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From:

To:

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Dear TPB Members,

## QUESTION THE JUSTIFICATION FOR DEVELOPING SO MANY UNITS

### 1. Abuse of PH units has not been addressed.

The recent gruesome murder of a socialite involved in a property dispute has shone a spotlight on this issue. One of those charged is the registered owner of a multi-million dollar unit at Kadoorie Hill. Subsequently media reports revealed that he is also the owner of a government subsidized flat. This he acquired through tenancy of a PH unit.

Permanent Secretary for Housing admitted that the government has not checked income and assets of some applicants since launching scheme in 1970s

While there are hundreds of officers investigating NS no dedicated team has been set up to look into this issue that would free up probably thousands of units. Most HK people know folk living in PH who own properties and have cash stashed away or invested elsewhere. Many units are used for storage or as accommodation for domestic helpers.

### 2. No incentive for PH residents to downsize when family member move out.

I was talking recently to a lady who lives in a large PH unit. At one time there were 7 members of the family spanning 3 generations living there. The parents have passed away and her husband and the children have moved out. One daughter stays with her from time to time. She moans about the rent but likes the space. One solution would be to offer new custom built elderly units to such tenants as many have health issues. Data indicates that each new PH unit houses an average of 1.16 persons.

### 3. The population is SHRINKING both here and on the mainland. Failure of administration to take advantage of current market conditions:

There are thousands of empty units on the mainland – even in GBA developers have unfinished projects. Many of the developers are in financial difficulties so this would be a good opportunity to acquire properties at a low cost that could be fitted out as HK style public housing nodes. This is in line with government policy. The Constitutional and Mainland Affairs Bureau has been airing a TV ad encouraging the elderly to move to GBA. Mrs Lam when CE stated that many of Hong Kong's elderly people were receiving old-age living allowances and based in Guangdong. "If our welfare policies make it more convenient for them to spend their retirement years

there"

Some people in the queue for PH, including retirees, would prefer to live on the mainland. With an abundant supply of distressed stock available, the administration should be actively seeking to purchase vacant estates that could be adapted to the format of a regular Hong Kong PH complete with community and health services.

One way permit holders who prefer to live on the mainland could be granted residency here but allocated a unit on these estates. It is estimated that 60% of those living in subdivided units are recent arrivals.

This would be compatible with the mandate of the Central Government for better integration with the mainland.

#### **4. Failure to drive forward the Tenants Purchase Scheme.**

140,000+ such units were sold and each tranche was oversubscribed, indication that affordability was not an issue but the programme has been allowed to lapse. This would unlock the value of currently dormant government owned sites.

#### **5. Emigration is growing and interest rates are rising as the economy is slowing down and this is driving down the price of homes.**

**The Quota and Points System** introduced in 2005 has had the negative outcome of encouraging young folk to join the PH queue. This has consequences as it extinguishes the drive to look for better employment and opportunities as this would result in a wage increase that would exceed the limits.

The **Home Ownership Scheme** has attracted investment by families under the name of their younger members who can tick the financial status boxes and have become investment vehicles rather than the solution to the provision of affordable homes.

In view of the soon to be abundant supply of vacant units on the private market at more affordable prices, the administration should introduce more programmes to assist these young people in purchasing their own homes.

Only 60% of the units put on the market recently have sold and there is a record number of units being held back. In addition the administration has not provided an update on the number of empty units, over 200,000 when the Vacancy Tax was touted so certainly grown since then.

The administration is pursuing an outdated development model that is not in sync with the emerging conditions of both China and Hong Kong, shrinking population, significant increase in issues related to global warming and pollution and the need for prudent fiscal policies that reflect the reality that there is economic stagnation that is likely to persist for many years. Housing targets must reflect genuine need but not overestimate it, as is currently the situation. **In addition eligibility does not equate with need.**

Mary Mulvihill  
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