

**For discussion
on 20 October 2021**

Legislative Council Panel on Housing

Housing-related Initiatives in the Chief Executive's 2021 Policy Address and Policy Address Supplement

The Chief Executive delivered the 2021 Policy Address (the Policy Address) on 6 October 2021. This paper introduces the major housing-related initiatives mentioned in the Policy Address and the Policy Address Supplement.

From Belief to Implementation

2. Inadequate housing supply is currently the issue of the biggest public concern. The Government is determined to resolve the housing problem and has been striving its best to provide adequate housing for families of different income brackets. The housing policy of the current-term Government comprises four elements: emphasising the Government's indispensable role; facilitating home ownership; focusing on land supply; and optimising existing resources to help families who have been waiting for public rental housing (PRH) for a long period of time.

Major Housing-related Initiatives in the Policy Address

Public Housing Supply

3. The current-term Government sustains its efforts in supplying land and increasing housing supply. The Government has identified about 350 hectares of land which can produce some 330 000 public housing units in the coming 10-year period (i.e. from 2022-23 to 2031-32). This figure is slightly higher than that announced last year, and can meet the estimated public housing demand of around 301 000 units in the 10-year period. The Government will provide the details in the Long Term Housing Strategy (LTHS) Annual Progress Report 2021 to be published at the end of this year. Public housing production in the five-year tenure of the current-term Government is expected to reach 96 500 units, which is 30 000 units more than the previous five-year period.

Deliver More Units as Early as Possible

4. At present, the Hong Kong Housing Authority (HA) adopts prefabrication for over 90% of the components in certain public housing projects and is able to build a typical floor with over 20 public housing units in six days. HA and the Hong Kong Housing Society (HKHS) will adopt Modular Integrated Construction (MiC) and other innovative construction technology more widely to deliver more units as early as possible.

5. As far as MiC is concerned, HA has selected a 12-storey domestic block (comprising 240 units) at Tung Chung Area 99, a 33-storey domestic block (comprising 460 units) at Tak Tin Street, two 28-storey and one 17-storey domestic blocks (comprising 1 410 units in total) at Anderson Road Quarry Site as MiC projects, so as to facilitate the mapping out of solutions for applying MiC under different site constraints. HKHS will also adopt MiC to develop a 27-storey domestic block (comprising 300 units) at Hung Shui Kiu. HA and HKHS will continue to actively select more projects suitable for MiC application as a means to drive the industry to get ready for the wider application of MiC in public housing developments and will collaborate with the industry to resolve the challenges identified.

6. As regards the details of construction procedures, HA actively introduces technologies to enhance efficiency for early completion of projects. Such efforts include extending the application of Building Information Modelling and other innovative technologies (such as laser scanning and unmanned aerial systems) in the planning, design and construction stages; utilising mobile phones and mobile applications for site supervision to streamline on-site communication and workflow; using construction robotics for procedures like painting of internal and external walls to reduce reliance on manpower; making use of technologies to improve site safety management; and applying and actively exploring Electrical and Mechanical MiC in terms of building services.

7. Furthermore, HA will adopt a new procurement model in suitable projects whereby contractors will undertake both design and construction works. Under the new “Design and Construction” procurement model, the Housing Department (HD) will provide the basic layouts and overall development parameters of the projects when inviting tender. The contractors will then further develop the detailed design and take charge of the construction. This model will help keep up with the increasing housing production through supplementing HD’s limited human resources in detailed design work so that HD can focus more on planning, coordination and monitoring of its public housing developments. At the same time, the entire construction workflow can be further enhanced by leveraging on contractors’ expertise. By carrying out design and construction works in parallel, contractors will also have greater flexibility in material procurement, construction methods and workflow.

Redevelopment of Aged Public Housing Estates

8. HA has been reviewing whether individual aged public housing estates should be redeveloped in accordance with its established policies and having regard to the actual circumstances¹. Based on the aforesaid principles, HA has completed 12 redevelopment projects in the past 10 years and is proceeding with a total of eight redevelopment projects. Three of the projects involve redevelopment of PRH estates, namely Pak Tin Estate (older portion), Mei Tung Estate (older portion) and Wah Fu Estate, which will provide about 21 400 units in total upon completion. Shek Lei Interim Housing will also be cleared for public housing development, with an expected yield of about 1 600 units. The remaining four projects involve the redevelopment of HA's factory estates, namely Sui Fai Factory Estate in Fo Tan, Yip On Factory Estate in Kowloon Bay, Wang Cheong Factory Estate in Cheung Sha Wan and Kwai On Factory Estate in Kwai Chung for public housing use. It is expected that a total of about 4 800 units will be provided. As suitable rehousing resources for Sai Wan Estate and Ma Tau Wai Estate are available, and in light of the potential of providing more housing units upon redevelopment, the Government invites HA to examine the redevelopment of these two about 60 year-old estates under suitable conditions, and to include the adjacent areas into the redevelopment sites as far as practicable, so that these two prime urban sites can provide more public housing units to meet public aspirations. The initial estimate is that redevelopment of the two estates can provide about 5 000 units in total upon completion.

Redevelopment of Tai Hang Sai Estate

9. Regarding the redevelopment of Tai Hang Sai Estate, which has been discussed for years, the Executive Council has recently given approval for the Hong Kong Settlers Housing Corporation Limited (HKSHCL) and the Urban Renewal Authority (URA) to jointly implement the project, on condition that the HKSHCL will provide proper rehousing arrangements for the existing tenants. The URA will submit a planning application to the Town Planning Board for further relaxation of the plot ratio to enhance the development potential of the site. Subject to the approval of the application, the redevelopment project of Tai Hang Sai Estate can provide over 3 300 units upon completion, which include about 1 300 units for rehousing the existing tenants by the HKSHCL and about 2 000 "Starter Homes" (SH) units to be provided by the URA, doubling the existing 1 600 units. As far as we are aware, the non-governmental organisation (NGO)

¹ HA has been considering redevelopment of individual PRH estates in a prudent manner according to its policies and the four basic principles, namely structural conditions of buildings, cost-effectiveness of repair works, availability of suitable rehousing resources in the vicinity of the estates to be redeveloped and build-back potential upon redevelopment, having regard to the actual circumstances. Redevelopment of a PRH estate may increase the supply of PRH in the long run. However, large-scale redevelopments involve allocation of a large number of PRH units for rehousing the affected PRH residents, which could otherwise be allocated to families with pressing housing needs. This will not only result in an immediate reduction in PRH supply, but will also lengthen the waiting time of households awaiting PRH allocation.

appointed by the HKSHCL has commenced liaison with the existing tenants with regard to the rehousing arrangements to explain to them the rehousing proposals, with a view to understanding their needs and providing the necessary assistance. The Government hopes that the development potential of the site can be fully tapped through the implementation of this redevelopment project, thereby increasing housing supply and improving estate facilities as soon as possible.

Transitional Housing

10. The current-term Government has introduced three groundbreaking measures to improve the living conditions of families living in inadequate housing: transitional housing, the Cash Allowance Trial Scheme and legislation for tenancy control of subdivided units (SDUs). On transitional housing, as at September 2021, the Government has identified land for providing over 15 000 transitional housing units, of which 1 306 units were completed, over 4 200 units are under construction, and projects with over 9 900 units have commenced consultation, procurement or tender procedures. Set up by the Government in mid-2020, the Funding Scheme to Support Transitional Housing Projects by NGOs has approved 24 projects with \$5.596 billion funding support as at September 2021. In addition, the Government launched a Pilot Scheme in April 2021 with \$95 million from the Community Care Fund to support NGOs to use about 800 rooms in hotels and guesthouses as transitional housing. Up to September 2021, a total subsidy of about \$72 million for six projects was approved to provide 576 units.

11. The provision of transitional housing embodies tripartite collaboration among community organisations, the business sector and the Government. We have further increased our supply target from 15 000 units to 20 000 units, and increase the amount of funding under the Funding Scheme to Support Transitional Housing Projects by NGOs to \$11.6 billion, with a view to improving the living environment and conditions of those who have been waiting for PRH for a long period of time and living in inadequate housing. The Task Force on Transitional Housing under the Transport and Housing Bureau is reviewing with various NGOs the feasibility of developing transitional housing on some idle government and private sites.

Cash Allowance Trial Scheme

12. The Government launched the three-year Cash Allowance Trial Scheme in June this year to provide cash allowance to eligible General Applicant households, with a view to relieving the pressure on livelihood of grassroots families which have waited for PRH allocation for a prolonged period of time. As at the end of September this year, we have disbursed cash allowances to over 50 000 eligible General Applicant households, amounting to about 85% of the eligible applications received.

Tenancy Control of SDUs

13. The bill on tenancy control of SDUs will resume Second Reading at the Legislative Council on 20 October 2021. If the bill is passed, the Ordinance will come into operation on the expiry of three months beginning on the day on which it is published in the Gazette (i.e. late January next year), which will provide reasonable and effective protection to tenants in SDUs. The Rating and Valuation Department, which will be responsible for enforcing the Ordinance, is establishing a team of around 50 people to promote public awareness of the new regulatory regime, handle enquiries, provide advisory and mediatory services on tenancy matters, disseminate information about SDU rentals after the implementation of the new law, and take enforcement actions as appropriate.

14. In line with the implementation of the Ordinance, the Government will entrust NGO(s) to set up district service teams to provide the necessary support for SDU tenants and landlords at the district level, and to establish an information portal on tenancy control of SDUs to facilitate both tenants and landlords' understanding of their rights and obligations under the new law and provide other information about SDU tenancy matters. The tendering exercise has commenced and six district service teams are expected to commence service before the new legislation comes into effect.

Building on our Achievements and Continuing with our Initiatives

Boosting Public Housing Supply

15. Chapter IV of the Policy Address Supplement reviews the housing initiatives of the current-term Government. These measures have provided us with a lot of experience and laid the foundation for our next steps. The major measures are as follows.

16. We adopt a housing policy which tilts towards public housing. We revised the public/private housing split from 60:40 to 70:30 in 2018 under the LTHS and accordingly earmarked more land for public housing. The Government has also adjusted its policy, raising the domestic plot ratio for public housing sites in selected Density Zones of the Main Urban Areas and New Towns by up to maximum 30%, where technically feasible, to maximise yield (as against the previous maximum of 20%). The total public housing production in the five-year period from 2017-18 to 2021-22 has increased to 96 500 units, which is about 30 000 units more than the previous five-year period (i.e. from 2012-13 to 2016-17). In 2020, for the first time since the LTHS was promulgated, we identified adequate land (330 hectares) for the 70% portion needed for public housing, that is, around 316 000 units can be supplied in the coming 10 years (2021-22 and 2030-31).

Enriching the Housing Ladder

17. We have on the one hand expanded the options of subsidised sale flats (SSFs) to enrich the housing ladder and on the other hand revised the pricing policy for SSFs in 2018 to delink the selling price of these flats from the private housing market. Green Form Subsidised Home Ownership Scheme (GSH) and SH units are priced on Home Ownership Scheme (HOS) basis. A typical flat sold in HOS 2018 was about 26% cheaper as a result of the change. So far, about 16 300 HOS flats have been sold under the revised pricing policy.

18. In addition, HA has regularised the GSH and White Form Secondary Market Scheme (WSM). Since January 2018, about 8 400 GSH flats have been put up for sale, while WSM quotas increased from 2 500 in 2018 to 4 500 in 2020. In an effort to further meet the home ownership aspirations of PRH tenants, HA accelerates the sale of unsold flats in the existing 39 Tenants Purchase Scheme (TPS) estates. To this end, additional incentives (extension of the original special credits on a time-limited basis) are provided to encourage sitting TPS tenants to purchase the flats in which they reside, while recovered flats in TPS estates are put up for sale in the HOS and GSH sale exercises to eligible Green Form applicants under the existing TPS pricing mechanism and alienation restrictions. Nearly 800 recovered flats in TPS estates have been included under GSH 2020/21 for sale.

19. Through the introduction of SH pilot projects, the Government has further improved the housing ladder to meet the needs of families of different means. The URA was entrusted with the new mission to actively provide more SH units in its redevelopment projects. In addition to eResidence, the first SH pilot project at Ma Tau Wai Road (providing 493 units), the Government is taking forward three SH projects with over 3 000 units in total, namely a URA redevelopment project adjacent to eResidence, a private residential site at Anderson Road successfully tendered and the redevelopment of the Tai Hang Sai Estate.

20. As for private housing, the Government strives to maintain a healthy development of the private residential property market. On the one hand, the Government has adopted a supply-led strategy aimed at a continued increase in housing land supply in the long run. Some 93 500 private housing units are expected to be completed during the current term of the Government (from 2017-18 to 2021-22), up by 26 000 units over the previous five years. On the other hand, the Government has adopted demand-side management measures to stabilise the residential property market. We will keep watch on the residential property market conditions and take timely and appropriate measures in response to market changes by making reference to relevant indicators.

Other Housing-related Initiatives

21. Apart from implementing various housing initiatives at full steam, HA has supported the Government's efforts in preventing and combating the epidemic. As at end August 2021, HA has conducted operations in respect of specified venues in 98 PRH blocks under its management, pursuant to the Government's issuance of compulsory testing notices and restriction testing declarations. HA has also increased manpower to step up anti-epidemic measures at its shopping centres and directly managed markets as well as public housing estates, and has installed touchless lift button devices for its shopping centres, car parks and office buildings.

22. HA has implemented the Drainage Inspection Programme since October 2020 to inspect the drainage pipes of PRH flats with target completion in the first quarter of 2022. As at end-August 2021, HA has inspected the in-flat drainage pipes of about 460 000 PRH flats and all the external drainage pipes of about 390 000 PRH flats. Necessary repairs have been arranged during the inspections.

23. To enable the provision of more welfare facilities in public housing developments, the Government has invited HA and HKHS to consider setting aside, as far as practicable, about 5% of the total domestic gross floor area in suitable future public housing projects to the Government for welfare purposes, in particular residential care homes for the elderly which are much needed by the community, unless it is not feasible due to technical or other factors.

Way Forward

24. The Government will spare no efforts in taking forward the new initiatives proposed in the Policy Address, and will continue to implement the LTHS, increase housing supply, consummate the housing ladder, optimise the use of public housing resources and maintain the healthy development of the private residential property market in an effort to help more households in Hong Kong meet their housing goals.

Advice Sought

25. Members are invited to note and comment on the paper.