

# 立法會 *Legislative Council*

LC Paper No. CB(1)284/17-18(05)

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## **Panel on Housing**

**Meeting on 4 December 2017**

### **Background brief prepared by the Legislative Council Secretariat on the Public Housing Construction Programme and challenges and difficulties in taking forward public housing development projects**

#### **Purpose**

This paper provides background information on the Public Housing Construction Programme ("PHCP") of the Hong Kong Housing Authority ("HA"), and gives a brief account of the views and concerns expressed by Members on the subject. The paper also summarizes the deliberations of the Panel on Housing on challenges and difficulties in taking forward public housing development projects.

#### **Background**

2. The objectives of the Government's housing policy include providing low-income families who cannot afford private rental accommodation with public rental housing ("PRH"), with a target of maintaining the average waiting time ("AWT") for general PRH applicants on the Waiting List ("WL") at around three years.<sup>1</sup> To this end, HA has put in place PHCP, which is a rolling programme forecasting PRH production of the coming five years. PHCP is reviewed annually and the level of PRH production will be adjusted as and when necessary. HA has advised that the average annual PRH production is not a rigid target. It will adjust the production level should additional sites become available so as to maintain the AWT for general PRH applicants at around three years.

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<sup>1</sup> The AWT pledge does not apply to non-elderly one-person PRH applicants on WL.

## Long Term Housing Strategy

3. The Government promulgated the new Long Term Housing Strategy ("LTHS") in December 2014 and announced that it would adopt a supply-led strategy as recommended by the LTHS Steering Committee. Based on the latest projection, the Government adopts a total housing supply target of 460 000 units for the ten-year period from 2017-2018 to 2026-2027. With a public-private split of 60:40, the public housing supply target is 280 000 units, comprising 200 000 PRH units and 80 000 subsidized sale flats. The Administration has identified land for the construction of 236 000 public housing units<sup>2</sup>.

## Public Housing Construction Programme 2016-17 to 2020-21

### *Public Rental Housing*

4. The demand for PRH has been increasing in recent years. As at end-September 2016, there were about 286 500 applications on WL queuing for PRH allocation, including about 152 500 general applications (i.e. family applications and elderly one-person applications) and about 134 000 non-elderly one-person applications. The AWT for general applicants was 4.5 years.<sup>3</sup> According to PHCP as at September 2016, the forecast production of PRH for the five-year period from 2016-2017 to 2020-2021 was about 70 700 flats<sup>4</sup> with details as follows –

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<sup>2</sup> LC Paper No. [CB\(1\)19/17-18\(01\)](#)

<sup>3</sup> According to the [HA's website](#), as at end-September 2017, there were about 152 700 general applications for PRH, and about 127 400 non-elderly one-person applications. The AWT for general applicants was 4.6 years.

<sup>4</sup> In its paper (LC Paper No. [CB\(1\)19/17-18\(01\)](#)), the Administration advised that as at end-September 2017, the production of PRH for the five-year period from 2017-2018 to 2021-2022 was about 75 200 units.

District	Expected number of units* and year of completion				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Urban</b>	4 500 (33%)	11 300 (67%)	8 200 (54%)	6 700 (48%)	4 300 (36%)
<b>Extended Urban</b>	7 700 (57%)	900 (5%)	6 900 (45%)	4 800 (35%)	500 (4%)
<b>New Territories</b>	1 200 (9%)	4 700 (27%)	- -	2 100 (15%)	7 000 (59%)
<b>Total</b>	13 300 (100%)	16 800 (100%)	15 100 (100%)	13 700 (100%)	11 800 (100%)

\* Figures may not add up to total due to rounding.

5. Under the PHCP from 2016-2017 to 2020-2021, new PRH production will mainly come from urban (49%) and extended urban areas (29%), with the remaining in the New Territories (21%). In term of flat types, about 16% would be one/two-person units, about 25% would be two/three-person units, about 35% would be units for three to four persons and about 24% would be units for four to five persons. A breakdown of the PRH production forecast for the period from 2016-2017 to 2020-2021 (as at September 2016) is in **Appendix I**.

#### *Subsidized Sale Flats*

6. According to the PHCP for the period from 2016-2017 to 2020-2021, some 21 000 subsidized sale flats (include Home Ownership Scheme ("HOS") and Green Form Subsidized Home Ownership Scheme ("GSH") flats) will be produced by HA.<sup>5</sup> . Among these flats, around 70% will be located in urban (about 33%) and extended urban areas (about 37%), with the remaining units in the New Territories (about 28%) and Islands (about 3%).

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<sup>5</sup> In its paper (LC Paper No. [CB\(1\)110/16-17\(02\)](#)), the Administration advised that according to the latest forecast, HA and the Hong Kong Housing Society will, over the five-year period from 2016-2017 to 2020-2021, produce 22 600 subsidized sale flats.

## **Challenges and difficulties in taking forward public housing development projects**

7. According to the Administration<sup>6</sup>, some of the challenges which will affect the project delivery schedule include time taken to develop sites for public housing as majority of these sites are not spade ready<sup>7</sup>, extra time required to address the issues raised by local communities regarding the proposed development during consultations, time taken to complete the town planning procedures for rezoning of sites to residential use, etc. The measures taken by the Administration to overcome the challenges include liaising closely with relevant government bureau/departments to ensure timely availability of sites and supporting infrastructure; communicating proactively with the local communities to enlist their support for the proposed public housing projects and address their concerns as far as practicable; maximizing flat production of each public housing site through relaxation of development restrictions (e.g. plot ratio, building height) in an appropriate scale where planning condition permits, etc.

## **Views and concerns of Members**

8. Members have expressed views on issues relating to the subject at meetings of the Legislative Council and its committees. At its meeting on 15 November 2016, the Panel on Housing discussed the PHCP for the period from 2016-2017 to 2020-2021 and challenges and difficulties in taking forward public housing development projects. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

### Progress of public housing production

9. In view that the Administration had identified land for providing 236 000 public housing units, Members were generally concerned whether all the land sites had been secured and how the Administration could meet the shortfall of land for producing 44 000 public housing units.

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<sup>6</sup> LC Paper No. [CB\(1\)110/16-17\(04\)](#)

<sup>7</sup> Spade ready sites are sites that have been properly zoned, and do not require resumption, clearance, reprovisioning of existing facilities, site formation or provision of additional infrastructure.

10. The Administration advised that the projected supply of 236 000 public housing flats was based on the assumption that all sites identified could be delivered on time for development. The Administration would continue to adopt a multi-pronged strategy and take forward land use review and rezoning, increase the development intensity, release brownfield sites, develop new development areas and moderate land reclamation, etc., in order to increase housing land supply in the short, medium and long term.

11. Some Members suggested that to increase public housing, the Administration should review the public/private split of 60:40 for the new housing supply, and consider adjusting the ratio to 70:30 or above. The Administration responded that the public/private split of 60:40 for the supply of newly built flats was recommended by the LTHS Steering Committee because the ratio served to send a message to the community that the Administration would take the lead in increasing public housing supply. Adjusting the public/private split as proposed might well give a signal that the supply of private housing units would be significantly reduced, which might have adverse impact on the private residential market.

#### Supply of public housing sites

12. Some Members opined that the Administration should identify ways to provide more spade ready sites, and expedite the redevelopment of aged PRH estates. The Administration replied that spade ready sites were rare and majority of the public housing projects for which HA had consulted district councils in the past few years were not spade ready. HA would strive to secure more suitable public housing sites in accordance with the established mechanism and adopt methods that could fast-track the construction process as far as practicable. The Administration advised that before taking forward any projects to redevelop aged estates, HA had to consider a host of factors prudently. In the short term, redevelopment would reduce the number of PRH units available for allocation to applicants because HA had to utilize PRH units to accommodate tenants of the affected PRH estates.

13. On the question whether it was practicable for the Administration to obtain urban sites currently held by the Urban Renewal Authority ("URA") for public housing projects, the Administration explained that in line with the policy that the urban renewal programme should be self-financing in the long run, URA expected that its projects should be financially viable as a whole and it had to be very prudent in considering any suggestion to provide public housing at its sites. The URA's

provision of subsidized sale flats at Kai Tak Development in 2015 was a one-off measure.

#### Waiting time for public rental housing

14. In the light of the lead time required for housing production and the incessant lengthening of the waiting time for PRH, Members suggested that the Administration should introduce short and medium-term relief measures such as tenancy control and rent subsidies to address the housing difficulties of PRH applicants, especially those residing in subdivided units.

15. The Administration advised that empirical findings, both local and overseas, suggested that tenancy control measures often lead to an array of unintended consequences, including reducing supply of rented accommodation, encouraging landlords to be more selective about their tenants, etc. If the Government provided tenants of private accommodations (including PRH applicants) with any form of rent subsidy in the midst of tight housing supply, landlords might increase the rent accordingly, thereby turning the rent subsidy into additional rent, leaving the tenants with no effective assistance.

16. Some Members suggested that to ensure that the PRH component within the LTHS supply target could meet the demand from WL applicants, the Administration should include the policy objective of providing the first offer of PRH unit to the general applicants at around three years on average as a factor in its projection of future PRH production target.

17. The Administration advised that the LTHS Steering Committee had considered that the projection on long term housing demand should be premised on variables taken from objective circumstances, such as the households projections published by the Census and Statistics Department, while taking into account various factors, such as the net increase in number of households, the number of inadequately housed households and the vacancy situation of private residential flats. On the question whether the number of PRH applications was a suitable factor for projection, one had to consider whether such number could accurately and realistically reflect the housing demand.

#### Regularizing Green Form Subsidised Home Ownership Scheme

18. In October 2017, the Chief Executive delivered the 2017 Policy Address which put forward a number of housing-related initiatives, and one of them was suggestions for HA to regularize GSH. In reply to a question at the Council meeting of 8 November 2017 about whether the initiative of

regularizing GSH would cause a reduction of the supply of PRH units, and hence lengthening the waiting time for allocation of PRH units, the Administration advised that as stated in the Policy Address, the Government would focus on supply and step up efforts in increasing the supply of housing units based on LTHS. Regularizing GSH would help those relatively better-off Green Formers, including PRH tenants, to move up the housing ladder and vacate their units for allocation to the needy. After purchasing GSH flats, PRH tenants were required to vacate their PRH units. This "one-for-one" arrangement would not reduce the supply of PRH. If Green Form buyers of the GSH flats were PRH applicants who had passed the detailed eligibility vetting, their home ownership aspirations would be addressed earlier. This also allowed the allocation of PRH resources to those waiting for PRH with more pressing needs.

#### Resistance of local communities to public housing projects

19. Some members commented that the failure of the Administration to plan in advance for the provision of ancillary facilities in public housing projects had rendered local communities very resistant to the project implementation, and they urged the Administration to roll out comprehensive plans including the provision of ancillary facilities to the local community at the consultation stage.

20. The Administration advised that ancillary facilities were provided in accordance with the requirements set out in the Hong Kong Planning Standards and Guidelines and the Administration aimed to make these facilities available as soon as tenants moved into the estates. It might take a longer lead time to deliver a public housing project if such projects had to include community facilities demanded by the local community.

#### **Latest development**

21. The Administration will brief members on the PHCP for the period from 2017-2018 to 2021-2022 and challenges and difficulties in taking forward public housing development projects at the Panel meeting on 4 December 2017.

**Relevant papers**

22. A list of the relevant papers is set out in **Appendix II**.

Council Business Division 1  
Legislative Council Secretariat  
28 November 2017



**Public Rental Housing Production (2016-2017 – 2020-2021)**  
**(Forecast as at September 2016)**

Year of Completion/ District	Sub-district	PRH Project	Planned Flat Number	Planned Flat Number By Sub-district
<b>2016-2017</b>				
Urban	Eastern	Conversion of Chai Wan Factory Estate	200	200
	Kwun Tong	Anderson Road Site D	3 500	4 300
Anderson Road Site E Phase 2		800		
Extended Urban	Sha Tin	Shatin Area 52 Phase 3	2 000	4 100
		Shatin Area 52 Phase 4	2 100	
	Islands	Tung Chung Area 56	3 600	3 600
New Territories	Yuen Long	Ex-Au Tau Departmental Quarters	1 200	1 200
			<b>Sub-total</b>	<b>13 300</b>
<b>2017-2018</b>				
Urban	Eastern	Lin Shing Road	300	300
	Kwun Tong	Anderson Road Site A	1 500	8 600
		Anderson Road Site B Phase 1	3 100	
		Anderson Road Site B Phase 2	2 600	
		Anderson Road Site C1	1 400	
	Sham Shui Po	So Uk Phase 1	400	2 400
So Uk Phase 2		2 000		
Extended Urban	Kwai Tsing	Ex-Kwai Chung Police Quarters	900	900
New Territories	Tuen Mun	Tuen Mun Area 54 Site 2 Phase 1	2 600	4 700
		Tuen Mun Area 54 Site 2 Phase 2	2 100	
			<b>Sub-total</b>	<b>16 800</b>
<b>2018-2019</b>				
Urban	Kwun Tong	Eastern Harbour Crossing Site Phase 7	500	800
		Sau Ming Road	300	
	Sham Shui Po	Cheung Sha Wan Wholesale Food Market Site 3	1 300	7 400
		Lai Chi Kok Road - Tonkin Street Phase 1	2 500	
		Lai Chi Kok Road - Tonkin Street Phase 2	1 300	
		Shek Kip Mei Phase 3	200	
		Shek Kip Mei Phase 7	200	
		So Uk Phase 2	1 700	
Extended Urban	Sha Tin	Shek Mun (Shek Mun Estate Phase 2)	3 000	3 000
	Islands	Tung Chung Area 39	3 900	3 900
			<b>Sub-total</b>	<b>15 100</b>

Year of Completion/ District	Sub-district	PRH Project	Planned Flat Number	Planned Flat Number By Sub-district
<b>2019-2020</b>				
Urban	Sham Shui Po	Shek Kip Mei Phase 6	1 100	5 000
		Northwest Kowloon Reclamation Site 6 Phase 1	900	
		Pak Tin Phase 7	1 000	
		Pak Tin Phase 8	1 000	
		Pak Tin Phase 11	1 100	
	Wong Tai Sin	Tung Tau Estate Phase 8	1 000	1700
		Fung Shing Street, Wong Tai Sin	800	
Extended Urban	Sha Tin	Fo Tan Phase 1	4 800	4 800
New Territories	North	Choi Yuen Road	1 100	2 100
		Fanling Area 49	900	
			<b>Sub-total</b>	<b>13 700</b>
<b>2020-2021</b>				
Urban	Eastern	Wing Tai Road, Chai Wan	800	800
	Kwun Tong	Choi Wing Road	1 100	1 100
	Sham Shui Po	Northwest Kowloon Reclamation Site 6 Phase 2	1 400	1 400
	Wong Tai Sin	Diamond Hill Phase 1	1 000	1 000
Extended Urban	Kwai Tsing	Near Lai King Hill Road	500	500
New Territories	Tai Po	Chung Nga Road East, Tai Po	700	700
	North	Queen's Hill Phase 1	3 800	6 300
		Queen's Hill Phase 2	1 200	
		Queen's Hill Phase 5	1 300	
			<b>Sub-total</b>	<b>11 800</b>
			<b>Total</b>	<b>70 700</b>

( Based on Public Housing Construction Programme as at September 2016 )

Note : Figures may not add up to the total due to rounding.

**Public Housing Construction Programme and  
challenges and difficulties in taking forward public housing development**

**List of relevant papers**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Housing	15 November 2016	Administration's paper on "Public Housing Construction Programme 2016-17 to 2020-21" (LC Paper No. <a href="#">CB(1)110/16-17(02)</a> )  Administration's paper on "Challenges and Difficulties in Taking Forward Public Housing Development Projects" (LC Paper No. <a href="#">CB(1)110/16-17(04)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)374/16-17</a> )
Panel on Housing	30 October 2017	Administration's paper on "Housing-related initiatives in the Chief Executive's 2017 Policy Address and Policy Agenda" (LC Paper No. <a href="#">CB(1)19/17-18(01)</a> )

Hyperlinks to relevant Council Questions:

<b>Date</b>	<b>Council Question</b>
7 December 2016	Council question on <a href="#">Public housing development projects</a>
21 June 2017	Council question on <a href="#">Supply of public housing</a>
8 November 2017	Council question on <a href="#">Impact of regularization of Green Form Subsidised Home Ownership Scheme on applicants on the Public Rental Housing Waiting List</a>