

improve their living conditions. To resolve the problem of inadequate housing, we must be bold and introduce drastic measures, so as to expeditiously improve the living environment and quality of life of these people.

The Proposal

Introducing the New LPH

4. To fill the short-term gap of public housing supply term at the soonest and to improve the living conditions of people living in inadequate housing, the Chief Executive's 2022 Policy Address has put forward that the Government will make use of government and private land, the long-term development plan of which will not be implemented in the near future, and adopt standardised simple design and the Modular Integrated Construction (MiC) approach to build LPH units expeditiously.

5. LPH will be built under a Government-led approach. The target is to construct about 30 000 units in the coming five years (i.e. from 2023-24 to 2027-28). LPH will mainly cater for applicants who have been on the waiting list for traditional PRH for three years or more, with priority given to family applicants. Taking into account both LPH and traditional PRH, the overall public housing production will be increased to around 158 000 units in the coming five years (i.e. from 2023-24 to 2027-28). This represents a substantial increase of about 50% as compared to the previous five-year period (i.e. from 2022-23 to 2026-27).

Overall Planning

6. Under the Government-led approach of taking forward LPH, the projects can provide simple but adequate accommodation to those in need within a short period of time. The Housing Bureau (HB) will take the lead in policy formulation and implementation, while the Architectural Services Department (ArchSD) will be responsible for the project design and construction. This arrangement strives to enhance the overall quality through larger-scale development. A shorter construction period than that of traditional PRH can also be achieved.

7. We are studying several government and private sites for the development of LPH, including sites in the urban area and the New Territories.

While there are comparatively fewer urban sites, there will be more storeys in these urban LPH projects so as to provide more units. We are conducting advance works, including ground investigations, in full swing to ascertain the suitability of the sites for development of LPH and their development scale. At this stage, four sites are preliminarily considered to be feasible for LPH development. They are Tuen Mun Area 3A, Tuen Mun Area 54, Yuen Long Yau Pok Road and Sheung Shui Lin Tong Mei sites. Their site plans and location plans are at **Annex 1**. We are also actively identifying other suitable sites in the urban area. Once their feasibility has been confirmed, we will make the announcement as soon as possible. Our target is to further provide relevant details in the first half of 2023.

8. As regards the government sites, most of them have been planned for long-term development use. To optimise the utilisation of land resources, these sites are currently put to different short-term uses. As the objective of LPH is to provide appropriate short-term accommodation for PRH applicants before the traditional PRH supply is in place, the LPH development would not affect the originally planned long-term use of the sites. As for the private sites, the relevant private developers are willing to provide some of their land with no confirmed development plan for the Government to develop LPH, so as to help solving the housing problems of our people.

Design and Construction

9. With the design of traditional PRH as the basis, LPH units will be provided with self-contained toilets, shower areas and open cooking space. In addition, each unit will be equipped with basic facilities such as an air conditioner, a water heater and an exhaust fan. Open space will be reserved in the estates for leisure and event organizing purposes, and to facilitate mutual assistance among the residents. Moreover, subject to the situations of individual projects (e.g. neighboring development), suitable transportation and community facilities may be provided in LPH to meet the needs of the residents. Same as traditional PRH, LPH units come in different sizes, ranging from small units for one person to large units for four to five persons, so as to cater for different applicants, especially families. In planning individual projects, we will also consider their locations and site conditions in order to determine a suitable unit ratio. According to the preliminary design, the internal floor area of LPH units ranges from about 10 to 30 square metres. Illustrative concepts for the interior layout of a four to five-person LPH unit are at **Annex 2** for reference.

10. In order to optimise land use, some LPH projects, especially those in the urban area, will have more number of storeys to provide more units. These projects will require additional piling works, mechanical and electrical installations and the provision of lifts, as well as corresponding arrangements to cater for construction safety and site facilities. Additional infrastructure works, including those outside the site boundary, may also be required depending on the land conditions of individual LPH projects. By adopting the MiC approach, it is currently estimated that the construction period of LPH will be about one to two years in general (subject to the number of storeys and whether piling works are required), after deducting the time required for the advance design works, technical assessments and the necessary infrastructure works. For projects with more number of storeys and involving relatively complicated works, the overall construction period will be longer.

11. According to the current estimation, ArchSD will formally commence the construction works for some LPH projects in 2023-24. The first batch of over 1 000 LPH units is expected to be completed in 2024-25 at the earliest, while the remaining units will be completed by phases in 2025-26 and 2026-27 respectively.

Operation of LPH

12. Apart from the design and construction of LPH, the Government will be spearheading the operation and management of the entire project. In order to encourage participation of different stakeholders in the community, the Government will consider adopting a collaborative approach by inviting tenders from experienced organisations to take up the responsibilities of operation, management and daily maintenance of LPH. The organisations concerned will be required to allocate the flats in accordance with the criteria set by the Government, sign tenancy agreements with tenants and handle tenancy matters; formulate and implement exit plans for tenants, and assist and arrange tenants' removal; and provide service referral or other support based on the needs of individual tenants. The organisations will also provide appropriate social services to tenants, as well as the community (e.g. providing assistance to tenants on various aspects, such as community involvement, career and financial management, etc., to enhance their independent living skills, as well as establish social capital networks and neighborhood relationships).

13. The Government's tentative plan is to invite organisations with sufficient size, management capability and experience to participate in the tender

exercises for operation of LPH. The Government will conduct assessment based on a series of factors, including the management capability and relevant experience of the organisations, as well as the proposed modes of operation and management, budget, social services to be provided and feasibility of exit plan as stated in their proposals, so as to decide on the organisations responsible for operation of LPH projects. The Government will also continue monitoring the operation of LPH and maintain close communications with the operating organisations to ensure that the operation and management of LPH, and the provision of appropriate services, comply with the required standards.

Eligibility and Allocation

14. As mentioned above, LPH will mainly cater for those who have been waiting for traditional PRH for not less than three years, with priority given to family applicants. Those who choose to move into LPH may retain their position in the queue and eligibility for traditional PRH, but they will no longer be eligible to apply for the allowance under the Cash Allowance Trial Scheme.

15. As for the allocation of LPH units, HA will take the initiative to issue letters to all eligible applicants, inviting them to apply for LPH. After obtaining the consent from the applicants, HA will provide the relevant operating organisations with information of the applicants for follow up according to the criteria set by the Government. In the event that the number of applicants of an LPH project exceeds the number of units available in the project, the operating organisation in charge of the project will, based on the criteria set by the Government, conduct analysis and arrange allocation of the eligible applicants. The organisation will select those who are more in need among the eligible applicants, taking into account their waiting time for traditional PRH and the housing difficulties they face. For example, applicants who have been waiting for traditional PRH for a longer time and/or facing more pressing housing difficulties may be considered for priority allocation of LPH.

Rent and Intake Arrangements

16. The rent of LPH will be linked to that of traditional PRH, and is initially set at around 90% of the rent of newly completed traditional PRH in the same district. Depending on the size of the units and the district in which they are located, the rents of LPH are initially estimated to range from \$570 to \$2,650. Taking a unit in the urban area as an example, the current rent of a newly completed traditional PRH unit of about 300 square feet is around \$2,650, while

that of an LPH unit of similar size in the same district is estimated to be around \$2,390. If the unit is in the New Territories, the rent of a newly completed traditional PRH unit of the same size is around \$1,760, while that of an LPH unit is estimated to be around \$1,580.

17. To ensure effective use of public resources, same as the applicants of traditional PRH who are required to declare their income and asset in order to confirm their eligibility, the operating organisations will require the LPH applicants to provide proof of their income and asset, and make an income declaration before they are officially granted the eligibility for LPH, so as to ascertain whether their household income is still within the income limit for traditional PRH. Even after the relevant applicants have moved into LPH, the Housing Department (HD) will still conduct random checks on these tenants to see whether they continue to meet the income and asset limits for traditional PRH. If any non-compliance or illegal situation is found, the operating organisations will, apart from reserving their rights to take legal actions, require the persons concerned to move out of their LPH units within a specified timeframe.

18. LPH tenants can live in the unit until the allocation of traditional PRH, or until the site for the project needs to be returned for long-term development, whichever is the earlier. If the tenants refuse an offer of traditional PRH under the existing mechanism for three times, they will be asked to move out of the LPH unit within a reasonable period of time, and will no longer be offered any traditional PRH.

19. The length of use for the LPH sites may vary, but it is generally anticipated that with the construction period deducted, the sites can still be used as LPH for around five years.

Lump-sum Funding Arrangement for Construction

20. To achieve the target of constructing about 30 000 LPH units in the coming five years so as to provide suitable and affordable short-term housing to people in need as soon as possible, the Government proposes to submit a lump-sum funding application to the Public Works Subcommittee (PWSC) and the Finance Committee (FC) of the Legislative Council (LegCo) in the first quarter of 2023, for meeting all the costs of studies, design, construction and related works of the LPH projects, in order to press ahead with the technical assessments, detailed design and construction works of the various LPH projects.

21. According to the latest estimate by ArchSD, based on the money-of-the-day (MOD) prices, the unit construction cost of LPH construction floor area (according to the two costs of construction works and building services) is around \$21,000 per square metre.

22. In order to assist those in pressing need for improving the living environment as soon as practicable, the development schedule of LPH is very tight. Based on the current estimation, ArchSD has to commence the design and construction of individual LPH projects in 2023-24 in order to have the first batch of over 1 000 units completed as scheduled in 2024-25. As a result, we need to vigorously compress the entire process from technical assessments, detailed design to infrastructure and construction works. We have to obtain funding approval as early as possible so as to invite tenders for various projects immediately and in a parallel format once some of the relevant work procedures are ready, with a view to providing units as soon as possible. Otherwise it will be difficult to achieve the target of constructing about 30 000 LPH units in the coming five years as scheduled.

23. We recommend that PWSC and FC approve the funding for the proposed LPH projects on a lump-sum basis to enable ArchSD to immediately commence the tendering for the design and construction of LPH projects which are comparatively more ready or relatively simple in terms of procedures, with a view to providing the units gradually within one to two years after funding approval. As for other projects which are still at a rather preliminary stage or involve more complicated procedures, their design and construction can commence as soon as the relevant work becomes ready as funding will have been approved by FC already, thereby saving the time required for applying for funding from LegCo in respect of individual projects. In other words, under the lump-sum funding arrangement, the implementation of all LPH projects can proceed flexibly and expeditiously according to their actual circumstances, so as to achieve the target of providing about 30 000 LPH units before 2027-28.

24. After obtaining the funding on a lump-sum basis from LegCo, the tendering of detailed design, construction and works, as well as the tendering of operation and management contracts, will be conducted in strict compliance with the Government's established tendering procedures and regulations. ArchSD and the Dedicated Team on LPH (DTLPH) to be established as mentioned below will undergo detailed assessments and selection, before submitting the tender recommendations to the Central Tender Board of the Government for vetting, so

as to ensure that the whole tendering process complies with relevant regulations and the proper use of public funds. At the same time, to enable effective monitoring of the implementation of LPH projects by LegCo and the public, HB will report regularly to LegCo the progress, financial position and operation situation of each project.

Staffing Proposal

Dedicated Team on Light Public Housing

25. With the aim of implementing the LPH projects in a holistic and efficient manner, we will set up the DTLPH, steered by the Under Secretary for Housing (US for H) in HB, to take forward the various LPH-related work as a one-stop shop. The daily works of DTLPH will include very close communication and liaison with various bureaux and departments (B/Ds) to rationalize and push forward every details of LPH. The duty coverage is wide and broad, ranging from the technical aspects, to operation, finance and publicity, etc, and DTLPH will need to maintain contact with different stakeholders in the society, including LegCo, the locals and operating organisations, etc. DTLPH will comprise three units, namely the Policy Unit, Development and Operation Unit and Vetting Unit, for overseeing different areas of LPH. The job descriptions of these three units are at **Annex 3**.

26. To achieve the target of constructing about 30 000 LPH units in the coming five years, we see an urgent need to create two supernumerary directorate posts in HB, i.e. a supernumerary Administrative Officer Staff Grade C (AOSGC) (Directorate Pay Scale Point 2) post with a duration of three years till 31 March, 2026, and a supernumerary chief professional (Directorate Pay Scale Point 1) post with a duration of seven years till 31 March, 2030, in order to steer the three units as mentioned above.

Proposed Supernumerary Administrative Officer Staff Grade C Post

27. The holder of the proposed supernumerary AOSGC post (i.e. Principal Assistant Secretary for Housing (Special Duties)) will be fully responsible for leading DTLPH and providing policy steer on the implementation, funding, construction, operation, allocation and publicity, etc. of the LPH projects, as well as properly coordinating, overseeing and reviewing various kinds of work. He/she will also lead DTLPH in liaising with relevant B/Ds, lead the team in

consulting relevant stakeholders on the projects and handle public and media enquiries, etc.

28. Given the wide-ranging and complex duties of the Principal Secretary for Housing (Special Duties) in HB, and the exceptional importance of timely provision of LPH for members of the public who are waiting for traditional PRH and living in inadequate housing, such work requires the directorate officer to exercise high-level leadership across departments, and to maintain close liaison with the senior echelons of other B/Ds, so as to resolve different strategic issues and ensure the smooth implementation of the projects. Therefore, we propose that this post be pitched at AOSGC level, in order to ensure that this post would be taken up by an officer who possesses the required policy formulation experience, leadership and communication skills, with a view to leading DTLPH to achieve the target of constructing about 30 000 LPH units in the coming five years.

29. We propose that the supernumerary AOSGC post be created for three years up to 31 March 2026. As a lot of high-level coordination across departments would be involved at the early stage of the LPH projects, and policy details also have to be worked out and close communications have to be maintained with a number of stakeholders, we propose that the post be created for three years. The officer will help formulate the overall policy and implementation arrangements related to LPH, thereby laying a good foundation for the future operation and management of the completed projects. He/she will also ensure that various construction and other major works can commence as scheduled in the coming three years. The job description of the proposed supernumerary post is at **Annex 4**.

Proposed Supernumerary Chief Professional Grade Post

30. The holder of the proposed supernumerary chief professional grade post (i.e. Project Director) will be responsible for assisting the Principal Assistant Secretary for Housing (Special Duties) in leading the Development and Operation Unit and the Vetting Unit under DTLPH. The duties include maintaining close liaison with ArchSD and relevant departments to ensure that the LPH projects, from the stage of technical assessments, design to infrastructure and construction works, will be completed according to the development schedule. The Project Director will also assist in conducting the tendering exercises for the operation and management of LPH, overseeing and reviewing the funding arrangements and financial positions of LPH projects, etc.

31. Given the wide-ranging duties of the Project Director, the need for possessing the professional engineering expertise to ensure the construction of LPH is on schedule and its smooth operation, as well as the requirement for proper arrangement and use of funding for relevant works, the leadership and dedication of a chief professional grade officer are required. We propose that the post of Project Director be taken up by a Chief Architect/Chief Building Services Engineer/Chief Structural Engineer, in order to ensure that the post would be taken up by an officer who possesses the project management experience, leadership and relevant professional knowledge, for leading the Development and Operation Unit and Vetting Unit in pressing ahead and overseeing various LPH projects.

32. We propose that the above supernumerary post of chief professional grade officer be created for seven years up to 31 March 2030. The job description of the proposed supernumerary post is at **Annex 5**. The duration of the Project Director post will be longer than that of Principal Assistant Secretary for Housing (Special Duties). This is mainly because LPH will be completed by phases and put into operation in the coming five years, therefore the chief professional officer will need to continuously monitor the construction progress of LPH, as well as the operation and management quality upon their completion. While the Principal Assistant Secretary for Housing (Special Duties) will focus on the advance implementation work of LPH, the Project Director needs to dedicate his/her efforts to the entire construction process of LPH, as well as its subsequent operation and management. We therefore propose that the post be created for seven years.

Non-directorate Manpower Support

33. In addition to the two supernumerary directorate posts proposed above, a total of 15 time-limited non-directorate posts involving professional, executive, clerical and secretarial grades will be created for DTLPH in 2023-24 to provide support services for the two proposed directorate posts. Most of these posts will be created for seven years up to 31 March 2030. The proposed organisation chart of DTLPH is at **Annex 6**.

34. We will review the need to retain the two supernumerary directorate posts and other time-limited non-directorate posts under DTLPH in light of the future development of LPH.

35. Furthermore, since ArchSD will be responsible for the planning, detailed design, construction and monitoring of LPH, extra manpower is required to cope with the additional workload on top of ArchSD's original duties. As such, ArchSD plans to provide professional and technical grade manpower for the works mentioned above through the recruitment of contract staff, including about 36 professional, technical and full-time site staff, so as to handle the planning, design and building works, as well as supervise the works during the construction stage. These posts will be created for five years up to 31 March 2028.

Deputy Secretary for Housing (Special Duties)

36. LPH is a brand new category of subsidised housing which involves various policy considerations. To enable timely and proper handling of relevant issues, the Director of Sales of First-hand Residential Properties Authority (Director of SRPA) (the post of which belongs to Administrative Officer Staff Grade B (Directorate Pay Scale Point 3)) will assist the Head of DTLPH (i.e. Under Secretary for Housing) to oversee LPH. Other than the policy works of LPH, Director of SRPA will take over the policy responsibility relating to transitional housing, for achieving synergy. At the same time, Director of SRPA will also be responsible for overseeing the implementation of the new legislation on tenancy control of subdivided units which took effect in January 2022. After shouldering the above policy tasks, Director of SRPA will be given an additional post title, which is Deputy Secretary for Housing (Special Duties), so as to reflect the job duties more accurately.

37. We have considered whether the steering of LPH-related works can be absorbed by Deputy Secretary for Housing/Deputy Director (Strategy) of HD and the other three Deputy Directors of HD. Deputy Secretary for Housing/Deputy Director (Strategy) of HD is currently leading the Strategy Division, Strategic Planning Sub-division, Policy Support Sub-division, Private Housing Sub-division, Housing Subsidies Sub-division and Task Force on Transitional Housing. The work coverage is wide and complicated, which includes formulation of housing strategies; overseeing strategic planning for public housing; policy and legislation related to private housing; preparation of HA's Corporate Plan; supporting the implementation of the Long Term Housing Strategy; overseeing the administration of the application for PRH and managing the sale of subsidised sale flats, etc. The other three deputy directors are responsible for the development and construction of public housing, overseeing the management and maintenance of each PRH estate, and the corporate affairs of the entire HA and HD respectively. As the workload of HD is getting more

heavy, and the four Deputy Directors have already been tasked with leading the officers of different levels in HD to take forward the various public housing measures set out in the Chief Executive’s 2022 Policy Address (please see paragraphs 39 to 41 below for details) in full steam, it is not feasible to have them absorb the duties of LPH.

38. The organisation charts of HB/HD before and after the re-allocation of duties are at **Annex 7**.

Alternatives Considered

Deployment of incumbent directorate officers

39. We have critically examined the feasibility of deploying the existing directorate officers under HB/HD to undertake the new duties of the proposed Principal Assistant Secretary for Housing (Special Duties) and Project Director in HB. After in-depth review, we considered the proposal (be it absorbing all or only parts of the LPD-related duties) not feasible given the current heavy workload of the incumbent officers.

40. A series of important housing measures have been proposed in the Chief Executive’s 2022 Policy Address to increase public housing supply in the coming five years by enhancing quantity, speed, efficiency and quality, thereby shortening the waiting time for traditional PRH. Therefore, other incumbent directorate officers of HB/HD will have to fully focus on implementing the various public housing-related measures in the next few years, including but are not limited to:

- (i) provide 301 000 public housing units in the next 10 years (i.e. 2023-24 to 2032-33);
- (ii) introduce a new “Pilot Scheme on Private Developer Participation in Subsidised Housing Development” to encourage the participation of private developers in building subsidised sale flats;
- (iii) implement the “PRH Advance Allocation Scheme”;
- (iv) adopt the “Design for Manufacture and Assembly” approach and the MiC approach in more public housing projects to accelerate housing production;

- (v) adopt the “Design and Build” procurement model for no less than half of the total public housing units from 2028-29 to 2032-33 to accelerate housing production;
- (vi) continue to redevelop public housing estates and initiate redevelopment study for one more public housing estate; and
- (vii) and conduct a consultancy study on the public space, facilities and estate environment of the public housing projects for intake in future, develop “Well-Being” design guidelines for new public housing projects, and apply the same concept to existing PRH estates to improve their facilities, etc.

41. In sum, the incumbent directorate officers of HB/HD are already fully stretched with existing duties, and it is not feasible for them to take up all or part of the LPH-related duties. In the next few years, the Government has to press ahead at full steam with the LPH projects. The advance and follow-up works involved are not only complex and urgent but also cover wide-ranging aspects. Dedicated and high-level leadership under a one-stop shop approach is therefore required to take forward the projects. If funding approval is not granted for the creation of the two supernumerary posts, it will seriously affect the implementation of LPH projects, especially the target of constructing about 30 000 LPH units in the coming five years by phases.

Deployment of Incumbent Officers of the Task Force on Transitional Housing (TFTH)

42. We have critically examined the feasibility of deploying officers of TFTH under HB to undertake the new duties in relation to LPH as mentioned above. After in-depth review, we considered the proposal not feasible.

43. While the Government will no longer accept funding applications for construction of new transitional housing on vacant land, in view of the continued popularity of transitional housing converted from vacant residential/non-residential buildings in the urban area, the remaining funding under the “Funding Scheme to Support Transitional Housing Projects by Non-government Organisations (NGOs)” may continue to be used for transitional housing development through conversion of vacant residential or non-residential buildings, such as government properties/schools, in the urban area.

44. Moreover, as at end October 2022, the Government has identified land for providing over 20 000 transitional housing units, of which about 5 500 units have been put into operation and about 1 500 units are expected to be completed by end 2022. It is also anticipated that over 13 700 additional transitional housing units will be put into operation by 2023 and end 2024 progressively. In other words, TFTH will continue to be fully occupied with assisting the NGOs in taking forward the funded transitional housing projects in the coming few years, so as to ensure that the target of providing over 20 000 transitional housing units by 2024-25 is achieved.

45. Besides, as more transitional housing units will be completed one after another in the future and some of the projects will also gradually cease operation upon completing their services, TFTH anticipates that more auditing work will arise in the coming years. Furthermore, TFTH have to maintain close communication with the relevant NGOs to ensure that proper arrangements will be made for the tenants moving out of the units. In view of the various heavy and on-going duties as mentioned above, it is not feasible for TFTH to absorb the new responsibilities of taking forward LPH.

Financial Implications

Cost of Proposed Works and Project Operation

46. The Government proposes to submit a lump-sum funding application to PWSC and FC of LegCo in the first quarter of 2023, for meeting all the costs of studies, design, construction and related works of the LPH projects, in order to press ahead with the technical assessments, detailed design and construction works of the various LPH projects. According to the MOD prices, the estimated cost of the design and construction works of LPH projects is around \$26.79 billion dollars, the estimated cost of relevant infrastructure works is around \$0.6 billion dollars, while the cost for LPH operation and the additional manpower deployed for taking forward the LPH projects (i.e. the manpower proposals of HB and ArchSD as mentioned above) is about \$4.4 billion dollars¹ and \$0.3 billion dollars respectively.

¹ The cost estimation of operating 30 000 LPH units (for at least five years) has made reference to the cost of operating transitional housing by the NGOs in the past, such as the daily operation and maintenance costs, the cost of providing social service for residents, as well as other contingency costs, etc.

Cost Involved in the Creation of the Proposed Posts

47. The proposed creation of one supernumerary AOSGC post in the HB will involve an additional notional annual salary cost at mid-point of \$2,340,600. The additional full annual average staff cost, including salaries and staff on-cost, is about \$3,178,000. The creation of one chief professional post will involve an additional notional annual salary cost of \$1,971,600. The additional full annual average staff cost, including salaries and staff on-cost, is about \$2,740,000. The 15 non-directorate posts to be created in HB in 2023-24 as mentioned in paragraph 33 above will involve an additional notional annual salary cost at mid-point of \$15,631,000 and full annual average staff cost, including salaries and staff on-cost, of about \$20,537,000. Besides, the posts of contract staff to be created in ArchSD in 2023-24 as mentioned in paragraph 35 above will involve full annual average staff cost of about \$31,192,000. We will earmark the necessary provision in 2023-24 and subsequent years to meet the cost of the above staffing proposals.

Advice Sought

48. Members are requested to note the above proposals to take forward LPH, including its objectives, preliminary design and features, proposed operation, funding arrangements and staffing proposals. Subject to Members' comments, we will consult PWSC and the Establishment Subcommittee of FC on relevant funding applications and staffing proposals respectively in the first quarter of 2023. We will then submit the funding applications to the FC with the aim of obtaining approval for the funding and staffing proposals within this financial year, so that the LPH works and other related work can commence as early as possible.

**Housing Bureau
November 2022**