

CE's speech in delivering "The Chief Executive's 2024 Policy Address" to LegCo (9)

VIII. Improve People's Livelihood in Pursuit of Happiness

(A) Housing: Continuously Enhance Speed, Quantity, Quality and Efficiency

Increase Public Housing Supply

157. Housing is an issue of great public concern. Despite the relatively slow pace of creating land for housing development in the past, the problem of back-loaded public housing supply has started to turn around through the unremitting efforts of the Government. While we have identified land for providing sufficient public housing units to meet the long-term demand and enhanced the speed as well as efficiency of housing development, land creation and housing construction take time. To bridge the short-term supply gaps in these few years, I announced in 2022 the introduction of the innovative LPH with the provision of 30,000 units, in order to reduce the Composite Waiting Time for Subsidised Rental Housing (CWT).

158. This measure has been bearing fruit. Coupled with LPH, the total public housing supply in the coming five years (2025-'26 to 2029-'30) will reach 189,000 units, which is about 80% higher than that of the first five-year period since the current-term Government took office (2022-'23 to 2026-'27). In the past two years, the average waiting time for PRH dropped by half a year, from the peak of 6.1 years to the current 5.5 years. Following the gradual completion of LPH next year, the CWT could be shortened by one and a half years to 4.5 years in 2026-'27.

159. I am eager to house PRH applicants as early as possible. The Advance Allocation Scheme I proposed when I took office has so far helped more than 2,000 families move in their flats five to nine months in advance, saving nearly \$50 million of rental expenditure on the part of the beneficiaries. By 2027-'28, about 10,000 additional units will be completed, enabling PRH applicants to move in earlier than originally anticipated.

160. In addition, the first batch of some 2,100 LPH units, located on Yau Pok Road, Yuen Long, will be completed for intake in the first quarter of next year. We expect to complete a total of about 9,500 units next year, moving towards the target of completing about 30,000 units by 2027-'28.

Devise a System on the Renting of Subdivided Units in Residential Buildings to Tackle the Issue

161. The Task Force on Tackling the Issue of SDUs has already submitted a report. The Government has decided to put in place, through legislation, a system on the renting of SDUs in residential buildings. SDUs meeting the

required standards will be named as Basic Housing Units.

162. Current SDUs differ significantly in their conditions regarding fire safety, ventilation, floor area, availability of individual kitchens and toilets and whether they are separated or combined, among others. As such, it is necessary to set minimum standards to eradicate inadequate SDUs. At present, there are some 110,000 households living in SDUs, indicating a genuine demand for these units. As the aggregate rent received from several units subdivided from a single flat is much higher than the rent of one whole flat without subdivision, it gives owners a strong financial incentive to operate rental SDUs. Under appropriate regulation, the market demand for SDUs will be satisfied by Basic Housing Units that meet the required standards.

163. Substandard SDUs in residential buildings must be converted into Basic Housing Units that meet the required standards. Upon conversion, these units must be confirmed by professionals their compliance with the required standards and apply for recognition. Otherwise, there would be criminal liability on the part of owners to rent out substandard SDUs, while the tenants concerned will not be held liable. We will allow time for owners of existing SDUs in residential buildings to carry out the necessary works. A grace period will be prescribed by law, during which enforcement actions will not be taken against the illegal renting of substandard SDUs. To this end, the Government will set up a registration system, enabling registered owners to be entitled to the grace period. The registration system only accepts applications from owners of pre-existing SDUs in residential buildings under rental. New SDUs entering the market must apply for recognition as up-to-standard Basic Housing Units before renting out, hence no grace period is needed for their conversion. Given that only new SDUs recognised as up-to-standard Basic Housing Units are allowed to be rented out, and that pre-existing registered SDUs must be converted into Basic Housing Units in conformity with the required standards or they will face orderly eradication if the owners concerned continue to rent out substandard SDUs illegally after the grace period, the number of substandard SDUs in residential buildings will gradually go down to zero.

164. The Government will allow an adequate grace period for pre-existing SDU owners and households to make necessary arrangements, and handle SDUs in residential buildings by batches in an orderly manner having regard to the market supply of Basic Housing Units and taking into consideration the supply of and policy on public housing. The Secretary for Housing will be empowered by law to decide, upon expiry of the grace period, when to take enforcement actions against substandard SDUs by batches in an orderly manner in light of actual circumstances.

165. The Government proposes that the standards of "Basic Housing Units" should include the provision of windows, an individual toilet, a floor area of no less than 8 square metres, etc. The Deputy Financial Secretary and the Secretary for Housing, being the head and deputy head of the Task Force respectively, will announce the details and seek the views of the LegCo and stakeholders for drawing up the legislative proposals and related measures, such as the timetable for registration.

Enhance the Housing Ladder

166. The HKHA will further enhance the housing ladder in addressing the aspiration of the public for home ownership, including:

(i) adjusting the ratio between PRH (including Green Form Subsidised Home Ownership Scheme (GSH) units) and subsidised sale flats (SSF) – The HKHA is reviewing public housing projects to be completed in the middle or near the end of the next decade, with an aim to gradually adjust the ratio between PRH and SSF from the current 7:3 to 6:4;

(ii) increasing the chance of applicants who have made repeated attempts to purchase SSF – Starting from the next GSH and HOS sale exercises, an extra ballot number will be allocated to applicants who failed to purchase an SSF in the last two consecutive sale exercises of the same type of SSF; and

(iii) expediting the circulation of PRH units – The HKHA will tighten up the Well-off Tenants Policies by raising the additional rent and lowering the income limits for well-off tenants, so that public resources are appropriately allocated to applicants in need. Meanwhile, the ratio between Green Form and White Form in respect of HOS flats will be revised from 4:6 to 5:5 to encourage more PRH tenants to buy HOS flats.

Combat Public Rental Housing Tenancy Abuse

167. In recent years, the HKHA has been strengthening its efforts to combat PRH tenancy abuse. The number of PRH flats recovered by the HKHA due to tenancy abuse and breach of tenancy agreement or housing policies over the last two years adds up to 5,000, equivalent to building a medium-sized housing estate. The results are prominent. The HKHA will launch the "Cherish Public Housing Resources Award Scheme" in January next year to offer rewards to persons who provide concrete intelligence that leads to identification of substantiated tenancy abuse of PRH.

Take Forward Public Rental Housing Redevelopment

168. The HKHA is proceeding with 11 redevelopment projects. We will announce the findings and details of the study on the redevelopment of Choi Hung Estate later this year, and release the redevelopment plans for Sai Wan Estate and Ma Tau Wai Estate next year.

Stabilise the Supply of Spade-ready Sites for Private Housing

169. According to the Long Term Housing Strategy, the supply target for private housing in the coming decade is projected to be 132,000 units. The Government will make available land over the next five years to provide about 80,000 private housing units.

Relax the Maximum Loan-to-Value Ratios of Property Mortgage Loans

170. Taking into account the latest economic and financial environment and on the basis that the stability of the banking system is maintained, the HKMA will adjust the maximum loan-to-value ratio for residential properties to

70%, regardless of the value of the properties, whether the properties are for self-use or held by companies, and whether the purchasers are first-time home buyers, while the maximum debt servicing ratio will be adjusted to 50%. For non-residential properties, the maximum loan-to-value ratio and maximum debt servicing ratio will be adjusted to the respective same levels.

Further Improve Building Safety and Building Management

171. Through the Building Management Professional Advisory Service Scheme, the Home Affairs Department assisted in the formation of about 100 owners' corporations in the past two years in nine districts with more "three-nil" buildings. The scheme has been expanded to cover all districts across the city in mid-2024, with the contract period extended to three years.

172. Next year, the Government will implement a pilot scheme on "joint property management" in selected areas, under which the same property management company will be engaged to provide joint management services for aged building clusters in the vicinity, enabling "three-nil" and aged buildings to have access to basic property management services at affordable fees.

173. To enhance deterrence against failure to comply with notices or orders by required time and against the erection of large-scale unauthorised building works (UBWs), the Government will put forth proposals to amend the Buildings Ordinance and launch a public consultation later this year. Among other things, we will propose increasing the types of exempted works and minor works under the Buildings Ordinance, so as to handle minor illegal structures of lower risks in a pragmatic manner. The relevant legislative amendment proposals will be introduced in 2026.

174. To foster an elderly-friendly building environment, the Government will put forward a series of proposals on elderly-friendly building design for phased implementation.

(B) Create Land to Build More Housing

175. The Government remains determined to sustain efforts in land production. We will assess the situation and take forward various projects in a steady and paced manner. According to the latest forecast, the supply of developable land, i.e. spade-ready sites, from Government-led projects will reach about 3,000 hectares in the next decade. The Government will take into account the latest market changes when disposing land, ensuring a stable and healthy development of the market.

Cut More Red Tapes and Lower Costs

176. The Government is making vigorous efforts in streamlining land development procedures. We have promulgated an internal circular, expressly stating that all approving departments are required to take a facilitating role and strive to streamline the relevant procedures when processing applications. The initiative is well-received by the industry. We will

continue to cut red tapes and streamline procedures. Relevant measures include:

(i) leveraging industry resources to enhance speed and efficiency—We will outsource drone inspections of external walls of buildings and UBWs as well as associated analyses, to private companies. We will also engage professionals to handle the vetting work of small-scale or temporary structures through self-certification;

(ii) reducing construction costs—We will strengthen the role of the Project Strategy and Governance Office under the DEVB to complete a strategic study on construction costs by the end of this year and propose improvement measures such as increasing direct procurement of construction materials and products by the Government, reviewing the building design standards, and facilitating local application of cost-effective construction materials and technologies from the Mainland and overseas; and

(iii) expanding project co-ordination—We will expand the purview of the Development Projects Facilitation Office under the DEVB to facilitate co-ordination with departments in expediting the approval of land use and related matters for the development of I&T and other industries in the Northern Metropolis, in addition to vetting of large-scale private residential and commercial developments.

Facilitate R&D and Application of Construction Technologies and Align Hong Kong Standards with Guobiao

177. The DEVB established the Building Technology Research Institute (BTRi) this August. Apart from conducting R&D on innovative materials, construction methods and technologies, the BTRi also devises standards, conducts testing and provides accreditation to spearhead innovation in the industry. A Modular Integrated Construction (MiC) Manufacturer Certification Scheme will also be launched in synergy with production bases in the Mainland, so as to leverage the complementarity of the construction industries in Guangdong and Hong Kong.

178. We will also review and enhance Hong Kong's building standards, which have been in place for many years, through the BTRi by making reference to overseas building standards and Guobiao (GB), with a view to promoting local application of high-quality and cost-effective construction materials from the Mainland and overseas. Moreover, when high-quality GB construction materials and technologies are applied locally, it will also be beneficial for GB to explore international markets. We will also closely liaise with our counterparts in the Guangdong Province to take forward the formulation of the GBA Construction Standards.

179. The HKHA will make wider use of MiC 2.0, the second generation MiC approach jointly developed with research institutions, and streamline the on-site installation procedures to safeguard construction safety. Tender documents will also expressly state the works procedures permissible for the use of construction robotics to enhance site safety and construction efficiency.

Commence the Environmental Impact Assessment Process for Kau Yi Chau Artificial Islands

180. The Government will take forward the Kau Yi Chau Artificial Islands project in a steady and prudent manner. We will commence the statutory environmental impact assessment (EIA) process for the reclamation works under the project by the end of this year. The target is to complete the relevant approval procedures next year. The related detailed engineering design will commence later this year.

Expedite Urban Redevelopment

181. The Urban Renewal Authority is conducting planning studies for Tsuen Wan and Sham Shui Po, and will submit renewal master plans in the second half of next year. Meanwhile, the DEVB is examining the use of newly developed land to drive large-scale urban redevelopment projects, including the cross-district transfer of plot ratios and the construction of more dedicated rehousing estates, etc. The target is to formulate proposals in the first half of next year.

182. To continue encouraging redevelopment and conversion of aged industrial buildings, we will extend an array of measures, which are expiring soon under the revitalisation scheme for industrial buildings, to the end of 2027, continuing to allow an increase in plot ratio of up to 20% for industrial building redevelopment projects.

(To be continued.)