

Legislative Council Panel on Housing
Supplementary Information

Purpose

Regarding the motions passed¹ and the supplementary information requested at the Legislative Council Panel on Housing meeting on 4 November 2019, this paper provides the relevant response.

Relief Measures

2. To counter the increasingly challenging economic environment, the Financial Secretary announced during the period from August to October 2019 three successive rounds of measures to support enterprises and people of Hong Kong. The measures include providing a 50% rent reduction for catering and retail shops (including supermarkets and superstores) leased by the Government Property Agency (GPA) and operators of fee-paying public car parks under the Lands Department, GPA and the Leisure and Cultural Services Department, for six months with effect from 1 October 2019.

The Hong Kong Housing Authority's retail and factory tenants

3. After making reference to the Government's measures, the Commercial Properties Committee (CPC) of the Hong Kong Housing Authority (HA) endorsed the provision of a 50% rent concession to HA's retail (not applicable to banks (including Automatic Teller Machines)) and factory tenants for six months, with effect from 1 October 2019 at the same time as the Government's measures. The total estimated rent foregone for the rent concession measures is estimated to be around \$387 million.

HA's car parks

4. Regarding HA's car parks, about 31 600 parking spaces are provided in 169 car parks, out of which about 90% of the parking spaces are mainly let to residents of the estates concerned on monthly fees, while the remaining about 10% serve the visitors of the estates/courts concerned on hourly fees. Unlike fee-paying public car parks under the Government, HA's car parks are not let to operators but are directly let to individual car park users by HA.

¹ LC Paper No. CB(1)128/19-20(01) to (05)

5. HA reviews the charges of its car parks annually, and the approved charges will take effect from 1 January of the following year. In reviewing the charges, HA makes reference to the current carpark charges of comparable public and private car parks. Based on available market data, there was a general increase of about 8% on average in the carpark charges for comparable car parks in the first half of 2019 (as of June). Considering that such available market data have not taken into account the effect of the latest difficult economic environment since June this year, HA's CPC endorsed on 5 December 2019 to maintain the existing carpark charges for one year until 31 December 2020.

The Hong Kong Housing Society

6. The Hong Kong Housing Society (HKHS) announced earlier the rent concession arrangements for about 400 commercial tenants in response to the relief measures announced by the Financial Secretary to support enterprises, safeguard jobs and relieve peoples' financial burden. Such arrangements cost about \$76 million. Subsequently, following the new round of measures announced by the Government in October 2019, HKHS extended the rent concession arrangements to cover supermarkets, costing an additional \$23 million. All eligible commercial tenants are entitled to rent reduction by 50% for six months with effect from 1 October 2019. The rental income forgone arising from the rent concession measures is all borne by HKHS. With regard to carpark tenants, HKHS will also adopt the same measures as the Government to reduce the rent for carpark operators by 50% for six months with effect from 1 October 2019, involving a sum of about \$4 million.

Transitional Housing Projects

7. The Government endeavours to provide transitional housing to alleviate the hardship faced by families awaiting public rental housing (PRH) and other inadequately housed households. We hope to bring together community efforts, allowing different community organisations to extend their creativity to provide various kinds of transitional housing projects.

Selection of Sites for Transitional Housing

8. The Task Force on Transitional Housing (Task Force), set up under the Transport and Housing Bureau, is planning to develop large-scale transitional estates on suitable idle government and private sites that are relatively larger in size. These sites are located mainly in the New Territories. Constructing transitional housing on these sites requires application for planning permission under Section 16 of the Town Planning Ordinance, which involves

assessments on environmental, ecological and transport impact, etc. Consideration will be given on the actual conditions of the sites (including topography, terrain, technical constraints or infrastructure required, etc), based on which appropriate arrangements will be made. The Task Force will, in accordance with the needs of individual developments and technical considerations, request community organisations to provide some basic community and social welfare facilities, and retail facilities to meet daily needs. The Task Force will offer opinions to the community organisations on the requirements and specific details of these facilities during the detailed design stage, and liaise with other government departments in facilitating the implementation of the proposals.

9. Recently, individual property developers have suggested that they would provide or lend land for transitional housing development and other public welfare uses at no cost. The Government welcomes such proactive act of corporate social responsibility, which will not affect the Government's efforts in taking forward various measures to increase land supply in full force. In the Chief Executive's 2019 Policy Address, an appeal was made to property developers to support the Government in developing their land for public housing or Starter Homes (SH) through the application of the Lands Resumption Ordinance and the Land Sharing Pilot Scheme to make active contributions towards easing the housing problem of Hong Kong people.

Professional Support

10. As mentioned in the Chief Executive's 2019 Policy Address, the Urban Renewal Authority, HKHS, Hong Kong Construction Association and other organisations will offer professional advice and project management support to community organisations participating in transitional housing projects. Meanwhile, the Task Force will continue to provide one-stop coordinated support to facilitate the implementation of transitional housing projects. It will provide the necessary support to suitable projects upon consultation with relevant bureaux and departments, offer advice on relevant administrative or statutory procedures, assist in funding applications, etc.

11. The Task Force will provide comments to community organisations on the architectural layout, environment, traffic, fire services, infrastructure provision, etc. of the transitional housing projects. It has also accompanied community organisations and their professional consultants to meet with relevant government departments (including the Buildings Department, the Lands Department, the Transport Department and the Fire Services Department) with a view to resolving outstanding issues and obtaining relevant approvals as soon as possible. There were more than 100 of such meetings and enquiry discussions held in the previous year.

12. Regarding the implementation of the funding scheme, the Task Force will assess the applications and monitor the progress of the projects to ensure that they are in line with the principles of economy, efficiency, and effectiveness in the use of resources thereby achieving good value for money. To enhance transparency of the funding scheme, the Task Force will also submit an annual report on the approved applications and implementation progress of projects to the Panel. It is estimated that about 10 000 transitional housing units can be constructed by the community organisations in the coming three years.

Financial Support

13. Under the proposed funding scheme, the funding to be allocated to each approved project depends on the proposal submitted by the project applicant organisation and a number of site-specific factors. Considerations include but not limited to the size of the site, the number of transitional housing to be constructed, existing conditions and configuration, technical requirements, extent of infrastructure required, etc. The funding scheme will not fund the emolument to a person who is on the payroll of the applicant organisation (e.g. existing members, directors, shareholders or employees of non-governmental organisations) unless prior approval has been obtained. However, 0.4% to 0.14% of the total subsidy² can be used for subsidising administrative overheads for the implementation of the project.

14. As regards the rent level of the transitional housing, while rent levels for individual projects may vary depending on the capabilities and needs of the target groups, they are generally lower than the market rent level in the same district. As we understand, for transitional housing projects operated by some community organisations (such as the Hong Kong Council of Social Service) targeting persons or families receiving the Comprehensive Social Security Assistance (CSSA), the rent level is determined based on the latest rent allowance under the CSSA Scheme adjusted by the Social Welfare Department. There are also some community organisations setting the rent at no more than 25% of the household income.

15. To ensure that fiscal balance can be achieved for every transitional housing project, we plan to set the ceiling of rent level to no more than 40% of the prevailing PRH income limit. However, the rent level will be determined based on the specific circumstances of individual projects. The relevant rent level will be mutually agreed and specified in the funding agreement between the Government and the project applicant.

² A sliding down scale amount according to the number of units with a ceiling of \$1.5 million, and be reasonable and proportionate to the purpose, scale, nature and circumstance of a project.

Interim Housing

16. There are views that the Government should reserve some transitional housing units for use as interim housing (IH). According to the prevailing policy, if people are rendered homeless due to Government actions and need temporary accommodation, they may, upon referral by relevant government departments, apply to the Housing Department for accommodation in the transit centre, while looking for alternative accommodation themselves or waiting for eligibility vetting for further rehousing. If they have stayed in the transit centre for three months, passed the “homeless test” and fulfilled the eligibility criteria for PRH (including income limit, asset limit and no-domestic-property requirement), they can be admitted to IH while awaiting PRH allocation. HA anticipates that the existing IH will suffice to meet the temporary accommodation needs of households affected by Government clearance and enforcement actions. Therefore, transitional housing should mainly serve the purpose of alleviating the hardship faced by families awaiting PRH instead of being reserved for use as interim housing.

17. There are views that the Government should increase the provision of IH for rehousing, since public housing resources are still severely inadequate at the moment, we consider that land suitable for housing developments should be reserved for public housing development. HA has no plan to construct new IH.

18. In fact, transitional housing projects are carried out by bringing various community efforts and resources together with a view to alleviating the housing problem. Community-initiated transitional housing projects vary in service targets, specific details and nature of service provision. The Government will remain actively engaged in communicating with the community and, by tapping into potential and resources outside the Government, increase transitional housing supply to relieve the pressure of families living in unpleasant conditions and those waiting for PRH for a long time.

**Transport and Housing Bureau
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