

# CE's speech in delivering "The Chief Executive's 2021 Policy Address" to LegCo (6)

## V. Increasing Housing and Land Supply

### Housing Supply

#### Guiding Principle

81. Providing decent accommodation for all is the primary goal of my housing policy. Noting the public concern on the matter, I reviewed the progress and set out my vision on the issue of housing and land during the Chief Executive's Question and Answer Session on 15 July this year. In my concluding remarks, I said that the solution to address the housing problem of people in Hong Kong more thoroughly rested not on "quick fixes" to deal with current situations, but rather on the determination to sustain land supply, as well as the courage to remain steadfast with the policies implemented in face of short-term economic changes or fluctuations in property prices.

#### Public Housing Supply

82. The current-term Government has demonstrated just that determination and courage. We revised the public/private housing split from 60:40 to 70:30 in 2018 to further step up our policy efforts in producing more public housing units, and our ongoing efforts in identifying land have also begun to bear fruit. We have identified about 350 hectares of land to produce some 330,000 public housing units for the coming 10-year period (i.e. from 2022-23 to 2031-32), slightly higher than the figure announced last year, and can meet the estimated public housing demand of around 301,000 units in the coming 10-year period. The THB will provide more details in the Long Term Housing Strategy Annual Progress Report 2021 to be published at the end of this year.

83. Although the overly long waiting time for PRH allocation is worrying, public housing production in the five-year tenure of the current-term Government will in fact reach 96,500 units, an increase of 30,000 units compared to the previous five-year period. The production of over 300,000 units in the ten years ahead will be back-loaded, with only one-third to be delivered within the first five years. I have urged the Secretary for Transport and Housing to make every endeavour to compress the construction workflow of the Hong Kong Housing Authority (HKHA) to deliver more units as early as possible. In this connection, the HKHA and the Hong Kong Housing Society (HKHS) will adopt the MiC and other innovative construction technology more widely. The HKHA will also adopt a new procurement model to suitable projects to allow contractors to undertake design and construction in a bundle, thereby releasing resources for the

Housing Department to carry out preliminary design, as well as leveraging the contractors' expertise to further enhance the entire construction workflow. To make good on my promise last year to provide personal steer on housing and land related work, I have requested the DEVB and the THB to submit quarterly reports on all public housing sites for the next five-year period, i.e. from 2027 to 2031. I will give instructions personally if the time to deliver the sites or the progress of construction is less than satisfactory.

#### Private Housing Supply

84. On private housing, including railway property developments, we will strive to secure approximately 170 hectares of land in the coming ten years, and make available to the market sites for the production of about 100,000 units through land sales or putting up railway property developments for tender. This figure has not taken into account development projects undertaken by the Urban Renewal Authority (URA) and other private land development projects. With the Government's determination to further streamline the land development process, we are confident that there will be a steady supply of land for private housing development.

#### Redevelopment of Public Rental Housing Estates

85. In addition to newly-built units, we rely on the existing yearly recovery of about 8,000 PRH units for allocation to applicants on the waiting list. Taking into account the need for equitable distribution of PRH resources, we consider it imprudent to re-launch the Tenants Purchase Scheme and allow rental units to become inheritable or saleable assets. It is also difficult to redevelop a large number of aged public housing estates as the existing tenants have to be rehoused to units that could otherwise be allocated to applicants on the waiting list. I sincerely hope that Council Members who have advocated these two housing initiatives over the years will understand the situation.

86. The HKHA has been reviewing and considering whether individual aged public housing estates should be redeveloped in accordance with the established policies and actual circumstances. Given the availability of suitable rehousing resources for Sai Wan Estate and Ma Tau Wai Estate and their build-back potential of providing more housing units upon redevelopment, I will invite the HKHA to conduct a study on the redevelopment of these two about 60-year-old estates under suitable conditions, and with the support of the DEVB, to seek to include the adjacent areas into the redevelopment sites so that these two prime urban sites could provide more public housing units to meet public aspirations.

#### Redevelopment of Tai Hang Sai Estate

87. Regarding the redevelopment of Tai Hang Sai Estate that has been discussed for years, the Executive Council has recently given approval for the Hong Kong Settlers Housing Corporation Limited (HKSHCL) and the URA to jointly implement the project, on condition that the HKSHCL will provide proper rehousing arrangements for existing tenants. According to the plan of

the HKSHCL and the URA, the redevelopment project can provide over 3â€¦300 units upon completion, more than double the existing number, including 1â€¦300 units to rehouse existing tenants and 2â€¦000 "Starter Homes" units to be provided by the URA.

### Increasing the Supply of Transitional Housing

88. To alleviate the hardship faced by families yet to be allocated with PRH units, the currentâ€¦term Government has adopted a new mindset and decided to introduce transitional housing. The provision of transitional housing requires tripartite collaboration among community organisations, the business sector and the Government. Apart from providing timely and adequate accommodation, the nonâ€¦government organisations responsible for the preparatory work and running of transitional housing programmes have also introduced measures to promote neighbourhood mutual help and provide employment support, setting a good example of social capital building. The THB has identified sufficient land to provide the targeted 15â€¦000 units as originally pledged and recently some owners of private land have expressed interest in joining such programmes. I now propose to increase the overall supply of transitional housing to 20â€¦000 units in the coming few years by providing 5â€¦000 additional units, and increase the amount of funding under the relevant funding scheme to \$11.6 billion. In addition, under the Cash Allowance Trial Scheme, we have disbursed cash allowances to about 30â€¦000 eligible General Applicant households as at the end of August, amounting to about half of the eligible applications received. Subject to passage by the LegCo, the ordinance to implement tenancy control on subdivided units will come into operation in January next year, which will provide reasonable and effective protection to tenants in subdivided units.

### Land Supply

#### Governmentâ€¦led and Multiâ€¦pronged Approach

89. Under the multiâ€¦pronged land supply strategy, we are pressing ahead with a number of NDA development projects in the New Territories and the Tung Chung East reclamation works simultaneously. There are views that the Government is leaving brownfield sites untouched and that it is reluctant to deal with interests associated with land in the New Territories. As a matter of fact, over 50% of brownfield sites have been covered by a number of development projects. Over the past two years, the Government has resumed 90 hectares of land in the New Territories for development by applying the Lands Resumption Ordinance, much more than the 20 hectares of land resumed over the past five years. Looking ahead, as many as 700 hectares of land is expected to be resumed by the Government in the coming few years. The Land Sharing Pilot Scheme, which aims to use the planning resources of the private sector to unleash the development potential of private land in the New Territories primarily for public housing developments, is another measure to consolidate and develop land in the New Territories. The DEVB is processing three such applications involving 23 hectares of private land and 17â€¦850 proposed units, of which 70% are for public housing. We adhere firmly to the principle of optimisation of land use. For example, with the concerted efforts of the HKHS and relevant departments, the number of public housing

units made available by redevelopment of the three urban squatter areas in Cha Kwo Ling, Ngau Chi Wan and Chuk Yuen United Village has increased substantially from the original 6,300 to 8,700, and the intake will commence progressively from 2029 onwards.

90. To ensure a sustainable land supply beyond the next ten years, we are actively pressing ahead with relevant studies on the reclamation works for the Kau Yi Chau Artificial Islands and the various development areas in the New Territories North. As for near-shore reclamation, the DEVB will conduct studies on the Lung Kwu Tan reclamation (about 220 hectares) and the re-planning of Tuen Mun West area (about 220 hectares). Our target is to seek funding approval from the LegCo in the first half of next year to kick start the planning and engineering study for the land development. We will look into different development options before deciding the way forward. The Government will also revive the Ma Liu Shui reclamation project to provide land mainly for I&T uses. In addition, we are carrying out a series of projects to relocate government facilities to caverns and it is expected that, starting from 2027, more than 40 hectares of land will be released progressively for housing and other beneficial uses.

91. Subject to the studies and assuming a domestic plot ratio of 4 to 6.5, the ongoing large-scale projects and projects under planning are expected to provide about 400,000 to 500,000 public and private housing units in the medium to long term. Together with the 165,000 to 186,000 units that can be built on the newly identified land under the Northern Metropolis Development Strategy, the supply of housing units can go up to 565,000 to 686,000 units in the period of 10 to 15 years after 2031-'32.

92. We cannot avoid the question of how much land Hong Kong lacks, as the projected shortfall will guide our spatial development strategy. The Secretary for Development will later announce the final report of the Hong Kong 2030+. The updated study duly presents the opportunities brought to Hong Kong by the multiple strategic planning initiatives of our country, the future economic and social needs of Hong Kong, as well as public expectations on the living environment. The final projections suggest that from 2019 to 2048, Hong Kong will have a shortfall of around 3,000 hectares of land. Through successful implementation of various NDAs and reclamation projects, as well as taking forward the Northern Metropolis initiative, we are confident that we will be able to meet the shortfall of land in the medium to long term.

93. Meanwhile, we will speed up land supply by implementing the following measures:

(i) conducting a further review of the "Green Belt" zone: of the 210 sites being rezoned progressively, about 30% involve the "Green Belt" zone which however account for only 2% of Hong Kong's 16,000-hectare of land zoned "Green Belt". Given the lower ecological value of many sites zoned "Green Belt" as compared with the country parks, the development potential of these "Green Belt" sites could be further reviewed. The Planning Department will conduct a new round of systematic review on the "Green Belt" zone with emphasis on sites on steeper slopes as well as those located farther away

from built-up areas. It is anticipated that the screening work will be completed in the middle of next year and technical studies will commence thereafter. As regards the development of wetlands and wetland buffer areas, it will be dealt with under the Northern Metropolis Development Strategy;

(ii) unlocking Tso/Tong lands in the New Territories: despite the absence of official statistics, there is a considerable number of Tso/Tong lands in the New Territories that can be used for development. During the Policy Address consultation sessions, I received quite some views suggesting that the Government should relax the sale restrictions of Tso/Tong lands through amendment to the New Territories Ordinance, and provide a reasonable mechanism for addressing issues arising from vacancies of Tso/Tong managers. I agree that to pragmatically break the current impasse in developing Tso/Tong lands, we may consider amending the New Territories Ordinance on the premise that the Tso/Tong tradition should be respected and the legitimate interests of Tso/Tong members be protected. To this end, the Secretary for Home Affairs will set up a working group with the Heung Yee Kuk New Territories to conduct a review and work out specific amendment proposals within a year in collaboration with the DEVB and other relevant departments;

(iii) extending the standardisation of land premium assessment to the land in the New Territories: with the positive response of the market and the sector to the pilot scheme for charging land premium at "standard rates" for redevelopment of industrial buildings, four redevelopment projects have accepted the premium assessment based on "standard rates" so far. The DEVB will extend the approach of using "standard rates" for premium assessment to in-situ land exchange applications in NDAs under the "Enhanced Conventional New Town Approach". The DEVB and the Lands Department will work out the details of the scheme, which is targeted for launch in the first quarter of next year; and

(iv) extending the implementation period of two existing measures for revitalising industrial buildings to October 2024, which include relaxing the plot ratio for redevelopment of old industrial buildings and exempting the waiver fees chargeable for wholesale conversion. As for the Land Sharing Pilot Scheme, we encourage interested parties to submit their applications as early as possible before the deadline in May 2023.

#### Streamlining Procedures while Moving with the Times

94. The process of developing land for housing construction involves various statutory and administrative procedures, ranging from technical studies, planning permissions, detailed design of works, works gazettal, public objection handling, funding application, land resumption, rehousing and compensation, land formation and provision of infrastructure. There is a need for each of the above procedures. None of them should be abandoned lightly. That said, in order to speed up land and housing supply, the DEVB is spearheading the compression of workflow of land development with relevant departments. I have requested the DEVB to review the existing statutory procedures and administrative arrangements on town planning, environmental impact assessment, land resumption and road works in a more thorough and comprehensive manner. We plan to put forward proposals to the LegCo and

other stakeholders to gauge their views in the first half of next year, and seek to introduce legislative amendments within the same year. The Environment Bureau (ENB) will also streamline and enhance the public-private partnership arrangements under the New Nature Conservation Policy to better balance development and conservation.

(To be continued.)