

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 711 – HOUSING

Housing – Light Public Housing

1HL – Implementation of Light Public Housing

Members are invited to recommend to the Finance Committee –

- (a) the upgrading of part of **1HL** to Category A as **2HL** “Implementation of Light Public Housing – the First Batch of Projects” at an estimated cost of \$14,911.9 million in money-of-the-day (MOD) prices for building the first batch of four Light Public Housing (LPH) projects, as well as carrying out pre-construction activities for the remaining four LPH projects in the second batch; and
- (b) the retention of the remainder of **1HL** in Category B.

PROBLEM

We need to fill the short-term gap of public housing supply at the soonest in order to improve the living conditions and quality of life of people living in inadequate housing as soon as possible.

2. Residing in poor living environments for a prolonged period of time poses significant adverse impact on individuals, families and the society as a whole. People who live in a crowded place with poor hygiene which is subject to prolonged noise disturbance, rodent infestation and mosquito nuisance, an environment in which a sense of security is seriously lacking, are prone to anxiety, depression and very negative emotions or even mental stress and sleep problems. Conflicts may arise easily as prolonged dwelling in a constrained place results in a lack of living space among family members. This also greatly affects the learning environment, physical and mental growth, as well as self-esteem of children, leading to intergenerational poverty in the future. We certainly cannot turn a blind eye to this group of grassroots under hardship in the society who are exposed to such poor living conditions every day.

3. LPH, a large-scale social project with very significant social function and value, helps narrow the wealth gap by optimising social resources to assist the disadvantaged. Focusing on people's livelihood and the difficult problems that have beset our community, LPH is not just an empty talk but an initiative which truly addresses people's concerns and difficulties in daily life, so that those with the most pressing need in the society can receive the most practical assistance.

PROPOSAL

4. The Director of the Architectural Services, with the support of the Secretary for Housing, proposes to upgrade part of project **1HL** to Category A at an estimated cost of \$14,911.9 million in MOD prices. Taking into account the two batches of eight LPH projects in total, our target is to construct about 30 000 units in the coming five years (i.e. from 2023-24 to 2027-28).

PROJECT SCOPE AND NATURE

5. Project **1HL** involves a total of eight sites¹ (including the four sites announced in December 2022) located at –

- (1) Yau Pok Road, Yuen Long;
- (2) Tuen Mun Area 3A;
- (3) Choi Hing Road, Ngau Tau Kok²;
- (4) Olympic Avenue, Kai Tak²;

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¹ The sites for the second batch of LPH projects may be adjusted after detailed technical assessments, but we will maintain the target of providing about 30 000 LPH units. We would report to the Legislative Council (LegCo) should there be any change in project sites.

² The site is newly announced and was not submitted in the last consultation with the Panel on Housing.

- (5) Lin Tong Mei, Sheung Shui;
- (6) Tuen Mun Area 54;
- (7) Sheung On Street/Sheung Ping Street, Chai Wan²; and
- (8) Lok On Pai, Siu Lam².

6. We propose to upgrade part of the project to Category A (i.e. **2HL**), the scope of which includes –

- (a) the construction of the first batch of four LPH projects (hereinafter collectively referred to as “the first batch of LPH projects”) located at (1) Yau Pok Road in Yuen Long; (2) Tuen Mun Area 3A; (3) Choi Hing Road in Ngau Tau Kok; and (4) Olympic Avenue in Kai Tak, to provide about 17 000 units; and
- (b) carrying out pre-construction activities for the remaining four LPH projects in the second batch (hereinafter collectively referred to as “the second batch of LPH projects”) located at (1) Lin Tong Mei in Sheung Shui; (2) Tuen Mun Area 54; (3) Sheung On Street/Sheung Ping Street in Chai Wan; and (4) Lok On Pai in Siu Lam, involving about 13 000 units, including the preparation of tender documents, and connection of electricity to the relevant sites so as to meet the development schedule.

7. The site plans and location plans of the eight sites in the proposed project, and the typical section plan of LPH are at **Enclosures 1** and **2** respectively. We will retain the remainder of **1HL** in Category B.

JUSTIFICATION

8. According to the Long Term Housing Strategy Annual Progress Report 2022 published on 31 October 2022, the total housing supply target for the coming 10-year period from 2023-24 to 2032-33 is 430 000 units. Based on the public/private housing split of 70:30, the public housing and private housing supply targets are 301 000 units and 129 000 units respectively. The Government has identified sufficient land for providing about 360 000 public housing units, which can meet the supply target of public housing units for the above-mentioned 10-year period. However, since the supply of housing land is not evenly distributed across each year, only about one-third of the units can be completed during the first five-year period (from 2023-24 to 2027-28), while the remaining two-thirds will be completed in the second five-year period (from 2028-29 to 2032-33).

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Furthermore, land creation takes time. Thus, there is still a shortage of land ready for public housing development in the short run.

9. Shortage of public housing supply will inevitably lead to a longer waiting time for public rental housing (PRH) applicants to receive a flat offer. The Hong Kong Housing Authority has all along targeted to provide the first flat offer to general applicants (i.e. family and elderly one-person applicants) at around three years on average. However, as at end September 2022, the average waiting time for general applicants who were housed to PRH in the past 12 months was as long as 5.6 years. Among them, the average waiting time for elderly one-person applicants was 3.9 years. According to the 2021 Population Census, the median floor area of accommodation of households living in subdivided units (SDUs) is 11.0 square metres (m²), while the median rental payment for SDUs has increased from \$4,500 in 2016 to \$5,000 in 2021. The median rent per square foot for SDUs is \$42, which is nearly 70% higher than the territory-wide median rent of \$25 per square foot. To offer assistance as soon as possible to the grassroots who have no choice but to stay in such inadequate housing, the Housing Bureau (HB) must be bold and introduce drastic measures, so as to expeditiously improve the living environment and quality of life of these people.

10. If we do not introduce bold measures, it will only lead to prolonged helpless and painful situations suffered by individuals, families, as well as the next generation. The lack of decent housing and hope will give rise to social conflicts, negative emotions, let alone embracing the sense of well-being. In this connection, the Government has an undeniable responsibility to take bold actions in allocating and utilising social resources reasonably to build LPH, with a view to helping those with pressing housing needs who are struggling against inadequate housing day after day as far as practicable, so that they can soon be extricated from the plight. To our society as a whole, LPH is one of the important initiatives to foster social empathy and promote mutual help. It enables each and every family to live in reasonably comfortable and safe homes with dignity where they can share the fruits of economic development of Hong Kong, give hope to the next generations for upward mobility and be motivated to accomplish their ambitions, rather than struggling for their lives and trapping in inadequate housing that is poor-conditioned and dark with no way out.

11. In order to scale up the project and expedite its implementation, LPH will be built under a Government-led approach. The target is to construct about 30 000 units in the coming five years (i.e. from 2023-24 to 2027-28). LPH will mainly cater for applicants who have been on the waiting list for traditional PRH for three years or more, with priority given to family applicants. Taking into account both LPH and traditional PRH, the overall public housing production will be increased to around 158 000 units in the coming five years (i.e. from 2023-24 to

2027- 28). This represents a substantial increase of about 50% as compared to the previous five-year period (i.e. from 2022-23 to 2026-27). By building 30 000 LPH units expeditiously, we anticipate that we will be able to steadily help at least 80 000 people in the coming five years to improve their living conditions promptly. These LPH units will serve as decent accommodation for the applicants to relieve pressure arising from their daily life, and to regain their dignity and self-esteem before they are allocated a traditional PRH unit.

LPH PROJECT

Overall Planning

12. HB will take the lead in policy formulation and implementation, while the Architectural Services Department (ArchSD) will be responsible for the project design and construction. This arrangement strives to enhance the overall quality through a larger-scale development. A shorter construction period than that of traditional PRH can also be achieved. LPH sites are government and private sites with long-term development plan yet to be implemented or initiated in the near future. The construction of LPH would neither affect the long-term development use nor delay the development schedule of the sites that were originally planned.

Design and Construction

13. According to the present planning, three-storey LPH will be built at Yau Pok Road in Yuen Long and Lin Tong Mei in Sheung Shui, and the remaining projects will be of 17 to 19 storeys. The site area, current and long-term development uses, the scale of various projects and their implementation timetable are at **Enclosure 3**.

14. Each LPH unit will be provided with a self-contained toilet, a shower area and open cooking space, and equipped with basic facilities such as an electric water heater and an exhaust fan in the toilet. After reviewing the design and taking into consideration the cost-effectiveness, we have decided not to provide an air-conditioner and an exhaust fan in the cooking space. Furthermore, open space will be reserved in the estates for leisure and event-organising purposes, and to facilitate mutual assistance among the residents. In order to build and provide a large number of LPH units as soon as possible, the provision of community ancillary facilities for LPH will be relatively simple in general when compared to those provided for the traditional PRH. However, when designing and planning for individual LPH projects, we will certainly take full account of such factors as site character, anticipated age groups of residents, local transport networks, neighbouring developments and cost-effectiveness, so as to provide appropriate

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ancillary facilities having regard to the actual circumstances of each project as far as possible. However, no parking space will be provided.

15. Together with the Transport Department (TD), we have proactively started knocking out the necessary ancillary transport arrangements for different projects. In order to cater for the needs of the residents, we also plan to invite future service providers to provide basic services for LPH tenants as appropriate, such as retail shops, launderettes, study rooms, function rooms, as well as recreational and community services. At present, LPH is the only way to provide a large number of better equipped housing units with a more pleasant living environment and lower rents within a short period of time for people who are living in poor conditions. It is a choice that they did not have before which provides them with a way out of narrow, undesirable and dilapidated spaces. Moreover, LPH is equipped with appropriate ancillary community facilities and the service providers will provide various social services. LPH not only helps the residents improve their living environment, but also enables better physical and psychological development of individuals and families in the future. LPH would be a very attractive option to those currently in poor living conditions and with pressing housing needs.

16. LPH units come in different sizes, ranging from small units for one to two persons to large units for four to five persons. In planning individual projects, we will consider their locations and site conditions in order to determine a suitable unit ratio. According to the latest design of ArchSD, the internal floor area of LPH units ranges from about 13 to 31 m². LPH projects in the urban area and new towns will provide more large units (i.e. three to four-person and four to five-person units) to address family needs as far as possible, while LPH projects in the rural area will provide more small units (i.e. one to two-person units) to cater for the needs of different applicants and provide different housing options. The floor plans and artist's impression of design of various types of LPH units are at **Enclosures 4 and 5** for reference.

17. In order to optimise land use, some LPH projects, especially those in the urban area and new towns, will have more storeys to provide more units. These projects will require additional foundations, structural fortification and extra electrical and mechanical facilities (e.g. provision of lifts), as well as corresponding arrangements to cater for construction safety and site facilities. Besides, additional infrastructural works such as road improvement works, provision of sewerage collection and treatment facilities, as well as drainage and water supply facilities (hereinafter collectively referred to as "additional infrastructural works") to be carried out by other works departments will also be required depending on the land conditions of individual LPH projects.

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18. We will adopt standardised simple design and the Modular Integrated Construction (MiC) approach to build LPH units. After deducting the time required for the advance design works, technical assessments and the necessary additional infrastructural works, it is estimated that the construction period of LPH will be some one to two years in general (subject to the number of storeys and whether piling works are required). For projects with more storeys and involving relatively complicated works, the overall construction period will be longer.

Funding Arrangement for Construction

19. To achieve the target of constructing about 30 000 LPH units in the coming five years so as to provide suitable and affordable short-term housing to people in need as soon as possible, the Government originally proposed to submit a lump-sum funding application to the Finance Committee (FC) in the first quarter of 2023 for meeting all the costs of studies, design, construction and related works of the LPH projects, with a view to pressing ahead with the technical assessments, detailed design and construction works of various LPH projects.

20. In order to expedite the assistance to those in pressing need for improving the living environment, the development schedule of LPH is very tight. Based on the current estimation, we have to commence the design and construction of the first batch of LPH projects in 2023-24, and vigorously compress the entire process (from technical assessments, detailed design to infrastructural and construction works) for more than two years as compared with the public works in general. Upon obtaining funding approval, it is also necessary to invite tenders for various projects immediately. Otherwise, it will be impossible to achieve the targets of completing about 2 100 LPH units in 2024-25 in the first stage and the remaining units within the anticipated dates.

21. We initially recommended the FC approving the funding for the proposed LPH projects on a lump-sum basis to enable ArchSD to immediately commence the tendering for the design and construction of LPH which are comparatively more ready or relatively simple in terms of procedures, with a view to providing the units progressively within one to two years after funding approval. As for other projects which are still at a rather preliminary stage or involve more complicated procedures, their design and construction can commence as soon as the relevant work becomes ready or even earlier as funding will have been approved by the FC already, thereby saving the time required for applying for funding from the FC in respect of individual projects. Nonetheless, we understand that some LegCo Members and members of the community expressed reservation about the above funding proposal, and are concerned that this may undermine LegCo's monitoring of the funding for the LPH projects. In response to the concerns of the

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LegCo and the public, we decided, upon examination, to submit funding application for the works in two stages, whilst striving to minimize any impact on the completion schedule of LPH units as far as practicable.

22. Under the staged funding arrangement, we will complete more advance studies first and draw on the experience of inviting tender for the first batch of LPH projects, so that the construction costs of the second batch of LPH projects can better reflect the actual market situation.

23. Meanwhile, in view of the latest epidemic development, the LegCo and members of the community suggested converting suitable community isolation facilities (CIFs) into LPH. Some of the sites where CIFs are currently located are government land, while the remaining is lent by private developers. When these facilities are no longer needed for anti-epidemic purpose, the Government will arrange the return of those sites borrowed from the private developers. As for government land, if the site will not be used for its originally planned purposes in the short term, we are open to the conversion of relevant isolation facilities for other uses, including the provision of LPH. However, as there are no individual toilets in some of the CIFs, we need to consider which facilities would be more suitable for conversion to different uses. We will liaise with the relevant bureaux during the process.

24. Subject to the funding approval of the FC, the construction works contracts for the LPH projects will be conducted in strict compliance with the Government's established procedures and regulations. The Dedicated Team on LPH led by the Under Secretary for Housing and ArchSD will undergo detailed assessments and selection so as to ensure that the entire process complies with relevant regulations and the proper use of public funds. At the same time, to enable effective monitoring of the implementation of LPH projects by the LegCo and the public, HB will report regularly to the LegCo the progress, financial position and operation of each LPH project.

Timetable

25. Subject to the approval of the FC on the first batch of LPH projects, it is estimated that about 2 100 LPH units at Yau Pok Road in Yuen Long can be completed in 2024-25 at the earliest. The remaining 14 900 units will be completed in phases in 2025-26 and 2026-27 respectively. We will also commence the pre-construction activities for the second batch of LPH projects (involving about 13 000 units) as soon as possible.

26. We will make funding application to the FC for the second batch of LPH projects after completing more advance studies and drawing on the experience of the first batch of LPH projects. According to the current schedule, our target is to apply to the FC for the necessary funding for the second batch of LPH projects before the end of 2023-24.

FINANCIAL IMPLICATIONS

27. We estimate that the capital cost of the first batch of LPH projects and the cost of pre-construction activities for the second batch of LPH projects is to be \$14,911.9 million in MOD prices in total, the breakdown of which is as follows –

	\$ million (in MOD prices)
(a) Site works ³	161.6
(b) Foundation ⁴	1,366.4
(c) Building ⁵	8,554.1
(d) Building services ⁶	2,399.3
(e) Drainage ⁷	336.2
(f) External works ⁸	360.4
(g) Furniture and equipment ⁹	61.3
(h) Energy conservation and greening features	5.7
(i) Consultants' fees for	139.4

/(i)

³ Site works cover site formation, site hoarding, provision of covered walkways for site and other general site works.

⁴ Foundation works cover construction of piles, footings and all related tests and monitoring.

⁵ Building works cover construction of substructure and superstructure of the buildings.

⁶ Building services works cover electrical installation, ventilation and air-conditioning installation, fire services installation, lift and other miscellaneous installations.

⁷ Drainage works cover provision of sewage treatment and pumping facilities, and installation of drainage and sewerage pipes of each buildings connecting to the main drainage and sewerage system within the site.

⁸ External works cover external pavement, planting works, fence wall construction and connection to electricity supply, etc.

⁹ Furniture and equipment cover electric water heaters and exhaust fans.

(i)	tender documentation & contract administration ¹⁰	131.4
(ii)	management of resident site staff (RSS)	8.0
(j)	Remuneration of RSS	63.8
(k)	Additional Infrastructural works ¹¹	108.2
(l)	Contingencies	1,355.5
Total		14,911.9

The estimated costs of design and construction works for the first batch of LPH projects and the additional infrastructural works are around \$14,742.7 million and \$119 million respectively, while the estimated cost of pre-construction activities for the second batch of LPH projects is around \$50.2 million. As such, the total funding for the first batch of LPH projects amounts to around \$14,911.9 million. The breakdown of the cost of the project items is at **Enclosure 6**.

28. To better coordinate the LPH projects in a comprehensive manner for achieving synergy, we propose engaging consultants to undertake the tender documentation work of all the LPH projects, as well as the contract administration and site supervision work of the first batch of LPH projects. A detailed breakdown of the estimate for consultants' fees and RSS costs by man-months is at **Enclosure 7**.

29. As a reference, the current transitional housing projects funded by the Government are generally with three to four storeys, and the amount of government funding per unit is \$550,000 (for constructing transitional housing on vacant land). If compared to transitional housing of similar design, the average unit cost for low-rise LPH blocks (i.e. three storeys) is around \$530,000 in MOD prices, similar to the funding of \$550,000 for each transitional housing unit. Moreover, the average construction floor area (CFA) of units in low-rise LPH blocks will be about 20% larger than that of transitional housing. It is estimated that the total construction unit cost for low-rise LPH (calculated based on the cost of the project at Yau Pok Road in Yuen Long) is around \$19,100 per m² of CFA, which is lower than that of transitional housing (around \$23,900 per m²).

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¹⁰ The estimated fee covers quantity surveying services, site supervision and project management, etc.

¹¹ Additional infrastructural works cover road improvement works, provision of sewerage collection and treatment facilities, as well as drainage and water supply facilities, etc. to be undertaken by other works departments.

30. On the other hand, in order to optimise land use, some LPH projects will have more storeys (about 17 to 19 storeys) and will require additional foundations, structural fortification and extra electrical and mechanical facilities due to the high-rise construction. Therefore, the average unit cost for high-rise LPH blocks is around \$650,000. In addition, the unit ratio of large units for four to five persons to overall units in high-rise LPH blocks will be higher than that in transitional housing projects which are under operation or construction. The average CFA of units in high-rise LPH blocks is larger than that in transitional housing by about 38%. It is estimated that the total construction unit cost of high-rise LPH (calculated based on the cost breakdown for the projects in Tuen Mun Area 3A, Choi Hing Road in Ngau Tau Kok and Olympic Avenue in Kai Tak) is around \$20,500 per m² of CFA, which is even lower than that of transitional housing projects generally with only three to four storeys.

31. Subject to approval, we will phase the expenditure as follows –

Year	\$ million (in MOD prices)
2023-24	270.8
2024-25	2,829.7
2025-26	6,838.5
2026-27	2,480.5
2027-28	2,245.6
2028-29	230.7
2029-30	16.1
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	14,911.9
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32. We have derived the MOD estimates on the basis of the Government's latest set of assumptions on the trend rate of change in the prices of public sector building and construction output for the period 2023 to 2030. We will deliver the construction works using New Engineering Contract (NEC)¹² for design and construction. The contract will provide for price adjustment.

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¹² NEC is a suite of contracts developed by the Institution of Civil Engineers, United Kingdom. It is a contract form that emphasises cooperation, mutual trust and collaborative risk management between contracting parties.

33. The Government's tentative plan is to invite organisations with sufficient size, management capability and experience to participate in the tendering exercises for operation of LPH. The Government will maintain on-going monitoring on the operation of LPH to ensure that areas requiring improvement will be followed up in a timely manner. With reference to the cost of operating transitional housing by the non-governmental organisations (e.g. the daily operation and maintenance costs, the cost of providing social services for residents, as well as other contingency costs, etc.), we estimate that the total cost of operating 17 000 units of the first batch of LPH is around \$2.5 billion. The preliminary plan on the operation, allocation and intake arrangements in respect of LPH projects are set out at **Enclosure 8**.

34. Since the prospective LPH households have already waited for traditional PRH for over three years, they are normally granted the cash allowance under the Cash Allowance Trial Scheme (CATS) during the flat offer waiting period but they will no longer be granted the allowance if they opt for LPH. If the implementation of CATS continues, we preliminarily estimate that there will be a saving of expenditure on cash allowance of up to \$2 billion in five years. The calculation is made basing on the current ratio of different flat sizes of the LPH projects.

35. LPH enables provision of a large number of better equipped housing units with a more pleasant living environment and lower rents within a short period of time. For people with pressing housing needs, especially those living in poor-quality SDUs, LPH is a valuable social project which represents significant social benefits that cannot be easily quantified. As such, we should not consider the cost of LPH a bunch of cold figures. The hardships of those who are in poor living environments every day is what our society needs to take into account. The Government's spending of over \$100 billion each year on social welfare is to help people get out of their difficult situations, alleviate their suffering and bring hope to the society. This is exactly the aim of LPH.

PUBLIC CONSULTATION

36. We consulted the LegCo Panel on Housing on 5 December 2022 regarding the proposal of taking forward LPH and the relevant funding arrangements. Members supported taking forward the works projects in principle but considered that the documents lacked details such as the sites selected for all projects, breakdown of the construction costs and traffic arrangement, etc. The Government undertook to provide more information when consulting the Public Works Subcommittee.

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37. In addition, we have commenced district consultation on the four sites announced earlier and have concurrently commenced consultation on the four newly announced sites. We will adopt a parallel approach in briefing the local community on the specific design and proposal of each LPH project.

ENVIRONMENTAL IMPLICATIONS

38. Among the eight LPH projects above, the project at Yau Pok Road in Yuen Long under the first batch and the proposed sewage pump house of the project in Lok On Pai in Siu Lam under the second batch are both designated projects under the Environmental Impact Assessment (EIA) Ordinance (Cap. 499), thereby entailing applications to the Environmental Protection Department for environmental permits. The remaining six projects are not designated projects which do not require environmental permits. Nonetheless, we will conduct a Preliminary Environmental Review (PER) to ensure that the projects will not cause adverse impacts on the environment.

39. We will incorporate requirements into the works contract to require the contractor to implement mitigation measures proposed in the approved EIA and PER so as to control the environmental impacts during construction to within established standards and guidelines.

40. At the planning and design stages, we have considered measures to reduce the generation of construction waste where possible (e.g. using metal site hoardings and signboards so that these materials can be recycled or reused in other projects). In addition, we will require the contractor to reuse inert construction waste (e.g. use of excavated materials for filling within the site) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste at public fill reception facilities (PFRFs)¹³. We will encourage the contractor to maximise the use of recycled or recyclable inert construction waste, and the use of non-timber formwork to further reduce the generation of construction waste.

41. At the construction stage, we will require the contractor to submit for approval a plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle inert construction waste. We will ensure that the day-to-day operations on site comply with the approved plan, and will require the contractor to separate the inert portion from

/non-inert

¹³ PFRFs are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N). Disposal of inert construction waste in PFRFs requires a licence issued by the Director of Civil Engineering and Development.

non-inert construction waste on site for disposal at appropriate facilities. We will control the disposal of inert and non-inert construction waste at PFRFs and landfills respectively through a trip-ticket system.

42. We estimate that the implementation of the first batch of LPH projects will generate about 168 230 tonnes of construction waste in total. Of these, 13 780 tonnes (8.2%) of inert construction waste will be reused on site and about 125 400 tonnes (74.5%) of inert construction waste will be delivered to PFRF for subsequent reuse. We will dispose of the remaining 29 050 tonnes (17.3%) of non-inert construction waste at landfills. The cost for the disposal of construction waste at PFRF and landfill sites is estimated to be around \$14.7 million (based on a unit charge rate of \$71 per tonne for disposal at PFRF and \$200 per tonne for disposal at landfills as stipulated in the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N)).

HERITAGE IMPLICATIONS

43. Among the first batch of LPH projects, the site at Olympic Avenue in Kai Tak is in close proximity to Lung Tsun Stone Bridge (LTSB), which is a site of archaeological interest. Cultural heritage impact assessment is not required for this project, but environmental assessment will be carried out prior to the commencement of works. We will conduct monitoring during construction and arrange mitigation measures if necessary. We believe that such measures will not have impact on the construction costs and construction period.

44. The site at Tuen Mun Area 54 in the second batch of LPH projects falls partly within Siu Hang Tsuen Site of Archaeological Interest and Kei Lun Wai Site of Archaeological Interest. The archaeological assessment of the Tuen Mun Area 54 project was completed by the Civil Engineering and Development Department in 2019. The assessment findings show that some parts in the project boundary have low potential archaeological value, while some parts in the boundary have no potential archaeological value. Cultural heritage impact assessment is not required for this project, but PER report will be prepared prior to the commencement of works. We will conduct monitoring during construction and arrange mitigation measures if necessary. We believe that such measures will not have impact on the construction costs and construction period.

45. The remaining six LPH projects will not affect any heritage sites, i.e. all declared monuments, proposed monuments, graded historic sites/buildings/structures, sites of archaeological interest, all sites/buildings/structures on the list of newly proposed grade items, and government historic sites identified by the Antiquities and Monuments Office.

/ ENERGY

ENERGY CONSERVATION AND GREENING FEATURES

46. LPH aims to provide those in pressing housing needs with adequate short-term accommodation. In order to balance energy efficiency and optimal use of resources, we will adopt energy efficient features such as LED lighting and energy-saving lift systems where reasonably practicable.

47. For greening features, we will provide landscaping and greening features at the locations as appropriate for environmental and amenity benefits.

48. The total estimated cost of adoption of the above features in the first batch of LPH projects is around \$5.7 million (including \$5.1 million for energy efficient features), which has been included in the cost estimate of this project. The energy efficient features will achieve 10% energy savings in the annual energy consumption with a payback period of about 3 years.

LAND ACQUISITION

49. As stated in paragraph 5 above, we have earmarked six government sites and two private sites for the development of LPH. As for the two private sites, the relevant private developers are willing to voluntarily provide some of their land with no confirmed development plan for the Government to develop LPH, so as to help solving the housing problems of the public. The length of use for the LPH sites may vary, but it is anticipated that with the construction period deducted, the sites can be used as LPH for around five years, where some may be used for a longer period of time.

TRAFFIC IMPLICATIONS

50. Together with TD, we have proactively started knocking out the necessary ancillary transport arrangements for different projects, including the addition of suitable alighting and boarding facilities and enhancement of public transport services for LPH projects so as to cater for the travel needs of future LPH residents. In the meantime, we are conducting traffic impact assessment (TIA) for LPH projects, including assessment of impact on local traffic during construction and upon completion for intake. Based on the assessment findings, we will take forward the recommended traffic improvement measures with TD and relevant works departments, and arrange necessary public transport services with a view to providing suitable ancillary transport facilities for LPH projects.

/BACKGROUND

BACKGROUND INFORMATION

51. In response to the concerns expressed by the LegCo and various sectors of the community on the construction costs of LPH units, the Government conducted a detailed review on the breakdown again. According to the latest estimates provided by ArchSD on the cost of design and construction works for all 30 000-odd LPH flats, the estimated cost can be **reduced by \$0.8 billion** from the original cost of around \$26.79 billion to around **\$25.99 billion**. The reasons why the construction costs can be reduced are (a) the construction site and foundation works proposals can be further optimised according to the preliminary findings of the latest technical studies (such as the recently completed ground investigation reports) and the site information; (b) instead of renewable energy facilities, only energy-saving devices will be provided; and (c) the appliances for LPH units will be reduced, allowing the residents to purchase the appliances according to their own needs (it was originally intended that air-conditioner, a water heater and two exhaust fans (respectively located in the kitchen and the toilet) would be provided by the Government altogether, but now only a water heater and an exhaust fan in toilet will be provided).

52. In addition to the latest estimates for the above design and construction works, the Development Bureau has, upon review of ground investigation report and initial design schemes, also reduced the estimated cost of relevant additional infrastructural works **by \$0.15 billion** from the original cost of around \$0.6 billion to around **\$0.45 billion**. Taking into account the latest estimates of the ArchSD stated in paragraph 51 above, the total estimated cost of LPH projects will be **reduced by nearly \$1 billion**.

53. Investigation work has commenced for individual projects and consultants have been engaged to undertake various services, including ground investigation, PER, TIA, EIA and preparation of tender documents, etc. The total cost of investigation work and consultancy services for the first batch of LPH is around \$35.29 million. The investigation works and services provided by the consultants were funded under block allocation **Subhead B100HX** “Minor housing development related works, studies and investigations for items in Category D of the Public Works Programme”. The above works and consultancy services will help finalise the scope and estimated cost of the projects.





/54.

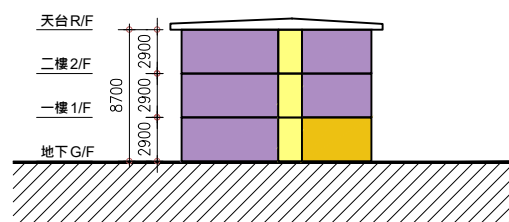
54. Of about 220 trees within and adjacent to the boundary of all projects in the first batch of LPH, no less than 22 trees are retained. Subject to the final design, the project will involve felling of about 198 remaining trees. All trees to be felled are common species that are not trees of particular interest. We will plant about 198 trees, as well as shrubs, groundcovers and turf as part of the project, and consider planting of trees at public open space and on footpath as far as possible to enhance the environment. Arrangements for the trees of the second batch of LPH projects will be made in due course taking into account the latest prevailing conditions.

55. We estimate that taking forward the first batch of LPH projects and carrying out pre-construction activities for the second batch of LPH projects will create about 2 700 jobs (2 400 for labourers and 300 for professional or technical staff), providing a total employment of 87 600 man-months.

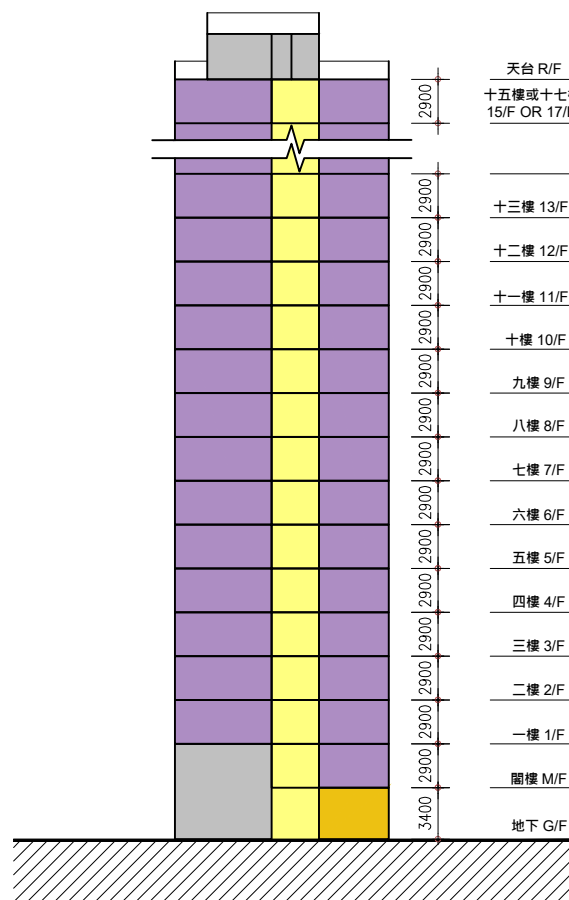
**Housing Bureau
Architectural Services Department
January 2023**

圖例 LEGEND

-  單位
UNIT
-  公用地方
COMMON AREA
-  機房
PLANT ROOM
-  社區配套設施
COMMUNITY FACILITIES

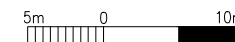


矮層大廈
LOW-RISE BLOCK



高層大廈
HIGH-RISE BLOCK

備註: 樓宇的設計、層數及尺寸只供參考, 並視乎將來「簡約公屋」各項目承建商的實際設計而定。
REMARK: THE DESIGN, NUMBER OF STOREYS AND DIMENSIONS OF THE HOUSING BLOCKS ARE FOR REFERENCE ONLY AND SUBJECT TO THE ACTUAL DESIGN OF THE CONTRACTOR OF EACH LIGHT PUBLIC HOUSING PROJECT IN THE FUTURE.



標準剖面圖
TYPICAL SECTION

1HL
推展「簡約公屋」項目
IMPLEMENTATION OF LIGHT PUBLIC HOUSING

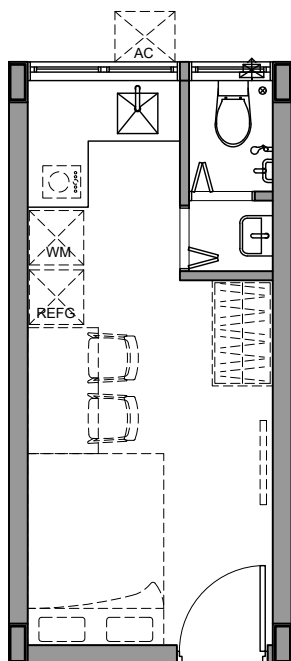
1HL - Implementation of Light Public Housing

Information on Light Public Housing (LPH) Projects

	First batch of LPH projects				Second batch of LPH projects				
Projects	1	2	3	4	5	6	7	8	
Site location	Yau Pok Road, Yuen Long	Tuen Mun Area 3A	Choi Hing Road, Ngau Tau Kok	Olympic Avenue, Kai Tak	Lin Tong Mei, Sheung Shui	Tuen Mun Area 54	Sheung On Street/ Sheung Ping Street, Chai Wan	Lok On Pai, Siu Lam	Total
Development mode	Low-rise development	High-rise development	High-rise development	High-rise development	Low-rise development	High-rise development	High-rise development	High-rise development	
Source of land	Private	Government	Government	Government	Private	Government	Government	Government	-
Current land use / status	Idle	Idle	Work site of government department / Temporary car park / Storage	Work site of government department / Temporary car park / Storage	Horticultural use / Idle	Work site of government department / Formation works in progress	Temporary car park	Idle / Work site of government department / Temporary car park / Storage	-
Long-term development uses	To be confirmed by private developers	District health centre and sports centre	School and service reservoir	Commercial use and open space	To be confirmed by private developers	School and sports centre	Open space	Comprehensive development area and open space	-
Site area (ha)	8.9	0.8	1.1	5.7	2.8	2.6	0.9	3.8	26.6
Estimated number and distribution of units*	About 2 100 units	About 1 900 units	About 2 300 units	About 10 700 units	About 1 100 units	About 5 300 units	About 1 600 units	About 5 000 units	About 30 000 units [First batch of projects (Items 1 to 4): about 17 000 units; second batch of projects (Items 5 to 8): about 13 000 units]
A) One to two-person units (13 m ²)	About 11 700 units 69%				About 9 500 units 73%				About 21 200 units 70%
B) Three to four-person units (25 m ²)	About 3 300 units 19%				About 2 600 units 20%				About 5 900 units 20%
C) Four to five-person units (31 m ²)	About 2 000 units 12%				About 900 units 7%				About 2 900 units 10%
Area of ancillary facilities (m ²)	860	300	370	1 720	420	2 140	250	2 000	8 060
Anticipated earliest commencement date of works	Q4 2023	Q4 2023	Q4 2023	Q1 2024	expecting Q2 2024	The first phase: expecting in Q2 2024 The second phase: expecting in Q3 2024	expecting in Q2 2024	expecting in Q2 2024	-
Anticipated earliest completion date of works#	Q1 2025	Q4 2025	The first phase: Q2 2025 The second phase: Q2 2025	The first phase: Q1 2026 The second phase: Q4 2026	expecting Q2 2025	The first phase: expecting in Q3 2026 The second phase: expecting in Q4 2026	expecting in Q2 2026	The first phase: expecting in Q3 2026 The second phase: expecting in Q4 2026	-

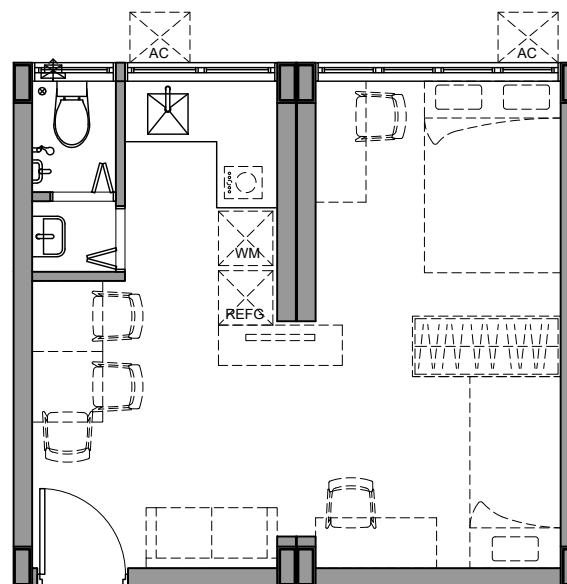
Note : * The actual numbers and distributions of each type of units are for reference only and subject to the actual situation and the project design in the future.

Anticipated completion date of works depend on other factors such as the progress of drainage and electricity upgrading works.



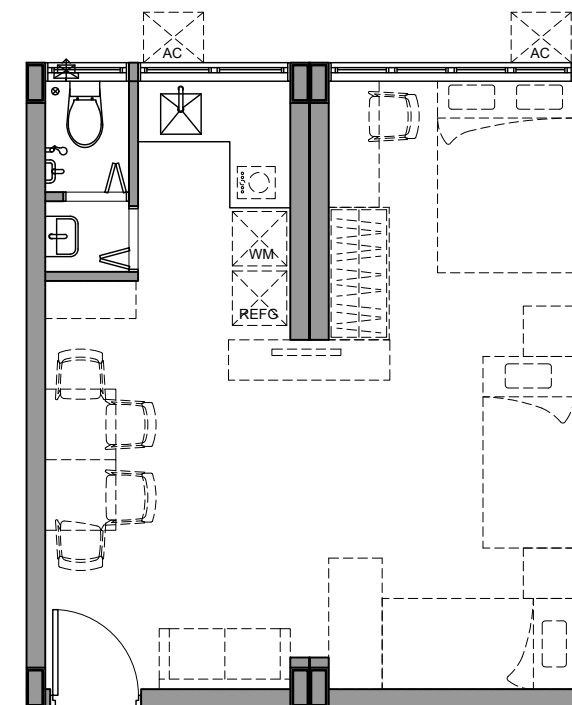
一至二人單位

ONE TO TWO-PERSON UNIT
(13 平方米 m²)



三至四人單位

THREE TO FOUR-PERSON UNIT
(25 平方米 m²)



四至五人單位

FOUR TO FIVE-PERSON UNIT
(31 平方米 m²)

備註：

REMARK:

- 各類單位的設計及布局只供參考，並視乎將來「簡約公屋」各項目承建商的實際設計而定。
THE DESIGN AND LAYOUT OF EACH TYPE OF UNIT ARE FOR REFERENCE ONLY AND SUBJECT TO THE ACTUAL DESIGN OF THE CONTRACTOR OF EACH LIGHT PUBLIC HOUSING PROJECT IN THE FUTURE.
- 各類單位只提供及安裝電熱水爐及位於洗手間的抽氣扇等基本設備。
EACH TYPE OF UNIT WILL PROVIDE AND INSTALL ONLY BASIC EQUIPMENT LIKE ELECTRIC WATER HEATER AND EXHAUST FAN IN THE BATHROOM.
- 樓面平面圖以虛線所顯示的家具及電器只供參考，並不包括在「簡約公屋」項目的範圍內。
THE FURNITURE AND ELECTRIC APPLIANCES INDICATED IN DOTTED LINE IN THE FLOOR PLAN ARE FOR REFERENCE ONLY AND EXCLUDED FROM THE SCOPE OF THE LIGHT PUBLIC HOUSING PROJECTS.

1m 0 2m

標準單位樓面平面圖
TYPICAL UNIT FLOOR PLAN

1HL
推展「簡約公屋」項目
IMPLEMENTATION OF LIGHT PUBLIC HOUSING



ARCHITECTURAL
SERVICES
DEPARTMENT 建築署

Breakdown of the cost for Light Public Housing (LPH) projects under the first batch of funding provision

	First batch of LPH projects				Pre-construction activities for second batch of LPH projects				
Projects	1	2	3	4	5	6	7	8	
Site location	Yau Pok Road, Yuen Long	Tuen Mun Area 3A	Choi Hing Road, Ngau Tau Kok	Olympic Avenue, Kai Tak	Lin Tong Mei, Sheung Shui	Tuen Mun Area 54	Sheung On Street/ Sheung Ping Street, Chai Wan	Lok On Pai, Siu Lam	Total
Construction works (to be undertaken by Architectural Services Department)	\$ million (in money-of-the-day prices)								
(a) Site works	72.9	7.7	9.2	71.8	-	-	-	-	161.6
(b) Foundation	108.0	165.5	62.6	1,030.3	-	-	-	-	1,366.4
(c) Building	739.7	999.0	1,247.3	5,568.1	-	-	-	-	8,554.1
(d) Building services	242.9	269.7	354.1	1,532.6	-	-	-	-	2,399.3
(e) Drainage	150.7	20.0	27.5	138.0	-	-	-	-	336.2
(f) External works	147.1	20.4	29.8	136.7	2.7	12.2	-	11.5	360.4
(g) Furniture and equipment	7.7	6.7	8.2	38.7	-	-	-	-	61.3
(h) Energy conservation and greening features	0.7	0.8	0.9	3.3	-	-	-	-	5.7
(i) Consultants' fees	14.9	12.6	18.1	74.5	1.7	8.7	2.6	6.3	139.4
(j) Remuneration of resident site staff	7.3	7.8	5.7	43.0	-	-	-	-	63.8
(la) Contingencies	149.2	151.0	176.3	863.7	0.4	2.0	0.3	1.8	1,344.7
Sub-total (1):	1,641.1	1,661.2	1,939.7	9,500.7	4.8	22.9	2.9	19.6	14,792.9
(k) Additional infrastructural works (to be undertaken by other works departments)	\$ million (in money-of-the-day prices)								
(i) Road improvement works	20.0				-				20.0
(ii) Sewage collection and treatment facilities	64.6				-				64.6
(iii) Drainage facilities	4.3				-				4.3
(iv) Water supply facilities	6.4				-				6.4
(v) Related design, remuneration of resident site staff and ground investigation	12.9				-				12.9
(lb) Contingencies	10.8				-				10.8
Sub-total (2):	119.0				-				119.0
Total (1)+(2):	14,861.7				4.8	22.9	2.9	19.6	14,911.9

Note: The contingencies mentioned in paragraph 27(l) of the main paper includes the above items (la) and (lb)

1HL — Implementation of Light Public Housing

**Breakdown of the estimates for consultants' fees and resident site staff costs
(in September 2022 prices)**

			Estimated man- months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
(a)	Consultants' fees for preparation of tender documents and contract administration (Note 2)	Professional	—	—	—	64.0
		Technical	—	—	—	49.9
					Sub-total	113.9#
(b)	Resident site staff (RSS) costs (Note 3)	Professional	97	38	1.6	13.7
		Technical	978	14	1.6	48.5
					Sub-total	62.2
	Comprising -					
(i)	Consultants' fees for management of RSS					7.0#
(ii)	Remuneration of RSS					55.2 #
					Total	176.1

* MPS = Master Pay Scale

Notes

1. A multiplier of 1.6 is applied to the average MPS salary point to estimate the cost of RSS supplied by the consultants (as at now, MPS salary point 38 = \$88,015 per month and MPS salary point 14 = \$30,990 per month).
2. The consultant's fees for preparation of tender documents and contract administration are calculated in accordance with the consultancy agreement under the project. The assignment will only be executed subject to Finance Committee's approval to upgrade the project to Category A.
3. The consultants' fee and staff cost for site supervision is based on the estimate prepared by the Director of Architectural Services. We will only know the actual man-months and actual costs after completion of the construction works.

Remarks

The cost figures in this Enclosure are shown in constant prices to correlate with the MPS salary point of the same year. The cost figures marked with # are shown in MOD prices in paragraph 27 of the main paper.

**Preliminary Plan on Operation, Allocation and Intake Arrangements
of Light Public Housing**

Operation

1. The Government will be spearheading the operation and management of Light Public Housing (LPH). In order to encourage participation of different stakeholders in the community, the Government will consider adopting a collaborative approach by inviting tenders from experienced organisations to take part in the operation, management as well as daily maintenance of LPH. The organisations concerned will be required to allocate the flats in accordance with the criteria set by the Government, sign tenancy agreements with tenants and handle tenancy matters; formulate and implement exit plans for tenants, assist and arrange tenants' removal; and provide service referral or other social service support based on the needs of individual tenants (e.g. providing assistance to tenants on various aspects, such as community involvement, career and financial management, etc., to enhance their independent living skills, as well as establish social capital networks and neighbourhood relationships).

2. With the benefit of the experience from transitional housing, it is understood that given the short-term nature of LPH, households often need more support in terms of relocation, integration into the community and establishment of social networks. In addition, the development scale of each LPH project is larger than that of transitional housing. When drawing up an operation contract, the Housing Bureau (HB) will split the operation into several contracts having due regard to various factors, including how to enable a larger project to better coordinate with the geographical environment, service scope and facilities, etc., so as to facilitate the effective operation by the organisations involved.

3. The Government's tentative plan is to invite organisations with sufficient size, management capability and experience to participate in the tender exercises for operation of LPH. The Government intends to adopt a "two-envelope tendering approach" by conducting technical evaluation based on a series of factors, including the management capability, relevant experience and past service performance of the organisations, as well as the proposed modes of operation and management, budget, social service support to be provided and feasibility of exit plan as stated in their proposals. The tender price will then be further evaluated so as to decide on the most suitable organisations for operating LPH projects.

4. HB will liaise with the different stakeholders on the operation arrangements of LPH to work out the details, which will be made public in due course.

Eligibility and Allocation

5. LPH will mainly cater for those who have been waiting for traditional public rental housing (PRH) for not less than three years, with priority given to family applicants. Those who choose to move into LPH may retain their position in the queue and eligibility for traditional PRH, but they will no longer be eligible to apply for the allowance under the Cash Allowance Trial Scheme.

6. As for the allocation of LPH units, the Hong Kong Housing Authority (HA) will take the initiative to issue letters to all eligible applicants, inviting them to apply for LPH. After obtaining the consent from the applicants, HA will provide the relevant operating organisations with information of the applicants for follow up according to the criteria set by the Government. When the number of applicants of an LPH project exceeds the number of units available in the project, the operating organisation in charge of the project will, based on the criteria set by the Government, conduct analysis and arrange allocation of the eligible applicants. The organisation will select those who are more in need among the eligible applicants, taking into account their waiting time for traditional PRH and the housing difficulties they face. For example, applicants who have been waiting for traditional PRH for a longer time and/or facing more pressing housing difficulties may be considered for priority allocation of LPH.

Rent and Intake Arrangements

7. The rent of LPH will be linked to that of traditional PRH, and is initially set at around 90% of the rent of newly completed traditional PRH in the same district. Depending on the size of the units and the district in which they are located, the rents of LPH are initially estimated to range from about \$740 to \$2,650. Taking a unit in the urban area as an example, the current rent of a newly completed traditional PRH unit of about 300 square feet is around \$2,650, while that of an LPH unit of similar size in the same district is estimated to be around \$2,390. If the unit is in the New Territories, the rent of a newly completed traditional PRH unit of the same size is around \$1,760, while that of an LPH unit is estimated to be around \$1,580.

8. To ensure effective use of public resources, same as the applicants of traditional PRH who are required to declare their income and asset in order to confirm their eligibility, the operating organisations will require the LPH applicants to provide proof of their income and asset, and make an income declaration before they are officially granted the eligibility for LPH, so as to ascertain whether their household income is still within the income limit for traditional PRH. Even after the relevant applicants have moved into LPH, the Housing Department will still conduct random checks on tenants to see whether they continue to meet the income and asset limits for traditional PRH. If any non-compliance or illegal situation is found, the operating organisations will, apart from reserving their rights to take legal actions, require the persons concerned to move out of their LPH units within a specified timeframe.

9. LPH tenants can live in the unit until the allocation of traditional PRH, or until the site for the project needs to be returned for long-term development, whichever is the earlier. If the tenants refuse an offer of traditional PRH under the existing mechanism for 3 times, they will be asked to move out of the LPH unit within a reasonable period of time, and will no longer be offered any traditional PRH.