

立法會
Legislative Council

LC Paper No. CB(1) 1742/00-01
(These minutes have been seen
by the Administration)

Ref: CB1/PL/HG/1

LegCo Panel on Housing

**Minutes of meeting held on
Monday, 5 February 2001, at 2:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon CHAN Kam-lam (Chairman)
Hon Albert HO Chun-yan (Deputy Chairman)
Hon David CHU Yu-lin
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon NG Leung-sing
Hon CHAN Yuen-han
Hon LEUNG Yiu-chung
Hon Andrew WONG Wang-fat, JP
Dr Hon YEUNG Sum
Hon SZETO Wah
Dr Hon LO Wing-lok
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung

Members absent : Hon James TO Kun-sun
Hon Howard YOUNG, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip

Public officers attending : **For item IV**
Housing Bureau

Miss Joey LAM
Principal Assistant Secretary (2)

Housing Department

Mr Vincent TONG
Business Director/Development

Mr Wilson FUNG
Director/Corporate Services

Mr HO Sau-him
Project Manager (4)

For item V

Housing Bureau

Miss Joey LAM
Principal Assistant Secretary (2)

Housing Department

Mr Joseph LEE
Business Director/Management

Mr FUNG Ho-tong
Assistant Director/Management (3)

Mr Andrew LAI
Head, Corporate Strategy Unit

Mr WONG Kuen-hang
Senior Housing Manager/Rent & Property Management

For item VI

Housing Bureau

Miss Joey LAM
Principal Assistant Secretary (2)

Housing Department

Mrs Doris MA
Assistant Director/Tenants Purchase Scheme

Ms Josephine SHU
Senior Estate Surveyor/Tenants Purchase Scheme

Lands Department

Mr W K CHUNG
Assistant Director/HK

**Invitation by
attending**

: For item V

Society for Community Organization

Mr NG Wai-tung
Community Organizer

Ms FOK Tin-man
Community Organizer

Ms WONG Shue-yin
Representative

Ms CHAN Yan-yung
Representative

Ms LEUNG Wai-jan
Representative

Mr TSE Loi-hing
Representative

Ms LAM Ho
Representative

Ms TANG Pui-lan
Representative

Concern Group on Rent for New Public Rental Housing
Estates

Mr YUM Kwok-tung
Representative

Ms TO Suk-ling
Representative

Mr CHAN Hung-chun
Representative

Clerk in attendance : Miss Odelia LEUNG
Chief Assistant Secretary (1)1

Staff in attendance : Miss Becky YU
Senior Assistant Secretary (1)3

I Confirmation of minutes of previous meeting
(LC Paper No. CB(1) 520/00-01)

The minutes of the joint meeting with the Panel on Planning, Lands and Works held on 27 November 2000 were confirmed.

II Information papers issued since last meeting

2. Members noted that the circular on greater private sector involvement in estate management and maintenance services provided by the Housing Authority had been circulated to members vide LC Paper No. CB(1) 527/00-01.

III Date of next meeting and items for discussion

3. Members agreed to discuss the following subjects at the next regular meeting on Monday, 5 March 2001, at 2:30 pm:

- Site formation at Lung Wah Street; and
- Proposal to lower the income and asset limits for households eligible to apply for public rental housing and Home Ownership Scheme (HOS) flats.

4. The Chairman also reminded members of the special meeting to be held on 19 February 2001 to discuss the subjects of “Review of overcrowding relief policy” and “Rehousing arrangements for two-person elderly households upon redevelopment”. A joint meeting with the Panel on Planning, Lands and Works would be held on 27 February 2001 to discuss the rehousing arrangements for occupants of illegal rooftop structures upon clearance.

IV Proposal for retention of two supernumerary multi-disciplinary Chief Architect posts in the Housing Department

(LC Paper No. CB(1) 525/00-01(03))

5. Referring to paragraph 4 of the information paper, Mr Albert HO expressed concern that the proposed retention might not be able to solve the manpower constraint in the Housing Department (HD) having regard to the heavy workload of Project Managers (PMs). According to the Administration, PMs in HD had an average workload of 45 projects while PMs in the private sector had only five or less projects. The Business Director/Development (BD/D) advised that the scope of services provided by PMs in HD and the private sector was not entirely identical. The housing production of the Housing Authority (HA) was based on a high degree of standardization and mass production, it was difficult to make an accurate comparison. The figures referred to were for reference only. Mr HO questioned the need to include these figures in the information paper if they were not meant for comparison. To this end, the Director/Corporate Services (D/CS) agreed to delete such figures from the submission to the Establishment Subcommittee (ESC).

New sets of procurement strategies

6. While supporting in principle the proposed retention of the two PM posts which was necessary for the implementation of the 50 quality housing initiatives, Mr LAU Ping-cheung expressed reservations at the four new sets of procurement strategies, particularly at the design and build contract which had been proved to be unsuccessful in the case of Private Sector Participation Scheme. Under the design and build mode of procurement, the main contractor would line up with consultants and contractors to deliver the building project. In order to secure the tender for the contract, the main contractor might cut the prices of consultants and contractors which would force the latter to cut corner and compromise on the quality to save costs. BD/D explained that the design and build mode of procurement was introduced with a view to tapping into the resources and expertise of contractors in building construction at an earlier stage. He emphasized that the Administration had yet to ascertain the effectiveness of the four new procurement strategies before a final decision on the type of procurement strategy to be adopted. Mr LAU remained of the view that the design and build mode of procurement was a retrogression. He cautioned that the monitoring role of consultants would be undermined if they were appointed by the main contractor direct.

7. On quality control, the Chairman enquired about the prevailing frequency of programmed visits to construction sites by PMs. As one of the four PMs, the Project Manager (4) advised that he was responsible for public housing projects in Tusen Wan, Tuen Mun, Yuen Long, Tung Chung and Lantau Island areas. He had to spend at least two days a week on site to meet with consultants and contractors to monitor the progress of individual sites. Mr Albert HO opined that PMs should be able to step up programmed visits to construction sites as the public housing production decreased over the next two years. Miss CHAN Yuen-han echoed that HD should have learnt the importance of site inspection after the Tin Chung Court

and Yuen Chau Kok incidents. BD/D advised that apart from the 50 quality building initiatives, HD had also followed up the recommendations in the reports of the investigation panels on the two incidents referred to. Measures such as deployment of resident engineers on site and enhancement of technical know-how of site inspection staff through training had been implemented to strengthen the monitoring role of HD. In fact, there had been a cultural change within HD where staff directly responsible for construction quality would spend more time on site. As to whether staff unions had been consulted on these measures, BD/D affirmed that HD adopted an open attitude on views put forward by staff unions. The streamlined documentation procedure was worked out after discussion with the staff side.

8. Noting the significant role of PMs, Mr LEUNG Yiu-chung opined that they should take full responsibility for any building problems without the need to go through detailed investigation. BD/D replied that everyone involved should be held accountable whenever building problems arose. Notwithstanding, efforts would be made to clearly demarcate the roles and responsibilities of individual project staff. Consideration would also be given to retaining skeleton staff of a housing project to follow through the entire production process to avoid evasion of responsibility on ground of frequent re-deployment. D/CS added that the purpose of the current proposal was to retain two supernumerary posts to deal with the increasing workload. He assured members that investigation panels would be set up to probe into the causes of buildings problems before reaching a decision on accountability.

9. As a member of HA, Mr IP Kwok-him invited members to support the proposed retention of two PM posts which were necessary for uplifting the quality of public housing. Referring to paragraph 9 of the information paper, Mr IP expressed concern that HD might cut down on the number of junior posts in order to achieve a continuous negative growth in establishment. D/CS clarified that the supplementary information on establishment was included at members' request raised at the ESC meeting on 17 January 2001. It aimed to reflect that any creation or retention of posts would only be proposed on a need basis. He nevertheless undertook to delete the reference to establishment in the submission for consideration by ESC at its meeting on 21 February 2001.

10. Members raised no objections to the proposal.

V Rent policy and Rent Assistance Scheme

Meeting with the Society for Community Organization (LC Paper No. CB(1) 525/00-01(04))

11. Ms CHAN Yan-yung expressed grave concern about the existing housing policy under which tenants of new public rental housing (PRH) flats could only apply for Rent Assistance Scheme (RAS) upon rent review. Ms CHAN said that

she was obliged to move to a new PRH flat of higher rental in 1997 as a result of the lack of supply of refurbished flats for rehousing tenants affected by the redevelopment of Sau Mau Ping Estate. Although she was told that she could apply for RAS upon rent review in two years' time, it was disappointed that the rent review cycle was subsequently changed from two to three years following an amendment to the Housing Ordinance (Cap. 283) (HO). The grant of rent increase waivers and the deferral of rent reviews by HA over the past four years had further deprived her of the opportunity for applying RAS. She therefore urged that HA should:

- allow elderly tenants of new PRH flats to apply for RAS upon occupation without the need to wait for rent review;
- take the initiative to offer RAS to eligible PRH tenants; and
- remove the requirement for families enjoying RAS for two years and still facing financial hardship to move to a cheaper accommodation in the same district.

Meeting with the Concern Group on Rent for New Public Rental Housing Estates
(LC Paper No. CB(1) 525/00-01(05))

12. Mr CHAN Hung-chun remarked that the affordability of both domestic and commercial tenants of PRH had dropped consequent upon the economic downturn. By way of illustration, some commercial tenants of the new shopping centre in Ho Man Tin Estate had gone out of business since its opening in January 2001 as a result of the high rental and poor market situation. Ms TO Suk-ling echoed that she had difficulty in coping with the high rental of her new PRH flat, particularly after some of her family members had lost their jobs. At present, \$2,470 out of the monthly contribution of \$6,000 from her children were spent on rent. She had to cut down expenses, including medical expenses, and used her own savings to support the living of her family. To alleviate the financial burden of PRH tenants, Ms TO urged HA to reduce the rents of new PRH estates and lift the restriction on application for RAS.

Meeting with the Administration
(LC Paper No. CB(1) 525/00-01(06) and (07))

13. Dr YEUNG Sum noted that according to the Census and Statistics Department, the overall median rent-income ratio (MRIR) for all PRH estates of HA in the second and third quarters of 2000 were 10.2%. He opined that it was a contravention in law for the overall MRIR to exceed the prescribed ceiling of 10% under section 16(1A) of HO, and that HA should reduce rent to ensure compliance with the statutory requirement. The Head, Corporate Strategy Unit (H/CSU) explained that the ceiling referred to applied only in the situation of "determination of variation of rent" by HA. In the event that MRIR in respect of all PRH estates rose above the ceiling of 10% because of reasons other than an increase in rent,

such as reduction of income of tenants, HA was not required to reduce rent under HO. He stressed that HA had not violated HO since it had not adjusted PRH rents for two consecutive years.

14. Mr Frederick FUNG held the view that HA was exploiting the loophole in law to evade its obligations to maintain MRIR at 10% by freezing PRH rents. H/CSU clarified that the objective of the rent increase waivers was to help tenants to tide over the economic downturn. In fact, the rent levels of PRH flats had remained unchanged for three to five years. He added that the rise in MRIR above 10% was due to a number of factors other than rent policy. In particular, the rolling out of the Tenants Purchase Scheme (TPS) in 1998 together with other subsidized home ownership schemes had enabled 90,000 better-off tenants to become flat owners. The surge of the Comprehensive Social Security Assistance (CSSA) cases among PRH tenants from 59,000 in 1995 to 109,900 in October 2000 had also uplifted the overall MRIR but the group did not have problems in rental affordability as their rents were reimbursed by the Social Welfare Department.

15. Mr FUNG remained unconvinced that HA could be absolved from its responsibility through the grant of rent increase waivers. The Chairman also asked when HA would review PRH rents. H/CSU advised that the rent review exercises of 314,600 PRH flats had been deferred until 1 December 2001. He added that in view of the community concerns over rising MRIR, HA had decided to set up an ad hoc committee to conduct a comprehensive review of the domestic rent policy taking into account tenants' affordability, rational allocation of public housing resources, legislative provisions and community aspirations. It would also ascertain whether the use of MRIR was the best way to assess tenants' affordability in the light of the structural changes of PRH tenants. He assured members that HA would take into account views from all sectors of the public before drawing up proposals.

16. Mr LEUNG Yiu-chung was disappointed that HA had turned a blind eye to the plight of tenants as a result of the economic downturn and refused to reduce rents despite repeated requests from members and tenants. Dr YEUNG Sum echoed that while being insensitive to the needs of tenants, HA had reacted promptly to the drop in rentals and property prices in the light of the Asian financial turmoil and proposed to lower the income and asset limits for applicants of PRH and subsidized home ownership schemes. Since only those with limited means and household income would be eligible for PRH as a result of the lowering of the income and asset limits, Mr Albert HO expressed concern that they might not be able to afford the rents. The Business Director/Management (BD/M) said that he was not in a position to comment on the proposal which had yet to be discussed by HA on 8 February 2001. The Assistant Director/Management (3) (AD/M(3)) added that the criteria for setting PRH rents were different from that for income and asset limits. The former were determined with reference to the affordability of tenants while the latter to latest market situation. Besides, tenants with short-term financial hardship might apply for RAS under which eligible tenants would only need to pay half of their regular rentals. Tenants with longer-term financial

problems could apply for CSSA which already included a rent allowance covering the full amount of rent payable.

17. Mr LEE Cheuk-yan however pointed out that tenants might not be eligible for CSSA having regard to the stringent eligibility criteria. He urged HA to reduce rents so as to alleviate the financial hardship of tenants. In response, BD/M emphasized the need to safeguard rational allocation of public housing resources. It would not be appropriate to apply rent reduction across the board when most of the tenants were able to afford the rents. He remained of the view that tenants with genuine financial difficulties should apply for CSSA.

18. On RAS, Mr SZETO Wah questioned why tenants of new PRH flats could only apply for RAS upon rent review. H/CSU explained that tenants would be offered new or refurbished flats upon flat allocation. They were encouraged to choose their own flats according to their affordability. In the event that there was a substantial drop in the household income after intake, the tenants concerned could apply for rent assistance. AD/M(3) added that tenants whose households income met the following criteria might apply for RAS:

- the household income was below 50% of the Waiting List Income Limit (WLIL); or
- the rent-to-income ratio exceeded 25%; or
- the household income was between 50% and 60% of WLIL and RIR exceeded 15%.

Mr Frederick FUNG however pointed out that tenants were not given sufficient choices in view of the limited supply of refurbished flats. Noting that RAS would only apply when there was a sudden drop in household income, Mr FUNG expressed concern that some tenants, particularly those elderly tenants, who had no income might not be able to enjoy RAS. While appreciating the good intention of RAS, the Chairman considered the eligibility criteria too rigid. BD/M noted the members' concerns and undertook to consider the need for a review of RAS in the future. Miss CHAN Yuen-han urged that the Administration should proceed with the review as soon as possible so that prompt relief could be provided to tenants with financial difficulties.

(Post-meeting note: According to the Administration, a new administrative measure was introduced on 1 April 2001, under which tenants in new PRH flats affected by rent review deferrals were also allowed to apply for assistance under RAS.)

Housing (Amendment) Bill 2000 proposed by Mr Frederick FUNG
(LC Paper No. CB(1) 525/00-01(06))

19. Mr Frederick FUNG proposed and Miss CHAN Yuen-han seconded the

following motion:

“that the LegCo Panel on Housing supports the discussion and endorses the proposal of requiring HA to take action to adjust PRH rentals to a level that meets the requirement if MRIR has exceeded 10% so as to alleviate the pressure of rent on PRH tenants.”

Of the members present, six voted for and no one voted against the motion. The Chairman therefore declared that the motion was carried.

(Post-meeting note: A letter on the motion was issued to the Administration on 6 February 2001.)

VI Maintenance and management of Tenants Purchase Scheme estates (LC Paper Nos. CB(1) 238/00-01(03), 407/00-01(06) and 525/00-01(08))

Maintenance of TPS estates

20. Miss CHAN Yuen-han remarked that the unsatisfactory completion of pre-sale maintenance and repair works had remained the major setback of TPS. The situation would be further aggravated if PRH estates currently managed by Property Services Companies (PSCs) were put up for sale under TPS. She pointed out that as HD was only responsible for the repair works, any complaints against the quality of the repair works would be directed to PSCs. This would give rise to unnecessary disputes between HD and the PSCs concerned. She asked how the Administration could ensure the quality of pre-sale maintenance works.

21. In reply, the Assistant Director/Tenants Purchase Scheme (AD/TPS) assured members that HD would follow up and make good all repairs works. In the light of the experience gained from the last three phases of TPS, HD had improved the sales arrangements for subsequent phases of TPS. These included requesting tenants nine to 12 months in advance before their estates were put up for sale under TPS so that they would have sufficient time to report any defects inside their flats using the standard survey forms. HD would make good the defects within three months after receipt of the forms. By way of illustration, of the 16,000 questionnaires received from tenants of TPS Phase 4, 80% had been completed and the remaining 20% were still in progress. As regards PRH estates managed by PSCs, AD/TPS advised that the Property Services Administration Unit (PSAU) of HD would closely liaise with the PSCs concerned to ensure satisfactory completion of pre-sale maintenance and repair works as far as possible before the estates were put up for sale under TPS. At members' request, the Administration undertook to provide a paper to set out the improvements made in the sales arrangements of TPS and the pledge for completion of pre-sale maintenance works within three months after receipt of requests for repair.

22. The Chairman expressed concern about the undue inconvenience caused to Owners' Corporations (OCs) of TPS estates as a result of delay of repair works by HD. He pointed out that some repair works had remained outstanding after the expiry of the initial two-year management period of HD. AD/TPS explained that upon the sale of TPS estates, prospective buyers would be given an additional survey form to report on any outstanding repair works at the time of payment of intention money to buy their flats. Having regard to the large influx of requests for repair within a given period of time, HD would need to prioritize the works to be done and hence the apparent delay. She assured members that efforts would be made to expedite the repair works as soon as practicable.

Management of TPS estates

23. Mr Albert HO considered it unfair that HA should include slopes and common areas in the boundaries of TPS estates. He remained of the view that HA should consult prospective buyers in the preparation of Deed of Mutual Covenant (DMC), particularly on the demarcation of boundaries of TPS estates. AD/TPS advised that the boundaries of TPS estates set out in Government leases largely followed that in the original Vesting Orders, and included facilities and areas such as slopes which had been under the control and management of the estates. Mr HO cautioned that prospective purchasers would be discouraged to buy TPS flats if they were required to maintain the nearby slopes as in the case of the Leung King Estate. The Chairman asked if there were successful cases where slopes were excluded from the boundaries of TPS upon request of buyers. AD/TPS explained that TPS owners would not have the right to redevelop the slopes if these were not included in the boundaries of TPS estates. Furthermore, they would not be able to ensure safety of the slopes and failure of which would cause dire consequences to the TPS estates concerned.

24. Mr HO urged HA to review its supervision cost for TPS estates during the initial two-year management period which was too high when compared with the private sector. The Chairman asked whether HA would tender for the management contracts of TPS estates upon completion of the first assignment deed. AD/TPS advised that HA, having fulfilled its responsibility as the first manager under DMC, might submit a tender for the management service of the estate at the request of OC. She added that consideration would be given to reviewing the supervision cost of HA for TPS estates.

25. Mr LAU Ping-cheung expressed concern about the conflict of interest of PSCs in the management of TPS estates. On the one hand, PSCs had to ensure proper maintenance of TPS estates but on the other, they were reluctant to carry out repair works in order to save cost, particularly if the cost formed part of their supervision cost. AD/TPS advised that PSCs were selected on account of their past track records and had to follow the established guidelines in the management of TPS estates. Besides, PSAU of HD would ensure that the PSCs concerned would undertake the necessary repair works.

VII Any other business

26. On the proposal to lower the income and asset limits for HOS and the Waiting List (WL), Mr LEE Cheuk-yan queried if this was a move to prop up the private property market. Given the far-reaching implications of the proposal, Mr LEE urged that HA should not endorse the proposal at its meeting on 8 February 2001 without prior consultation with the public and Members. Referring to the agreement that the Executive would consult the Legislature before the introduction of any major policy changes, Dr YEUNG Sum and Miss CHAN Yuen-han reiterated the need for the Administration to consult the Panel on the proposal. As the proposal would not only affect WL applicants but also sitting tenants, particularly those well-off tenants, Mr LEUNG Yiu-chung asked if the Housing Bureau (HB) was consulted in this respect.

27. In response, the Principal Assistant Secretary for Housing (2) clarified that the relevant income and asset limits were reviewed annually at the beginning of the year to reflect latest market situation. The mechanism for such reviews had been used for many years. In the light of the last two reviews for 1999/2000 and 2000/01, HA had decided to freeze these limits in general. She said that while she would relay members' concern to HA for consideration, it would not be appropriate for HB to direct HA, which was an independent statutory body vested with autonomous executive powers in the management of public housing. Given that all housing policies had to be endorsed by HB, Miss CHAN Yuen-han was not convinced that HB could be absolved from its responsibility.

28. Mr LEE Cheuk-yan moved and Miss CHAN Yuen-han seconded the following motion:

“That this Panel urges the Housing Authority to fully consult the public, including the Legislative Council, before deciding to lower the income and asset limits for households applying for public rental housing and Home Ownership Scheme flats.”

The motion was unanimously passed by the members present. The Chairman instructed that the motion be conveyed to the Administration and the House Committee as proposed by Mr LEE.

(Post-meeting note: A letter on the motion was issued to the Administration on 6 February 2001.)

29. Before concluding, the Chairman advised that arrangements were being made for members to meet with members of HA with a view to enhancing communication and to exchanging views on issues of mutual concern. The Administration had also been asked to brief the Panel before any proposals were submitted for endorsement by HA.

30. There being no other business, the meeting ended at 4:50 pm.

Legislative Council Secretariat

16 July 2001