



***Building Consensus***  
***Building Homes***

**Long Term Housing Strategy  
Report on Public Consultation**

**February 2014**



**Long Term Housing Strategy:**  
*Building Consensus, Building Homes*

**Report on Public Consultation**

Long Term Housing Strategy Steering Committee  
February 2014



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## CHAIRMAN'S FOREWORD

The Long Term Housing Strategy Steering Committee (the Steering Committee) issued a consultation document on Hong Kong's Long Term Housing Strategy (LTHS) for the coming ten years on 3 September last year. Entitled "*Building Consensus, Building Homes*", the consultation document outlined a strategy to provide suitable and affordable housing for each and every family in Hong Kong, rebuild the housing ladder and promote social mobility. The three-month public consultation period ended on 2 December.

The public consultation exercise was an extensive one. During the consultation period, the Steering Committee and the Transport and Housing Bureau team attended over 50 meetings and seminars, including six open fora organized by the Steering Committee for the general public, concern groups and other stakeholders; and the meeting with deputations arranged by the Legislative Council Subcommittee on Long Term Housing Strategy. A total of about 800 written submissions were received.

There has been an enthusiastic response to the public consultation exercise. The divergent views received indicate that our housing problem is both acute and complex – with supply lagging severely behind demand, both housing prices and rents reaching levels beyond the affordability of the general public, and the problem of many low-income families being inadequately housed. Meanwhile, because of the tight land supply, the lead time for housing development and the manpower shortage in the construction industry in recent years, our long-standing housing problem cannot be fully resolved in the short term even with the right solutions.

Nevertheless, we appreciate that housing tops the list of livelihood issues that are of public concern. The Government is as anxious as the community to see the resolution of our deep-rooted housing problem. This calls for the determination to set a clear direction and a practicable long term strategy, the adoption of a progressive and coherent approach, and the reaching of public

consensus to break the current deadlock. Indeed, the public is gradually building consensus on key strategic issues after focused discussion for three months. This provides a concrete basis on which the Government can formulate its LTHS. A roadmap has been laid out.

First, the public generally concurs with the overall strategic direction proposed by the Steering Committee to resolve the problem, i.e. (i) a supply-led strategy should be adopted; and (ii) public housing should account for a higher proportion of the new housing production. There is widespread support for adopting 470 000 units as the total public and private housing supply target for the coming ten years. In addition, the public generally agrees that public housing should account for at least 60% of the new housing production. The public-private split of 60:40 now proposed by the Steering Committee serves to respond to the clear community aspiration that, under the current situation of insufficient supply with housing prices and rents reaching levels beyond the affordability of the general public, the Government must take the lead in increasing public housing supply in order to avert the deep-rooted problem of supply-demand imbalance. On the other hand, the Government must pay due regard to the importance of ensuring the stable and healthy development of the private residential market. The 60:40 split has struck a reasonable balance.

There is also community consensus on a number of other issues. In the course of resolving the problem of insufficient housing supply, priority should be accorded to the housing needs of the inadequately housed households. More Home Ownership Scheme flats should be built to meet the home ownership aspirations of youngsters and first-time home buyers. The average waiting time for public rental housing (PRH) for general applicants (i.e. family and elderly applicants) on the Waiting List should be maintained at about three years. More should be done to ensure the rational use of our precious PRH resources and to combat abuse. There should be some private sector participation in the provision of subsidized housing. Also, the Government should continue to streamline the housing development processes and to strengthen manpower resources in the construction industry to address the pressing needs of the community.

The public is coming around to realize that it is an enormous challenge to meet the new housing supply target of 470 000 units for the coming ten years: it is necessary to secure sufficient “spade-ready” land and to complete the necessary planning and other procedures in a timely manner; to garner the support of the local community and the District Councils; to have sufficient manpower supply in the construction industry; and to equip the Hong Kong Housing Authority with sufficient financial and human resources to implement the ambitious programme of constructing 280 000 public housing units. The community as a whole needs to face this huge challenge together. There is no way to avoid the crux of our problem. On the contrary, we must be prepared to make difficult choices at times to balance different interests. This is the only way to resolve our housing problem progressively and to lead us out of the current predicament.

As mentioned in my foreword to the Consultation Document, the development of land and housing and the sustainability of our environment should not be a zero-sum game. We must strike a reasonable balance between them. During the consultation period, many members of the local community expressed similar views. Housing development should not be isolated from overall community development. It is therefore crucial to have proper planning supported by the necessary transport and community facilities. Achieving a better living environment for the public requires us to release and make the best use of our land resources. Such efforts should not be casually discarded as an “indiscriminate” search for land.

The public consultation exercise has also highlighted several prominent issues that are of particular concern to the public, even though some of them were not raised in the Consultation Document. The Steering Committee has carefully reviewed the comments received and set out its conclusions in Chapter 6.

Two issues stand out particularly. The first one concerns the rent and living condition of subdivided units used for domestic purposes (SDUs). The Steering Committee reiterates that the safety of SDU tenants should under no circumstances be compromised, and calls on the Government to take immediate action to step up its efforts



to eradicate SDUs in industrial buildings. The Government should also strengthen enforcement action against irregularities relating to building and fire safety found in SDUs in residential and composite buildings. In the long run, PRH should be the primary housing solution for eligible SDU households; however, we must allow time to resolve the problem progressively.

There is considerable support for the reinstatement of some form of rental control (including control on rent and the security of tenure) as a means to assist SDU tenants. This clearly reflects growing concern about the mounting financial pressure borne by the grassroots due to the rise in rental levels in recent years. However, the Steering Committee is also concerned about the consequences of a rental control scheme which might cause an immediate increase in rental levels and a reduction in supply. Given the controversies surrounding rental control, the Steering Committee cautions that clear community consensus has to be secured before any form of rental control is contemplated.

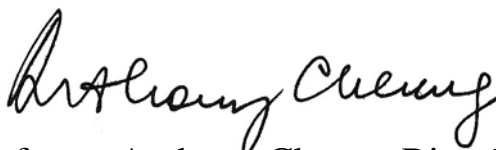
On the other hand, the public has expressed considerable reservations over the introduction of a licensing or a landlord registration system for SDUs. Opponents are adamant that licensing or registration should not be pursued at all. Some concern groups for SDU tenants consider that there is some merit in the proposal but it should be accompanied by a package of complementary measures, including some form of rental control and the provision of transitional housing for those who are displaced. In view of the diverse views, the Steering Committee considers that the Government needs to exercise caution and carefully assess the practicability of a licensing or a registration system, weighing the pros and cons as well as the risks involved.

Another issue is the call for the Government to use public revenue to provide rent subsidy. However, there are concerns that any rent assistance introduced in a tight supply market would be counter-productive, as the subsidy would most likely lead to upward pressure on rental levels, thereby partially or even wholly offsetting the benefits to the tenants by passing the windfall to the landlords.

Through the discussion during the consultation period, the public has come to realize that there is no single solution to effectively address the housing problem of the inadequately housed households. A multi-pronged approach is required. The Steering Committee calls on the Government to dedicate its efforts to handling the issue, taking full consideration of the various views expressed by the community.

Finally, it should be noted that the Steering Committee on Population Policy launched a consultation exercise on population policy on 24 October last year, the analysis and future conclusion of which will have far-reaching implications. The Steering Committee wishes to remind the Government to ensure the coordination of housing and population policies in developing the LTHS.

A journey of a thousand miles begins with a single step. We have taken a major step to develop the strategy and the roadmap to resolve our long-standing housing problem. A clear vision and determination must now be followed by concrete actions. All Government bureaux and departments must coordinate their planning and actions, and render their full support to the implementation of the relevant policies. The Government must also work closely with the public along the overall direction supported by community consensus. We need to shoulder our responsibility together and work pragmatically but steadily towards building a better future for our younger generations.



Professor Anthony Cheung Bing-leung  
Secretary for Transport and Housing  
Chairman, Long Term Housing Strategy Steering Committee



# Chapter 1

## THE CONSULTATION

- 1.1 Housing is the top priority of the current-term Government. The Chief Executive has pledged in his election manifesto to formulate a long term housing strategy (LTHS) as an integral part of the work to address Hong Kong's housing problem.
- 1.2 To this end, a Long Term Housing Strategy Steering Committee (the Steering Committee), chaired by the Secretary for Transport and Housing and with membership drawn from relevant sectors, was formed in September 2012 to make recommendations on Hong Kong's LTHS for the coming ten years.
- 1.3 On 3 September 2013, the Steering Committee issued a consultation document entitled "*Building Consensus, Building Homes*" and embarked on a three-month public consultation. The consultation document set out the Steering Committee's views and recommendations on the proposed LTHS, encompassing issues such as the vision for the LTHS, the projection of long term housing demand, the housing needs of specific groups in the community, measures to maximize the rational use of public rental housing (PRH) resources, the role of various housing delivery agents and measures to increase housing supply, etc. (the Executive Summary of the consultation document is reproduced at [Annex A](#)). The public consultation exercise ended on 2 December 2013.
- 1.4 Soft copies of the bilingual consultation document and leaflet on the key recommendations of the consultation document were uploaded onto the website of the Transport and Housing Bureau (THB) whereas hardcopies were made available through 18 District Offices and the Estate Management Advisory Committees of PRH estates managed by the Hong

Kong Housing Authority (HA). Leaflets in seven other languages (Bahasa Indonesia, Tagalog, Thai, Hindi, Nepali, Urdu and Punjabi) were also uploaded onto the THB website.

- 1.5 During the consultation period, the Steering Committee and members of the THB attended over 50 meetings with members of the public and concern groups, including six open fora organized by the Steering Committee for the general public, concern groups and other stakeholders; meetings of all 18 District Councils; a meeting of the Legislative Council Subcommittee on Long Term Housing Strategy and its public hearing; a meeting with the HA; and other meetings/discussion fora upon invitation from stakeholders and concern groups to listen to the views expressed by participants. A list of the public fora organized and meetings attended is at [Annex B](#). A discussion topic on the LTHS was also opened at the Public Affairs Forum website of the Home Affairs Bureau (<http://www.forum.gov.hk>).
- 1.6 A total of about 800 written submissions were received by way of email, facsimile, post, petition or through other channels. A total of about 780 people attended the six open fora. A compendium of the written submissions and transcripts of the open fora are available at THB's website (<http://www.thb.gov.hk>).
- 1.7 This report sets out the views expressed during the public consultation exercise and the analysis of them by the Steering Committee<sup>1</sup>. Chapters 2 to 5 summarize respondents' views on the issues discussed in or related to the public consultation document. Chapter 6 sets out the Steering Committee's final observations on a number of prominent issues, having regard to the views and comments received during the public consultation exercise.

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<sup>1</sup> Repeated views from the same person or group would not be given more weight in the analysis of views.

## Chapter 2

### VIEWS ON HOUSING PROBLEM, OVERALL HOUSING STRATEGY AND LONG TERM HOUSING DEMAND PROJECTION

#### What the Consultation Document Discussed

- 2.1 Chapter 2 of the consultation document discussed Hong Kong's housing problem, which is characterized by a severe supply-demand imbalance for both public and private housing, deteriorating affordability and changing demographics. In view of the gravity of the housing problem, Chapter 3 of the consultation document proposed a supply-led strategy with public housing (comprising both public rental housing (PRH) and subsidized sale flats) accounting for a higher proportion of the new housing production.
- 2.2 Chapter 4 of the consultation document set out the principles and methodology for projecting long term housing demand. On the basis of the projection, the consultation document recommended a supply target of 470 000 units, with a ratio of 60:40 as the public/private split. The long term housing demand projection should be updated annually to reflect changes in policies and circumstances in a timely manner.

#### What We Invited the Public to Consider

- 2.3 The public was invited to comment on the following questions -
- (a) **Question 1** : *What are your views on the proposal to adopt a supply-led strategy for the Long Term Housing Strategy (LTHS) and with public housing (comprising PRH and subsidized sale units) accounting for a higher proportion of the new housing production?*

- (b) **Question 2** : *Do you have any views on the principles and methodology adopted for projecting the long term housing demand?*
- (c) **Question 3** : *Do you have any views on the criteria used to define “inadequately housed”?*
- (d) **Question 4** : *In addition to the major demand components as mentioned in Chapter 4 of the consultation document, are there any other factors which you think should also be taken into account in projecting housing demand?*
- (e) **Question 5** : *Do you have any views on the projected total housing supply target for the next ten years and the proposed public/private split for the future new housing supply?*

## **What Respondents Said**

### ***Housing Problem and Overall Housing Strategy***

2.4 Amongst respondents who commented on Hong Kong’s housing problem, most of them expressed concern about the deteriorating affordability in property prices and rents, which affected not only people’s livelihood but also decisions such as marriage and child birth. Many respondents also agreed that the supply-demand imbalance was serious and called on the Government to increase housing supply. Given respondents’ views on Hong Kong’s housing problem, it is not surprising to note that there was general support, including respondents from both the general public and groups, for the Steering Committee’s recommendation to adopt a supply-led LTHS with public housing accounting for a higher proportion of the new housing production.

## *Projection of Long Term Housing Demand*

### *Methodology*

- 2.5 Respondents did not raise fundamental queries on the overall principles and methodology for projecting long term housing demand. Respondents also generally accepted the demand components adopted by the Steering Committee for long term demand projection purposes. On the other hand, a small number of groups and individuals questioned some of the assumptions adopted in the projection. In particular, some respondents compared the findings of the “Survey on Subdivided Units in Hong Kong” (the SDU Survey) commissioned by the Steering Committee with those conducted by other organizations and considered that the number of households living in subdivided units used for domestic purposes (SDUs) had been under-estimated. Some respondents thought that the SDU Survey had ignored SDU tenants living in industrial buildings, even though households living in non-residential buildings (including commercial and industrial buildings) have already been incorporated in the Steering Committee’s estimate of the number of inadequately housed households (IHHs). There were also individual suggestions that factors such as poverty and internal floor area per person of a unit should be considered in defining IHHs.
- 2.6 In addition, there were comments that investment demand had been under-estimated, despite the fact that demand for units held by both Hong Kong residents and non-local buyers purely for investment purposes and not channelled back into the market as rental units or for sale has already been taken into account in the housing demand projection. Individual respondents also considered that factors such as the suppressed demand for home ownership due to the current high level of flat prices should also be considered, even though movement between rental and self-owned units by the same households within the existing housing stock *per se* would not generate a need for new housing units in quantity terms.



## *Long Term Housing Supply Target*

- 2.7 There was considerable support, particularly from respondents who are members of the general public, for the supply target of 470 000 units for the coming ten years as recommended by the Steering Committee. Many respondents observed that the target would represent a notable increase in annual housing production as compared to the past few years. Some respondents were however concerned whether the Government could achieve the target given the tight land supply situation.
- 2.8 Some respondents, particularly those who questioned the methodology adopted for long term housing demand projection, considered that the long term housing supply target had been under-estimated. The major criticisms were that some components of the long term housing demand (such as the number of IHHs or investment demand) had been under-estimated and that the public housing component within the proposed supply target could barely meet the current demand from those on the Waiting List (WL) for PRH. Some also compared the target of providing an average of 47 000 units per annum to the target of providing an average of 85 000 units per annum as put forward in the 1998 LTHS and concluded that the current target was too low. Despite such criticisms, few respondents put forward suggestions for an alternative projection methodology with concrete figures.
- 2.9 On the other hand, a minority of respondents considered that mass production of housing units of the scale recommended by the Steering Committee would not be sustainable in the long run. They feared that the Government would indiscriminately search for land for housing development at the expense of the general public's quality of life in the local community. Some respondents also suggested that the Government should reduce demand at source by controlling the number of Mainland immigrants under the One-way Permit Scheme, despite the fact that such new immigrants come to Hong Kong mainly for family reunion purposes.

## *Public/Private Split*

- 2.10 As for the public/private housing split, respondents generally agreed that public housing (including both PRH and subsidized sale flats) should play a more prominent role and should account for at least 60% of the new production for the coming ten years. A considerable number of respondents, including some political parties and concern groups, suggested that the public housing portion should be further increased, and many of them suggested a proportion of up to 70% of the new housing production.
- 2.11 At the same time, a minority of respondents considered that the public/private split should be 50:50. They were primarily concerned that an unduly high proportion of public housing, particularly PRH, would reduce the supply of private residential flats which would in turn further fuel the already high prices in the private residential market.
- 2.12 Even though the public consultation document did not propose any further split between PRH and Home Ownership Scheme (HOS) units within the public housing portion of the total supply target, a number of political parties and concern groups did propose specific targets for PRH and HOS. For example, a group placed a considerably higher weighting on PRH with 28 000 PRH units and 5 000 HOS units per year (i.e. a ratio of 5.6:1), while another group proposed a distribution of 30 000 PRH units and 10 000 HOS units per year (i.e. a ratio of 3:1). Some individual respondents also considered that the Government should specify the PRH/HOS split in clearer terms.



## Chapter 3

### VIEWS ON HOUSING NEEDS OF SPECIFIC GROUPS IN THE COMMUNITY

#### What the Consultation Document Discussed

- 3.1 Chapter 5 of the consultation document discussed how and with what priority the housing needs of specific groups in the community (including the elderly, non-elderly singletons over the age of 35, inadequately housed households (IHHs) and youngsters and first-time home buyers) could be met. It also listed out some previously introduced schemes and suggestions for public's views, including the Tenants Purchase Scheme (TPS); the Home Starter Loan Scheme (HSLs); rent subsidy and rental control; the idea of a licensing or landlord registration system to regulate subdivided units used for domestic purposes (SDUs) in residential and composite buildings, etc.

#### What We Invited the Public to Consider

- 3.2 The public was invited to comment on the following questions -
- (a) **Question 6** : *Should the Government continue to support the development of elderly housing projects for the middle and high-income elderly as suggested by some in the community? If so, what sort of support should be given?*
  - (b) **Question 7** : *What are your views on the recommendation for the Hong Kong Housing Authority (HA) to increase the public rental housing (PRH) quota for applicants under the Quota and Points System (QPS), and to allocate more points to non-elderly one-person applicants above the age of 45 (and extend the arrangement to those who aged 40*

*and then 35) under the QPS so that they would have a better chance of gaining early access to PRH?*

- (c) **Question 8** : *What are your views on the recommendation for the HA to progressively extend the PRH three-year average waiting time pledge to non-elderly one-person applicants above the age of 35 in the long run (even though this might initially reduce the PRH units available for allocation to family and elderly applicants)?*
- (d) **Question 9** : *What are your views on the idea for the HA to build dedicated PRH blocks for singletons in estates with a lower plot ratio and with sufficient infrastructural facilities, which will be provided in addition to the PRH units already committed?*
- (e) **Question 10** : *If suitable urban sites which do not have other immediate uses are available, do you think that they should be used to provide transitional housing to those in need?*
- (f) **Question 11** : *What are your views on the idea of introducing a licensing or landlord registration system to regulate SDUs in residential and composite buildings?*
- (g) **Question 12** : *What are your views on the recommendation to set aside a certain proportion in each Home Ownership Scheme (HOS) sale for singletons?*
- (h) **Question 13** : *What are your views on the recommendation to set a minimum income/asset level for White Form applicants for future sale of HOS flats and other subsidized sale flats to improve the chance of eligible first-time home buyers with genuine housing needs?*

- (i) **Question 14** : *There are divergent views in the community on re-launching the following schemes: (a) the TPS; (b) providing financial assistance to first-time home buyers; and (c) providing rent subsidy and implementing rental control (including control on rent and security of tenure). What is your opinion?*

## What Respondents Said

### *The Elderly*

- 3.3 There were relatively few comments on the housing needs of the elderly. Amongst the comments received, respondents generally acknowledged that Hong Kong's population was ageing. They agreed with the Government's policy of "ageing in place" and the role assumed by the HA in providing affordable rental housing with suitable facilities for eligible low-income elderly people. There were also respondents who acknowledged the role played by the Hong Kong Housing Society (HS) in the provision of housing for the elderly.
- 3.4 As for the idea of developing more dedicated housing projects for the middle and high-income elderly (such as the Senior Citizen Residence Scheme (SEN) developed by the HS), amongst those who responded to this question, there was considerable support for the Government to provide support for such projects. Respondents who indicated support considered that such projects would provide a housing alternative for the middle and high-income elderly. Other respondents, however, considered that the priority for such projects was low given the current shortage of land. Individual respondents commented that more elderly care facilities, rather than dedicated elderly housing, should be provided in face of our ageing population, despite the fact that the two SEN developments operated by the HS provide medical care services and recreational facilities in addition to housing for eligible elderly persons.

## *Non-elderly Singletons over the Age of 35*

- 3.5 Given the current tight supply of PRH, many respondents noted that the HA should continue to accord higher priority to families and the elderly over non-elderly one-person applicants for PRH. Nevertheless, there was general support for enhancing the QPS by increasing the annual PRH allocation quota for non-elderly one-person applicants. A considerable number of respondents agreed that more points should be given to non-elderly one-person applicants above the age of 45 and that the arrangement should be extended progressively to those over 40 and then over 35 when the supply of PRH units became more abundant. There was also relatively more support for progressively extending the pledge of the three-year average waiting time for non-elderly one-person applicants above the age of 35, although some respondents were concerned about the impact of this proposal on the general Waiting List (WL) applicants.
- 3.6 There were considerable objections to the building of dedicated blocks for singletons on infill sites within existing PRH estates. The sentiments expressed by the dissenting individuals and groups were rather strong. Even though the proposed infill blocks were intended to be built within those estates with a lower plot ratio and sufficient infrastructural facilities as a means to increase PRH supply for non-elderly singletons, respondents remained concerned that this would unduly increase the development density of the affected estates and would place additional burden upon the existing communal facilities. This would have long term impact on the quality of life of existing tenants in the affected estates. Many respondents considered the redevelopment of aged PRH estates to be far more effective in increasing PRH supply to address the housing needs of PRH applicants, including those under the QPS. Given the potential impact of the proposal on existing tenants, some respondents who indicated support remarked that the HA had to secure the consensus of the local community before taking such developments forward.

## *Inadequately Housed Households*

- 3.7 Households living in SDUs received the most attention among the specific groups with housing needs mentioned in the public consultation document. Respondents generally agreed with the Steering Committee's view that priority should be accorded to addressing the housing needs of IHHs, and that PRH should be the primary housing solution for eligible households. There was also general consensus that the safety conditions of SDUs should under no circumstances be compromised, and that SDUs in industrial buildings should be eradicated.
- 3.8 As regards SDUs in residential and composite buildings, even though respondents were generally sympathetic to the living conditions of SDU tenants, there was considerable objection from respondents from both the general public and groups to the introduction of a licensing or a landlord registration system to regulate SDUs. They were mainly concerned that a licensing or registration system would reduce the supply of SDUs, as not all existing SDUs could meet the necessary licensing or registration requirements. There were also concerns that the landlords of licensed or registered SDUs would pass the costs of complying with the licensing or registration requirements onto the tenants. Either way the rents of SDUs would go up, thus causing financial hardship to the very group of people that the licensing or registration system sought to help. There were also comments that introducing a licensing or a registration system would be tantamount to legitimizing residential premises in dilapidated and undesirable conditions, particularly if SDUs were only required to meet a loose set of licensing or registration requirements. Some individual property owners who were themselves not SDU landlords were also concerned about the structural safety, environmental hygiene and building management of buildings with a large number of SDUs and called for the eradication of SDUs.



- 3.9 Many respondents supported the provision of transitional housing to SDU tenants, particularly those on the PRH WL who were displaced by Government enforcement actions. On the other hand, some respondents considered that, where land could be made available for housing use, priority should be accorded to building more PRH rather than transitional housing. Concern groups representing SDU tenants generally objected to regulating SDUs through licensing or registration for reasons stated in paragraph 3.8 above. However, they indicated that they would be more amenable to the idea if the introduction of a licensing or a registration scheme for SDUs was accompanied by a package of other measures, encompassing the provision of transitional housing for SDU tenants displaced by Government enforcement action and the introduction of rental control, including both control on the level of rents as well as the security of tenure (see also paragraphs 3.15 and 3.16 below on rental control).

### *Youngsters and First-time Home Buyers*

- 3.10 Respondents generally acknowledged the home ownership aspirations of many youngsters and supported the provision of more HOS units on top of those already pledged by the Government. This would help rebuild the housing ladder to address the home ownership aspirations of youngsters and first-time home buyers who could not afford private residential flats.
- 3.11 There were not too many comments on the proposal to set aside a certain proportion in each HOS sale for singletons. Respondents who commented on the issue generally supported the proposal, although few specified any particular percentage. Likewise, relatively few respondents commented on the proposal to set a minimum income/asset level for White Form applicants for the future sale of HOS flats and other subsidized sale flats. Among those who commented on this issue, they generally welcomed the proposal, which in their view would improve the chance of eligible first-time home buyers with genuine housing needs to gain access to subsidized sale flats.

3.12 On the other hand, some respondents, particularly those who identified themselves as youngsters, contended that not all youngsters aspire to or could afford home ownership. Instead, they called on the Government to build more PRH units and introduce rental control in the private sector. They were also concerned about any proposals that might affect their eligibility for PRH (such as the proposal to regularly review the income and assets of PRH applicants under the QPS, see Chapter 4) since they perceived accessibility to PRH as their right.

## *Other Issues*

### *Home Starter Loan Scheme*

3.13 Public responses on re-launching the HSLs were mixed. Respondents who objected to the re-launch shared the Steering Committee's view that any financial assistance provided by the Government under the current tight supply condition would be counter-productive and would further push up flat prices. On the other hand, respondents who supported the re-launch considered that they could not afford prices of private residential properties without financial assistance from the Government.

### *Tenants Purchase Scheme*

3.14 Similarly, public responses on re-launching the TPS were mixed. Those who did not favour re-launching the TPS generally concurred with the Steering Committee's view that selling PRH flats to tenants would affect the turnover and supply of PRH flats for WL applicants. Those who supported the measure were mostly concerned about the current lack of HOS supply and the high prices of private residential properties. They considered that the re-launch of the TPS would provide PRH tenants with an additional avenue for home ownership.

## *Rental Control*

- 3.15 There was rather strong support for re-launching rental control (including both the control on the level of rents and the security of tenure) amongst concern groups for the grassroots and SDU tenants, whereas views from respondents amongst the general public were relatively mixed. There were also respondents who acknowledged the controversial nature of rental control but nevertheless supported its re-launch. Respondents who indicated support were generally concerned about the impact of the continuing rise in the level of rents upon the livelihood of the grassroots and the lower stratum of the middle class who could not afford to buy their own homes. Concern groups representing SDU tenants also complained that tenants were subject to frequent increases in rent and were forced to move to units of cheaper rents but these were generally in worse conditions. They called for the reinstatement of some form of security of tenure (see also paragraphs 3.7 to 3.9 above on SDUs).
- 3.16 On the other hand, some respondents concurred with the views of the Steering Committee and cast doubts on the effectiveness of rental control in offering the intended protection to tenants. Noting the controversies involved, some objected to re-launching rental control without further examination of the subject and community consensus.

## Chapter 4

### VIEWS ON MEASURES TO MAXIMIZE THE RATIONAL USE OF PUBLIC RENTAL HOUSING RESOURCES

#### What the Consultation Document Discussed

- 4.1 Chapter 6 of the consultation document reviewed the latest position of the Waiting List (WL) for public rental housing (PRH). It examined the policies of the Hong Kong Housing Authority (HA) on the Quota and Points System (QPS), well-off tenants, under-occupation, overcrowding relief and tackling abuse of PRH, and discussed how those policies could be further enhanced in order to maximize and rationalize the use of PRH resources.

#### What We Invited the Public to Consider

- 4.2 The public was invited to comment on the following questions -
- (a) **Question 15** : *What are your views on the recommendation to develop a mechanism to regularly review the income and assets for QPS applicants in order to remove ineligible applicants from the WL?*
  - (b) **Question 16** : *Do you think that the “Well-off Tenants Policies” should be reviewed and updated (by, for example, shortening the initial income declaration period and the subsequent income and asset declaration period; requiring tenants to move out of PRH when either their income or asset level exceeds the respective limits; or setting an additional criterion on top of the existing income and asset limits criteria to require tenants to vacate their units when their income exceeds a certain threshold, regardless of their asset level)?*

- (c) **Question 17** : *What are your views on the recommendation for the HA to further enhance its under-occupation policy by providing incentives for under-occupied households to move to smaller flats on the one hand, and stepping up its action against under-occupation cases on the other?*
- (d) **Question 18** : *What are your views on the relative priority between allocating PRH units to WL applicants and further relaxing the standard for relieving overcrowded PRH households in order to improve sitting tenants' living environment?*

## What Respondents Said

### *The Waiting List*

4.3 Respondents generally supported the HA to maintain the average waiting time (AWT) at around three years for general applicants on the PRH WL<sup>1</sup>. They were however concerned about whether the HA could continue to meet the AWT pledge in view of tight land supply and the increasingly long WL. Individual respondents also commented that there were cases where the actual waiting time for some PRH applicants was considerably longer than three years. Some of them suggested that rent subsidy be provided to households which had been on the WL for over three years but had not been allocated a flat.

### *Quota and Points System*

4.4 Respondents generally agreed that a mechanism should be developed to regularly review the income and assets of QPS applicants. This would remove applicants from the QPS who were no longer eligible and enable the HA to better assess the demand for PRH. Individual respondents were however

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<sup>1</sup> The HA defines waiting time as the time taken between registration on the WL 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 AWT for general applicants refers to the average of the waiting time of general applicants housed to PRH in the past 12 months.

concerned that the proposal would affect youngsters' right to apply for PRH and their chances of securing PRH allocation.

### *Well-off Tenants Policies*

- 4.5 A majority of the respondents supported the Well-off Tenants Policies. Most of them called for a further tightening up of the Policies in order to ensure the rational use of PRH resources. As to how this could be achieved, those who supported a further tightening up of the Policies indicated support for the three possible measures mentioned in the consultation document, viz. (a) shortening the initial income declaration period and the subsequent income and asset declaration period; (b) requiring tenants to move out of PRH when either their income or asset level exceeded the respective limits; and (c) setting an additional criterion on top of the existing criteria to require tenants to vacate their units when their income exceeded a certain threshold, regardless of their asset level.
- 4.6 On the other hand, there were individual respondents who opposed the Well-off Tenants Policies. They contended that the Well-off Tenants Policies had forced grown-up children of sitting tenants to move out of PRH and hence unnecessarily created additional demand for private housing. They also considered that the Well-off Tenants Policies went against the Government's policy to encourage younger members of a family to look after the elderly. Some of the respondents suggested that the HA review the method of calculating household income under the Well-off Tenants Policies with a view to encouraging children to live with their parents. Some considered that the Policies should be scrapped. There were also respondents who considered that instead of tightening the Well-off Tenants Policies, further incentives should be provided for well-off tenants to vacate their flats.

### *Under-occupation Policy*

- 4.7 A considerable number of respondents supported the HA's under-occupation policy as it was considered to be conducive to the better utilization of PRH resources. Having said that, many respondents observed that the under-occupation policy *per se* would not generate additional PRH flats. They therefore considered that the immediate priority of the HA should be to increase the supply of PRH to meet the acute demand instead of further tightening up the under-occupation policy.
- 4.8 Some respondents, particularly concern groups representing affected tenants, opposed the under-occupation policy. They contended that the policy was inconsistent with the long term vision of having a more spacious living environment. They also considered that the under-occupation policy had put undue stress on under-occupied households with elderly members aged 60 to 69, even though such households were not categorized as prioritized under-occupation cases and the HA would not take any immediate action against them.

### *Overcrowding Relief Measures*

- 4.9 While not too many respondents commented on the HA's overcrowding relief measures, those who commented generally supported the measures as a means to improve the living conditions of sitting PRH tenants. However, given the acute demand for PRH, respondents generally considered that priority should be accorded to allocating PRH units to WL applicants rather than further relaxing the current standard for relieving overcrowded PRH households.

### *Measures to Tackle Abuse of PRH*

- 4.10 Respondents unanimously agreed that the HA should allocate more resources to implement additional measures to detect and tackle tenancy abuse cases.

## The Director of Audit's Report No. 61

4.11 During the course of the public consultation exercise, the Director of Audit issued his Report No. 61<sup>2</sup> in October 2013. Chapter 3 of the Report sets out a number of recommendations on the allocation and utilization of PRH flats. In particular, the Director of Audit recommends that the HA should –

- (a) enhance the transparency and accountability of the management of the PRH WL by, for example, publicizing the definition of the AWT and the basis of its calculation;
- (b) conduct a comprehensive review of the QPS and consider screening out ineligible QPS applicants from the WL on a periodic basis;
- (c) critically review the Well-off Tenants Policies to see whether the various parameters of the Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources can be fine-tuned for further improvements;
- (d) step up the Housing Department's efforts in tackling the under-occupation issue; and
- (e) enhance measures to tackle abuse of PRH.

The Steering Committee understands that these recommendations have been accepted by the Transport and Housing Bureau and will be followed up by the HA. It suggests that the Director of Audit's recommendations be considered in conjunction with the Steering Committee's similar recommendations.

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<sup>2</sup> Available at [http://www.aud.gov.hk/eng/pubpr\\_arpt/rpt\\_61.htm](http://www.aud.gov.hk/eng/pubpr_arpt/rpt_61.htm).





## Chapter 5

### VIEWS ON ROLE OF HOUSING DELIVERY AGENTS, MEASURES TO INCREASE HOUSING SUPPLY AND OTHER ISSUES

#### What the Consultation Document Discussed

- 5.1 Chapter 7 of the consultation document discussed the role of various housing delivery agents, including the private sector, the Hong Kong Housing Authority (HA), the Hong Kong Housing Society (HS) and the Urban Renewal Authority (URA), and how their respective roles could be enhanced. It also considered measures to facilitate housing development, including streamlining of housing construction processes and strengthening of manpower resources in the construction industry.
- 5.2 Chapter 8 of the consultation document reviewed the various short, medium and long term measures to increase housing land supply and considered the need for the community to make difficult choices and to accept trade-offs in order to increase land supply to address our housing problem. Chapter 9 of the consultation document set out some major issues that would affect Hong Kong's development beyond the coming ten years, including how new towns should be developed, how land in the old urban areas should be utilized and how a more spacious living environment could be realized.

#### What We Invited the Public to Consider

- 5.3 The public was invited to comment on the following questions -
- (a) **Question 19** : *What are your views on the idea for the Government to invite the private sector to get involved in the provision of subsidized housing?*

- (b) **Question 20** : *To speed up housing supply, what further efforts do you think the Government could make to facilitate housing development and to increase manpower supply in the construction industry?*
- (c) **Question 21** : *Given the acute shortage of housing land supply, are you prepared to accept trade-offs between an appropriate increase in plot ratio to enable more flat production and the possible negative impacts on traffic, population density and the environment?*
- (d) **Question 22** : *In your opinion, how should the Government strike the balance between development and conservation? What are your views on the various measures to increase housing land supply as set out in Chapter 8 of the consultation document?*

## **What Respondents Said**

### *The Private Sector*

- 5.4 Many respondents supported more private sector participation in the development of subsidized housing. As regards the mode of participation, some respondents suggested that reference could be made to the former Private Sector Participation Scheme and the Mixed Development Pilot Scheme. Some respondents however cautioned that private sector participation should only be pursued if the quality and costs of subsidized housing provided through the private sector were comparable to (if not more competitive than) those provided by the HA. Some were also concerned that the selling price of those projects undertaken by the private sector would be higher than those provided by the HA or the HS.

### *Other Housing Delivery Agents*

- 5.5 There were not too many comments on the role of the various housing delivery agents, i.e. the HA, the HS and the URA. Those who expressed views on this topic generally supported

the Steering Committee's view that the HA should continue to be the primary provider of affordable housing to the public. They also supported the Government to grant more sites to the HS to build more subsidized and rental housing projects to supplement the efforts of the HA. While respondents generally supported urban redevelopment as a source of new housing supply, a number of respondents expressed concern about the high prices of flats offered under the URA's redevelopment projects. Some also called on the URA to play a more active role in providing low-cost housing.

### *Facilitation of Housing Development*

5.6 Among the few respondents who commented on the streamlining of housing construction processes, including some of the relevant trade and professional bodies, they agreed that the Government should continue its efforts to streamline the application and approval processes for land supply and housing development in order to speed up private housing supply. A number of respondents observed that sufficient manpower resources in the construction industry were crucial to deliver the long term housing supply target, and they generally agreed that more should be done to secure the necessary manpower supply. Both the enhancement of the training of local manpower and importation of external talent were mentioned by respondents.

### *Measures to Increase Land Supply*

5.7 As noted in Chapter 2 of this report, many respondents were concerned about whether and how the Government could deliver the land required to meet the long term housing supply target of 470 000 units for the coming ten years. While many respondents considered it necessary to strike a balance between development and conservation, quite a number of respondents indicated willingness to accept increase in development density (through relaxing plot ratio and building height restriction) as a means to increase flat production, despite the possible compromises that it would entail upon local traffic, population density, and the environment.

- 5.8 The measures to increase housing land supply mentioned in the consultation document were generally welcomed. Some of the most frequently cited measures included the redevelopment of aged public rental housing (PRH) estates; large scale reclamation to create new land outside Victoria Harbour; the Tung Chung New Town extension and Lantau development; the development of New Development Areas; and the review of sites under Government, Institution or Community, Industrial or other non-residential zoning and other Government sites for housing development. Some supported review of sites in Green Belt areas and making better use of brownfield sites and degraded agricultural land.

### *Other Issues*

- 5.9 In the course of the public consultation exercise, respondents offered their views on a number of other issues which either had not been put forward as questions in the consultation document, or were not discussed in the consultation document at all. The more notable ones mentioned by respondents are summarized below.

### *Resale of Flats under the Home Ownership Scheme*

- 5.10 A number of respondents, including some political parties, suggested tightening the policy on resale of Home Ownership Scheme (HOS) flats. Under the current policy, buyers of HOS flats from the HA are not allowed to sell their flats in the HOS Secondary Market within two years from the date of assignment. Some respondents suggested that the HA should extend this restriction period beyond two years to reduce speculation and fluctuation in HOS flat prices. Some further suggested that owners of HOS flats could only sell their flats back to the HA or within the Secondary Market to eligible Green Form and White Form applicants. They considered that this would increase the supply of second-hand HOS flats for both better-off PRH tenants and other eligible HOS applicants.

### *Possible Land for Housing Development*

- 5.11 In considering how to increase land supply for housing development, some respondents (including both members of the general public and certain political parties) suggested reviewing the small house policy as a means to make better use of land and to increase housing supply. In addition, a small number of respondents, including those from the general public and political parties, suggested that military sites be used for housing development purposes. On the other hand, there was rather strong objection, mostly from the general public, to the use of land in country parks for housing development.
- 5.12 Few respondents mentioned how land in the old urban areas should be utilized. Those who commented on the issue generally agreed that consideration could be given to relocating some large-scale non-residential utilities with a view to releasing the development potential of the sites concerned for housing development.

### *Housing Development Approach*

- 5.13 Many respondents, notably members of the District Councils, called for a holistic development approach for new PRH projects with the provision of the necessary infrastructural, transport and community facilities. Respondents also generally agreed that a more integrated approach should be adopted for the development of new towns in future.

### *A More Spacious Living Environment*

- 5.14 Few respondents mentioned how to realize a more spacious living environment, but those who commented on the issue generally concurred with the direction proposed in the consultation document.



## Chapter 6

### CONCLUSION

#### Issues with General Public Support

- 6.1 There has been an enthusiastic response to the public consultation exercise. It has provided a very good opportunity for the public to focus and to debate on the key housing issues in Hong Kong. Judging from the comments received from respondents, consensus is gradually building on many of the key issues, which will provide a concrete basis on which the Government can formulate its Long Term Housing Strategy (LTHS). In particular, there is wide public support on the following issues –
- (a) the public generally concurred with the Steering Committee's analysis and assessment of Hong Kong's housing problem and the overall strategic direction to resolve the problem through a supply-led strategy with public housing accounting for a higher proportion of the new housing production;
  - (b) there was considerable support for the long term housing supply target of 470 000 units for the coming ten years. There was also widespread support for a higher proportion of public housing of at least 60% of the new housing production;
  - (c) the public generally agreed that higher priority should be accorded to addressing the housing needs of inadequately housed households (IHHs);
  - (d) there was widespread support for building more flats under the Home Ownership Scheme (HOS) to meet the home ownership aspirations of youngsters and first-time home buyers;



- (e) the public generally agreed that the average waiting time (AWT) for public rental housing (PRH) for general Waiting List (WL) applicants (i.e. family and elderly applicants) should be maintained at about three years, and that more should be done to ensure the rational use of precious PRH resources; and
- (f) the public generally welcomed more private sector participation in the provision of subsidized housing. The public also supported further efforts by the Government to facilitate housing development, both in terms of streamlining the housing development processes and strengthening manpower resources in the construction industry.

## **Observations on Specific Issues**

6.2 The Steering Committee has carefully reviewed the comments received during the public consultation from all quarters of the community. It observes that there are a number of prominent issues that are of particular concern to the public, even though some of them were not raised in the public consultation document. The Steering Committee would like to make some final observations on these issues.

### ***Long Term Housing Supply Target***

6.3 The Steering Committee notes the overall public support for the long term housing supply target of 470 000 units for the coming ten years. For those who considered the supply target to be under-estimated, one of the reasons frequently cited was that the public housing component within the proposed supply target could barely meet the current demand from those on the PRH WL, including general WL applicants and applicants under the Quota and Points System (QPS). However, such an argument has assumed that all PRH applicants are eligible for PRH, which may not necessarily be the case. The Steering Committee reiterates that the long term housing demand projection as set out in the consultation document has covered

all sources of housing demand in the coming ten years, including the demand for PRH flats. In any event, the long term housing demand projection would be updated annually to reflect any changes in circumstances in a timely manner, including demand for PRH from WL applicants. The Steering Committee therefore maintains that the housing supply target for the coming ten years should be 470 000 units.

6.4 The long term housing supply target of 470 000 units for the coming ten years may lead some to think that there would be a rigid supply target of 47 000 units per annum for the coming ten years. This would obviously not be the case in reality. On the one hand, the supply target for the coming ten years is based on a projection of long term housing demand, and housing demand is subject to changes in policies, economic situation and the property market from time to time. For this reason, the total demand projection and supply target should be reviewed and updated annually as recommended by the Steering Committee, and suitable adjustments should be made where necessary. On the other hand, since it takes time and effort to make available housing land for production, and as housing development takes a number of years to complete, it will not be possible to drastically increase housing supply in the coming few years. The initial shortfall will have to be compensated by a substantial increase in housing production in the latter part of the ten-year period. Furthermore, housing production figures will naturally fluctuate from year to year as the scale and the pace of development vary from project to project. In any event, the Government and the community should focus on achieving the overall long term housing supply target of 470 000 units in total within the coming ten-year period.

6.5 Housing tops the list of livelihood issues that are of public concern. The Steering Committee calls on all sectors of the community to accord priority to the overall housing needs of the general public. In making choices to balance various interests, we should not lose sight of the overall needs of the community because of local or individual interests. The Government and the community should join hands to realize

the long term housing supply target.

- 6.6 The Steering Committee notes the widespread support for a higher proportion of public housing of at least 60% of the new housing production. A considerable number of respondents also supported an even higher proportion of public housing beyond 60%, although few of them put forward any robust justifications for doing so. On the other hand, some respondents clearly expressed their concern that if the proportion of public housing went beyond 60%, there would be an adverse impact on the supply of and hence flat prices in the private residential market.
- 6.7 The Steering Committee considers that the proposed public/private split of 60:40 serves to send a clear message to the community that the Government must take the lead in increasing public housing supply in order to avert the supply-demand imbalance on the one hand, while paying due regard to the importance of ensuring the stable and healthy development of the private residential market on the other. Taking into account different views as expressed during the public consultation period, on balance, the Steering Committee reaffirms its recommendation to adopt a public/private split of 60:40.

### *Home Ownership Scheme*

- 6.8 In view of the overwhelming public support for building more HOS flats, the Steering Committee reaffirms its view that the Government should strive to increase the supply of HOS flats beyond the level that it has previously pledged. This would be conducive to meeting three key objectives : (a) to rebuild the housing ladder and to promote social mobility; (b) to address the home ownership aspirations of youngsters and first-time home buyers; and (c) to provide an avenue for better-off PRH tenants to buy their own homes, thus releasing valuable public resources to help those who are most in need.

- 6.9 The Government should consider the appropriate split between PRH and HOS flats within the new public housing production, as suggested by some respondents. In this connection, the Steering Committee reiterates its view that the Hong Kong Housing Authority (HA) should maintain the interchangeability of production between PRH and HOS. This would enable PRH and HOS production to be adjusted flexibly in response to the latest market situation.
- 6.10 The Steering Committee notes the suggestions of some respondents to tighten the existing policy on the resale of HOS flats (see paragraph 5.10 of Chapter 5). The Steering Committee appreciates that these are intended to reduce speculations on HOS flats and to make more flats available in the HOS Secondary Market. Nevertheless, the HA has been relaxing the resale restrictions on HOS flats over the years to improve the circulation of HOS flats in order to better address the home ownership aspirations of the public, especially those of first-time home buyers. Prolonging the restriction period currently applicable to the resale of HOS flats in the Secondary Market beyond two years would overturn the HA's efforts over the years to enhance the circulation of HOS flats and undermine the effectiveness of its efforts. Tightening the alienation restrictions may also reduce the attractiveness of HOS flats to buyers, whether eligible Green Form or White Form applicants. These would go against the objective of rebuilding the housing ladder through increasing HOS supply. It is also unclear as to whether additional alienation restrictions could be imposed upon HOS flats that have already been sold by the HA. The Steering Committee is of the view that in considering whether additional control measures should be introduced on the resale of HOS flats, the HA should carefully examine the need, feasibility and implications of imposing further control.

## *Financial Position of the Hong Kong Housing Authority*

- 6.11 The HA is a financially autonomous entity and is expected to be self-financing. As housing development requires a huge amount of investment, a significant increase in PRH and HOS production in the coming years will inevitably require additional financial commitment from the HA.
- 6.12 The Steering Committee notes that under the Financial Arrangements between the Government and the HA, the Government will provide financial support to the HA when necessary for the development of housing and housing-related projects and infrastructure that will further the policy of providing adequate and affordable housing for those in need. The Steering Committee expects the Government and the HA to work closely together to ensure that the HA has the necessary resources to deliver the public housing production targets.

## *Rental Control*

- 6.13 Even though the consultation document has clearly set out its views and concerns on rental control, the Steering Committee notes that there remains considerable support in the community for reinstating some form of rental control (including control on rents and the security of tenure). The Steering Committee further notes that many of those who indicated support are concern groups representing the grassroots and tenants of subdivided units used for domestic purposes (SDUs). This is a clear indication of the mounting financial pressure borne by the grassroots due to the rise in rental levels in recent years and they wish to get out of the current predicament.
- 6.14 The Steering Committee acknowledges the public concerns expressed during the public consultation exercise. However, it remains concerned about the implications of the territory-wide application of rental control in terms of the potential increase in rents and the likelihood of a reduction in supply, which would render such measures to be

counter-productive. Furthermore, as legislation is required to introduce rental control, considerable time would be needed before it could be implemented. A continuing increase in housing supply should be the fundamental solution to the problem of deteriorating affordability and surging rent caused by insufficient supply. Given the controversies of rental control, the Steering Committee cautions that clear community consensus has to be secured before any form of rental control is contemplated.

### *Subdivided Units*

- 6.15 The outcome of the public consultation exercise clearly revealed the community's concern over the building and fire safety of IHHs, particularly those who are living in SDUs. The Steering Committee shares the public's sentiment that the safety of households living in SDUs should under no circumstances be compromised.
- 6.16 The Steering Committee calls on the Government to continue to step up its efforts to eradicate SDUs in industrial buildings and to strengthen enforcement against irregularities relating to building and fire safety found in SDUs in residential and composite buildings. The Government should continue to ensure that those displaced by any Government enforcement action would not be rendered homeless by providing them with the necessary temporary accommodation.
- 6.17 The Steering Committee remains of the view that PRH should be the primary housing solution for eligible SDU households in the long run. If there are suitable temporary vacant sites in the urban area, the Government could further explore the feasibility of providing transitional housing on such sites for those in need before additional PRH supply comes on stream. In addition, more should be done in the interim to improve the safety and hygiene conditions of SDUs in residential and composite buildings. It was against this background that the consultation document put forward the suggestion to consider the feasibility of introducing a licensing or landlord registration system for SDUs in residential and composite buildings.

6.18 The Steering Committee understands the considerable reservations expressed by the public over a licensing or a landlord registration system for SDUs. Some respondents, particularly those amongst the general public, were adamant that licensing or registration should not be pursued at all. On the other hand, some concern groups for SDU tenants indicated that they would be more willing to accept a licensing or a registration system on condition that it is accompanied by a package of complementary measures, including some form of rental control (including both the control on rents and the security of tenure) and the provision of some transitional housing. In view of the public sentiment, the Steering Committee considers that the Government needs to consider carefully whether this proposal should be pursued, taking into account the pros and cons of the proposal. If the Government decides to pursue this proposal, more details need to be worked out and the public would also need to be consulted. The introduction of some form of regulation would most probably have to be carried out by way of the enactment of enabling legislation.

### *Policies Related to Public Rental Housing*

6.19 The Steering Committee notes the overall public support for maintaining the AWT at around three years for general applicants on the PRH WL, as well as its recommendations to maximize the rational use of PRH resources. In this regard, the recommendations of the Director of Audit's Report No. 61 on the allocation and utilization of PRH flats are consistent with those of the Steering Committee. Both are intended to enforce the rational use of precious PRH resources. The Steering Committee therefore calls on the Government and the HA to carefully review PRH-related policies, particularly the QPS, the Well-off Tenants Policies and the under-occupation policy to ensure the proper use of valuable PRH resources.

6.20 Meanwhile, the Steering Committee is aware of the alternative views put forward by some respondents on various PRH-related policies. For example, there were suggestions for the Government to provide monthly rent subsidy to those

households who have been on the PRH WL for more than three years and have not yet been allocated a flat. The Steering Committee would like to reiterate its position that any rent assistance introduced hastily in a tight supply market would be counter-productive, as the subsidy would most likely lead to upward pressure on rental levels, thereby partially offsetting the benefits to the tenants. The move would also induce more to queue up for PRH.

6.21 As regards the suggestion by some respondents that more incentives should be provided to well-off tenants to vacate their PRH flats, the Steering Committee considers that this can be achieved through the increase in the supply of HOS in the coming years. Moreover, there are concerns from some quarters that well-off tenants are already enjoying very generous public housing benefits. Providing further incentives for well-off tenants to vacate their flats may be perceived as offering double benefits to such tenants. On the other hand, the Steering Committee notes the views of some respondents that the Well-off Tenants Policies may go against the Government's policy of "ageing in place" by discouraging grown-up children from living with their elderly parents. The HA should take these factors into consideration in its overall review of the Well-off Tenants Policies.

6.22 Some concern groups are worried that the under-occupation policy has put undue stress on under-occupied households with elderly members aged 60 to 69. The Steering Committee considers that such households are not categorized as prioritized under-occupation cases and the HA will not take any immediate action against them. Nevertheless, the Steering Committee calls on the HA to continue to adopt a reasonable and considerate approach in implementing the under-occupation policy.



## *Dedicated Public Rental Housing Blocks for Singletons*

- 6.23 The HA should exercise caution in considering whether to build infill blocks on suitable sites within existing PRH estates in view of the strong opposition to this proposal from the local community. In addition to ensuring that there would be residual plot ratio and sufficient infrastructural facilities for the purpose, the views and concerns of the public should be fully taken into consideration before any such projects are carried out.
- 6.24 On the other hand, the Steering Committee wishes to point out that the proposal to build infill blocks within existing PRH estates for singletons should not be confused with the existing policy of the HA to build new PRH blocks on vacant sites near or adjacent to existing PRH estates in accordance with the relevant planning requirements. The latter has proven to be an effective way to maximize the use of available land resources to increase PRH supply with no impact on the development density of existing estates, and should be continued.

## *Housing Land Supply*

- 6.25 Despite the considerable support for the long term housing supply target recommended by the Steering Committee, there was widespread concern among respondents as to whether the Government could secure the land to meet the target. Respondents welcomed the various measures to increase housing land supply mentioned in the consultation document, including the redevelopment of aged PRH estates; large scale reclamation to create new land outside Victoria Harbour; the Tung Chung New Town extension and Lantau development; the development of New Development Areas; and the review of sites under Government, Institution or Community, Industrial or other non-residential zoning and other Government sites for housing development, etc. The Government should build on the support expressed by respondents for the measures to increase land supply as set out in the consultation document, strive to secure the necessary

land for long term housing development, and make the best use of the land available. The Steering Committee appeals to those affected to pay due regard to the interest of the whole community and accept measures to increase housing land supply such as appropriate increase in development density (plot ratio and building height) and rezoning of suitable sites to residential use, notwithstanding the possible compromises that these would entail upon local traffic, population density and the environment.

- 6.26 As regards the suggestion from some respondents to review the small house policy as a means to make better use of land and to increase housing supply, the Steering Committee calls on the Government to continue to keep an open mind to any suggestion with regard to the policy and to maintain a dialogue with stakeholders. On the other hand, in view of the considerable public resentment over the use of land in country parks for housing development (despite the fact that this was not mentioned as an option in the consultation document and that the Government has no plan to do so), the Steering Committee calls on the Government to exercise caution and to focus instead on the review of sites in Green Belt areas and make better use of brownfield sites and degraded agricultural land.

### *Streamlining of Private Housing Development Processes*

- 6.27 The Steering Committee notes the support, particularly among the relevant trade and professional organizations, for the recommendation that the Government should continue its efforts to streamline the housing development process in order to speed up land and housing supply. In his 2013 Policy Address, the Chief Executive put forward an initiative to review land administration procedures and processes related to land grant and premium assessment to expedite land supply. The 2014 Policy Address released recently has also announced the introduction of a Pilot Scheme for Arbitration on Land Premium.

6.28 The Steering Committee notes that the Lands Department (LandsD) has over the past years undertaken several studies and implemented a series of measures to streamline administrative procedures, in particular those related to the processing of lease modification and land exchange applications. The latest drive includes the establishment of a regular liaison forum between LandsD and the Real Estate Developers Association of Hong Kong on matters concerning land administration processes, with concrete proposals being put to the Land Sub-committee under the Land and Development Advisory Committee (LDAC). The LDAC is a committee which advises the Government on policies and procedures in relation to planning, land, and buildings matters. It comprises both ex-officio members and non-officials representing real estate developers and professional bodies involved in developments. A Planning Sub-committee and a Building Sub-committee have also been set up under the LDAC to consider issues relating to administrative procedures on planning and building respectively. The Steering Committee supports this move and calls on all relevant Government departments to continue to discuss with stakeholders possible streamlining measures using the LDAC, its Sub-committees and other established channels as a platform.

### *Means to Increase Manpower Resources in the Construction Industry*

6.29 In addition to securing sufficient land, the provision of adequate manpower resources is equally important in order to achieve the long term housing supply target. With the onset of major infrastructural projects and other construction works, the construction output will be maintained at a high level. The construction industry is facing increasing manpower demands, a skills mismatch and an ageing workforce.

6.30 The Steering Committee notes the efforts made by the Development Bureau (DEVB) and the Construction Industry Council (CIC) to enhance training for construction personnel and to enhance promotion and publicity activities to attract

more people to join the industry, especially young people, in order to meet the construction manpower demand in the long run. In the next few years, the construction industry will likely face a worsening manpower situation. While due regard should be given to the principle of not affecting the employment of local construction workers, it is crucial that the prevailing “Supplementary Labour Scheme” should be made use of to timely import skilled workers to meet our rising manpower demand if we are to meet the enormous housing production target.

- 6.31 The Steering Committee urges the DEVB to continue to monitor the situation and introduce appropriate measures in collaboration with the CIC and relevant industry stakeholders in a timely manner in order to ensure sufficient construction workforce for housing development.

## **Final Note**

- 6.32 The Steering Committee calls on the Government to carefully examine the above issues and give due consideration to this Committee’s recommendations and the public’s views in formulating the LTHS.
- 6.33 The Steering Committee would like to thank all the individuals and organizations that took the time to respond to the consultation exercise, which has proven to be conducive to building community consensus on some vital issues of LTHS for Hong Kong. As a final note, the Steering Committee would like to thank the secretariat for the support rendered to its work.



## EXECUTIVE SUMMARY OF THE CONSULTATION DOCUMENT

### *An Overview of our Housing Problem*

Housing tops the list of livelihood issues that are of public concern, and is widely recognized as the foundation for a stable society. The Government formed the Long Term Housing Strategy Steering Committee (the Steering Committee) in September 2012 to make recommendations on Hong Kong's Long Term Housing Strategy (LTHS) for the next ten years.

2. The Steering Committee has reviewed the development of housing policies in Hong Kong in the past, in particular the formulation of the LTHS in 1998 after reunification, the repositioning of housing policy in 2002, and the changes in the housing market in recent years. The Steering Committee considers the current housing problem in Hong Kong to be serious, as indicated by –

- (a) Severe supply-demand imbalance for public and private housing : supply has dropped in recent years while vacancy rates remain low. The price and rental indices for private residential properties have reached historical high, whereas the number of applicants for public rental housing (PRH) keeps increasing;
- (b) deteriorating affordability : the increase in household income is not commensurate with the surge in property prices. The affordability ratio has deteriorated in line with property prices growing out of reach for ordinary people; and
- (c) changing demographics : new household formation and household splitting has become the trend, causing the rate of increase in the number of households to be faster than that of population growth generally. In addition, the population in Hong Kong continues to age. These developments impose continuous pressure on housing demand.

## *The Vision for Our Long Term Housing Strategy*

3. According to the 2013 Policy Address, the Government's housing policy objectives are to: (a) assist grassroots families to secure public housing to meet their basic housing needs; (b) assist the public to choose accommodation according to their affordability and personal circumstances, and encourage those who can afford to do so to buy their own homes; (c) provide subsidized home ownership flats on top of PRH so as to build a progressive housing ladder; and (d) maintain the healthy and steady development of the private property market, with priority to be given to meet Hong Kong permanent residents' needs. Taking into account the housing problems mentioned in paragraph 2 above, the Steering Committee considers that the Government should adjust its housing strategy in order to achieve its policy objectives. The Steering Committee **recommends** that the future LTHS should be built upon the vision of providing adequate and affordable housing to the people of Hong Kong through re-establishing an appropriate housing ladder that facilitates upward mobility. Having regard to the current supply-demand imbalance, the Steering Committee **recommends** the Government to play a more proactive role in providing housing suitable for the average households, and to increase the supply of public housing (comprising PRH and subsidized sale flats). In gist, **the new LTHS should be a supply-led strategy, with public housing accounting for a higher proportion of the new housing production.**

4. The current supply-demand imbalance is a long-standing problem and it will take time to rectify the situation. The Steering Committee therefore considers that the Government should introduce short and medium term measures to align with the aforementioned LTHS, and reaffirms the Government's efforts in this regard (for example, by extending the Home Ownership Scheme (HOS) Secondary Market to White Form Buyers; expediting the construction of PRH units; initiating land sale and abolishing the Application Mechanism; speeding up the processing of pre-sale consent applications etc.).

## *Projection of Long Term Housing Demand*

5. The LTHS is premised on the projection of long term housing demand. To this end, housing demand is defined as the total number of **new** housing units that need to be built for each and every household to be accommodated in adequate housing over the long term.

6. Taking into account all the demand components, including the net increase in the number of households, households that will be displaced by redevelopment, households that are inadequately housed, and other factors (such as non-local students and buyers from outside Hong Kong who may purchase flats and have not channelled them back to the market etc.), the estimated gross total housing demand for the projection period from 2013-14 to 2022-23 would be in the range of 420 150 units to 479 250 units, with the mid-point being 449 700 units. As for the supply side, according to the projection results for total housing demand, and taking into account the vacancy situation of private residential flats, we project that the total housing supply in the next ten years should range from 440 000 units to 500 000 units, and thus **recommend** the mid-point of 470 000 units to be the supply target.

7. Having regard to the supply-led strategy, and with public housing accounting for a higher proportion of the new housing production, the Steering Committee **recommends** adopting the ratio of 60:40 as the public/private split for the housing supply in the next ten years. This ratio should be adjusted flexibly to cater for changes in circumstances, in order to give due consideration to and strike a balance between the two major objectives of increasing the production of public housing to satisfy public demand and stabilizing the private market. The Government should also maintain flexibility in the ratio between PRH and subsidized sale units (e.g. HOS), and maintain the interchangeability of production between PRH and HOS.

8. As ten years is a long period of time, the above projection is premised on a large number of variables which are taken from the objective circumstances and the latest policies and programmes, all of which may change over time. Given that, the Steering Committee **recommends** that the projection should be reviewed on an annual basis to take into account any changes in policy or prevailing circumstances with a view to formulating an appropriate housing supply target.

### ***Housing Needs of Specific Groups in the Community***

9. Given limited land and housing resources, priorities must be set to assist those with genuine and the most pressing housing needs.



## The Elderly

10. The Hong Kong Housing Authority (HA) provides PRH for the low-income elderly, and addresses their mobility needs by measures such as adopting universal design principles and upgrading older estates. The Steering Committee **recommends** the HA to continue its efforts to provide affordable rental housing with suitable facilities for eligible elderly people, and to continue to refine its PRH allocation policy in accordance with the “ageing in place” principle.

11. As for the middle-income elderly, the Steering Committee considers that the Senior Citizen Residence Scheme (SEN) operated by the Hong Kong Housing Society (HS) can provide the HS and other non-profit making organizations a blueprint for the provision of dedicated housing and facilities for middle-income elderly people. Subject to the availability of land resources, the HS should continue to be supported in introducing similar projects. The HS or the private sector may also operate elderly housing schemes targeting at middle to high-income elderly under a market driven approach. On the other hand, given the competing priorities for land resources, there is a need to strike a balance between giving support to such projects, and the development of PRH units for the lower income groups and HOS flats.

12. In addition, having regard to the ageing population, the Steering Committee would like the Labour and Welfare Bureau and the relevant departments to review the Hong Kong Planning Standards and Guidelines. Furthermore, the co-ordination amongst relevant bureaux and departments should be strengthened in order to enhance the overall community support to the elderly.

## Non-elderly Singletons over the Age of 35

13. The non-elderly one-person PRH applicants are placed under the Quota and Points System (QPS), and the three-year average waiting time (AWT) target applicable for general family applicants does not apply to them. The Steering Committee supports the HA’s policy to continue giving priority to families and elderly applicants for PRH flats. Nevertheless, having regard to the relatively limited upward mobility for non-elderly one-person applicants over the age of 35, the Steering Committee **recommends** that they should be offered higher priority under the QPS.

14. The Steering Committee **recommends** that the QPS should be enhanced by increasing the annual PRH quota<sup>1</sup> for applicants under the QPS. The Steering Committee also **recommends** allocating extra points to applicants above the age of 45, and progressively to those over 40 and then over 35 with a view to increasing their chance to access to PRH. The Steering Committee also **recommends** that consideration be given to setting out a roadmap to progressively extend the three-year AWT target to non-elderly one-person applicants above the age of 35, and **recommends** the HA to explore the feasibility of building dedicated PRH blocks for singletons at suitable fill-in sites within existing PRH estates (e.g. such as those with relatively lower plot ratio and sufficient infrastructure).

### Inadequately Housed Households

15. The Steering Committee considers that priority should be accorded to cater for households which are inadequately housed. Their housing needs have been taken into account in the long term housing demand projection. In addition, the Steering Committee has commissioned Policy 21 Limited to conduct a survey on subdivided units (SDUs)<sup>2</sup>. The Survey estimates that there are about 66 900 SDUs in the territory; 30 600 of which lack at least one of the essential facilities (i.e. kitchen or cooking area/toilet/water). The primary reasons to live in SDUs are convenience for travelling to/from their place of work or study (64%) and lower rental compared to ordinary flats (49%).

16. The Steering Committee appreciates that some households have chosen to live in SDUs for various practical reasons and that some of the households had actually lived in PRH before. As such, SDUs situated in convenient urban locations may continue to exist even if there is an adequate supply of PRH. Nevertheless, the safety conditions of SDUs should under no circumstances be compromised.

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<sup>1</sup> The quota is currently set at 8% of total PRH units available for allocation to Waiting List applicants, subject to a cap of 2 000.

<sup>2</sup> Report of the SDU survey is available at the Transport and Housing Bureau website at <http://www.thb.gov.hk>.

17. The Steering Committee notes that the Government has strengthened the inspection and eradication of SDUs in industrial buildings. As for SDUs in domestic and composite buildings, the Government has taken enforcement actions under the Buildings Ordinance (Cap. 123). The Steering Committee urges the Government to further step up its enforcement action. The Steering Committee also considers that the introduction of a licensing or landlord registration system for SDUs in domestic and composite buildings may improve the safety and hygiene conditions of those SDUs in the long run. However, the Steering Committee recognizes that the introduction of such system would take time and its implementation would require additional resources.

18. SDU tenants who are affected by Government enforcement action will be offered temporary accommodation in Po Tin Transit Centre in Tuen Mun. Eligible affected households who have lived in the Transit Centre for three months and passed the “homeless test”, as well as fulfilling the eligibility criteria for PRH, can be rehoused to Interim Housing pending PRH allocation. The Steering Committee considers that, subject to the availability of suitable temporary vacant sites in the urban area, the Government should explore the feasibility of building transitional housing on such sites for those in need. However, Members note that even if urban sites which do not have other immediate alternative uses are to be granted under short term tenancy for this purpose, they would still require additional infrastructural works which may not be completed in the short term.

19. Separately, having examined the case in detail, the Development Bureau considers that it would not be practicable to convert industrial buildings into transitional housing. Nevertheless, Steering Committee members agree that the Government should continue with the on-going review of industrial zones for rezoning to other uses with more pressing social demand, including residential use.

### [Youngsters and First-time Home Buyers](#)

20. The Steering Committee appreciates the housing aspirations of young people. As there are other groups with more pressing housing needs (such as the elderly, the inadequately housed households, and non-elderly single applicants over the age of 35 on the Waiting List (WL)) that should be accorded priority for Government assistance, it

would be difficult to allocate top priority to the demands of youngsters for the time being. Nevertheless, the Steering Committee considers that the Government should instill in the younger generation confidence in the future by demonstrating its determination to gradually resolve the housing problem, and establish an effective housing ladder which promotes upward mobility. Given their prime age and better potential for upward mobility (especially those who have completed their tertiary education), increasing the supply of HOS should be an effective way to address the aspiration of the youngsters.

21. As a matter of fact, 70% to 80% of the first-time home buyers are aged 39 or below. As such, measures which address the home ownership aspirations of first-time home buyers could also help address the aspirations of young people. The Steering Committee **recommends** the Government to actively identify sites for developing more HOS units, on top of the existing production target for new HOS flats that the Government has already pledged, and set aside a certain percentage (say 10% to 20%, or even up to 30%) in each HOS sale for eligible singleton applicants, which may increase their chance to purchase HOS flats.

22. In the recent sale of Greenview Villa by the HS and the HA's Interim Scheme to allow White Form applicants to buy HOS flats without premium paid in the HOS Secondary Market, there are singleton applicants with unduly low income and assets. This suggests that they could hardly afford to purchase a property even on mortgage terms. To support those who can afford to buy their own homes, and to improve the chance of eligible first-time home buyers with genuine housing needs, the Steering Committee **recommends** setting a minimum income/asset level for White Form applicants for future sale of HOS flats and any equivalent subsidized home ownership schemes. This is to avoid the public making home purchase decisions which are beyond their means and to increase the chance of those with sufficient savings and affordability to buy HOS flats.

### Other Issues

23. The Steering Committee has considered the following issues, and has made some preliminary analyses and conclusions –

- (a) Relaunching the Home Starter Loan Scheme: under the current acute housing supply situation, any such Government loan scheme will only be counter-productive and push up housing prices, and thus should not be relaunched;
- (b) relaunching the Tenants Purchase Scheme (TPS): the Government should not relaunch the TPS as selling PRH flats to tenants will inevitably affect the turnover and supply of PRH flats, which will directly affect the HA's ability to maintain the AWT target. The HA has also encountered many problems in managing the PRH flats still remaining in the TPS estates;
- (c) providing rental subsidy to those households who have been on the WL for more than three years and have not been allocated a unit: given the tight supply market, this would be counter-productive as it would most likely lead to upward pressure on rental levels and would probably induce more to queue up for PRH; and
- (d) introducing rental control measures: rent control mainly focuses on the level of rent when a lease is renewed, and might induce landlords to ask for a higher rent upfront. As for the security of tenure, this would discourage landlords from letting their flats, thus incidentally decreasing the supply of flats and pushing up market rents, and thus rendering the measure counter-productive. Therefore, the downside of implementing rental control would outweigh its benefits.

### *Measures to Maximize the Rational Use of PRH Resources*

24. As PRH is the primary housing solution for the grassroots, PRH flats must be allocated in a fair and rational manner. The increasing number of PRH applications at present has made it increasingly difficult for the HA to maintain the around three-year AWT target. Nevertheless, the Steering Committee **recommends** that the Government should strive to maintain the AWT target despite the possibility of a short term deviation from the target.

25. The Steering Committee observes that, according to a survey conducted by the HA in 2012, among the QPS applicants on the WL who

were aged 35 or below, nearly half had post-secondary or above education attainment. Since those who were students when registered would most likely earn an income exceeding the WL income limit after graduation, and as the limited PRH resources available should be reserved for people with relatively greater need for assistance, the Steering Committee **recommends** the HA to develop a mechanism to review the income and assets of QPS applicants and to conduct regular reviews with a view to removing applicants who are no longer eligible from the WL.

26. The Steering Committee notes the divergent views on the “Well-off Tenants Policies”.<sup>3</sup> There are views that the Well-off Tenants Policies are inconsistent with the Government’s policy to encourage younger members of the family to look after the elderly, and that it drives PRH tenants to the private housing market. On the other hand, there are views that the Well-off Tenants Policies can lead to better utilization of PRH resources, and therefore should be further tightened up (for instance, by shortening the initial income and asset declaration period and the subsequent income and asset declaration periods; or by requiring tenants to vacate their units if either their income or asset level exceeds the prescribed limits; or by setting an additional criterion on top of the existing income and asset limits criteria, requiring tenants to vacate their units when their income exceeds a certain threshold regardless of their asset level). The majority of Steering Committee Members consider that the Well-off Tenants Policies should be maintained, but **recommend** the HA to further review and update the policies.

27. The Steering Committee considers that the under-occupation policy<sup>4</sup> is important to ensure the rational allocation of PRH resources, and welcomes the HA’s recent decision to further enhance the arrangements to resolve under-occupation cases. The Steering Committee **recommends** that in addition to the existing Domestic Removal Allowance, the HA can consider offering rent waiver to under-occupied households as a further incentive to move to smaller flats.

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<sup>3</sup> According to the HA’s Well-off Tenants Policies, PRH tenants with a household income exceeding the prescribed income limits have to pay 1.5 times or double net rent plus rates according to actual circumstances. Those with total household income and net assets value both exceeding the prescribed income and asset limits are required to vacate their PRH flats.

<sup>4</sup> The HA’s under-occupation policy requires households with excessive living space to move to another PRH flat of a more appropriate size.

28. The number of overcrowded PRH families in 2001 was 18 000 but has dropped to 3 200 as at March 2013. The Steering Committee appreciates the HA's efforts to improve the living conditions of PRH tenants by providing transfer opportunities to overcrowded households. The Steering Committee considers that while the suggestion to further relax the existing overcrowding standard could enhance the living conditions of existing PRH households, it would consume already limited PRH resources at the expense of the applicants on the WL. The Steering Committee **recommends** that the HA should be cautious in striking a balance.

29. The Steering Committee also supports the efforts of the HA to deter PRH tenancy abuse, and **recommends** the HA to allocate additional resources to detect and tackle abuses.

## *Various Housing Delivery Agents*

### The Private Sector

30. The private sector is a major provider of housing in Hong Kong, and has in the past contributed to the provision of subsidized housing for sale through the Private Sector Participation Scheme and the Mixed Development Pilot Scheme. The Steering Committee considers that the case for more participation from the private sector should be revisited, and encourages the Government to adopt new thinking in exploring ways to leverage on the private sector's capacity in order to speed up housing supply.

### Hong Kong Housing Authority

31. The HA is tasked to provide affordable housing to meet the needs of households that cannot afford private rental housing. The HA also provides subsidized sale flats. The HA currently manages 162 PRH estates. As at end of March 2013, about 710 200 households (over two million people) lived in the HA's PRH flats (including Interim Housing), and about 352 000 households (over 1.11 million people) lived in subsidized sale flats. The Steering Committee recognizes the efforts made by the HA, and considers that it should continue to be the primary provider of affordable housing to the public.

## Hong Kong Housing Society

32. The mission of the HS is to serve the needs of the Hong Kong community in housing and related services. Since its establishment, the HS has been involved in various housing initiatives, including the provision of public rental units and the development of subsidized sale projects. It has also taken on the role of “housing laboratory”, trying out innovative housing schemes, including housing schemes tailored for the elderly. The Steering Committee considers that the HS should continue to work closely with the Government and to play an active role in the provision of rental units and subsidized sale flats, and also **recommends** that the Government should continue to grant suitable sites to the HS for its housing projects should land resources permit.

## Urban Renewal Authority

33. The Urban Renewal Authority (URA) is responsible for undertaking, encouraging, promoting and facilitating the regeneration of the older urban areas of Hong Kong. In order to support the Government’s policy objective of enhancing flat supply, the URA has, since 2009, made it a requirement in its joint venture tenders for half of the flats of the tender sites to be of small and medium size as far as practicable. The URA has so far undertaken to develop two projects itself without taking on joint venture partners, with “no frills” design to address the public needs for small and medium-sized flats. The Steering Committee **recommends** that the URA can be invited to explore enhancing its role in the provision of housing suitable for low to middle-income households by increasing the proportion of small and medium-sized flats in its future projects.

## Facilitation of Housing Development

34. The Steering Committee notes that the Government has been working on various fronts to speed up the housing supply process. Among other things, the Steering Committee on Land Supply, led by the Financial Secretary, has been coordinating overall plans for development and supply of land for various uses, including housing. The Planning Department (PlanD) has promulgated a Practice Note to facilitate the trade to make enquiries in respect of their development applications with a view to shortening its processing time. The Buildings Department



has also issued guidelines to authorized persons for reference with a view to facilitating early planning approval and reducing processing time. In the meantime, the Lands Department is reviewing the procedures related to land grant and premium assessment. The PlanD and other departments are also reviewing the potential of increasing the development density of residential sites as far as allowable in terms of planning.

35. As for the workflow for construction of public housing, the Government and the HA adopt a pragmatic approach to expedite the construction of public housing as far as practicable. Works at the planning and design stage, which would normally require three years to complete in the past, are compressed by the HA to one year wherever possible. As a result, the HA has reduced the total production time, which generally took seven years in the past, to about five years where possible. Since the time saved has been achieved mainly from shortening preparatory processes rather than compression of the construction programme, the quality of work could be maintained and site safety would not be compromised. Having said that, the key to prompt delivery of public housing hinges on whether the preparation works could be shortened, and whether projects are supported by the District Councils and the local community.

36. The Steering Committee **recommends** the Government to continue streamlining the housing supply process. The Steering Committee also **recommends** the Government to monitor the manpower situation in the construction industry and implement appropriate measures in collaboration with the Construction Industry Council in a timely manner to ensure the delivery capacity of the construction industry for housing development.

### ***Measures to Increase Housing Supply***

37. The crux of our housing problem lies with supply-demand imbalance. To achieve the long term goal of affordable housing, it is necessary to increase housing land supply. Nevertheless, the conventional means to increase housing land supply, such as reclamation, has become increasingly controversial. There have also been increasing concerns on development density and conservation issues amongst the general public. The Steering Committee appreciates these

community concerns, but at the same time is well aware of the pressing and serious land supply problems facing Hong Kong. While the Government has secured sufficient land to address the public and private housing demand in the next three to four years, it still has to face huge challenges in the medium and long term to meet the housing supply target recommended by the Steering Committee. In fact, if the community cannot reach consensus on how to increase land supply, the long term housing supply in Hong Kong beyond the next ten years will be at risk. The Steering Committee considers that, in order to address the root of our housing problem, the community as a whole will have to make some difficult choices and may need to accept trade-offs in order to increase housing land supply in the short, medium and long term through a multi-pronged approach. The Steering Committee also urges the Government to continue to review the procedures and approval requirements in relation to planning and land administration, in order to tie in with the general direction of increasing land and housing supply.

38. The Steering Committee notes that the Government has implemented a series of measures to increase housing and land supply, for instance the general review of plot ratio and building height restrictions, the study to relax or lift the administrative moratorium currently in force which restricts development in Pok Fu Lam and the Mid-levels, the review of sites zoned “Government, Institution or Community”, the redevelopment of aged PRH estates, reclamation outside the Victoria Harbour and rock caverns development, proceeding with the North East New Territories and Hung Shui Kiu New Development Areas, developing the New Territories North, reviewing the deserted agricultural land in North District and Yuen Long, and the Tung Chung new town extension and developing Lantau Island, etc.

### *Beyond the Next Ten Years*

39. Housing development requires continuous effort across generations. While the LTHS focuses on improving policies to deal with the housing needs in the next ten years, it is necessary for the community to give further thoughts to Hong Kong’s future development mode beyond the next ten years.

40. In order to fulfill our long term housing demand, it is estimated that Hong Kong will need to build the equivalent of one new town per

decade, or three new towns roughly the size of Sha Tin within 30 years. Bearing in mind past experience in which problems arose in some of the new town development because too much emphasis had been placed on residential development, the Steering Committee **recommends** that new towns in future should generally be developed as self-sustained communities and in an integrated manner to enable the local community to flourish. It also considers that the Government may in the long term consider relocating some non-residential utilities away from the urban area in order to reap the development potential of the corresponding urban areas for housing development.

41. There have been calls from the community for a more spacious living environment in future. The Steering Committee considers that all sectors of the community should reach a consensus on increasing land supply to realize this aspiration. Besides, while the Government should explore how new towns should be developed in a holistic manner, members of the community should be prepared to accept that in order to enjoy more spacious living environment, they may need to move away from the conventional urban districts. As far as public housing is concerned, the Steering Committee **recommends** that, subject to the provision of more land for PRH developments in future, the HA can consider relaxing its allocation standard for PRH progressively, starting perhaps with estates in non-urban districts.

42. The Steering Committee considers that, having regard to the limitation of land and other resources, the Government should accord priority to assist groups with the most pressing housing needs, and that the public should accept trade-offs in order to resolve the housing problem. As the various housing problems in Hong Kong are long-standing, it will take time to rectify and resolve them. It will also require community consensus. The Steering Committee calls on the community to build consensus, consider the issues raised in the consultation document critically, and express their views actively.

43. Please send us your views and comments by email, post or facsimile on or before 2 December 2013 to –

By email : [lths@thb.gov.hk](mailto:lths@thb.gov.hk)

By post : Secretariat, Long Term Housing Strategy  
Steering Committee  
1/F, Block 2  
Housing Authority Headquarters  
33 Fat Kwong Street  
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**PUBLIC CONSULTATION ON LONG TERM HOUSING STRATEGY  
LIST OF FORA AND MEETINGS ATTENDED**

**1. Open Fora Organized by the Long Term Housing Strategy Steering Committee**

<b>Date</b>	<b>Event</b>	<b>Location</b>
23 September 2013	1 <sup>st</sup> open forum for the general public	Leighton Hill Community Hall
7 October 2013	1 <sup>st</sup> open forum for concern groups and stakeholders	Henry G. Leong Yaumatei Community Centre
21 October 2013	2 <sup>nd</sup> open forum for the general public	Henry G. Leong Yaumatei Community Centre
7 November 2013	2 <sup>nd</sup> open forum for concern groups and stakeholders	Leighton Hill Community Hall
12 November 2013	3 <sup>rd</sup> open forum for concern groups and stakeholders	Hong Kong Heritage Museum
19 November 2013	3 <sup>rd</sup> open forum for the general public	Hong Kong Heritage Museum

**2. Other Meetings and Fora Attended**

<b>Date</b>	<b>Organization</b>	<b>Nature</b>
14 September 2013	Hong Kong Institute of Surveyors	Conference talk
16 September 2013	Hong Kong Housing Authority	Meeting

24 September 2013	Tsuen Wan District Council	Meeting
25 September 2013	District Council Chairmen and Vice-chairmen	Meeting
25 September 2013	Hong Kong Institute of Real Estate Administrators	Luncheon talk
26 September 2013	Sha Tin District Council	Meeting
27 September 2013	Subcommittee on Long Term Housing Strategy, Housing Panel of the Legislative Council	Meeting
27 September 2013	Community Development Initiative	Seminar
28 September 2013	Hong Kong Institute of Surveyors – Building Surveying Division	Conference talk
3 October 2013	Eastern District Council	Meeting
8 October 2013	Democratic Alliance for the Betterment and Progress of Hong Kong	Meeting
8 October 2013	Hong Kong Federation of Trade Unions	Seminar
10 October 2013	North District Council	Meeting
10 October 2013	Central and Western District Council	Meeting
10 October 2013	Hong Kong Chiu Chow Chamber of Commerce	Luncheon talk
11 October 2013	Hong Kong Federation of Youth Groups	Forum
17 October 2013	New People's Party	Meeting
18 October 2013	Hong Kong General Chamber of Commerce	Luncheon talk
19 October 2013	Affordable Housing Research Network, the University of Hong Kong	Forum
21 October 2013	Islands District Council	Meeting
22 October 2013	Yuen Long District Council	Meeting
22 October 2013	Hong Kong Council of Social Service	Forum

24 October 2013	Land Watch	Meeting
27 October 2013	Platform of Concerning Subdivided Flats and Issues in Hong Kong and another concern group on subdivided units (全港關注劏房居民大聯盟 <sup>1</sup> )	Forum
28 October 2013	Federation of Public Housing Estates	Meeting
31 October 2013	Yau Tsim Mong District Council	Meeting
31 October 2013	Hong Kong Institute of Architects, Hong Kong Institute of Landscape Architects, Hong Kong Institute of Planners and Hong Kong Institute of Urban Design	Forum
4 November 2013	Platform of Concerning Subdivided Flats and Issues in Hong Kong	Meeting
5 November 2013	Sai Kung District Council	Meeting
5 November 2013	Sham Shui Po District Council	Meeting
5 November 2013	Tuen Mun District Council	Meeting
5 November 2013	Kwun Tong District Council	Meeting
5 November 2013	Wong Tai Sin District Council	Meeting
5 November 2013	The Chinese General Chamber of Commerce	Dinner talk
7 November 2013	Tai Po District Council	Meeting
8 November 2013	Shadow Long Term Housing Strategy Steering Committee	Meeting
11 November 2013	Subcommittee on Long Term Housing Strategy, Housing Panel of the Legislative Council	Meeting with deputations
12 November 2013	Wan Chai District Council	Meeting
13 November 2013	Hong Kong People's Council on Housing Policy	Meeting



14 November 2013	Democratic Party	Meeting
14 November 2013	Kwai Tsing District Council	Meeting
14 November 2013	Southern District Council	Meeting
14 November 2013	Kowloon City District Council	Meeting
16 November 2013	Governance in Asia Research Centre, City University of Hong Kong Research Centre for Governance and Citizenship, Hong Kong Institute of Education	Forum
20 November 2013	Royal Institution of Chartered Surveyors	Meeting
21 November 2013	Family Council	Meeting
26 November 2013	Civic Party	Meeting
26 November 2013	Kowloon West New Dynamic	Meeting
29 November 2013	Hong Kong Federation of Trade Unions	Meeting
30 November 2013	Platform of Concerning Subdivided Flats and Issues in Hong Kong	Forum for ethnic minorities
2 December 2013	Kowloon Federation of Associations	Meeting

#### Note

1. Official name in English not available.

## LIST OF ABBREVIATIONS

AWT	Average waiting time
CIC	Construction Industry Council
DEVB	Development Bureau
HA	Hong Kong Housing Authority
HOS	Home Ownership Scheme
HS	Hong Kong Housing Society
HSLs	Home Starter Loan Scheme
IHH	Inadequately housed household
LandsD	Lands Department
LDAC	Land and Development Advisory Committee
LTHS	Long Term Housing Strategy
PRH	Public rental housing
QPS	Quota and Points System
SDU	Subdivided unit used for domestic purposes
SDU Survey	Survey on Subdivided Units in Hong Kong
SEN	Senior Citizen Residence Scheme
Steering Committee	Long Term Housing Strategy Steering Committee
TPS	Tenants Purchase Scheme
THB	Transport and Housing Bureau
URA	Urban Renewal Authority
WL	Waiting List

