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**Panel on Housing**

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

**Purpose**

This paper reports on the deliberations of the Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies ("the Subcommittee") formed under the Panel on Housing ("the Panel").

**Background**

2. According to the Administration, the housing problem in Hong Kong lies with the long-term demand-supply imbalance. As property prices and rental costs remain high, the housing burden of low-income households is heavy and some may even have to rent accommodation that is inadequate, such as subdivided units ("SDUs").

Inadequately housed households

3. For the purpose of projecting the long-term housing demand under the Long Term Housing Strategy ("LTHS"),<sup>1</sup> households living in public housing (i.e. public rental housing ("PRH") and subsidized sale flats such as Home Ownership Scheme flats) which have been built to satisfy the housing needs of the community are regarded as living in adequate housing, and households living in certain types of private housing are considered inadequately housed (i.e. "inadequately housed households ("IHHs)"). Under LTHS, IHHs include households living in the following types of housing:

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<sup>1</sup> The housing demand projection is based on a model recommended by the LTHS Steering Committee appointed by the Administration in September 2012 to advise on the formulation of a new LTHS.

- (a) units made up of temporary structures (e.g. huts, squatters and roof-top structures);
- (b) units that are located in a non-residential building (e.g. commercial and industrial buildings ("IBs"));
- (c) units that are shared with other households (e.g. those living in rooms, cubicles, bedspaces and cocklofts in private permanent buildings); and
- (d) SDUs.<sup>2</sup>

4. According to the Administration's latest figures, there were about 151 900 general applicants (i.e. family and elderly one-person applicants) for PRH as at end-December 2019.<sup>3</sup> There are about 119 100 IHHs<sup>4</sup> in Hong Kong.

#### Administration's efforts in promoting transitional housing

##### *Task Force on Transitional Housing*

5. Apart from trying to increase the supply of PRH to address the housing problem facing the low-income families in poor living conditions, the Administration also supports and facilitates the implementation of various short-term initiatives in providing transitional housing for families which have been waiting for PRH for a considerable period and other IHHs. To this end, the Chief Executive ("CE") announced in June 2018 that a Task Force on Transitional Housing ("the Task Force") would be set up under the Transport and Housing Bureau ("THB") to provide one-stop, coordinated support to facilitate the implementation of transitional housing projects by community groups, including offering advice on relevant administrative or statutory procedures, and assisting these organizations in applying for appropriate funding.

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<sup>2</sup> In respect of households living in shared units and subdivided units ("SDUs"), the LTHS Steering Committee noted that depending on the actual living conditions, not all households living in these units are necessarily inadequately housed (LC Paper No. CB(1)352/14-15(01)).

<sup>3</sup> See paragraph 3 of Appendix IV

<sup>4</sup> LTHS Annual Progress Report 2019

6. Since its establishment, the Task Force has facilitated the implementation of a number of community transitional housing projects. These include several projects in existing vacant residential buildings through the "Community Housing Movement" operated by the Hong Kong Council of Social Service. It has also coordinated inter-departmental efforts to resolve obstacles for community-initiated transitional housing projects. For example, the Buildings Department ("BD") has promulgated the Guidelines on Applications for Special Modification or Exemption for Transitional Housing Initiatives in Domestic Buildings in October 2018. BD also continues to adopt a pragmatic approach to process applications for wholesale conversion of IBs into transitional housing.

7. In selecting sites for transitional housing development, the Task Force and the Lands Department ("LandsD") have been working with the relevant departments in identifying issues associated with these sites that require to be resolved, including the service period and basic restrictions (such as whether the sites are currently occupied by permanent facilities, the sites have been reserved for other long-term uses, or whether their sizes are large enough for transitional housing development).

#### *Financial measures*

8. On 18 April 2019, the Administration announced that CE in Council has approved the exemption of waiver fee, rent and associated costs for land applications related to the provision of community-initiated transitional housing projects.

9. The Finance Committee ("FC") approved the Administration's proposal in January 2019 to set up a \$1 billion fund to support non-governmental organizations ("NGOs") for the gainful use of vacant government sites. According to the Administration, the fund can be used to support transitional housing projects and the Development Bureau has been receiving funding applications.

10. To further increase funding support, the Financial Secretary announced in the 2019-2020 Budget Speech that \$2 billion would be set aside to support NGOs in constructing transitional housing. CE announced in her 2019 Policy Address that the provision would be further increased to \$5 billion. The Administration would introduce measures to increase the number of transitional housing projects for providing a total of 10 000 transitional housing units within the next three years, i.e. from 2020-2021 to 2022-2023. CE further announced on 14 January 2020 that the Administration would raise the supply target by another 5 000 units to a total

of 15 000 transitional housing units. With the approval of the financial proposal by FC on 6 March 2020, the Administration aims to formally launch the funding scheme by mid-2020.

### **Establishment of the Subcommittee**

11. Members of the Panel have expressed views and concerns on issues relating to inadequate housing at a number of meetings. To enable more focused discussion on the Administration's efforts in the related initiatives, the Panel decided at its meeting on 15 November 2016 to set up a subcommittee to follow up issues related to inadequate housing and relevant housing policies.<sup>5</sup> The Subcommittee commenced work on 14 December 2018. Hon Vincent CHENG Wing-shun and Hon Andrew WAN Siu-kin were elected Chairman and Deputy Chairman of the Subcommittee respectively. The terms of reference and membership of the Subcommittee are set out in **Appendices I** and **II** respectively.

12. The Subcommittee has held a total of seven meetings to exchange views with the Administration on various policy issues and measures on addressing the problem of inadequate housing and facilitating community initiatives in the provision of transitional housing. The Subcommittee has also discussed with representatives of various organizations and professional bodies, and leading experts and academics on their initiatives and suggestions in the provision of transitional housing. These organizations include the Urban Renewal Authority ("URA"), the Hong Kong Housing Society, the Hong Kong Council of Social Service, Light Be and Jockey Club Design Institute for Social Innovation of the Hong Kong Polytechnic University. The Subcommittee has also learnt about Construction Industry Council ("CIC")'s views on the development of modular integrated construction ("MiC") method in housing construction and related ideas.

13. To facilitate members' discussion, the Subcommittee has requested the Research Office of the LegCo Secretariat to study the policies and

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<sup>5</sup> At the meeting of the Panel on Housing held on 15 November 2016, Hon Andrew WAN Siu-kin briefed members on his revised proposal for setting up a subcommittee to follow up issues related to inadequate housing and relevant housing policies. Mr WAN's letter dated 15 November 2016 containing the revised proposal was issued to members vide LC Paper No. CB(1)139/16-17(01) (Chinese version only) on 16 November 2016.

government support measures on transitional housing in overseas places.<sup>6</sup>

14. The Subcommittee has received views from 54 deputations and individuals on related issues at one of its meetings. A list of the organizations and individuals which/who have provided views to the Subcommittee is in **Appendix III**. The Subcommittee also visited the Lok Sin Tong Social Housing Scheme and the pilot project on conversion of school premises into transitional housing to better understand the latest progress of the projects.

### **Deliberations of the Subcommittee**

15. The Subcommittee has focused its deliberations on the following areas:

- (a) projection of the demand and supply of transitional housing;
- (b) measures to facilitate community initiatives on transitional housing;
- (c) identification of potential sites by the Administration for transitional housing development; and
- (d) other measures to alleviate the housing difficulties faced by IHHs.

### Projection of the demand and supply of transitional housing

16. The Subcommittee has noted that the Administration updates its long-term housing demand projection and presents a rolling 10-year housing supply target annually according to LTHS. Based on the projection results presented in the LTHS Annual Progress Report 2018, the total housing supply target for the 10-year period from 2019-2020 to 2028-2029 would be 450 000 units, which would cover, among others, the housing demand of about 116 600 units arising from IHHs. Under the Administration's revised public/private split of new housing supply of 70:30, the public housing supply target for the above 10-year period would be 315 000 units, while the estimated public housing production for the same 10-year period based on the

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<sup>6</sup> The fact sheet can be accessed via FS06/18-19

land identified by the Administration would be 248 000 units only. There would thus be a shortage of 67 000 public housing units over this 10-year period.

17. Members have questioned whether the Administration has acquired the latest statistical information on IHHs when compiling the above projection. They urge the Administration to establish a registration system for SDU households or ask the Census and Statistics Department ("C&SD") to conduct annual surveys on SDU households (including those living in IBs), so that the Administration may estimate more accurately the number of SDU households in Hong Kong for the formulation of relevant policies.

18. The Administration has indicated that C&SD collected information on the number and socio-economic characteristics of persons and households living in SDUs in private housing in the 2016 Population By-census ("16BC") and published the relevant statistics in January 2018. C&SD will collect information on SDUs in the 2021 Population Census ("21C") and publish the statistics based on such information. The Administration has commented that the main purpose of conducting statistical surveys on SDUs is to estimate the housing demand arising from the households living in SDUs, so as to update the rolling 10-year housing supply target under LTHS.

19. As regards households living in IBs, due to the low response rate, C&SD was not able to compile an accurate breakdown through 16BC. Nevertheless, the number of households living in IBs (regardless of whether they were living in SDUs) was subsumed in the category "households living in non-residential buildings" and their housing demand had been taken into account in the LTHS housing demand projection. As regards 21C, the Administration has indicated that C&SD would invite IB households to provide the required information so that detailed analysis on the characteristics of households living in IB might be made.

20. Noting that transitional housing would be a major source of short-term housing supply to alleviate the hardship faced by IHHs, members have suggested that the Administration should incorporate the provision of transitional housing into LTHS. The Administration has explained that it would be infeasible to incorporate transitional housing into LTHS or set a rigid supply target, given the short-term nature of transitional housing and the unstable and unpredictable supply.

#### Measures to facilitate community initiatives on transitional housing

21. Members have requested the Administration to assume a more

proactive role in the provision of transitional housing as it has the land, financial resources and the relevant expertise. Some members have criticized the Administration for shifting its responsibility for the provision of transitional housing to NGOs. Members' view is that, besides setting up a dedicated fund, the Task Force should take the lead in providing the necessary infrastructure and technical support to interested NGOs for the development of transitional housing.

22. The Administration has responded that its primary role is to provide PRH to meet the housing needs of the low and medium income families. The Administration will review the establishment and the operation of the Task Force from time to time and mobilize community efforts in the provision of transitional housing, especially in facilitating NGOs to implement various kinds of transitional housing projects.

23. Members have further suggested that the Administration should formulate a detailed plan and specific targets for the provision of transitional housing, and set up a one-stop application portal to coordinate processing of the applications of transitional housing projects.

24. The Administration considers it more appropriate for individual NGOs to spearhead their projects with suitable support from the Administration as facilitator. Each NGO has its own mission and objectives and each transitional housing project may be implemented to address certain specific needs of target groups served by the relevant NGO.

25. Members have pointed out that NGOs in general face a number of difficulties during the implementation of transitional housing projects, as they lack the technical knowledge in constructing housing units. Members have suggested that in order to expedite the provision of transitional housing, private developers or public bodies such as the Hong Kong Housing Authority ("HA") who have the expertise should be invited to take up the construction works. The completed project could then be delivered to NGOs for operation. The Administration has responded that HA is facing manpower shortage itself, and can only focus its resources on the provision of public housing which will grow significantly in the coming years. The Task Force would, however, continue to participate proactively in the initial stages of transitional housing projects initiated by interested NGOs and offer assistance as appropriate.

26. Members have asked how the Task Force has resolved policy and other obstacles to facilitate NGOs in their provision of transitional housing. The Administration has advised that the Task Force has looked into the factors

crucial to the development of each transitional housing project, such as environmental issues, heritage preservation considerations and fire safety requirements, and has been exploring suitable solutions with relevant departments.

*Modular integrated construction approach*

27. Some members have expressed concern on whether the MiC method introduced by CIC (see paragraph 12) in constructing transitional housing can effectively save construction time, and whether the Administration has a policy to promote its use. Members note that according to a feasibility study on the application of MiC conducted by HA, MiC is more suitable for the construction of large-scale, standardized and heavily furnished buildings, such as hotels and hostels, than public housing units where interior decorations and fittings are minimal. The Administration has responded that notwithstanding the aforesaid, MiC will continue to be considered as an option of construction method in upcoming transitional housing projects, particularly in view of its demountability and reusability.

Identification of potential sites by the Administration for transitional housing development

28. Members of the Subcommittee have requested the Administration to compile a comprehensive list of vacant government land with details of each piece of land, its planned use, and whether the land could be made available for transitional housing development. The Administration has advised that such a list may not be useful because not all vacant government premises are suitable for redevelopment, taking into consideration the current land condition, environment, traffic, vacancy period and infrastructure development, etc. The Task Force and LandsD have been coordinating with the relevant departments to examine the preliminary feasibility of the sites to be used for transitional housing.

29. Members have expressed concerns on whether the Administration can achieve its supply target of transitional housing units within the next three years (see paragraph 10). The Administration assures members that it remains confident that the supply target would be met. The Administration explains that suitable sites, including certain sites in the rural areas of the New Territories that are rented by private developers to NGOs under nominal rent, have been identified, and some transitional housing projects are under initial feasibility studies.



*Vacant government sites/premises and vacant school premises*

30. Members have noted that some NGOs have the intention to convert vacant school premises into transitional housing. The Administration has advised that not all vacant government premises (including vacant school premises) are suitable for such use. The Administration has informed members that it would approach interested NGOs proactively if and when vacant school premises suitable for conversion into transitional housing are available.

*Temporary land allocation sites used for construction works or temporary works areas*

31. Some members have sought information from the Administration on the use of the temporary works areas of public works projects, such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link project and the Shatin to Central Link project, for the provision of transitional housing.

32. The Administration has advised that some of the temporary works areas of public works projects are relatively small in size, or have been re-allocated for provision of other facilities (such as railway associated facilities, roads, re-provisioned facilities, etc.); and some temporary works areas have been reserved for other long-term uses. The Administration has informed members that the Task Force and the relevant departments/organizations are reviewing the latest situation of these sites to consider whether they are suitable for transitional housing.

*The site reserved for phase two development of Hong Kong Disneyland*

33. The Deputy Chairman has requested the Administration to explore with the Hongkong International Theme Parks Limited on whether the site earmarked for phase two of Hong Kong Disneyland ("Phase 2 site") could be made available for transitional housing development. The Administration has indicated that temporary residential use of the site is not permitted under the agreement made between the Government and Hongkong International Theme Parks Limited. The Administration has maintained that the terms of the contract should be observed and it has no intention to initiate negotiation with the Hongkong International Theme Parks Limited to change the agreed land use arrangements for the Phase 2 site.

*Wholesale conversion of industrial buildings for transitional housing*

34. Some members have queried whether the Administration will consider

adopting measures to encourage the wholesale conversion of IBs for transitional housing use in order to increase the supply of transitional housing. Members have noted that the Administration is prepared to consider favorably granting transitional housing projects exemption from the requirements on site coverage, plot ratio, open space within the site and service lane for domestic buildings under the Buildings Ordinance (Cap. 123). However, some members have expressed concerns whether windowless SDUs in IBs would be able to meet the lighting and ventilation requirements under Cap. 123.

35. The Administration has advised that the Town Planning Board has agreed in November 2018 that a transitional housing project coordinated by the Task Force in permanent buildings, including wholesale-converted IBs in urban and new town areas zoned as "Commercial", "Comprehensive Development Area" or "Other Specified Uses" annotated "Business" and "Residential", can be regarded as for "temporary use", which is always permitted under the respective Outline Zoning Plans if that project has a duration of five years or less. In addition, the Administration will exercise flexibility in handling applications of planning, land lease and building design requirements, including charging a nil waiver fee for this specific use of transitional housing.<sup>7</sup> The Administration has advised Panel members that it is also considering measures to encourage and facilitate the use of private agricultural land and IBs for provision of transitional housing.

36. Some members have queried the effectiveness of the measures of encouraging the conversion of IBs and ask whether there has been any successful case since the announcement of the relevant policy in the 2018 Policy Address. Members hold the view that IBs owners may not find conversion of their buildings into transitional housing commercially attractive if they are given approval for the change of land use for up to five years only. They suggest that certain criteria be relaxed or subsidies be provided to further incentivize the conversion of IBs into transitional housing.

37. The Administration has informed members that no IB has yet been converted into transitional housing. The Administration has explained that if transitional housing is to be provided in an IB, it is necessary for the whole building to be converted because it is not considered safe to mix industrial and residential uses in one building. It is therefore necessary for all the

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<sup>7</sup> The Development Bureau has briefed the Legislative Council Panel on Development on "measures to revitalize industrial buildings" in December 2018 (LC Paper No. CB(1)323/18-19(03)).

owners of the building to agree to the conversion. The Administration has further pointed out that IBs are not designed for residential purpose and modification of drainage, electricity supply and other facilities are necessary to meet the safety and statutory requirements for the building to be used as transitional housing. The cost involved is likely to be high, and many owners would only be interested in such endeavour if the redevelopment value or the financial return from rental income justifies the investment. The Administration would then have to consider whether such ventures should be supported from the public interest point of view.

*Modification/exemption under the Building Ordinance (Cap. 123)*

38. Members have noted that BD may consider granting modifications or exemptions under Cap. 123 so that a transitional housing project within tenement buildings that does not meet some of the statutory requirements would still be eligible for Government support. However, the project proponents may be required to take compensatory measures.

39. According to the Administration, two transitional housing projects have been granted approval for modifications, or exemptions under Cap. 123. For example, in one case, the lighting and ventilation conditions of the communal living area of a transitional housing unit did not meet the Building (Planning) Regulations (Cap. 123F). The project proponent has been required to implement compensatory measures such as providing artificial lighting and mechanical ventilation in the unit as conditions of grant of modification. Similar exemptions from requirements under Cap. 123, such as site coverage, plot ratio, open space within the site, as well as provision of service lane for domestic buildings, may be granted in the case of wholesale conversion of IBs into transitional housing.

*Dedicated fund for transitional housing*

40. Members have noted that the Administration has previously set aside \$2 billion<sup>8</sup> in the 2019-2020 Budget to support NGOs in implementing transitional housing projects (see paragraph 10). Some members have referred to another government funding scheme<sup>9</sup> and have pointed out that obtaining funding approval from the Administration has been difficult because many tedious and complicated steps would have to be taken before a site

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<sup>8</sup> It was later announced in the Policy Address 2019 that the provision set aside by the Government for transitional housing would increase from the \$2 billion to \$5 billion.

<sup>9</sup> Funding Scheme to Support the Use of Vacant Government Sites by NGOs

could be released for development. They have queried whether the proposed dedicated fund for transitional housing may end up posing similar difficulties for applicants. The Administration has advised members that it will map out the detailed arrangements after considering the operational experience gathered from current transitional housing projects and views of different sectors of the community.

### Other measures to alleviate the housing difficulties faced by IHHs

#### *Interim housing and temporary housing area*

41. The Subcommittee has noted that the Administration provides interim housing ("IH") for eligible persons affected by natural disasters or government clearance operations while waiting for PRH allocation. Households would have to pass the "homeless test" and fulfill the eligibility criteria for PRH, and have stayed in a transit centre for three months. Some members have pointed out that temporary housing area ("THA"), a type of temporary housing with shared kitchen and bathroom, had been available for people with housing needs, but such accommodation was closed down in 2001 after having been in operation for 40 years. Some members have suggested that the Administration should increase the supply of IH and resume the policy of THA to meet the needs of people in inadequate housing.

42. The Administration has advised members that it has no plan to build new IH or resume the provision of THA, as it anticipates that the existing IH should be able to meet the needs of households who will be affected by government clearances and law-enforcement actions. According to the prevailing policy, people who are rendered homeless due to government actions and have the need for temporary accommodation may, upon referral by relevant government departments, be accommodated in the Po Tin Transit Centre for a short period of time, during which they may continue to look for alternative accommodation or wait for eligibility vetting. If they fulfil certain criteria, which include, among others, being considered eligible for PRH, they can be admitted to the Po Tin IH while awaiting allocation of housing units.

43. Members have expressed concerns that there is a lack of IH in urban areas. As Po Tin IH has already been fully occupied, new applicants have to wait for allocation of IH units. Members have queried whether people in urgent need for IH, such as those family members in divorce cases or having family disputes, would be given temporary shelter in time amid the shortage in IH.

44. The Administration has responded that such family cases have illustrated the merits of NGOs running transitional housing, because they have the flexibility and capacity to address the special needs, including family issues, of certain groups in the community.

*Tenancy control and rent subsidy measures*

45. The Subcommittee has noted that although the Administration has pledged that eligible general applicants can be allocated a PRH unit within three years from the date their applications are approved, applicants normally have to wait for longer than three years as the supply of PRH cannot keep pace with the demand. These people often have to stay in rented accommodation in the private market. As the rental market is not regulated and the supply is limited, these people are subject to frequent rental increases, which add to their financial burden.

46. To relieve the financial difficulties of these people, some members have suggested that the Administration should introduce tenancy control to regulate the rate of rental increases. Some members have also suggested giving rent subsidy to those tenants with limited means. Some members have pointed out that many property owners prefer stocking up their properties rather than putting them in the rental market. They have suggested that the Administration should introduce vacant property tax as a disincentive so that more property owners would let out their properties, thereby increasing the supply of rented accommodation. Members are aware of the Administration's previous arguments that tenancy control or rent subsidy may not be as effective as hoped. Members hold the view while the two rental measures may not work in isolation, they should achieve the desired objective if implemented in tandem.

47. The Administration has considered that introducing tenancy control is a highly controversial issue and needs to be handled in a very cautious manner. The Administration has explained that, with reference to both local and overseas empirical findings, tenancy control measures often lead to an array of unintended consequences, including those to the detriment of the tenants whom the measures seek to assist. In view of the controversy of this subject, CE announced on 14 January 2020 that THB will set up a working group to study the feasibility of and options relating to the introduction of tenancy control on SDUs, as well as other relevant issues.<sup>10</sup>

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<sup>10</sup> Supplementary information provided by the Administration in February 2020 (LC Paper No. CB(1)433/19-20(01)).

48. As regards the provision of cash subsidy, the Administration has announced in January 2020 that it would, on a trial basis, provide a cash allowance to eligible General Applicant households who are not living in public housing, not receiving the Comprehensive Social Security Assistance ("CSSA") and have been waiting for PRH for more than three years, until these households are offered the first PRH allocation, with a view to alleviating the difficulties faced by grassroots households.<sup>11</sup> The Administration is hammering out details of the trial scheme for the provision of the cash allowance. Before the launch of the trial scheme, the Community Care Fund will launch two rounds of "one-off living subsidy" in 2020-2021 for low-income households not living in PRH and not receiving CSSA.

49. The Administration has advised the Subcommittee that the overall vacancy rate of private residential properties in Hong Kong is low. Introducing a vacancy tax on all residential properties may not effectively increase the housing supply. When compared with the overall property market, the Administration is more concerned about the vacancy of first-hand private residential units owned by developers. Therefore, the Administration has introduced an Amendment Bill into the Legislative Council in October 2019 to impose special rates on unsold or unleased first-hand private residential units, with a view to encouraging more timely supply of residential units.

*Requiring tenancy agreements to be in written form and stamped*

50. Members consider that the interests of tenants may not be properly protected if their tenancy agreements with the landlords are made orally, or if the terms of the tenancy agreements are unclear and the agreements are not stamped under the Stamp Duty Ordinance (Cap. 117). Some members have suggested that the Administration should require all tenancy agreements to be made in written form and stamped. Some other members have proposed that standard tenancy agreements be developed and made available for contracting parties.

51. The Administration has responded that allowing landlords and tenants to create tenancy agreements orally has all along been practised in Hong Kong. Changing such an arrangement would require amending existing legislation such as the Landlord and Tenant (Consolidation) Ordinance

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<sup>11</sup> Supplementary information provided by the Administration in February 2020 (LC Paper No. CB(1)433/19-20(01)).

(Cap. 7), and it may also have fundamental implications on the transfer of property interests in Hong Kong. The Administration has advised that the matter must be considered in a cautious manner. The Administration has further informed members that the Estate Agents Authority and the University of Hong Kong have provided reference materials and templates for tenancy agreements respectively. As regards stamp duty, the Administration has advised members that all written tenancy agreements are required by law to be stamped.

*Installation of separate water and electricity meters*

52. Members have expressed concerned that SDU tenants are often overcharged by their landlords for the use of water and electricity, due to the absence of separate water and electricity meters for these tenants. Members have requested the Administration to, inter alia, arrange separate water and electricity meters to be installed in SDUs and permit SDUs tenants to open water and electricity accounts of their own for payment of tariffs, so as to prevent overcharging of water and electricity tariffs by landlords.

53. The Administration has responded that under current policies, SDU tenants may, subject to landlord's consent, certain preconditions and safety standards, apply to the Water Supplies Department ("WSD") and the two power companies (i.e. CLP Power Hong Kong Limited and Hongkong Electric Company Limited) for installation of separate water and electricity meters respectively. WSD and the two power companies have implemented measures to assist SDU tenants as far as possible. The Administration has added that if SDU tenants suspect that they may have been overcharged by their landlords for the use of water or electricity, they can report the case to WSD or the two power companies for follow-up and investigation.

*High land price policy*

54. Some Subcommittee members have commented that, as a long-term solution to the housing problem, the Administration should reverse its "high land price policy". The Administration has explained that the housing problem in Hong Kong stems from a long-term imbalance in the demand for and supply of land. Government departments will continue to work together to identify potential sites from idle government premises and government land for developing transitional housing.

## **Views presented to the Subcommittee**

### *Views related to land and housing supply*

55. Scholars have been invited to one of the meetings of the Subcommittee to express their views and suggestions on issues related to inadequate housing. The Subcommittee notes a view that the Administration's housing policy should not be slanted towards increasing public housing supply, as this will push up housing prices even further. Instead, more emphasis should be put on measures to increase the supply of private housing units, as local studies have shown that PRH's turnover is not efficient and it is difficult to put these PRH units on sale.

56. Members also note that some potential short- to medium-term land, including brownfield sites and unused agricultural sites, has been stocked up by landowners for price speculation. Professor Francis LUI of the Department of Economics, Hong Kong University of Science and Technology has expressed the view that, in order to release these short- to medium-term lands, the Administration needs to debunk the common belief of a future land shortage by drastically increasing long-term land supply. The implementation of a reclamation project near Lantau Island can be an effective means to this end.

### *Views related to transitional housing development*

57. Some NGOs which are running transitional housing projects have advised the Subcommittee that, while they have the flexibility in addressing the special needs of different target groups, due to their limited resources, they can only assume a supplementary role in the provision of transitional housing.

58. Some experts have suggested that, given NGO's lack of the professional knowledge required to apply for funds to implement transitional housing projects, the Administration should consider providing technical support to NGOs, using an approach similar to that in the revitalization of heritage sites. The Administration may also shortlist potential sites and invite NGOs to develop and operate transitional housing in those sites. Director of the Jockey Club Design Institute for Social Innovation, The Hong Kong Polytechnic University, points out that it is impractical to set a supply target for transitional housing, as it is just a stop-gap measure instead of a long-term solution to the problem of housing shortage.



### *Modular integrated construction approach*

59. The Subcommittee has invited CIC to brief members on the MiC approach (see paragraph 12). Members have been informed that by using MiC, free-standing integrated modules of a building can be substantially manufactured in a factory and assembled into a building on-site. According to CIC, this can reduce on-site construction processes and enhance site safety, hence saving time and money.

60. Some members have pointed out that MiC can be costly unless it is so widely adopted that an economy of scale is achieved. CIC has advised the Subcommittee that a number of pilot MiC projects have been in place and a supply chain would be established if the production of MiC modules with standardized specifications becomes large in quantity and low in cost. The Administration agrees that MiC has its own limitations, for instance the width of each module component should be less than 2.5 meters in length for ease of transportation on Hong Kong roads. The Administration will continue to work with the trade and CIC with a view to resolving these limitations.

### *Sites managed by the Urban Renewal Authority*

61. During the presentation of URA, members have noted that URA has provided 53 units in their rehousing blocks for NGOs to run transitional housing projects, and plans to provide another 14 more units. Some members have enquired whether URA can make use of the accommodation units it has acquired as a result of urban renewal projects to expand the scope of the provision of transitional housing. URA has advised that it may not be feasible to use properties acquired pending redevelopment for transitional housing purposes, as many of those units are dilapidated with many illegal structures and lack fire-safety facilities. The structural safety of those premises may have been compromised by many alteration works and sub-divisions. As a result, those units may no longer be suitable for residential purposes without having undertaken large scale repair and conversion works.

### *Presentation of views by deputations and individuals*

62. The Subcommittee received public views on issues related to inadequate housing at its meeting on 7 December 2019. The Subcommittee received presentation of views from 52 members of the public and two written submissions from deputations absent from the meeting. The following major views have been expressed by the deputations and individuals:

- (a) IHHs, especially those living in SDUs, and homeless people are living in grave hardship and suffering from a difficult living environment, exploitation by landlords and a lack of effective regulatory or relief measures from the Government. The Administration should formulate legislation, policies and measures to protect the right to adequate housing as stipulated in the International Covenant on Economic, Social and Cultural Rights which applies to Hong Kong,<sup>12</sup> and discourage speculation on real estates.
- (b) Some IHHs, such as households in SDU, are facing constant fire safety and health hazards. To reduce threats to residents' health and safety, the Administration should limit the number of SDUs in a property and their maximum electricity loading; and regulate the minimum floor size of each SDU and the provision of fire safety equipment in these flats.
- (c) Without the implementation of tenancy control, the provision of rent subsidy alone cannot effectively relieve the hardship of tenants because landlords may increase the rent level to offset the subsidy. Tenancy control should be introduced, at least for lower-end residential properties, to protect the rights of the vulnerable groups.
- (d) Many IHHs are not protected by proper tenancy agreements. The Administration should introduce a standard tenancy agreement which clearly defines the rights and responsibilities of the landlords and the tenants, and prevents tenants from being overcharged for their use of water and electricity.
- (e) Tenants residing within the premises of unauthorized building works ("UBWs"), including but not limited to SDUs in IBs, may be rendered even more inadequately housed if their flats are subject to the Administration's enforcement actions against UBWs. The Administration is requested to refrain from enforcing the removal of UBWs which do not constitute imminent danger to life or property, unless the requirements for

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<sup>12</sup> The right to an adequate standard of living, including adequate housing, is recognized in Article 11 of the International Covenant on Economic, Social and Cultural Rights ("ICESCR") which entered into force in 1976. Article 39 of the Basic Law provides that the provisions of ICESCR shall remain in force in Hong Kong on or after 1 July 1997.

rehousing eligibility are relaxed.

- (f) The average waiting time of PRHs is too long, and Shek Lei, the only urban site of interim housing, is due for demolition soon. The Administration should increase the supply and improve the living standards of both PRH units and interim housing.
- (g) The conversion of IBs to transitional housing has been slow. The Administration should provide multi-faceted incentives, such as works subsidy, to attract more projects.
- (h) The Administration and the Legislative Council should provide more occasions for IHHs to express their views.

63. Details of the Administration's response are set out in **Appendix IV**.

### **Motions passed by the Subcommittee**

64. The Subcommittee has also passed ten motions urging the Government to take actions on various matters relating to inadequate housing. A list of the motions passed by the Subcommittee and the Administration's responses to the motions can be accessed from the link below:

[https://www.legco.gov.hk/yr18-19/english/panels/hg/hg\\_ihp/papers/hg\\_ihp20190219cb1-588-2-e.pdf](https://www.legco.gov.hk/yr18-19/english/panels/hg/hg_ihp/papers/hg_ihp20190219cb1-588-2-e.pdf)

[https://www.legco.gov.hk/yr18-19/english/panels/hg/hg\\_ihp/papers/hg\\_ihp20190319cb1-719-2-e.pdf](https://www.legco.gov.hk/yr18-19/english/panels/hg/hg_ihp/papers/hg_ihp20190319cb1-719-2-e.pdf)

[https://www.legco.gov.hk/yr18-19/english/panels/hg/hg\\_ihp/papers/hg\\_ihp20190319cb1-1073-2-e.pdf](https://www.legco.gov.hk/yr18-19/english/panels/hg/hg_ihp/papers/hg_ihp20190319cb1-1073-2-e.pdf)

65. The Subcommittee urges the Administration to take into account the views and concerns expressed by members on various issues in relation to inadequate housing and relevant housing policies. Members also agree that the transitional housing issues and the issues concerning inadequate housing will further be followed up in the Panel of Housing.

### **Advice sought**

66. Members of the Panel are invited to note the work of the Subcommittee and the recommended ways forward.

Council Business Division 1  
Legislative Council Secretariat  
24 April 2020

**Panel on Housing**

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

**Terms of reference**

To study issues relating to inadequate housing and relevant housing policies, etc., discuss relevant policies with the Administration and make recommendations.

**Panel on Housing**

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

**Membership List\***

**Chairman** Hon Vincent CHENG Wing-shun, MH, JP

**Deputy Chairman** Hon Andrew WAN Siu-kin

**Members** Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon CHAN Han-pan, BBS, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon KWOK Wai-keung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHU Hoi-dick  
Hon SHIU Ka-fai, JP  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon CHEUNG Kwok-kwan, JP  
Dr Hon CHENG Chung-tai  
Hon Jeremy TAM Man-ho  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

(Total : 20 members)

**Clerk** Mr Daniel SIN

**Legal Adviser** Miss Linda CHAN (up to 19 January 2020)  
Ms Vanessa CHENG (since 20 January 2020)

\* Changes in membership are shown in Annex to Appendix II.

**Panel on Housing**

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

**Changes in membership**

<b>Member</b>	<b>Relevant date</b>
Hon AU Nok-hin <sup>#</sup>	Up to 20 January 2019
Hon CHAN Hak-kan, BBS, JP	Up to 22 January 2019
Hon Mrs Regina IP LAU Suk-ye, GBS, JP	Since 22 January 2019
Hon WU Chi-wai, MH	Up to 29 April 2019
Hon Alice MAK Mei-kuen, BBS, JP	Up to 30 May 2019
Hon Starry LEE Wai-king, SBS, JP	Up to 12 November 2019
Hon KWONG Chun-yu	Up to 12 November 2019

<sup>#</sup>AU Nok-hin was declared to be returned as a member of Legislative Council ("LegCo") at the LegCo by-election held on 11 March 2018, and took the oath to assume office at the Council meeting of 21 March 2018.

According to the Judgment of the Court of First Instance of the High Court handed down on 2 September 2019, AU Nok-hin was not duly elected as a member of LegCo at the LegCo by-election held on 11 March 2018 and no other person was duly elected instead. According to the decision of the Appeal Committee of the Court of Final Appeal of 17 December 2019 refusing Mr AU's application for leave to appeal, AU Nok-hin, by virtue of section 72(5)(b) of the Legislative Council Ordinance (Cap. 542), ceases to be a member of LegCo since 17 December 2019.

**Panel on Housing**

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

**List of organizations/individuals which/who have given views  
to the Subcommittee**

Academics

1. Professor Francis LUI, Professor Emeritus/Adjunct Professor Department of Economics, Hong Kong University of Science and Technology
2. Mr TSANG Kwok-ping, Associate Professor, Department of Economics, Virginia Tech
3. Mr Kevin TSUI, Associate Professor, John E Walker Department of Economics, Clemson University

Experts/non-governmental organizations/public bodies

4. Construction Industry Council
5. Hong Kong Council of Social Service
6. Hong Kong Housing Society
7. Jockey Club Design Institute for Social Innovation, The Hong Kong Polytechnic University
8. Light Be
9. Urban Renewal Authority

Deputations/individuals

10. Alliance for Social protection of low income families
11. Concern for Cubicle
12. Concern Group for Homeless
13. DAB
14. Federation of public housing estates
15. Homeless Concern Association
16. Hong Kong Homeless League
17. Hong Kong Subdivided Flats Concerning Platform
18. Justice Centre Hong Kong
19. Labour Party
20. Miss WONG Ching-sum
21. Miss WONG Tsz-yan



22. Mr KE Tak-ching
23. Mr LAI Kin-kwok
24. Mr Minhas RASHAD
25. Mr SIU Wai
26. Mr WHY
27. Ms LEUNG Lok-yi
28. Overcharging electricity and water fee concern group
29. Sham Shui Po sub divides flats concern group
30. Society for Community Organization
31. Sub divided flats concern group
32. The Civic Party
33. The Federation of Hong Kong and Kowloon Labour Unions
34. The Hong Kong Council of Social Service
35. Tsuen Wan Old District Tenants Action
36. 太子劊房住客關注組
37. 石籬中轉屋居民關注組
38. 全港基層爭取住屋權益聯會
39. 全港劊房居民大聯盟
40. 李國權先生
41. 受重建影響的土瓜灣天台住戶組
42. 東區婦女房屋關注組
43. 青深房屋關注組
44. 荃灣工廈被業主違法迫遷關注組
45. 基層房屋關注組
46. 將軍澳社群福利會
47. 深水埗 N 無人士房屋關注組
48. 深水埗劊房關注組
49. 葵涌工廈劊房戶關注組
50. 葵涌住屋環境關注平台
51. 葵涌基層住屋關注組
52. 葵涌街坊民議組
53. 葵涌劊房住客聯盟
54. 葵涌劊房居民大聯盟
55. 葵涌劊房環境衛生關注小組
56. 漸減二百中轉屋關注組
57. 劊房真係好難頂
58. 劊房濫收幾時停
59. 關注安置政策連線
60. 關注基層住屋聯席
61. 觀塘平等住房倡議平台

62. 觀塘民生自決組
63. 觀塘劏房居民關注組

**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.

4. The AWT for PRH is affected by various factors, including the number of PRH applicants, the number of units recovered from tenants, district

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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.

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 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

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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.

<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/>.

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 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 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

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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”.



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**

## Panel on Housing

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

## Motions passed at the meetings

<u>Meeting date</u>	<u>Motion</u>
22.1.2019	<p data-bbox="387 640 1433 757"><b>Agenda item IV — Overview of the Government's policies and measures on addressing the problem of inadequate housing and facilitating community initiatives on transitional housing</b></p> <p data-bbox="387 768 1433 1487">(1) This Subcommittee requests the Government to introduce expeditiously measures to alleviate the housing demand of people living in inadequate housing and ease their burden on rents before the Government has increased the supply of and reduced the waiting time for public rental housing ("PRH") to three years. These measures should include providing rental subsidy to grass-roots families who have been waiting for PRH for more than three years at the earliest opportunity, while, at the same time, reinstating rental control and examining the implementation of vacant property tax, so that rental subsidies would not be "gnawed away" by rental increase by landlords. Furthermore, the Government should compile and publish statistics on the rental situation of sub-divided units on a yearly basis and should mandate all tenancy agreements involving inadequate housing be contracted in writing with stamp duty paid, with a view to protecting the interests of grass-roots tenants.</p> <p data-bbox="387 1541 1433 2089">(2) Given that many difficulties are encountered in the implementation of community initiatives on transitional housing, this Subcommittee requests the Government to step up efforts in developing transitional housing, so as to alleviate the housing problems of those who have long been on the waiting list for public rental housing and are in poor living conditions, including (1) formulating holistic policies and setting an annual production target for transitional housing; (2) expanding the existing composition of the Task Force on Transitional Housing and providing one-stop coordinated support for transitional housing through a cross-bureaux approach; and (3) establishing a dedicated fund to provide adequate financial commitment to facilitate community initiatives on transitional housing by</p>

<u>Meeting date</u>	<u>Motion</u>
	public sector, thereby increasing the provision of transitional housing within a short period of time.
19.2.2019	<p data-bbox="389 412 1428 533"><b>Agenda item II — Overview of the Government's policies and measures on addressing the problem of inadequate housing and facilitating community initiatives on transitional housing</b></p> <p data-bbox="389 539 1428 1137">(3) More and more Hong Kong people are living in "inadequate housing" and sub-divided units with poor living conditions as they are unable to afford the high rental costs. However, the Government has been unwilling to regulate such housing and refused to introduce rent and tenancy control. The Government would only "bring together community efforts" in the provision of transitional housing without making any commitment on the quantity of transitional housing to be constructed and the timetable for their supply. This Subcommittee urges the Government to make reference to the Social Rental Housing Subleasing and Management Pilot Scheme in Taiwan to provide transitional housing for low-income households and individuals in the short term, so as to address their pressing housing needs.</p> <p data-bbox="389 1182 1428 1780">(4) This Subcommittee urges the Government to increase the supply of transitional housing by adopting the following measures:</p> <ol data-bbox="453 1317 1428 1780" style="list-style-type: none"><li>1. establishing a transitional housing fund of no less than \$3 billion, with the Government being responsible for the construction of transitional housing;</li><li>2. exploring the option of using part of the site reserved for phase two development of Hong Kong Disneyland for development of transitional housing; and</li><li>3. using suitable lands with short term tenancies and temporary works areas with no designated uses after having been surrendered by government departments and the MTR Corporation Limited for development of transitional housing.</li></ol> <p data-bbox="389 1825 1428 2105">(5) This Subcommittee urges the Government to:</p> <ol data-bbox="453 1870 1428 2105" style="list-style-type: none"><li>1. require with separate water and electricity meters to be installed in sub-divided units ("SDUs") and permit SDU tenants to open water and electricity accounts of their own for payment of tariffs, so as to prevent overcharging of water and electricity tariffs by landlords;</li><li>2. introduce rent control to regulate the rate of rental increase</li></ol>

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	<p>for SDUs and offer rent allowance to those households who have been living in SDUs for three years or more; and</p> <p>3. establish a registration system for SDU households or conduct an annual survey on SDU households (including those living in factory buildings) by the Census and Statistics Department, so as to ensure that the Government can grasp the actual number of SDU households and formulate appropriate policies.</p> <p>(6) As the Government has taken increasingly frequent enforcement actions against households of inadequate housing in recent years, evicted households become homeless and their demand for interim housing ("IH") has increased. On the other hand, the number of IH units is decreasing and there is a lack of provision of IH in urban areas. This Subcommittee urges the Government to reserve some of the transitional housing units to accommodate residents affected by the Government's enforcement actions and provide IH in the New Territories and Kowloon as well as on Hong Kong Island.</p> <p>(7) This Subcommittee urges the Special Administration Region Government to consider expeditiously the feasibility of refining the policies on temporary housing adopted by the former Hong Kong Government before the reunification, so as to alleviate the current problem of inadequate housing.</p> <p>(8) Given that the future supply of public housing, particularly public rental housing, is expected to be persistently below the target of the Long Term Housing Strategy ("LTHS"), this Subcommittee urges the Government to formally incorporate transitional housing into LTHS and invite the Hong Kong Housing Authority, the Hong Kong Housing Society, etc., to assist in the provision of transitional housing; formulate a supply target for transitional housing and establish a transitional housing fund of no less than \$2 billion, so as to take forward and support various transitional housing schemes; and, at the same time, make good use of idle government lands or facilities, including lands or facilities the short term tenancies or tenancies of which are due to expire within one year, so as to increase transitional housing supply.</p>

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19.3.2019	<p data-bbox="392 271 1434 349"><b>Agenda item III — Presentations on measures to address the problem of inadequate housing</b></p> <p data-bbox="392 356 1434 909">(9) This Subcommittee regrets that the Government has refused to include a supply target for transitional housing in the Long Term Housing Strategy and requests it to reconsider the proposal in view of the insufficient supply of public housing in the next 10 years, so as to ensure a stable supply of transitional housing to ease the hardship of those living in poor conditions. This Subcommittee also requests the Government to, before the Legislative Council goes into recess in July this year, give an account of the findings of the review regarding the provision of transitional housing by using the temporary works areas of the Guangzhou-Shenzhen-Hong Kong Express Rail Link project and the Shatin to Central Link project to be returned by the Highways Department and the MTR Corporation Limited.</p>
7.12.2019	<p data-bbox="392 960 1434 1039"><b>Agenda item I — Receiving public views on issues related to inadequate housing</b></p> <p data-bbox="392 1046 1434 1417">(10) This Subcommittee strongly requests the Government to put forward a specific implementation proposal within this financial year (by 31 March 2020) to address the problems of inadequate housing in Hong Kong, including those involving rent subsidy, tenancy control, standard tenancy agreements, shortage of public housing, inadequate provision of transitional housing, etc., so as to practically ameliorate the unsatisfactory and inadequate housing conditions endured by members of the public within a reasonable timeframe.</p>