

Legislative Council Panel on Housing
Supplementary Information

Purpose

This document provides response to the motions passed and supplementary information requested at the Legislative Council Panel on Housing meeting on 14 January 2021 regarding the Cash Allowance Trial Scheme, and the Public Housing Construction Programme 2020-21 to 2024-25 and Long Term Housing Strategy (LTHS) Annual Progress Report 2020. The Development Bureau (DEVB) and the Community Care Fund (CCF) Secretariat have been consulted.

Cash Allowance Trial Scheme

*Motions passed*¹

(a) This Panel requests the Administration, when launching the Cash Allowance Trial Scheme ("the Scheme") in mid-2021, to closely monitor the impact of the Scheme on the rent of inadequate housing (e.g. subdivided units ("SDUs")) and the rental market, as well as put in place measures, including expeditiously implementing rent control of SDUs, to prevent unscrupulous landlords from increasing rent on the pretext of launching the Scheme, so as to protect grass-roots tenants. In addition, the authorities should expeditiously amend legislation and strengthen law enforcement, with a view to eradicating the unscrupulous landlords' practice of illegally overcharging tenants for use of water and electricity.

(b) As the rent of some subdivided units ("SDUs") are rising against the market trend amid the deteriorating economic environment, the burden of grass-roots households is becoming increasingly heavy. Although the authorities propose launching the Cash Allowance Trial Scheme in the middle of this year to alleviate the financial pressure on grass-roots tenants, there is a possibility that the cash allowance will be quickly "gnawed away" by rent increases if the Government fails to control the tenancy control of SDUs, and as a result, tenants will not be benefited. In this connection, this Panel urges the authorities to compress as far as possible the preparatory work for tenancy control of SDUs, and introduce the bill on tenancy control of SDUs within the current legislative session, so as to strive for implementing

¹ LC Paper No. CB(1)494/20-21(01) – (03)

in parallel rent control of SDUs and the Cash Allowance Trial Scheme within a short time and enable grass-root tenants to be truly benefited from the Cash Allowance Trial Scheme.

(c) As the Administration has indicated earlier that shortly after the launch of the Cash Allowance Trial Scheme in the middle of this year, the Community Care Fund (“CCF”) will no longer launch the one-off living subsidy for low-income households not living in public rental housing (“PRH”) and not receiving Comprehensive Social Security Assistance (“CSSA”), while non-elderly one-person applicants waiting for PRH as well as households who have been waiting for PRH for less than three years and who are not waiting for PRH cannot benefit from the Cash Allowance Trial Scheme, this Panel urges the authorities to continue launching the one-off living subsidy scheme for low-income households not living in PRH and not receiving CSSA, so as to plug the gaps in the Scheme and provide support for grass-roots households.

2. Having consulted the CCF Secretariat, a consolidated response to the above motion is as below:

3. The Chief Executive (CE) announced on 14 January 2020 that the Government will provide cash allowance on a trial basis to eligible General Applicant households not living in public housing, not receiving the Comprehensive Social Security Assistance (CSSA) and who have waited for PRH for more than three years, until they are offered the first PRH allocation. The trial scheme will last for three years and aims to alleviate the livelihood difficulties faced by grass-root families who have been waiting for PRH for a prolonged period of time. The Housing Department (HD) is preparing for the launch of the scheme, and aims to start receiving applications in mid-2021 and disbursing cash allowance from July 2021 onwards. The proposed cash allowance is not a “rental subsidy”, and its rate is not linked to the rental level of private housing.

4. In addition, the CE also invited the CCF to launch two rounds of “one-off living subsidy” for the low-income households not living in public housing and not receiving CSSA so as to allow time for the Government to complete the study on implementation of cash allowance scheme on a regular basis towards the end of 2020. The first round of the living subsidy programme was implemented from 2 July to 30 November 2020. The second round of the living subsidy programme also started on 4 January 2021 and application will close on 31 May 2021. At present, the CCF has no plan to launch the “one-off living subsidy”

programme for low-income households not living in public housing and not receiving CSSA again.

5. As regards the suggestion on tenancy control of subdivided units (SDUs), the Government set up the Task Force for the Study on Tenancy Control of Subdivided Units (the Task Force) in April 2020 to study and report to the Government the situation of SDUs in Hong Kong and advise the Government on whether tenancy control of SDUs should be implemented and the possible options. So far, the Task Force has held eight meetings, and set up three dedicated Working Groups to hold in-depth discussions on the social, economic and legal issues relating to tenancy control of SDUs. Independent scholars or institutions have also been engaged to conduct thematic researches on the related fields.

6. The Transport and Housing Bureau (THB), in conjunction with Dr William Leung, Chairman of the Task Force, reported the progress of the work of the Task Force and listened to Members' views and suggestions on tenancy control of SDUs at the meeting of the Legislative Council Panel on Housing on 1 February 2021. The Government also attended the meeting of the Subcommittee on Issues Relating to Transitional Housing and Subdivided Units under the Legislative Council Panel on Housing on 25 February 2021 to further listen to the views of Members.

7. The study of the Task Force has come to the final stage. The Task Force would complete the study and submit the report to the Government by end March 2021.

Public Housing Construction Programme 2020-21 to 2024-25 and Long Term Housing Strategy Annual Progress Report 2020

Motions passed²

Although the Government has identified 330 hectares of land for providing public housing units in the next 10 years, the supply of public housing is still tight. Therefore, this Panel urges the authorities to undertake the following tasks to ensure that the supply of public housing can meet the supply target set out in the Long Term Housing Strategy:

² LC Paper No. CB(1)494/20-21(04)

(a) according priority to the advance work for the public housing projects in 2025-26 and afterwards, so as to ensure that the progress of the planning and design stages of the relevant projects will not be delayed or will even be expedited;

(b) regarding the public housing projects in 2025-26 and afterwards, expeditiously consulting the local community on land rezoning, infrastructure building and community planning, so as to make improvement and avoid delaying the works due to local objection;

(c) expanding the role of the Urban Renewal Authority ("URA") in public housing, including allowing URA to develop more subsidized housing projects and consider participating in public housing redevelopment, so as to increase public housing production and expedite urban renewal;

(d) invoking the Land Resumption Ordinance to resume land which have been planned for high density housing development but without any specific development plan for providing public housing;

(e) formulating a timetable for reverting the waiting time for public housing to three years, so as to increase public housing production and as a result, public housing supply can meet the actual needs of people waiting for public housing; and

(f) expeditiously devising specific plans for splitting the Transport and Housing Bureau, as well as consolidating the government departments which are responsible for land planning and housing supply, so as to enhance collaboration and efficiency within the Government and reduce the occurrence of delay in the supply of public housing.

8. Having consulted the Development Bureau, a consolidated response to the above motion is as below:

9. It is the Government and the Hong Kong Housing Authority (HA)'s objective to provide PRH to low-income families who cannot afford private rental accommodation, with the target of providing the first flat offer to the general applicants (i.e. family and elderly one-person applicants) at around three years on average. As at end-December 2020, there were about 153 900 general applications and 99 500 non-elderly one-person applications under the Quota and

Points System. The average waiting time (AWT)³ of general applicants who were housed in the past 12 months was 5.7 years. Among them, the AWT of elderly one-person applicants was 3.4 years.

10. Identifying land to increase PRH supply is the fundamental solution to shorten the AWT. As announced in the 2020 Policy Address and the LTHS Annual Progress Report 2020, the Government has identified 330 hectare of land required for providing 316 000 public housing units, representing an increase of 44 000 units over the 272 000 units in the last 10-year period from 2020-21 to 2029-30, which could satisfy the public housing demand of 301 000 units in the coming ten years (i.e. from 2021-22 to 2030-31). Of the 316 000 units, about one-third are scheduled for completion in the first five-year period (i.e. from 2021-22 to 2025-26) whereas the other two-third fall in the second five-year period (i.e. from 2026-27 to 2030-31). Therefore, it is hopeful that there would be more prominent improvement in the AWT in the second five-year period.

11. Most of the public housing projects scheduled for completion in 2025-26 to 2029-30 have been rezoned; and many have completed or are preparing for local consultations. However, depending on individual site conditions, these sites still have to go through other processes (e.g. land resumption and clearance, reprovisioning of affected facilities, site formation and infrastructural works) before housing construction works can commence. Government departments concerned are pushing ahead with the relevant work despite the challenging development programme and processes involved. For projects with consultation yet to be conducted, relevant departments are planning ahead on rezoning, infrastructural works, project planning, etc. and gauging local views to refine the project proposals as appropriate. Meanwhile, relevant Government departments will improve internal coordination with a view to completing the necessary processes and handing over the sites to the HA and the Hong Kong Housing Society (HKHS) for development in a timely manner. The Government will work with the implementing agents and endeavour to expedite the development process and optimise the development potential of each and every public housing site where practicable.

³ 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.

12. There are various factors that may hinder scheduled completion of individual projects. These factors include inclement weather, work progress of the contractors, labour supply of the construction industry, external factors and compliance with the latest buildings requirements, etc. To mitigate project delay, the HD puts forward measures such as driving contractors to increase manpower and expedite construction progress; conducting site checks and convening site meetings more frequently; carrying out site supervision and inspection, etc. These measures help address the possible challenges encountered at on-site construction works, with a view to facilitating the completion of the projects according to the schedule. HD monitors the progress of each project closely, conducts regular reviews, and submits monthly progress reports to the Building Committee of HA, which discusses and monitors the progress and gives suggestions on project enhancement.

13. DEVB is now reviewing private land zoned for high-density housing development but without any specific development plans and the relevant work will soon be completed. DEVB will assess which of these sites are suitable for public housing developments, and will take forward the follow-up actions required for resumption based on the findings of the review. Specifically, the review has covered 10 land parcels, all of which are all zoned "Comprehensive Development Area" or "Residential (Group A)" with a higher plot ratio (generally speaking, at 7.5 or above in the urban area and at 5 or above in the New Territories) and with relatively low-rise existing structures (say, only a few storeys), but without any specific development plan.

14. In addition, in the 2019 Policy Address, the CE entrusted the Urban Renewal Authority (URA) with a new mission to actively provide more Starter Homes (SH) units or other types of subsidised sale flats (SSFs) in its redevelopment projects. Apart from rolling out the first SH pilot project "eResidence" in 2019 which provided a total of 493 units⁴, URA has also decided to assign the redevelopment project adjacent to the eResidence as another SH project, which is expected to provide 260 units for sale in 2024. Nevertheless, it should be noted that the roles and responsibilities in housing policy are different between URA and HA and HKHS. The major role and function of URA should remain in the urban renewal regime, while HA and HKHS are primarily responsible for the provision of SSFs.

⁴ Among these units, 43 were provided in 2020.

15. As regards the suggestion of reorganising the THB, we agree that transport and housing are both key policy areas that concern livelihood issues. In terms of housing policy, THB seeks to increase housing supply. In view of the tight supply of land for housing development, THB closely collaborates with other policy bureaux and departments with a view to increasing the land supply for public and private housing. At the same time, THB has been facilitating the development of transitional housing in order to relieve the hardship of people living in inadequate housing before the housing supply is in place. THB is also studying the feasibility of introducing tenancy control on SDUs in a proactive manner. As mentioned by the Chief Secretary for Administration on 16 December 2020 in response to a Legislative Council question, the top priority of the Government at present is to make an all-out effort to implement the anti-epidemic measures to suppress the epidemic so that Hong Kong can resume normal as soon as possible. When the epidemic is over, the Government will focus on reviving our economy and relaunching Hong Kong, as well as take forward the various initiatives on the Government's agenda and announced in the Policy Address, with a view to bringing benefits and convenience to the public and revitalising our economy. Reorganisation of policy bureaux is an important subject that involves complicated considerations, intricate preparation and legislative work. The process takes time and cannot be completed in haste. The Government will continue to listen to views from all sectors on how to enhance the work efficiency of THB.

Follow-up actions

“The Administration was requested to provide information on its response/follow-up actions taken or to be taken regarding the allegations in a press report on 11 January 2021 about the building quality in flats of the newly completed Yu Tai Court (such as whether parts of the building were built with hollow bricks, etc.).”

16. HA always attaches importance to the quality of housing construction and adopts a stringent mechanism in the checking and acceptance of completed works to ensure that works quality and building materials are in compliance with the building contract requirements.

17. Regarding the procedures of wall tiling works, according to the contract requirements, the contractor has to isolate and test the wall tiles and tile adhesive

in the construction sites. They would only be used upon obtaining satisfactory testing results. A sample area of the tiling work with the approved tiles and tile adhesive will then be subject to the "pull-off test". The tiling works can only commence after a satisfactory test result is obtained.

18. During construction, HD's site supervision team will conduct random "pull-off tests" to ascertain that the completed wall tiles meet the pull-off requirements for the construction. In case the test result fails to meet the standard, the site supervision team will request the contractor to remove the relevant tiles, re-execute the tiling works and conduct another test on the rectified tiling works.

19. Under the prevailing mechanism, if the owners of Yu Tai Court or other courts identify any anomaly in the flats within seven days of taking over the flat and that decoration works have not yet started, they can submit a Defect Report Form to the Intake Ambassador. HD's site inspection team will inspect the reported defects and, if any of the concerned defects are not in compliance with building contract requirements, request the contractors to follow up the rectification works. All rectified works will be inspected and tested again upon completion of the works to ensure that their quality are in compliance with the required standard.

**Transport and Housing Bureau
March 2021**