

Memorandum for the Hong Kong Housing Authority

Response of the Director of Housing to the Addresses Made by Members of the Hong Kong Housing Authority at Housing Authority's Annual Special Open Meeting Held on 8 June 2020

PURPOSE

This paper invites Members to note the response of the Director of Housing to the addresses made by Members at the Hong Kong Housing Authority (HA)'s Annual Special Open Meeting held on 8 June this year.

BACKGROUND

2. Members offered views on various public housing policies and HA's management matters in the addresses made at the Annual Special Open Meeting on 8 June. The Director of Housing had planned to give response to these views at the Regular Open Meeting originally scheduled for 7 August but the Meeting was cancelled in view of the latest situation of the Coronavirus Disease 2019 epidemic (vide Paper No. HA 17/2020). A written response to the relevant views is now provided at **Annex**.

INFORMATION

3. This paper is issued for Members' information.

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c.c. Members of HA Committees/Sub-Committees

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Chairman and Members,

Housing Authority (HA) Members offered their valuable views on various public housing policies and HA's management matters in their addresses made at the HA Annual Special Open Meeting on 8 June this year. We had planned to give our response at the Regular Open Meeting scheduled to be held on 7 August but the Meeting was cancelled due to the Coronavirus Disease 2019 (COVID-19) epidemic. Against this background, we now provide a written response to the views expressed by Members.

Economic Relief Measures and Anti-epidemic Measures

2. Over the past year, with the social incidents and the severe impact of the COVID-19 epidemic, Hong Kong has been hit hard by a drastic economic downturn. In light of the latest situation, the Government and HA have launched a host of measures to fight the epidemic and relieve the financial burden of public rental housing (PRH) residents and relevant stakeholders.

3. The Government announced on 25 January this year that Fai Ming Estate in Fanling would be used as a quarantine centre (QC) and for healthcare staff in need. Yet Fai Ming Estate was maliciously vandalised on 26 January and was seriously damaged. The Government, following detailed consideration, decided not to use Fai Ming Estate as a QC. As the epidemic situation further deteriorated, the Government considered that there was a need to provide additional QCs as quickly as possible and decided in early February to use Chun Yeung Estate in Fo Tan as a QC. As a result of our efforts in expediting the reinstatement of Fai Ming Estate over the past few months, intake of Sing Fai House of Fai Ming Estate commenced in late July. For Tai Fai House, due to the severe damage, more time is required for the reinstatement works and it is expected that intake could only commence gradually at the end of this year or early next year.

4. Regarding Chun Yeung Estate, the Government has earlier handed over Block 4 (i.e. Chun Sze House) and Block 5 (i.e. Chun Wu House) to HA upon vacating and thoroughly disinfecting the relevant units. The Housing Department has completed all reinstatement works and carried out comprehensive cleaning work, including cleaning of all communal fresh water tanks and fresh water supply pipes, testing of fresh water samples, disinfection

of the ventilation pipes of the drainage system, cleaning of indoor public areas (including corridors, staircases, lift lobbies and lifts) as well as outdoor public areas (including gardens and sitting-out areas) of the estate, etc. Intake of residents for Block 4 and Block 5 has commenced gradually in late August.

5. As for Blocks 1 to 3 (i.e. Chun Yat House, Chun Yi House and Chun San House), we originally estimated that intake could gradually commence in late October this year. However, due to rapid deterioration of the epidemic situation and the acute circumstances over the past few weeks, the significant increases in both the number of confirmed cases and the number of close contacts of confirmed cases in Hong Kong have resulted in a huge demand for quarantine facilities. To safeguard public health, the Government considers it necessary to continue to use Blocks 1 to 3 of Chun Yeung Estate as QCs in the coming months. The Government has advised that it will continue to closely monitor the developments of the epidemic situation, and will cease the use of the three blocks as QCs as soon as practicable. The Government currently estimates that Blocks 1 to 3 of Chun Yeung Estate should be able to cease being used as QC by the end of this year when the 2 000 quarantine units located in Phase 3 of Penny's Bay Quarantine Centre come into operation. We estimate that it may need a few months to carry out a considerable amount of restoration work and the intake of the prospective tenants may commence gradually at the beginning of the second quarter of 2021 at the earliest. We will endeavour to reduce the time required for the restoration works and intake formalities, and compress the time between each procedure so that prospective tenants can move in by batches as soon as possible.

6. The Government has granted two rounds of ex-gratia allowance under the Anti-epidemic Fund (involving a total of about \$53 million) to eligible PRH applicants who had accepted the advance allocation offer of Fai Ming Estate and Chun Yeung Estate. This was to help them tide over the problems and inconvenience caused by the deferred intake. The two rounds of payments were made by cheques issued by post by the Department; the first round of payment was made before mid-April while the second round of payment was completed in July this year. As the intake of Blocks 1 to 3 of Chun Yeung Estate will be further deferred, the Government has already indicated that it would actively consider providing further relief arrangements under the Anti-Epidemic Fund for these affected prospective tenants.

7. In view of the tough economic environment, the Government has twice allocated funding to pay rent for lower income tenants living in the public rental units of HA and the Hong Kong Housing Society (HKHS). The two months' rental payment was effected in January and July respectively. The rent payment measure, involving an expenditure of about \$2.8 billion, benefited

about 790 000 tenants, including some 760 000 HA tenants and some 30 000 HKHS tenants.

8. Some Members raised concern over the PRH rent review this year. In view of the impact of the epidemic on the overall socio-economic environment and PRH tenants, and having balanced PRH tenants' affordability with the healthy and sustainable development of HA's finance, we recommended the Subsidised Housing Committee (SHC) provide a two-month rent waiver to PRH tenants while adjusting the PRH rent upward in accordance with the 2020 PRH rent review.

9. At its meeting on 28 July this year, SHC endorsed the upward adjustment of PRH rent by 9.66% from 1 September this year in accordance with the outcome of this year's rent review. At the same time, SHC also endorsed waiving one month's rent each in September this year and September next year. Providing a rent waiver of two months in total can largely offset the current rent increase. With reference to the past practice of HA in the provision of rent waiver, the rent waiver this time also covers the portion of net rent of PRH tenants who are required to pay additional rent (i.e. well-off tenants), meaning that they will only be required to pay the portion of additional rent and rates. The two-month rent waiver will result in a reduction in HA's income by approximately \$3.5 billion.

10. In considering the provision of the two-month rent waiver, SHC has taken into account relevant factors, including the impact of the current economic hardship on PRH tenants; the fact that the Government's rent payment and rates concession measures had helped tenants save an equivalent of 3.14 months' rent for PRH tenants this year; as well as HA's financial burden in providing rent waiver, so as to ensure that sufficient funds would be available to meet the related construction and operational expenses arising from the increasing public housing stock in future.

11. Furthermore, HA's prevailing Rent Assistance Scheme (RAS) provides relief in the form of rent reduction to PRH tenants who are facing temporary financial hardship. Under RAS, eligible tenants are granted either 25% or 50% rent reduction depending on the level of their incomes. Recently, HA has also put in place a temporary relief measure. Tenants who cannot settle their rent payments on time due to short term financial difficulties may make applications to HA. Upon approval, HA will withhold the issuance of Notice-to-Quit (NTQ) from May to October this year. As at the end of July, we have approved 370 applications for withholding the issuance of NTQs against rent arrears.

12. Tenants facing long-term financial hardship may apply to the Social Welfare Department (SWD) for Comprehensive Social Security Assistance (CSSA). In most CSSA cases, the CSSA payments include the rent allowance that fully covers the rent of PRH units.

13. For non-domestic properties, in line with the Government's measures to support enterprises and safeguard jobs, the Commercial Properties Committee (CPC) of HA endorsed in September and October last year a rent concession of 50% for HA's eligible retail and factory tenants for six months from October last year to March this year.

14. In line with the Government's new round of measures announced in early April this year to relieve the financial burden of individuals and businesses, CPC endorsed in May a rent concession of 75% for HA's eligible retail and factory tenants for six months from 1 April 2020, with the coverage further extended. For tenants of premises which are required to be closed under Government's regulations or directions because of the epidemic, they may also apply to HA for a 100% rent concession for the period during which they are required to be closed.

15. It is estimated that over 8 300 tenants and licensees have benefitted from these rent concession measures for non-domestic premises. The total rent foregone by HA is estimated to be more than \$1 billion.

16. Regarding HA's carpark, it is HA's established policy to charge market fees for its parking spaces and review the fees annually. In determining the fees, HA makes reference to the current carpark charges of other comparable public and private carparks in the market. Analysis of market data showed that there was a general increase in the carpark fees for comparable carparks in the first half of last year. Considering that such available market data may not have taken into account the effect of the difficult economic environment since June last year, CPC endorsed in December last year that HA would maintain its carpark fees at the present level for one year until the end of this year. In view of the severe impact of the epidemic on the transport sector, the above rent concession measures have also been extended to carpark users of commercial vehicles for monthly parking.

17. Funding for some of the above measures is met by the Government while some is borne by HA. Such expenditure is one-off in nature and will not affect HA's long-term financial viability.

18. As far as anti-epidemic efforts are concerned, HA has stepped up the daily cleansing and disinfection work in all PRH estates in accordance with the work guidelines for “Emergency Response Level”, especially in common areas with high visitor flows. We also provide alcohol-based hand-rubs and place disinfectant rugs on the ground floor of each residential block, at lobbies of shopping centres and in waiting areas of estate offices of PRH estates. Dedicated rubbish bins with cover are placed in the waiting areas of estate offices for disposal of used face masks. We control the flow of people and queuing order and require all visitors entering the estate offices to undergo body temperature checks and wear face masks.

19. To complement the Government’s arrangements, we have been distributing free face masks through estate offices to cleansing staff engaged by outsourced service contractors since February this year, and rendering assistance to the Government to disburse a monthly allowance of \$1,000 under the Anti-epidemic Fund to cleansing and security staff engaged by our outsourced service contractors since March 2020. Also, to tie in with the distribution of CuMask+™ by the Innovation and Technology Bureau, we opened 185 PRH estate offices for residents to collect face masks from 15 June to 15 July. In view of the severe spread of the epidemic in the territory in early July, HA actively coordinated with the Government by arranging estate office staff to help distribute face masks from the Government to residents of PRH estates with relatively more confirmed cases. Up to mid-August, we have already arranged the distribution of over 18 million face masks, 630 000 packs and 110 000 bottles of hand-rubs to residents in more than 60 PRH estates. Upon notification of confirmed cases involving PRH residents by the Department of Health, staff wearing personal protective equipment will conduct thorough cleansing and disinfection at the affected PRH blocks according to the guidelines of the relevant Government departments, particularly increasing the frequency of cleansing and disinfection work in common areas with high people flows. Notices are also put up to inform PRH tenants of the relevant arrangements.

20. Moreover, in response to the situation that some confirmed cases are related to markets, HA has further enhanced its anti-epidemic efforts in markets under its purview, including performing deep cleansing and disinfection in markets after their opening hours on a monthly basis, stepping up inspection and cleansing of ventilating systems and distributing face masks and hand-rubs to market tenants. To heighten the effectiveness of epidemic prevention, HA has also deployed additional manpower to check customers’ body temperature at entrances of air-conditioned shopping centres and markets. We will continue to complement the Government’s anti-epidemic work to reduce the risk of the spread of the virus in the community.

21. Upon receipt of notification from the Centre for Health Protection about confirmed cases of COVID-19 in PRH estates, HA will proactively inspect all PRH units that share the same drainage system with that of the confirmed cases and carry out repairs to drainage pipes as appropriate. If individual tenants have concerns about the condition of the drainage pipe of their units, our staff will follow up the cases upon receipt of their requests. In addition, the Department will also proactively inspect the communal drainage pipes of all its PRH estates later, including those inside some of the rental units. The Department will increase its manpower resources and give priority to estates with confirmed cases and arrange appropriate repairs when necessary.

Increasing Public Housing Supply

22. Some members have expressed concerns and views on increasing public housing supply. The Government and HA are committed to increasing housing supply through a sustainable and multi-pronged strategy based on the “supply-led” and “flexibility” principles under the Long Term Housing Strategy (LTHS).

23. According to the latest projection announced in the LTHS Annual Progress Report 2019, the total housing supply target for the 10-year period from 2020-21 to 2029-30 is 430 000 units. With the public-private split of new housing supply maintaining at 70:30, the public housing supply target is 301 000 units. Balancing the demands for different categories of public housing in the community, we have adopted the split of 70:30 within the public housing supply target, aiming to provide 210 000 PRH/Green Form Subsidised Home Ownership Scheme (GSH) units and 91 000 Other Subsidised Sale Flats (SSFs) (including Home Ownership Scheme (HOS) flats).

24. Assuming that all the statutory and administrative procedures can be completed smoothly so that all sites identified as of now can be delivered on time for housing development, the estimated public housing production for the above-mentioned 10-year period is 272 000 units. Compared to the public housing supply target of 301 000 units, the extent of shortfall has narrowed from 67 000 units for the 10-year period from 2019-20 onwards as announced in 2018 to 29 000 units for the 10-year period from 2020-21 onwards as announced last year. Based on the forecast as at June 2020, the estimated total public housing production of HA and HKHS in the five-year period from 2020-21 to 2024-25 is about 101 300 units, comprising about 70 500 PRH/GSH units and about 30 800 Other SSFs.

25. The reduced shortfall reflects that the Government's enhanced efforts in increasing housing land supply in the past few years, particularly the development of New Development Areas (NDAs) (e.g. Kwu Tung North/Fanling North NDA), reclamation (e.g. Tung Chung New Town Extension), rezoning of existing land, etc., are gradually delivering results. These will increase public housing production in the latter part of the 10-year period, with a view to alleviating the pressure on the waiting time for PRH.

26. The Chief Executive announced in the 2019 Policy Address a number of new measures to increase land supply, such as resumption of private land for public housing development, including PRH, GSH, HOS and Starter Homes for Hong Kong Residents (SH), by invoking the Lands Resumption Ordinance and other applicable ordinances. The Land Sharing Pilot Scheme (LSPS) has opened for applications from 6 May 2020 for a period of three years. For the land to be developed under LSPS, at least 70% of the increased domestic gross floor area should be set aside for public housing or SH projects. Such measures will lead to an increase in land supply for public housing development.

27. Moreover, the Government introduced two important measures in 2018 to increase the supply of public housing, including re-allocating nine private housing sites at Kai Tak and Anderson Road Quarry for public housing development to provide some 11 000 units, and allowing a further increase of domestic plot ratio for public housing sites in selected Density Zones of the Main Urban Areas and New Towns by 10% (i.e. up to maximum 30% increase in total) where technically feasible.

28. While the Government and HA will continue to make effort to proactively explore ways to better utilise identified and existing public housing sites, we will endeavour to take forward any projects feasible in planning and technical terms. HA will also consider all suitable sites, regardless of their size, for public housing development.

29. HA will continue to develop public housing based on the principles of cost-effectiveness and sustainability, with a view to making the best use of the scarce land resource and optimising the developmental potential. Although many public housing sites are small with complex site conditions, HA will develop them in the most cost-effective manner. For example, although slopes occupied about half of the site of the SSF development at Texaco Road, Kwai Chung (Sheung Man Court) and that of the public housing development at Lai Cho Road, we still managed to provide 494 and 819 domestic flats respectively, achieving a plot-ratio of almost 6.

30. To increase public housing production, where planning and infrastructure permit and where environmental quality will not be compromised to an unacceptable extent, HA will submit planning applications to the Town Planning Board for relaxation of plot ratios and building height restrictions of public housing sites. The relevant technical requirements and degree of difficulty vary with conditions of each site. We will attempt to use different methods to overcome the difficulties to boost housing supply.

31. To complement the Government's policy of increasing public housing production under the "single site, multiple uses" model, HA has been conducting reviews from time to time to examine the feasibility of making better use of vacant land, vacant school premises sites, public transport interchanges, sites with under-utilised Government, Institution and Community facilities, etc., within or in the vicinity of existing public housing estates, for additional development. This approach optimises the development potential of existing estates and their neighbouring areas while providing an opportunity to explore the feasibility of enhancing the facilities in the estate.

32. For better utilisation of resources to meet a huge demand for public housing production, HA has been making use of innovative construction techniques and technologies to improve the workflow of housing construction and enhance on-site productivity. For instance, since the early 1980s, HA has been using precast concrete components for housing construction, from planar precast components like precast façades in the early years to volumetric precast components including volumetric precast bathrooms and kitchens in recent years. To further enhance on-site productivity by raising the rate of using precast materials, HA has adopted semi-precast slabs with pre-installed service conduits, precast structural internal walls with pre-installed concealed conduits and precast lift shafts with pre-installed brackets for lift guide rails in the common areas of typical floor.

33. On another front, HA has streamlined on-site communication and workflow through the application of innovative technologies, such as using mobile applications for site supervision of new housing projects. HA has recently enhanced its procurement policies to encourage the use of robotic technology in the process of public housing construction. HA will also improve work efficiency and site safety by the adoption of new technologies, thereby further enhancing the quality and productivity of our construction works.

34. Some Members raised the issue of the redevelopment of aged PRH estates. Based on the directions set out in the LTHS and with reference to the four basic principles under the "Refined Policy on Redevelopment of Aged

PRH Estates” formulated by HA in 2011, i.e. structural conditions of buildings, cost-effectiveness of repair works, availability of suitable rehousing resources in the vicinity of the estates to be redeveloped, and build-back potential upon redevelopment, HA will prudently consider whether or not to redevelop individual estates in accordance with the actual circumstances.

35. HA conducted redevelopment projects for 15 PRH estates from 2009/10 to 2019/20. Ongoing redevelopment programmes include in Pak Tin Estate (older part) and Mei Tung Estate (older part). Phases 7, 8 and 11 of Pak Tin Estate (older part) are expected to be completed in 2020-21 while the entire Pak Tin Estate redevelopment is anticipated to be completed in 2026/27. Redevelopment of Mei Tung Estate (older part), currently at the stage of planning and design, is estimated to be completed in 2027/28. The Government also announced in 2014 its intention to redevelop Wah Fu Estate and we are now studying the redevelopment details.

36. Having said that, we need to bear in mind while redevelopment may increase PRH supply over the long term, it will, in the short term, reduce the PRH stock available for allocation. This will inevitably add further pressure on HA’s target of maintaining the average waiting time at about three years. The main reason lies in the fact that the net gain in flat supply from redevelopment will take a long time to realise, very often towards the latter if not the last phase of the redevelopment. From the two examples of recently redeveloped estates, namely So Uk Estate and Tung Tau Phase 8, it can be seen that it takes about 12 to 13 years from announcement to completion of a redevelopment project. Therefore, redevelopment of aged PRH estates can only play a subsidiary role in increasing PRH supply. With the persistently strong demand for PRH, a massive redevelopment programme will freeze a large number of PRH units that may otherwise be allocated to households in need, causing an instant adverse effect on the average waiting time for PRH. Hence, it is not a desirable option.

37. As regards other aged estates, HA is of the view that the buildings are still structurally safe and there is no need for redevelopment at this stage. HA will continue to implement various programmes and measures to maintain and improve the building conditions so as to provide residents with a safe and suitable living environment. One of the key tasks is to continue the implementation of the Comprehensive Structural Investigation Programme (CSIP) which was launched in 2005. This programme aims to ascertain the structural safety of PRH estates approaching or over 40 years old, and assess the repair works needed for sustaining those estates for at least 15 years and their cost-effectiveness. The investigation of 42 estates under the first cycle of CSIP was completed in 2018. The second cycle of CSIP has commenced

thereafter to review those estates with investigation completed under the first cycle and carry out first investigation for other estates approaching or exceeding 40 years old between 2018 and 2032, so as to ensure the continuing structural safety and financial sustainability of these estates for another 15 years. The second cycle of CSIP covers a total of 71 PRH estates and is expected to be completed in 2032.

38. Some Members raised the issue of redevelopment of factory estates under HA. In response to the suggestion in the Chief Executive's 2019 Policy Address, HA is exploring the feasibility of redeveloping individual factory estates under suitable conditions and arrangements for public housing use. As all six factory estates are situated in existing industrial or industrial-office areas, HA must carry out technical assessments on traffic, noise, air quality, etc., to ascertain the feasibility for residential use. Rezoning under the Town Planning Ordinance is also required to change the use of these sites for residential purpose. The study is expected to be completed progressively in late 2020. HA will announce the findings of the study and flat production in due course.

39. When HA cleared its factory estates in the past, an advance notice of 18 months would normally be given to the affected tenants to facilitate their early planning for vacating the premises. Rent increase would also be normally frozen until clearance, and an ex-gratia allowance would be paid to the concerned tenants to assist them to relocate or terminate their businesses. If HA eventually decides to clear its existing factory estates, it will make reference to the previous practices mentioned above and the prevailing circumstances in making appropriate arrangements.

Rational Use of Resources

40. Given the limited PRH resources, it is incumbent upon HA to formulate policies and initiatives to ensure allocation of PRH units to families with the most pressing housing needs. According to HA's policy, general applicants, i.e. family and elderly one-person applicants, will be accorded priority over non-elderly one-person applicants in the allocation of PRH. HA introduced the Quota and Points System (QPS) in September 2005 to rationalise and re-prioritise the allocation of PRH to non-elderly one-person applicants. Under the QPS, allocation of PRH units to non-elderly one-person applicants is subject to an annual quota. Priority of applicants is determined by the total points they have accumulated based on their age at the time of application, their waiting time and whether they are already living in PRH.

41. In fact, the LTHS Steering Committee had examined the QPS when conducting public consultation in 2013 for the formulation of LTHS. At that time, the Steering Committee was of the view that, compared with younger PRH applicants, elderly applicants might have relatively limited upward mobility, hence might experience greater difficulties in improving their living conditions on their own, and therefore recommended that they should be offered higher priority under the QPS.

42. HA later reviewed and made refinements to the QPS in 2015, which included awarding bonus points to non-elderly one-person applicants reaching the age of 45; increasing the scale of age points to reduce the incentive for early registration; and increasing the annual allocation quota and the maximum number of flats to be allocated to QPS applicants. We consider the current refined QPS reasonable.

43. Public housing is a precious social resource that should be allocated appropriately and rationally to those in genuine need. To combat abuses of housing resources, HA will continue to adopt a three-pronged approach, namely preventive detection, thorough investigation as well as publicity and education. Through daily management work and flat inspections, frontline management staff will find out if tenants have abused housing resources in the cases of non-occupation, subletting or re-letting, non-domestic usage such as commercial activities and storage, engaging in illegal activities such as gambling and possession of drugs, and will take further actions as appropriate. HA will also conduct random checking under the revised “Well-off Tenants Policies” to find out whether there are cases of false declaration of income and assets.

44. To cope with the above tasks, HA has deployed manpower and resources to establish dedicated teams to tackle suspected cases involving breach of tenancy agreements. At present, there are 15 teams comprising about 100 staff members under the Public Housing Resources Management Sub-section (PHRM) to carry out investigation work. Dedicated units are also set up under PHRM to examine the declarations of income and assets by tenants under the revised “Well-off Tenants Policies”, with a view to strengthening deterrent effect and enforcement efforts. HA will review the manpower and work arrangement in due course, so as to combat tenancy abuses and false declaration of income and assets more effectively.

Subsidised Sale Flats

45. Regarding the sale of SSFs, HA will continue to actively explore ways to expedite the sale of flats under its subsidised housing schemes to meet

the home ownership aspirations of the public as soon as possible, including the sale of projects with longer pre-sale periods.

46. At its meeting on 28 July 2020, SHC approved the sales arrangements for recovered Tenants Purchase Scheme (TPS) flats. These arrangements include extending the target buyers to all Green Formers, putting up the recovered flats for sale in the annual sale exercises of both HOS and GSH, and adopting the existing TPS pricing mechanism and alienation restrictions.

47. The sale of recovered TPS flats involves various tasks including the preparation of sales and legal documents. Such work has been delayed due to the recent pandemic. We are now speeding up the progress, with the target of putting the recovered TPS flats up for sale in the next GSH sale exercise. Upon completion of two sale exercises (i.e. one GSH and one HOS exercises), we will review the sales arrangements for recovered TPS flats in light of the response to the sale of these flats, so as to identify the necessary enhancement measures, e.g. whether to extend the target buyers to those other than Green Formers, whether to devise a special transfer programme for sitting TPS tenants, etc.

48. Although accelerating the sale of recovered TPS flats can help address the estate management and maintenance issues arising from mixed ownership in TPS estates, there are views that HA should be more proactive in the management and maintenance of these estates. We have to point out that same as other private properties, TPS estates are governed by the Building Management Ordinance, the relevant Government leases and Deeds of Mutual Covenant (DMCs). Currently, all TPS estates have formed their respective Owners' Corporations (OCs) which appoint property management companies to manage the common areas and facilities of the estates. According to the DMCs, the OCs and their property management companies are responsible for ensuring that the common areas and facilities are properly maintained. HA, being the owner of unsold flats in TPS estates, is one of the owners in these estates and has been fulfilling an owner's responsibilities for managing and maintaining the common areas and facilities of the estates according to the number of management shares of the properties held by HA as specified in the DMCs.

49. There have been calls from the community to re-launch TPS beyond the existing 39 TPS estates. However, this will reduce the number of PRH units available for allocation, and thus inevitably lengthen the waiting time of PRH applicants. Given the current acute shortage of PRH units and the need to optimise the use of public housing resources, it is difficult for us to

re-launch TPS for the time being. As mentioned by the Chief Executive in the 2019 Policy Address, the Government will invite HA to look into the matter further when there is more certainty on the overall public housing supply.

50. Members suggested that HA should increase the allocation quota of White Form (WF) applicants under HOS and also the annual quota under the White Form Secondary Market Scheme (WSM). The quota allocation ratio between Green Form (GF) and WF applicants was 60:40 when the sale exercise of HOS was re-launched in 2014. The ratio was later changed to 50:50 in the sale exercises of HOS from 2016 to 2019. In view of the overwhelming response from WF applicants, we introduced WSM in 2013 to provide an alternative additional avenue for them to achieve home ownership, enabling them to purchase SSFs with premium unpaid in the Secondary Market. For the GF applicants who have all along been eligible to purchase SSFs with premium unpaid in the Secondary Market, HA introduced GSH in 2016 and regularised it in 2018, providing an additional avenue for them to achieve home ownership.

51. To strike a balance between the home ownership aspirations of GF and WF applicants and taking into account the number of GSH flats for sale in 2020, SHC approved in June this year to revise the ratio of allocation quota between GF and WF applicants to 40:60 for HOS 2020. HA will continue to maintain the flexibility to re-allocate any remaining quota from GF queue to WF queue and vice versa, and will also review the allocation of quota between GF and WF applicants in future sale exercises.

52. As regards WSM, in order to enhance the housing ladder and to address the consistent and earnest demand for SSFs from low to middle-income White Formers, HA endorsed the regularisation of WSM in November 2017. The response to WSM has been persistently strong. While the quotas for WSM 2018 and WSM 2019 were 2 500 and 3 000 respectively, the number of applications received increased from about 61 000 (an over-subscription of 23 times) under WSM 2018 to about 134 000 (an over-subscription of 44 times) under WSM 2019. The 2019 Policy Address suggests that HA should further increase the annual quota of WSM to meet the home ownership aspirations of more WF applicants. In June this year, SHC endorsed the increase in the quota from 3 000 for WSM 2019 to 4 500 for WSM 2020 while maintaining the allocation ratio between family and one-person applicants at 9:1.

53. Regarding the proposal for establishing a waiting list for SSFs, the department's initial view is that this may not be desirable. It has been our practice to adjust the eligibility criteria for HOS application (such as income and asset limits) according to the established mechanism, and to review the allocation ratio between GF and WF applicants, the priority order for flat

selection among different types of applicants and so on in each sale exercise. If a waiting list mechanism is to be adopted for the sale of HOS flats, applicants who are currently eligible for purchasing HOS flats may lose their eligibility owing to the above changes during the waiting period. In addition, the development projects differ in each SSF sale exercise. If priority for flat selection is to be determined by a waiting list mechanism, different from the current practice of putting up specific SSF developments for sale annually, the development projects available for the applicants may not suit their wish.

54. In response to Chief Executive's announcement in June 2018 to revise the pricing mechanism for SSFs to make them more affordable, HA approved in November 2018 to tighten the alienation restrictions for SSFs offered in 2019 and thereafter. Under the revised alienation restrictions, during the first two years from the date of the first Deed of Assignment (first assignment), owners of SSFs under the first launch for sale may re-sell their flats in the Secondary Market to eligible buyers specified by HA at a price not more than the original purchase price. Starting from the third year from the date of the first assignment, owners may sell their flats in the Secondary Market to eligible buyers at their own negotiated price. As to the open market, owners are allowed to re-sell their flats in the open market only after ten years from the date of the first assignment upon payment of the premium. When considering the revision to alienation restrictions for SSFs, HA has already balanced the public's calls for tightening alienation restrictions and the need for circulation of SSFs.

55. Some Members proposed that the "Private Sector Participation Scheme" should be re-introduced where specifications for the construction materials and ancillary facilities should be determined by HA to ensure the quality of flats. Since there may not be substantial saving achieved in HA's resources and manpower and it is difficult to ensure that private developers will fully comply with our design standard and construction specifications, we will not consider the proposal for the time being.

56. In fact, the Government, by implementing the SH pilot project, is now testing out the arrangements for enlisting private developers to build and sell SH units. In May this year, the Government successfully sold by tender a private residential site on Anderson Road in Kwun Tong for implementing the second SH pilot project. In addition to building private residential units, the developer is required under the land sale conditions to design and construct SH units, and be responsible for disposing of all residential units on site. The Government will randomly select no less than 1 000 SH units from the residential units built by the developer. The developer is then required to offer these SH units for sale at 80% of the market prices to applicants who meet the

eligibility criteria specified by the Government. We believe that this can leverage on the strengths of private developers and encourage them to participate in the Government's public housing development programmes. The Government will take into account the experience gained in the projects concerned in considering the way forward for SH pilot projects.

Other Measures by the Housing Authority

57. Members suggested that HA should introduce measures that help provide a convenient living environment for the elderly, including encouraging tenants to live with their elderly family members, increasing the average living space per person, expediting the transfer to large-sized units, and adjusting the production of large-sized units, so that the elderly are able to enjoy ageing in place. Inter-generational harmony can also be achieved.

58. HA has all along been placing great emphasis on providing care and support for elderly tenants in PRH estates. To help elderly tenants integrate into the living environment of the estates, HA collaborates with various Government departments and non-governmental organisations (NGOs) to hold activities in PRH estates, so as to strengthen the spirit of mutual care between the elderly and their neighbours, promote the awareness of the elderly on healthcare and foster a harmonious living environment for elderly tenants in the public housing community. Every year, HA provides funding to the Estate Management Advisory Committees to organise activities on the theme of caring for the elderly as a means to foster and develop a sense of mutual help in the neighbourhood among PRH tenants, thereby providing further care and support to elderly tenants. For example, HA collaborates with NGOs to deliver outreach services to the elderly in PRH estates to identify elderly singletons and hidden elders, and provides them with support services, meal delivery services, household maintenance and cleaning services, etc. We also encourage NGOs to invite young people or students from the estates to participate in visits to and interact with the elderly to deepen their mutual understanding. In 2019/20, about 169 related activities were held.

59. To further strengthen care for the physical and mental well-being of elderly PRH tenants, HA, in collaboration with the School of Nursing of the University of Hong Kong and the Oral Health Education Division of the Department of Health, runs the Healthy Ageing Programme in PRH Estate. Activities such as home visits to the elderly tenants, free health assessments and health talks for the elderly are organised so that elderly tenants living in different districts are able to enjoy "healthy ageing". In 2019/20, about 5 700 elderly tenants benefitted from the above-mentioned activities.

60. When planning for public housing projects, Government departments will plan for and coordinate the provision of various facilities including social welfare facilities in the project. During this process, views of different stakeholders will be taken into consideration. Under this arrangement, SWD can, at the early planning stage, explore comprehensively the provision of suitable welfare facilities in the development project. In general, SWD will take into account a host of factors including the needs of the local community, the overall demand for welfare services, the floor area requirements of different welfare facilities, the location and transport accessibility of the site, etc. The Planning Department and HA will also give advice on site constraints, development parameters and limitations, including environmental factors. Through the above discussions, appropriate welfare facilities will be included to meet the service demand arising from the development project and that of a wider community. HA will accommodate SWD's recommendations and set aside space for the proposed welfare facilities as far as practicable. The Director of Social Welfare is one of the official members of HA's CPC, serving as a bridge between SWD and HA.

61. Currently, in planning new public housing projects, HA endeavours to maximise flat production while incorporating non-domestic facilities as far as practicable in order to provide various services to residents and other members of the public. However, due to various constraints, sometimes we need to make a choice between the provision of domestic and non-domestic facilities in individual housing projects. The Strategic Planning Committee has therefore formulated an objective, under which HA adopts a housing development strategy that maximises the provision of domestic gross floor area (GFA) in the shortest possible lead time. In light of this strategy, if no restrictions are specified respectively on the permissible GFA for domestic and non-domestic uses for the sites, HA will fully utilise the permissible GFA for domestic purpose. Otherwise, it will first maximise the overall domestic GFA as far as practicable, and, having fully considered the implications of providing non-domestic facilities on flat production, lead time and financial implication of the related public housing projects, determine the GFA for non-domestic use.

62. In fact, approximately 90 percent of some 40 new development projects approved by the Building Committee over the past five years have in general maximised the use of permissible non-domestic plot ratio, providing a wide range of non-domestic facilities including social welfare facilities such as residential care homes for the elderly, day activity centres and special child care centres, as well as retail, parking facilities, kindergartens, etc., to meet the needs arising from the projects and a wider community.

Other Measures by the Government

63. Members have also expressed views on certain Government measures at the Special Open Meeting. Our responses are as follows:

64. First, regarding the subject of tenancy control on subdivided units (SDUs), the Transport and Housing Bureau (THB) appointed the Task Force for the Study on Tenancy Control of Subdivided Units on 16 April 2020 to examine the feasibility of and options for implementing tenancy control on SDUs as well as various relevant issues, including discussions about prevention of overcharging of water and electricity tariffs and miscellaneous charges. In the course of studying the feasibility on introducing tenancy control on SDUs, the Task Force will maintain dialogue with the relevant stakeholders and listen to their views. The Task Force has been visiting the tenants of SDUs in various districts since 13 June 2020 in order to understand their difficulties through such direct communication. The Task Force has been arranging meetings with different concerned parties starting from July, in addition to organising public forums to gauge the views of the public on the issues.

65. Another subject is the provision of cash allowance to households, which have been waiting for PRH allocation over a prolonged period of time, in order to ease the pressure on their livelihood. The Government announced in January this year that it would, on a trial basis, provide cash allowance to eligible General Applicant households who are not living in public housing, not receiving CSSA and have been waiting for PRH for more than three years. The Government is formulating details of the cash allowance trial scheme, with a view to launching the scheme in the second half of next year. The Government will closely monitor the impact of the implementation of the trial scheme on the market.

66. Lastly, on transitional housing, the Government announced in 2017 the introduction of transitional housing as a short-term measure to address the shortage in housing supply, thereby alleviating the hardship of people in need. A Task Force on Transitional Housing was subsequently established under THB in 2018 to assist in and facilitate the implementation of the transitional housing projects proposed by community groups. Also, the Chief Executive in January this year set the target of providing a total of 15 000 units in three years. The Legislative Council approved in March a funding allocation of \$5 billion for THB to set up a funding scheme to support the transitional housing projects. Since the opening of the scheme for applications, three projects have been approved, namely the project at Kong Ha Wai in Yuen Long proposed by Pok Oi Hospital, the project in Hung Hom proposed by St. James' Settlement, and the project in Kwai Chung proposed by the Hong Kong Council of Social

Service. These projects will altogether provide more than 2 100 transitional housing units with funding of over \$1.1 billion. Since HA has been focusing its efforts on taking forward public housing development projects for provision of PRH and SSFs to people in need, it should not be in the position of getting directly involved in the construction and operation of transitional housing. Nevertheless, to align with the related initiatives, the Department has deployed staff members of different grades to take part in the work of the Task Force over the past years and will continue with such arrangements in future.

67. On behalf of the Department, I would like to once again express my gratitude to Members for sharing their views, and I look forward to joining hands with you in the days ahead to provide affordable quality public housing with good maintenance and management services for the people in need in Hong Kong. It is also my wish that Members and various sectors of the community will continue to provide their full support to the work of HA, so that we can brace the upcoming challenges to meet the expectations of the public.