

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 966/01-02  
(These minutes have been seen  
by the Administration)

Ref: CB1/PL/HG/1

**LegCo Panel on Housing**

**Minutes of meeting held on  
Monday, 7 January 2002, at 2:30 pm  
in Conference Room A of the Legislative Council Building**

**Members present** : Hon Albert HO Chun-yan (Chairman)  
Hon CHAN Kam-lam (Deputy Chairman)  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon NG Leung-sing, JP  
Hon James TO Kun-sun  
Hon CHAN Yuen-han, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon Howard YOUNG, JP  
Dr Hon YEUNG Sum  
Hon SZETO Wah  
Hon Abraham SHEK Lai-him, JP  
Hon Albert CHAN Wai-yip  
Dr Hon LO Wing-lok  
Hon WONG Sing-chi  
Hon Frederick FUNG Kin-kee  
Hon IP Kwok-him, JP  
Hon LAU Ping-cheung

**Member absent** : Dr Hon David CHU Yu-lin, JP

**Public officers  
attending : For item IV**

Housing Bureau

Ms Ophelia TSANG  
Principal Assistant Secretary (1)

Miss Joey LAM  
Principal Assistant Secretary (2)

Housing Department

Mr K H LAU  
Business Director/Allocation and Marketing

Hong Kong Housing Society

Miss L C WONG  
Deputy Executive Director

Mr William IP  
Financial Controller

**For item V**

Housing Bureau

Ms L K LAM  
Principal Assistant Secretary (SD)

Housing Department

Mr Marco WU  
Deputy Director

Mr Francis CHENG  
Head, Corporate Strategy Unit (Acting)

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

**Staff in attendance :** Miss Lolita SHEK  
Senior Assistant Secretary (1)3

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**I Confirmation of minutes of previous meeting**

(LC Paper No. CB(1) 717/01-02)

The minutes of the meeting held on 3 December 2001 were confirmed.

**II Information paper issued since last meeting**

2. Members noted the following information papers which had been issued since last meeting -

LC Paper No. CB(1) 534/01-02 — Further information on alleged maladministration in the letting procedures for commercial premises of the Housing Authority provided by the Administration

LC Paper No. CB(1) 640/01-02 — Referral on illegal hawking in public housing estates arising from the meeting between Members and the Sha Tin District Council members on 29 November 2001

LC Paper No. CB(1) 685/01-02 — Circular on greater private sector involvement in estate management and maintenance services issued by the Housing Authority

**III Date of next meeting and items for discussion**

(LC Paper No. CB(1)724/01-02(01) — List of follow-up actions arising from discussion

LC Paper No. CB(1)724/01-02(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for 4 February 2002 -

- (a) Rehousing policy for residents affected by squatter clearances; and
- (b) Pledge for annual provision of 50 000 public housing opportunities.

#### **IV Relief measures provided by the Housing Authority and the Housing Society for owners whose properties have become negative equity**

##### Relief measures provided by the Housing Authority

(LC Paper No. CB(1)429/01-02(06) — Information paper provided by the Administration regarding relief measures adopted by the Housing Authority

LC Paper No. CB(1)724/01-02(03) — Information paper on “Access of past beneficiaries of subsidised home ownership schemes to public rental housing” provided by the Administration)

4. At the Chairman’s invitation, the Business Director/Allocation and Marketing (BD/A&M) highlighted the salient points in the information paper circulated under LC Paper No. CB(1) 724/01-02(03). While acknowledging members’ concerns on the restriction on beneficiaries of subsidized home ownership (SHO) schemes to apply for public rental housing (PRH), BD/A&M said that the Administration had reservation on any unconditional relaxation of the restriction as this might give rise to recurrent or multiple claims to public housing benefits. He stressed that only SHO beneficiaries beset with financial or otherwise hardship which prevented them from continued home ownership should be allowed repeated public housing benefits. To this end, two mechanisms were in place to provide an effective safety net to address these special needs. These included discretionary arrangement through the Housing Department (HD) and compassionate rehousing through the Social Welfare Department (SWD).

##### *Discretionary arrangement through the Housing Department*

5. While agreeing that unconditional relaxation of the restriction might lead to abuse and increase in Government expenditure, Mr CHAN Kam-lam pointed out that there were cases where past SHO beneficiaries could not meet the conditions specified in paragraph 6(a) of the information paper. For example, some SHO beneficiaries were facing financial hardship amid the economic downturn, but not to the extent of eligibility for Comprehensive Social Security Assistance (CSSA). To provide timely assistance to these households on the one hand and to ensure fairness to other PRH applicants on the other, Mr CHAN suggested that the restriction should be conditionally relaxed so that the eligibility criteria for PRH for past beneficiaries would be stricter than that for applicants on the Waiting List (WL). Mr Frederick FUNG and Miss CHAN Yuen-han echoed that the conditions referred to were not exhaustive. Besides, the low successful rate of discretionary rehousing by HD meant that past beneficiaries who were in genuine need of housing would not be able to obtain the necessary assistance through such a mechanism. They urged the Administration to relax the restriction so that those in need could apply for PRH after sale of their flats.

6. BD/A&M explained that consequent upon members' views and suggestions, HD had reviewed and revised the discretionary arrangements to address the genuine housing needs of past SHO beneficiaries on special ground. Applications for PRH from households with financial hardship such as unemployment but not to the extent of eligibility for CSSA, and from households beset with medical and social problems but not to the extent of eligibility for compassionate rehousing would be considered on special ground. Such applications were considered by HD at a senior level to ensure that households with genuine housing needs were given the requisite assistance, while safeguarding the rational and fair allocation of public housing resource. These arrangements had been widely promulgated among HD's frontline staff. The Principal Assistant Secretary for Housing(2) (PAS for H(2)) added that it was not possible to exhaustively list out all circumstances justifying discretionary rehousing, which was aimed to address the housing needs of past SHO beneficiaries who had to sell their property due to financial hardship such as not being able to repay mortgage. Mr LEE Cheuk-yan agreed that the situation referred to by the Administration was a justified ground for discretionary rehousing and should be explicitly spelt out in paragraph 6(a).

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7. In response to Mr Albert CHAN's question, PAS for H(2) confirmed that beneficiaries would be eligible for PRH once they met the conditions for discretionary rehousing. She considered that the current discretionary arrangements, coupled with compassionate rehousing through SWD, should effectively address the needs of SHO beneficiaries and at the same time prevent possible abuse of housing benefits. In the absence of statistical support, Mr LEUNG Yiu-chung was not convinced that the discretionary arrangement could provide the requisite assistance to all beneficiaries with genuine housing needs. Referring to the Administration's response to members' question on the success rates of applications for PRH from past SHO beneficiaries tabled at the meeting, the Chairman expressed disappointment that HD was not able to provide the required figures, which in his view should be readily available.

*Motion on relaxation of the restriction on past recipients of "housing benefits" from the Government to apply for public rental housing proposed by Mr Frederick FUNG (LC Paper No. CB(1) 706/01-02)*

8. Mr Frederick FUNG said that to prevent possible abuse, he had revised his motion so that past recipients of housing benefits who met the income and asset limits for PRH could only be allowed to apply for PRH two years after the sale of their flats. The revised motion was tabled at the meeting and subsequently circulated to members vide LC Paper No. CB(1) 751/01-02(02).

9. Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr LEE Cheuk-yan and Mr Albert CHAN supported the motion to conditionally relax the restriction and urged the Administration to adopt the proposals pertaining to the motion. Miss CHAN said that many past beneficiaries whose properties had become negative equity as a result of the economic downturn were in urgent need of PRH. The number of cases

involved was so great that it was not possible for HD to handle these cases through discretionary arrangement. She called upon the Administration to review the existing housing policy to ensure timely provision of the requisite housing assistance to beneficiaries. Mr LEE added that the lack of clear guidelines for HD frontline staff to consider individual applications for PRH on special ground would undermine the effectiveness of the mechanism. He opined that instead of vesting HD with the discretionary power, consideration should be given to relaxing the restriction across the board unless for special cases where HD could exercise its discretion. Expressing similar views, Mr CHAN concurred that a clear policy was necessary, and that the concern for abuse should not prevent the Administration from drawing up the required policy as the problem could be resolved through the implementation of preventive measures.

10. PAS for H(2) said that the Administration could not agree to unconditional relaxation of the restriction which would result in SHO beneficiaries being automatically eligible for PRH two years after sale of their flats if they met the prescribed income and asset limits. She reiterated that only beneficiaries beset with hardship which prevented them from continued home ownership should be allowed repeated public housing benefits. BD/A&M added that there were drawbacks in the proposals pertaining to Mr Frederick FUNG's motion -

- (a) the proposal to allow beneficiaries to apply for PRH two years after sale of their flats was at variance with the existing buy-back arrangement under the Home Ownership Scheme (HOS) which allowed owners to sell their flats back to HA within five years at original price in the first two years and market price in the following three years; and
- (b) the proposed relaxation might give rise to multiple claims to public housing benefits since beneficiaries would become eligible for various subsidized housing schemes after reverting back to PRH. It would not be fair to PRH applicants who had not never enjoyed any housing benefits. The proposal might also encourage HOS owners to sell their flats back to HA in order to be eligible for PRH. This would inevitably increase the financial burden of HA.

11. Mr FUNG clarified that there was no direct correlation between the proposed two-year period and the five-year buy-back period under HOS. Under his proposal, beneficiaries who faced financial hardship and who were in genuine need for PRH were allowed to apply for PRH two years, during or after the five-year buy-back period, after sale of their flats. Besides, his proposal only allowed beneficiaries to apply for PRH and not other subsidized housing schemes. As such, the concern of multiple claims to public housing benefits would not arise. PAS for H(2) however pointed out that disallowing beneficiaries to join subsidized housing schemes again after reverting back to PRH was contrary to the policy of encouraging PRH tenants to vacate PRH flats for re-allocation through home ownership, while allowing them to do

so would result in multiple claims to such resources which HA sought to deter.

12. Mr LEUNG Yiu-chung were not convinced that the Administration should allow private property owners to apply for PRH after sale of their flats while refusing to apply the same to past SHO beneficiaries. BD/A&M explained that these were two separate issues. In the former case, the question of double housing benefits did not arise as private property owners had never received any public housing subsidies from the Government. However, the proposed relaxation of the restriction on SHO beneficiaries to apply for PRH would give rise to multiple claims to public housing benefits. PAS for H(2) supplemented that the Administration had been very cautious in considering the relaxation of the 24-month no-property rule for ex-private property owners. However, in view of the plight of these owners amid the economic downturn, HA decided to relax the restriction. The Administration would monitor the impact of the relaxation and whether it had given rise to abuses. The situation for past SHO beneficiaries was different. Those in genuine housing need could apply for public rental housing through discretion exercised by HD or compassionate rehousing on SWD's recommendation. These arrangements provided sufficient flexibility and safety net to needy past SHO beneficiaries and were better than full relaxation of the current restriction which might lead to abuses.

13. Noting from paragraph 3.2 of Mr FUNG's motion that the recurrent cost of a PRH flat amounted to \$1.03 million per year, Mr NG Leung-sing considered that the important point was to ensure rational allocation of the scarce public housing resources. He asked whether it was feasible for HD to vet only first-time applications for PRH, any subsequent applications on special ground should be handled by SWD through compassionate rehousing. Mr Frederick FUNG clarified that the \$1.03 million referred to was the capital cost for a PRH flat rather than the recurrent cost. He further explained that the proposed requirement for beneficiaries to apply for PRH two years after sale of their flats was intended to safeguard against possible abuse. Given that there was no restriction on the number of times a former PRH tenant could apply for PRH as long as he met the eligibility criteria, it would only be fair that the same principle should apply to SHO beneficiaries. Dr YEUNG Sum expressed reservation at Mr NG's proposal of entrusting SWD to vet all applications for PRH on special ground lest this would create substantial workload on the part of SWD. Besides, compassionate rehousing was only given to households suffering from exceptional hardship on medical or social grounds which was not applicable to SHO beneficiaries who suffered financial hardship as a result of the economic downturn.

14. The Chairman remarked that Members of the Democratic Party supported the motion to relax the restriction. As PRH provided a safety net for those who were in genuine need of housing, this should be applicable to past SHO beneficiaries who were experiencing financial hardship as a result of economic downturn which was beyond their control. Discretionary rehousing could not provide these beneficiaries with the requisite assistance given the past low successful rate. Besides, the proposed relaxation of the restriction might also encourage sitting tenants to buy Tenants Purchase Scheme or other SHO flats as they knew that they could still revert back to

PRH if they had to sell their flats due to adverse changes which were beyond their control.

15. Given that the proposed relaxation could only be effected through the concerted efforts of the Administration, Mr NG Leung-sing proposed to amend Mr FUNG's as follows:

“That this Panel requests the Administration to relax the current restriction on past recipients of ‘housing benefits’ from the Government to apply for public rental housing (PRH) for life after selling their flats, so that past recipients of ‘housing benefits’ from the Government who meet the income and asset limits for the Waiting List may apply for PRH two years after the sale of their flats, and in the case of those who face the special circumstances as cited by the Housing Department, including bankruptcy, receipt of the Comprehensive Social Security Assistance, adverse changes in family conditions as well as medical problems in the family or personal problems, they should be allowed to apply for PRH immediately after the sale of their flats.”

16. Mr Abraham SHEK seconded the amended motion. Of the members present at the meeting, two voted for and 11 voted against the amended motion. The amended motion was negatived.

17. Mr Frederick FUNG proposed and Mr LEE Cheuk-yan seconded the following motion -

“That this Panel requests the Housing Authority to relax the current restriction on past recipients of ‘housing benefits’ from the Government to apply for public rental housing (PRH) for life after selling their flats, so that past recipients of ‘housing benefits’ from the Government who meet the income and asset limits for the Waiting List (WL) may apply for PRH two years after the sale of their flats, and in the case of those who face the special circumstances as cited by the Housing Department, including bankruptcy, receipt of the Comprehensive Social Security Assistance, adverse changes in family conditions as well as medical problems in the family or personal problems, they should be allowed to apply for PRH immediately after the sale of their flats.”

18. Mr NG Leung-sing said that he would abstain from voting. Of the members present at the meeting, nine voted for the motion and two abstained. The motion was carried. The Chairman instructed that the motion be conveyed to the Administration.

*(Post-meeting note: A letter on the motion was issued to the Administration on 8 January 2002.)*

Relief measures for provided by the Housing Society

(LC Paper No. CB(1)429/01-02(07) — Information paper provided by the Administration regarding relief measures adopted by the Housing Society

LC Paper No. CB(1)724/01-02(04) — Information paper provided by the Administration regarding relief measures adopted by the Housing Society)

19. PAS for H (1) briefed members on the information paper (LC Paper No. CB(1) 724/01-02(04)) which set out the Administration's response to the issues raised by members at the last meeting on 3 December 2001 with regard to relief measures for flat owners or loan recipients of projects administered by the Housing Society (HS). She said that as the proposed suspension of loan repayment by recipients of the Loan Starter Loan Scheme and the extension of relief measures to recipients of the Sandwich Class Housing Loan Scheme would incur additional public funds, the Administration would need to seek the approval of the Finance Committee after consultation with members, so that the relief measures could be implemented as soon as practicable to provide timely assistance to those flat owners in need.

20. Owing to time constraints and the urgency of the subject, members agreed to hold a special meeting on Friday, 18 January 2002, at 1:00 pm to continue discussion on the issue.

**V Review of income and asset limits for public housing applicants**

(LC Paper No. CB(1) 429/01-02(04) — Information paper provided by the Administration

LC Paper No. CB(1) 492/01-02 — Power-point presentation materials (Chinese version only)

LC Paper No. CB(1)647/01-02(06) — Information paper provided by the Administration

LC Paper No. CB(1)724/01-02(05) — List of follow-up action arising from the discussion on 20 December 2001

LC Paper No. CB(1)724/01-02(06) — Administration's response to CB(1) 724/01-02(05))

Formula for deriving the Waiting List income and asset limits

21. Referring to Annex A to LC Paper CB(1) 724/01-02(06) setting out the comparison of the average monthly non-housing expenditure of CSSA households with that of the reduced Waiting List income limits (WLIL) calculated under the existing formula, Mr LEE Cheuk-yan noted that there was only a marginal difference of about \$1,000 in the non-housing expenditure between CSSA recipients in PRH and WL applicants. This had proved that the inclusion of non-working households,

which largely comprised CSSA recipients, had pulled down the non-housing expenditure of the reference groups. To this end, the Administration should review the formula for WLIL taking into account the different expenditure pattern of households with working and non-working members.

22. Dr YEUNG Sum remarked that PRH had not only provided a safety net, but also helped enhance social stability and enabled many families to prosper which was particularly important during the economic downturn and surge in unemployment rate. The proposed reduction of WLIL would defeat the purposes of PRH. He urged the Administration to take into account the plight of the low income group and review the formula for WLIL. Expressing similar concern, Mr LEUNG Yiu-chung held the view that the reduction was aimed at reducing the number of WL applicants in order to achieve the pledge to shorten the average waiting time for PRH without increasing the supply of PRH. Mr Frederick FUNG echoed that the decrease in HOS supply as a result of the moratorium on HOS sales and reduction in HOS production implied that fewer PRH could be vacated for re-allocation. Given the high rentals in the private sector, he urged that instead of reducing WLIL, the Administration should increase WLIL as well as PRH production to make up the shortfall, so that the low income group could improve their living conditions through rehousing to PRH.

23. The Deputy Director of Housing (DD of H) reiterated that there was an established review mechanism for both the WL and the HOS income and asset limits. The major consideration for these reviews was applicants' affordability which would be affected by changes in household income and market conditions. It was therefore necessary for HA to regularly review the two sets of limits to ensure rational allocation of the scarce public housing resources. He clarified that there was no direct correlation between the review of the limits and the pledge for reduction of average waiting time for PRH. Besides, a public housing development programme was already in place which could ensure that at least 20 000 PRH flats per year would be allocated to WL applicants over the next few years. He was confident that the average waiting time for PRH would be reduced to three years by 2003. As for the types of accommodation which were occupied by those who fell outside the eligibility net of PRH, DD of H replied that no relevant information was available.

Motion on relaxation of the formula for deriving the Waiting List income limit by Mr Albert HO, Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung and Mr Frederick FUNG (LC Paper No. CB(1) 711/01-02)

24. The Chairman briefed members on the motion on relaxation of the formula for deriving WLIL. He then invited views from the Administration.

25. On the proposed inclusion of rent for flats of sizes below 20 square metres and bedspaces in the calculation of housing expenditure, DD of H advised that housing expenditure was calculated on the basis of the housing expenditure of tenant households in private tenements of comparable sizes to that of PRH flats for different household sizes. In reality, the sizes of the private dwellings currently occupied by

these households were much smaller and so were the actual rentals paid. The Administration would review the average rent per square metre for the calculation of housing expenditure for different household sizes. As regards the proposal of including a “contingency” sum of 10% of the household income in the calculation of non-housing expenditure, DD of H explained that the average non-housing expenditure for setting the WL and the HOS income limits were derived from the findings of the Household Expenditure Survey (HES) conducted by the Census and Statistics Department. Apart from basic necessities, HES also covered expenditure on non-essential items which accounted for about 10% or more of the total non-housing expenditure of the reference groups. Similarly, the calculation of housing expenditure had assumed a much higher housing cost than what the target households of PRH would actually spend. Therefore, the current formula had already provided for a “contingency” sum in the calculation of both the housing and the non-housing expenditure. As for the proposed adoption of the average of the second lowest quarter expenditure in the calculation of the non-housing expenditure, DD of H clarified that in the past, the lowest one-third expenditure group had been adopted. However, as the use of the average of the lower half expenditure group could better reflect the actual spending pattern of the group, this had been adopted since 1997. The existing formula had ensured that households which had difficulty in renting suitable accommodation in the private sector would be eligible for public housing assistance.

26. Mr CHAN Kam-lam said that Members of the Democratic Alliance for Betterment of Hong Kong had a neutral stance on the motion. He however stressed that WLIL should not be manipulated as a means to control the number of WL applicants in the event of fluctuation in the supply of PRH. Efforts should be made to avoid drastic changes to WLIL as these would affect a large number of WL applicants, particularly those who had registered on WL for a long time. DD of H explained that at present, about 80% of the households in private rented accommodation were covered under the eligibility net of public housing, of which 35% would be eligible for PRH, 25% for HOS and 20% for other SHO schemes, including the Home Starter Loan Scheme. He added that HA might consider exempting the application of the new limits on those applicants who had successfully gone through the vetting process and were awaiting flat allocation should it decide to adjust WLIL as in the case of the last review exercise in 2001. Mr CHAN opined that the exemption should apply to all existing WL applicants. Mr LEE Cheuk-yan however questioned how prospective applicants whose income was marginally above WLIL could afford to buy HOS flats given the low prescribed income and asset limits. He remained of the view that the proposals under the motion would effectively address the problems arising from the current formula for deriving WLIL so that no further changes would be required in the future.

27. The Chairman proposed and Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung and Mr Frederick FUNG seconded the following motion:

“That this Panel requests the Housing Authority to relax the formula for deriving the Waiting List (WL) income limits taking into account the following proposals -

- (a) To include the rent for flats of sizes below 20 square metres and bedspaces in the calculation of housing expenditure;
- (b) To calculate the rental expenditure per square metre according to household sizes;
- (c) To include an element of “contingency money” equivalent to 10% of the household income in the calculation of non-housing expenditure; and
- (d) To calculate the non-housing expenditure using the average of the second lowest quarter expenditure group, i.e., only the 26-50% of the expenditure group should be used as the basis for calculation.”

28. Of the members present at the meeting, nine voted for the motion and one abstained. The motion was carried. The Chairman instructed that the motion be conveyed to the Administration.

*(Post-meeting note: A letter on the motion was issued to the Administration on 8 January 2002.)*

**VI Any other business**

29. There being no other business, the meeting ended at 4:40 pm.

Legislative Council Secretariat

1 February 2002