

**Memorandum for the Commercial Properties Committee of  
the Hong Kong Housing Authority**

**Conversion of Storerooms in Public Housing Estates**

**PURPOSE**

Members endorsed vide Paper No. CPC 30/2017 the adjustment of the monthly standard rate from \$40/m<sup>2</sup> to \$44/m<sup>2</sup> for the letting of minor storerooms<sup>Note 1</sup> in public housing estates, in the triennial review which took effect on 1 January 2018. We also informed Members that we were reviewing the convertibility of storerooms to domestic or other uses, and would revert to Members in due course. This paper informs Members the latest progress of our review.

**BACKGROUND**

2. For some estates completed in earlier years, there are pockets of odd spaces in domestic blocks which are mostly below 10 m<sup>2</sup> in size and without natural lighting and ventilation. As these spaces cannot be put to domestic or other uses, they have been let to domestic and non-domestic tenants for use as storerooms. To address security, management and planning concerns, the letting policy for storerooms was realigned in 2010 such that minor storerooms within domestic areas would only be let as ancillary facilities to local residents. Some 500 minor storerooms were then recovered from non-domestic tenants and resulted in a decrease in the occupancy rate.

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Note 1 Minor storerooms include those within domestic areas (commonly demarcated by ground floor entrance security gates) and those outside domestic areas let to non-commercial tenants such as tenants of Mutual Aid Committee offices, welfare/community premises and kindergartens let at concessionary / half market rent.

3. At present, there are about 2 500 storerooms in domestic blocks of public housing estates, of which about 60% are let. We have been reviewing the situation and exploring various ways for better utilisation of storerooms from time to time. At the same time, there have been press reports and public concerns on the use of these storerooms.

## RECENT CONVERSIONS

4. In general, our recent study focuses on the feasibility of converting storerooms within domestic areas into domestic units on security and management considerations. As for those storerooms and empty bays located outside domestic areas (commonly demarcated by ground floor entrance security gates), we would conduct feasibility studies and convert them into other non-domestic uses such as retail shops, offices and welfare premises on need basis.

5. Conversion of storerooms into other use is itself not always possible due to various constraints such as too small in size, non-compliance of building regulations, lease restrictions, planning restrictions, environmental considerations and residents' views. After identifying a suitable storeroom feasible for conversion, we have to go through relevant statutory, land administration, technical as well as consultation process and obtain necessary consents or approvals prior to conversion works. As a result of these various constraints, including diverse views of residents in some cases, the process may take considerable time and there may not be many successful cases.

6. In recent years, we have successfully converted some vacant storerooms inside domestic areas into 19 domestic units <sup>Note 2</sup>. Some storerooms and other spaces outside domestic areas have also been converted into 18 welfare premises <sup>Note 3</sup> and two retail premises <sup>Note 4</sup> in response to demand. In addition, we are now converting six storerooms in Butterfly Estate to domestic units and the works are expected to be completed in October 2018.

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Note 2 Including one in Kwai Shing West and nine in each of Butterfly and Lung Hang Estates.

Note 3 Including one in each of Choi Wan (I), Choi Wan (II), Chuk Yuen (South), Kai Tin, Kwai Shing East, Lai King, Shek Wai Kok, Tai Ping, Tin Heng, Upper Wong Tai Sin and Wah Fu (I) Estates, two in each of Sau Mau Ping (South) and Yat Tung (I) Estates and three in Sau Mau Ping Estate.

Note 4 Both in Kwai Shing West Estate.

## LATEST PROGRESS

7. We have been working on the option of converting some storerooms in Shun Lee Estate <sup>Note 5</sup> to domestic units. The main issues include the fact that the headroom of these storerooms falls short of the standard for residential use. We have been working on how to overcome these issues, and eventually modified the proposal with enhanced provisions of natural lighting and ventilation to alleviate the undesirable effect of the headroom issue. After consulting the Building Committee of the Buildings Department, the Independent Checking Unit (ICU) <sup>Note 6</sup> approved the revised conversion proposal for 15 domestic units in December 2017. We have started the conversion works, which are scheduled for completion in October 2018.

8. By adopting the principles and making reference to the approach of the successful cases in Shun Lee Estate, we have rolled out another round of study and identified some similar storerooms in other estates for conversion to domestic units. We have been following up with relevant submissions to ICU for consideration/approval before taking appropriate conversion works. In October 2018, ICU approved another conversion for about 30 domestic units in Lok Fu Estate.

9. The latest development of the above approach has significantly increased the number of successful conversions from storerooms to domestic units. We will continue to explore possible ways for better utilisation of storerooms subject to compliance with the necessary statutory and land administration requirements. In parallel, we will continue to promulgate the availability of vacant storerooms for letting to our residents / tenants in order to boost up the usage rate.

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Note 5 The Buildings Ordinance (BO) became applicable to Shun Lee Estate upon the divestment of its retail and parking facilities.

Note 6 The ICU is set up directly under the Office of the Permanent Secretary of Transport and Housing (Housing). The ICU is delegated the authority by the Director of Buildings to exercise building control on sold properties of the Housing Authority (HA) under the BO, including the properties sold under the Home Ownership Scheme and Tenant Purchase Scheme, and the properties in public rental housing with divested retail and car parking facilities. The ICU also exercises administrative building control on the HA's new development works and existing buildings in line with the BO and the Buildings Department's practice.

## FINANCIAL IMPLICATIONS

10. The above conversion works completed or being carried out, creating 40 domestic units<sup>Note 7</sup> and 20 non-domestic units<sup>Note 8</sup>, would incur an estimated total cost of around \$10.24M and generate an estimated total rental income of around \$1.94M per annum.

## STAFFING AND INFORMATION TECHNOLOGY (IT) IMPLICATIONS

11. Additional workload generated from the conversion exercises has been and will continue to be absorbed by the existing manpower. There is no IT implication.

## INFORMATION

12. This paper is issued for Members' information.

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Note 7 Each having an internal floor area ranging from 25m<sup>2</sup> to 41m<sup>2</sup> in Butterfly, Kwai Shing West, Lung Hang and Shun Lee Estates.

Note 8 Providing a total of 1 278 m<sup>2</sup> for letting.