

Minutes of the Annual Special Open Meeting of the HONG KONG HOUSING AUTHORITY Held on Friday, 2 June 2017 in the Housing Authority Chamber, 10th Floor, Block 2, Housing Authority Headquarters

PRESENT

Prof the Hon Anthony CHEUNG Bing-leung, GBS, JP	Secretary for Transport and Housing (Chairman)
Mr Stanley YING Yiu-hong, JP	Director of Housing (Vice-chairman)
Mr LEE Ping-kuen, JP	
Mr Winfield WONG Wing-cheung	
Mr Barrie HO Chow-lai, MH	
Ms Tennessy HUI Mei-sheung, MH, JP	
Dr LAU Kwok-yu, JP	
Mr CHUA Hoi-wai	
Ms SO Ching	
The Hon KWOK Wai-keung	
Prof the Hon Joseph LEE Kok-long, SBS, JP	
The Hon Wilson OR Chong-shing, MH	
Prof CHAN Ka-lok	
Ms Melissa Kaye PANG, MH, JP	
Miss Vena CHENG Wei-yan	
Dr Miranda LOU Lai-wah	
Mr Andrew LAI Chi-wah, JP	Deputy Secretary for Financial Services & the Treasury (Treasury) 2
	Deputy Director of Lands (General)
Ms Karen CHAN Pui-ye, JP	Deputy Director (Corporate Services)
Mr Ivan LEE Kwok-bun, JP	(Secretary)

ABSENT WITH APOLOGIES

Prof Edwin CHAN Hon-wan
Miss Anita FUNG Yuen-mei, BBS, JP
Prof Bernard Vincent LIM Wan-fung, JP (Out of Hong Kong)
Mr Stanley WONG Yuen-fai, SBS, JP (Out of Hong Kong)
Ms Serena LAU Sze-wan, JP (Out of Hong Kong)
Mr WAN Man-yee, BBS, JP
Mr CHEUNG Tat-tong, JP
Dr the Hon LO Wai-kwok, SBS, MH, JP
Mr Alan LUI Siu-lun
The Hon Horace CHEUNG Kwok-kwan, JP
The Hon Dennis KWOK Wing-hang
The Hon SHIU Ka-fai
The Hon Andrew WAN Siu-kin

IN ATTENDANCE

Dr Johnnie Casire CHAN Chi-kau, BBS, JP (Member of Building Committee)
Mr Wallace HONG Wing-kwong (Member of Building Committee, Finance Committee and Tender Committee)
Mr Anthony CHIU Kwok-wai (Member of Subsidised Housing Committee)
Mr PUN Kwok-shan, MH (Member of Commercial Properties Committee)
Mr Samson WONG San (Member of Commercial Properties Committee)
Prof Christopher CHAO Yu-hang (Member of Building Committee)
Mrs Ann KUNG YEUNG Yun-chi (Member of Finance Committee and Funds Management Sub-Committee)
Mr LEUNG Man-kwong (Member of Commercial Properties Committee)
Ms Anna WONG Wai-kwan (Member of Funds Management Sub-Committee)
Mr YAU Shing-mu, JP (Under Secretary for Transport and Housing)
(Member of Strategic Planning Committee and Subsidised Housing Committee)

Miss Agnes WONG Tin-yu, JP
Ms Ada FUNG Yin-suen, BBS, JP

Mr Albert LEE Kwok-wing, JP

Mrs Kitty YAN LAM Kit-yi

Ms Fony LUI Sau-fong

Deputy Director (Strategy)
Deputy Director
(Development and
Construction)
Deputy Director
(Estate Management)
Assistant Director
(Legal Service)
Committees' Secretary
(Meeting Secretary)

OPENING ADDRESS

The Chairman declared the meeting open at 2:36 p.m.

AGENDA ITEM 1

Opening Address by Prof the Hon Anthony CHEUNG Bing-leung, GBS, JP, Chairman of the Housing Authority

2. **The Chairman** welcomed Members to the Annual Special Open Meeting of the Housing Authority (HA). He also welcomed the Committee Members for sitting in the meeting and members of the public in the Public Gallery.

3. **The Chairman** said that it was a good tradition of HA to hold the Annual Special Open Meeting for Members to put forward their observations and suggestions on housing policies, administrative management and concerns of the community, etc. The Director of Housing would consider the views expressed by Members and present a consolidated response at the next open meeting of HA.

4. **The Chairman** welcomed the seven newly appointed Members, namely the Hon Wilson OR Chong-shing, Prof CHAN Ka-lok, Ms Melissa Kaye PANG, Miss Vena CHENG Wei-yan, Dr Miranda LOU Lai-wah, the Hon SHIU Ka-fai and the Hon Andrew WAN Siu-kin. **The Chairman** also took the opportunity to express his gratitude to five outgoing HA Members, namely Prof Raymond SO Wai-man, Mr Albert AU Siu-cheung, Ms Julia LAU Man-kwan, Mr WONG Sing-chi and the Hon Tommy CHEUNG Yu-yan. **The Chairman** thanked them for their dedicated efforts in taking part in the work of HA and its Committees as well as their invaluable input to the public housing policy.

5. **The Chairman** said that eight HA Members would speak at the meeting today. Although Ms Serena LAU Sze-wan could not attend the meeting, she had already provided a written submission (see **Annex**). Before Members delivered their speeches, he would like to take the opportunity to briefly review the major efforts made by HA in assisting the current-term Government to resolve the housing problem, and to share some of his views.

(a) Long Term Housing Strategy

6. **The Chairman** said that the current-term Government formed the Long Term Housing Strategy Steering Committee in September 2012 to provide advice on the formulation of a new Long Term Housing Strategy (LTHS). Following a three-month public consultation launched in

September 2013, the Government promulgated the LTHS at the end of 2014 to resolve the housing supply-demand imbalance at source by increasing the supply of public and private housing and rebuilding the housing ladder, based on the supply-led and flexible principles.

7. HA was committed to assisting the Government to achieve the target of public housing supply. Based on the latest statistics, over the five-year period from 2016/17, it was estimated that about 94 600 public housing units would be built, comprising about 71 900 public rental housing (PRH) units and about 22 700 subsidised sale flats, most of which would be provided by HA while the rest by the Hong Kong Housing Society.

(b) Construction and Allocation of PRH

8. On the allocation of PRH, although the average waiting time of general applicants had reached 4.6 years at the end of March 2017, during the five-year period from 2012/13 to 2016/17, HA had actually completed allocation of PRH units for about 90 000 applications so that many of the grassroots could live in decent homes. We would keep up our efforts in this regard.

9. HA strived to streamline the housing construction process. While upholding the basic principles of site safety and construction quality, HA continued to improve the construction process and adopted pre-cast building technology to expedite the completion of PRH developments as far as practicable. Where appropriate, flat production of each public housing site was moderately increased through relaxation of development restrictions, such as plot ratio, building height, etc. Site-specific design was adopted to fully utilise the development potential of each site. In the past five years, we had been “catching up”. HA had encountered resistance of various scales in the community during the planning process in taking forward public housing developments. More often than not, we achieved only half of the results for the effort we put in, and the housing construction process became longer and longer.

10. Meanwhile, HA was committed to ensuring the rational use of existing resources and providing more subsidised sale flats to further expand the forms of subsidised home ownership and enable a larger turnover of existing flats in the market. Since the resumption of the Home Ownership Scheme (HOS) in 2014, a total of 4 800 HOS flats had been put up for pre-sale by HA. Flat in-take was in progress for the first batch of flats pre-sold in 2014. As for the three HOS projects (totalling about 2 100 flats) put up for pre-sale early this year, preparations were being made for the next stage of work, which was flat selection.

11. HA had launched the Green Form Subsidised Home Ownership Pilot Scheme in October 2016 to assist Green Form applicants to buy their own homes so that more PRH units would be vacated for allocation. A total of 857 units provided by the first project, located in San Po Kong, had all been sold in February this year. HA would review the effectiveness of the Pilot Scheme in due course.

12. In addition, HA had launched two rounds of Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers (the Interim Scheme) in 2013 and 2015, allowing eligible White Form buyers to purchase subsidised sale flats with premium not yet paid in the HOS Secondary Market. Over 4 000 buyers had purchased their own homes through the Interim Scheme. HA would also conduct a review on the effectiveness of the Interim Scheme later on.

13. The incident of “excess lead in drinking water in PRH estates” in July 2015 had had a great impact on HA. HA immediately set up the Review Committee on Quality Assurance Issues Relating to Fresh Water Supply of Public Housing Estates, and decided to conduct a comprehensive check-up and reform its material surveillance and inspection systems. The enhancement measures implemented were affirmed by the independent Commission of Inquiry appointed by the Chief Executive. As a matter of fact, HA had been highly acclaimed for its management of PRH estates by the residents all along; and advanced technology was also adopted in its estate greening and energy saving work.

(c) The Situation of the Property Market

14. **The Chairman** cum Secretary for Transport and Housing said he would like to share his views on private housing with Members. The Government was determined to comprehensively tackle the issue, providing residential land continuously on the one hand, while keeping vigilance and monitoring closely the trend of the property market and the ever-changing external circumstances in a prudent manner on the other hand, and to implement demand-side management measures as appropriate to stabilise the residential property market.

15. In order to address the overheated property market, the current-term Government had introduced several rounds of demand-side management measures, including the enhanced Special Stamp Duty, the introduction of the Buyer’s Stamp Duty and the doubled ad valorem stamp duty, and the increase of the ad valorem stamp duty chargeable on residential property transactions to a flat rate of 15% in order to curb speculative, external and investment demands, and accord priority to Hong Kong permanent residents

(HKPR) to address their home ownership need. The results of these demand-side management measures were effective to a certain extent. In the first quarter of 2017, the number of short-term resale transactions constituted only 0.7% of the total residential property transactions while transactions involving non-local individuals and non-local companies accounted for only 1.5% of the total residential property transactions. Regarding residential property transactions involving HKPR buyers, 94% of the buyers did not own other residential property in Hong Kong.

16. Against the macro-environment of low interest rates in the global market and credit easing, the property market was in an exuberant mood and the risk of a bubble was increasing by the day. The property prices had gone far beyond the affordability of the general public and it was a cause of concern to **the Chairman**. Up to the first quarter of this year, the home purchase affordability ratio had risen to 66.1% from 63.9% in the fourth quarter of last year, greatly exceeding the average of 45% in the past 20 years (i.e. from 1997 to 2016). Should the interest rates rise by 2% to 3% in the future, the home purchase affordability ratio might further increase to 80%. It was expected that property prices would become increasingly irrational and the situation was worrisome.

17. Although the interest rates were still at a low level at the moment, the normalisation of the US interest rates would gradually drive the Hong Kong Dollar interest rates up, and the public would shoulder a heavier burden in making their mortgage payments. Furthermore, the supply of first-hand private residential properties would continue to increase. It was anticipated that 96 000 units would be available in the next three to four years, a 48% increase compared to the time when the current-term Government came to office. This would definitely affect the trend of property market in the long run. Prospective buyers had to be mindful of two major risks: property prices and interest rates, and gave due consideration to their affordability when interest rates were on the rise.

18. In the short-to-medium term, given the high prices of private properties, more low to middle-income families had to rely on public housing to improve their living environment. As such, the supply of public housing and HA's role became more important. HA needed to seek more land from the Government on the one hand and improve PRH turnover and optimise the use of PRH resources on the other hand.

19. **The Chairman** said that HA had a very important mission to achieve. In the capacity of Secretary for Transport and Housing as well as Chairman of HA, he would like to extend his gratitude again to all Members for their unreserved support of HA's work and the Government's housing policies.

He also thanked colleagues of all ranks and grades in the Housing Department for their relentless effort in overcoming all kinds of obstacles to increase public housing production.

AGENDA ITEM 2

Addresses by HA Members

20. Addresses by Members

Mr LEE Ping-kuen delivered his speech as follows:

“ **Hong Kong Citizens Should Make Joint Efforts to
Enable the Provision of Decent Homes for All**

As the number of public rental housing (PRH) applications keeps rising in recent years, the Housing Authority (HA) has been unable to meet its target of making the first housing offer to applicants within three years for quite a while.

In order to meet the public demand for housing, HA must have adequate land for public housing construction. Meanwhile, some of the PRH estates that were built in the early period need to be redeveloped so as to save hefty maintenance cost and increase PRH supply. The Government also needs land to implement redevelopment projects in old districts. The short, medium and long term measures to increase land supply have to be pursued in order to provide sufficient land to meet the citizens' keen demand for public housing.

However, when the staff of the Housing Department (HD) visit various districts to promote public housing projects, people from the local communities, in the majority of the cases, do not offer their support or even raise objections. It often takes HD a long time to secure a site for public housing construction. Some people criticise the Government for the slow production of public housing which results in the long waiting time for PRH applicants on the Waiting List to be allocated a PRH unit, but on the other hand they raise objection to the construction of public housing in their own districts, making it extremely difficult for HD to secure land for housing construction as soon as possible.

As a matter of fact, the living conditions of many Hong Kong citizens are appalling. Apart from cramped living space, the hygiene condition is undesirable, not to mention the lack of fire service installations. For the sake of public safety and better living environment, providing decent accommodation for the people is not merely the responsibility of the HKSAR Government, HA and HD, but also a goal that calls for the concerted efforts of all Hong Kong citizens. I appeal to various sectors of the community to put aside their own interests or political stance and cooperate with HD in taking forward the public housing construction projects, so that low-income households may be allocated a PRH unit as soon as possible and have their living conditions improved.

Thank you, Mr Chairman.”

Mr Winfield WONG Wing-cheung delivered his speech as follows:

“Mr Chairman,

Solving housing problems is a priority of the incumbent Government. The Government formulated the Long Term Housing Strategy (LTHS) in 2014 after public consultation. The LTHS confirmed the supply-led principle, a public-private split of 60:40 in new housing production and the rebuild of housing ladder, with a view to ultimately addressing fundamentally the long-term housing needs of different sectors in the community and gradually averting the current supply-demand imbalance in housing.

In the past few years, the Hong Kong Housing Authority has introduced the Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers and the Green Form Subsidised Home Ownership Pilot Scheme to encourage the circulation of public housing stock. At the same time, the Government has tried to accord priority to local home ownership needs of local residents through a number of demand-side management measures to dampen the overheated property market, combat the short-term property speculative activities and contain both foreign and local investment demand. Added to these, with the steady supply of housing land, the projected supply from the first-hand residential property market for the coming three to four years is approximately 94 000 units.

The Government has repeatedly introduced related initiatives and strengthened its efforts in implementing different policies in the hope of resolving the housing problems in Hong Kong. However, things did not turn out as it hoped. Property prices keep soaring while the demand for public housing surges year after year. Both situations are out of control like runaway

horses. Therefore, to tackle the problem at the root, it is important for the Government to review the current policy directions.

First of all, speculation in real estate has long been a prevalent phenomenon in Hong Kong. The exceptionally low interest rates and the relaxed lending criteria in recent years have further fuelled property speculation. For the current initiatives of the Government, which one can really accord priority to the home ownership needs of local residents? The answer is none. In the leading newspapers, it is not difficult to find articles reporting that at the sales offices of most of the newly completed private properties, priority is more than often given to speculators. The fact is buyers who purchase more than one flat always come first, while those who purchase only one flat will be served later. This underlines the absurd situation that the interests of speculators override those of genuine users.

Secondly, the Government has introduced various measures such as the Special Stamp Duty and the Buyer's Stamp Duty to curb the rising property prices. However, it is noted that in order to attract investors, developers will offer subsidy of Stamp Duty benefit or similar benefit to increase the attractiveness of the first-sale properties. As the saying goes, whatever is given is paid for. It is natural for developers to increase the property prices to compensate for such extra costs. Since the flat prices will cover the profit of developers and the cost of providing these subsidies, naturally the sale prices will have to be marked up by some 10% to 20% or more. It is said that as an increased effort to promote sales, developers will raise the commissions of real estate agents to 5% to 8% or even higher, and the costs will be passed on to consumers in the end. As the prices of new flats continue to rise, it eventually sets off the "domino effect", causing the same thing to happen in the second-hand property market in Hong Kong. As a result, the property prices keep going up without end.

In addition, for the past ten years, besides the ills of land distortion that have plagued the residents of Hong Kong, many developers have come up with a series of flashy but not practical flats with facilities like shoebox-sized balconies and suite-like club houses and put them up for sale as luxury flats. Is this the homes most people ask for? Take Home Ownership Scheme (HOS) flats for example. HOS flats come neither with a balcony nor a club house, yet the number of applications for every new batch of HOS continues to hit record high, which sufficiently proves that the public wants no-frills and reasonably priced flats. To achieve home ownership, many people set their sight on the second-hand public rental housing (PRH) or HOS market, thus pushing their price levels to record high time and again which raises many eyebrows. With the property prices ever-increasing, the rent level follows suit, forcing many to join the queue for PRH. There are even street

wisdoms advising people to “give up well-paid or full-time jobs in order to be eligible for PRH or HOS applications”. This brings unbearably adverse impact on the development of the society at large in the long run.

All these social realities illustrate how highly unusual the present situation in Hong Kong has become. Exceptional measures must be taken by the Government to deal with such exceptional circumstances. For years the property market has disheartened most Hong Kong people. If the Government truly wishes to help people achieve home ownership, it must rectify the situation immediately and stop the proliferation of this unhealthy trend. To this end, I would like to make the following suggestions:

- (1) On policy level, in the next three years the Government may, in line with public expectation, consider stipulating all or 80% of the land reserved for private housing development through administrative measures, solely for construction of mostly utilitarian accommodation instead of luxurious or pseudo-luxurious flats.
- (2) On property prices, it is recommended that the property prices may be determined with reference to the land price (the Government may consider making a suitable adjustment of land price) and a reasonable profit margin for the developers so as to control the exceptionally high property prices.
- (3) On the sales arrangement, we may try introducing an open ballot system for the sales of private property. Under this arrangement, only households with two or more persons and have never owned any properties before will be eligible for application. A ballot will be carried out publicly and successful applicants in the ballot will have the right to purchase. Also, conditions to curb speculation may be imposed in the sales of flats, such as forbidding the buyers to resell their flats within 10 to 15 years.

The above recommendations aim at asking the Government to offer new choices for the people and to give them their entitled right to achieve home ownership by acquiring “no-frills” flats at a reasonable price. I strongly believe that with the adoption and implementation of the above recommendations, property prices can be stabilised and the current public demand for public housing can be reduced.

Thank you, Mr Chairman.”

Dr LAU Kwok-yu delivered his speech as follows:

“Mr Chairman and fellow Members,

I would like to make two recommendations today:

1. That the Hong Kong Housing Authority (HA) should take proactive action to convert some of its older public rental housing (PRH) units by adopting Universal Design for the sake of tenants with disabilities and tenants ageing in place; and

2. That the Chief Executive and the Special Administrative Region (SAR) Government of the new term should change the intended use of some of its disposed sites from private residential development to public housing development for the construction of more affordable homes.

(1) Taking proactive action to convert PRH units not universally designed for the sake of tenants with disabilities and tenants ageing in place

According to an Information Paper issued by the Housing Department to HA's Building Committee on 21 April 2017, a total of 130 000 flats in 42 PRH estates (17% of the total stock) have adopted the Universal Design as at end-December 2016. The Design has been in place since 2002 in new PRH estates for a better and more convenient living space. The facilities within and outside the older flats built before it (83% of the total stock, or 635 000 flats), however, may not be convenient for tenants with disabilities and tenants ageing in place.

Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030 published by the Development Bureau and Planning Department in October 2016 points out that “(o)ur population is ageing quickly. The population aged 65 or over is projected to rise significantly from about 15% in 2014 to about 36% by 2064”.

Similarly, the past 19 years (from 1997 to 2016) saw a marked increase in the number of elderly households and the size of elderly population over the age of 60 in HA's PRH units. As at end-March 1997, there were 63 518 households with all members aged 60 or above in PRH flats, representing 10% of a total of 621 455 PRH households. By end-March 2016, the number of such households rose to 137 721 (about 2.2 times as much as the number 19 years ago), representing 19% of a total of 737 416 PRH households. The elderly population in PRH flats also surged from 434 570 in end-March 1997 (19% of the total PRH population of 2 327 119) to 546 260 in

end-March 2016 (27% of the total PRH population of 2 057 113). Since it is common knowledge that the rent of a PRH unit is cheaper than that of a similar flat in the private market, the coming ten years will see more and more elderly and disabled tenants living in PRH estates. In other words, the demand will only grow.

I propose that HA formulate a Pilot Home Modification Enhancement Scheme (Enhancement Scheme), under which 20% of the flats for one to two persons, or two to three persons, in old PRH estates recovered for re-allocation each year will undergo modification to suit the needs of the disabled and the elderly. HA can adjust the proportion or number of flats to be modified in accordance with the actual situation.

According to HA, 12 371 recovered PRH flats were available for re-allocation in 2015/16, among which 5 600 have been recovered due to transfers of tenants on various grounds. Flats vacated for redevelopment were not included in the aggregate sum. Since HD is unable to provide the distribution of these flats, I can only resort to Paper Nos. SPC 40/2016 and BC 85/2016 regarding the distribution of new flats in the Public Housing Construction Programme 2016-17 to 2020-21 as a basis for my assumptions. Assuming that flats for one to two persons and flats for two to three persons make up 16% (about 1 900 flats) and 25% (about 3 100 flats) of recovered flats for re-allocation, a total of 5 000 flats will be available. If HA includes 20% of them (5 000 x 20%) in the Enhancement Scheme, there will be 1 000 recovered flats to modify before re-allocation.

Modification works of a flat include, where practicable, widening of the doorway with provision of a ramp, conversion of the bath tub into a shower area, installation of grab rails in the bathroom and raising the floor slab of the balcony to make it level with that of the living room, enlarging the bathroom, toilet and kitchen, etc.

Let's talk about the benefits of the Enhancement Scheme. It is better to take proactive action to modify old PRH units when they are vacant if objective prerequisites are met than to modify them only when problems arise post-occupation. First, it is more time-saving. Second, instead of having their flat undergo modification works after moving in and having furniture in the flat, it will be hassle-free for tenants if modification is done beforehand. If this Scheme is implemented, the elderly and those in poor health will not have to wait so long to transfer to flats that can meet their needs. At present, they are paying a price for flat transfer to suffer all sorts of inconvenience which may deteriorate their health.

As a matter of fact, HA has been building universally designed PRH units since 2002. In my opinion, if objective prerequisites are met, it is worthwhile to modify, when they are vacant, old flats that were not built using Universal Design. This may delay their availability for allocation as extra time is required, but I believe it is worth the wait as the modified flats will be better suited to the needs of the elderly and those in poor health, making it possible for them to age in place.

I urge the Building Committee and Subsidised Housing Committee to jointly study the proposal for the Enhancement Scheme. The sooner it is implemented, the earlier the housing needs of the elderly and frail tenants can be met. Ageing in place will become a reality.

(2) That CE and SAR Government of the new term should change the intended use of some of its disposed sites from private residential development to public housing development for the construction of more affordable homes

Further to the Long Term Housing Strategy (LTHS) published in December 2014, the Transport and Housing Bureau announced its latest projection on 20 December 2016 that the total housing supply target for the ten-year period (from 2017-18 to 2026-27) will stay at 460 000 units. The Government stressed that the supply target, projected based on demand, will serve as a planning guide to identify sites for housing development, and that the public-private split of 60:40 for the supply of new housing units should remain unchanged. In other words, the public housing supply target is 280 000 units (comprising 200 000 PRH units and 80 000 subsidised-sale units).

According to relevant information, as at end-March 2012, the numbers of general applications and non-elderly one-person applications under the Quota and Points System (QPS) for PRH were about 101 700 and about 87 800 respectively. The average waiting time (AWT) for general applicants and elderly one-person applicants was 2.6 years and 1.3 years respectively. As at end-March 2017, according to the latest statistics, there were about 147 300 general applications on HA's Waiting List (WL), and about 128 600 non-elderly one-person applications under QPS. In other words, the numbers of general applications and non-elderly one-person applications have increased over the past five years by 45% and 47% respectively, and the AWT from 2.6 years to 4.6 years for the former and from 1.3 years to 2.6 years for the latter. These figures send a worrying signal about the undersupply situation.

Even more worrying is the projected production volume of our PRH and subsidised sale units for the five financial years from 2017/18 to 2021/22. Instead of increasing at an accelerating pace (against the background

of a longer WL and longer AWT concerning PRH applications and the persistent over-subscription for subsidised sale units in recent years), the production volume falls short of the supply target set out in the LTHS, let alone the actual amount required.

According to an update of HD's Public Housing Construction Programme in end-April 2017, the public housing production by HA and Hong Kong Housing Society (HS) from 2017/18 to 2021/22 (i.e. the first five years of the next ten-year period) will be a total of 103 952 units, comprising 78 365 PRH units and 25 587 subsidised sale units, with an HA share of 76 494 PRH units and 23 947 subsidised sale units and an HS share of 1 871 PRH units and 1 640 subsidised sale units. In other words, an annual average of only 15 673 PRH units and 5 117 subsidised sale units are scheduled for construction in the five-year period, representing 78% of the PRH supply target of 20 000 units and 64% of the supply target of subsidised sale units of 8 000 units as stated in the LTHS. It appears that the total supply of public housing for the next five years will again fall short of the supply target mentioned in the LTHS.

The Government argues that one cannot make bricks without straw. There is simply not enough land for homes.

According to Paper Nos. BC 86/2016 and SPC 42/2016 issued by HA on 16 November 2016 about the "Challenges and Difficulties in Taking Forward Public Housing Development Projects", HA has virtually used up all spade-ready sites (i.e. disposed sites) at hand, and about 80% of the projects for which District Councils were consulted in the past six years are not "spade-ready". Such sites take longer to develop partly because HA has to go through various processes to make them "spade-ready" and such processes are subject to uncertainties.

Is there enough land to build private housing then? The SAR Government led by the incumbent Chief Executive LEUNG Chun-ying has undeniably been more effective than the Government of the last term under Mr Donald TSANG in selling land to private developers. The land sales records of the Lands Department show that a total of 135.3 hectares of land for residential use (with a minority of land for mixed use for residential and commercial development) were sold in the five financial years between 2012-13 and 2016-17, which is 2.5 times or 80.6 hectares more than the 54.7 hectares of residential land sold in the five financial years between 2007-08 and 2011-12. Despite our remarkable land sales, however, the housing problem in Hong Kong lingers - the price indices for private domestic premises have been going up in the past five years. According to the Rating and Valuation Department, price indices by class (territory-wide) for private domestic premises have surged from

206.1 in July 2012 to 327.4 in April 2017, up by almost 60%. That a square foot of a private residential flat easily costs over \$10,000 is no longer a phenomenon. The assertion that “an increased supply of land for private housing can stabilise housing prices and make it affordable for more” does not hold water when reality proves otherwise.

It follows that if the Government builds more public housing and subsidised sale housing on some of the sites originally earmarked for private development, the rent and price of the flats produced as a result will be more affordable for low- and middle-income people, and will better meet the housing needs of the public.

With a view to meeting the supply target of 20 000 PRH units and 8 000 subsidised sale units per year on average as set out in the LTHS, I ask the new CE to make the following decision on assumption of office to help the low- and middle-income classes achieve home ownership: to allocate disposed sites earmarked for private residential development to HA and HS for public housing. By doing so, the Government can guarantee the provision of more affordable public housing in a timely manner while making bigger efforts to identify new sites on the one hand and change the planned use of some others on the other to meet the needs of both public and private housing development.

Let me conclude by calling upon Mrs Carrie LAM CHENG Yuet-ngor, the incoming CE, and the officials appointed under the Accountability System taking office on 1 July 2017 to liaise with HA early on HA-related policies advocated during the CE election period to jointly study their feasibility, implementation details and performance indicators.

Thank you.”

(Mr KWOK Wai-keung joined the meeting at this juncture.)

Mr CHUA Hoi-wai delivered his speech as follows:

“Mr Chairman and fellow Members,

First of all, I would like to talk about the key tasks that I proposed in my speech last year that the Housing Authority (HA) has to continuously follow up this year. One of them is to identify more sites for housing production in a proactive manner. As at end-March this year, there were nearly 280 000 applications for public rental housing (PRH), and the average waiting time for general applicants has lengthened from 3.9 years in 2016 to 4.6 years in 2017, indicating that the situation has further deteriorated.

In the speech I delivered two years ago, I suggested that HA should examine how to increase PRH supply in urban and extended urban districts through urban renewal projects. Such projects can meet the housing demand of grassroots families and fulfill the overall development needs and manpower requirements of a district. With the setting up of new retail, social welfare and educational facilities, there will be a new composition of population and families in the community, bringing about a more balanced population composition in each district and a positive change to our society as a whole.

Another topic that needs to be followed up is the provision of social services facilities in PRH estates. At present, planning and site allocation of such facilities are mainly deliberated and arranged by the Housing Department and the Social Welfare Department (SWD). The practice itself has deprived agencies not under SWD's subvention a chance of being allocated a unit for service provision. One of the examples is the newly-formed estate support teams. The Hong Kong Council of Social Service notices that five new estate support teams are currently serving five major PRH estates, but only one of them has been allocated a unit of about 160 square feet in the estate it serves. As there is a close correlation between the supporting hardware and the accessibility and quality of services, the lack of a suitable unit in the estate as a base will definitely restrict the scope and effectiveness of such services. Given that a vast majority of welfare services (including Government-subsidized and non-subsidized projects) are offered by non-governmental social welfare organisations, which have a direct and in-depth understanding on the development needs of various services, I suggest that HA should enhance communication and co-operation with the social welfare sector on this front to achieve a win-win situation.

Our Agency Members have also raised the issue of mismatch in timing between the completion of facilities and the intake of residents in new estates. District social services facilities are not yet in operation even though residents have moved in for quite some time. Take Hung Fuk Estate in Yuen Long as an example. Although it has been almost two years since residents' intake, the Integrated Children and Youth Services Centre in the Estate has yet to open. We believe that it is more desirable if social services facilities and community facilities commence operation at the same time as residents move into a new PRH estate, so that new residents will not be deprived of the services they need.

Besides, an ageing population presents a major challenge to Hong Kong society. HA has in the past rolled out a number of policy initiatives to encourage children to live with their elderly parents or reside in the same district of their parents. In order to provide barrier-free facilities for the elderly and disabled persons, universal design has been adopted in all PRH

estates produced in the last 15 years. The achievements are remarkable. I hope that HA will continue to step up its efforts in this regard to turn PRH estates into “elderly-friendly communities”. I suggest that HA should set an additional target of progressively increasing the proportion of universally designed PRH flats from less than 20% at present to 40% to 50% in future. To this end, apart from adopting universal design in newly constructed PRH estates, some of the PRH flats recovered should also be modified according to this principle. By moving into barrier-free flats, elderly persons can be spared of transfer or even temporary admission to residential care homes due to ill health or disability. The vision of “ageing in place” can then be truly implemented. I believe that this proposal will be welcomed by many PRH tenants, especially households with elderly members.

Finally, in addition to supporting hardware, we believe that proper management of estate common areas can facilitate the building-up of community network and social capital, and, at the same time, foster a sense of belonging among the residents. In simpler terms, it is far from satisfactory if overly stringent or even unreasonable terms of use or restrictions are to be imposed on residents, social service organisations or community stakeholders in the use of estate common areas or venues. Some organisations relayed to us that certain management companies prohibited them from using loudspeakers when they applied for the use of amphitheatres in PRH estates for holding carnivals. Furthermore, some front-line social workers stated that security guards interfered with residents’ sharing of home-made food at gatherings in estate common areas and drove them away. We suggest that HA should look into the current mode of PRH management and explore ways to enhance residents’ sense of belonging, so as to avoid triggering resentment among residents due to impediment of their reasonable use of such areas by the harsh measures of individual management companies.

Thank you, Mr Chairman.”

Mr KWOK Wai-keung delivered his speech as follows:

“Mr Chairman,

Introduction

Every year the Housing Authority (HA) convenes an annual special open meeting to discuss housing issues in Hong Kong, in particular the programmes and direction of public housing development. In fact, we all know that housing remains the livelihood issue of most concern to the public in recent years. Hong Kong people of different ages or different generations, no

matter young or old, of generation X, Y or Z, are all preoccupied with the concern to get a roof over their head.

Mr Chairman, for the past few years, property prices have become unrealistic, “nano flats” emerge in the private residential property market, and the Government has repeatedly rolled out “harsh measures” in response. All these reveal the underlying risks and problems of the private residential market in Hong Kong. Under these circumstances, the role of public housing, being a major form of housing, has become more important as a large number of lower- and middle-income families rely on public housing to address their housing needs or fulfil their aspiration for home ownership in order to improve living conditions. All along, the Hong Kong Federation of Trade Unions has been advocating housing policies that provide public rental housing (PRH) as the mainstay, to be supplemented by the Home Ownership Scheme (HOS), so that public housing can give full play to its social function in addressing the housing needs of the people.

Reconstructing the Housing Ladder

Mr Chairman, I understand that the current-term Government has worked very hard, such as in the formulation of the new Long Term Housing Strategy (LTHS), to tackle the housing issues. The problem is that it has not put in enough effort, and has met with considerable resistance in implementing the measures, which explains why the progress of public housing production is unsatisfactory. According to LTHS Annual Progress Report 2016, 236 000 public housing units were originally intended to be constructed in the 10-year period. In the first five years, however, only 95 000 public housing units will be built. There is thus a shortfall of 40 000 plus units when compared with the original target. Meanwhile, there are 275 000 applications on the Waiting List according to the latest figure while the average waiting time stands at 4.6 years, much longer than the target time of providing the first flat offer to an applicant in three years. Therefore, I think that the direction of housing policies of the new-term Government should focus on providing primarily public housing, allowing citizens with limited income to rent or purchase subsidised housing at a realistic, affordable price so as to tackle the problem at its root. As a matter of fact, the biggest challenge faced by HA in public housing construction is land, a problem which only the Government can resolve. The Government should therefore adopt a more open attitude and flexible approach in conducting its business. For example, can priority be given to public housing development when housing sites are identified? Can the target of allocating a flat to an applicant in three years’ time be used for planning public housing production? I believe the Government should conduct its business with a more enterprising mindset.

Mr Chairman, there is a Housing Reserve of nearly 80 billion in the Government Treasury in support of public housing construction. I consider that with the backing of Government resources, HA should act with an innovative mindset. Such innovative approaches include providing more home ownership options other than PRH to the new generation with middle-income so that they can own a decent home, which will foster their sense of belonging and enhance their stability.

As we are aware, HA launched the Green Form Subsidised Home Ownership Pilot Scheme (GSH) early this year with oversubscription of 17.7 times. This shows that Green Form applicants are willing to opt for home ownership if the price is within their budget. I am of the view that GSH can continue to run and be extended so that White Form households with middle-income can purchase flats cheaper than HOS flats. This will not only alleviate their housing burden, but also create a tier of subsidised housing, flats to be sold at a price close to the construction cost, below the HOS tier. However, I have to point out that this tier of subsidised housing below the HOS tier should not occupy existing land for the construction of PRH and HOS flats. Instead, the Government should allocate additional land for this purpose to expand the housing market so that public housing can meet the needs of different people.

Pricing of HOS Flats

Mr Chairman, apart from adding a tier of subsidised housing to the housing ladder, the pricing of HOS flats should also be changed. In fact, given that the current sale price of HOS flats is pegged to that of private residential properties, as private property prices have increased beyond the affordability of the general public, the price of HOS flats after discount remains high. Therefore, I hope that HA and the Government will reset the HOS discount rate by, inter alia, unpegging the price of HOS flats from the market price of private properties so that the pricing of HOS flats is merely based on the affordability, income and assets of applicants with a view to offering a discount rate of about 40%.

On Extending the Home Ownership Scheme Secondary Market to White Form buyers, I think HA and the Government should actively introduce more revitalisation measures to increase the turnover, such as offering new mortgage guarantee for first-time buyers in HOS Secondary Market so that they can receive the mortgage benefits other White Form buyers are enjoying irrespective of how old the HOS flats are, and enhancing the transparency of the information platform of HOS Secondary Market so that prospective buyers can have a more accurate estimation of their affordability.

Mr Chairman, I know that in recent years many academics and young people are in favour of the model of public housing in Singapore. In fact, public housing in Singapore and HOS in Hong Kong are housing schemes of the same period, and were set up with reference made to each other's practices. Therefore, I believe that if the Government and HA can formulate appropriate policies for HOS as well as the new tier of subsidised housing under the HOS tier, the knock-on effect will definitely bring about changes to the future housing model and trend in Hong Kong.

Redevelopment of PRH

Mr Chairman, last but not least, I would like to touch on the issue of redevelopment of PRH. HA completed the preliminary studies on 22 aged PRH estates in 2013. Now that four years have passed and only one estate, i.e. Wah Fu Estate, has been confirmed for redevelopment, with Phase I to be completed in 2024 the soonest, and the whole redevelopment project will not be completed until 2034. As for some older estates, such as Model Housing Estate (63 years), Sai Wan Estate (57 years), Ma Tau Wai Estate (53 years), Wo Lok Estate (53 years), Choi Hung Estate (53 years) and Fuk Loi Estate (53 years), there is no timetable for their redevelopment yet. In the engagement documents of "Hong Kong 2030+" published earlier, the Government pointed out that one of Hong Kong's major urban problems in the future will be the ageing buildings. By 2046, private residential units aged 70 or above will drastically increase nearly 300 times as compared with the building stock of the same age as of now. This will pose a crisis to HA, the largest housing development organisation in Hong Kong and manager of about 790 000 units, if it does not have in place a comprehensive redevelopment programme. As such, I hope the Government and HA will try their utmost to work out a solution for PRH redevelopment as soon as possible. This will not only ease the minds of the residents but also facilitate the future maintenance work carried out by HA and its development.

Mr Chairman, I understand that the prerequisite for PRH redevelopment is the availability of land for rehousing the affected residents, and only by vacating the estates can redevelopment be gradually carried out. Perhaps due to a lack of land in the urban area, the redevelopment of aged PRH estates has been postponed repeatedly. The Hong Kong Federation of Trade Unions therefore recently recommended that the Government re-formulate its approach to urban redevelopment. This includes cooperating with public organisations such as HA to use the land recovered by the Urban Renewal Authority for subsidised housing development or use the land as an impetus for PRH redevelopment in the district. I hope that the Secretary for Transport and

Housing (STH) and HA can consider the recommendation in a proactive manner. If there are further delays in making preparations for the redevelopment of PRH, even if those aged PRH estates are still liveable, we may have to pay substantial costs in maintenance.

Conclusion

Mr Chairman, under the current circumstances, whereby the property prices are beyond the affordability of the general public, HA plays a more prominent role as it has the important mission of providing homes for Hong Kong citizens. Many Hong Kong people, the new generation in particular, do not wish to be “property slaves” anymore. Yet, the reality is that property prices have risen to such a level that one must save up to 10-odd years without eating and drinking to buy a flat. Under these circumstances, I believe that only the Government and HA can change the status quo. Therefore, I expect that HA and the new-term Government can keep up with their efforts in taking forward the work of resolving the housing problem. Meanwhile, I would like to thank STH and HA colleagues for their contribution to resolving the housing problem in the past few years.

Mr Chairman, I so submit.”

(Mr Wilson OR Chong-shing joined the meeting at this juncture.)

Prof Joseph LEE Kok-long delivered his speech as follows:

“Mr Chairman, ladies and gentlemen,

According to the latest figures, private domestic property prices have been continuously on the rise for 12 months and have reached a record high in five consecutive months; transaction prices of Home Ownership Scheme (HOS) flats on the Secondary Market have peaked time and again; a large number of “nano flats” emerge; the average waiting time of general applicants for public rental housing (PRH) has further lengthened to 4.7 years, getting farther and farther away from the Government’s pledge of providing the first flat offer in three years; and about 200 000 people in 88 000 households are living in sub-divided units under extremely appalling conditions. In face of these housing problems, there are rising public expectations towards the work of the Government and the Hong Kong Housing Authority (HA).

Looking back, HA has been striving to provide affordable rented accommodation to low to middle-income families with housing needs and address their home ownership aspirations. It has also been reviewing and refining various policies to ensure the rational use of public resources in a cost-effective manner. Today, I would like to take this opportunity to discuss a few policies of wider public concern.

First of all, I would like to talk about the Green Form Subsidised Home Ownership Pilot Scheme (GSH). The newly completed GSH flats are sold to Green Form (GF) applicants at a price lower than that of traditional HOS flats. As a matter of fact, I have expressed my queries and concerns over the objectives and effectiveness of GSH on different occasions before its implementation. Although GSH may lead to the release of a small number of PRH flats within a short period of time, once these GSH (originally planned as PRH) flats are sold, the resources involved will no longer be sustainable for reuse to benefit families in need. Given that the average waiting time for PRH has been lengthening, putting up newly completed PRH flats for sale will correspondingly reduce the PRH stock available for future allocation, leading to a further extension of the waiting time.

Public response to GSH seemed to be overwhelming, with an over-subscription rate of nearly 18 times after its launch. However, only 857 flats were put up for sale, which was a small number compared to all the PRH households. If GSH is to be turned into a regular policy, the flats offered should have some attractive attributes, such as of a low price, with a size larger than that of PRH flats and at urban areas. A large number of GF applicants will then be attracted to purchase these GSH flats and vacate their PRH flats.

It is the role of HA to assist those with financial difficulties to resolve their housing problems, and therefore priority should be given to address the needs of PRH waiting list applicants. GSH projects can neither shorten the waiting time nor facilitate the turnover of PRH flats. To encourage home ownership, newly completed PRH flats were converted into GSH flats for sale at an even lower price, thereby reducing the chance of PRH waiting list applicants to be offered a newly completed flat. Is it fair when only refurbished flats are allocated to these applicants? HOS is in itself a policy for tackling the turnover problem. Better-off tenants with sufficient means should move to HOS flats or private housing, instead of receiving double benefits by accepting more public subsidies to purchase new PRH flats. The genuine needs of the grassroots are utterly ignored.

Due to the keen community demand for HOS flats, over 100 000 applications have been received for the latest batch of HOS flats, with an over-subscription rate of more than 40 times. The Government should continue to increase the supply of HOS flats to remove the home ownership distress of low to middle-income families, while making use of HOS flats as a revolving door to expedite the turnover of PRH flats. Moreover, there is a progressive increase in the number of quotas used by eligible persons under the new round of “Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers”, indicating that the response of the buyers is obviously better than that of the first round. Although there is no increase in the actual number of flats supplied, at least nearly 4 000 people who are unable to afford private housing have successfully acquired their own homes. As existing HOS flats have an advantage in terms of location, I believe that members of the public will find these flats attractive. I hope that HA will continue to examine related measures, and appropriately adjust the number of quotas and the validity period of the Certificate of Eligibility to Purchase, so as to offer an additional option for White Form buyers.

Recently, there have been discussions from time to time in the community on relaxing the policy on letting of HOS flats, and the next-term Government has also proposed a “Pilot Scheme for Letting of HOS Flats”. However, it is clearly stipulated under the Housing Ordinance that HOS flats could not be let without the payment of premium. It is believed that the proposed policy would involve a very complicated legislative amendment process. Due to the fact that the premium of these flats has yet to be paid, a reasonable rental standard should be set if the Pilot Scheme is to be implemented to prevent owners from gaining a return of full market rent with an investment value of 70%. Besides, setting the rent too low or too high will have a bearing on the number of flats available for letting. As the majority of HOS flats with unpaid premium are for self-occupation with a low vacancy rate, it is estimated that the supply of flats for letting will be very limited and it will be extremely challenging to take the Pilot Scheme forward.

I believe that the most crucial task of HA is to ensure the rational allocation of public resources in a bid to resolve the housing problems in our society. For the proper use of public funds, HA should pro-actively address the problems of non-occupation, subletting, engaging in illegal activities in PRH flats and well-off tenants. The Subsidised Housing Committee has earlier endorsed the tightening of the “Well-off Tenants Policies” by changing from a “two pillars” system to a “one pillar” system. I support this measure as PRH flats are valuable resources. Residents should move out at the earliest opportunity and vacate the flats for the needy if they have sufficient money to purchase HOS flats or rent private premises. In the long run, HA should consider increasing the frequency of asset declaration to maintain an updated

record on tenants' financial status. To tackle other acts of tenancy abuse, stronger deterrent effects can be achieved by encouraging the public to make reports, stepping up surprise inspections and imposing higher penalties, as a way to strictly combat problems like non-occupation, subletting and engaging in illegal activities in PRH flats.

Finally, given the decreasing trend in average household size in recent years, HA should review the existing system to encourage tenants to live with their elderly family members, including the provision of more incentives, such as increasing the average living space per person, expediting the transfer to large-sized flats and so on. Adjustments should also be made to the production of large-sized flats to avoid increasing the demand for PRH flats due to a slightly crowded living space, while inter-generational integration can be achieved at the same time.

Mr Chairman, I so submit.”

(Mr KWOK Wai-keung and Prof Joseph LEE Kok-long left the meeting at this juncture.)

Mr Wilson OR Chong-shing delivered his speech as follows:

“Mr Chairman,

Housing policy is of a paramount importance in the government administration of Hong Kong, and also one of the policy areas which attracts the highest level of public attention. However, due to the persistent shortage of residential properties in Hong Kong and the wide gap between the rich and the poor in the society, many people have not been able to achieve home ownership or are forced to live under poor conditions. The failure of market mechanism to fully solve the housing predicaments of the people is the exact reason for government intervention. HA, therefore, plays an important role here.

For all these years, I have always been interested in Hong Kong's housing issues, especially the housing conditions of the grass-roots. I am very honoured to have joined the Subsidised Housing Committee and Commercial Properties Committee under HA and more recently become a member of HA. Through my participation in the work of these committees and HA, I am able to obtain a clearer picture of the housing problems faced by the grass-roots as well as the policy-making process of the Government. These help me build a solid foundation for my current work at the Legislative Council and as a spokesman on housing issues for the Democratic Alliance for the Betterment and Progress of Hong Kong.

It goes without saying that all the work and efforts made by HA are worthy of our recognition. However, in my opinion, there is still much room for improvement on Hong Kong's housing policy for the grass-roots. I wish to make use of this opportunity to reflect the aspirations of the grass-roots and to speak for the people.

First of all, we should all know that HA had previously made a "three-year pledge", under which eligible public rental housing (PRH) applicants would be provided the first flat offer at an average waiting time of three years. I don't know when it begins, but people don't talk about this pledge anymore. What's more, it seems that there is no more pledge while the waiting time for PRH keeps increasing. The latest figures even show that the waiting time for PRH has reached 4.6 years. Will the extension of waiting time go on? Will it be possible for HA to link the "three-year target" to PRH production so that the pledge can be achieved? I really have grave concern over the situation.

In addition, I hope that the Government will increase flat production for the Home Ownership Scheme and Green Form Subsidised Home Ownership Pilot Scheme, and relaunch the Tenants Purchase Scheme, Sandwich Class Housing Scheme, Private Sector Participation Scheme and mixed development scheme, etc., so as to build a more integrated ladder for home acquisition for people of different income levels. Furthermore, the Government may consider working with reliable social enterprises (SE) and, through exempting the payment of premium, encourage owners of subsidised housing properties to let their flats to the designated SE at a discounted rent. The SE will then act as a principal tenant and sublet the flats to the grass-roots.

Lastly, I would like to talk about the controversies in the society following HA's approval to tighten the Well-off Tenants Policies. I attended a number of residents' consultation forums and communicated with different stakeholders in the society. I have reached the conclusion that the public hopes that HA can conduct further consultations, set a reasonable time for review and collect the views of more different stakeholders.

HA is one of the most important advisory mechanisms in Hong Kong and its work affects the living environment of millions of people in the territory. In the days to come, I look forward to making the best use of this platform to build a closer partnership, enhance the responsiveness of HA's policies and measures to public opinions, and enable us to work hand in hand to provide better service for the residents.

Thank you!"

Ms Melissa Kaye PANG delivered her speech as follows:

“Mr Chairman and fellow Members,

It is my pleasure to become a member of the Hong Kong Housing Authority (HA) this year. I would like to express my views on housing-related matters from the perspective of an ordinary member of the public.

HA has been providing affordable rental housing (including management and maintenance services) and subsidised sale flats to low-income families with housing needs. It also creates a favourable environment to address the needs of residents of different ages and physical abilities. At present, about one-third of Hong Kong’s population (around 2.14 million people) are living in public rental housing (PRH) and the number of PRH units is around 789 300.

In reality, there are many people with housing needs and the demand for housing exceeds its supply. As at the end of March 2017, there were some 147 300 general applications for PRH and around 128 600 non-elderly one-person applications under the Quota and Points System. The average waiting time for general applicants was 4.6 years and that for elderly one-person applicants was 2.6 years.

Housing is a fundamental livelihood issue. The availability of secure accommodation is everyone’s aspiration and is also conducive to the stable development of the society. The housing problems in Hong Kong are complicated: private property prices are soaring, housing demand and supply are imbalanced and people have to bear heavy housing burden. There is widespread public discontent with housing and land issues.

I would like to focus on two major housing problems in Hong Kong:

1. Inadequate land supply results in housing demand-supply imbalance

Land is a scarce commodity in Hong Kong given its small area and high density of population. More land is needed for the construction of PRH. To increase land supply, priority should be given to developing brownfields and idle land. Development of country parks and reclamation should only be considered as a last resort. Recently, the Government has been actively studying the feasibility of allocating land on the periphery of country

parks with low ecological and conservation value for PRH development purpose.

We understand that it is important to maintain the ecological integrity and habitat of country parks. However, there is also a pressing need to increase land supply for housing construction. The society at large must strike a balance between development and conservation by carefully weighing the pros and cons involved. So long as all factors are well coordinated, development and conservation are not necessarily opposing forces.

Over the last few decades, issues on development and conservation have remained a subject of public concern. To cite one example, the Victoria Harbour, a treasured heritage of Hong Kong people, is protected and preserved under the Protection of the Harbour Ordinance (Cap. 531) (the Ordinance). Section 3 of the Ordinance provides that “the harbour is to be protected and preserved as a special public asset and a natural heritage of Hong Kong people, and for that purpose there shall be a presumption against reclamation in the harbour.”

Nevertheless, this presumption has to give way to certain special circumstances. In the case of *Town Planning Board v Society for the Protection of the Harbour Ltd.* [2004] 7 HKCFAR 1, the Court of Final Appeal of Hong Kong ruled that section 3 of the Ordinance must be interpreted in such a way that the presumption against reclamation in the harbour can only be rebutted when an overriding public need for reclamation has been established. Such public needs would include the economic, environmental and social needs. A need will be regarded as overriding if it is a compelling and present need: a “compelling” need if its force prevails over the strong public need to protect and preserve the harbour, and a “present” need if it would arise within a definite and reasonable time frame. Such a need should go far beyond something desirable, preferable or beneficial, but definitely should not be described as something in the nature of a last resort or something which the public cannot do without.

To tackle an issue regarding the most cherished Victoria Harbour, the Government has adopted the most meticulous test mentioned above. As for whether other sites should be identified for reclamation or whether land on the periphery of country parks with low ecological and conservation value should be allocated for development, the Government needs to take the initiative to gauge public opinion and actively devise a plan that balances the wide diversity of views in the community. In addressing the issue this way, social development can be sustained and social dissension can be averted. On the other hand, all sectors of the community should step into others’ shoes, show respect for others and embrace different people’s views and needs. In fact,

there are currently some 270 000 applications on the PRH Waiting List. If we ask these applicants what they think, they might consider their housing need an overriding public need.

2. An ageing population increases the demand for housing, community facilities and services targeted for the elderly

According to a report released by Japan in 2016, Hong Kong's men and women enjoy the longest life expectancy in the world. As in 2015, the average life span for men in Hong Kong was 81.24, while women could expect to live up to 87.32. The Government of Hong Kong projects that by 2034 and 2064, elderly people will account for 30% and 36% respectively of the total population.

Longevity, though good, is not as important to an elderly person as enjoying good quality of life. For someone who lives to an old age but has no decent accommodation and is not being taken care of, there is no quality of life at all. Bearing in mind that one of its missions is to create a favourable environment to address the needs of residents of different ages and physical abilities, HA must, when formulating housing policies and plans, take into account the special needs of the elderly people as well as their wish to stay in a familiar neighbourhood. More targeted housing, community facilities and services should be provided for the elderly.

The Government can take reference from the housing policies of foreign countries, such as the Netherlands and Germany, which promote the idea of an inter-generational inclusive community. Following this direction, Hong Kong may study feasible proposals and develop ancillary facilities that fit Hong Kong's unique social environment. For instance, for young people who are willing to take care of their elderly family members, rental allowance can be granted, or priority can be accorded to their housing applications. Studies in this regard can help solve problems relating to housing and the ageing population, and at the same time enable the building of an inter-generational inclusive and harmonious society.

There are no quick fixes to housing problems. All sectors in the community should adopt an open attitude, show mutual respect to one another and embrace different views. It is hoped that we can reach a consensus that will sustain the development of our society and turn a new page for our housing policies.

Thank you, Mr Chairman.”

CONCLUSION BY THE CHAIRMAN

21. **The Chairman** thanked the eight Members for their views and said that the Director of Housing would give a consolidated response at the HA meeting to be held later.

22. **The Chairman** thanked Members again for attending the meeting.

CLOSURE OF MEETING

23. **The Chairman** closed the meeting at 4:02 p.m.

DATE OF NEXT MEETING

24. The next meeting would be held on 26 June 2017 (Monday) at 3:30 p.m.

CONFIRMED on **2017.**

Anthony CHEUNG Bing-leung
(Chairman)

Ivan KB LEE
(Secretary)

File Ref. : HD 1-7/COMM1/HA-2
Date of Issue : 14 June 2017

**Written Submission by Ms Serena LAU Sze-wan, JP
Member of the Housing Authority
for the Annual Special Open Meeting of the Housing Authority
on 2 June 2017**

As housing remains one of the most important livelihood issues in Hong Kong, the Housing Authority (HA) carries on its shoulders a heavy responsibility to develop and implement a public housing programme that strives to meet the housing needs of low-income families which cannot afford private accommodation.

Having involved in HA's work and pondered over society's aspirations over the past year, I have the following observations and suggestions for the way forward:

- Faced with increasingly unaffordable private housing rents and prices, people have no choice but to turn to the Government for provision of public housing, making the Waiting List even longer. Many comments focus on the production of flats, with some even suggesting the building of small flats to meet the production target. According to the Hong Kong 2016 Population By-census - Summary Results (By-census), the average household size of domestic households dropped from 3.0 in 2006 to 2.8 in 2016, representing a shrinking household size on the whole. Nevertheless, before there is more evidence of a demand leaning heavily towards one-person units, and as long as the decrease in household size remains a chicken-and-egg question, HA should first study this trend in depth. As the largest home provider in Hong Kong furnishing affordable accommodation to almost half of the local population/families, HA needs to analyse the trends of demands for flats of various sizes carefully in order to produce and distribute flats of the right sizes to suit the needs of individuals and families.
- According to the summary findings of the By-census, despite the increase in the number of public rental housing (PRH) flats between 2006 and 2016, it appears that the PRH population has staged a surprise drop.

Number of occupied flats

Year	2006	2011	2016
PRH flats	691 488	722 161	763 884
Subsidised sale flats	362 910	379 002	384 849
Private residential flats	990 819	1 077 123	1 160 775

Population by type of housing

Year	2006	2011	2016
PRH	2 129 252	2 092 638	2 131 553
Subsidised home ownership housing	1 221 221	1 205 391	1 161 166
Private permanent housing	3 383 890	3 640 206	3 901 743

These figures represent a much higher average proportion of people living in private residential flats than in public housing nowadays. The last decade saw a sharper decline in the population density of PRH. While we embrace the notion that people should live in a better living environment, an effective allocation of housing resources is of paramount importance when in reality the number of applications on the Waiting List has been increasing. The above statistics appear to suggest that the increased population in the last decade has neither been absorbed by, nor has benefited from, public housing. This may explain, though indirectly, the supply-demand imbalance concerning private properties. In fact, there are now criticisms that public housing is doing nothing at all to alleviate the current housing problem in Hong Kong. HA needs to explore the reasons for the situation that lies behind these statistics.

- “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” has pointed out the seriousness of the double ageing problem brought by our ageing population and ageing building stock. For housing developments that cannot commence redevelopment in the near future, repairs and maintenance are a must. Added to these are more facilities appropriate for the elderly and adequate space for various organisations to provide services in line with the ageing in place strategy. As for future development projects, apart from adopting plans and designs that will enhance intergenerational harmony, the government may also look into the possibility of building blocks specifically designed for the aged to attract elderly renters from old districts. Not only can this facilitate the redevelopment of buildings in these districts, the elderly (across the age spectrum) will also benefit from living in homes with more appropriate facilities.

- The current market situation has rendered two targets essential: accelerating the pace of construction and boosting flat production. Since people live in public housing on a long term basis, the adequacy of ancillary facilities (non-domestic areas), including venues for community service organisations, should be considered beyond estate intake. Flexible space should be made available for future use by continuous studies and adjustment.
- As the largest provider and manager of housing developments in the territory, the Housing Department is blessed with staff who on the one hand devote themselves to designing and constructing new estates at an accelerating pace while managing public housing on such a large scale on the other. I would like to express my gratitude to them for their work over the past year.