

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Development of Future Interim Housing

PURPOSE

This paper reaffirms the clearance of the remaining 13 traditional Temporary Housing Areas (THAs) by March 2000 and seeks Members' approval to the development of multi-storey reinforced concrete Vertical Interim Housing (VIH) at Tuen Mun Area 29 and Tin Shui Wai Area 101 to meet the identified demand up to 2006 and beyond.

BACKGROUND

2. At the meeting of the Housing Authority on 4 January 1996, the "Future Direction for the Provision of Interim Housing" (Paper No. HA 70/95) was discussed. The meeting endorsed the following -

- (a) there is a continual and long-term need for Interim Housing (IH) to temporarily accommodate carees and others who have no alternative accommodation but who do not qualify as yet for public rental housing (PRH);
- (b) that multi-storey buildings, be they purpose-built or old housing blocks, should provide the bulk of interim housing in the long-term;

- (c) that the remaining 13 traditional THAs should be cleared over a three-year period from 1997/98 to 1999/2000;
 - (d) that the more expensive prefabricated structures should only be used as a fallback and stop-gap measure to meet unforeseen demand; and
 - (e) that the management of interim housing should be tailored to individual circumstances and carefully devised to ensure a turnover of residents.
3. The multi-storey reinforced concrete Vertical Interim Housing (VIH) proposal was submitted to the following Committees -
- (a) Development Committee on 24 March 1997
(Paper No. DC 15/97)
Subject to the approval of the Housing Authority, the development of multi-storey reinforced concrete Vertical Interim Housing (VIH) at Tuen Mun Area 29 and Tin Shui Wai Area 101 to be completed between 2000 and 2004 to meet the full identified long term demand for interim housing was endorsed;
 - (b) Committee on Planning and Land Development on 8 May 1997
(CPLD Paper No. 35/97)
The Planning Brief for VIH at Tuen Mun Area 29 was approved;
 - (c) Commercial Properties Committee on 16 May 1997
(Paper No. CPC 24/97)
The “Client Brief for Tuen Mun Area 29 Shopping Centre”, which set out the siting, design considerations and a schedule of retail accommodation was endorsed;
 - (d) Management and Operations Committee on 22 May 1997
(Paper No. MOC 63/97)
The “Management Proposals for Interim Housing” was endorsed, with the prime objective of maintaining a constant turnover of IH accommodation; and

- (e) Social Services Committee of the Tuen Mun District Board on 21 April 1997 and 18 June 1997
The VIH proposal at Tuen Mun Area 29 was presented for consultation.

DEMAND FOR INTERIM HOUSING

4. The projected IH demand between 1997/98 to 2000/01, i.e. the pre-2001 period as reported in the Paper No. HA 70/95 was 13,200 units. The demand beyond 2001 was dependent upon future policy on clearances.

5. The forecast annual demand of IH from 2001/02 to 2005/06 arising from the continuous need to clear squatters, and the need to provide shelter for disaster victims, compassionate cases, etc. is about 2,597 units. There is now a forecasted updated demand in 1997/98 to 2000/01 generated by the following -

(a) Squatter Clearance

A number of major urban development clearances would impose a large additional demand of about 2,500 units in 1998/99 and 1999/00.

(b) Clearance of the Existing 13 Temporary Housing Areas (THAs)

The clearance of Yen Chow Street THA at Sham Shui Po for development by the Urban Council (UC) is scheduled for end 1997. The remaining 12 THAs will be cleared progressively with the last one targetted for March 2000. The demand generated from these clearances not eligible for PRH is estimated to be about 2,714 units.

(c) Long Term Housing Strategy (LTHS) Review (1997)

The proposed means (income and assets) test on carees in the LTHS Review will significantly increase the number of households not eligible for PRH, and consequently increase the demand for interim housing units. This demand will however be reduced in the longer term by the proposed maximum 1 year stay for carees who fail the means test and 5 year waiting time target.

Accuracy of the forecasted demand depends very much on the details of the policy relating to implementation date and applicability to either squatter or THA carees, which have yet to be formulated.

6. Taking into consideration of the above increasing demand, two different scenarios have been developed on the forecast demand. Scenario A is the current situation. Scenario B is indicative of the effects of implementation of some of the LTHS proposals (refer **Appendices 1 & 2**) -

(a) Scenario A

This assumes there is no change in current policies. Squatter clearance figures are based on the current Squatter Clearance Programme up to 2001/02 and assumed figures thereafter. THA clearances are based on target completion by March 2000. Demand from other categories and turnover from moving out are based on past statistical data assumed to remain constant to 2006.

In this Scenario between the period 1997/98 to 2000/01, there would be about 15,516 IH units required (as compared to 13,200 units estimated in late 1995). For the following 5 years up to 2005/06, there would be an additional demand of 12,985 units. The total demand from 1997/98 up to 2005/06 would be 28,501 units, with the peak in 1998/99 and 1999/00.

(b) Scenario B

Assumption is based on the adoption of additional LTHS Review proposals to impose a means (income and assets) test for squatter and temporary housing clearances.

In this scenario the demand in 1997/98 to 2000/01 is inflated by about 35% comparing with Scenario A. Between the period 1997/98 to 2000/01, there would be about 20,980 IH units required. For the following 5 years up to 2005/06, there would be an additional demand of 16,187 units. The total demand from 1997/98 to 2005/06 would be 37,167 units, again with the peak demand in 1998/99 and 1999/00.

SUPPLY OF INTERIM HOUSING

7. Based on the current policies, turnover from moving out is estimated to provide between 900 and 2030 units of supply per year, while new supply will be as follows -

(a) The Refurbished 13 Temporary Housing Areas (THAs)

Apart from Yen Chow Street THA, the existing 12 THAs have been refurbished and will be retained until 1998-2000. There is an urgent need beyond that period to clear the existing refurbished 12 THAs due to the age and condition of the timber structures. Following the clearance announcement date of the last THA, intake and subsequent stock from this supply source will be frozen in 1998/99.

(b) Refurbished Old Rental Blocks for Use as Interim Housing

Apart from Kwai Shing East Block 12 and Shek Lei (II) Estate Block 11 which provides 824 units and 853 units respectively, an additional block in Shek Lei (II) Estate Block 10 has been identified for IH to provide 1,093 IH units in 1997/98.

Because of the relatively short lead time, refurbishing old rental blocks for use as interim housing is an effective means to meet

short-term demand. However, opportunity for identification of suitable candidates for refurbishment without major implications to programmed redevelopment is limited. Additional concerns are the higher space allocation standard arising from constraints of existing structures and the prime locations of existing estates, as these would become disincentives for interim housing tenants to move to permanent housing.

By taking up prime redevelopment sites, the high opportunity costs resulting from the delayed HOS developments at Kwai Shing East and Shek Lei and the low land utilization rate, all make this option to be uneconomical despite the relatively low refurbishment costs. There will be no further old rental blocks refurbished for use as IH and there will be no future additional supply from this source.

(c) Low-rise Prefabricated IH Blocks

Due to the low-rise nature and the short tenure of the sites, the land utilization rate of this type of development is low, resulting in high development and life time costs. Temporary land for interim housing is very difficult to obtain. Since the first pilot prefabricated IH project at Sha Kok Mei which provides 144 units by October 1997, only 1.85 ha at Long Bin THA has been successfully acquired for IH up to 9 years i.e. early 2006, which provides 840 units by April 1998 to meet the upsurge in demand in 1998/99. The benefits of short installation time is also offset by the low density development and extremely high development costs.

NEW INITIATIVE

8. (a) Vertical Interim Housing, VIH

In view of the continuous and increasing demand for Interim Housing and the practical difficulties in meeting the demand using the current options of refurbished old rental blocks and prefabricated blocks, a new form of IH which can meet the demand efficiently and cost-effectively, in particular that arising from the clearance of the remaining 13 THAs, needs to be developed immediately.

Multi-storey structure, or Vertical Interim Housing (VIH), provides the maximum number of flats within a given site that maximises land use and economy of scale. The reinforced concrete structure offers a durable, longer life span and relatively low maintenance solution. Due to the highrise nature of this proposed VIH structure, a longer construction lead time will be required. This, however, can be offset by the time saved in securing equivalent number of old rental blocks or sufficient land if using the current two options of supply in paragraph 7(b) and (c).

To meet the longer term demand from 1997/98 and beyond, large scale development of VIH on readily available large sites will afford the maximum production in the most cost effective manner.

In view that the planning density of the VIH is much higher than that for permanent PRH, adequate social facilities and relevant services needed by the community would be provided to assist the residents to adapt to the new environment.

(b) The Design of the VIH

The proposed design parameters for Vertical Interim Housing are the provision of basic, self contained flats in a simple, cost effective, quick to build and durable structure.

A space standard of 5.8 - 6.0m² IFA/person for 2-Person flats and above (8.5m² IFA/person for 1-Person flats) is provided in accordance with the minimum allocation standard of 5.5m² IFA/person in Paper No. MOC 97/94. The flat mix addresses the need for small 1-Person to 3-Person flats (77%) identified in statistical information based on clearance forecasts from 1997 to 2006.

36 flats per floor and 29 storeys maximise the optimum horizontal and vertical planning and structural constraints. A simple configuration, and standardization of fittings offers speed and economy of construction (Layout Plans at **Appendix 3**).

(c) Implementation of VIH

To meet the anticipated demand up to 2006 and beyond under both Scenario A and B and in particular to secure the clearance of the 13 THAs by March 2000, two sites are identified : Tuen Mun Area 29 and Tin Shui Wai Area 101. Both sites are earmarked for Private Sector Participation Scheme (PSPS) development, and both sites are well served by public transport with transport interchange and Light Railway Transit stations. The Government has agreed to identify replacement sites for the PSPS development although these may not necessarily be within the original time frame.

(i) **Tuen Mun (TM) Area 29**

A 4.9 ha site at Hing Tin THA at the northern fringe of Tuen Mun, near Leung King Estate, will be evacuated by November 1997. The site is currently planned for 3,650 Private Sector Participation Scheme (PSPS) flats. This site is identified as the prime source of VIH to be completed in March 2000 to meet IH demand in 1999/00. The site can accommodate 9 VIH blocks or 8,792 flats with a population of 21,112.

Rezoning is not necessary and the Planning Brief was approved by the Committee on Planning and Land Development (CPLD) on 8 May 1997 (CPLD Paper No. 35/97). Agreement is being sought from concerned departments regarding the provision of social welfare and recreational facilities. Retail study has also been conducted to determine the retail provision for the VIH (Paper No. CPC 24/97). Other provisions will include a primary school and a public transport interchange (refer **Appendix 4**).

(ii) **Tin Shui Wai (TSW) Area 101**

A 4.9 ha site at Tin Shui Wai Area 101 is available in early 1998. The site is planned for 4,250 Private Sector Participation Scheme (PSPS) flats at Tin Shui Wai Reserve Zone. Possible rezoning objections make this an option for VIH only to meet post 2001 demand for 10,080 flats with a population of 24,080. Only 3 VIH blocks or 3,024 flats are required to be built to satisfy the current IH demand in Scenario A, but an additional 7 blocks or 7,056 flats can be built to satisfy the increased demand arising from new policies and circumstances. Other provisions will include a primary school, a public transport interchange and supporting facilities (refer **Appendix 5**).

COST INFORMATION

9. (a) Total Life Time Cost

The total life time cost includes the development cost, plus all other cost factors throughout the life of a building such as management costs, and rental.

In terms of life time cost per flat comparison with other Interim Housing, VIH is at \$10,924 which is 16% and 62% lower than that of the refurbished old blocks for use as IH and the low-rise prefabricated IH respectively.

(b) Construction Cost

Construction costs at June 1997 price level, including foundations and building costs are compared with the current Harmony Annex because of the similar flat sizes. VIH is at \$5,086 and \$130,909 which is 37% and 45% lower than the Harmony Annex in terms of construction costs per m²GFA and per flat respectively.

PROJECT BUDGET AND FUNDING

10. The estimated yearly expenditure based on the phased construction to meet Scenario A are tabulated below. Approval of funding will be sought in 1997/98 Capital Budget review.

Project	Estimated Expenditure/\$M					Total/\$M
	up to 31.3.97	1997/98	1998/99	1999/00	post 31.3.00	
Long Bin IH	0.500	136.03	41.49	7.72	-	185.74
TM 29 VIH	-	10.32	553.27	795.62	522.01	1,881.22
TSW 101 VIH	-	-	-	-	877.72	877.72
Total Expenditure	0.500	146.35	594.76	803.34	1,399.73	2,944.68

MANAGEMENT PRACTICE

11. To ensure an effective turnover of the families staying in IH at a rate of about 5 years, the Management and Operations Committee endorsed a proposal on 22 May 1997 (Paper No. MOC 63/97) to adopt the management arrangements presently in force in the refurbished IH block at Kwai Shing East and Shek Lei Estates for the management of new IH coming on stream with some enhancements, notably on the following aspects -

- (a) All future IH licensees should be subject to a licence condition to the effect that they would only be offered PRH through maturity of General Waiting List (GWL) application.
- (b) Households qualified for rehousing to PRH but refusing three reasonable rehousing offers will have their licences revoked and be required to move out.
- (c) Households not qualified for rehousing to PRH on account of property ownership/over-income will only be allowed to stay in IH for 1 year and where necessary, to pay extra licence fees.

- (d) All households should be subject to the Housing Subsidy Policy (HSP) and the Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA) and upon their rehousing to PRH, their length of stay in IH would be carried forward and counted for the purpose of HSP and SRA.

12. The above management arrangements will be put into practice subject to the approval of the Housing Authority to the development of VIH.

PUBLIC REACTION AND PUBLICITY

13. The proposed development of VIH is to clear the outmoded and increasingly dilapidated Temporary Housing Areas by 2000, and to address the continuing need for interim housing by developing a new class of affordable public housing for those in need of subsidised accommodation, but having no immediate access to PRH. It should be stressed that there are significant difference in space, finishes and fittings standards and consequently the construction costs of VIH in comparison with current PRH.

14. To address the public's concerns about the development of VIH and to clear the misconceptions of unfair allocation of housing resources between VIH and PRH, the following factors need to be highlighted -

- (a) the existing 13 THAs, although recently refurbished to extend their useful life, cannot be expected to last beyond 2000 due to their deteriorating structure;
 - (b) clearance of the THAs in 2000 will have a twofold effect on IH provision by simultaneously depleting the stock, and necessitating rehousing of clearerees ineligible for PRH;
 - (c) these 13 THAs currently occupy prime sites with a total gross site area of about 26 ha. The clearance of these 13 THAs will make way for the urgent public developments, community facilities and open space. The planned land use of the 13 THAs is listed in **Appendix 6**;
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- (d) the provision of VIH to address this situation demonstrates the Authority's commitment to the Government's Long Term Housing Strategy (LTHS) of providing adequate and affordable homes for those in genuine need. VIH is the bottom rung of the ladder, providing a basic transitional home for people as a first step towards a progression to rental flat tenancy and ultimate home ownership;
- (e) VIH is the most effective and economical means to address the IH issue, in terms of life time cost, land use, timing and utilisation of staff resources. Only VIH on currently available sites can address the clearance of the 13 THAs by 1999/2000. Piecemeal sites for either temporary or permanent IH takes much longer time to secure;
- (f) the space allocation and finishes and fittings provision of the VIH is of a much higher standard than THA. In particular every unit is now completely self-contained. The VIH estate provision, complying with the Hong Kong Planning Standards and Guidelines, offers a real introduction to a home environment; and
- (g) the former PSPS sites at Tuen Mun and Tin Shui Wai have been identified for VIH due to their availability within the required timescale, and by their choice and ultimate replacement with new land the effect on current public housing commitments is considered acceptable.

RECOMMENDATION

15. Members are requested to endorse the following -
- (a) clearance of the 13 THAs by March 2000;
 - (b) the demand for interim housing in paragraph 6(a) above based on current policies, and to note an alternative demand scenario based on proposal in the LTHS Review in paragraphs 6(b);

- (c) the proposed building of multi-storey reinforced concrete VIH as the long term supply of interim housing at Tuen Mun Area 29 and Tin Shui Wai Area 101 as detailed in paragraph 8;
- (d) the management practice for interim housing as detailed in paragraphs 11 and 12; and
- (e) inclusion of the VIH provision into the PHDP as a new type of public housing.

DISCUSSION

16. At the meeting of the Housing Authority on 26 June 1997, Members will be invited to endorse the recommendation in Paragraph 15 above.

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Our Ref. : HD(C)DS 333/8

Date : 20 June 1997

APPENDICES

- Appendix 1 - Forecast Demand For & Supply of Interim Housing
up to 2006 & Beyond
Scenario A - No Income Test & No Assets Test for Clearees,
No 1 Year Move Out Assumption
No Maximum of 5 Year Stay In IH
- Appendix 2 - Forecast Demand For & Supply of Interim Housing
up to 2006 & Beyond
Scenario B - With Income & Assets Test for Clearees,
With 1 Year Move Out Assumption
With Maximum of 5 Year Stay In IH
- Appendix 3 - Design Layouts for Vertical Interim Housing
- Appendix 4 - Site Layout for Tuen Mun Area 29
- Appendix 5 - Site Layout for Tin Shui Wai Area 101
- Appendix 6 - Planned Land Use of the 13 THAs