

立法會
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LegCo Panel on Housing

**Minutes of meeting held on
Tuesday, 17 October 2000, 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 Fred LI Wah-ming, JP
 - Hon NG Leung-sing
 - Hon James TO Kun-sun
 - Hon CHAN Yuen-han
 - Hon LEUNG Yiu-chung
 - Hon Andrew WONG Wang-fat, JP
 - Hon Howard YOUNG, JP
 - Hon Andrew CHENG Kar-foo
 - Hon SZETO Wah
 - Hon Abraham SHEK Lai-him, JP
 - Hon Albert CHAN Wai-yip
 - Dr Hon LO Wing-lok
 - Hon Frederick FUNG Kin-kee
 - Hon IP Kwok-him, JP
 - Hon LAU Ping-cheung
- Members absent** :
- Hon David CHU Yu-lin
 - Hon LEE Cheuk-yan
 - Dr Hon YEUNG Sum
- Public officers attending** :
- Mr Dominic WONG, GBS, JP
Secretary for Housing

 - Mr Andrew WELLS, JP
Deputy Secretary for Housing

 - Mr Tony MILLER, JP
Director of Housing

Clerk in attendance : Miss Becky YU
Chief Assistant Secretary (1)1 (Acting)

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Mrs Mary TANG
Senior Assistant Secretary (1)2

I Briefing by the Secretary for Housing on the Chief Executive's Policy Address 2000

At the invitation of the Chairman, the Secretary for Housing (S for H) highlighted the salient points in his opening remarks given in the **Appendix**.

Supply of land for housing

2. S for H advised that 590 hectares of land would be made available by the Government for housing development in the next few years. In fact, the Housing Bureau maintained an inventory of about 1,000 actual or potential housing sites which could be made available for the production of up to 730,000 public and private housing flats over the period from 2000/01 to 2007/08. He stressed that this was not meant to be a fixed production target. The number of housing sites only signified that the Government had sufficient land for the purpose of building flats. While welcoming S for H's clarification, Mr Abraham SHEK Lai-him asked if the Administration would review the flat production programme in the event of poor property market conditions. S for H reiterated that the Administration was committed to providing 50,000 housing assistance opportunities a year in the public sector. However, the number of flats to be produced each year in the private sector would depend on the decisions of developers, based on market conditions and commercial considerations. The main responsibility of the Administration was to ensure sufficient supply of land to meet demand. As regards the split between public rental housing (PRH) and subsidized home ownership (SHO) flats in respect of the 50,000 housing assistance opportunities to be offered by the Administration, S for H advised that the ratio would be adjusted flexibly taking into account various factors including the needs of eligible applicants.

3. Mr Frederick FUNG Kin-kee enquired about the outcome of the four studies on the redevelopment of the Ngau Tau Kok, Shek Kip Mei, Cheung Sha Wan and Homantin areas. The Deputy Secretary for Housing advised that the studies were coordinated by the Planning Department. Internal discussion among relevant Bureaux and Departments on the feasibility of the four developments was making good progress.

Private sector housing

4. While appreciating the Administration's initiative to encourage the private sector to build larger flats, Mr LAU Ping-cheung asked how this could be achieved given that there was no legislation in Hong Kong to regulate the size of private flats. He asked if incentives would be offered to encourage private developers in this regard. S for H advised that according to the findings of the Survey of Housing Aspirations of Households, the average flat space occupied by a household at present was about 44 square metres (m²), whereas the acceptable and ideal flat sizes for households were about 50 m² and 60 m² respectively. Private developers had taken into account the aspirations of households and were building larger flats in recent years, as evidenced in the average size of private flats increasing from 56 m² in the mid-80s to 63 m² nowadays. The Administration would study ways to encourage the building of larger private flats and would welcome any views from members in this regard. Mr LAU remarked that the size of a flat varied if different bases were used in calculating the floor area.

5. Noting that people acquired property not only as a home but also as an important long-term investment, the Chairman asked if the Administration would review the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) to protect the interest of property owners. In reply, S for H confirmed that the Administration was considering whether amendments to the Ordinance were necessary to balance the interest of both landlords and tenants. Members would be informed of the details in due course.

Public sector housing

6. On *home ownership*, Mr IP Kwok-him remarked that he was not optimistic that the Administration could achieve the target of 70% home ownership by 2007 in view of the present economic situation. S for H replied that in the past three years, 150,000 families had purchased their own homes through various subsidized home ownership schemes and loan schemes. By way of illustration, 50,000 flats had been sold under the Tenants Purchase Scheme (TPS) since the Scheme was implemented in 1998. A fourth phase of TPS, involving 27,400 flats, would be launched in early 2001. It was anticipated that the pace of TPS would be expedited after all the technical difficulties had been resolved. To allow greater flexibility to families in need of public housing, the Housing Authority (HA) had also introduced the Buy or Rent Option so that eligible families could choose to buy flats when their turn for PRH allocation came up without having to wait for the opportunity to buy SHO flats in the normal way. He assured members that while it remained the Government's intention to work towards a home ownership rate of 70% by 2007, the Administration would constantly review the various home ownership schemes or loan schemes to meet the aspirations of the community and changing economic circumstances. S for H advised that the prevailing home ownership rate was about 53%. The rate of home ownership growth hinged on factors such as population growth and splitting of existing households. In response to members, he undertook to provide further details in this regard.

7. Mr Andrew WONG expressed concern about the demarcation of lots in relation to TPS estates, in particular about how common areas were shared between TPS and SHO estates. He pointed out that TPS owners might not be aware of their obligation under the Deed of Mutual Covenant (DMC) in respect of common areas, and that they should be consulted on demarcation of lots affecting them or at least on the terms of DMC. The Director of Housing (D of H) advised that the Lands Department (LandsD) was responsible for demarcation of land. He assured members that the Housing Department (HD) would look into every TPS case very carefully and discuss with LandsD whenever necessary. The guiding principles were to ensure an equitable settlement for all parties concerned and to avoid any outcome which was different from what should be done in a normal SHO case or private development. The Chairman remarked that the subject of management and maintenance of TPS estates would be discussed at a forthcoming meeting of the Panel.

8. As regards partial replacement of SHO flat production with loans, Mr Albert HO Chun-yan queried whether such an arrangement was meant to boost the property market. He cautioned that prospective SHO buyers, who were not eligible for PRH and who could not afford to buy properties in the private sector, would be deprived of an opportunity to purchase their own flats as a result of the decrease in SHO supply. In reply, S for H stressed that the Administration did not at present intend to cease building SHO flats having regard to the persistent over-subscription for SHO. The partial replacement of SHO flat production with loans was introduced to take account of the aspiration of households to buy flats in the private sector. As to how the demand for SHO flats was arrived at, S for H explained that it was worked out using the housing demand model. According to the model, about 50,000 public housing flats or loans would be required each year. Given that many eligible households had indicated preference to buy flats in the private sector, the Administration's pledge was to provide 50,000 housing assistance opportunities.

9. On *public rental housing*, Miss CHAN Yuen-han asked how the Administration could encourage and help eligible elderly people to apply for public housing as set out in paragraph 94 of the Chief Executive's Policy Address entitled "Serving the Community Sharing the Common Goals". S for H advised that at present, about 430,000 and 140,000 elderly people, comprising nearly 60% of the total elderly population in Hong Kong, were living in PRH and SHO flats respectively. The Administration however recognized that there were still many elderly people living in non-self-contained private flats or temporary structures. Efforts would be made to encourage them to apply for PRH within the next few months. To this end, outreaching teams would be deployed to areas with high concentration of elderly people. For applications submitted by the end of March 2001, the Administration was committed to providing PRH to all the eligible applicants by the end of 2003. Miss CHAN expressed concern that the Administration might not be able to reach out to all the elderly concerned in view of the short lead time between now and March 2001. D of H explained that HD was working closely with the Social Welfare Department (SWD) and the Home Affairs Department to track down those elderly people who were living in poor conditions and had not registered on the Waiting List (WL). Referrals from voluntary agencies were also welcomed.

10. Mr TAM Yiu-chung remarked that apart from helping eligible elderly to apply for PRH, efforts should also be made to address prevailing problems encountered by sitting elderly PRH tenants. These included confrontation arising from sharing of common facilities in converted one-person flats and poor design of rental flats for the elderly in Harmony Blocks which made it difficult to place two single beds. S for H noted Mr TAM's views.

11. Mr Frederick FUNG Kin-kee enquired about the rationale behind the proposal of providing rental subsidies in lieu of PRH to eligible elderly WL applicants. S for H advised that the proposal aimed to allow greater flexibility for the elderly applicants so that they could have a wider choice of flats. He however stressed that this was only a proposal and its feasibility had yet to be explored by the Administration. Besides, it would be up to the elderly applicants to decide whether they would accept the rental subsidies as an alternative to PRH. As the rental subsidies would not be sufficient for the elderly applicants to rent a flat in the private sector which was comparable to that of a PRH flat in size, Mr FUNG opined that the subsidies should only be offered as an interim measure to alleviate the financial burden of the elderly applicants pending allocation of PRH. Expressing similar view, Mr James TO asked if the Administration would offer rental subsidies to other eligible non-elderly applicants on WL as well. S for H advised that the Administration would study the feasibility of using rental subsidies as an alternative to satisfy the housing needs of prospective elderly tenants.

12. Mr LEUNG Yiu-chung was concerned about the long waiting time for non-elderly singletons to obtain PRH which exceeded ten years in some cases. He was not optimistic that the Administration could reduce the average waiting time for non-elderly singletons to three years by 2005 without affecting the waiting time for other categories. S for H advised that HA had accelerated the allocation of PRH to eligible non-elderly singletons. The average waiting time for non-elderly singletons was currently six years. It was anticipated that following the completion of the Comprehensive Redevelopment Programme in 2005, more PRH flats would be made available for allocation to WL applicants, including non-elderly singletons, thereby further reducing their waiting time.

13. As regards rents for PRH, Mr Fred LI Wah-ming opined that HA should seriously consider reducing the rents of all PRH tenants since granting the one-year rent increase waiver was inadequate to assist tenants in tiding over the difficult economic period. S for H advised that apart from the one-year rent increase waiver, other forms of assistance were also made available to needy tenants. These included the Rent Assistance Scheme (RAS) under which tenants in temporary financial hardship and whose rent-to-income ratio exceeded 25% could apply for rent assistance. Those who experienced long-term financial hardship could apply for Comprehensive Social Security Assistance administered by SWD. Mr LI however pointed out that tenants who had received RAS for two years but still had financial hardship were required to move to a cheaper accommodation. He remained of the view that HA should reduce the rents of all PRH tenants. D of H explained that HA was obliged under the Housing Ordinance (Cap. 283) to ensure that the revenue accruing to it from its estates should be sufficient to meet its recurrent expenditures on its estates, and that

the overall median rent-income ratio of all PRH estates should not exceed 10%. HA had already frozen the rents of PRH estates for a few years. Rent reduction would compel HA to incur greater deficit in meeting the recurrent expenditures on its estates. He nevertheless assured members that HA would deal with all rent assistance cases in a compassionate manner.

14. Mr Albert CHAN Wai-yip called for improvement to the current policy on overcrowding relief. He pointed out that at present, the priority for allocation of larger flats was determined on the sheer basis of degree of overcrowding. This might give rise to queue-jumping as tenants with family members coming from the Mainland for family reunion would have a priority over existing overcrowded families because of their higher degree of overcrowding. He suggested that other factors such as the waiting time for overcrowding relief should be taken into account. Mr Andrew WONG shared Mr CHAN's view. D of H agreed that one of the difficult problems which HA had to deal with was the growth of family size of PRH households. In the past, vacant flats in order estates and estates due for redevelopment were used for overcrowding relief. However, as many families on WL were living in less desirable conditions and were paying more rent than PRH tenants, it was arguable whether sitting tenants living in overcrowded conditions should have a priority over WL applicants in having a larger flat.

II Any other business

15. The Chairman reminded members that the next Panel meeting would be held on Tuesday, 24 October 2000, at 8:30 am.

16. There being no other business, the meeting ended at 3:40 pm.

Legislative Council Secretariat

4 November 2000

Appendix

Briefing by Mr. Dominic S. W. Wong, GBS, JP, Secretary for Housing on Tuesday, 17 October 2000 to Legislative Council Panel on Housing on the Chief Executive's 2000 Policy Address

Speaking note

A. Introduction

- I wish today to review briefly the strategy and achievements of this Government in housing since the reunification with China on 1 July 1997, and then to speak about some of the new initiatives set out in my Housing Policy Objective Booklet.

B. Our strategy and achievements

- The White Paper on Long Term Housing Strategy, published in February 1998, set out our policy objective of achieving better housing for all, through an adequate supply of affordable housing for ownership or rent. The White Paper also set out a series of specific measures to reduce the number of inadequately housed people, to help all households gain access to affordable housing and to encourage home ownership in the community.
- By now, we have already implemented all the specific initiatives, as well as

some new ones, for example, housing assistance for singletons, phased reduction in the production of subsidised home ownership flats, and increase in loan provision.

- Briefly, despite our economic difficulties in the past three years, we have:
 - introduced a fairer system of public rental housing allocation, thus shortening the waiting time for families in genuine need;
 - through a variety of priority schemes and initiatives, paid special attention to the elderly and to ordinary families living in inadequate accommodation;
 - increased the level of consumer protection in property transactions;
 - introduced a transparent system for disposal of land to facilitate private housing development;
 - seen stabilisation in property prices, making flats more affordable than for many years in the past; and
 - begun to implement a more flexible system of public housing provision, making better use of private sector resources to provide a wider choice for consumers.

- We will build on these achievements and respond to new developments within the framework set out in the White Paper on Long Term Housing Strategy.

C. New initiatives and progress

- I wish now to refer to some developments and new initiatives set out in my Policy Objective Booklet this year.

Public rental housing

- Over the past three years we have provided 117 000 flats to eligible families in genuine need. About 68 000 of these have been allocated to families on the Waiting List, while the remainder have been allocated to clearerees, tenants affected by redevelopment, and families in need of compassionate or emergency rehousing.
- We have been able to reduce the **average waiting time for public rental housing** from **6.5 years in 1997** to **five years** today.
- We will continue to work towards reducing the average waiting time for public rental housing to **three years by 2003**.

Elderly

- We attach great importance to meeting the housing needs of the elderly, in particular those in the low income group.
- We have already done a great deal to accelerate the provision of public housing assistance to the elderly. Through four **priority schemes** under which elderly persons with different family circumstances are allocated flats more quickly than other applicants, some **60 000** families have benefited to date. In addition, **priority in the purchase of subsidised home ownership flats** and in obtaining **loans under the Home Purchase Loan Scheme** is also given to elderly families.

This year, we will undertake to improve further our assistance to the elderly by:

- **offering public rental housing by 2003 to elderly households registered on the Waiting List during this financial year; and**
- **reducing the average waiting time of elderly singletons for public rental housing to two years by 2005** (two years earlier than our previous commitment).

Non-elderly singletons

- Another large group in need of housing assistance is low income, non-elderly singletons. We have reviewed the quota for them under the Home Starter Loan Scheme.
- We have concluded that the number of loans to be made available to eligible non-elderly singletons should be increased. We intend to **seek approval soon from the Finance Committee of this Council to modify the quota arrangement under the Home Starter Loan Scheme.**
- These arrangements will not involve any increase in the overall financial provision already approved by this Council, nor a decrease in the number of loans available to ordinary family applicants. We will seek approval to **give the Secretary for Housing the authority and flexibility to adjust the loan quota for singleton applicants .**

Home ownership in general

- In the past three years, **150 000 families** have purchased their own homes through subsidised home ownership schemes and loan schemes operated by

the Housing Authority and the Housing Society.

- The most effective method used is the sale of public rental flats to sitting tenants. Since the Tenants Purchase Scheme was launched in 1998, about **50 000** flats have been sold. A fourth phase of the scheme, involving **27 400** flats, will be launched early next year.
- Another useful arrangement is the **Buy or Rent Option**, which provides greater choice to families in need of public housing assistance.
- Both the Housing Authority's **Home Purchase Loan Scheme** and the Housing Society's **Home Starter Loan Scheme** continue to be popular.
- The extension of subsidised home ownership arrangements to non-elderly singletons also contributes to the home ownership rate.
- It remains our intention to work towards a home ownership rate of **70%** by 2007, in order to meet the aspirations of the community.

Long term supply of land for housing development

- I will now turn to the subject of providing a **sufficient and regular supply of land and infrastructure** for long term housing development. During the five-year the period from April 2000 to March 2005, the Government's target

is to make available **590 hectares of land** for public and private housing.

Housing production will also come from redevelopment on existing sites (both in the public and private sectors), lease modifications and land exchanges.

- As part of our long-term planning to meet Hong Kong's population growth, my Housing Bureau maintains a computerised inventory of **about 1 000 actual or potential housing sites**. Progress of these sites is monitored by Project Directors in the Housing Department, Lands Department, Planning Department and Territory Development Department. For the period up to 2007-08, these sites have the **potential for building up to 730 000 flats**.
- I must emphasise that this **does not** mean that the Government has a fixed "flat production target".
- These 1000 sites only signify that we have sufficient land (**land bank**) which can be released for the purpose of building flats.
- Our current pledge is to provide **50 000 housing assistance opportunities in the public sector each year** through **flats or loans**.
- As regards the **private sector**, we rely on **market forces** and **commercial decisions** to determine how much land is sold or bought in a particular year,

and the number of flats to be produced or purchased.

Property Market

- The property market is now developing healthily and in a stable manner.

Transactions have increased, despite some fluctuations. Prices have risen by 1.5% compared with the recent trough, making the purchase of flats more affordable to people generally.

D. Questions

My colleagues and I are happy to answer questions.

Housing Bureau
Government Secretariat
October 2000