

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 1191/01-02  
(These minutes have been seen  
by the Administration)

Ref: CB1/PL/HG/1

**LegCo Panel on Housing**

**Minutes of meeting held on  
Monday, 4 February 2002, at 2:30 pm  
in the Chamber of the Legislative Council Building**

**Members present** : Hon Albert HO Chun-yan (Chairman)  
Hon CHAN Kam-lam (Deputy Chairman)  
Dr Hon David CHU Yu-lin, JP  
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 Frederick FUNG Kin-kee  
Hon IP Kwok-him, JP

**Members absent** : Hon WONG Sing-chi  
Hon LAU Ping-cheung

**Public officers attending** : **For item IV**  
Housing Bureau  
Miss Joey LAM  
Principal Assistant Secretary (2)

Housing Department

Mr K H LAU  
Business Director/Allocation and Marketing

**For item V**

Housing Bureau

Mr Andrew R WELLS, JP  
Deputy Secretary

Ms L K LAM  
Principal Assistant Secretary (Special Duties)

Housing Department

Mr Carlson CHAN  
Head, Corporate Strategy Unit

**Attendance by invitation** : Mui Kong Tsuen Mutual Aid Committee

Mr LAM Chan-yim  
Representative

Ms MAN Hing-kuen  
Representative

Mr TO Siu-lock  
Representative

**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) 914/01-02 -- Minutes of the special meeting held on 20 December 2001  
LC Paper No. CB(1) 966/01-02 -- Minutes of the meeting held on 7 January 2002)

The minutes of the meetings held on 20 December 2001 and 7 January 2002 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) 915/01-02(01) -- Referral from Members after meeting with Kwun Tong District Council on 13 December 2001 regarding the lack of shopping and market facilities in Yau Tong redevelopment areas

LC Paper No. CB(1) 915/01-02(02) -- Referral from Members after meeting with Kwun Tong District Council on 13 December 2001 regarding the problems relating to clearance of rooftop squatters and illegal structures and consequential rehousing arrangement

LC Paper No. CB(1) 967/01-02(01) -- Referral from Members after meeting with Kwai Tsing District Council on 29 November 2001 regarding the problems arising from the sale of flats under the Tenants Purchase Scheme

LC Paper No. CB(1) 967/01-02(02) -- Referral from Members after meeting with Kwai Tsing District Council on 29 November 2001 regarding the prevailing policy on squatter clearance and rehousing arrangements for residents of Mui Kong Tsuen

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

(LC Paper No. CB(1) 968/01-02(01) -- List of follow-up actions arising from discussion

LC Paper No. CB(1) 968/01-02(02) -- List of outstanding items for discussion)

3. Members agreed to discuss the subject of "Update on policies on interim housing, temporary shelter and transit centre" at the next regular meeting scheduled for Monday, 4 March 2002, at 2:30 pm. They also agreed that the Chairman should decide on the remaining agenda item after consultation with the Deputy Chairman.

*(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the item on "Proposed merging of the Home Purchase Loan Scheme and the Home Starter Loan Scheme" had been subsequently included in the agenda for the meeting.)*

### IV Rehousing policy for residents affected by squatter clearances

#### Meeting with the Mui Kong Tsuen Mutual Aid Committee

(LC Paper No. CB(1) 420/01-02 -- Referral from Duty Roster Members regarding rehousing policy for residents affected by squatter clearances

LC Paper No. CB(1) 967/01-02(02) -- Referral from Members after meeting with Kwai Tsing District Council on 29 November 2001 regarding the prevailing policy on squatter clearance and rehousing arrangements for residents of Mui Kong Tsuen)

4. At the invitation of the Chairman, Mr TO Siu-lock informed members that Mui Kong Tsuen (MKT) was established in 1942 and formed part of Wai Man Tsuen (WMT). The Administration announced that MKT would be cleared in September 2003 to make way for the construction of Route 9. However, unlike residents of WMT who had been rehoused to public rental housing (PRH) direct upon clearance, residents of MKT were required to undergo the comprehensive means test (CMT) to establish their eligibility for PRH. He considered such a requirement unfair as it deprived many MKT residents of their opportunity for PRH. Mr LAM Chan-yim also criticized the inconsistent rehousing arrangements under which MKT residents living in squatters near dangerous slope were offered direct rehousing to PRH while other residents had to undergo CMT. Ms MAN Hing-kuen stressed that as the superstructures at MKT were erected at the own expenses of residents, reasonable compensation and rehousing arrangements should be offered to them upon clearance. They urged the Administration to exempt MKT residents from the application of CMT so that they could be rehoused to PRH.

5. The Chairman drew members' attention to a submission from the Joint Council on Squatter Areas in Hong Kong tabled at the meeting. The Joint Council requested that residents affected by squatter clearances should be exempt from the application of CMT.

*(Post-meeting note: The submission was subsequently circulated to members vide LC Paper No. CB(1) 1019/01-02.)*

Meeting with the Administration

(LC Paper No. CB(1) 968/01-02(03) -- Information paper provided by the Administration)

6. The Business Director/Allocation and Marketing (BD/A&M) said that the proposal to apply CMT to all prospective public housing tenants, including clearances displaced by Government clearance operation was first introduced in the Long Term Housing Strategy Review consultative document published in January 1997. The proposal aimed at ensuring that the scarce public housing resources were only allocated to those in genuine need of housing assistance and had undergone extensive consultation at the time, including the Legislative Council and all District Councils. It was subsequently endorsed by the Housing Authority (HA) in September 1998 for implementation in clearances or land resumption announced after 11 September 1998. Since the introduction of CMT, some 1 230 clearance operations had been carried out smoothly. Besides, the clearance policy had been thoroughly discussed by the Subcommittee on Rehousing Arrangements for Residents Affected by Clearance of Temporary Housing Areas, Squatter Areas and Cottage Areas (the Subcommittee) set up under the Panel on Housing from the period between December 1999 and May 2001. Mr Fred LI however pointed out that Members had not been consulted on CMT when it was first introduced in 1998. The Administration had also failed to take into account the Subcommittee's recommendation to review the application of CMT on squatters. BD/A&M reiterated that that White Paper on Long Term Housing Strategy had undergone a territory-wide consultation. He added that as CMT was meant to determine applicants' eligibility for PRH, this must be consistently applied and any mid-stream deviation would not be appropriate.

7. As regards MKT, BD/A&M clarified that this was not part of WMT which was in fact a cottage area (CA) (known as the Lai Chi Kok Cottage Area) rather than a squatter area as MKT. Given the special historical background of CAs, residents of WMT were exempted from the application of CMT upon clearance. To facilitate members' understanding, BD/A&M tabled a set of photographs illustrating the distinct settings of MKT, WMT and Butterfly Valley New Village. He pointed out that the structures of the latter two were built in an orderly manner according to the prescribed specifications while structures of the former were scattered over the site. Besides, WMT belonged to the Shamshuipo District whereas MKT to the Kwai Tsing District and they were separated by Ching Cheung Road. At present, there were about 50 households in MKT and half of them had already accepted the rehousing arrangements offered by the Housing Department (HD). He was confident that the clearance operation would be carried out smoothly according to the existing policy.

8. The Chairman was not convinced that the status of MKT and WMT should be decided by their geographical locations. Consideration should be given to the length of residency. He then enquired about the rationale for exempting CA residents from CMT upon clearance. Mr Andrew WONG also asked if the exemption was granted with a view to reducing resistance against clearance from CA residents. BD/A&M explained that CAs were formerly known as “cottage resettlement areas” which were created according to the then Resettlement Ordinance, Chapter 16 of 1958, under which occupation permits were issued to the persons permitted to reside in these areas. The permit holders were required to build superstructures according to the prescribed specifications. CAs were in fact a type of primary housing before the introduction of PRH. The Principal Assistant Secretary for Housing(2) (PAS for H(2)) supplemented that as CAs were built on government land with permission, CA residents were treated on a par with PRH tenants affected by redevelopment upon clearance. Such rehousing arrangement was not applicable to SAs, which were illegal structures built on government land. In order to be eligible for rehousing, they must be genuine residents in a 1982 surveyed domestic structure and covered by the pre-clearance survey and must be registered in the 1984/85 Squatter Occupancy Survey. To safeguard rational allocation of the scarce public housing resources, squatters had to meet prescribed means eligibility criteria for access to PRH. Those with income or assets exceeding the prescribed limits would be provided with other rehousing arrangements such as rental flats operated by the Housing Society, or priority to take part in various subsidised home ownership (SHO) schemes. Given that some SAs such as MKT existed long before the establishment of cottage resettlement areas, Mr WONG held the view that the same exemption for CAs should similarly apply to SAs.

9. While acknowledging the need to ensure rational allocation of public housing resources, Mr CHAN Kam-lam considered it unfair to require squatters who had registered in the 1982 and 1984/85 surveys and who had waited for a long time for rehousing to undergo CMT to establish their eligibility for PRH. He stressed that these squatters would have been rehoused to PRH had they been included in clearance operations announced before the introduction of CMT. To avoid confrontation and resistance arising from clearance operations, he urged the Administration to reinstate the original rehousing criteria applicable before the introduction of CMT to squatters who had registered in the 1982 and 1984/85 surveys. Consideration should be given to granting a two-year exemption period for these squatters to register on the Waiting List (WL). The Administration should also announce the time table for clearance of urban SAs so that squatters concerned were well aware of the progress and could get prepared for the impending clearance operations. Expressing similar concern, Mr Fred LI also emphasized that it was the Administration’s decision to clear SAs. In view of the limited number of urban SAs left behind, rehousing the squatters concerned to PRH would not create much pressure on housing resources. Besides, they would be subject to both the Housing Subsidy Policy (HSP) and Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA) after rehousing to PRH. Those who failed to meet the Subsidy Income Limit would have to pay 1.5 times or double net rent plus rates as appropriate and those who failed the

prescribed income and net asset under SRA would be required to vacate their PRH flats.

10. In response, BD/A&M said that of the 45 000 squatter households in Hong Kong, 3 400 were living in the urban area. In the light of the recommendation of the Subcommittee, efforts had been made to encourage squatters to register on WL. Eligible squatters would be rehoused to PRH upon clearance. As regards the schedule of clearance, BD/A&M said that this had yet to be determined taking into account plans for land development. PAS for H(2) supplemented that as PRH was heavily subsidized by the Government, this should only be offered to those who were unable to afford other types of accommodation. The introduction of CMT was aimed at ensuring that the scarce public housing resources were only allocated to those in genuine need of housing assistance. She stressed that rehousing SA clearers to PRH without means testing might result in mismatch of public housing resources to those who were not in genuine need, adding that HSP and SRA would only apply to tenants who had resided in PRH for ten years. Moreover, the proposed exemption for squatters from the application of CMT would create equal claims for clearers of squatter areas in the New Territories and illegal rooftop structures, which would have significant implications on public housing resources. For those squatters who failed CMT, PAS for H(2) reiterated that they would be given alternative housing assistance which involved less subsidy, including PRH under the Housing Society and SHO schemes such as the Home Purchase Loan Scheme, to meet the housing needs of squatters. As regards confrontation arising from clearance operations, BD/A&M assured members that there was ample time for HD frontline staff to communicate with the clearers concerned before the actual clearance so that advice on the types of housing assistance available could be given well before the clearance operations.

11. Since squatters were displaced involuntarily as a result of clearance operations for development initiated by the Government, Miss CHAN Yuen-han and Mr LEUNG Yiu-chung remained of the view that the Administration should exempt them from the application of CMT. They pointed out that squatters who failed CMT would have no choice but to buy SHO flats which were beyond their affordability. They urged the Administration to exercise greater flexibility in rehousing squatters taking into account that these were mainly low income earners who could not afford other types of accommodation. PAS for H(2) responded that the Administration had all along been adopting a flexible approach in rehousing squatter clearers, and that different types of housing assistance were made available to meet their housing needs. Given that 1 230 clearance operations, including the Diamond Hill SA and Ho Ka Yuen SA, had been successfully completed after the implementation of CMT, BD/A&M was confident that the clearance of MKT could be carried out as scheduled without problem. Dr YEUNG Sum however pointed out that clearers of the Diamond Hill SA were not subject to CMT. He cautioned that confrontation as in the case of clearance of Tiu Keng Leng CA would arise if the Administration insisted on applying CMT to squatter clearers. Mr Howard YOUNG enquired about the number of clearers who had failed CMT. BD/A&M advised that since the introduction of CMT in 1998, less than 20% of clearers had failed the test.

12. Mr LEUNG Yiu-chung remarked that previous clearances had been successful simply because of police intervention. Referring to paragraph 385 of the Report of the Hong Kong Special Administrative Region of the People's Republic of China in the light of the International Covenant on Economic, Social and Cultural Rights which stated that the Administration would encourage squatters to register on WL for PRH, Mr LEUNG asked how squatters could apply for PRH if they failed CMT. He also noted that residents affected by urban renewal projects could be rehoused to PRH direct at the discretion of the Urban Renewal Authority (URA) without being means tested. He queried why the same arrangement was not applicable to squatter clearances.

13. In reply, BD/A&M stressed that under the existing housing policy, all applicants for PRH had to register on WL. He added that according to the agreement made between HA and URA, HA agreed to provide an annual quota of 1 000 PRH units to URA for rehousing residents affected by urban renewal projects. While URA would be given the discretion to allocate 20% of these PRH flats to cases which warranted special consideration, such a decision had to be made on the basis of an open and transparent mechanism. Mr CHAN Kam-lam declared interest as a member of URA. He said that the purpose of this discretionary arrangement was to facilitate URA to implement urban renewal programmes. In fact, there was only a limited number of cases which warranted special consideration. Mr SZETO Wah asked whether HA would exercise the same discretion on squatter clearances. BD/A&M advised that compassionate rehousing to PRH would be offered to those in genuine need upon recommendation by the Social Welfare Department (SWD). For the current financial year, 2 000 PRH units would be set aside for compassionate rehousing. He added that both the mechanisms under URA and HA were aimed at providing a safety net for those who failed CMT. To conclude, the Chairman urged the Administration to seriously re-consider members' request for reviewing the application of CMT on squatters and revert to the Panel in three months' time.

Admin

#### **V Pledge for annual provision of 50 000 public housing opportunities**

(LC Paper No. CB(1) 968/01-02(04) -- Relevant press reports

LC Paper No. CB(1) 968/01-02(05) -- Information paper provided by the Administration)

14. At the invitation of the Chairman, the Deputy Secretary for Housing (DS for H) highlighted the salient points in the information paper which set out the details on the Administration's pledge for annual provision of 50 000 housing assistance opportunities in the form of rental opportunities and SHO flats and loans. As regards the reviews of various aspects of SHO flat production announced on 3 September 2001 (the SHO reviews), DS for H said that they would be completed in end June 2002.

### Rental opportunities

15. Noting that the Administration would provide about 23 000 rental opportunities a year in the form of public rental flats and rental allowances, Mr LEUNG Yiu-chung enquired about the ratio between these two types of housing assistance. He also asked if the Administration would revert back to the construction of PRH in the event of poor response to the provision of rental allowances. Miss CHAN Yuen-han echoed that rental allowances could not replace PRH which was the ultimate solution to improve the living conditions of the low income group. Mr NG Leung-sing however took a different view. He pointed out that as the property prices moved downwards, the demand for PRH might drop and the Administration might need to review the supply of PRH taking into account changing circumstances. DS for H clarified that the 23 000 PRH units referred to were not a production target but an estimate of demand calculated having regard to the population growth and number of applicants on WL. The supply of PRH would be adjusted according to demand and market conditions. As regards the provision of rental allowances, DS for H said that this was aimed at offering prospective tenants with an alternative to PRH so that they could choose to rent flats in the private sector according to their needs. He added that the response to the pilot Rent Allowance for the Elderly Scheme was considered reasonable, and that the Administration would review the result of the pilot scheme and examine the feasibility of a similar pilot scheme for eligible non-elderly households. He assured members that the Legislative Council would be consulted in due course.

### Subsidized home ownership flats and loans

16. In response to Mr Howard YOUNG's question, DS for H explained that of the 50 000 housing assistance opportunities a year, the balance of about 27 000 would be provided in the form of home ownership assistance which included SHO flats and loans. Consequent upon the announcement of the moratorium on the sales of SHO flats, the Chief Secretary for Administration (CS) had made it clear that sales of SHO flats after the moratorium would not exceed 9 000 units a year up to 2005/06. The balance to be made up through the provision of housing loans would depend on the results of the SHO reviews. Mr YOUNG agreed that the partial replacement of SHO production by loans was a step in the right direction to ensure that SHO would not compete unfairly with the private sector market. To avoid a large number of SHO flats being left vacant as a result of the moratorium, he considered that the Administration should transfer SHO flats in the pipeline to PRH. This would help further reduce the average waiting time for PRH. Mr NG Leung-sing declared interest as a member of HA. He also agreed that housing loans were more flexible in achieving the target of home ownership. It would also help stabilize the property market which would benefit those owners with negative equity.

17. Mr LEUNG Yiu-chung was not convinced that there was a overlapping between the target group of Home Ownership Scheme (HOS) and that of the private sector residential market. He pointed out that the property prices in the private sector were beyond the affordability of prospective HOS buyers even with the provision of

SHO loans. HOS was the only means through which they could achieve home ownership. He asked if the Administration would consider increasing the supply of HOS flats in the event of poor response to SHO loans. Mr LEE Cheuk-yan echoed that amid the prevailing economic situation where job security was the prime concern, people would prefer to buy SHO flats which were more affordable than private flats. He urged the Administration not to abolish HOS after the review. In response, DS for H stressed that the Administration had no intention to abolish HOS which had enabled many low income families to become home owners. He however pointed out that the provision of housing loans would allow greater flexibility in meeting the demand for home ownership, offer more choices to consumers and be more cost-effective. As such, it was likely that the proportion of housing loans would increase in the next few years. The Head, Corporate Strategy Unit supplemented that the provision of housing loans was well received by eligible applicants. As at February 2002, over 7 000 applications had been received for the first batch of 10 500 housing loans. Of these, 5 600 had been approved. DS for H said that HA could consider increasing the number of loans in mid-2002 if necessary.

18. Mr Fred LI asked when the Administration would resume the sales of HOS flats. DS for H advised that this would be resumed after expiry of the moratorium in July 2002 subject to a maximum level of 9 000 flats a year. Dr YEUNG Sum and Miss CHAN Yuen-han supported the continued sales of HOS flats. Dr YEUNG opined that the Administration should not submit to the pressure of developers and abolish HOS which was not only a means through which low income families, including sitting tenants, could achieve home ownership but also a major source of income of HA. The abolition would result in the reduction of PRH flats being vacated for re-allocation to those in genuine need of housing on the one hand and seriously affect the financial status of HA on the other. Besides, home buyers should be given the choice between HOS and private flats. He questioned whether the implementation of the moratorium and provision of housing loans were intended for propping up the property market. DS for H stressed that the Government would not allow vested interests to determine its actions. The moratorium was implemented for the benefit of the community as a whole after taking into account views from different sectors. He reiterated that the Government would cut back on HOS production and sales, but it had no intention to abolish the scheme.

19. Noting from paragraph 8 of the information paper that the Administration would review progress in meeting the 70% home ownership target by 2007, Mr LEE Cheuk-yan doubted whether such a target could be achieved given the prevailing economic situation. If not, Mr SZETO Wah questioned how this could serve as a useful objective. DS for H advised that it remained the Government's policy to encourage home ownership in Hong Kong and it was hoped that the target of 70% home ownership could be achieved with improved economic conditions. Mr NG Leung-sing considered that the target could be retained as long as the Administration would not oblige families to buy property.

**VI Any other business**

20. There being no other business, the meeting ended at 4:45 pm.

Legislative Council Secretariat

1 March 2002