

CE's speech in delivering "The Chief Executive's 2020 Policy Address" to LegCo (7)

VI. Increasing Housing and Land

Housing Supply

Housing Policy and Principles

83. Housing is the crux of the many problems faced by Hong Kong. It is not just a crucial living condition but also the basis for fulfilling people's aspirations for a stable and comfortable home. For the grassroots and low-income families, government-subsidised housing is an effective poverty alleviation measure; for the middle class and fairly well-off families, buying a flat means realising the dream of having a home of their own; for the society as a whole, housing is not only a matter of supply and demand, but also an issue of social justice and allocation of resources; from the point of view of governance, unresolved housing problems may jeopardise the long-term prosperity and stability of the society.

84. According to this Government's established policies, we have regularised the Green Form Subsidised Home Ownership Scheme (GSH) and White Form Secondary Market Scheme, and introduced Starter Homes (SH) pilot projects to enrich the housing ladder. We have also raised the share of public housing in new housing supply from 60% to 70%; delinked the selling prices of subsidised sale flats (SSFs) from market prices and set the prices at an affordable level; entrusted the Urban Renewal Authority (URA) with the social mission of assisting the Government in providing SH; and revised the land premium arrangement for the subsidised housing projects of the Hong Kong Housing Society (HKHS) to enable the provision of more public housing units by the HKHS. For families waiting for public rental housing (PRH) and residents in poor living conditions who have yet to get on the first rung of the housing ladder, the Government has committed to providing 15 000 transitional housing units within three years, launching a trial scheme to provide cash allowance for low-income families awaiting PRH allocation for a prolonged period, and conducting a study on tenancy control for subdivided units (SDUs). Some reform measures represent a breakthrough in government thinking. As the Chief Executive, sometimes I need to stand firm in the face of different opinions for a cause in which I believe: meeting Hong Kong people's housing needs is a goal too important to forsake!

Long Term Housing Strategy

85. Our efforts over the years in increasing housing supply have started to pay off. I now announce that, based on the Long Term Housing Strategy (LTHS) Annual Progress Report 2020 to be published by the Transport and Housing Bureau (THB), we have identified all of the 330 hectares of land required for

providing 316 000 public housing units to meet the demand for about 301 000 public housing units in the coming 10 years (i.e. 2021/22 to 2030/31). Such land supply mainly comes from reclamation in Tung Chung, the agricultural land and brownfield sites in New Development Areas (NDAs) such as Kwu Tung North/Fanling North and Hung Shui Kiu/Ha Tsuen, a number of sites which have been rezoned for public housing development, re-allocation of nine sites at Kai Tak and Anderson Road Quarry for public housing development, partial development of the Fanling Golf Course and a number of brownfield clusters with housing development potential, the review of which has already been completed.

Increasing Supply of Subsidised Housing

Home Ownership Scheme and Green Form Subsidised Home Ownership Scheme

86. The Hong Kong Housing Authority (HKHA) launched the Home Ownership Scheme (HOS) 2020, with applications closing early last month, to provide around 7 000 flats. These HOS flats, with selling prices set at 60% of the market price, have attained an over-subscription of 33 times, while GSH 2019, involving about 3 700 flats, is at the flat selection stage. Around 4 700 GSH flats will be put up for sale in phases next year, with the first batch of about 2 100 flats expected to be launched in May next year.

Sale of Recovered Tenants Purchase Scheme Flats

87. I proposed in my Policy Address last year that the HKHA should make active preparation to accelerate the sale of the recovered flats in 39 Tenants Purchase Scheme (TPS) estates. In July this year, the HKHA endorsed putting up the recovered TPS flats for sale to eligible Green Form applicants together with other flats in the annual HOS and GSH sale exercises. The HKHA is carrying out the preparatory work to put up over 700 recovered flats for sale together with other flats in the next GSH sale exercise.

Starter Homes Project of the Urban Renewal Authority

88. The URA has proactively embarked on its new mission to provide more SHs in its redevelopment projects. It has decided to assign the redevelopment project adjacent to the eResidence as another SH project, which is expected to provide about 260 units for sale in 2024.

Redevelopment of Shek Lei Interim Housing

89. After a comprehensive structural investigation of the building condition of Shek Lei Interim Housing, the HKHA considered that it would not be cost-effective to maintain the buildings beyond 2022. The Strategic Planning Committee of the HKHA has decided to clear the interim housing in late 2022 for public housing development. It is estimated that the redevelopment will be completed in 2028. Subject to approval for relaxation of relevant planning restrictions, about 1 600 units are expected to be provided.

Redevelopment of HKHA Factory Estates

90. Regarding the proposal in last year's Policy Address to explore the

feasibility of redeveloping six factory estates of the HKHA for public housing use, the preliminary findings of HKHA's study indicate that three of the sites can be used for public housing development. The HKHA expects to complete the necessary studies in the first quarter of 2021, and will conduct rezoning procedures in accordance with the Town Planning Ordinance. It is estimated that a total of over 3 000 public housing units will be provided in 2031.

Redevelopment of Tai Hang Sai Estate

91. With the Government's co-ordination and facilitation, we are pleased to learn that the Hong Kong Settlers Housing Corporation Limited and the URA have reached an intention of collaboration in taking forward the redevelopment plan of Tai Hang Sai Estate, with a view to making the best use of the development potential of the site and improving the estate facilities as early as possible. According to preliminary estimates of the two parties, the redevelopment plan can provide over 3 300 units upon completion, doubling the existing 1 600 flats.

Transitional Housing

92. The current-term Government is committed to promoting the development of transitional housing. By making better use of vacant land and premises, we aim to provide short-term accommodation for people with pressing housing needs. We are heartened to have the staunch support of property and land owners and NGOs which take part in the construction and operation of transitional housing. With the facilitation and co-ordination of the Task Force on Transitional Housing under the THB, encouraging progress has been made in this initiative over the past year. In overall terms, including the 3 400 units currently under in-depth deliberation, we have identified land for the provision of 13 200 units in total for the coming three years, falling short of the target of 15 000 units only by 12%, and our efforts will continue. The Government also proposes to inject an additional \$3.3 billion into the relevant funding scheme, increasing the total government commitment to \$8.3 billion. So far, over \$2.2 billion has been approved under the scheme.

93. Meanwhile, many hotels and guesthouses are facing the crisis of closing down amid the COVID-19 pandemic. The Government will implement a pilot scheme to subsidise NGOs to rent suitable rooms in hotels and guesthouses with relatively low occupancy rates for use as transitional housing. The THB plans to seek funding from the Community Care Fund (CCF) to launch the pilot scheme shortly with a view to increasing the supply of transitional housing.

Cash Allowance Trial Scheme

94. While the Government will continue to adopt a multi-pronged approach to increase housing supply, an unprecedented trial scheme has been endorsed to provide cash allowance for grassroots families which have waited for PRH allocation for a prolonged period of time so as to relieve their pressure on livelihood. Under the trial scheme, eligible General Applicant households (i.e. families with two or more persons and elderly one-person applicants)

which are not living in public housing, not receiving the Comprehensive Social Security Assistance (CSSA) and have been waiting for PRH for more than three years without being given the first flat offer will be provided with cash allowance. According to preliminary estimates, around 90 000 General Applicant households will benefit from the trial scheme. The Government is working out the implementation details of the scheme, and aims to start receiving applications in mid-2021 and disbursing cash allowance from July onwards.

Study on Tenancy Control of Subdivided Units

95. One of the controversies of providing cash allowance to families waiting for PRH who are living in private properties, especially in SDUs, is the lack of adequate protection for such tenants. I agree that this issue needs to be examined. The Task Force for the Study on Tenancy Control of Subdivided Units (the Task Force) was set up in April this year and three dedicated working groups were established in July to explore such issues as the social, economic and legal aspects related to SDUs and consultants were appointed to undertake research studies. The Task Force is collecting views of various sectors on whether and how tenancy control of SDUs should be implemented, and strives to complete the study in the first quarter of 2021 and submit its report to the Government for consideration.

The Crux of the Housing Problem

96. The current-term Government has adjusted its principles and policy on housing to enlarge and enrich the overall public housing supply in Hong Kong. But ultimately, the core of the housing problem in Hong Kong lies in the shortage of land for housing development. The HKHA, HKHS, URA and private developers have the capability and capacity to build more flats. The only thing we need to do is to work together and support the Government's multi-pronged land creation strategy and the various short-, medium- and long-term initiatives to increase land supply. Due to the impact of the epidemic, we have seen a downward adjustment in construction costs and an increase in manpower supply in the construction industry. This is an excellent opportunity to move ahead with land creation and housing construction. With adequate supply, it is believed that property prices will become stable gradually.

Land Supply

Land Creation Bearing Fruit

97. Increasing land supply has been a top priority of the current-term Government. Under the policy direction of Government-led land use planning and co-ordination of infrastructure development, we have made bold decisions to develop land for housing construction and economic development. The positive results of land creation in recent years and the latest progress of the Government on the eight land supply options recommended for priority studies and implementation by the Task Force on Land Supply are provided in detail in this year's Policy Address Supplement.

98. Transport infrastructure helps unleash the development potential of land and plays an important role in increasing land and housing supply. As the Northwest New Territories and New Territories North have huge development potential, the Government will expedite the implementation of the Northern Link railway project to tie in with the population intake of the public housing development in Kwu Tung North NDA, and also provide impetus for growth in the area covering San Tin, Ngau Tam Mei and Au Tau. So far, the Government has identified housing sites with a total area of about 90 hectares (equal to the size of four Taikoo Shings) along the Northern Link, including the San Tin/Lok Ma Chau Development Node, and related studies are being conducted progressively. If the Northern Link project is implemented, it is anticipated that over 70 000 housing units can be provided on these sites.

MTRCL's Siu Ho Wan Depot Site

99. We have drawn up the Outline Zoning Plan for the Siu Ho Wan Depot Site topside development of the MTR Corporation Limited (MTRCL). Based on the latest assessment, it is expected that the site may provide about 20 000 residential units in the medium to long term, of which around 50% will be SSFs. This is going to be the second topside public housing project on railway facilities since the Kornhill development on the Island Line four decades ago in the 1980s. This demonstrates the current-term Government's determination in expanding public housing supply.

Redevelopment of Urban Squatter Areas

100. The studies on resuming three urban squatter areas at Cha Kwo Ling, Ngau Chi Wan and Chuk Yuen United Village for redevelopment into high-density public housing have made good progress. In view of the experience of the HKHS in housing production, rehousing of residents and integrated community planning, we will invite the HKHS to undertake the implementation of the three projects. We strive to commence the rezoning procedures progressively in the first half of 2021. If things go smoothly, it is expected that site formation and infrastructure works will start in phases in 2025. These three projects are expected to provide a total of 6 300 public housing units.

Unleash the Development Potential of Private Land

101. Privately-owned land has always been an important source of housing supply. The Government launched a three-year Land Sharing Pilot Scheme in May this year and has embarked on initial discussions with interested land owners. Besides, as proposed in last year's Policy Address, the DEVB has reviewed private land zoned for high-density housing development but without any specific development plan, and assessed whether any such land is suitable for public housing development. It is expected that the related work will be completed by the end of this year. The DEVB will set up the Development Projects Facilitation Office (DPFO) to facilitate the processing of planning, leasing modification and other development approval applications for larger-scale private residential sites leading up to the commencement of works. The DPFO will co-ordinate with departments involved to expedite the approval process and help resolve issues, including early escalation of unresolved

issues to higher levels for steer.

Development of Tuen Mun West

102. The Tuen Mun – Chek Lap Kok Tunnel scheduled for commissioning at the end of this year and the MTR Tuen Mun South Extension, which is now at the detailed planning and design stage, will help drive the development of Tuen Mun West. We continue to prepare for the planning and engineering studies on the development potential of the reclaimed land at Lung Kwu Tan (about 220 hectares) and the coastal area at Tuen Mun West (about 220 hectares). We will also review the need for the River Trade Terminal through these studies, with a view to increasing the potential of the Tuen Mun West area for residential development and/or other more beneficial uses.

Lantau Tomorrow Vision

103. While the above-mentioned multi-pronged land creation efforts will undoubtedly provide part of the medium-term housing supply beyond the 10-year period under the existing LTHS, the medium- and long-term housing needs of our people can hardly be fully met, not to mention building a more spacious living environment. Among the many land supply options, the Lantau Tomorrow Vision is the largest in scale and could provide the greatest amount of land. The current funding application is for conducting studies on the artificial islands in the Central Waters involving the reclamation of 1 000 hectares and the provision of related strategic transport infrastructure. Originated from the Enhancing Land Supply Strategy in 2011, the concept of reclamation in East Lantau has been explored and discussed by the community for almost a decade and should not be subject to further delay. If we all act in an objective and fair manner with the long-term interests of Hong Kong in mind, we will understand that reclamation for developing artificial islands in the Central Waters under the Lantau Tomorrow Vision has a number of advantages, including creating new land (instead of solely changing the use of existing land from one to another), increasing housing supply with a proportion of 70% for public housing, optimising the transport network of Hong Kong as a whole and relieving traffic congestion in the Northwest New Territories by linking up the roads and railways on Hong Kong Island, North Lantau and the coastal areas of Tuen Mun, developing a liveable and carbon-neutral community, boosting the commercial development potential of North Lantau, and addressing environmental issues by absorbing local public fill instead of sending it to sites outside Hong Kong for reclamation. In terms of financing, the project is practicable and will bring enormous economic benefits to Hong Kong.

104. Although we have already secured support from the Public Works Subcommittee of the LegCo for the study in May last year, funding approval has yet to be obtained. For the sake of Hong Kong's future, the current-term Government will not give up on the Lantau Tomorrow Vision and will strive for the early commencement of the relevant studies. I pledge that the Government will continue to listen to the views of various sectors of the community and proactively explore new financing options for the project in the course of the studies.

Rationalising and Streamlining Approval Process and Strengthening Co-ordination

105. In addition to making all-out efforts to identify and produce land, we must also expedite the land development process, as a lack of policy co-ordination and a complicated and lengthy approval process will directly slow down the turning of "primitive land" into "spade-ready sites" and the completion of residential developments. Over the last two years or so, the Steering Group on Streamlining Development Control (Steering Group), which comprises the DEVB and the Planning Department, Lands Department (LandsD) and Buildings Department under its purview, has been focusing on the consolidation and rationalisation of the standards and definitions adopted by the three departments in scrutinising private development projects, and helping to avoid multiple vetting. Having consulted the industry, the Steering Group has introduced seven streamlined measures concerning building height restrictions, landscape requirements and site coverage of greenery, etc. Other measures such as gross floor area calculation will also be rolled out in the next few months.

106. Land development does not only involve the approval process of these three departments, and development projects which require speeding up are not limited to those in the private sector. In fact, with the majority of Government-led development projects being public housing projects, there is a greater need to compress the development schedule, lest it will be difficult to shorten the waiting time for PRH. As such, I have authorised the Secretary for Development to expand the composition and remit of the Steering Group to include vetting departments other than those under the DEVB, with a view to reviewing more comprehensively the development approval processes for both Government and private projects, and rationalising the development-related requirements imposed by different bureaux, such as reviewing whether the technical assessment requirements are clear and suitable. I will personally steer the internal co-ordination to increase land supply to ensure that all the bureaux and departments concerned will take increasing and expediting housing supply as the foremost and priority objective and make their best endeavours to overcome all difficulties to achieve the objective in an innovative, bold and accountable manner.

(To be continued.)