

## **Legislative Council Panel on Housing**

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

#### **Supplementary Information**

At the meeting of the Legislative Council (LegCo) Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies held on 7 December 2019, Members requested the Government to respond to the major views raised by the representatives of the deputations and the motion passed<sup>1</sup> at the meeting.

2. In response to the views and concerns on inadequate housing raised by Members and the attendees, we set out below a consolidated reply on various major issues. For issues raised by the participants which fall outside the purview of the Transport and Housing Bureau, we have relayed their views to the relevant policy bureaux and departments for consideration.

#### **Increasing public housing supply**

3. It is the Government and the Hong Kong Housing Authority (HA)'s objective to provide public rental housing (PRH) to low-income families who cannot afford private rental accommodation, with the target of providing the first flat offer to general applicants (i.e. family and elderly one-person applicants) at around three years on average. As at end-December 2019, there were about 151 900 general applications for PRH and about 108 500 non-elderly one-person applications under the Quota and Points System. The average waiting time (AWT)<sup>2</sup> for general applicants who were housed to PRH in the past 12 months was 5.4 years. Among them, the AWT for elderly one-person applicants was 3.0 years.

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<sup>1</sup> LC Paper No. CB(1)234/19-20(01).

<sup>2</sup> Waiting time refers to the time taken between registration for PRH and the first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). The AWT for general applicants refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

4. The AWT for PRH is affected by various factors, including the number of PRH applicants, the number of units recovered from tenants, district choices of applicants and whether the supply of PRH units available for allocation (including newly built and renovated units) matches with applicants' choices, etc. Despite the best efforts of the Government and HA in boosting public housing supply in recent years, the increase in PRH supply is yet to fully meet the public demand for PRH within the coming few years. We consider that a continued increase in land and housing supply (especially public housing supply) remains the fundamental solution to the problem of insufficient housing supply. The Government will continue to co-operate closely with various sectors in the community and adopt multiple measures to increase land supply and achieve the housing supply targets under the Long Term Housing Strategy (LTHS). We will also expedite public housing construction, so as to address the housing needs of low-income households over the long term.

5. Since 2018, the Government has revised the public/private split of new housing supply from 60:40 to 70:30. The Government spares no effort in pressing ahead with various planned initiatives, including rezoning existing land, as well as pushing forward major development projects such as Tung Chung New Town Extension, Kwu Tung North/Fanling North New Development Area (NDA), Hung Shui Kiu/Ha Tsuen NDA and Yuen Long South Development. The Government is spearheading these projects through land resumption and infrastructure provision so as to meet the latest PRH supply target under LTHS. The Government has also re-allocated nine private housing sites at Kai Tak and Anderson Road Quarry in 2018 for public housing development, which are expected to provide some 11 000 units. Moreover, the domestic plot ratio for public housing sites in selected Density Zones of the Main Urban Areas and New Towns has been allowed to further increased by 10%, i.e. up to maximum 30% increase in total, where technically feasible, with a view to optimising land resources and maximising public housing supply in the short and medium terms.

6. Further measures have been announced in the 2019 Policy Address and the LTHS Annual Progress Report 2019, with emphasis on stepped-up Government-led efforts in resumption of private lots suitable for public housing or Starter Homes (SH) development. Such measures include:

- (a) The Planning Department (PlanD) has already started assessing, by phases, how many of the 450 hectares of brownfield sites which have not been covered by NDAs or other development projects but have relatively high potential for development would be suitable for public housing. The Civil Engineering and Development Department (CEDD) will commence technical studies on the suitable sites identified therein.
- (b) PlanD and CEDD are jointly reviewing about 10 private land parcels which have been zoned for high-density housing development in statutory outline zoning plans but without any development plans due to various reasons (e.g. fragmented ownership or infrastructural constraints) to see whether they are suitable for public housing developments. The Government expects to form preliminary views by mid-2020;
- (c) The Government has expedited the studies on the land use and supporting infrastructure of the three urban squatter areas in Cha Kwo Ling Village, as well as Ngau Chi Wan Village and Chuk Yuen United Village, with a view to completing them by end-2020 and end-2021 respectively. Over 7 hectares of land is involved in these three developments, and about 10% of which is private land that will be resumed for integrated planning and development of a new community comprising mainly public housing.

7. Furthermore, the Government is listening stakeholders' views on the Land Sharing Pilot Scheme (LSPS) in a bid to launch the scheme for accepting applications in the first half year of 2020. Under the LSPS, the Government will facilitate infrastructural improvement to allow higher development intensity and prescribe that at least 70% of the additional gross floor area gained should be allocated for public housing or SH as intended by the Government.

8. At the same time, in response to the Chief Executive's suggestion in the 2019 Policy Address, HA is exploring the feasibility of redeveloping its individual factory estates for public housing use, particularly to increase the supply of PRH units, taking into account individual site conditions and arrangements, as appropriate. HA has already commenced the preliminary assessments progressively, and they are expected to be completed by end 2020 by phase. We will release the findings and recommendations at

appropriate time.

9. HA is also exploring the means to expedite the development process where practicable. HA will continue to closely liaise with relevant policy bureaux and departments at early planning stage to ensure timely supply of sites and supporting infrastructure; enlist local support by strengthening the communication with local communities/individuals and other stakeholders, so as to enhance the planning, layout, design and supporting facilities of public housing projects; and optimise the development potential of every site through site-specific design.

### **Situations of subdivided units (SDUs)**

10. In view of the current demand-supply imbalance in housing, the Government understands that some low-income households may have to rent inadequate accommodation, such as SDUs. There are suggestions that the Government could launch certain measures (including conducting surveys on SDUs, exploring the feasibility of introducing a licensing or landlord registration system, combatting overcharging on water and electricity charges and miscellaneous fees, implementing tenancy control, etc.) to assist the inadequately housed households (IHHs).

11. Regarding the surveys on SDUs, the Census and Statistics Department (C&SD) collected information on the demographic characteristics, household size and socio-economic characteristics, etc. of persons living in SDUs in the 2016 Population By-census. Such statistics were published in January 2018<sup>3</sup>. C&SD will collect further statistics on SDUs in the 2021 Population Census and publish its statistical findings thereafter.

12. When updating the long-term housing demand projection every year under the LTHS, the Government takes into account the housing demand of the IHHs which covers, among others, households living in SDUs<sup>4</sup>. In our annual projection work, we adopt C&SD's latest statistics

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<sup>3</sup> Please refer to 2016 Population By-census Thematic Report: Persons Living in Sub-divided Units for details – <https://www.statistics.gov.hk/pub/B11201022016XXXXB0100.pdf>.

<sup>4</sup> This refers to households living in units made up of temporary structures (e.g. huts, squatters and roof-top structures); units that are located in a non-residential building (e.g. commercial and industrial building); units that are shared with other households (e.g. those living in rooms, cubicles, bedspaces and cocklofts of private permanent buildings); and SDUs.

on IHHs to derive the housing demand from this type of households. Relevant details can be found in the Annex to the LTHS Annual Progress Report<sup>5</sup> published every year. According to the projection in December 2019, the estimated housing demand from households living in SDUs is about 86 500 units.

13. Regarding the suggestion of introducing a licensing or landlord registration system, the Government understands that some members of the public may anticipate that such system would facilitate more effective regulation of the safety and sanitary conditions of SDUs. However, during the LTHS public consultation which began in September 2013, the Government noted that the community had considerable reservations over the introduction of a licensing or landlord registration system for SDUs. There were concerns that a licensing or registration system would increase the operating cost of landlords, hence reducing the supply of SDUs, driving up rents, and ultimately increasing the financial burden of tenants. There were also concerns that a loose licensing or registration system for regulating SDUs would compromise the safety of tenants of these units as well as other residents living in the same building. Furthermore, some people worried that the licensing or registration system might in turn legitimise SDUs that are dilapidated. In view of the concerns expressed by the community, the Government has to handle the matter in a very cautious manner. Notwithstanding the absence of a licensing or landlord registration system for SDUs at present, the Government will continue to regulate building works associated with SDUs under the Buildings Ordinance as far as building safety is concerned.

14. There are views that the Government should tackle the problem of tenants in SDUs being overcharged for use of water and electricity and for miscellaneous fees. The arrangement for landlords collecting water and electricity charges from SDU tenants involves a range of issues (such as electricity, building structures, tenancy arrangements between landlords and tenants, etc.). Relevant Government departments (including the Environment Bureau, the Development Bureau and the Water Supplies Department (WSD)) and the two power companies (i.e. the China Light and Power Company Limited and the Hong Kong Electric Company) have implemented measures to assist the households in need. Concerning water

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<sup>5</sup> The LTHS Annual Progress Reports announced in past years are available at the following website—<https://www.thb.gov.hk/eng/policy/housing/policy/lths/>.

charges, under the current Waterworks Regulations, a registered consumer of WSD (usually the landlord of the premises) may recover from the occupier of the premises the cost of water supplied through its inside service, but the consumer must not profit from the cost recovery process. As for electricity charges, according to the Supply Rules signed between the two power companies and their customers, the latter are not allowed to resell to any third party the electricity unless with the prior written consent of the former. Furthermore, the two power companies have implemented measures to render assistance to the socially disadvantaged (including tenants in SDUs) through the Community Energy Saving Funds, such as providing subsidies to landlords of SDUs to carry out rewiring works for the installation of separate electricity meters. Such an initiative has begun since 1 January 2019. If tenants in SDUs suspect that the landlord overcharges them for the use of water or electricity, they may report the case to the WSD or the two power companies for follow-up and investigation.

15. In respect of tenancy arrangements, the Government has been reminding landlords and tenants through publicity and education that before entering into a tenancy agreement, they should agree on the terms and conditions including the level of and basis for calculating water and electricity charges so as to avoid future tenancy disputes over such issues. As for charges outside the scope of the written tenancy agreement, landlords and tenants should discuss and negotiate together based on any previous agreement, including oral agreement. Tenants may, where necessary, use the free advisory service on tenancy matters provided by the Rating and Valuation Department (RVD). RVD also offers free mediatory service subject to the agreement of both the landlord and the tenant.

16. The Government understands the keen public demand for adequate housing. In addition to the afore-mentioned efforts of increasing housing supply, the Government has put in place various measures on housing, social welfare, community support and so forth to alleviate the housing burden of low-income households (including those living in SDUs). For example, eligible persons may, upon the recommendation by the Social Welfare Department (SWD), apply to the Housing Department (HD) for “Compassionate Rehousing”<sup>6</sup> for early allocation of PRH flats. Furthermore, eligible PRH applicants may consider joining the Express Flat

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<sup>6</sup> Those who have imminent long-term housing needs but have no other feasible means or ability to solve their housing problems may approach SWD for relevant welfare services or assistance. SWD will assess each case and recommend eligible cases to HD for “Compassionate Rehousing”.

Allocation Scheme. Besides, the Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net for those who cannot support themselves financially for meeting their basic needs. CSSA recipients (including PRH and private housing tenants) are entitled to rent allowance.

### **Cash Allowance**

17. There are suggestions that the Government should provide rent subsidies to the IHHs. The Government understands that some families are facing heavy rents or living in unpleasant environments over a long period of time. As mentioned above, the continued increase in land and housing supply (especially public housing) remains the fundamental solution to the problem of insufficient housing. The Government will remain committed to increasing land and housing supply so that the long-term housing needs of low-income households can be effectively addressed. Before meeting the long-term land and housing supply targets, the 2019 Policy Address put forward a proposal to invite the Community Care Fund to launch two rounds of “one-off living subsidy” in 2020-21 for the low-income households not living in PRH and not receiving CSSA to alleviate their difficulties. The 2019 Policy Address also proposed to increase the maximum rates of rent allowance for CSSA households. Furthermore, the Chief Executive announced on 14 January this year that cash allowance would be provided on a trial basis to eligible General Applicant households (i.e. families with more than two persons and elderly single-person applicants) not living in public housing and not receiving CSSA but who have been waiting for PRH allocation for over three years, until they receive the first PRH flat offer. The Government is hammering out the details of the trial scheme for the provision of cash allowance.

### **Tenancy Control**

18. There are suggestions that the Government should study and implement tenancy control on SDUs, which includes formulating standard written tenancy agreements so that it has the same effect as tenancy control (such as limiting the rate of increase in rent and stipulating that existing tenants enjoy priority in tenancy renewal). Some consider that these households are bearing heavy rents and other unfavourable rental

arrangements; and without proper rental regulations, any assistance provided by the Government (such as rent allowance or one-off electricity and water charge reductions) might not be able to benefit households living in SDUs. Nevertheless, we understand that tenancy control (including control on rents and control on tenure) is a highly controversial issue and the community has not reached a consensus yet. In light of the acute housing shortage, the introduction of tenancy control may be counterproductive with such effects as reducing supply of rented accommodation; limiting access to adequate housing by the socially disadvantaged as landlords may become more selective about tenants; encouraging certain behaviours from landlords to offset the impact of the tenancy control measures (including charging a higher initial rent and demanding excessive miscellaneous charges); and discouraging proper maintenance of the rented accommodation by landlords, etc. In this connection, the Government considers it necessary to conduct a study before reaching a decision. The Chief Executive announced on 14 January this year that the Transport and Housing Bureau will set up a task force to study the feasibility of and options relating to the introduction of tenancy control on SDUs, as well as other relevant issues.

## **Rehousing Policy**

19. Under the current policy, HD offers PRH rehousing to eligible persons who are living in unauthorised rooftop structures erected on residential buildings before 1 June 1982 and who are to be displaced by Buildings Department (BD)'s enforcement actions, provided that such persons fulfill the eligibility criteria for PRH application. As for those persons living in industrial premises or unauthorised rooftop structures erected on residential buildings after 1 June 1982, they would need to find their own alternative accommodation in case they are required to move out of the relevant premises or structures due to Government's enforcement actions. However, it is the Government's established policy that no person should be rendered homeless as a result of its enforcement actions. In this connection, such affected households who have temporary accommodation need may, through BD's referral, be accommodated in Po Tin Transit Centre (TC) in Tuen Mun under HA for a short period of time, during which they may continue to look for alternative accommodation or wait for eligibility vetting. If these households have stayed in TC for three months, passed the "homeless test" which proved that they have no alternative accommodation as well as fulfilled the eligibility criteria for PRH (including



income limit, asset limit and “no-domestic-property” requirement etc.), HD will arrange for their admission to Po Tin Interim Housing in Tuen Mun and render assistance to them to wait for PRH allocation through PRH application.

## **Transitional Housing**

20. Since it takes time to identify land for housing construction, the Government will support and facilitate the implementation of various short-term initiatives to increase the supply of transitional housing as a means to alleviate the hardship faced by families awaiting PRH and the inadequately housed. The Chief Executive announced in the 2019 Policy Address to increase the number of transitional housing projects substantially to provide a total of 10 000 such units within the next three years to relieve the pressure of families living in unpleasant conditions and those waiting for PRH for a long time. The Chief Executive also announced on 14 January this year that the Government will further raise the supply target to 15 000 units. The provision set aside by the Government for transitional housing will also increase from the \$2 billion announced earlier to \$5 billion accordingly. The Task Force on Transitional Housing (Task Force) consulted the LegCo Panel on Housing on the detailed arrangement of the “Transitional Housing Funding Scheme” in November 2019 and has secured the support of the Panel. We hope that the financial proposal can be approved by the LegCo Finance Committee as soon as possible.

21. The Task Force has, over a period of time in the past, actively facilitated the implementation of a number of transitional housing projects initiated by community organisations. With collaboration of various parties, the Task Force has announced the provision of about 10 000 transitional housing units by phases as at early January this year. The first phase, which includes the Community Housing Movement, commenced in 2017. Up to now, about 760 units have been provided in existing residential buildings. As for the second phase, it involves the provision of about 960 units that was announced earlier, but the intake of residents is yet to commence.

22. The third phase of flats will provide approximately 8 300 units. They were announced at the “Symposium on Connecting and Co-creating of Transitional Housing” which was held in early November 2019 and press

conferences initiated by various community organisations. These projects include those to be participated by private developers, the Hong Kong Construction Association and so on. Through tripartite collaboration among the community, businesses sector and the Government, the Government has identified adequate land to meet the transitional housing supply target announced in the 2019 Policy Address, i.e. to provide 10 000 units within the next three years. The Task Force will make continuous efforts to achieve the latest target of providing a total of 15 000 units within the next three years through optimal use of short-term idle land and buildings.

23. The Task Force is planning to put forward large-scale transitional estates on some larger Government and private idle land, and has obtained support from professional construction organisations (including the Hong Kong Construction Association, Urban Renewal Authority and Hong Kong Housing Society) to provide professional advice and project management support to the proposing community organisations.

24. “Cross-sector collaboration” is one of the features of transitional housing. From policy inception to implementation, such initiatives are rolled out under the active facilitation of the Government and close collaboration between the community and the Government. Apart from exercising flexibility in utilising social resources for the provision of various types of transitional housing for the community, participating organisations can provide appropriate support for residents according to their needs. In addition to the active participation of the Government, we will continue with our communication with the community and make use of the potential and resources in the community outside the Government to offer flexible and multiple social services. The Government will make on-going efforts to take forward the tasks on this front.

**Transport and Housing Bureau  
February 2020**