

Legislative Council Panel on Housing

**Housing-related Initiatives in the
2015 Policy Address and Policy Agenda**

INTRODUCTION

On 14 January 2015, the Chief Executive delivered his 2015 Policy Address. This paper provides details of this year's new and ongoing housing-related initiatives as stated in the Policy Address and the Policy Agenda.

NEW INITIATIVES

Long Term Housing Strategy

2. The Government promulgated the Long Term Housing Strategy (LTHS) on 16 December 2014. This is the first long term strategy document on housing since 1998. The Government also released on the same day the "LTHS Implementation Milestones" as at December 2014, setting out the up-to-date implementation of key aspects of the LTHS.

3. The Government has adopted a supply-led strategy as recommended by the LTHS Steering Committee, with a view to gradually averting the current serious supply-demand imbalance in housing. Drawing lessons from the past, the new LTHS seeks to maintain flexibility. An annual review of the long term housing demand projection will be conducted to generate a rolling ten-year housing supply target in order to reflect the latest changes in circumstances.

4. The new LTHS sets out three major strategies: (a) to build more public rental housing (PRH) units and to ensure the rational use of PRH resources in order to meet the housing needs of the grassroots; (b) to provide more subsidised sale flats, facilitate the market circulation of existing flats, expand the form of subsidised home ownership and leverage on the private sector's capacity to help increase supply, thus enabling more low to middle-income families to meet their home ownership aspirations; and (c) to stabilise the residential property market through steady land supply and implementation of demand-side management measures, and to promote good sales and tenancy practices for private residential properties.

5. Based on the latest projection of housing demand, the Government adopts a total housing supply target of 480 000 units for the ten-year period from 2015-16 to 2024-25, with a public-private split of 60:40. Accordingly, the public housing supply target will be 290 000 units, comprising 200 000 PRH units and 90 000 subsidised sale flats, whereas the private housing supply target will be 190 000 units. In future, the Government will release an update on the implementation of the LTHS by the end of each financial year.

Subsidised Home Ownership

6. Subsidised home ownership is one of the essential elements of the housing ladder. It serves as the first step for low to middle-income families to achieve home ownership. It also provides an opportunity for PRH tenants whose financial conditions have improved to achieve home ownership, thereby releasing their PRH flats for PRH applicants.

7. The Government will adopt a multi-pronged approach to increase the supply of subsidised sale flats, so as to provide more options and home ownership opportunities for low to middle-income families. The Hong Kong Housing Authority (HA) will put up about 2 700 and 2 000 Home Ownership Scheme (HOS) flats for pre-sale in 2015/16 and 2016/17 respectively. The Hong Kong Housing Society (HKHS) will also put up about 1 600 subsidised sale flats for pre-sale in 2016/17: about 1 000 units of which are from the project in Shatin which the Government invited the HKHS to develop in 2013; the remaining about 600 units are from two sites, located in Tseung Kwan O and Tuen Mun respectively, which the Government newly invited the HKHS to develop.

8. The Government will consider how to expand the forms of subsidised home ownership in the context of reinforcing the housing ladder and promoting social mobility. In his 2015 Policy Address, the Chief Executive suggested the HA to identify among its PRH developments which are currently under construction suitable projects for conversion into flats for sale to Green Form (GF) applicants in the form of a pilot scheme. Target buyers of the pilot scheme are mainly sitting PRH tenants and PRH applicants who have passed the detailed vetting and are due for flat allocation. Price will be set at a lower level than that of HOS flats in order to further enrich the housing ladder. This scheme will help GF applicants achieve home ownership while more PRH flats will be released as a result for PRH applicants. The HA will work out the details of the scheme and announce the details at an appropriate time.

9. In addition to the HA and the HKHS, the Government will actively explore ways to increase the supply of subsidised sale flats through other public or non-profit-making organisations such as the Urban Renewal Authority and the Hong Kong Settlers Housing Corporation Limited (HKSHCL). The HKSHCL intends to redevelop its Tai Hang Sai Estate and is considering feasible options with the objective to continue to look after the housing needs of the existing tenants on the one hand, and to provide more subsidised units for low to middle-income families through redevelopment on the other.

10. Taking into account the previous experience of the Private Sector Participation Scheme and the Mixed Development Pilot Scheme, the Government will actively explore ways to leverage on the private sector's capacity to supplement the Government's efforts in increasing and expediting the supply of subsidised sale flats. We will consult the HA and other relevant stakeholders after we have drawn up concrete proposal.

ONGOING INITIATIVES

11. Apart from the above new measures, the Government will continue with the initiatives detailed in the ensuing paragraphs.

Providing PRH to low-income families who cannot afford private rental accommodation, maintaining the target of providing first flat offer to general applicants (i.e. family and elderly one-person applicants) at around three years on average

12. It is the objective of the Government and the HA to provide PRH to low-income families who cannot afford private rental accommodation, and to maintain the target of providing first flat offer to general applicants (i.e. family and elderly one-person applicants) at around three years on average. The increasing number of PRH applicants and the time required for identifying suitable land for flat production are putting immense pressure on the average waiting time¹. The HA will keep in view the number of PRH applications and work closely with relevant Government departments to identify more land for PRH development. The HA will also continue to implement measures to ensure the rational use of PRH resources.

¹ Waiting time refers to the time taken between registration for PRH and 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 average waiting time 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.

Taking forward public housing construction programmes

13. According to the latest Public Housing Construction Programme of the HA, the total public housing production forecast for 2014/15 to 2018/19 is about 87 700 units, comprising some 77 100 PRH units and some 10 600 HOS flats. The first batch of newly built 2 160 HOS flats, scheduled for completion in 2016-17, was put up for pre-sale in end-2014.

14. Assuming that all sites identified as of now can be delivered on time for housing construction, about 254 000 public housing units could be constructed within the ten-year period from 2015/16 to 2024/25. To achieve the 10-year supply target, the Government will continue to adopt a multi-pronged approach to increase the housing land supply in the short, medium and long term. We call upon the community to give priority to the overall housing needs and support the Government in achieving the long term housing supply target by maintaining an open attitude towards development and rezoning of land.

Continuing to optimise the development potential of each public housing site and boost flat production by increasing the maximum domestic plot ratio and relaxing other development restrictions where planning conditions permit and without causing unacceptable impact

15. In view of the current tight housing supply situation, there is an imminent need to make more effective use of our land resources to increase flat production, especially for public housing sites. Where planning and infrastructure permit and without compromising the environmental quality to an unacceptable extent, we will continue to actively explore all feasible ways to optimise the development potential of available public housing sites and increase public housing flat production. We will also continue to closely liaise with relevant departments and explore ways to increase public housing production. If necessary, we will submit planning applications to the Town Planning Board for relaxation of the plot ratios and building height restrictions for public housing sites.

Continuing to review the redevelopment potential of aged PRH estates

16. While redevelopment may increase PRH supply over the long term, it will reduce PRH stock available for allocation in the short term. This will inevitably add further pressure on the HA's ability in maintaining the target of providing first flat offers to general applicants at around three years on average. The net gain in flat supply from redevelopment will take a long time to realise, very often towards the latter if not the last phase of the redevelopment.

Hence, redevelopment could at best serve as a supplementary source of PRH supply. Given the current strong demand for PRH, it is also not advisable to carry out any massive redevelopment programme which will result in freezing a large number of PRH units that may otherwise be allocated to needy households. That said, the HA will continue to consider redevelopment on an estate-by-estate basis in accordance with its established refined policies and criteria on redevelopment.

17. The HA's current "Refined Policy on Redevelopment of Aged Public Rental Housing Estates" adopts four basic principles in the consideration for redeveloping any individual estate, viz. 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. In considering proposals for redeveloping individual estates, the HA will conduct a series of technical studies and consultations with relevant Government bureaux and departments, District Councils and local communities to determine the provision of associated ancillary facilities, such as community, welfare, transport and educational facilities in the wider context of the district concerned. Upon completion of the detailed technical studies and if it is decided to proceed with redevelopment, the HA will give sufficient advance notice to affected tenants and provide them with financial and other assistance. The HA will normally make formal announcement for redevelopment three years before the clearance operation.

18. As for the list of 22 aged estates announced in February 2014, they are the estates with the preliminary redevelopment potential studies completed and are taken as having the potential to become redevelopment targets. At present, we have no particular redevelopment plan or programme.

Ensuring the effective and rational use of PRH resources, including enhanced enforcement actions against tenancy abuse cases

19. The HA will continue to ensure the rational use of PRH resources. The HA will adopt a three-pronged approach to tackle tenancy abuse by –

- (a) conducting flat visits to all PRH households biennially to detect tenancy abuse cases in addition to the day-to-day management carried out by estate staff;
- (b) carrying out in-depth investigations by a central team on suspected tenancy abuse cases, including those referred by the frontline management and the public, as well as the randomly selected cases; and

- (c) launching a series of publicity and educational programmes to promote the rational use of public housing resource among the public through various channels.

Working with the HKHS on the provision of subsidised flats for sale in Sha Tin and rental housing in Sha Tau Kok

20. The Government has identified a site in Sha Tin Area 36C for the HKHS to develop subsidised sale flats, which is expected to provide about 1 000 units. The relevant land grant procedures for the project were completed, and construction commenced in mid December 2014. The project is expected to be completed by end 2018 and can be put up for pre-sale in 2016/17. Separately, to address the housing needs of the local residents, the HKHS was also invited to develop some 140 rental units in Sha Tau Kok. Construction commenced in 2014 and is expected to complete in early 2017.

Implementing a new round of interim scheme in the second half of 2015 to allow 2 500 buyers with White Form status to purchase subsidised sale flats with premium not yet paid in the HOS Secondary Market

21. The HA introduced an interim scheme in January 2013 to allow 5 000 eligible White Form (WF) applicants to purchase subsidised sale flats with premium not yet paid in the HOS Secondary Market. As at end December 2014, more than 2 300 WF applicants achieved home ownership under the Interim Scheme. Given the strong demand for subsidised sale flats from WF buyers, after conducting an initial assessment of the Interim Scheme, the Subsidised Housing Committee of the HA decided in November 2014 to implement one more round of the Interim Scheme with 2 500 quota in the second half of 2015. A comprehensive review will be conducted thereafter to decide on the future of the Interim Scheme. The Government will report the outcome of the HA's review to the Legislative Council (LegCo) Panel on Housing in due course.

Improving and expediting the construction process by widening the use of pre-cast building technology and streamlining administrative procedures without compromising housing quality and site safety

22. On the condition that quality and site safety would not be compromised, the HA will expedite public housing construction as far as practicable. To complete a 40-storey public housing block, it now takes about half a year for tendering, one year for foundation works plus two and a half years for superstructure works. With continuous efforts to improve the actual

construction procedures and to adopt prefabricated technology, public housing construction has been expedited. The HA will continue to enhance and streamline the procedures for public housing development by bringing in advanced building technology and equipment. The HA will proactively explore the extended use of prefabricated technology and procure those building materials and components that are more ready to use, so as to further save construction manpower resources and shorten construction time.

Exploring the development of public housing at six government sites (including the redevelopment of Wah Fu Estate), which are expected to provide about 11 900 additional housing units, following the partial lifting of the administrative moratorium on development of Pok Fu Lam

23. Following the partial lifting of the administrative moratorium on development of Pok Fu Lam, the Government is exploring the development of public housing at six government sites. Five of the sites i.e. Wah Fu North, Wah King Street, Near Chi Fu Road, Wah Lok Path and Kai Lung Wan would serve as the major reception resources for the redevelopment of Wah Fu Estate and provide additional HOS and PRH units. The public housing proposals for these five sites are at an early planning stage. Flat production, development programme and housing type for each site are subject to various technical assessments. Upon completion of technical assessments and relevant planning procedures for the five sites and subject to the HA's approval for the redevelopment scheme of Wah Fu Estate, we will then be able to confirm the scope, timetable and details of the redevelopment of Wah Fu Estate. We will consult the local community and the District Council on the proposals for the five sites and redevelopment of Wah Fu Estate at appropriate junctures in the process.

Healthy Private Residential Property Market

24. The Government will continue to provide land for private residential development. According to the latest projection as at December 2014, the supply of first-hand private residential flats for the coming three to four years is approximately 74 000 units². The private sector has only produced an average of about 11 400 flats each year over the past five years. Based on the preliminary assessment of private residential developments known to have or to be started on disposed sites, it is projected that the private sector will, on average, produce about 14 600 flats each year in the next five years, representing an increase of about 30%.

² These include about 6 000 unsold units in completed projects, about 53 000 units under construction but not yet sold or not yet offered for sale, and about 15 000 units from disposed land where construction has not started but may start anytime.

Implementing demand-side management measures

25. In response to the overheated property market caused by factors including serious demand and supply imbalance, low interest rate and abundant liquidity environment, the Government announced the introduction of the Buyer's Stamp Duty (BSD) and the enhanced Special Stamp Duty (SSD) in October 2012 in order to stabilise the residential property market and accord priority to the home ownership needs of Hong Kong permanent residents in the midst of the tight housing supply situation. The Stamp Duty (Amendment) Ordinance 2014 (Amendment Ordinance), which implements these measures, was enacted by the Legislative Council in February 2014. The measures have been effective in combating short term speculative activities and curbing external demands, and help stabilise the residential property market. We will report the outcome of the review of BSD and SSD to the LegCo Panel on Housing in early March 2015 (i.e. one year after the enactment of the Amendment Ordinance).

Implementing the Residential Properties (First-hand Sales) Ordinance

26. Since the full implementation of the Residential Properties (First-hand Sales) Ordinance on 29 April 2013 and up to 31 December 2014, vendors have offered 24 239 first-hand residential properties in 145 residential developments for sale.

27. The Residential Properties (First-hand Sales) Ordinance has considerably enhanced the transparency and fairness in the sales of first-hand residential properties, strengthened consumer protection, and provided a level playing field for vendors.

28. The Sales of First-hand Residential Properties Authority (SRPA) spares no effort in implementing the Ordinance and carrying out investigations against persons suspected of having contravened the Ordinance. The SRPA handles suspected cases of contravention of the Ordinance seriously. It takes time to carry out investigations and collect evidences. The SRPA has been referring the investigation outcomes of cases of suspected contravention of the Ordinance to the Prosecutions Division of the Department of Justice for consideration.

29. The SRPA will continue to step up its efforts to conduct compliance checks and inspections, handle complaints, carry out investigations, and educate the trade and the public.

Improving Quality of Living in Public Rental Housing

Implementing arrangements to promote mutual family support and care for the elderly

30. In full support of the Government's elderly policy of 'aging in place' and with a view to strengthening family cohesion, the HA adopts various housing arrangements to encourage young households to live with or live nearby their elderly family members. Notably, enhanced housing arrangements³ under the banner of the Harmonious Families Policies have been fully implemented since January 2009. As at end December 2014, there are about 34 000 households which have benefited from these housing arrangements.

31. To promote mutual family support and care for the elderly, the HA will continue to publicise the enhanced initiatives under the Harmonious Families Policies. In addition, the HA will closely monitor the effectiveness of the Policies. With reference to the experience gained from the implementation of these arrangements, the HA will further review their operation and to make appropriate fine-tuning where necessary.

Improving the living conditions of overcrowded PRH households by implementing measures to provide them with transfer opportunities to larger accommodation

32. According to the prevailing space allocation standards, PRH households with a living area of less than 5.5 meter square (m²) internal floor area (IFA) per person is considered to be "overcrowded". In 2001, the HA launched the Territory-wide Overcrowding Relief Transfer arrangements. These are now held once or twice a year to enable overcrowded households to apply for transfer to larger flats. As a result, the number of overcrowded households has dropped from 3.1% of all PRH households in 2001 to about 0.4% of all PRH households as at end September 2014. The Living Space Improvement Transfer Scheme was introduced in 2005 to allow PRH households living in flats with an average IFA of less than 7 m² per person to apply for transfer to larger flats. The Scheme is launched once a year. Since its introduction and until end September 2014, the Scheme benefited more than 11 000 households.

³ Enhanced public housing arrangements include Harmonious Families Priority Scheme, Harmonious Families Addition Scheme, Harmonious Families Transfer Scheme and Harmonious Families Amalgamation Scheme.

33. These two arrangements serve to improve the living environment of PRH households. Where resources permit, we will continue to launch these arrangements, and will maintain the current standards for the time being.

Implementing the Lift Addition Programme in PRH estates to facilitate access by residents

34. Since 2008, the HA has been implementing the Lift Addition Programme to enhance pedestrian access in PRH estates in response to the needs of PRH tenants. The provision of barrier-free access enhances pedestrian access, particularly for the elderly and persons with disabilities living in estates built on hillside. Stage 1 of the Programme included the provision of new lifts, escalators and footbridges in common areas within PRH estate boundaries to connect platforms with large-level differences and new lifts to PRH blocks built without lift services. A total of 70 lifts, six escalators and 18 footbridges were added in 29 existing PRH estates.

35. To allow for continuous enhancement to the pedestrian access for PRH tenants, the Programme has become an on-going programme. To support the Government's initiative to promote "Universal Accessibility" announced in 2012, where appropriate, the HA has also included in the Programme the addition of lifts beside existing footbridges within PRH estate boundaries. Stage 2 of the Programme includes the addition of 13 lifts in eight PRH estates and the construction works have already commenced.

Promoting sustainable public housing developments by designing for green and healthy living

36. The HA has been striving to develop public housing in a sustainable manner by incorporating various design features during the planning and design stages to match with the natural environment, adopting a site-specific design approach and optimising the use of natural resources. The best block layout design for each site will be determined according to the results of the Air Ventilation Assessment. The HA will continue to conduct comprehensive micro-climate studies, which was first introduced in 2004, for all new public housing developments to take into account the local environmental and climatic characteristics and to reduce energy consumption. PRH tenants will benefit from the resulted design as they can enjoy better natural ventilation and daylight. All new public housing developments are designed with a target of attaining "BEAM Plus ready" Gold rating.

37. Furthermore, the HA will continue to adopt environmental-friendly measures to reduce energy consumption and carbon emissions, such as the use of the twin-tank system to reduce wastage during water tank cleansing, optimising the provision of greenery, and the installation of photovoltaic panel system on roof of PRH blocks to generate energy. Recently, the HA has adopted advanced lift technologies, such as gearless lift drive and utilisation of regenerative power from lift system, to further enhance the energy performance of public housing blocks. The HA will continue to make improvements to the block design of new public housing development to provide a comfortable and sustainable living environment in all estates.

Continuing with various environmental initiatives as well as enhancing awareness of waste minimisation among PRH residents to achieve the target of municipal solid waste reduction

38. Apart from adopting sustainable design in newly built PRH estates, the HA is committed to put forward a series of environmental-friendly measures in existing PRH estates with a view to pursuing green and healthy living.

39. The Housing Department (HD) has joined hands with the Environmental Protection Department (EPD) and the recycling industry to promote domestic waste reduction and recycling. Various schemes have been implemented in PRH estates, such as the Source Separation of Domestic Waste Scheme and Programme on Source Separation of Glass Bottles at PRH estates spearheaded by EPD etc. The results of these schemes are promising. We will continue our efforts to promote the reduction and recycling of domestic waste through various means in collaboration with EPD and the recycling industry.

40. To spread the message of reducing municipal solid waste to all PRH estates, HD has rolled out an estate-wide waste reduction campaign “Let’s join hands to reduce waste”, comprising promotion, education and waste reduction competition etc., since July 2014. Apart from domestic waste recycling, HD has been implementing energy saving measures to reduce electricity consumption in PRH estates. A case in point is the replacement programme for energy-saving electronic ballast in all existing PRH estates launched in 2012/13. The replacement work is expected to be completed by 2015/16. As for greening, the HD completed thematic gardens in two existing PRH estates in 2013/14. In addition, the HD has also completed landscape improvement works at 18 estates and established community gardens in 10 estates. We will continue to carry out our works in this regard.

Increasing the green coverage for new public housing developments and providing green roofs in low-rise buildings and vertical greening in these projects wherever feasible

41. The HA provides at least one square metre of open space per person for residents in public housing developments. To reduce the heat island effect in urban areas, the HA has increased the green coverage for all new public housing projects with site area over two hectares to 30% or above, with a minimum of 20% for smaller sites since 2010. Furthermore, to create more decent open space for public housing residents, the HA will provide more planting at grade. Roof greening and vertical greening will also be incorporated in public housing blocks design as far as possible depending on individual site conditions

Continuing our efforts in the provision of quality property management and maintenance services in PRH estates

42. The HA is committed to deliver quality property management and maintenance services to PRH tenants. The Total Maintenance Scheme, the Comprehensive Structural Inspection Programme and the Estate Improvement Programme have been implemented to evaluate the conditions of buildings and environmental facilities with a view to improving the overall living environment and to satisfy tenants' needs. The HA has formulated a set of performance pledges to facilitate regular assessments over the services delivered by property service agents and contractors, so as to ensure that the established performance targets are achieved. In the years ahead, the HA will maintain its efforts to improve the property management and maintenance services to better meet the expectations and needs of PRH tenants.

**Transport and Housing Bureau
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