

**For discussion
on 8 August 2022**

Legislative Council Panel on Housing

Use of Non-domestic Premises of the Hong Kong Housing Authority

Purpose

This paper briefs Members on the latest situation of the use of non-domestic premises of the Hong Kong Housing Authority (HA).

Background

2. The primary function of HA is to assist low-income families with housing needs to gain access to affordable housing. At the same time, HA also provides other ancillary facilities in its public housing estates including retail shops, car parks, as well as community, educational and welfare facilities to cater for the daily needs of residents. As at the end of March 2022, there were about 1.85 million square metres of non-domestic facilities under HA, of which about 48% were welfare and community facilities, about 16% were retail shops and market stalls, about 11% were factory estates and the remaining some 25% were for other purposes¹. HA has been keeping in view the utilisation of its non-domestic facilities in public housing estates and implementing various measures for better use of resources.

Redevelopment of HA's Factory Estates

3. In the 2019 Policy Address, HA was invited to explore the feasibility of redeveloping its factory estates for public housing use. HA subsequently conducted feasibility studies, and announced on 24 May 2021 the study results and the arrangements for clearance of its four factory estates² for public housing development. On 7 June 2021, the Government also briefed the Legislative Council Panel on Housing on related arrangements.

¹ Including government offices, contractors' offices, ward offices, estate management offices, storerooms, telecommunications base stations, advertising panels, etc..

² There are six factory estates under HA, the four factory estates to be cleared are Yip On Factory Estate in Kowloon Bay, Sui Fai Factory Estate in Fo Tan, Wang Cheong Factory Estate in Cheung Sha Wan and Kwai On Factory Estate in Kwai Chung.

4. According to the tenancy agreements, HA has the right to terminate the tenancies by giving tenants three months' notice. Tenants are not legally or contractually entitled to any form of compensation. This notwithstanding, to assist their relocation, HA has not only given affected tenants 18 months' notice so that they can make early plans for vacating their premises by 30 November 2022, but has also offered an ex-gratia allowance to affected tenants in the amount of 15 months' rent or licence fee as specified under tenancy agreements or licences as at the date of announcement of clearance. Moreover, to provide affected tenants with an option for relocation, HA arranged a restricted tender exercise in September 2021 in which a total of 91 standard units in the remaining two factory estates³, each with a size of 25 square metres, were packaged as 40 sets of units (with sizes ranging from 25 to 150 square metres) for letting to affected tenants. The signing of tenancies for all these 40 sets of units was completed by end September 2021. All successful tenderers had moved into the premises, with a three-month rent-free period granted to them. For affected tenants who chose not to lease or were not successful in leasing units in HA's remaining two factory estates, they were offered a cash sum of \$25,400 per standard unit of 25 square metres.

5. Furthermore, in view of the large number of tenants affected by the clearance of four factory estates in one go and the limited supply of vacant units in HA's remaining two factory estates, HA has for the first time introduced a special arrangement in this clearance exercise whereby an "early bird payment" is offered to tenants. To encourage affected tenants to find suitable spaces in the private sector or make other arrangements at an early stage, those who do not lease units in the remaining two factory estates of HA and vacate and surrender the premises within nine months from the date of announcement of clearance (i.e. by end February 2022) will be offered an "early bird payment" of \$100,000 per tenancy. As February 2002 was close to the Chinese New Year, some tenants indicated that more time was needed for them to arrange removal. In response to their request, HA approved in early 2022 an extension of the deadline for the "early bird payment" to 31 July 2022.

6. HA has been maintaining close communications with tenants, and the above arrangements have also provided assistance to them. As at end June 2022, premises under about 1 930 tenancies, which represented about 93% of the total number of tenancies, had been surrendered or had the notice to surrender tendered. Meanwhile, the Government had in the fourth quarter of 2021 commenced the rezoning process for the three sites at Sui Fai, Yip On and Wang Cheong Factory Estates for public housing development. For the site at Kwai On Factory Estate, rezoning process is anticipated to commence in the third to fourth quarter of this year. Apart from rezoning of the sites, HA will also need

³ The remaining two HA's factory estates are Chun Shing Factory Estate in Kwai Chung and Hoi Tai Factory Estate in Tuen Mun.

to demolish the buildings upon completion of the clearance and to arrange decontamination of the sites before they can be made ready for building construction. HA will continue to maintain close liaison with tenants and has deployed additional staff to handle tenants' enquiries and application for surrender of tenancies, with a view to clearing the factory estates as scheduled and commencing the demolition and construction process as soon as possible.

Car Parking Facilities

7. In accordance with the requirements under the Hong Kong Planning Standards and Guidelines (HKPSG), HA provides car parking facilities in its public housing developments, primarily for the residents or visitors of the estates/courts concerned to park their vehicles. As at the end of March 2022, HA had a portfolio of around 33 500 parking spaces in 189 carparks, and about 13% of the parking spaces were made available for hourly parking by visitors.

8. In view of the keen demand for car parking spaces, HA has been keeping in view the usage of its car parking facilities and endeavors to seek opportunities for provision of more car parking spaces. Subject to technical feasibility and obtaining necessary approvals, HA would on a need basis create additional parking spaces in existing carparks and estates through making use of open spaces, realignment of parking spaces and converting surplus parking spaces for the parking of other types of vehicles in demand, etc. As at the end of March 2022, HA has already created 225 additional parking spaces in 26 estates. Work is also underway for the possible creation of 49 additional car parking spaces at suitable locations identified in another three estates. Through continuous implementation of various measures to maximise the usage of existing car parking facilities⁴, coupled with the growing demand for parking spaces, the overall occupancy rate of HA's carparks has been maintained at a high level of around 98% as at the end of March 2022.

9. In support of the Government's policy to promote wider use of electric vehicles (EVs), HA has since 2011 been providing EV charging facilities in its carparks. Since 2013, HA has also been providing, in accordance with the HKPSG, standard EV chargers for 30% of the private car (PC) parking spaces in covered carparks of new public housing developments, with the remaining 70% being EV charging-enabling (i.e. with final circuit cables laid) such that standard EV chargers can be installed when needed.

⁴ The measures include re-designation of surplus parking spaces for a particular type of vehicle to other types of vehicle in demand, converting surplus monthly parking spaces for hourly parking, adopting floating parking system in some HA carparks with hourly parking to enable the sale of more monthly tickets, letting surplus parking spaces to non-residents upon obtaining necessary permissions, etc.

10. To enhance the EV charging network with a view to further promoting the use of EVs, relevant government departments are in the course of updating the HKPSG and relevant technical guidelines, including requirements for the provision of medium chargers (MCs) in new developments. Although the HKPSG and relevant guidelines are still under review, to complement the Government's initiatives, HA will provide medium charging facilities instead of standard charging facilities for new public housing projects under planning and at early design stage. For projects at advanced design and tender stage or under construction, HA will review the feasibility of providing medium charging facilities on a case by case basis, taking into consideration the time and cost implications as well as other technical and spatial requirements. In addition, if technically feasible, HA has also been providing EV charging facilities in its existing carparks according to demand. At present, HA has provided EV chargers at about 1 760 PC parking spaces in about 70 carparks under its portfolio. If parking spaces equipped with EV charging-enabling infrastructure are also included, the number of PC parking spaces installed with EV charging facilities will account for about 15% of the total stock of PC parking spaces under HA.

11. In March 2021, the Government announced the Hong Kong Roadmap on Popularisation of Electric Vehicles (the Roadmap), setting out the long-term policy objectives and plans to promote the adoption of EVs and their necessary supporting facilities in Hong Kong in the future. According to the Roadmap, the Government plans to phase out the use of fuel-propelled vehicles progressively such that new registration of fuel-propelled private cars (including hybrid vehicles) will cease in 2035 or earlier. In order to complement the Government's long-term target and to cope with the increase in EV users, apart from continuing to provide EV charging facilities in new carparks in accordance with the HKPSG, HA has conducted a preliminary feasibility study and planned to expand the provision of EV charging facilities in its existing carparks in three phases.

12. Taking into account the capacity of power supply available in individual carparks and estates concerned as well as the utilisation of existing EV charging facilities, HA plans to progressively provide additional medium charging facilities at about 5 000 PC parking spaces in its portfolio under Phase 1 of the programme, aiming at increasing the number of PC parking spaces with charging facilities⁵ to approximately 33% of its total stock of PC parking spaces by 2025. In Phase 2 of the programme, depending on the latest government policy, utilisation of the charging facilities and technological development, HA plans to further expand the provision of EV charging facilities, targeting to increase the number of PC parking spaces with charging facilities⁵ to about 50% of its total stock of PC parking spaces by 2030. The ultimate target of HA is to gradually provide EV charging

⁵ Including PC parking spaces installed with chargers and those with EV charging-enabling infrastructure only.

facilities for all PC parking spaces in its portfolio in Phase 3 of the programme after 2030, in complement with the Government's policy objective. HA is now conducting detailed feasibility studies and working out a detailed programme for implementation under Phase 1. Throughout the implementation, HA will keep in view the latest development and review the programme from time to time if circumstances warrant, with a view to complementing the Government's latest policy and initiatives and meeting the demand of EV users for charging facilities.

Shopping Centres and Retail Facilities

13. HA has all along been adopting proactive, flexible and market-oriented leasing and promotion strategies for its retail facilities, and has continued to enhance their trade mix in line with market trends and in accordance with local circumstances, with a view to providing residents with diversified choices of goods and services and enhancing the potential and business environment of its commercial facilities.

14. Furthermore, to assist tenants to tide over the difficult economic environment, HA has been providing rent concessions ⁶ to its eligible retail, factory and non-domestic tenants for a total period of 36 months from 1 October 2019. Through well-planned leasing and promotion strategies together with the support by rent concession measures, the overall vacancy rate and rent arrears rate of HA's retail premises ⁷ have been maintained at a low level of 1.2% and 0.7% respectively as at the end of March 2022.

Conclusion

15. HA will continue to keep in view the use of its non-domestic facilities and implement various measures in line with the market situation, so as to provide more suitable and diversified services to residents.

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⁶ A 50% rent concession was granted to eligible retail and factory tenants for six months from 1 October 2019 to 31 March 2020. The rent concession was subsequently extended until 30 September 2022 and increased to 75%. The coverage of rent concession was also expanded to cover carpark users for the monthly parking of commercial vehicles, etc. Furthermore, eligible tenants of HA's non-domestic premises could apply for 100% rent concession for the period during which their operation at the premises concerned was required to be closed under anti-epidemic regulations or directions of the Government.

⁷ Excluding ward offices.