

立法會 *Legislative Council*

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Panel on Housing

Subcommittee on Issues Relating to Transitional Housing and Subdivided Units

Background brief on transitional housing

Purpose

This paper provides background information and summarizes the discussions at meetings of the Legislative Council ("LegCo") and its committees on issues relating to transitional housing.

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"),¹ and has indicated in the 2017 Policy Address various specific measures on transitional housing.²

¹ According to the Hong Kong Housing Authority's website, there were about 153 900 general applicants (i.e. family and elderly one-person applicants) for PRH as at end-December 2020. According to the Long Term Housing Strategy Annual Progress Report 2020, the estimated number of IHHs in Hong Kong was 122 000.

² 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 ("CE") in June 2018, a task force on transitional housing ("the Task Force") has been established under the Transport and Housing Bureau ("THB") to spearhead transitional housing.³

Supply of transitional housing

4. The 2019 Policy Address announced the target of providing a total of 10 000 transitional housing units within the three years 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").⁴ As at mid May 2021, the Task Force has identified land for provision of about 14 000 units by 2022-2023. Of the 14 000 units, over 1 300 have been completed, about 2 300 units are under construction and scheduled for completion in 2022, 9 900 units with various pre-construction work, including planning and/or design review, have started and a potential of 450 units are under in-depth feasibility study. CE has also announced in the 2020 Policy Address a pilot scheme to subsidize NGOs to rent suitable rooms in hotels and guesthouses with relatively low occupancy rates for use as transitional housing ("the Pilot Scheme"), which was launched in April 2021 and is funded under the Community Care Fund ("CCF").

Financial measures to support transitional housing projects

5. In January 2019, the Finance Committee ("FC") 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

³ 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\(03\)](#)).

⁴ 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](#)).

projects.⁵ The Administration announced in April 2019 that CE 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.

6. In March 2020, FC approved a funding allocation of \$5 billion to implement the Funding Scheme⁶ to Support Transitional Housing Projects by NGOs ("the Funding Scheme"). With the enactment of the Appropriation Bill 2021, LegCo's approval has also been obtained for an injection of \$3.3 billion to the Funding Scheme to meet the three-year target of providing 15 000 transitional housing units by 2022-23. So far, about \$2.6 billion has been approved under the Funding Scheme. In June 2021, FC approved the enhancements to the Funding Scheme by expanding its scope to cover the rent payment for conversion or use of private premises as transitional housing and to increase the funding ceiling for transitional housing developments on vacant land with site development constraints. The proposed expansion will also make eligible transitional housing projects making use of rooms in hotels and guesthouses.

Members' views and concerns

7. Members have expressed views on matters relating to transitional housing at meetings of LegCo and its committees. The Panel on Housing ("the Panel") discussed issues relating to transitional housing on 4 November 2019, 26 May 2020, 14 January 2021 and 5 May 2021. The major views and concerns of Members are summarized in the ensuing paragraphs.

⁵ 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 According to the Administration, the Under Secretary for Transport and Housing ("USTH") would be the approving authority for transitional housing projects under the Funding Scheme. An Assessment Committee, chaired by USTH and comprising representatives from relevant 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. [FCR\(2020-21\)60](#)).

Operation of transitional housing projects

8. Members opined that the Administration should draw up appropriate standards regarding transitional housing such as the tenancy period, rent level, size of transitional housing units and the facilities inside such units such as whether there were independent toilet and kitchen.

9. The Administration advised that although NGOs might need to work out the operation details of their transitional housing projects according to unique service emphasis of their projects, the Administration had put in place some general guidelines for them to follow. For example, for a transitional housing project which was funded under the Funding Scheme, the Administration would require the project operator to allocate a major portion of the transitional housing units for applicants who were living in inadequate housing and had been waiting for PRH for three years or more, so that the project operator might use the remaining units to achieve its other missions or cater for applicants with special urgent needs. Standards regarding the average living space per person and the length of tenancy would also be set for transitional housing units. The Administration expected that the rent level of transitional housing should be lower than the relevant market rent with a ceiling of no more than 40% of the prevailing PRH income limit, although in practice, most NGOs determined the rent level based on the latest rent allowance under the Comprehensive Social Security Assistance ("CSSA") Scheme or no more than 25% of the household income.

Funding Scheme for transitional housing projects

10. Members expressed concern about the support services provided by NGOs for residents of transitional housing after their intake. On the question of whether the Funding Scheme would provide financial support for setting up social work teams to assist residents of transitional housing, the Administration advised that the Funding Scheme mainly provided financial support for NGOs to carry out the works required to make fit the potential sites/premises for transitional housing projects on a one-off basis. NGOs operating transitional housing might deduct the expenses of the supporting services provided for their residents from rental income.

11. On Members' concerns about the efficiency of the Assessment Committee in vetting applications of the Funding Scheme, the Administration advised that as the Task Force would convene inter-bureaux/departamental meetings to study the feasibility of the projects proposed by NGOs, the Assessment Committee would mainly assess the technical, financial and

social aspects of the proposed projects and look into the experience and capability of the project applicants, etc.

12. Members considered that the Administration should exercise prudence in vetting the applications for subsidies under the Funding Scheme and put in place a monitoring mechanism to ensure appropriate use of the resources under the Funding Scheme with regular updates to the Legislative Council. In this connection, Members enquired how the Administration would take into account the higher cost that might be incurred in constructing transitional housing at very small land sites when considering relevant applications; the respective proportions of the subsidies for administrative overheads and the construction cost under the project; and whether the funding allocation for management of a project would increase if the relevant NGO increased its management staff or upgraded their posts.

13. The Administration advised that when vetting applications, it would take into account the merits of the proposal submitted by the project proponent and a number of site-specific factors in determining the amount of funding to be allocated to subsidize a transitional housing project. The Funding Scheme was reimbursement-based and would subsidize NGOs to carry out the works required to make fit the potential sites/premises for their transitional housing projects on a one-off basis. NGOs would be allowed to use only a small proportion of the funding, i.e. 0.14% to 0.4% and subject to a specified ceiling amount, on administrative overheads for the implementation of their projects before the tenants moved in. After tenants moved in, the NGO concerned had to make use of its own rental income for paying the expenses incurred in operating its transitional housing, including provision of social services to the tenants.

Enhancements to the Funding Scheme

14. When discussing the enhancements to the Funding Scheme to facilitate NGOs to take forward more transitional housing projects, Members enquired about the rationale for the proposed expansion of the scope of the Funding Scheme to cover rent payment to owners of private premises used as transitional housing and the extent to which it could help address the problems faced by NGOs in taking forward their projects.

15. The Administration advised that although some owners of land/premises used for transitional housing projects might only charge nominal rent, some might still need to charge NGOs a rent below market rate for the use of their properties to cover their various expenditures on the premises. The proposal for the Funding Scheme previously approved by FC

suggested that the daily operation and maintenance costs of a project, including rent, would not be funded under the Funding Scheme. In other words, under the existing arrangement of the Funding Scheme, rent payable to property owners could only be met by income of the project, e.g. rent collected from individual tenants and financial support from other sources, but not the subsidy under the Funding Scheme. The conversion of existing private premises into transitional housing in some cases would not be financially viable as the amount of rent to be received from tenants under the prevailing unemployment situation might not be sufficient to fully cover the rent payable to the owners of the private premises. The proposed expansion of the scope of the Funding Scheme would address the problem and encourage more NGOs to take on transitional housing projects in private sites/premises which required rental payment.

16. Members expressed concern whether individual property owners/developers would lend their land lots for transitional housing use for a short period of time merely because they believed that the Administration would provide drainage facilities as part of the transitional housing development and the presence of such facilities would facilitate the implementation of their private development projects on the land lots at lower cost in future.

17. The Administration advised that as constructing transitional housing on non-residential land in rural areas required application for planning permission under the Town Planning Ordinance (Cap. 131) for most of the cases, the Administration had all along been careful in selecting non-residential sites for implementing transitional housing projects and would consider the transport and environmental impacts of the projects. For the privately-owned sites leased to NGOs for implementing transitional housing projects, the cost of the site formation and infrastructure works would be borne by the private developer concerned. After a transitional housing site was returned to the developer upon the completion of the project, the developer needed to submit fresh planning applications under the Ordinance to the Town Planning Board for any plans to change the use of such land permanently for other purposes. Moreover, the Administration could relocate the sewage treatment facilities installed at the site to another site after completion of the transitional housing project.

Rent of transitional housing

18. Members pointed out that the rent ceiling of transitional housing units, i.e. 40% of the PRH income limit, represented about 50% or more of the household income of the families concerned. Members suggested that

the Administration should lower the ceiling to about 20% to 30% of the PRH income limit. The Administration replied that the rent level proposed by NGOs for their transitional housing units was an important criterion considered by the Assessment Committee in vetting their proposals. The existing rent levels of transitional housing units were below the ceiling and generally far below the market rent. In some projects, the NGOs had waived the rent for some tenants or provided financial assistance to them taking into account the changes in the tenants' income and their financial situation.

Provision of transitional housing in the long term

19. 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 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. However, it was not suitable to include transitional housing units in the ten-year housing supply target as the timing and amount of their supply were unstable.⁷

Meeting the supply target of transitional housing

20. Members expressed concern on whether the Administration could achieve its supply target of transitional housing within the three years from 2020-2021 to 2022-2023 since NGOs in general were not specially tasked with the provision of housing. Members considered that 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.

21. The Administration advised that the sites identified by Task Force for providing 10 000 transitional housing units mainly belonged to four categories, namely, projects in existing buildings, newly-built projects, conversion of whole buildings, and projects currently under in-depth studies. The Administration had been assessing the feasibility to develop transitional housing on a number of government, institution or community sites that had no development plans in the short term, so as to meet the land requirement for the remaining target of 5 000 units. The Task Force would continue to assist NGOs in making land lease applications and other arrangements, and

⁷ [Progress Report](#) on the Motion on "Increasing transitional housing supply" passed at the Council meeting of 20 February 2019.

provide comments to NGOs on various aspects of transitional housing projects, including the architectural layout, environmental matters, traffic, fire services, and infrastructure provision, etc.

22. Following up the progress of supplying transitional housing units as of May 2021, Members enquired whether the Administration could meet the target of providing 15 000 units or more by end March 2023. The Administration replied that it had identified land for the provision of about 14 000 transitional housing units by 2022-2023 and was confident that the land required for providing the remaining 1 000 units could be identified by the first half of 2021. As the financial subsidies granted to NGOs might be different among different transitional housing projects, it was not practicable for the Administration to estimate how the proposal would increase the number of transitional housing units.

Support facilities in transitional housing projects

23. Members expressed concern on how the Administration would cater for the daily living and travel needs of residents of transitional housing provided in remote locations, and relieve the pressure brought about by large-scale transitional housing projects on the supporting facilities in the district concerned.

24. The Administration advised that the public consultation and town planning process for large-scale transitional housing projects in the New Territories taken forward by the Task Force would cover environmental, ecological and traffic impact assessments. The Administration would enhance the provision of support facilities for transitional housing by, for example, providing retail facilities in the vicinity of transitional housing in remote locations, and additional public transport services and public transport lay-bys. The Task Force would collaborate with NGOs to strengthen employment support to families living in transitional housing.

Views of local community on transitional housing projects

25. Members considered it important that the Administration consult the local community at an early stage of a transitional housing project and take into account local stakeholders' views in planning the project. They noted that there had been opposing views on proposals to provide transitional housing at vacant school premises and enquired how the Administration conducted consultations on transitional housing projects.

26. The Administration advised that it attached great importance to communicating with the local community on transitional housing proposals. It would carry out consultation after the site/premises had proved to be technically feasible to provide transitional housing. For a transitional housing project to be carried out within a public housing estate, the Administration would consult the mutual aid committee concerned, relevant LegCo Members, District Council Members, deputations and other local stakeholders.

Land for transitional housing

27. Members opined that the Administration should make good use of vacant government sites/premises, such as vacant school premises, temporary works areas of public works projects, etc. for providing transitional housing.

28. The Administration advised that individual vacant government sites/premises might not be suitable for transitional housing because they had been earmarked for long-term development or under processing for short-term or temporary uses. If and when vacant school premises suitable for conversion into transitional housing were available, the Administration would approach interested NGOs proactively. 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, reprovisioned 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.

29. Considering that permanent public housing in contrast to private and transitional housing could address the housing demand of needy households in the long term, Members urged the Administration to give top priority to development of long-term public housing at the land sites which were suitable for residential use. The Administration advised that in selecting sites for providing transitional housing, it had all along adopted a holistic approach and intended to make good use of temporary sites which would remain vacant for a certain period of time before the scheduled commencement of the long-term development that had been planned for the sites. There were cases where a site which had been identified for transitional housing development was, upon review, used directly for long-term public housing development

Wholesale conversion of industrial buildings for transitional housing

30. Members were concerned about the slow progress in the conversion of industrial buildings ("IBs") into transitional housing and measures for encouraging conversion. The Administration advised that IB owners might not be interested in converting their IBs to transitional housing if the rental income from transitional housing did not justify the cost of investment involved in the conversion, and the Task Force had been working out more effective proposals for encouraging wholesale conversion of IBs to transitional housing.

Provision of transitional housing units in hotels and guesthouses

31. When discussing the Pilot Scheme, Members opined that the Administration should set targets and timeframes for providing transitional housing units in hotels and guesthouses, and simplify the relevant procedures to facilitate the early provision of such units. The Administration advised that the Pilot Scheme was funded by CCF and was open for applications since 1 April 2021. The Task Force had received proposals for about 200 transitional housing units under the scheme, and more than 150 hotel/guesthouse owners/operators had indicated interest in participating in the scheme. To expedite the processing of the applications, the Assessment Committee would hold more meetings to vet the proposals received when necessary. Subject to the responses from NGOs as well as the hotel and guesthouse industry, after the funding from CCF was exhausted, the Pilot Scheme would be carried forward under the Funding Scheme and the conditions and arrangements under the Pilot Scheme would be suitably reviewed.

32. Members asked about the adequacy of the subsidy for each transitional housing unit being capped at \$0.2 million per unit and the expected length of tenancy period under the agreement between the NGO and the hotel/guesthouse concerned. The Administration advised that in vetting the proposals submitted by NGOs, the Assessment Committee would determine the actual amount of subsidy according to a set of factors including the time period for which the room would be used as transitional housing, the proposed affordable rent level set by the NGO concerned and the NGO's overall operation, the conditions of the hotel/guesthouse, etc. It was expected that the use of hotel/guesthouse rooms under the Funding Scheme would not be less than two years under the Pilot Scheme.

Council motion and questions

33. The Council passed a motion on "Increasing transitional housing supply" at the meeting of 21 February 2019. The wording of the motion is at **Appendix I**.

34. Council questions on the provision of transitional housing by making use of vacant government properties and idle land, support for tenants in inadequate housing and transitional housing projects were raised at the Council meetings of 11 April 2018, 21 November 2018 and 20 November 2019 respectively. The Council questions and the Administration's replies are hyperlinked in **Appendix II**.

Latest development

35. The Administration will give an update to the Subcommittee on Issues Relating to Transitional Housing and Subdivided Units on the progress of supplying transitional housing units at the meeting on 13 July 2021.

Relevant papers

36. A list of relevant papers is set out in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
8 July 2021

**Motion on "Increasing transitional housing supply"
moved by Hon Vincent CHENG
at the Council meeting of 20 February 2019**

Motion as amended by Hon Alice MAK, Hon SHIU Ka-chun, Hon Andrew WAN, Hon CHU Hoi-dick and Hon LEUNG Yiu-chung

That, according to the projection in the Long Term Housing Strategy Annual Progress Report 2018, over 110 000 households in Hong Kong live in inadequate housing conditions; prior to the allocation of public housing units for such households, transitional housing is an important housing option for them; yet, the failure to include transitional housing in the Long Term Housing Strategy announced on 16 December 2014 and its subsequent annual reviews has resulted in a lack of policy and financial support for transitional housing and its supply stagnancy; in this connection, this Council urges the Government to adopt the following measures to substantially increase transitional housing supply, in a bid to improve the living environment of families living in inadequate housing conditions:

- (1) to include transitional housing in the Long Term Housing Strategy, and formulate a supply target for transitional housing, including setting the target of its total supply within the next three years at no less than 10 000 units;
- (2) to invite the Hong Kong Housing Authority, the Hong Kong Housing Society and the Urban Renewal Authority to actively increase the provision of transitional housing;
- (3) to introduce policies for encouraging private property owners to convert their residential properties or whole blocks of industrial buildings into transitional housing;
- (4) to establish a transitional housing fund of no less than \$2 billion, so as to take forward and support various transitional housing schemes; and
- (5) to make public a list of idle government lands or facilities that are suitable for transitional housing purpose, including those lands or facilities with tenure or tenancies due to expire within one year, so as to enable the relevant organizations to study and prepare for any transitional housing programmes as early as possible.

Appendix II

List of relevant papers

Council/ Committee	Date of meeting	Papers
Panel on Housing	30 October 2017	2017 Policy Address
Panel on Housing	4 November 2019	Administration's paper (LC Paper No. CB(1)67/19-20(04)) Minutes of meeting (LC Paper No. CB(1)294/19-20) Administration's supplementary paper (LC Paper No. CB(1)235/19-20(01))
Panel on Housing	8 November 2019	Administration's paper (LC Paper No. CB(1)32/19-20(01)) Minutes of meeting (LC Paper No. CB(1)492/19-20) Administration's supplementary paper (LC Paper No. CB(1)373/19-20(01))
Panel on Housing	2 December 2019	Minutes of meeting (LC Paper No. CB(1)544/19-20)
Panel on Housing	26 May 2020	Administration's paper (LC Paper No. CB(1)652/19-20(01)) Minutes of meeting (LC Paper No. CB(1)948/19-20) Administration's supplementary paper (LC Paper No. CB(1)882/19-20(01))
Panel on Housing	14 January 2021	Administration's paper (LC Paper No. CB(1)293/20-21(03))
Panel on Housing	1 February 2021	Administration's paper (LC Paper No. CB(1)504/20-21(06))

Council/ Committee	Date of meeting	Papers
Panel on Housing	5 May 2021	Administration's paper (LC Paper No. CB(1)842/20-21(03))

Hyperlinks to relevant Council Questions and Motions:

Date	Council Question/Motion
11 April 2018	Council question on provision of transitional housing by making use of vacant government properties and idle lands
21 November 2018	Council question on support for tenants in inadequate housing
20 November 2019	Council question on transitional housing projects
21 February 2019	Motion debate on "Increasing transitional housing supply"