

LCQ19: Positioning of various subsidised home ownership schemes

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (December 12):

Question:

There are views that the housing courts of the Home Ownership Scheme (HOS) and the Green Form Subsidised Home Ownership Scheme (GSH) put up for sale in recent years look very much the same as public rental housing (PRH) estates in terms of building designs and ancillary facilities, as well as the layouts and installations of and materials used in the units, etc. In this connection, will the Government inform this Council:

(1) of the housing development stage at which the authorities usually decide whether the units of an individual public housing development project should be used for rental purpose or put up for sale under a subsidised sale flat (SSF) scheme, and the relevant considerations;

(2) whether the authorities have set standards, in terms of building designs and ancillary facilities, as well as the layouts and installations of and materials used in the units, etc., for (a) PRH estates, (b) HOS courts and (c) GSH courts;

(i) if so, of the details; whether the following situation arose in the past five years: a housing development project had progressed, when the authorities made the decision mentioned in (1), to a rather late stage rendering it necessary to deviate from those standards; if there was such situation, whether the authorities will in future make the relevant decision at an earlier stage as far as possible;

(ii) if not, the reasons for that; and

(3) whether the authorities will (i) more clearly define the market positioning of various SSF schemes, including the target buyers, eligibility criteria and prices, and (ii) ensure that the building designs and ancillary facilities of the housing courts, as well as the layouts and installations of and materials used in the units, etc., can reflect their respective market positioning; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to the various parts of the question raised by the Hon Tony Tse is set out below:

Long Term Housing Strategy

As pointed out in the Long Term Housing Strategy (LTHS) published by the Government in 2014, subsidised sale flats (SSFs) is the first step for home ownership for the low to middle-income families; and are also an essential element of the housing ladder. The Government will identify suitable sites for developing SSFs, and study how to further expand the forms of subsidised home ownership and, where appropriate, introduce supplementary schemes of SSFs. As mentioned in LTHS (note 1), given the nature of SSFs as a buffer between public rental housing (PRH) and private housing, the Hong Kong Housing Authority (HA) needs to maintain the inter-changeability of PRH and SSFs and adjust their supply in a timely manner to better respond to changes in market situations and the housing needs of the community at large.

According to LTHS, the Government updates the long term housing demand projection annually and presents a rolling ten-year housing supply target. According to the projection in December 2017, the total housing supply target for the ten-year period from 2018/19 to 2027/28 is 460 000 units. With a public/private split of 60:40, the supply targets for public and private housing are 280 000 units and 180 000 units respectively. Within the public housing supply target of 280 000 units, the split between PRH and SSFs is 200 000 units and 80 000 units. We are now updating the housing demand projection for the next ten-year period (from 2019/20 to 2028/29) and will announce the new housing supply target soon.

Currently, public housing includes PRH, Green Form Subsidised Home Ownership Scheme (GSH) and other SSF schemes (including the Home Ownership Scheme (HOS)). Based on the concept of "inter-changeability", the Government strives to maintain the flexibility among different types of public housing to cater for the community's demands for PRH, GSH and other SSFs. According to the forecast as at September 2018, the total SSF production of HA and the Hong Kong Housing Society (HKHS) in the five-year period from 2018/19 to 2022/23 is estimated to be about 26 300 units.

Planning, construction and design of public housing

Regardless of PRH and HOS, the design principles of HA emphasise on simplicity, environmental-friendliness and meeting the basic needs of the residents. HA has also been adopting Modular Flat Design (MFD) in construction. In line with the design principle of "Functional and Cost Effective", layout, size and dimension of the modular flats address residents' need of flexibility when using their living space. There is no partitioning in a modular flat, hence allowing the residents to design their internal partitioning and furniture layout in accordance with their families' need. The design also adopts standardised dimensions, spatial configuration and components. The design of kitchens and shower areas has been standardised and is used as volumetric precast components. This will improve the practicality of the precast components as well as the efficiency and

productivity of housing production.

Since GSH is converted from PRH, hence it has no difference with PRH in terms of design and construction. PRH and HOS are basically the same apart from some minor details. For example, metal gates are provided in PRH units while gas water heaters are provided in SSFs.

In planning public housing projects, HA makes reference to the "Hong Kong Planning Standards and Guidelines", consults relevant departments and organisations and considers views of District Councils and local communities in determining the ancillary facilities for public housing developments. Other factors such as individual site constraints, feasibility and suitability regarding the provision of the required facilities, etc. will also be considered in formulating appropriate ancillary facilities. Provision of ancillary facilities for PRH/GSH and other SSFs are basically the same apart from the parking ratios and types of parking facilities. If conversion of the housing type is required during the development process, HA will adjust and modify the provisions as far as practical without affecting the completion date of the project. In the process, relevant government departments and other stakeholders will be consulted.

In the past five years, HA has converted two PRH projects under construction into GSH projects, including King Tai Court in San Po Kong and Lai Chi Kok Road – Tonkin Street Phase 1 (Lai Tsui Court). As mentioned above, the design and construction principles of GSH flats follow that of PRH units.

All along, HA has been improving and optimising the planning and design of public housing developments in different aspects. We will continue to collect tenants' feedback through Residents Surveys and take on board views from the stakeholders in the construction industry in relation to design and construction of public housing in order to pursue continuous review and improvement of public housing design including architectural design, flat layout, finishing materials and ancillary facilities of public housing.

Positioning of different types of SSFs

As to the positioning of different types of SSFs, in terms of HOS, the Government announced in 2011 the resumption of HOS and SSFs in response to the home ownership aspirations of low to middle-income families. HA and HKHS will take into account the progress of their new HOS or SSF projects in selecting the projects to be launched for sale each year and the number of flats involved. The pricing and sales arrangements of each project are based on the prevailing pricing mechanism and application eligibility.

As regards GSH, HA endorsed the regularisation of GSH in January 2018 with a view to helping more relatively better-off Green Formers (mainly PRH households and PRH applicants who have passed the detailed eligibility vetting) move up the housing ladder. HA will implement GSH at a modest pace to reduce risk of unsold flats and minimise impact on the waiting time for

PRH applicants. As to the number of PRH projects to be converted for GSH development each year, HA will make reference to the site selection criteria as previously adopted for the pilot project (note 2) in assessing PRH projects in the pipeline to select sites for GSH projects, as well as to decide the projects to be launched for sale each year and the relevant pricing and sales arrangements.

The Chief Executive announced the revised HOS pricing mechanism in June this year (note 3). The pricing of GSH flats will be based on the new HOS pricing mechanism, i.e. the discount for such flats will be fixed at 10 per cent more than that determined for the preceding HOS sale exercise to ensure that the prices of GSH flats are more affordable to eligible Green Formers.

Note 1: See paragraphs 3.3 and 5.4 of LTHS.

Note 2: HA has endorsed making reference to the following principles adopted for the GSH pilot project in selecting sites for GSH:

- (i) while a site may include certain public facilities, it should not contain public facilities that will incur very high management and/or maintenance fees;
- (ii) the conversion of a PRH site to GSH development should not result in substantive changes to the original planning;
- (iii) the site should preferably be a standalone one, or can be easily carved out from a PRH development; and
- (iv) any PRH development that will be completed shortly is not suitable.

Note 3: Two major changes have been introduced to the affordability test in the original HOS pricing mechanism:

- (i) using the median monthly household income of non-owner occupier households (instead of the income limit for White Form applicants) for assessing affordability; and
- (ii) ensuring at least 75 per cent (instead of at least 50 per cent) of flats for sale are affordable.