

Chapter VIII : Housing

8.1 At the Chairman's invitation, the Secretary for Housing (S for H), Mr Dominic WONG, gave a presentation highlighting the major tasks of the Housing Bureau (HB) in 2002-03 (Appendix V-7).

Financial arrangements for Housing Authority

8.2 Members were generally concerned about the financial position of the Housing Authority (HgA) as a result of the moratorium on sales of Home Ownership Scheme flats and the drop in non-domestic rent return amid the economic downturn. Mr LEE Cheuk-yan and Mr LEUNG Yiu-chung pointed out that HgA would be facing a deficit in the next few years, and asked what measures the Administration would take to tackle the problem. S for H clarified that at present, HgA did not encounter any financial difficulties. He added that as a financially autonomous body, HgA had to ensure the availability of sufficient resources to support its activities. In fact, there were various ways through which HgA could generate income. These included enhancing the commercial viability of non-domestic premises to attracting more commercial tenants and sale of some of its loan portfolio to the Hong Kong Mortgage Corporation. Nevertheless, the concern raised by members would be considered in the context of the review of the financial arrangements between the Government and HgA.

8.3 Mr LEUNG Yiu-chung expressed concern that HgA would increase rent for public housing to cover the anticipated deficit. S for H reiterated that HgA did not encounter any financial difficulties and hence adjustment of rent was not necessary for the time being. Besides, rent adjustment was governed by the Housing Ordinance (Cap. 283) (HO). Miss CHAN Yuen-han however pointed out that the current median rent-income ratio (MRIR) had already exceeded the prescribed limit of 10% in HO. Therefore, she urged HgA to reduce rent for public housing so as to alleviate the financial burden of tenants, particularly amid the economic downturn. S for H advised that an ad hoc committee had been set up by HgA to review the domestic rent policy taking into account factors such as tenants' affordability, HgA's long-term finances, rational allocation of public housing resources and community aspirations. It was expected that the review would be completed in a few months' time. He assured members that the Panel on Housing would be consulted in due course.

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8.4 Referring to the proposed merging of the Home Purchase Loan Scheme and Home Starter Loan Scheme to form a new loan scheme, Mr CHAN Kam-lam expressed concern about the impact of the new loan scheme on the already very stringent financial situation of HgA. He asked if the Administration would inject capital into HgA if the latter was tasked to administer the new loan scheme. S for H advised that the Administration was well aware of the HgA's financial situation and would ensure that HgA would not suffer from cash-flow problems as a result of the new loan scheme. Meanwhile, no funding provision had to be sought for the implementation of the scheme.

8.5 In response to a query raised by Mr IP Kwok-him on the merging of the two existing loan schemes which served different clienteles, S for H clarified that the proposal was put forward consequent upon a review which pointed to the need to streamline the two schemes to eliminate possible overlapping of clienteles. The new scheme was a step to meet the demand for home ownership flexibly by providing housing assistance opportunities in the form of housing loans.

8.6 Given the prevailing economic situation and the high unemployment rate, Mr Albert HO opined that low income families might not be able to achieve home ownership even with the provision of loans. He therefore suggested to reduce the quota for the new loan scheme with a view to alleviating the financial pressure on HgA. On the other hand, consideration should be given to tapping the substantial reserve of the Housing Society (HS) in the provision of housing assistance to those in genuine need. S for H stressed that the Government would not oblige the public to buy flats. Any unused quota under the new loan scheme would be brought forward to the next fiscal year. On the role of HS, S for H advised that it was a financially autonomous body which had been providing a wide range of housing assistance which included public rental housing (PRH) and subsidized home ownership (SHO) flats to meet the need of the public. The future focus of HS would be on urban renewal.

Allocation of land for housing

8.7 Mr Fred LI asked whether the sale of the redeveloped site of North Point Estate for private housing was aimed at alleviating the financial pressure of HgA. Ms Emily LAU also pointed out that the Government appeared to be

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developing a new mechanism for the allocation of land for housing development. She enquired about the allocation criteria to determine whether a particular site should be developed for public or private housing. She expressed concern that if allocation was based on land value, all prime sites would be earmarked for private housing, thereby further aggravating the disparity of wealth.

8.8 Mr NG Leung-sing however held the view that if the Administration was to provide more public housing assistance to those in genuine need, it would have to sell more prime sites to the private sector to acquire the requisite resources. However, if it was the Administration's intention to narrow the disparity of wealth, consideration might have to be given to allocating sites on the Reserve List for public housing.

8.9 In response, S for H advised that an inter-department committee to be chaired by the Secretary for Planning and Lands (SPL) would be set up to decide on the land use of a particular site taking into account factors such as the prevailing land policy, planning parameters and cost-effectiveness of the land use. In general, larger sites with a higher plot ratio would be earmarked for public housing development. Decisions of the committee would have to be endorsed by the Steering Committee on Land Supply for Housing chaired by the Chief Secretary for Administration (CS). HB had all along been actively participating in land allocation for public housing development. Representatives from HB as well as other relevant departments such as the Planning Department (PlanD), Lands Department (LandsD) and Housing Department would be appointed to the inter-departmental committee under the new mechanism to ensure a balance of interest of all parties in the allocation of land for housing development. The SPL would consult HgA before finalizing details of the new mechanism. He noted Ms LAU's request for the Administration to increase the transparency of the new mechanism so that the public was aware of the rationale behind land allocation.

Review of institutional framework for public housing

8.10 Mr LAU Ping-cheung enquired about the progress of the long overdue review of institutional framework for public housing which, according to the Administration, should have been completed in April 2001. S for H advised that apart from the changeover of CS, the need to await the outcome of two current reviews, namely, one on the allocation of land for housing and another on

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the long-term ratio between SHO flats and loans, had also attributed to the delay of the review of institutional framework for public housing. He nevertheless assured members that the review would be completed within this year, and that the Legislative Council would be consulted in due course.

8.11 Referring to the matters requiring special attention in 2002-03 under the programmes of HB, Mr Frederick FUNG expressed concern about the possible overlapping and confusion of roles between HB and HgA since four out of the eight items referred to fell under the purview of HgA. S for H clarified that there was no question of overlapping nor confusion of roles between HB and HgA. He explained that HB had the overall responsibility for public and private housing matters in Hong Kong. It was responsible for formulating and monitoring the implementation of Government policies on the provision of housing in the public and private sectors. HgA on the other hand had the statutory duty to determine and implement details of housing policies set by the Government.

Public housing issues

8.12 In response to a query made by Ms Emily LAU on the proposed rent allowance scheme for non-elderly households, S for H clarified that the purpose of the scheme was to provide an alternative choice to eligible households rather than aiming at reducing the demand for PRH. According to an opinion survey on the scheme, more than one-quarter of the interviewees supported the introduction of rent allowance. As to whether the public would be consulted before implementation of the pilot scheme for non-elderly households, S for H advised that details of the pilot scheme had yet to be worked out. He assured members that the Administration would continue to listen to views before formal proposals were submitted to HgA for approval. On the quota for the pilot scheme, S for H said that this would have to be determined after consultation with HgA. It however estimated that about 1 000 to 2 000 opportunities would be offered under the pilot scheme.

8.13 On interim housing (IH), Miss CHAN Yuen-han cautioned that provision of IH in remote areas would inevitably delay the clearance programmes in 2002-03 as clearees were reluctant to accept rehousing in these areas. Consideration should be given to providing IH in extended urban areas to meet the needs of clearees. The Director of Housing advised that the vast majority of

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the impending clearance operations would be in the western part of the New Territories where sufficient IH was available for rehousing clearees.

8.14 Mr Frederick FUNG noted that a consultancy study would be conducted on cross-boundary housing for the elderly and asked if this reflected the Administration's intention to build flats in the Mainland for the elderly in Hong Kong. S for H clarified that this was not the case. The purpose of the study was to ascertain the housing need of the elderly. He added that when HB discussed the study with PlanD, it was noted that PlanD had successfully bid for funding for a large-scale study on "Hong Kong residents living and working in Pearl River Delta Region" which would commence in mid-2002. For cost saving reasons, HB concluded that its proposed study could be subsumed in PlanD's study. The study was expected to be completed within one year.

Urban renewal

8.15 Mr CHAN Kam-lam expressed concern about the slow progress which the Administration had made in approving the corporate and business plans of the Urban Renewal Authority (URA). He also enquired about the staffing establishment and resources earmarked for both PlanD and LandsD in undertaking work related to urban renewal. The Director of Planning (D of P) replied that at present, there were 18 staff members in PlanD who were responsible for developing urban renewal strategy, processing URA schemes and projects, coordinating with URA and monitoring the progress of urban renewal programmes. The Director of Lands (D of L) advised that work related to the three initial urban renewal projects was absorbed by existing staff within LandsD. It was anticipated that 20 additional posts to be funded by URA would be created as urban renewal projects speeded up.

8.16 Mr CHAN Kam-lam opined that there might be a need to reduce the staffing establishment of PlanD upon the release of business plan of URA while increasing that of LandsD to deal with land resumption work. D of P explained that urban renewal was not only confined to redevelopment of older built-up areas but also included rehabilitation of buildings in need of repairs and preservation of heritage which were on-going tasks. The urban renewal strategy and the corporate and business plans of URA would also need to be periodically updated. As such, there would not be a reduction of staffing establishment. D of L

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advised that the number of staff required would hinge on the progress of the urban renewal programme. Notwithstanding, efforts had been made to outsource some of the work to contractors in order to keep the staffing establishment to the absolute minimum.

Survey on vacancies of buildings

8.17 Mr LAU Ping-cheung asked whether resources had been earmarked for the Rating and Valuation Department (RVD) to conduct survey on vacancies of buildings. The Commissioner of Rating and Valuation answered in the affirmative. He said that all buildings completed within the current year would be included under the survey while existing buildings would be randomly checked. In line with past practices, the survey would be outsourced to outside contractors. The results would be cross-checked by RVD to ensure accuracy

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