

**Reply to Questions raised by
Chairman, LegCo Panel on Housing**

Question No. 1 (letter dated 1 Feb 2000) and
Question No. 1 (letter dated 2 Feb 2000)

Based on the housing demand model, housing demand projections and flat production requirements are worked out for a ten-year period. For the period from 1997-98 to 2006-07, the 1998 assessment of estimated flat requirements is –

| | Public | Private | Total |
|------------------|---------------|----------------|--------------|
| Total | 457,000 | 343,000 | 800,000 |
| Annual (average) | 45,700 | 34,300 | 80,000 |

Details are at *Annex A*.

The Government continues to identify land and to provide infrastructure sufficient to meet the above flat requirements, in addition to a reasonable safety margin for planning purposes.

Question No. 2 (letter dated 1 Feb 2000)

The relaxation of the residence qualification for public rental housing (PRH) will result in an advance in the demand of new arrivals for PRH over the next seven years.

Specifically and assuming no change to the daily one-way permit quota of 150, there will be a potential increase in housing demand of 9,400 units per annum, of which about half of these will be PRH. On the assumption that 80% of this total will translate into effective demand, the additional requirement for PRH will be 3,800 units per annum. A detailed calculation is –

| | | | | |
|--|---|--|--|--|
| 55,000 (annual one-way permit quota 150 x 365) | x 17% (new household formation rate = 9,400 units) | x 50% (PRH demand = 4,700 units) | x 80% (effective rate based on administrative records) | = 3,800 units (additional demand for public housing) |
|--|---|--|--|--|

Question No. 3 (letter dated 1 Feb 2000)

A chart showing the actual/forecast supply of public and private housing from 1997-98 to 2001-02 is at *Annex B*. Figures for subsequent years will depend on a number of factors, including the next Land Disposal Programme.

**1998 assessment
of housing demand and flat production requirements
(1997-98 to 2006-07)**

| Components | Number of Households 1997-98 to 2006-07 (Annual) | | |
|--|---|----------------------------|----------------|
| | <u>Public Housing</u> | <u>Private Housing</u> | <u>Total</u> |
| (1) New Housing Demand | | | |
| (a) Marriages | 16,900 | 14,400 | 31,300 |
| (b) Divorces | 3,900 | 3,300 | 7,200 |
| (c) Legal Entrants from Mainland | 5,600 | 2,700 | 8,300 |
| (d) Expatriates | 0 | 6,200 | 6,200 |
| (e) Splitting of Existing Households | 8,900 | 5,300 | 14,200 |
| (f) Inadequately-housed Households | 5,100 | 1,900 | 7,000 |
| Sub-total | 40,300 | 33,800 | 74,100 |
| (2) Generated Housing Demand | | | |
| (a) Redevelopment of Public Rental Estates | 7,700 | 0 | 7,700 |
| (b) Clearance of THAs/CAs | 2,800 | 0 | 2,800 |
| (c) Clearance of Squatters | 1,700 | 0 | 1,700 |
| (d) Emergency/Natural Disaster and Compassionate Cases | 2,300 | 0 | 2,300 |
| (e) Redevelopment of Private Flats | 2,000 | 700 | 2,700 |
| Sub-total | 16,500 | 700 | 17,200 |
| (3) Adjustments of Housing Demand | | | |
| (a) Net Outflow of Hong Kong Residents | -300 | -1,200 | -1,500 |
| (b) Dissolution of Households | -2,100 | -3,400 | -5,500 |
| (c) Intersectoral Transfers of Adequately-housed Households | -2,400 | 2,400 | 0 |
| (d) Double-counting | -6,400 | 0 | -6,400 |
| Sub-total | -11,200 | -2,200 | -13,400 |
| Total Housing Demand [(1) + (2) = (3)] | 45,600 | 32,400 | 78,000 |
| Total Flat Production Requirements | 45,600 | 34,300 | 79,900 |

Figures in the table may not add up to the respective totals due to rounding.

Flat production 1997-98 to 2001-02

Annex B

| | 1997-98 | 1998-99 | Total 1997-98 to 1998-99 | 1999-2000 | 2000-01 | 2001-02 | Total 1999- 2000 to 2001-02 |
|-----------------------------|---------------|---------------|-----------------------------|------------------|----------------|---------------|--------------------------------|
| | <i>Actual</i> | | | <i>Estimated</i> | | | |
| Total public housing | 34,000 | 37,000 | 71,000 | 58,000 | 81,000 | 60,000 | 199,000 |
| Private Housing | 23,000 | 20,000 | 43,000 | 35,000 | 28,000 | 30,000 | 93,000 |
| Total | 57,000 | 57,000 | 114,000 | 93,000 | 109,000 | 90,000 | 292,000 |