

**Opening remarks by the Chief Executive at
the Legislative Council Question and Answer Session on
15 July 2021**

(English translation)

Mr President and Honourable Members,

In the past three months since my attendance at the Chief Executive's Question and Answer Session on 8 April, the executive authorities and the legislature have been working on the basis of mutual co-ordination and checks and balances with encouraging outcomes on the legislative agenda. The Legislative Council (LegCo) passed the bill on improving the electoral system after vigorous and dutiful scrutiny, enabling the smooth commencement of three elections which have to be held under a very tight schedule, as well as the scheduled release of the provisional registers for the Election Committee subsectors by the Registration and Electoral Office on 18 July. In addition, 17 bills have been passed by LegCo while another 13 are being scrutinised at full steam. If all of the five bills to be submitted by various policy bureaux in the coming weeks are eventually passed before the prorogation, the current-term LegCo shall have passed a total of 45 bills, including nine that were passed before April. The 2020-2021 legislative year will be the busiest and most productive year for legislative work in the past 20 years.

2. After societal stability has been restored and national and political security safeguarded, Members of the LegCo and the general public will have reasonable expectations that the governance of the Hong Kong Special Administrative Region (HKSAR) can be enhanced and that the HKSAR Government can show stronger determination and resolution to address the long-standing problems. There is no doubt that the living conditions of hundreds of thousands of people in Hong Kong need to be improved. The difficulty in home ownership by many families remains a social issue which the Government must tackle. In face of these challenges, the LegCo held a debate yesterday on how to resolve the housing problem based on a motion sponsored by Member. I would like

to take today's opportunity to review with Members our work on housing and land and map out the way forward.

3. Housing and land are the most important priority of the current-term Government. In my previous Policy Addresses, housing and land supply were presented before the chapters on the economy and on people's livelihood. Ever since the 2018 Policy Address, the topic had its own chapter and this highlights the fact that adequate land supply is necessary for the development of the economy and the improvement of people's livelihood. In my first Policy Address, I also made it clear that my housing policy comprises four elements, emphasising the Government's indispensable role; the focus on home ownership to satisfy people's demands; the focus on supply; and the support to families that are on the waiting list for public rental housing (PRH) and in poor living conditions.

4. We need land to build houses, and developable land cannot produce overnight. Some people have blamed the Government for wasting time on public consultation on land supply, while others have criticised the Government for giving up the obvious and taking the harder path. In fact, the current-term Government has been sparing no efforts in land creation. Under the leadership of the Secretary for Development, I would say that the situation is like we are all in a battle to fight for every inch of land. This is especially so when we were working amid controversies and a lot of our work was subject to filibustering at LegCo until recently when things have calmed down in the Council and community and the process has become relatively smoother.

5. Under a multi-pronged strategy, we have concurrently taken forward a number of major land development projects in Tung Chung and the Northern New Territories. Through rezoning, we continue to put brownfield sites, agricultural land and Green Belt areas into optimal use to increase housing supply. We have launched the Land Sharing Pilot Scheme to unleash the potential of land owned by developers. We have even taken action to resume private land zoned for housing but left idle for long. Also, we have expedited various urban renewal projects including the redevelopment of urban squatter areas, factory estates of the Hong Kong Housing Authority (HKHA), buildings of the Civil Servants' Co-

operative Building Society and the Tai Hang Sai Estate. These projects will be taken forward with higher plot ratios to increase housing supply and at the same time address people's long-standing demand for better living conditions.

6. These initiatives are not empty talk and have been put into action. Last year, I announced that the Government had identified 330 hectares of land which could fully meet the public housing supply target set out in the 10-year Long Term Housing Strategy. Apart from making all-out efforts to identify and create land, we have also pressed ahead with public housing construction. It is expected that 96 500 public housing units will be completed within the current-term Government's five-year tenure, which is nearly 50% more than the 66 800 units provided in the previous five years. Yet this still falls short of meeting the demand of families currently on the PRH waiting list and others longing to buy their own properties. We envisage that there will still be a shortage of supply in the first half of the next ten-year period. The HKHA and the government departments concerned are working at full steam to expedite their various projects and I have been personally steering this area of work.

7. In addition to increasing public housing production, a number of breakthroughs have been made under the housing policy of the current-term Government.

8. Firstly, we have tilted the allocation of our land resources in favour of public housing by revising the split ratio between public and private housing from 60:40 to 70:30. While reflecting my policy stance that "housing is not a simple commodity", this change also acknowledges that with Hong Kong being a free and open capitalist society and an international financial centre, we can hardly fully meet the demand for private housing or regulate prices through policy. To meet people's housing needs, there is no better way than stepping up government intervention.

9. Secondly, we fully understand that to gain public support for land development, we need to let people know the flats to be built would be affordable to them. In this regard, we have on one hand expanded the options of subsidised sale flats (SSFs) to enrich the housing ladder and on

the other hand revised the pricing policy for SSFs in 2018 to delink the selling price of these flats from the private housing market. Under the revised policy, the median monthly household income of non-owner occupier households is used as the reference point for assessing affordability, with the monthly mortgage payment not exceeding 40% of the household income as the standard. Take the Kai Cheung Court at Diamond Hill, which is currently in flat selection stage, as an example. The cheapest Home Ownership Scheme flat of around 400 square feet in the estate is around \$2.86 million under the new pricing policy. It represents a downward adjustment of \$480,000 from the selling price previously linked to the private housing market. When compared with the full market value, there is even a discount of 40%.

10. Thirdly, we have introduced the Starter Homes (SH) Scheme to help young families with higher income but unable to purchase a flat in the private market to achieve home ownership. Using the first SH project at Ma Tau Wai Road where population intake has occurred as an example, as long as the monthly income of a three-person family falls between \$66,000 and \$86,000 and their total assets do not exceed \$2.21 million, they will be eligible to purchase a SH flat under the Scheme. This SH project has provided about 500 units and was over-subscribed by more than 100 times. Under our current planning, three more SH projects will be developed by the Urban Renewal Authority (URA) and developers respectively to provide over 3 000 units in the urban area.

11. Fourthly, we have accepted Members' suggestion and requested the URA and MTR Corporation Limited to assume a larger role in public housing production. The former will provide more SH units in its redevelopment projects, while the latter will for the first time in 40 years make use of development of railway facilities again to help boost public housing supply with the topside development of depot facilities at Siu Ho Wan being the chosen project.

12. Fifthly, we have established the role of transitional housing and are pressing ahead with various projects through collaboration among the community, the business sector and the Government, with a view to improving as soon as possible the poor living conditions of families who have been waiting for PRH for a long period of time. Meanwhile, we

have identified sufficient sites for providing 15 000 units, of which 56% are made available by developers at no cost. With construction funded by the Government, the transitional housing will be managed by non-governmental organisations. This is not just a housing supply measure but has also brought about positive effects in generating social capital and achieving harmony.

13. Sixthly, we have not overlooked the situation of grassroot families which have yet to be allocated with public housing. In this regard, we have launched a three-year Cash Allowance Trial Scheme with a total expenditure of some \$8 billion. At the end of last month, the Housing Department issued application forms of the Scheme to about 90 000 PRH General Applicant households who have been waiting for PRH for more than three years and may also meet other eligibility criteria. Cash allowance will be disbursed in batches starting from the end of this month. Yesterday, we submitted the amendment bill to implement tenancy control of subdivided units (SDUs) to LegCo in order to provide security of tenure for residents living in SDUs, impose a cap on the rate of rent increase upon tenancy renewal, and prohibit landlords from overcharging utility fees by setting out the respective rights and obligations of landlords and tenants through the formulation of standard tenancy terms.

14. In face of the long-standing housing problem of Hong Kong people, the Government does not dare to take the matter lightly. I believe that regardless of the coming change of term of LegCo and the formation of the new-term Government of the HKSAR in mid-2022, housing and land supply will remain a priority of the Government's policy agenda. For the coming year, we will double our efforts in several aspects, which include:

- (1) strengthening high-level steer to avoid fragmentation of responsibilities among government departments;
- (2) proactively taking forward the study and planning work of the Kau Yi Chau Artificial Islands and New Territories North to ensure sufficient land supply beyond the existing ten-year period;
- (3) adopting the "infrastructure-led" and "capacity building" principles more aggressively to speed up the development of the new strategic railway and road networks;

- (4) further streamlining the development process and enhancing the role of the Development Projects Facilitation Office of the Development Bureau in co-ordinating with various departments to expedite the approval process of private development projects; and
- (5) examining ways to enhance urban renewal so as to tackle the ageing of buildings in Hong Kong and the associated safety and hygiene problems.

15. Mr President, since our return to the motherland, the housing production of Hong Kong has been affected by a number of factors. After all, the crux of the issue is the absence of a stable and sustained land supply, including the ability to establish an appropriate land reserve. In my view, in order to cure the housing problem of Hong Kong people in a more fundamental manner, what we need is not “casual measures” that may only suit the circumstances of a particular time point, but rather the determination to produce land in a resolute and persistent manner, and the courage to stick to our policy in spite of short-term fluctuations in our economy or property prices. The current-term Government under my leadership has manifested this determination and courage. I expect that the future Government would continue to embrace this belief.

16. Thank you, Mr President. I will be pleased to take Members’ questions.