

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1333/18-19  
(These minutes have been seen  
by the Administration)

Ref : CB1/PS/1/18

**Panel on Housing**

**Subcommittee to Follow Up Issues Related to Inadequate Housing and  
Relevant Housing Policies**

**Minutes of fifth meeting  
held on Tuesday, 21 May 2019, at 2:30 pm  
in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Vincent CHENG Wing-shun, MH (Chairman)  
Hon Andrew WAN Siu-kin (Deputy Chairman)  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon CHAN Han-pan, BBS, JP  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon KWOK Wai-keung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHU Hoi-dick  
Hon SHIU Ka-fai  
Hon CHEUNG Kwok-kwan, JP  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

**Members absent** : Hon Starry LEE Wai-king, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH

**Public Officers  
attending**

: Agenda item III

Transport and Housing Bureau

Dr Raymond SO, BBS, JP  
Under Secretary for Transport and Housing

Ms Jenny CHAN Yuen-han  
Assistant Director (Policy Support)

Mr Stephen WONG Wing-hung  
Project Director 2, Task Force on Transitional  
Housing

**Attendance by  
invitation**

: Agenda item III

Construction Industry Council

Ir Dr Richard PANG  
Director  
Industry Development

Mr Timothy LEUNG  
Manager – MiC  
Industry Development

Ms Odelia TAM  
Assistant Manager  
Industry Development

Jockey Club Design Institute for Social  
Innovation, The Hong Kong Polytechnic  
University

Mr LING Kar-kan, SBS  
Director

Dr Calvin LUK  
Project Manager

Ms Karen LEE  
Assistant Project Manager

Academics

Professor Francis LUI  
Professor Emeritus/Adjunct Professor  
Department of Economics, Hong Kong  
University of Science and Technology

Mr Kevin TSUI  
Associate Professor, John E Walker Department  
of Economics, Clemson University

Mr TSANG Kwok-ping  
Associate Professor, Department of Economics,  
Virginia Tech

**Clerk in attendance** : Mr Daniel SIN  
Chief Council Secretary (1)6

**Staff in attendance** : Ms Mandy LI  
Senior Council Secretary (1)6

Mr Patrick CHOI  
Council Secretary (1)6

Miss Yolanda CHEUK  
Legislative Assistant (1)6

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Action

**I. Confirmation of minutes**

(LC Paper No. CB(1)920/18-19 -- Minutes of meeting held  
on 19 February 2019

LC Paper No. CB(1)1007/18-19 -- Minutes of meeting held  
on 19 March 2019)

The minutes of the meetings held on 19 February 2019 and  
19 March 2019 were confirmed.

## II. Matters arising from previous meetings

- (LC Paper No. CB(1)1063/18-19(01) -- Administration's written response to Hon CHU Hoi-dick's letter requesting the Administration to provide supplementary information regarding inadequate housing
- LC Paper No. CB(1)1063/18-19(02) -- Administration's written response to Hon CHU Hoi-dick's letter requesting the Administration to provide supplementary information regarding inadequate housing
- LC Paper No. CB(1)1073/18-19(02) -- Administration's response to members' concerns raised and the motion passed at the meeting on 19 March 2019)

## III. Presentations on measures to address the problem of inadequate housing

- (Issued by the Jockey Club Design Institute for Social Innovation, The Hong Kong Polytechnic University in November 2018) -- Summary report on 'One from Hundred Thousand' Season 1, Transitional Social Housing
- LC Paper No. CB(1)1073/18-19(01) -- Information paper from Mr Kevin TSUI, Associate Professor, The John E Walker Department of Economics, Clemson University (Chinese version only))

2. The Subcommittee deliberated (index of proceedings in the **Appendix**).

**IV. Any other business**

3. There being no other business, the meeting ended at 4:31 pm.

Council Business Division 1  
Legislative Council Secretariat  
28 August 2019

## Panel on Housing

Subcommittee to Follow Up Issues Related to Inadequate Housing and  
Relevant Housing Policies

Proceedings of fifth meeting  
held on Tuesday, 21 May 2019, at 2:30 pm  
in Conference Room 3 of the Legislative Council Complex

Time marker	Speaker	Subject(s)	Action required
<b>Agenda item I — Confirmation of minutes</b>			
000625 – 000709	Chairman	Confirmation of minutes	
<b>Agenda item II — Matters arising from previous meetings</b>			
000710 – 000730	Chairman	Matters arising from the previous meetings	
<b>Agenda item III — Presentations on measures to address the problem of inadequate housing</b>			
000731 – 000928	Chairman	Opening remarks	
000929 – 001310	Chairman Administration	Briefing by the Administration	
001311 – 002221	Chairman Ir Dr Richard PANG, Construction Industry Council ("CIC")	Presentation of views	
002222 – 003333	Chairman Professor Francis LUI, Professor Emeritus / Adjunct Professor Department of Economics, The Hong Kong University of Science and Technology	Presentation of views	
003334 – 004341	Chairman Mr Kevin TSUI, Associate Professor, The John E Walker Department of Economics, Clemson University	Presentation of views [LC Paper No. CB(1)1073/18-19(01)]	

004342 – 004857	Chairman Mr TSANG Kwok-ping, Associate Professor, Department of Economics, Virginia Tech	Presentation of views	
004858 – 005940	Chairman Mr LING Kar-kan, Jockey Club Design Institute for Social Innovation, The Hong Kong Polytechnic University ("JCIDSI")	Presentation of views	
005941 – 010850	Chairman Mr Tony TSE Wai- chuen Ir Dr Richard PANG, CIC Mr Kevin TSUI	<p>Mr Tony TSE noted that there was a large demand for housing, and the solution would either be increasing supply or reducing private property prices, although the latter approach would have far reaching implications. He further asked whether the modular integrated construction ("MiC") approach was better than the conventional construction methods for the provision of transitional housing in terms of quantity output, speed, construction cost and price.</p> <p>Director, CIC said that pilot projects had shown that the price differential between housing units constructed by conventional means and by MiC was not significant. MiC could likely save construction costs if the building modules were produced in a larger quantity. Director, CIC added that although housing units built by MiC could be assembled and dismantled quickly, ease of transportation should be considered in the design.</p> <p>Mr Kevin TSUI said that many studies had shown that investment in private properties had similar return but lower volatility as compared with investment in equity. In the Hong Kong context, he suggested that the growth in asset value of private properties should ideally be kept below the growth of the economy. Mr TSUI pointed out that the Administration's housing policy was slanted towards increasing public housing supply, but this would only push up housing prices even further. Besides, local studies had shown that public rental housing's turnover was not efficient and it was difficult to put these units on sale. Mr TSUI suggested that more emphasis should be put on measures to increase the supply of private housing units.</p>	

010851 – 011417	Chairman Mr CHAN Han-pan Mr LING Kar-kan, JCIDS	<p>Mr CHAN Han-pan noticed that there were suggestions about relaxing certain rules and regulations on the use of land and on building construction for transitional housing. He asked the deputations what specific recommendations they had in relaxing current restrictions, which specific statutory provisions would be involved and how departments could complement such efforts.</p> <p>Director, JCIDS said that the Town Planning Board had already issued some guidelines to handle the applications or proposals for provision of transitional housing, which was recognized to be of a temporary nature, with flexibility. However, factors such as the local traffic impact, infrastructure support and overall environment should be considered to ensure that the proposed transitional housing sites would be suitable for such development.</p> <p>The Lands Department charged only nominal regrant premium for transitional housing in certain cases. Director, JCIDS said that the approving process might be further expedited if standard templates could be developed for the relevant applications.</p> <p>As regards building regulations, Director of JCIDS indicated that the existing provisions were adopted for public safety and fire prevention purposes. It was necessary for transitional housing developments to meet these basic safety requirements.</p> <p>Director, JCIDS added that the cost advantage of MiC could only be realized if a supply chain of modules with standardized designs could be set up.</p>	
011418 – 012050	Chairman Dr Fernando CHEUNG Chiu-hung Administration	<p>Dr Fernando CHEUNG noted that the demand for public housing was high and the waiting time was long, and the number of people living in inadequate housing was increasing. On the other hand, the progress in the provision of transitional or community housing was slow.</p> <p>Dr CHEUNG said that, although the Administration had set aside \$2 billion in the 2019-2020 Budget to support non-governmental organizations ("NGOs") in constructing transitional housing, the Administration should also take the lead in providing the necessary infrastructure and technical support to interested NGOs during the</p>	



		<p>development of transitional housing. Dr CHEUNG added that the Administration should establish a platform and play a more proactive role to assist interested NGOs to make use of the available resources in providing transitional housing. In particular, the Administration should make available information of the potential sites for transitional housing development, so that interested organizations could assess the feasibility of taking up those sites.</p> <p>The Administration responded that the Task Force on Transitional Housing ("the Task Force") had participated in the initial stages of transitional housing projects initiated by interested NGOs. Assistance provided by the Administration included clarifying certain technical issues, and facilitating the implementation of the projects. Noting that certain initial preparatory works might incur expenses which might be a substantial financial burden to some NGOs, the Task Force would help identify funding sources and provide assistance in the application process.</p> <p>As regards the \$2 billion dedicated fund, the Administration would map out the detailed arrangements after considering the operational experience gathered from current transitional housing projects and listening to the views of different sectors of the community. The Transport and Housing Bureau would then seek funding approval from the Finance Committee.</p> <p>Dr Fernando CHEUNG mentioned that some NGOs such as the Society of Community Organizations relied on other sources of funding and implemented a transitional housing project on a site provided by a developer where there was no immediate need for development. Dr CHEUNG suggested that the Government should also provide funding and technical support for such projects.</p>	
<p>012051 – 012905</p>	<p>Chairman Mr KWONG Chun-yu Mr LING Kar-kan, JCIDSI</p>	<p>Mr KWONG Chun-yu said that although the Funding Scheme to Support the Use of Vacant Government Sites by NGOs was set up as early as in 2018, none of the several applications he had been involved in had succeeded in commencing operation up till now. He argued that too many complicated technical steps were required to justify the use of a site. Mr KWONG expressed concerns that the proposed \$2 billion fund might end up posing the same difficulties for applicants.</p>	

		<p>Director, JCIDSI said it was impractical to set a supply target for transitional housing, which was a stop-gap measure instead of a long-term solution to address the problem of housing shortage. Director, JCIDSI agreed that NGOs might lack the professional knowledge required to file applications for the dedicated fund on transitional housing projects, and suggested that the Government might consider assisting NGOs by providing them with expertise, using an approach similar to that taken in the revitalization of heritage sites.</p> <p>Director, JCIDSI commented that the Administration should provide incentives and introduce measures to encourage owners of private properties to offer either whole blocks of old buildings or individual units inside for the provision of transitional housing.</p>	
<p>012906 – 013935</p>	<p>Chairman Mr Abraham SHEK Lai-him Professor Francis LUI Administration</p>	<p>Mr Abraham SHEK commented that besides short-term measures, a long-term solution to the housing problem was also needed. Mr SHEK requested the Administration to abandon its high land price policy and excessive market intervention, and swiftly implement policies in response to the strong housing needs as well as other social needs. He asked whether Professor Francis LUI would agree to the view that the Administration's high land price policy had been responsible for widening the wealth gap; fueling certain key social problems; and bringing social development to a standstill.</p> <p>Professor Francis LUI commented that there were many reasons for the shortage of land for housing development. Some potential short- to medium-term land supply, such as brownfield lands and unused agricultural lands, existed but were difficult to be implemented because the landowners had a strong bargaining power in deals for releasing these lands. Professor LUI suggested that the Administration should increase long-term land supply to disincentivize the withholding of short- to medium-term land supply. He expressed support for the provision of transitional housing, and recommended the Administration to beware of a potential oversupply of small flats in the private property market.</p> <p>The Administration responded that the housing</p>	

		<p>problem in Hong Kong stemmed from a long-term imbalance in the demand and supply of land for housing. Departments would continue to work together to identify potential sites from various sources, including vacant government premises and lands, for developing transitional housing if such development was found feasible and cost-effective.</p>	
013936 – 014633	<p>Chairman Ir Dr Richard PANG, CIC Administration</p>	<p>The Chairman noted that one of the obstacles of adopting the MiC construction method was its high cost when an economy of scale was not achieved. He enquired how the Administration could help promote MiC among local development projects, so as to lower its average cost.</p> <p>Director, CIC said that a number of pilot MiC projects had been in place and it was hoped that a supply chain could be established when MiC modules could be produced with standardized specifications in large quantity and low cost. While admitting that the quantity of transitional projects which could utilize the MiC method might be limited, Director of CIC said that it had been communicating with pilot users and other stakeholders to promote the use of MiC in Hong Kong.</p> <p>The Administration agreed that as a new construction method, MiC had its own limitations. For example, its application was limited by the 2.5m dimension limit for the width of each module component due to the constraints of the transportation vehicles. These issues needed to be overcome for a wider application of MiC. The Administration would continue to liaise with the construction industry to tackle these issues.</p>	
014634 – 015335	<p>Chairman Deputy Chairman Ir Dr Richard PANG, CIC Administration</p>	<p>Deputy Chairman noted that applying MiC method to public housing might not save construction time significantly, and would actually raise construction costs. He enquired how effectively MiC method could save construction time in transitional housing projects, and whether the Administration had a policy to promote its use.</p> <p>Director, CIC explained that MiC method could save time and money because construction works for the foundations and other modules of a building could be conducted on site and off site simultaneously. However, the Administration informed members that according to a feasibility study on the application of MiC conducted by the</p>	

		<p>Hong Kong Housing Authority, MiC would be more suitable for the construction of standardized buildings such as hotel and hostel with more interior decorations. There was not much room to compress the construction time of public housing even if MiC was adopted because the interior decorations and fittings in public housing units were minimal. Having said so, the Hong Kong Housing Authority was still targeting to put MiC to a pilot test in the construction of public housing, exploring the feasibility of further increasing the use of pre-casted construction method to optimize the construction of public housing.</p> <p>Deputy Chairman also suggested inviting experts to further brief the Subcommittee on tenancy control and rent subsidy.</p>	
<p>015336 – 015824</p>	<p>Chairman Mr Tony TSE Wai- chuen Administration</p>	<p>To speed up the provision of transitional housing, Mr Tony TSE commented that the Administration should assume a more active role than being a facilitator; and that MiC might face a number of constraints when implemented in Hong Kong. Mr TSE also asked whether the dedicated fund for transitional housing would exclusively support MiC projects.</p> <p>The Administration said that it would assume the role of a facilitator in the implementation of transitional housing projects. The Task Force would also try to bring together community efforts in transitional housing. By doing so, different NGOs could provide various kinds of transitional housing projects more flexibly. As regards the dedicated fund for transitional housing, the Administration clarified that there was no plan to confine its support to selected building methods. Details of the fund would be announced in due course.</p>	
<p>015825 – 020432</p>	<p>Chairman Mr LING Kar-kan, JCIDSI Administration</p>	<p>The Chairman enquired the common difficulties faced by NGOs in converting vacant school premises into transitional housing.</p> <p>Director, JCIDSI advised that a common issue when converting a classroom into a transitional housing unit was the need to build a private kitchen and washroom and the associated drainage needs. Other factors, such as the location, transport or surroundings might also undermine a campus's potentials for residential use. To facilitate NGOs' work, he suggested that the Administration should</p>	

		<p>shortlist those potential sites which were ready for redevelopment.</p> <p>The Administration replied that it had provided interested NGOs with information on those vacant school premises sites with relatively higher potential for conducting further feasibility studies. Taking into account considerations such as the current land condition, environment, traffic, vacancy period and infrastructure development, the Administration highlighted that not all vacant school premises were suitable for conversion into transitional housing.</p>	
<b>Agenda item IV — Any other business</b>			
020433 – 020521	Chairman	End of meeting	