

**FINAL REPORT ON THE
MID-TERM REVIEW OF THE LONG
TERM HOUSING STRATEGY
THE HONG KONG HOUSING AUTHORITY
JUNE 1994**

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ABBREVIATIONS

Abbreviations used in this report are as follows -

BC Building Committee

CRP Comprehensive Redevelopment Programme

DB District Board

DC Development Committee

DPC Development Progress Committee

DR Development Ratio

EPD Environmental Protection Department

GDP Gross Domestic Product

HA Housing Authority

HKPSG Hong Kong Planning Standards and Guidelines

HOC Home Ownership Committee

HOS Home Ownership Scheme

HPLS Home Purchase Loan Scheme

LTHS Long Term Housing Strategy

MOC Management and Operations Committee

NTQ notice-to-quit

ORB Option To Rent Or Buy Scheme

PD Planning Department

PHDP Public Housing Development Programme

PRH Public Rental Housing

PSPS Private Sector Participation Scheme

THA Temporary Housing Area

CHAPTER I

INTRODUCTIONBACKGROUND

1.1 The 1993 assessment of housing demand and supply under the Long Term Housing Strategy (LTHS) showed that the programmed production would not be able to meet the outstanding demand from those inadequately housed by 2001 under current policies. Since we are half-way into the LTHS period, the Housing Authority (HA) decided to conduct a review of various policies pertinent to the implementation of the LTHS before considering whether to make any adjustments to the production targets of the Public Housing Development Programme (PHDP).

1.2 The Mid-Term Review commenced in summer 1993, the proposals arising from which were endorsed in general by the HA at its meeting on 28 October 1993. It was also decided to invite public views before the HA takes a final decision on the various recommendations.

PUBLIC COMMITMENTS

1.3 The LTHS, promulgated in 1987, aims at providing adequate housing at an affordable price or rent to all households; achieving efficient and equitable use of resources by ensuring that a household's benefit from housing subsidy is in relation to need; promoting home ownership and mobility of sitting tenants; and redeveloping older public housing estates. These broad policy objectives have been translated into several mission statements to which the Government has publicly pledged to deliver. They are -

- (a) substantial clearance of the Waiting List backlog by 1997;
- (b) achieving an overall home ownership rate close to 60% by 1997;
- (c) clearance of all urban squatters on government land by 1996; and
- (d) making rehousing offers to all existing Temporary Housing Area (THA) residents by 1997.

1.4 The HA, as the principal implementing agent of the strategy, has the duty to explore every possible means to address the problems and difficulties in achieving these targets.

PROBLEMS AND DIFFICULTIES

1.5 Four major problem areas were identified in the Mid-Term Review of the LTHS -

(a) Land Supply

1.6 A problem of much concern to the HA is the low levels of production forecast for 1994/95, 1995/96 and 1996/97. For housing allocation purpose, it is desirable if we can maintain productions at a consistent and high level throughout the LTHS period. A high production level in the next three years would be particularly useful because of our rehousing targets prior to 1997.

1.7 The low productions in the next three years are due to a combination of factors, one of which is the uneven availability of land. Although it is Government's responsibility to allocate formed sites for public housing development, there seems to be a lack of an adequate mechanism to make available formed sites for public housing development to meet the estimated demand.

(b) Allocation of Housing Resources

1.8 Priority in the allocation of Public Rental Housing (PRH) units had hitherto been given to the committed demand categories, mainly tenants affected by the Comprehensive Redevelopment Programme (CRP) and squatter and THA clearances. Although we have been able to allocate at least 14 000 flats every year to Waiting List applicants, there are still more than 150 000 applications on the Waiting List as at May 1994; and every month we are receiving more than 1 000 new applications. At the same time, there is a problem of better-off tenants remaining in public rental housing although some already own private domestic properties. Furthermore, the problem of tenancy abuses has remained a matter of public concern. Inevitably the HA has to face the question whether housing subsidy is being given to those in genuine need.

(c) Slow Mobility of PRH Tenants to Home Ownership

1.9 Related to the above problem, it has been observed that redevelopment tenants and clearances had consistently demonstrated a slow mobility towards assisted home purchase, although many of them could afford to buy. It is for consideration how we can encourage better-off tenants to buy HOS flats so as to increase the home-ownership rate in the public sector.

(d) Failure of the Home Purchase Loan Scheme (HPLS)

1.10 The HPLS was introduced in 1988 as part of the LTHS. It was assumed that 102 500 private sector flats would be taken up via the HPLS between 1988 and 2001. Despite annual increases of the loan amount, the annual quota has

always been under-utilised, and the original target of the HPLS in assisting home purchase in the private sector for 102 500 households cannot be met. There is thus a need to review the HPLS.

PROPOSALS

1.11 There is a need to consider new options and initiatives to address these problems, to enable us to meet the various competing demands for housing resources in light of changing socio-economic circumstances and community aspirations. The HA, at its meeting on 28 October 1993, endorsed the general direction of a package of proposals in the report on the Mid-Term Review of the LTHS, summarised as follows -

- (a) to shorten lead time for public housing development;
- (b) to find additional development opportunity on existing and planned estates;
- (c) to seek more land from Government to meet our outstanding demand;
- (d) to re-examine the CRP and to look for scope for refurbishment and re-use;
- (e) to transfer more new rental blocks to Home Ownership Scheme (HOS) Type II;
- (f) to review the quota allocation of the HOS and Private Sector Participation Scheme (PSPS) flats;
- (g) to step up tenancy enforcement against abuses of tenancies;
- (h) to enhance the HPLS;
- (i) to consider the policy issue in relation to private property ownership; and
- (j) to conduct an overall review of housing provision for the elderly.

PUBLIC VIEWS

1.12 The public was given until end-January 1994 to put forward their views on the proposals. A total of 108 written submission from concern groups, interested parties, Mutual Aid Committees or individuals have been received. Views have also been sought through meetings with the Legislative Council Housing Panel, District Boards, political parties and interest groups. The views collected were reported to the HA at its meeting on 31 March 1994.

COMMITTEE'S RECOMMENDATIONS

1.13 During the past six months, relevant policy committees of the HA have been tasked to look into the proposals in detail and make recommendations to the HA for implementation, having regard to public views. Each of the proposals (a) to (h) in paragraph 1.11 has been studied by the relevant committees. Their recommendations to the HA are summarised in the following chapters.

1.14 Proposal (i) involves a complex issue which requires further careful consideration. It has been recognised that a fundamental issue of social equity is at stake; and the HA should face the problem and deal with it. Nevertheless any drastic policy change, e.g. eviction of tenants in possession of private property, could be socially very disruptive. There is therefore a need to strike a balance. We recommend the setting up of an Ad Hoc Working Group to look into the problem in detail and let HA have a report in six months.

1.15 As regards proposal (j) on housing for the elderly, the final report of the Ad Hoc Committee on Housing for the Elderly is submitted under a separate agenda item.

CHAPTER II

LEAD TIME FOR PUBLIC HOUSING DEVELOPMENT

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

2.1 It was proposed in the Mid-Term Review Report that -

- (a) a critical review be undertaken to consider ways to reduce the lead time for sites under planning within the Department; and
- (b) we seek Government's assistance in expediting the external procedures so that land for public housing can be ready for development as soon as possible.

SUMMARY OF PUBLIC VIEWS

2.2 There was widespread support for the HA to shorten its housing production lead time. Many agreed that the HA should seek Government's assistance in expediting land resumption, clearances and development procedure, and adopt improved building techniques to reduce the time required for public housing development.

BACKGROUND

2.3 Currently, the average production lead time from site identification to completion is about six years for rental and HOS projects. All projects have to go through various stages of inter-departmental consultation on the preparation of planning brief, concept plan, client brief, scheme design, project budget and tender invitation before construction works can commence. We have encountered difficulties in obtaining sites for production to be completed within the LTHS period, particularly in cases where environmental and transport issues were raised in the consultation process.

PROPOSALS

2.4 Having examined the various stages of flat production, it is found that by using standard

designs and streamlining the procedures, the planning and design process can be shortened by seven months. In addition, a further four months can be saved at the piling and construction stages as contractors have gained experience in the construction of standard domestic blocks. In total, the current average production lead time of six years could be shortened to five years and one month.

RECOMMENDATIONS BY THE BUILDING COMMITTEE (BC) AND

DEVELOPMENT COMMITTEE (DC)

2.5 The BC and DC have, at their meetings on 17 February 1994 and 3 March 1994 respectively, endorsed the following measures for reducing lead time to be implemented as from 1 April 1994-

(a) Site Availability

2.6 We should continue to explore ways of expediting the process for allocation of land (including procedures for rezoning and resumption) in consultation with the Government departments concerned so that production can be advanced and those which have slipped beyond 2001 can be reinstated.

(b) Project Planning and Design

2.7 With effect from 1 April 1994, all projects in the PHDP will, where practicable, follow a set of revised pre-contract procedures on which the Planning Department (PD), Environmental Protection Department (EPD) and other departments concerned have been consulted. The planning and design lead time is to be reduced by seven months through simplification of the Planning Brief contents and an earlier circulation on the development proposals by means of a Control Plan and the accompanying Client Brief. In this way, problems relating to environment, transport and traffic etc. can be clearly identified and resolved earlier. Protracted negotiations on points of detail at the Planning Brief stage can thus be avoided.

2.8 It is considered that any major point of disagreement on the Client Brief could be put back to the Development Progress Committee (DPC) for consideration. In this connection, the PD's proposal for submitting 'estate layout' (i.e. control plan) for DPC's approval is not accepted. As suggested by the EPD, notwithstanding all these procedures, there would always be exceptional cases (e.g. small infill sites) which could be dealt with even more speedily through inter-departmental cooperation.

(c) Construction

2.9 With effect from 1 April 1994, all piling tenders will have the contract period shortened by two months. Likewise, all building tenders will have the contract period reduced by two months in view of the contractors' familiarity with the construction of standard block, and will allow for contractors to submit alternative tenders for shorter construction periods, provided that they are supported by a satisfactory method statement on the techniques to be used. We should also continue to refine the design of standard domestic blocks and clearly define the phasing of work within individual building contracts to further reduce the lead time.

EFFECT ON THE LTHS AND THE PHDP

2.10 As a result of the shortening of production lead time, the completion dates of 6 000 flats can be brought forward into the LTHS period. This can be achieved without compromising building quality. We are confident that we have in place stringent quality control procedures to guard against any possibility of quality reduction.

CHAPTER III

ADDITIONAL DEVELOPMENT OPPORTUNITIES

ON EXISTING AND PLANNED ESTATES

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

3.1 It was proposed in the Mid-Term Review Report that an appraisal be made on building density on existing sites with a view to increasing flat production without additional land being allocated to us.

SUMMARY OF PUBLIC VIEWS

3.2 The majority view was in support of conducting a reappraisal for building density on existing estates. There was general support for building additional flats in estates where supporting facilities permit so as to optimize the original site development potential. Many also felt that building density should be increased on projects under planning. However, upon announcement of the possible infill sites, some tenants who are directly affected have voiced concern. The Department is following up by offering explanations at DB meetings and other forums.

BACKGROUND

3.3 The current density standards adopted in the planning of public rental and HOS projects follow the Hong Kong Planning Standards and Guidelines (HKPSG). The HKPSG states that a Development Ratio (DR) range of 5 to 7 should be attainable on public housing sites. All housing sites under construction, planning and design, and the existing ones have been reappraised. The objective is to identify unrealized development potential that can be exploited where estate facilities and amenities permit.

OPPORTUNITIES FOR MAXIMISING DEVELOPMENT ON PUBLIC HOUSING ESTATES

3.4 It has been found that a number of estates or projects under planning or development have the potential to accommodate additional flats either in standard blocks or specially designed accommodation for single and/or elderly persons.

(a) Estates under Planning and Design

3.5 Recent discussions with the Planning Department have indicated that they would not object in principle to public housing schemes exceeding DR 7 provided that other constraints allow. In projects where Planning Briefs are not yet available, DR 7 will be adopted as a starting point rather than DR 6 unless there are specific constraints. For others with Planning Briefs, detailed examinations are being carried out at the Client Brief or Scheme Design stage to identify potential for additional production.

3.6 Development potential of sites would also be maximised by greater use of podium design, development of new block types with smaller footprints or with single aspect design, or installation of air-conditioning to overcome environmental constraints. Where the potential of a site is being constrained by environmental parameters, consideration will be given to developing it by way of PSPS, to benefit from the use of non-standard design and a shorter building lead time. It is estimated that about 4 800 additional flats would be obtained.

(b) Existing Estates

3.7 The layout plans of all existing estates have been examined to identify areas of land having potential for additional development of either standard blocks or special small household blocks for the elderly. The scope for such 'infill' development on existing estates mainly arises in two situations -

(i) in estates where the population has declined well below the design population. As the facilities provided are capable of serving the design population, there is opportunity for additional development;

(ii) some sites previously reserved for schools or community centres may not now be required because they have been found to be surplus to requirements or cannot accommodate facilities of the current standard. With the agreement of the client departments, some of these reserved sites have been identified.

3.8 A total of 31 infill sites have been identified as having potential for additional development subject to further investigation; 12 of them are suitable for standard blocks, whereas the other 19 can accommodate small household blocks. Upon detailed investigation and screening by other departments, it is found that 26 sites, including 5 small urban sites for elderly accommodation, are worth pursuing. These are still subject to further investigation relating to the environmental, traffic and other aspects. It is estimated that an additional production of 9 900 flats on these sites can be provided between 1997/98 and 1998/99, with about one-third being HOS flats in standard blocks and two-thirds being rental flats in specially designed small household blocks, some of which are for the elderly. The housing type is largely dictated by the size and shape of the site.

3.9 However, the actual gain in terms of number and timing will depend on Government approval and pre-contract procedures being expedited. Consideration is being given to adopting a 'fast-track programme' by negotiated contracts for some of the standard block projects to allow earlier commencement of work on site.

3.10 Tenants affected by the proposed infill developments are being consulted through the local committees and the respective District Boards between May and July 1994. In estates where additional blocks will be constructed, we will also take the opportunity to improve and update their amenities and other facilities.

3.11 In total, the above measures to maximize development potential of sites in the PHDP can generate 14 700 additional flats.

RECOMMENDATIONS BY THE BC AND DC

3.12 At the meeting on 17 February 1994 and 3 March 1994 respectively, the BC and DC have agreed to the measures being pursued to generate additional production, the resulting need for allocation of resources for environmental and traffic studies, and the further examination of the sites identified on existing estates.

CHAPTER IV

ADDITIONAL LAND SUPPLY

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

4.1 We need additional land allocation from Government to enable us to meet the outstanding housing demand and the additional housing commitment for the elderly, particularly sites in the urban area. We should also consider increasing production under the PSPS where necessary since production lead time for this type of project is shorter and the private sector has had greater flexibility in layout and block design to maximize development potential of difficult sites.

SUMMARY OF PUBLIC VIEWS

4.2 There was strong support that Government should allocate more land to the HA for public housing development. It was important that the sites available to the HA should be formed, serviced and ready for immediate development. More land in the urban area should be made available for public housing.

BACKGROUND

4.3 In response to Government's efforts to curb property prices, the DC has held two meetings to discuss HA's possible contributions. It has been generally agreed that the higher property prices would lead to a higher effective demand for public housing as expressed in terms of higher 'come forward' rates. Some families who previously could afford private housing would now have to rely on public assisted housing. The increased public housing demand is best evidenced by the over-subscription rate from White Form applicants, which has been increasing from about 12 - 16 times several years ago to the current levels of over 20 times.

4.4 As private housing costs are causing considerable difficulty for the lower income groups, there is a need to reassess housing demand, review public housing production targets and seek Government's support to making available additional land for housing production.

THE 1994 ASSESSMENT OF HOUSING DEMAND AND SUPPLY

4.5 The housing demand for the period 1993/94 - 2000/01 has been reassessed, taking into account the latest demographic and economic parameters, such as net household formations, income trend, affordability, Gross Domestic Product (GDP) growth rate forecasts, redevelopment and clearance programmes and policy changes. In particular, two sets of parameters have been updated to reflect the current position -

(a) Household Projections

4.6 Taking into account the latest demographic changes, the Commissioner for Census and Statistics has prepared a revised population projection which results in the estimate for potential demand for all types of housing rising from 610 000 to 651 000 for the period 1993/94 - 2000/01 (Note 1).

(b) Come Forward Rates

4.7 A higher come forward rate from eligible households seeking public housing (effective demand) is assumed in the projection. It is considered that past assessments of the come forward rates for public housing should be revised to reflect latest market conditions. Upon review, the rates in respect of one-person and two-person plus private sector households coming forward for PRH and those applying for HOS are revised from 10%, 61% and 59% in 1993 to 21%, 56% and 76% for 1994 respectively, with the overall come forward rate increased from 52% to 56%.

4.8 Based on the above, the effective demand for all types of housing from 1993/94 up to 2000/01 is estimated at 606 000 households, compared with 527 000 assessed in 1993.

INCREASED SUPPLY

4.9 We need to raise our production targets to meet the increase in demand. According to past experience, we believe

both the Housing Department and the construction industry have the capacity to produce up to 50 000 - 60 000 flats a year. Allowing for the lead time, the HA proposes to Government to increase its production by 50 000 flats, to be spread over a five year period 1997/98 - 2001/02. In order to meet the rising demand for assisted home purchase and to have a direct impact on property prices, a larger proportion of the additional production should be HOS/PSPS flats.

RESIDUAL DEMAND

4.10 In overall terms, 547 000 households or 84% of the potential demand are expected to be accommodated in various forms of adequate housing. The residual demand from the inadequately housed in the run-up to 2001 will be 25 000 households (Note 2). The current production targets which have remained unchanged since 1992 definitely need to be revised.

ADDITIONAL LAND SUPPLY

4.11 Of these 50 000 flats, more than one-quarter will come from infill sites and from maximising the development potential of sites in the PHDP (see Chapter 3). They are expected to be coming on stream in 1997/98 - 1998/99. The remaining flats are to be built on additional supply of some 58 hectares of land. New land supply in the order of 15 hectares per year should be made available by the Government between 1995/96 and 1998/99 for the HA to produce an additional 9 000 - 10 000 flats a year from 1998/99 to 2001/02.

RECOMMENDATIONS

4.12 The DC has agreed on 13 May 1994 that the HA should make an offer to the Government that, subject to additional land being made available according to the proposed time-table, it would be prepared to build an additional 9 000 - 10 000 flats a year between 1997/98 and 2001/02. The Chairman has written to the Secretary for Planning, Environment and Lands requesting additional allocation of 15 hectares of land per annum in the next 4 years. In response, the Government has agreed to make available a total of 30 hectares of land for production of 20 000 flats, and will continue to identify more suitable sites.

4.13 It is also recommended that in future Government should endeavour to provide land for public housing production in such a manner to enable consistent and high levels of production. The uneven productions in the PHDP in the next few years should be avoided.

4.14 As the LTHS is demand led, there should be a mechanism to make available sites readily for housing production to meet increased demand estimated. For such purpose, Government is urged to consider setting aside a land reserve.

CHAPTER V

COMPREHENSIVE REDEVELOPMENT PROGRAMME

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

5.1 The following recommendations were made in the Mid-Term Review Report -

- (a) the five-year programme already announced should be left largely intact but minor adjustments may be required to smooth out rehousing operations or to accommodate competing demand where resources become a problem;
- (b) the CRP beyond 1997/98 should be examined on a project by project basis to see if some rehousing operations need to be reprogrammed in view of limited housing resources; and
- (c) the blocks to be evacuated under the CRP should be re-examined to see if some could be retained and refurbished upon evacuation to provide an additional source of supply.

SUMMARY OF PUBLIC VIEWS

5.2 Affected tenants and concern groups expressed strong objections to making adjustments to the CRP. The points made can be summarised as follows -

- (a) doubts were expressed on the structural condition of the older blocks;
- (b) the living conditions of the older blocks, even after refurbishment, would be inferior to the modern Harmony block; and
- (c) it was an original objective of the LTHS to complete the CRP by 2000/01. It would not be appropriate to defer parts of the CRP in order to make available housing resources to achieve other housing policy objectives.

5.3 Some commentators expressed support for the recommendation, as it would, if implemented, increase housing supply in the next few years when new production will be on the low side.

CONSIDERATIONS

5.4 The need to make possible adjustments to the CRP should be re-examined having regard to other recommendations being put forward in this report. The following considerations are relevant -

- (a) preliminary analysis has indicated that a net additional supply of only 3 400 flats would be made available in the next seven years as a result of rescheduling the CRP;
- (b) an additional supply of about 6 000 flats will become available in the next seven years resulting from the shortening of lead times;
- (c) another 9 900 flats are to be produced from the infill sites and small urban sites for elderly housing;
- (d) a gain of 4 800 flats is expected from maximising density, such as development of environmentally sensitive sites by using flexible block design; and
- (e) any deferrals of parts of the five-year CRP for the purpose of making available housing resources would not be welcomed by tenants directly affected as their expectation for rehousing would be frustrated.

RECOMMENDATIONS BY THE DC

5.5 The DC has agreed that the recommendations in the Mid-Term Review Report should be amended as follows -

- (a) the five-year CRP already announced should be left largely intact and any adjustments should be justified on operational grounds;
- (b) blocks that are to be retained for refurbishment after rehousing operations should meet the following criteria -
 - i) their deferred demolition should not adversely affect subsequent parts of the CRP;
 - ii) the blocks should be structurally sound and the flats self-contained; and
 - iii) there should be a known demand for the types of flats to be refurbished;
- (c) for the redevelopment programme beyond the five-year period, there would not be any deliberate deferment proposals. The five-year programme would continue to roll forward, taking into account the availability of rehousing resources; and

(d) relative priority to be accorded on blocks for redevelopment should be based on the following criteria -

i) Block condition

In determining priority, the most important factor is that blocks of relatively less satisfactory structural condition and which have high maintenance costs should be demolished and redeveloped as soon as possible.

ii) Self-containment

In general, non-self-contained flats should be demolished and redeveloped prior to self-contained units.

iii) Reception Flats

Of necessity, the programming of the CRP would be dependent on availability of reception flats.

iv) Commercial, Community, Educational and Welfare Facilities

As far as possible, clearances have to be planned to ensure continuity of services. Close liaison with other Government departments is necessary.

v) After-use Considerations

It is important to maintain the flat production momentum of the CRP since the later stages of the CRP rely very heavily on flat production from the earlier phases. Projects with good 'build back' potential therefore tend to be programmed for redevelopment earlier.

vi) Configuration of CRP Blocks

It is often necessary to clear several blocks at one time so that the sites released are of a size and shape that can accommodate the foot-print of our standard blocks. Blocks which would otherwise have lower priority may have to be included for this reason.

CHAPTER VI

HOME OWNERSHIP

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

6.1 It was proposed in the Mid-Term Review Report that in order to target PRH to those most in need and to increase home ownership in the public sector, the current Option to Rent or Buy Scheme (ORBS) should be expanded by transferring more new rental blocks to become Type II HOS. Tenants affected by the CRP, squatter and THA clearances as well as Waiting List applicants due for flat allocation will be eligible to purchase, while sitting tenants will be given a lower priority. Eligible households would be given an one-off chance to make the purchase to avoid a circuitous route to home ownership via rental housing.

SUMMARY OF PUBLIC VIEWS

6.2 The public was in general supportive of the HA's efforts of increasing home ownership opportunities in the public sector and welcomed the concept of a cheaper form of HOS. However, doubts were expressed on the implementation of the scheme at this juncture. Their arguments were -

(a) since there would be a shortage in new rental production in the next few years, any transfer out of the rental programme might affect the rehousing opportunities for those in need of PRH;

(b) if new rental blocks at urban locations were to be transferred, reception resources for the CRP clearances would be affected; and

(c) there was a suspicion that implementation of the Type II Scheme would be accompanied by a discriminatory policy which would adversely affect the rehousing opportunities of those who chose to remain in PRH rather than purchase the Type II HOS flats. Many concern groups had thus misinterpreted the HA's intention of the scheme as coercing prospective PRH tenants or redevelopment clearances to buy.

CLARIFICATION OF THE PROPOSAL

6.3 It has always been the HA's policy to encourage those who can so afford to buy HOS flats. The Type II HOS proposal was put forward in line with this policy and was considered justified because -

(a) a flexible approach of transferring rental to Type II HOS can meet the demand from better-off tenants, including some affected by the CRP, for HOS flats at their preferred locations;

(b) the offer of Type II HOS on favourable financial terms should encourage more tenants or prospective tenants to buy, thereby increasing the home ownership rate in the public sector; and

(c) the rehousing opportunities of other categories would not be adversely affected since the reduced supply of rental flats upon transfer would be correspondingly matched by a reduced demand for PRH from the tenants/prospective tenants who opt for purchase.

RECOMMENDATIONS BY THE HOME OWNERSHIP COMMITTEE

6.4 Having regard to public comments received and the purpose of the proposals, the HOC at its meeting on 12 May 1994 has agreed not to implement at this juncture the Type II HOS proposal as set out in the Mid-Term Review Report for the following reasons -

(a) the initiatives on improved lead times (see Chapter 2) and additional production from infill sites and maximization of site densities (see Chapter 3) would increase production no sooner than 1997/98. The problem of short supply of rental flats in 1994/95, 1995/96 and 1996/97 will remain;

(b) arising from the rehousing commitments in respect of substantial squatter, THA and Waiting List backlog clearances by 1997, there will be a high demand for rental supply in the next few years, particularly at urban locations. Given limited resources, these rehousing commitments should be accorded priority over the objective of home-ownership. Systematic transfer of rental blocks to the sale programme in the next three years is not desirable to pursue; and

(c) with the implementation of the Type II HOS proposal, the public might gain a wrong impression that a large number of rental blocks would be transferred to the sale programme every year, thereby arousing strong public concern.

REVISED OPTION TO RENT OR BUY SCHEME

6.5 To reconfirm our policy objective of encouraging home ownership in the public sector and increasing sitting and prospective tenant's chances in buying HOS flats, the Department should keep under review the housing supply and demand situation in the next few years. Where possible, the scope for making available flats for sale under a similar arrangement to the ORB Scheme would be explored. The HOC has decided that subject to local supply and demand situation permitting, rental blocks should be identified for transfer to the sale programme under a revised ORB Scheme.

6.6 The revised ORB Scheme aims at offering flats at affordable prices for sale to tenants affected by the CRP, clearances, and Waiting List applicants due for flat allocation as an option to rental housing. To make the ORB Scheme even more attractive, it is recommended that consideration should be given to offering further concessions to buyers under the Scheme.

6.7 It is worth noting that a mid-1993 survey indicated that while 12% of the CRP tenants surveyed intended to buy

HOS upon redevelopment, a further 7% would buy if the ORB Scheme were offered, and another 16% would opt for ORB flats if financial incentives (e.g. interest free loans) were available. Twenty-nine percent of the eligible Waiting List applicants surveyed had also expressed intention to buy the ORB flats, and a further 16% would purchase with the offer of incentive measures. The HOC has approved that the detailed terms of the revised ORB Scheme should be submitted to it for consideration when the blocks to be transferred for sale have been identified.

6.8 In the longer term, it is recommended that we should not artificially categorise HOS flats into different classes/groups to avoid possible misunderstanding of our policy intention, stereotyping of some projects, and possible price policy confusion. The purpose of selling HOS flats at different price levels can be achieved by providing flats which are different in terms of block designs, standards of finishes and fitting-out, locations and sizes, although all these flats would be sold under the same scheme. The need to offer special incentives to any special groups of prospective buyers will be justified on the merits of such policy. The HOC has endorsed that the merit of this new policy to render HOS even more affordable to selected target groups should be tested out under a revised ORB Scheme.

CHAPTER VII

REVIEW OF QUOTA ALLOCATION

FOR PURCHASE OF HOS FLATS

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

7.1 It was proposed in the Mid-Term Review Report that the quota for allocation of HOS flats be adjusted in favour of the Green Form applicants as part of the measures to promote mobility of sitting tenants and increase the stock of vacant flats for operational use.

SUMMARY OF PUBLIC VIEWS

7.2 Some comments had been made on the proposal to change the quota in favour of Green Form applicants. Views were divided: while some people welcomed the idea of making more HOS flats available to sitting and prospective tenants, others had raised objections as this would reduce the chances for White Form applicants.

NEED FOR REVIEW

7.3 The Mid-Term Review of the LTHS started off with the aim of addressing the production trough in the next few years so that we can fulfill the commitments laid down at the outset in relation to substantially clearing THAs, urban squatters and the Waiting List backlog, including the elderly singletons. A number of measures are being proposed to accelerate or increase production through shortening lead times, use of infill sites and maximising site potential. However, new productions would not be coming on stream until 1996/97 at the earliest. We need to explore other sources of supply to reduce the shortfall so that the competitive rehousing demands can be met.

VACATED FLATS RECOVERED FROM HOS PURCHASERS

7.4 Flats returned to the HA upon purchase of HOS/PSPS flats by sitting tenants under the Green Form quota have so far constituted the major source of casual vacancies. Since the launch of the HOS in 1978, a total of 89 300 public housing tenants have successfully purchased HOS/PSPS flats and 70 800 PRH units have thus been recovered for reletting to families in various rehousing categories.

7.5 An immediate way to create more vacated flats would be to increase the quota of HOS flats for Green Form applicants, mainly the sitting tenants. In the last two phases of HOS sales (Phase 15C and 16A), the split in the allocation of HOS/PSPS flats between Green Form and White Form applicants has been increased from 50:50 to 67:33 in order to attract more sitting tenants in the urban area to go for home ownership and to recover more urban vacant flats. If this arrangement were to continue in subsequent phases, the shortfall in supply would improve. Due to the time lag between sales and the completion of flats, apportioning a larger quota to Green Form applicants starting from

Phase 16B will make a real impact in 1995/96 and beyond.

RECOMMENDATIONS BY THE HOME OWNERSHIP COMMITTEE (HOC)

7.6 The HOC has come to a view that in view of the shortage in the supply of new flats to meet demand for the years 1994/95 to 1998/99, a quota allocation of 67:33 between Green Form and White Form applications is worth pursuing. It would have the positive effects of reducing the shortfall in future years, encouraging better-off tenants to move to home ownership, and recovering more rental flats for reallocation to the Waiting List families and others in need. However, we should still keep the demand and supply situation in the next few years under review to look for opportunities where more chances can be given to the White Form applicants. The HOC has thus, at the meeting on 12 May 1994, recommended the quota allocation be maintained at 67:33 between Green Form and White Form applicants starting from Phase 16B, subject to a review after two years.

7.7 The HOC has also recommended that the arrangement for flat selection should be two Green Form applicants alternating with one white Form applicant from Phase 16B onwards in order to increase by 50% the chance for White Form applicants to select more popular flats, subject to a review after one year.

CHAPTER VIII

THE HOME PURCHASE LOAN SCHEME

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

8.1 The general direction of enhancing the HPLS by increasing the amount of loan and monthly subsidy as well as the quota was endorsed in principle by the HA, subject to an assessment of the effects on the property market and the financial implications.

SUMMARY OF PUBLIC VIEWS

8.2 The proposal to enhance the HPLS by increasing the loan amount and quota was generally well received. Many believed that the loan amount should at least be sufficient to cover the downpayment. Yet there was a minority view that was opposed to increasing the loan amount for fear that it would further fuel property prices.

BACKGROUND

8.3 Response to the HPLS since 1988 has consistently fallen short of the target, despite regular increase of the loan from \$70,000 in 1988/89 to \$200,000 in 1993/94. The introduction of the monthly subsidy for 36 months as an option to the HPLS loan in 1991 had not helped much to enhance the appeal of the scheme. The loan amount was originally intended to be sufficient to cover the costs of a 10% downpayment, conveyancing fees, and stamp duty. It is obvious that the rising property prices in recent years and the tightening up of mortgage facilities to a maximum of 70% of flat price have made the loan less attractive for prospective home buyers. However, it is worth noting that with the increase of the loan amount by 33% from \$150,000 in 1992/93 to \$200,000 in 1993/94, the total number of loans and monthly subsidies granted had jumped from 269 to 701. It is felt that the HPLS loan amount could be improved in order to encourage take-up.

RECOMMENDATIONS BY THE HOC

8.4 A typical flat of 40sq.m saleable area, up to five years old, in the extended urban area is currently priced at around \$1.95M. The sum of the payment of a deposit of 30% plus costs and stamp duty on the flat amount to \$642,600. It has been suggested that the HA should increase the loan to \$500,000, part of which could be interest-bearing.

8.5 It is, however, felt that the loan amount of \$0.5M might be seen as fuelling property prices. The HOC, at its meeting on 12 May 1994, has thus recommended that the HPLS loan amount be increased from \$200,000 to \$300,000. Analysis of loan granted in 1993/94 shows that over half of the flats were priced at \$1.2M or below, meaning that the target applicants of HPLS usually look for flats at the lower end of the market. Moreover, the HPLS recipient should

be expected to make a reasonable contribution to the initial costs of home ownership. The cost of an HPLS loan of \$300,000 based on the present value of interest lost over 20 years at an interest rate of 6% per annum is \$125,000. This is quite close to the cost of \$145,000 in respect of the Sandwich Class Housing Scheme administered by the Housing Society, although it is not the intention for the HPLS to match the Sandwich Class Housing Scheme which has a different target group.

8.6 As regards the monthly subsidy, it is considered not appropriate to calculate the monthly subsidy based on same net cost to the HA as the increased loan amount since many recipients repay the loan over shorter periods than 20 years. The HOC has recommended that the existing monthly subsidy of \$2,600 should be retained, but the period of payment should be extended from 36 months to 48 months.

8.7 The HOC has also proposed that the quota for 1994/95 be increased to 1 500 since it is likely that the increased amount will encourage take-up. The quota can be reviewed should demand substantially exceed the quota.

EFFECT ON THE PROPERTY MARKET

8.8 It is unlikely that the enhanced HPLS would have any significant effect on private sector prices. Statistics show that most HPLS recipients choose to buy small second-hand flats, of which there is a huge stock. The effects on the market of the additional funds to be made available to recipients would be limited.

FINANCIAL IMPLICATIONS

8.9 Assuming that the quota is fully taken-up and a split of 75:25 between loans and monthly subsidy, the required budget provisions for the enhanced HPLS loan at \$300,000 and subsidy at \$2,600 for 1994/95 would be \$349.2M.

CHAPTER IX

ENFORCEMENT AGAINST TENANCY ABUSES

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

9.1 It was proposed in the Mid-Term Review Report to step up tenancy enforcement relating to non-occupation, subletting and non-domestic use by deployment of task forces and encourage reporting of any abuses of tenancies by neighbours.

SUMMARY OF PUBLIC VIEWS

9.2 The proposal to step up tenancy enforcement actions against non-occupation, subletting and non-domestic use was widely supported. Many agreed that flat inspections should be strengthened, procedures for terminating tenancies in breach of tenancy conditions be streamlined, and neighbours be encouraged to report cases of abuse.

BACKGROUND

9.3 Every tenant has to sign a tenancy agreement with the HA on commencement of tenancy. Tenants are required to comply with the conditions therein, which are mainly related to punctual rent payment, taking good care of the premises, putting the premises to their full use etc. Any act in contravention of the tenancy conditions constitutes a breach.

9.4 Tenancy abuses can be classified into serious breaches of non-occupation, subletting, irregular occupation, and use of the premises for criminal activities. When detected, the general practice is, subject to investigation, to terminate the tenancy by service of notice-to-quit (NTQ) under S. 19 (1) of the Housing Ordinance. Minor tenancy irregularities such as causing nuisance to neighbours, keeping dogs, use of part of the premises for storage or non-domestic purposes etc. are normally required to be rectified through verbal and written warnings to tenants. But persistent minor irregularities would lead to termination of tenancy.

9.5 At present, enforcement actions are carried out by estate staff as part of their daily management work. Some defaulting tenants are more co-operative and are prepared to surrender their flats for the benefit of those in greater need on persuasion by estate staff. In the past three years, an average of 600 flats per annum were recovered by such voluntary surrender. However, in cases where tenants are less co-operative and would not move out until they are served with NTQs, repetitive investigation work is required to collect evidence for establishing the grounds of termination of tenancy. Such enforcement actions are very time-consuming and has been hindered by a lack of staff resources to conduct thorough checking and follow-up investigation. Thus in the past three years, only 682 flats were recovered as a result. The lack of a formal, publicly known warning system may also be another possible area of deficiency in the present management approach.

RECOMMENDATIONS BY THE MANAGEMENT AND OPERATIONS

COMMITTEE

9.6 There is strong community support for more stringent enforcement actions against various forms of tenancy abuses. The HA must stop misuses of flats to ensure that heavily subsidised PRH units are allocated to those in genuine housing need. We need to strengthen enforcement actions to recover those flats occupied by tenants who are in serious breaches of tenancy or persistently commit tenancy irregularities. On the other hand, it is also essential to control the spread of the problem through greater publicity to remind tenants of the importance of observing the conditions in the tenancy agreement and putting their flats to proper use.

9.7 The MOC has agreed, at its meeting on 26 March 1994, the following strengthened enforcement and publicity measures -

(a) NTQ Without Warning

9.8 In breaches involving non-occupation or subletting, the tenancy would be terminated forthwith by service of NTQs, since these tenants are not in need of subsidised housing. The general guideline is that if non-residence is observed for a continuous period of up to three months, NTQ would be served without prior warning. The use of PRH flats for criminal activities will also be handled in the same way. Compassionate elements can be addressed as every tenant is given an opportunity to appeal against the NTQ.

(b) Rectification or NTQ

9.9 For minor breaches where the tenant's misconduct has caused nuisance to others, or where the tenant fails to put the unit to its full intended use, a clear and systematic warning system will be introduced to dispense with the endless 'cycle' of warning - rectification as observed in current relapse cases. It aims at giving tenants ample time to rectify the irregularities before any stronger enforcement action is taken by the HA. When an irregularity is detected by estate staff, verbal warning will be given to the tenant on the spot, followed by a preliminary warning letter (PWL). The tenant will be given one to three weeks to rectify the irregularity, depending on the seriousness of the breach. A final warning letter (FWL) will be issued should the tenant fail to comply with the PWL. If he still fails to conform to the FWL within one to three weeks, the tenancy will be terminated. For cases where the irregularity is rectified after issue of PWL/FWL, a letter of reminder (LOR) will be issued reminding the tenant that the tenancy will be terminated without further notice/warning if the same irregularity relapses any time in future.

(c) Investigation Teams

9.10 The trial scheme of setting up a special investigation team of two Housing Officers in Central Kowloon district in June 1993 has proved to work satisfactorily. From June to November 1993, the team had conducted 145 investigations, resulting in the recovery of 24 flats. The MOC has recommended to extend the scheme to all four management regions, meaning four dedicated teams each comprising one Assistant Housing Manager and 12 Housing Officers, to carry out the strengthened investigative actions. It should be noted that the investigation teams are to complement the work of the estate staff who will continue to detect tenancy irregularities and conduct preliminary investigation as part of their daily management work. It is estimated that 600 - 800 flats will be recovered by the investigation teams for the first year. A review will be conducted in two years to examine the effectiveness of the dedicated teams.

(d) Public Education Campaign

9.11 Prior to the intensified enforcement actions, the Department will launch territory-wide publicity campaigns from July 1994 onwards to reiterate its determination to stamp out tenancy abuses, educate tenants on the need for proper use of their flats, and remind tenants of the possible consequences of breaching tenancy conditions. The HA's publications will be extensively used, while tenants will be exhorted to report cases of tenancy abuse to the estate office. Details of the publicity plan are being worked out.

CHAPTER X

PRIVATE PROPERTY OWNERSHIP

AMONG PUBLIC RENTAL HOUSING TENANTS

ORIGINAL RECOMMENDATIONS IN THE MID-TERM REVIEW REPORT

10.1 Having regard to an objective of the LTHS that housing subsidy should be provided in relation to need, it was proposed in the Mid-Term Review Report that consideration should be given to -

(a) placing restriction on property ownership in the context of the existing tenancy agreement, to be built upon our housing subsidy and rent policies; those who own properties may have their tenancy terminated or be charged market rent within a prescribed period; and

(b) including in new tenancy agreement provisions which require tenants to give up rental housing on account of income or property ownership.

SUMMARY OF PUBLIC VIEWS ON THE PROPOSAL

10.2 Public views were split as to whether stronger actions should be taken against property ownership among PRH tenants. There were four main arguments -

(a) some argued that tenants should be asked to move out on account of private property ownership since they were no longer in need of subsidised housing. The flats thus recovered could be reallocated to those in greater need;

(b) there was an opposite view that since there were no restrictions on private property ownership under current tenancy agreement, the HA should not terminate any tenancies on account of property ownership. It would not be equitable to single out property ownership for punitive action vis-a-vis other forms of investment. Eviction may have a knock-on effect on non-property owning family members of the tenants as well as renters of these private flats;

(c) following on (b) above, even if tenancy conditions were to be tightened up on private property ownership, they should apply to new tenants only; and

(d) even if the policy were to be tightened up on sitting tenants, they should be dealt with according to the circumstances of each individual case.

BACKGROUND

10.3 In the Mid-Term Review Report, it was revealed that about 13% of PRH tenants or 74 000 out of 580 000 households covered by a survey in July 1993 owned private domestic properties. Another survey on tenants in North Point Estate showed that 18% of them owned private domestic properties in the urban areas alone. Some one-third of these households owned more than one property and a small number even owned up to five properties. An independent exercise revealed that PRH tenants accounted for as much as 24% of all purchases of private flats by local individuals in the period October 1992 - March 1993. The survey results point to the prevalence among PRH tenants in private property ownership.

CURRENT RESTRICTIONS

10.4 Public Housing applicants are currently subject to the following restrictions on property

ownership -

(a) Waiting List applicants are disqualified if household members own property within two years prior to application;

(b) property owners are ineligible to apply for Home Ownership Scheme/Private Sector Participation Scheme (HOS/PSPS) but Green Form applicants (including clearerees) are exempted.

10.5 Under the existing tenancy agreement, PRH tenants are not debarred from owning private domestic properties upon taking up tenancy. Other than being ineligible to apply for overcrowding relief, property owners in PRH are not subject to any special restrictions on top of the normal tenancy conditions applicable to all tenants.

10.6 Private property ownership is an extremely complicated issue. Allowing property owners who are not in genuine housing need to stay put in PRH is contrary to the LTHS objective of relating a household's benefit of housing subsidy to its need. However, any drastic change in policy might bring about undesirable social and political consequences. The HA needs more time to carefully consider the best practicable solution to the problem, bearing in mind the overall strategy objectives.

10.7 The following recommendations are therefore put to Members for approval -

(a) the HA should confirm its concern over the problem of property ownership amongst PRH tenants; and

(b) the HA should set up an ad hoc committee to review the problem, consider whether a new policy should be formulated in relation to it, and if so, make recommendations on how the new policy should be implemented. The ad hoc committee is requested to consider the problem, having regard to the objectives of the public housing programme, and come up with proposals in three month's time, followed by three months of public consultation before submitting a report to HA.

CHAPTER XI

CONCLUSION

HOUSING SUPPLY

11.1 The main objective of the Mid-Term Review of the Long Term Housing Strategy is to address the low production in the next three years. Every effort has therefore been made by the Department in co-operation with other Government departments to increase production. We are pleased to report that between 1994/95 and 2000/01, we can produce an additional 20 700 flats as a result of various initiatives introduced in the Mid-Term Review exercise (Table 1). Another 20 000 flats can be produced from the 30 hectares of land that Government has agreed to make available in response to our submission to the Task Force on Land Supply and Property Prices. In addition, Government would continue to identify more public housing sites to meet the Authority's revised targets.

11.2 The supply situation will be further improved by a larger number of rental flats that can be recovered from successful Green Form HOS purchasers (readjustment of quota from 50:50 to 67:33), refurbishment of flats in CRP blocks cleared but not demolished, and stepped up tenancy enforcement action. However because of production lead time, the low productions in the next three years 1994/95 - 1996/97 will remain, with an average production of only about 35 600 flats per annum. Our ability to achieve the various rehousing commitments is to a certain extent constrained. This notwithstanding, it is worth reviewing whether, and to what extent, we are able to meet the commitments we have pledged.

CLEARANCE OF ALL URBAN SQUATTERS ON GOVERNMENT LAND BY 1996

11.3 Of the current 38 400 urban squatters, 15 000 are ascertained to be on government land. The remaining 23 400 are on private or mixed lots, to which clearance cannot proceed without land resumption. To achieve the target of clearing all urban squatters on government land, an average of some 3 500 flats a year will have to be made available. This annual housing resource requirement is within the annual quota earmarked for squatter clearances in the past few years. Therefore in quantitative terms, there should be no lack of housing resources to enable us to achieve this undertaking. However, as most squatter clearances will be offered refurbished flats, progress of their rehousing will depend on their co-operation in accepting these flats and their flexibility in choice of location.

REHOUSING OFFER TO ALL EXISTING TEMPORARY HOUSING AREA

RESIDENTS BY 1997

11.4 There are currently 60 000 THA residents in the territory. An accelerated clearance programme has been drawn up with a view to clearing all pre-1984 THAs by 1996 and having only six THAs remaining beyond 1997 for operational use. An estimate of some 24 000 flats will be required in the next 4 years, averaging at 6 000 flats a year. Again this housing resource requirement is within the annual quota earmarked for THA clearance and trawling in the past years; and in quantitative terms, availability of housing resources should not be a problem. We should therefore be able to make housing offers to all existing THA residents by 1997. However, smooth rehousing operations still depend on clearances being prepared to accept refurbished flats and show flexibility in their choice of district.

CLEARANCE OF THE WAITING LIST BACKLOG

11.5 We are less optimistic in relation to this undertaking. Our last review on the Waiting List backlog indicated that there were 165 000 live applications as at end of August 1993, of which 77 700 were estimated as the effective demand. About 9 700 Waiting List applicants were rehoused during the period from 1 September 1993 to 31 March 1994, leaving a balance of effective demand at 68 000 to be met between 1994/95 and 1997/98.

11.6 However, as the new rental housing production will be at low levels in the next three years and given our obligations to meet the demand from the committed categories, only around 45 000 flats can be made available between 1994/95 and 1997/98. That is we are probably able to clear by 1997/98 some 70% of the backlog as at August 1993, leaving behind a backlog of 23 000 applicants. It is hoped that the demand from the committed categories should be substantially reduced by then, thereby enhancing our ability to clear the remainder within two years from 1997/98.

HOME OWNERSHIP RATE CLOSE TO 60 PER CENT BY 1997 (15 PERCENTAGE

POINT IN THE PUBLIC SECTOR)

11.7 The present overall home ownership rate is 48%, with the public sector contributing 10%. The latest forecast indicates that the overall home ownership by 1997 will be 51% only, of which 13% will be from the public sector. With an expanded ORB Scheme, there are chances that the home ownership rate in the public sector can be raised slightly. The situation in the private sector is even less encouraging. Probably due to soaring property prices, the home ownership rate in the private sector has been growing much more slowly in the last two years compared with the historical pattern. Unless the situation in the private sector improves significantly in the near future, it is very likely that the Governor's undertaking will not be met.

OVERALL SITUATION

11.8 It is estimated that the PRH supply will be about 160 000 flats between 1994/95 and 1997/98. After meeting the rehousing commitments of the other categories, only about 45 000 flats can be made available for allocation to Waiting List applicants, which is inadequate to meet the backlog demand. It is therefore of paramount importance that we should step up productions as proposed in para. 4.9 of this report. Supply of additional formed sites that are ready for immediate development is essential to enable timely completion.

11.9 If the increased productions of 50 000 flats can be achieved as planned between 1996/97 and 2001/02, and with a reduced demand from the 'committed' categories (particularly squatter and THA clearances) from 1997/98 onwards,

the rehousing opportunities for Waiting List applicants should improve significantly after 1997/98. It is hoped that by 2000 the backlog of the Waiting List as at August 1993 would be substantially cleared. However as we are still registering more than 1000 new applications every month, there will be a continued need to provide PRH flats for the Waiting List applicants.

CHAPTER XII

SUMMARY OF RECOMMENDATIONS

12.1 (a) Lead Time for Public Housing Development

- (i) To continue to explore ways of expediting the inter-departmental process for allocation of land.
- (ii) To reduce the planning and design lead time by seven months by streamlining pre-contract procedures.
- (iii) To shorten piling contract period by two months.
- (iv) To reduce the building contract period by two months; and to allow for submission of alternative tenders for shorter construction period.

12.2 (b) Additional Development Opportunities on Existing and Planned Estates

- (i) To incorporate, where possible, Annex Blocks in projects under construction.
- (ii) To maximize the development potential in estates under planning and design by optimising site densities, greater use of podium design, development of new block types and greater use of PSPS to develop environmentally sensitive sites.
- (iii) To further examine the infill sites on existing estates with a view to generating additional production on fast track, subject to public consultation.

12.3 (c) Additional Land Supply

- (i) To make an offer to the Government that, subject to additional land being made available according to the proposed time-table arising from the 1994 housing demand and supply assessment, the HA would be prepared to build an additional 10 000 flats a year between 1997/98 and 2001/02.
- (ii) To enable us to achieve the increased production targets, Government should make available an additional supply of 15 hectares. of land per annum between now and 1997/98. The sites should be formed and ready for development.
- (iii) Government should in future endeavour to provide land for public housing production in such a manner to enable consistent and high levels of productions.
- (iv) Government should consider setting aside a land reserve so that land can be readily made available to meet changing demand assured under the LTHS.

12.4 (d) Comprehensive Redevelopment Programme

- (i) To make no adjustments to the five-year CRP unless justified on operational grounds.
- (ii) To retain blocks for refurbishment after rehousing operations on condition that the set criteria relating to effects on subsequent parts of the CRP, structural conditions, self-containment and demand are met.
- (iii) To make no deliberate deferment proposals to the redevelopment programme beyond the five-year period.
- (iv) To determine priority of the blocks to be redeveloped based on set criteria in terms of block condition, self-

containment, reception flats, estate facilities, after-use considerations and configuration of CRP blocks.

12.5 (e) Home Ownership

- (i) Not to implement at this juncture the Type II HOS proposal as set out in the Mid-Term Review Report.
- (ii) To identify rental blocks for transfer to the sale programme under a revised ORB Scheme, subject to local supply and demand situation permitting.
- (iii) To submit the detailed terms of the revised ORB Scheme to the HOC for consideration upon identification of blocks for transfer.
- (iv) To test out under a revised ORB Scheme the merit of a new policy to render HOS even more affordable to selected target groups.

12.6 (f) Review of Quota Allocation

- (i) To maintain the HOS quota allocation at 67:33 between Green Form and White Form applicants starting from Phase 16B subject to a review after two years.
- (ii) To revise the arrangement for flat selection to two Green Form applicants alternating with one White Form applicant from Phase 16B onwards, subject to a review after one year.

12.7 (g) Enforcement against Tenancy Abuses

- (i) To serve tenants with NTQ forthwith in cases of non-occupation, subletting and use of premises for criminal activities.
- (ii) To introduce a systematic warning system to allow tenants to rectify minor irregularities within a reasonable timeframe and to dispense with the current unending warning-rectification cycle.
- (iii) To extend the dedicated investigation teams to all four management regions to supplement estate staff in carrying out the intensified enforcement actions, subject to a review in two years.
- (iv) To precede the stepped up enforcement actions with territory-wide publicity and education campaigns.

12.8 (h) Private Property Ownership among Public Rental Housing Tenants

- (i) To reaffirm the HA's concern over the problem of extensive private property ownership by PRH tenants.
- (ii) To set up an ad hoc committee to look into ways of tackling the problem; committee to submit report to HA in six months, including a public consultation period of three months.

12.9 (i) Home Purchase Loan Scheme

- (i) To increase the HPLS loan amount to \$300,000.
- (ii) To maintain the monthly subsidy at \$2,600 but extend the payment period to 48 months.
- (iii) To set the quota at 1 500.

Note 1: In April 1994, the Commissioner for Census and Statistics made available for use a population projection that estimates household growth at about 42 000 - 47 000 per annum in the next 7 years; giving rise to an estimated potential demand for housing at 695 000. However, in May 1994, the Commissioner has produced a revised population projection that estimates household growth at about 35 000 - 39 000 per annum in the next 7 years, giving rise to an estimated potential demand for housing at 651 000 households.

Note 2: According to the preferred scenario in DC paper 18/94, the residual demand would be 31000. The difference of 6 000 was due to Census and Statistics Department's downward revision in household projection in May 1994 as explained in Note 1. Although the revised household projection results in a reduction in the number of newly- formed households by 44 000, the residual demand decreases by a much smaller amount because: (i) some of the newly- formed households would be rejected from the eligibility net as their income would grow faster than inflation; and (ii) only about half of the eligible households would come forward.

TABLE 1
INCREASE IN FLAT PRODUCTION
SINCE LTHS MID-TERM REVIEW IN OCTOBER 1993

	Estimated Productions*	Remarks
1. Shortened Lead Time	6000 (DC 20/94)	already incorporated in March 94 PHDP
2. Infill sites/small urban sites	9000 (DC 14/94)	will be incorporated in June 94 PHDP
3. Better use of sites subject to environmental constraints	4800 (DC 20/94)	subject to DPC's
Total	20700	

* Note: The estimated productions might be subject to minor adjustments when proposals are finalised.