

Opening remarks by STH on housing at LegCo Finance Committee special meeting

Following is the English translation of the opening remarks by the Secretary for Transport and Housing, Mr Frank Chan Fan, on housing at the special meeting of the Legislative Council Finance Committee today (April 11):

Chairman,

Housing has always been an issue of great concern to the people of Hong Kong. The Government strives to increase housing supply, enrich the housing ladder, and, when the housing supply is not yet available, explore ways to optimise existing resources to support families waiting for public rental housing (PRH) and living in inadequate housing.

With the greatest determination, the Government has been actively identifying land for housing development in a persistent manner. The Government has already identified about 350 hectares of land required for providing some 330 000 public housing units for the coming 10-year period, which can adequately meet the demand of about 301 000 public housing units in the above 10-year period.

Of the 330 000 public housing units mentioned above, more than 100 000 units are scheduled for completion in the first five-year period.

To meet the future challenges, especially the surge of flat production in the second five-year period, the Hong Kong Housing Authority (HA) will carry out the pre-construction preparatory tasks, including planning briefs formulation, detailed designs, site investigations and tender invitations, in parallel with the Government's "land production" processes, such that the construction works can be commenced as soon as possible after the sites are handed over to the HA.

In order to achieve the principle of optimising each piece of land to increase flat production and to provide additional welfare and car parking facilities, we will leverage on the site development potential by, for example, constructing podiums, basements and even high-rise buildings exceeding 40 storeys. The HA will adopt the most suitable designs for each site to shorten the construction time and to facilitate phased completion of the projects.

The HA has been actively promoting the adoption of Modular Integrated Construction (MiC). Five domestic blocks have been selected for the adoption of MiC. Besides, the HA has identified additional projects suitable for MiC application in the New Development Areas, such as Tung Chung and the North

Metropolis with the preliminary estimation that about 20 000 flats can be provided upon completion.

To ensure site safety and building quality, the HA has been introducing innovative technologies to enhance productivity and expedite housing development. Such efforts include extending the application of Building Information Modelling; utilising mobile devices and mobile applications for site supervision; introducing construction robotics; and exploring the adoption of Electrical and Mechanical MiC in terms of building services.

The HA will adopt the "Design-and-Build" (D&B) procurement model in suitable projects to cope with the anticipated increase in housing production. With contractors undertaking design and construction at the same time, the resources and expertise of the construction industry can be leveraged to further enhance the entire construction workflow. The first D&B public housing project in Kwu Tung North, involving about 4 330 units, will be tendered out in June 2022. The next project in Tuen Mun, involving about 2 350 units, will be tendered out in December 2022.

The Government is committed to enriching the housing ladder to meet the needs of different types of families. We have revised the pricing policy for Home Ownership Scheme (HOS) flats in 2018 by delinking their selling prices from the property prices in the private property market and price Green Form Subsidised Home Ownership Scheme (GSH) flats on HOS basis. We have also implemented a number of measures to help the public achieve home ownership, including the introduction of Starter Homes for Hong Kong Residents (SH) pilot projects and the regularisation of GSH and White Form Secondary Market Scheme.

About 8 900 HOS flats have been put up for sale in the first quarter of this year. Balloting is expected to be held in the second quarter and flat selection will commence in the fourth quarter. Besides, it is expected that about 4 700 GSH units will be put up for sale in the second half of this year. The provisional discount rate for HOS 2022 is 49 per cent, the highest since the resumption of the sale of HOS flats in 2014. The lowest selling price of a flat under HOS 2022 is \$1,240,000. The provisional discount rate for GSH 2022 is 59 per cent, the highest since the launch of GSH in 2016. The lowest selling price of a flat under GSH 2022 is \$790,000.

The Government also continues to take forward SH pilot projects to help address the home ownership aspirations of higher-income families who are not eligible for HOS but cannot afford private housing. Following the first SH pilot project, i.e. eResidence, the Government is taking forward three other SH projects which can provide over 3 000 units in total.

When the public housing supply is not yet fully available, in an effort to improve the livelihood of families waiting for PRH for a prolonged period of time and living in inadequate housing, the Government has implemented three breakthrough measures in recent years, which include spearheading transitional housing, implementing tenancy control on subdivided units (SDUs) and launching the Cash Allowance Trial Scheme (CATS).

On transitional housing, the Government has further adjusted upward the supply target to 20 000 units. The Transport and Housing Bureau has been actively spearheading and facilitating various transitional housing projects launched by non-government organisations (NGOs). As at March of this year, the Government has identified sufficient land for providing over 18 000 transitional housing units, of which over 2 300 units are in operation; about 4 300 units are under construction and expected to be completed for operation within this year; about 11 500 units, with advance work launched, are expected to be completed in phases for operation since 2023. Projects involving about 700 units are currently under in-depth study.

To tie in with the above initiatives, the Government has proposed to raise the amount of funding under the Funding Scheme to Support Transitional Housing Projects by Non-government Organisations from \$8.3 billion to \$11.6 billion. The increase of \$3.3 billion in commitment will be sought in the context of the Appropriation Bill 2022.

Furthermore, the Commission on Poverty has earlier approved a grant of \$95 million from the Community Care Fund for implementing a pilot scheme to subsidise using about 800 suitable rooms in hotels and guesthouses with relatively low occupancy rates as transitional housing through NGOs. Since the pilot scheme was open for application in April 2021, as at March of this year, about \$92 million has been granted to eight projects, which will provide a total of about 730 units.

Part IVA of the Landlord and Tenant (Consolidation) Ordinance to implement tenancy control on SDUs came into force on January 22 of this year. It provides protection to SDU tenants in various aspects, which include providing four-year security of tenure for the tenants; restricting the rate of rent increase on tenancy renewal; and prohibiting landlords from overcharging tenants on public utility charges, etc.

The Rating and Valuation Department (RVD) has set up a dedicated section responsible for the implementation of the legislation, including promoting public awareness of the new regulatory regime; handling enquiries; providing free advisory and mediatory services to landlords and tenants on tenancy matters; endorsing the Notice of Tenancy (Form AR2) submitted by landlords; collating and preparing to publish the reported rent data; and taking enforcement actions as appropriate, etc.

The Government has engaged NGOs to set up six District Service Teams. They have been reaching out to the grassroots since early January of this year through various publicity activities such as street counters, home visits, promotion websites, talks and briefing sessions, etc, and their connection networks to supplement the efforts of the RVD in promoting the new legislation at district level; raising public awareness of the new regulatory regime; and handling general enquiries, etc. The Government has also engaged an NGO to establish and to manage a web-based information portal for sharing of information on tenancy control on SDUs for publicity and education purposes.

The Government launched the three-year CATS in late June 2021 to provide cash allowance to eligible PRH General Applicant (GA) households who are not living in public housing, not receiving the Comprehensive Social Security Assistance, and have waited for PRH for more than three years but have not been offered the first PRH allocation, with a view to relieving the pressure on livelihood of grassroots families which have waited for PRH allocation for a prolonged period of time. As at end of February of this year, we have disbursed cash allowances to about 69 800 eligible PRH GA households.

Chairman, I appreciate Members' concerns on housing matters. My team and I are pleased to answer their questions. Thank you.