

Address by  
H.E.The Governor  
Sir Murray MacLehose,  
G.B.E.,K.C.M.G.,K.C.V.O.,  
at the opening session  
of the Legislative Council  
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**(extract on Housing)**

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HONG KONG GOVERNMENT INFORMATION SERVICES

## Housing

41. I now turn to housing. You will recollect that in the budget for 1979/80, after reassessing the demands upon the economy made by the public sector in general and in particular of its demands on the construction industry, the annual production target of the Housing Authority was set at 35,000 flats a year for rental and home ownership combined. It is possible that the original higher targets in excess of 40,000 were unrealistic and would not have been achieved in any case at that time, and in the event in 1979/80, because of slippage, the number of flats completed was little above 32,000.

The overall production by the public sector when the Housing Society construction was added, was 33,000. This was more than double the output in the previous year. In the private sector production was over 28,600 flats. This produced a total production of over 60,000 flats which is by far the highest figure for the decade.

42. This year it looks as if the Housing Authority will

complete about 35,000 flats of which nearly 9,000 will be for the Home Ownership Scheme. But once again slippage looks like preventing last year's shortfall from being added to this year's target. The private sector expects to complete another 30,000 so this will mean an overall increase of about 65,000 new flats this year, thus slightly improving on the high level of production achieved last year.

43. The housing programme has been plagued by slippage, and in the light of experience it is apparent the granting authority for a given level of contracts will not produce a similar level of completions because of the intervention of a host of extraneous and often unforeseeable factors. Consequently contracts are now being let to a level of about 10% above target to ensure that at least 35,000 flats will be completed each year. This will show results from 1983/84 onwards.

44. The Home Ownership Scheme has proved extremely popular and this reflects the strong demand for home ownership at a reasonable cost. The Government is looking into the possibility of expanding this programme. But this will not and must not be at the cost of rented accommodation which is needed so badly for those who cannot afford the capital outlay of home purchase and are on the waiting list, and those who lose their homes through clearance or natural disaster.

45. It is satisfactory that out of the first 10,300

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households so far allocated flats in the Home Ownership Scheme, almost 5,000 are vacating rented accommodation in Housing Authority estates. The Scheme is therefore, as intended, fulfilling a double purpose of providing new homes for those who can afford to buy them and of simultaneously making rented accommodation available for those who cannot.

46. Hon Members we have at last achieved a very large annual completion rate of public housing whose continuity is assured throughout the five-year forecast period. Moreover this will be accompanied by a private sector production that will maintain the combined total of about 65,000 flats a year, at least for the next two years, and probably for several years thereafter though completions by the private sector in the longer-term are not predictable.

47. We have every right to be proud of these figures which are much higher than we have ever achieved before. Nevertheless we still have to look squarely at where this rate of completions is getting us, and when it will bring the chronic problem of adequate housing nearer a solution. So a new study of this old problem has been undertaken and will shortly be submitted to the Executive Council and in due course I hope will be published. While I am not prepared at this stage to commit myself to figures which are still subject to research, it is

nevertheless clear that by the mid-80s there will still

be a very large number of people in shared, overcrowded non self-contained, or otherwise sub-standard accommodation.

I do not contest that the level of output to which we are now committed, that is to say 35,000 flats a year in the public sector, may have been all that the construction industry and the economy as a whole could manage without being subjected to intolerable inflationary pressures.

Nevertheless we must also face the fact that taken in conjunction with the expected production of the private sector by 1984/85 we will still be two or three years from achieving our target. It is therefore abundantly clear that for many years to come we must strive to improve on the level of flats now being completed in both public and private sectors and plan our land production accordingly.

48. The position has been worsened by immigration. Immigrants are not immediately eligible for Public Housing, but the demand on our housing stock that will eventually be made by the numbers that arrived last year is equal to at least a full year's building at current rates. The longer the influx continues the more difficult will it become ever to correct the situation. Meanwhile the spreading squatter settlements and overcrowding in the private sector tell their own tale.

## The Public Service

124. Last year I mentioned that we had completed a review of the arrangements for housing of civil servants and that the Service was being consulted on the Governments proposals for a home purchase scheme. The consultation is now complete, and proposals will shortly be put to the Executive Council. If accepted, it is likely that the scheme may have to be implemented in phases because of its far-reaching financial and economic implications, but I sincerely hope that we shall be able to make a start in the next financial year.