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Panel on Housing

Meeting on 4 March 2019

**Updated background brief prepared by the Legislative Council
Secretariat on use of non-domestic premises of the Hong Kong
Housing Authority**

Purpose

This paper provides background information on the use of non-domestic premises of the Hong Kong Housing Authority ("HA"), and gives a summary of the views and concerns expressed by Members on issues relating to the subject.

Background

2. According to the Administration, the primary function of HA is to provide affordable rental housing to low-income families with housing needs, and to help low to middle-income families achieve home ownership through the provision of subsidized sale flats. Depending on the circumstances, HA will also provide non-domestic facilities such as retail, welfare and car parking facilities for the residents.

Planning and use of non-domestic premises

3. In the planning of new public housing estates, HA will take into account relevant government policies and planning requirements to plan for the retail and car parking facilities in the estates. Relevant government departments and organizations such as District Councils will be consulted. Having regard to the views of the community, relevant government departments will co-ordinate the provision of recreational, educational and welfare facilities, etc. within the estates and the communities concerned.

4. According to the Administration, given the limited space in existing public housing estates, HA will, on the premise of ensuring that adequate open space is available for residents' access and leisure, endeavour to balance residents' needs for various facilities and consider increasing the provision of non-domestic facilities where feasible to provide residents with various community, educational, welfare and retail facilities. As at the end of April 2018, HA has some 1.746 million square metres of non-domestic facilities, of which about 49% are welfare facilities, about 13% are retail facilities and the remaining 38% are for other purposes¹, and there are 152 car parks under HA providing about 30 000 parking spaces.²

Letting arrangements for welfare premises

5. For Government-funded welfare premises in public housing estates, the Social Welfare Department ("SWD") or relevant government departments/bureaux will select appropriate non-governmental organizations ("NGOs") to operate the planned services. HA, as the notional landlord, will enter into tenancy agreements with the nominated NGOs, and charge a nominal rent of \$1 per annum (plus a management and maintenance charge³, if applicable) for the leasing of the premises.

6. Vacant non-domestic premises under HA (such as storerooms or vacant bays) may be converted to welfare uses, in response to the needs of the local community. The list of vacant non-domestic premises which will be available for welfare lettings to NGOs is available on the website of HA/the Housing Department ("HD") for NGOs' open application. Upon receipt of applications, HA will consult relevant government departments/bureaux including SWD, and arrange the leasing of welfare

¹ Including units for light industries, government offices, Mutual Aid Committee offices, residents' association offices, contractors' offices, estate management offices, storerooms, telecommunications base stations, advertising panels, etc.

² As at end-April 2018, there are some 235 000 square metres of retail facilities under HA. The overall vacancy rate of these retail facilities is around 1.6%. As regards the car parking facilities under HA, the overall occupancy rate is around 96% (LC Paper No. CB(1)1220/17-18(03)).

³ The charge is at \$41 per square metre per month, effective from 1 April 2018 and subject to annual review (LC Paper No. CB(1)1220/17-18(03)).

premises at a concessionary rent⁴ to eligible NGOs⁵ providing welfare or community services to residents, as recommended by relevant government departments/bureaux.

Members' views and concerns

7. Members have expressed views on matters relating to the use of non-domestic premises of HA at meetings of the Legislative Council and its committees. The Panel on Housing discussed the subject at its meeting on 10 July 2018. The major views and concerns are summarized in the ensuing paragraphs.

Use of non-domestic premises in housing estates

8. Members opined that the planning restrictions on non-domestic premises in public housing estates might limit the use of these premises, and enquired whether HA would explore with relevant government departments the adoption of a more flexible approach to facilitate the provision of community or social welfare facilities in such premises.

9. The Administration advised that for estates located on land lots subject to land leases, HA had to take into account restrictions on land use and floor areas when planning the non-domestic facilities to be provided in the estates. As regards those estates on land lots vested in HA by the Government under a vesting order, HA had more flexibility in planning the use of non-domestic premises. For the non-domestic premises in estates which involved other owners, the Administration was studying the possibility of allowing more flexibility in the use of non-domestic premises.

⁴ The rate for concessionary rent is \$55 per square metre per month exclusive of rates and Government rent (if any). The concessionary rent is subject to review by HA's Commercial Properties Committee every three years. The next review is due on 1 April 2019 (LC Paper No. CB(1)1220/17-18(03)).

⁵ These include charitable or non-profit making organizations with exemption under Section 88 of the Inland Revenue Ordinance (Cap. 112).

Leasing of units in flatted factory estates

10. Members enquired whether the leased units in the six flatted factory estates under HA⁶ were properly used by the tenants, and the measures to ensure that such units were used for carrying out industrial activities instead of for storage purposes only.

11. The Administration advised that HD had put in place mechanism for regular inspections to ensure the proper use of the leased units in its factory estates. The occupancy rate of the six flatted factory estates was more than 99%. The leased units, given their small sizes, were mainly occupied by small industrial operations or light industries. As the units were leased out at market rates, tenants should have little incentive to use them for storage purposes only.

Supply of car parking facilities

12. Some Members expressed concern about the limited number of parking spaces to meet the demand of PRH households which were large in number, and opined that the Administration/HA should consider improving the existing ratio of PRH estates' parking spaces to residents.

13. The Administration advised that in determining the provision of parking spaces under its public housing development projects, HA would in general draw reference from the requirements of the Hong Kong Planning Standards and Guidelines and consult the Transport Department and the relevant District Councils. In view of the present high demand for parking spaces, HA would consider providing additional parking spaces in its public housing projects as far as practicable. As regards the existing PRH estates, HA would seek opportunities to designate additional parking spaces subject to technical feasibility and local views.

Conversion of vacant non-domestic premises to other uses

14. Some Members opined that some non-domestic units in public housing estates had been left vacant for a long period of time, and enquired whether HA had solutions to the problem. The Administration explained that depending on the actual circumstances of individual cases, such as changes in residents' needs, community development, etc., the

⁶ Including Chun Shing Factory Estate, Kwai On Factory Estate, Wang Cheong Factory Estate, Hoi Tai Factory Estate, Sui Fai Factory Estate and Yip On Factory Estate, located in Kwai Chung, Cheung Sha Wan, Tuen Mun, Shatin and Kowloon Bay.

usage of non-domestic properties in public housing developments might vary. Some NGOs might move out due to various reasons. HA would consult SWD as to whether they would reserve the units concerned and nominate NGOs to provide other suitable welfare services. If SWD considered it not necessary to reserve the units for other welfare services, HA would upload information about such units onto HA's website to invite applications from other interested NGOs to provide services. HA would also share the list with SWD on a regular basis.

15. In view that the overall vacancy rate of the retail facilities under HA was around 1.6%, Members enquired how HA would put the vacant retail facilities to good use. The Administration advised that vacant retail facilities were mainly found in some older estates, and HA had been exploring the feasibility of converting them for social welfare or other purposes.

Latest development

16. The Administration will brief the Panel on the utilization of non-domestic premises in HA's public housing estates at the meeting on 4 March 2019.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
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Appendix

Use of non-domestic premises of the Hong Kong Housing Authority

List of relevant papers

Council/ Committee	Date of meeting	Papers
Council	15 November 2017	Council question on leasing out units in flatted factory estates under the Hong Kong Housing Authority for cultural, arts and sports purposes
Subcommittee on Issues Relating to Shopping Centres, Markets and Carparks in Public Rental Housing Estates and Home Ownership Scheme Estates	26 March 2018	Administration's paper on planning of commercial and social welfare facilities in new public housing estates (LC Paper No. CB(4)800/17-18(01))
Council	4 July 2018	Council question on changing the uses of units in housing estates under subsidized home ownership schemes
Panel on Housing	10 July 2018	Administration's paper on use of non-domestic premises of the Hong Kong Housing Authority (LC Paper NO. CB(1)1220/17-18(03)) Minutes of meeting (LC Paper No. CB(1)578/18-19)