

## LCQ2: Supply of public housing

Following is a question by the Hon Kwok Wai-keung and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (June 20):

Question :

The Annual Progress Report on the Long Term Housing Strategy, submitted by the Government last year, set a public/private split of 60:40 for the supply of housing units and a public housing supply target of 280 000 units for the ten-year period starting from this year. However, the sites which have been identified by the Government so far can provide only 237 000 public housing units in the coming decade. On the other hand, the waiting time for applicants on the Waiting List for public rental housing has been increasing continuously in recent years, and the prices of subsidized housing units, which have soared in tandem with a heating up property market, are beyond the affordability of the public. Regarding the supply of public housing, will the Government inform this Council:

(1) whether it has commenced a study on the inclusion of public housing in the development project atop the MTR Siu Ho Wan Depot; if so, of the relevant considerations and the expected completion date of the study, as well as whether the scope of the study covers the pitching of the entire project to public housing development;

(2) whether it will revise the price setting mechanism for subsidized housing units so that the prices of the units are pegged no longer to market prices but to the affordability of buyers; and

(3) whether it will consider forthwith raising the proportion of public housing in the overall housing supply target from 60% to 70%, so as to address the keen housing demand of the grass roots; if not, of the reasons for that?

Reply:

President,

After consulting the Development Bureau, my consolidated reply to various parts of the question raised by the Hon Kwok Wai-keung is as follows.

Since the promulgation of the Long Term Housing Strategy (LTHS) in December 2014, the Government updates the long-term housing demand projection annually and presents a rolling ten-year housing supply target. In determining the annual housing supply targets from 2014 to 2017, the Government adopted a public/private split of 60:40 for the supply of new housing units to underline the Government's commitment in increasing public housing supply while ensuring the stable and healthy development of the

private market. According to the LTHS Annual Progress Report 2017, the total housing supply target for the ten-year period from 2018-19 to 2027-28 is 460 000 units. Based on the above ratio of 60:40, the public and private housing supply targets are 280 000 units and 180 000 units respectively.

When considering the aforesaid ratio, we should take into account that given both public and private housing are in short supply, we should strike a balance between the demand for public and private housing in determining their future supply targets.

Regarding the pricing of subsidised sale flats, the current mechanism has in place an affordability test. Under normal circumstances, Home Ownership Scheme (HOS) flats are sold at 30% discount from their assessed market values. However, if the affordability criteria cannot be met, a higher discount can be offered under the existing pricing mechanism. Nonetheless, during recent discussions on the relevant subject, some members of the Hong Kong Housing Authority have expressed views on whether the existing pricing mechanism can more effectively address the affordability of the applicants.

The Government is aware of public concerns about whether prices of HOS flats have gone beyond their affordability. At the recent Legislative Council Chief Executive's Question Time, the Chief Executive has indicated that she would personally look into this subject.

As regards the topside development at the Siu Ho Wan Depot Site, as part of the multi-pronged strategy to increase land supply, the Development Bureau has been working with the MTR Corporation Limited (MTRCL) to explore the development potential of railway-related sites.

According to the MTRCL's technical studies, the topside development at the Siu Ho Wan Depot Site can provide no less than 14 000 flats and related community facilities in the medium to long term. To make the best use of the land resources, the Government has commenced the statutory planning procedures in relation to the topside development at the Site by zoning the Site for "Other Specified Uses (Railway Depot and Public Transport Interchange with Commercial/Residential Development)". The relevant procedures are underway. The draft Siu Ho Wan Outline Zoning Plan (OZP) was gazetted for public inspection from March 29 to May 29. The Town Planning Board (TPB) will conduct public hearings later.

The Government is aware of the demand for public housing in the community and will take them into consideration in the planning work on the development project. The Siu Ho Wan Depot Site is currently granted to the MTRCL for use as a railway workshop and a maintenance depot. In taking forward the topside development, it is also necessary to ensure that the normal operation of the workshop and depot is maintained in supporting railway services. Various development details including the housing type and ratio of the topside development, and the need to provide the Siu Ho Wan Railway Station, etc., are to be further examined and discussed by the Government and the MTRCL. Among others, it is necessary to consider the interface between the depot operations and topside development, matters on

lease conditions, financial and implementation arrangements, how the MTRCL as the current lessee and depot operator will participate, etc. The major principle is that the development potential of the Site should be unlocked in a timely manner to meet the public's keen demand for housing through practicable arrangements in the public interest.

The draft OZP gazetted in March 2018 specified that after the Site is zoned for "Other Specified Uses (Railway Depot and Public Transport Interchange with Commercial/Residential Development)", any future proposed commercial/residential development in the zone requires the submission of a layout plan to TPB to obtain planning permission. By then, the commercial/residential ratio and the ratio by housing type will be set out for TPB's consideration.