

# 立法會 *Legislative Council*

LC Paper No. CB(1)652/19-20(02)

Ref. : CB1/PL/HG

## **Panel on Housing**

**Special meeting on 26 May 2020**

### **Updated background brief prepared by the Legislative Council Secretariat on transitional housing**

#### **Purpose**

This paper provides background information on transitional housing, and gives a summary of the views and concerns expressed by members of the Panel on Housing ("the Panel") and its Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies on the subject.

#### **Background**

2. In view of the time required to identify land for housing construction, the current-term Government has since 2017 supported community initiatives on transitional housing to alleviate the hardship faced by families on the public rental housing ("PRH") waiting list and inadequately-housed households ("IHHs"),<sup>1</sup> and has indicated in the 2017 Policy Address various specific measures on transitional housing.<sup>2</sup>

---

<sup>1</sup> According to the Hong Kong Housing Authority's [website](#), there were about 153 500 general applicants (i.e. family and elderly one-person applicants) for PRH as at end-March 2020. According to the [Long Term Housing Strategy Annual Progress Report 2019](#), the estimated number of IHHs in Hong Kong was 119 100.

<sup>2</sup> These measures include (a) optimizing the use of idle government premises by providing rental housing units like those under the "Light Housing" project launched by Light Be in Sham Tseng; (b) supporting the Community Housing Movement initiated by the Hong Kong Council of Social Service on a pilot basis, including encouraging the Urban Renewal Authority to participate by offering units in old buildings; (c) facilitating the Hong Kong Housing Society in allowing the owners of its subsidized housing to rent out their flats with premium unpaid to needy families at below market rentals on a pilot basis; (d) exploring the wholesale conversion of industrial buildings into transitional housing with waiver of land premium; and (e) supporting non-profit-making organizations to explore the feasibility of constructing pre-fabricated modular housing on idle sites.

## Task Force on Transitional Housing

3. As one of the six new housing initiatives announced by the Chief Executive in June 2018, the task force on transitional housing ("Task Force") has been established under the Transport and Housing Bureau to spearhead transitional housing.<sup>3</sup>

## Supply of transitional housing

4. The 2019 Policy Address announced the target of providing a total of 10 000 transitional housing units within the next three years (i.e. from 2020-2021 to 2022-2023). In January 2020, the Government announced that it would further increase the supply of transitional housing by raising the three-year target to 15 000 units. The Task Force has assisted and facilitated a number of transitional housing projects proposed and operated by non-government organizations ("NGOs").<sup>4</sup> As at March 2020, around 776 transitional housing units were being operated by different NGOs.<sup>5</sup>

## Financial measures

5. In January 2019, the Finance Committee approved the Administration's proposal to set up a \$1 billion fund to support NGOs for the gainful use of vacant government sites, including transitional housing projects. The Development Bureau has been receiving funding applications.<sup>6</sup>

---

<sup>3</sup> The Task Force comprises five dedicated officers (including two project directors) led by the Under Secretary for Transport and Housing (LC Paper No. [CB\(1\)388/18-19\(03\)](#)). In May 2020, the Administration submitted to the Establishment Subcommittee the proposal to create a supernumerary Administrative Officer Staff Grade C post in the Housing Department to work under the Transport and Housing Bureau, to be designated as the Deputy Head of the Task Force, with immediate effect upon approval of the Finance Committee to 31 March 2025 (LC Paper No. [EC\(2020-21\)2](#)).

<sup>4</sup> These projects include social housing in privately owned vacant residential buildings and vacant government premises, other initiatives by different NGOs including proposals of using Modular Integrated Construction method to construct transitional housing on vacant government land and privately-owned land, or converting vacant non-residential buildings (such as privately-owned vacant school premises or industrial buildings) to transitional housing (LC Paper No. [FCR\(2019-20\)45](#)).

<sup>5</sup> LC Paper No. [EC\(2020-21\)2](#)

<sup>6</sup> As at 31 March 2020, the Development Bureau had approved the funding for the entire project or phased funding for eight applications, and of which, three were related to transitional housing on vacant government land, with a total of funding capped at about \$13 million granted to the NGO-applicants for kick-starting the preliminary works (LC Paper No. [CB\(1\)500/19-20\(01\)](#)).

6. The Administration announced in April 2019 that the Chief Executive in Council had approved the exemption of waiver fee, rent and associated costs for land applications related to the provision of community-initiated transitional housing projects.

7. In March 2020, the Finance Committee approved a funding allocation of \$5 billion<sup>7</sup> to implement a funding scheme to support the implementation of transitional housing projects by NGOs ("the Funding Scheme").<sup>8</sup>

### **Major views and concerns**

8. The major views and concerns expressed by members on the subject are summarized in the ensuing paragraphs.

#### Demand for transitional housing

9. Some members opined that transitional housing would be a major source of short-term housing supply to alleviate the hardship faced by IHHs, and the demand for it might continue to exist in the coming decade. On the suggestion that the Administration should incorporate the provision of transitional housing into the Long Term Housing Strategy ("LTHS"), the Administration advised that when determining the total housing supply target under LTHS, the Administration had already taken into account the housing needs of IHHs. Given the short-term nature of transitional housing, the timing and amount of its supply were unstable and might be subject to changes in different periods of time. It was therefore not suitable to include these housing units in the ten-year housing supply target.<sup>9</sup>

---

<sup>7</sup> The Financial Secretary announced in the 2019-2020 Budget that \$2 billion would be set aside to support NGOs in constructing transitional housing. In October 2019, the Chief Executive announced that the provision would increase from \$2 billion to \$5 billion.

<sup>8</sup> According to the [Administration](#), the Funding Scheme was expected to be formally launched in mid-2020. Under the Funding Scheme, the Under Secretary for Transport and Housing ("USTH") would be the approving authority for transitional housing projects. An Assessment Committee, chaired by USTH and comprising representatives from relevant government bureaux/departments and non-official members appointed by the Secretary for Transport and Housing, would be responsible for assisting USTH in vetting applications and overseeing the implementation of the Funding Scheme (LC Paper No. [EC\(2020-21\)2](#)).

<sup>9</sup> [Progress Report](#) on the Motion on "Increasing transitional housing supply" passed at the Council meeting of 20 February 2019.

### Three-year supply target of transitional housing

10. Members expressed concern on whether the Administration could achieve its supply target of transitional housing within the next three years. Some members opined that NGOs in general were not specially tasked with the provision of housing, and might encounter problems in the course of implementing transitional housing projects. The Government should assume a more proactive role in the provision of transitional housing as it had the land, financial resources and the relevant expertise. To attain the three-year supply target of transitional housing, the Administration should actively engage Hong Kong Housing Authority ("HA"), Hong Kong Housing Society ("HS") and Urban Renewal Authority ("URA") which had experience in housing development to assist in the construction of transitional housing. The completed transitional housing projects could then be handed over to NGOs for operation.

11. The Administration advised that the Task Force had identified sufficient sites for the provision of 10 000 transitional housing units, and the Administration had been assessing the feasibility to develop transitional housing on a number of government, institution or community sites that had no development plan in the short term, with a view to meeting the further increase of the supply target of transitional housing to 15 000 units for the coming three years.<sup>10</sup> Among the wide range of tasks involved, the Task Force would continue to proactively identify potential sites which were suitable for transitional housing, assist NGOs in making land lease applications and other arrangements, and provide comments to NGOs on various aspects of transitional housing projects, including the architectural layout, environmental matters, traffic, fire services, and infrastructure provision, etc. The Task Force also assisted and supported various NGOs to construct transitional housing units, including construction of new building blocks using Modular Integrated Construction on idle government/private land and renovating vacant buildings.

12. The Administration further advised that as mentioned in the 2019 Policy Address, organizations such as URA, HS and Hong Kong Construction Association would offer professional advice and project management support to community groups participating in transitional housing projects. As regards HA, its principal function was to provide permanent public housing, including PRH and subsidized sale flats ("SSFs"). In order to meet the goal of public

---

<sup>10</sup> Government's [press release](#) dated 6 April 2020

housing under LTHS, shorten the waiting time for PRH of low-income families, and help low to middle-income families achieve home ownership, HA would continue to focus on developing and increasing permanent public housing supply.<sup>11</sup>

### Land for transitional housing

13. Members opined that the Administration should make good use of vacant school premises and temporary works areas of public works projects for providing transitional housing. The Administration advised that not all vacant government premises including vacant school premises were suitable for transitional housing use. The Administration would approach interested NGOs proactively if and when vacant school premises suitable for conversion into transitional housing were available. Some of the temporary works areas of public works projects were relatively small in size, or had been re-allocated for provision of other facilities (such as railway associated facilities, roads, re-provisioned facilities, etc.); and some temporary works areas had been reserved for other long-term uses. The Task Force and relevant departments/organizations would review the latest situation of these sites to consider whether they were suitable for transitional housing.<sup>12</sup>

14. On the suggestion of using the site which had been reserved for the Phase 2 development of the Hong Kong Disneyland Resort ("HKDL") for providing transitional housing, the Administration advised that according to the Option Deed signed between the Government and Hong Kong International Theme Parks Limited (i.e. the joint venture with the Government and The Walt Disney Company as shareholders) ("the joint venture") in 2000, the joint venture had an Option to purchase the Phase 2 site for taking forward the HKDL's further development. The Phase 2 site could be put to short-term uses before the joint venture exercised the Option, and such short-term uses had to comply with various permitted uses as listed in the Deed of Restrictive Covenant, including recreational, sports and cultural facilities, etc. but not residential use. The Administration maintained that the terms of the contract should be observed and it had no intention to initiate negotiation with the Hong Kong International Theme Parks Limited to change the agreed land use arrangements for the Phase 2 site.<sup>13</sup>

---

<sup>11</sup> LC Paper No. [CB\(1\)373/19-20\(01\)](#)

<sup>12</sup> LC Paper No. [CB\(1\)555/19-20](#)

<sup>13</sup> LC Paper No. [CB\(1\)555/19-20](#)

15. In view that individual developers had suggested that they would provide or lend land for transitional housing development for a limited period of time, members asked whether the Administration would consider purchasing or resuming the land for providing PRH if the developers had no development plans for the land in future. The Administration advised that the Government welcomed the property developers' proactive act of corporate social responsibility, which would not affect the Government's efforts in taking forward various measures to increase land supply in full force. In the 2019 Policy Address, an appeal had been made to property developers to support the Government in developing their land for public housing or Starter Homes for Hong Kong Residents through the application of the Lands Resumption Ordinance (Cap. 124) and the Land Sharing Pilot Scheme to make active contributions towards easing the housing problems of Hong Kong people.<sup>14</sup>

#### Impacts of transitional housing projects on local communities

16. Members expressed concern on how the Administration would relieve the pressure brought about by large-scale transitional housing projects on the supporting facilities in the district concerned. The Administration advised that in order to achieve the target of providing 15 000 transitional housing units in three years, the Task Force would have to take forward a number of large-scale transitional housing projects in the New Territories. The public consultation and town planning process for such projects would need to cover environmental, ecological and traffic impact assessments. The Task Force would, in accordance with the needs of individual developments and technical considerations, request community organizations to provide some basic community and social welfare facilities, and retail facilities to meet daily needs, and offer opinions to the community organizations on the requirements and specific details of these facilities during the detailed design stage.<sup>15</sup>

#### Rent of transitional housing and its length of tenancy

17. Some members opined that residents of transitional housing were mainly households waiting for PRH for a long time and they were unable to afford renting accommodations at market rent. To ensure that needy families could afford to rent transitional housing units, the Administration should cap the rent of such units.

---

<sup>14</sup> LC Papers No. [CB\(1\)235/19-20\(01\)](#)

<sup>15</sup> LC Papers No. [CB\(1\)235/19-20\(01\)](#) and [EC\(2020-21\)2](#)

18. The Administration advised that while rent levels for individual transitional housing projects might vary depending on the capabilities and needs of the target groups, they were generally lower than the market rent level in the same district. For transitional housing projects operated by some community organizations (such as the Hong Kong Council of Social Service) targeting persons or families receiving the Comprehensive Social Security Assistance ("CSSA"), the rent level was determined based on the latest rent allowance under the CSSA Scheme adjusted by the Social Welfare Department. There were also some community organizations setting the rent at no more than 25% of the household income.<sup>16</sup> The Administration expected the rent level of transitional housing to be lower than the relevant market rent with a ceiling of no more than 40% of the prevailing PRH income limit, and would be determined based on the individual circumstances of each project and to be mutually agreed and specified in the funding agreement between the Government and the project applicant.<sup>17</sup>

19. Some members were concerned that if tenants of transitional housing were required to move out from their units upon expiry of a fixed tenancy period, they might have to move back to sub-divided units or other inadequate housing while continuing to wait for PRH allocation. On the question about the maximum duration of stay at the transitional housing units provided by NGOs, the Administration advised that the length of tenancy was generally two years. There were cases where upon expiry of the two-year tenancy, tenants of transitional housing had moved to PRH or had solved their housing problems through some assistance programs. Some NGOs which were providing transitional housing under multiple projects might make use of their resources flexibly to assist tenants with special needs.<sup>18</sup>

#### Rehousing residents affected by Government actions

20. Members enquired whether the Administration would reserve some transitional housing units for use as interim housing ("IH"). The Administration advised that according to the prevailing policy, if people were rendered homeless due to Government actions and needed temporary accommodation, they might, upon referral by relevant government departments, apply to the Housing Department for accommodation in a transit centre, while looking for

---

<sup>16</sup> LC Paper No. [CB\(1\)235/19-20\(01\)](#)

<sup>17</sup> LC Paper No. [FCR\(2019-20\)45](#)

<sup>18</sup> LC Paper No. [CB\(1\)294/19-20](#)

alternative accommodation themselves or waiting for eligibility vetting for further rehousing. If they had stayed in the transit centre for three months, passed the "homeless test" and fulfilled the eligibility criteria for PRH, they could be admitted to IH while awaiting PRH allocation. HA anticipated that the existing IH would 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.<sup>19</sup>

### Wholesale conversion of industrial buildings for transitional housing

21. Some members queried the effectiveness of the measures of encouraging the conversion of industrial buildings ("IBs") for transitional housing. They opined that IB owners might not find such conversion commercially attractive if they were given approval for the change of land use for up to five years only.<sup>20</sup> The Administration advised that to facilitate proposals from the community for providing transitional housing in portions or entire blocks of IBs located in "Commercial", "Comprehensive Development Area", "Other Specified Uses" annotated "Business" and "Residential" zones which had already undergone or would pursue wholesale conversion into non-industrial uses, the Administration would 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>21</sup>

22. Regarding the reason why no IB had yet been converted into transitional housing, the Administration advised that if transitional housing was to be provided in an IB, it was necessary for the whole building to be converted because it was not considered safe to mix industrial and residential uses in one building. It was therefore necessary for all the owners of the building to agree to the conversion. The Administration explained that IBs were not designed for residential purpose and modification of drainage, electricity supply and other

---

<sup>19</sup> LC Paper No. [CB\(1\)235/19-20\(01\)](#)

<sup>20</sup> 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 the "Commercial", "Comprehensive Development Area" and "Other Specified Uses" annotated "Business" and "Residential" zones in the urban and new town areas, 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.

<sup>21</sup> LC Paper No. [CB\(1\)323/18-19\(03\)](#)



facilities were necessary to meet the safety and statutory requirements for the building to be used as transitional housing. The cost involved was 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 justified the investment.<sup>22</sup>

### Modifications/exemptions under the Buildings Ordinance (Cap. 123)

23. Members noted that the Buildings Department ("BD") might consider granting modifications/exemptions under Cap. 123 so that a transitional housing project within tenement buildings that did not meet some of the statutory requirements would still be eligible for Government support. As regards the two transitional housing projects that had been granted approvals for such modifications/exemptions, the Administration advised that 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), and BD had required the project proponent to implement compensatory measures such as providing artificial lighting and mechanical ventilation in the unit as conditions of grant of modification.<sup>23</sup>

### Funding Scheme for transitional housing projects

24. Members enquired whether part of the funding to be allocated to each approved transitional housing project under the Funding Scheme would be spent on salaries/payments for the employees/personnel of the NGO concerned. The Administration advised that the funding to be allocated to each approved project under the Funding Scheme would depend on the merits of the proposal submitted by the project applicant and a number of site specific factors, such as the size of the site, the number of transitional housing units to be constructed, existing conditions and configuration, technical requirements, extent of infrastructure required, etc. The Funding Scheme would not fund the emolument to a person who was on the payroll of the applicant organization (such as existing members, directors, shareholders or employees of NGOs) unless prior approval had been obtained. However, 0.4% to 0.14% of the total subsidy could be used for subsidizing administrative overheads for the implementation of the project.<sup>24</sup>

---

<sup>22</sup> LC Paper No. [CB\(1\)555/19-20](#)

<sup>23</sup> LC Paper No. [CB\(1\)555/19-20](#)

<sup>24</sup> LC Paper No. [CB\(1\)235/19-20\(01\)](#)

### Letting Scheme for Subsidised Sale Developments with Premium Unpaid

25. Members enquired about the implementation progress of the "Letting Scheme for Subsidised Sale Developments with Premium Unpaid", which was launched by HS in September 2018 on a pilot basis to allow eligible owners of its SSFs to let part of their flats to grassroots applying for PRH so as to improve their living conditions before PRH allocation. The Administration advised that since the launch of the Letting Scheme, HS had received applications from 13 owners, six of which were issued "Eligible-to-Let Certificate"; and applications from 53 tenants, 19 of which were issued "Eligible-to-Rent Certificate". No tenancy agreement had been signed yet. Upon review, HS had formulated enhancement measures for the Letting Scheme, which included allowing owners to let the whole flats or individual bedrooms to eligible tenants, or let the flats to specified NGOs for sub-letting the flats to eligible tenants. In July 2019, HA endorsed joining the enhanced Letting Scheme on a trial basis, so as to allow eligible owners of HA's SSFs to join the scheme as well. The enhanced Letting Scheme would open for applications for eligible owners and tenants from November 2019 and December 2019 respectively, and HA and HS would conduct a mid-term review of the effectiveness of the scheme in the light of operational experiences after one year of operation.<sup>25</sup>

### **Latest development**

26. At the request of the Panel, the Administration will brief members on transitional housing at the special meeting on 26 May 2020.

### **Relevant papers**

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

Council Business Division 1  
Legislative Council Secretariat  
22 May 2020

---

<sup>25</sup> Government's [press release](#) dated 6 November 2019

## Appendix

### Transitional Housing

#### List of relevant papers

Council/ Committee	Date of meeting	Papers
Panel on Housing	30 October 2017	2017 <a href="#">Policy Address</a>
Panel on Housing	4 November 2019	Administration's paper (LC Paper No. <a href="#">CB(1)67/19-20(04)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)294/19-20</a> )  Administration's supplementary paper (LC Paper No. <a href="#">CB(1)235/19-20(01)</a> )
Panel on Housing	8 November 2019	Administration's paper (LC Paper No. <a href="#">CB(1)32/19-20(01)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)492/19-20</a> )  Administration's supplementary paper (LC Paper No. <a href="#">CB(1)373/19-20(01)</a> )
Panel on Housing	2 December 2019	Minutes of meeting (LC Paper No. <a href="#">CB(1)544/19-20</a> )
Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies	-	Report of the Subcommittee (LC Paper No. <a href="#">CB(1)555/19-20</a> )