rent hikes. Some members requested the Administration to provide rent subsidy to households awaiting PRH as the current high level of rents went beyond the affordability of the grassroots. Consideration should also be given to introducing a new tax allowance for renting private residential units so that private flat tenants could enjoy tax concessions.

### Development of new towns and redevelopment of aged PRH estates

16. Some members opined that the Administration should proactively develop new towns. When developing new areas, the Administration should present the project proposals to be implemented in the same district in a

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<sup>4</sup> Under the Well-off Tenants Policies, households after living in PRH for 10 years are required to declare their household income biennially. Those with a household income exceeding the prescribed income limits have to pay 1.5 times or double net rent plus rates as appropriate. Households with total household income and net assets value both exceeding the prescribed income and asset limits are required to vacate their PRH flats.

<sup>5</sup> The Tenants Purchase Scheme ("TPS") was launched in 1998 to enable sitting PRH tenants to buy their units at a significant discount to market prices. 39 PRH estates had been designated as TPS estates by 2006 when the Scheme was halted.

<sup>6</sup> The Home Starter Loan Scheme was launched in 1998 to assist first-time home buyers to acquire their own homes. A low interest loan of up to \$600,000 was offered to eligible households (\$300,000 for eligible singletons). Loans of over \$14.8 billion had been granted to over 33 000 families and individuals by the Scheme's cessation in 2002.

package and ensure a balanced provision of ancillary and community facilities to meet the community needs.

17. While some members considered the redevelopment of aged PRH estates effective in increasing PRH supply, some did not support doing so hastily. They 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.

## **Recent developments**

18. On 16 December 2014, the Government promulgated the new LTHS and released the "LTHS Implementation Milestones as at December 2014"<sup>7</sup>.

19. As advised by the Administration, the new LTHS has incorporated the major recommendations of the Steering Committee and the views gathered during the Consultation. The Administration has made a major policy shift by adopting a supply-led strategy, with a view to averting the current supply-demand imbalance. In addition to increasing the supply of public and private housing, the Administration will also seek to ensure the rational use of PRH resources and consider how to expand the forms of subsidized home ownership.

20. Based on the latest projection of long-term housing demand, the total housing supply target is set at 480 000 units for the ten-year period from 2015-2016 to 2024-2025, with the public/private split of 60:40. Accordingly, the public housing supply target will be 290 000 units, comprising 200 000 PRH units and 90 000 subsidized sale flats, whereas the private housing supply target will be 190 000 units.

21. In terms of land supply, the Administration advises that it has secured the necessary land sites for building up to 254 000 public housing units. In the coming three to four years, there will be a supply of some 74 000 first-hand private housing units.

22. In order to meet the 10-year public housing target as set out in the LTHS, the Financial Secretary announced on 18 December 2014<sup>8</sup> that the Government has established a Housing Reserve (about \$27 billion).

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<sup>7</sup> See press release: <http://www.info.gov.hk/gia/general/201412/16/P201412160765.htm>.

<sup>8</sup> See press release: <http://www.info.gov.hk/gia/general/201412/18/P201412180437.htm>.

**Latest position**

23. The Administration will brief members on the Government's LTHS at the Panel meeting on 5 January 2015.

**Relevant papers**

24. A list of relevant papers is set out in **Appendix III**.

Council Business Division 1  
Legislative Council Secretariat  
30 December 2014

### **The key recommendations in the Consultation Document entitled "Building Consensus, Building Homes"**

- (a) The Government should enhance its role in the provision of housing in order to resolve the problem of supply-demand imbalance. The future housing strategy should be supply-led.
- (b) The total housing supply target for the next 10 years (i.e. from 2013-2014 to 2022-2023) should range from 440 000 units to 500 000 units, with a proposed supply target of 470 000 units.
- (c) The public/private split for the new housing supply target for the next 10 years should be 60:40 (public housing includes both public rental housing ("PRH") and subsidized sale flats). There is also a need for an increase in the supply of Home Ownership Scheme ("HOS") flats above the number which the Government has pledged.
- (d) Low-income elderly and low-income families on the Waiting List ("WL") should be given priority for PRH and the average waiting time ("AWT") target of about three years for general applicants on the WL for PRH should be maintained. Consideration should be given to refining Quota Points System by progressively reducing the waiting time for those non-elderly one-person applicants above the age of 35. The feasibility of building dedicated PRH blocks for singletons at suitable fill-in sites within existing PRH estates should also be explored.
- (e) The Government should step up its enforcement actions to eradicate subdivided units ("SDUs") which are illegal and in breach of building and fire safety regulations, and to consider introducing a licensing or landlord registration system to better regulate the safety and hygiene conditions of SDUs in residential and composite buildings. At the same time, the feasibility of providing special transitional housing on temporarily vacant Government owned sites should also be explored.
- (f) An effective housing ladder should be established and the supply of HOS flats should be increased with a view to assisting the younger generation to purchase flats according to their own affordability.

- (g) As regards the calls to provide rent assistance to the grassroots and to implement rental control (including rent control), the Steering Committee is concerned that such measures would be counter-productive under a tight supply market situation, as any rent subsidy provided by the Government would most likely lead to upward pressure on rental levels. The suggestion to re-launch the "Home Starter Loan Scheme" is also considered inappropriate under the current acute housing supply situation lest flat prices will be pushed up.
- (h) The various procedures and approval requirements in relation to planning and land administration should be reviewed in order to speed up the release of land resources to meet the urgent need for a substantial increase in housing; and to strike a balance between development and a sustainable environment in accordance with the community's consensus.
- (i) Future new towns should be developed as self-sustained communities in an "integrated" manner. In the long run, the average living space should be progressively increased, perhaps starting with PRH in non-urban districts.

Source: Paragraph 90 of the Report of the Subcommittee on the Long Term Housing Strategy (LC Paper No. [CB\(1\)1705/13-14](#)).



## Appendix II

### **A summary of the views collected during the Consultation**

The views collected during the Consultation indicate that there is wide public support on the following issues –

- (a) a supply-led strategy with public housing accounting for a higher proportion of the new housing production;
- (b) the long term housing supply target of 470 000 units for the coming 10 years, with public housing making up a higher proportion of at least 60% of the new housing production;
- (c) higher priority should be accorded to addressing the housing needs of inadequately housed households;
- (d) building more flats under HOS to meet the home ownership aspirations of youngsters and first-time home buyers;
- (e) the AWT for PRH for general applicants on the WL should be maintained at about three years, and that more should be done to ensure the rational use of precious PRH resources; and
- (f) there should be more private sector participation in the provision of subsidized housing. Further efforts should be made by the Government to facilitate housing development, both in terms of streamlining the housing development processes and strengthening manpower resources in the construction industry.

On the other hand, the public have expressed divergent views on a number of issues, including the introduction of a licensing or a landlord registration system for SDUs; and the reinstatement of some form of rental control (including control on rent and the security of tenure).

Source: Paragraphs 91-92 of the Report of the Subcommittee on the Long Term Housing Strategy ([LC Paper No. CB\(1\)1705/13-14](#)).

## Appendix III

### Long Term Housing Strategy

#### List of relevant papers

Council/ Committee	Date of meeting	Papers
Subcommittee on the Long Term Housing Strategy	27 September 2013	<p>Administration's Consultation Document on "Long Term Housing Strategy: Building Consensus, Building Homes" (<a href="#">LC Paper No. CB(1)1756/12-13(01)</a>)</p> <p>Administration's paper on "Long Term Housing Strategy Consultation Document" (<a href="#">LC Paper No. CB(1)1818/12-13(01)</a>)</p> <p>Information note on "Long Term Housing Strategy" prepared by the Research Office of the Legislative Council Secretariat (<a href="#">LC Paper No. IN27/12-13</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1293/13-14</a>)</p> <p>Administration's supplementary information note on "Assessing the Vacancy Situation of Housing Units in Hong Kong" (<a href="#">LC Paper No. CB(1)194/13-14(01)</a>)</p> <p>Administration's supplementary information note on "Projection of Long Term Housing Demand" (<a href="#">LC Paper No. CB(1)194/13-14(02)</a>)</p>
Subcommittee on the Long Term Housing Strategy	14 March 2014	<p>Administration's paper on "Long Term Housing Strategy Report on Public Consultation" (<a href="#">LC Paper No. CB(1)1053/13-14(01)</a>)</p> <p>"Long Term Housing Strategy Report on Public Consultation" published by the Long Term Housing Strategy Steering Committee" (<a href="#">LC Paper No. CB(1)915/13-14(01)</a>)</p>

<b>Council/ Committee</b>	<b>Date of meeting</b>	<b>Papers</b>
		Minutes of meeting ( <a href="#">LC Paper No. CB(1)1611/13-14</a> )
Panel on Housing	7 July 2014	Report of the Subcommittee on the Long Term Housing Strategy ( <a href="#">LC Paper No. CB(1)1705/13-14</a> )

**Hyperlinks to relevant documents:**

<b>Government bureau/department</b>	<b>Document</b>
Transport and Housing Bureau	<p>Long Term Housing Strategy December 2014 <a href="http://www.thb.gov.hk/eng/policy/housing/policy/lths/LTHS201412.pdf">http://www.thb.gov.hk/eng/policy/housing/policy/lths/LTHS201412.pdf</a></p> <p>Long Term Housing Strategy Implementation Milestones as at December 2014 <a href="http://www.thb.gov.hk/eng/policy/housing/policy/lths/ImplementationMilestones201412.pdf">http://www.thb.gov.hk/eng/policy/housing/policy/lths/ImplementationMilestones201412.pdf</a></p>