

立法會
Legislative Council

LC Paper No. CB(1) 1366/01-02
(These minutes have been seen
by the Administration)

Ref: CB1/PL/HG/1

LegCo Panel on Housing

**Minutes of meeting held on
Monday, 4 March 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)
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon NG Leung-sing, JP
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon SZETO Wah
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
- Members absent** : Dr Hon David CHU Yu-lin, JP
Hon CHAN Yuen-han, JP
Hon SIN Chung-kai
Hon Abraham SHEK Lai-him, JP
- Public officers attending** : **For item IV**
Housing Bureau

Mr Andrew R WELLS, JP
Deputy Secretary

Mr Stephen CHUNG
Principal Assistant Secretary (Housing Strategy)

Housing Department

Mr K H LAU, JP
Business Director/Allocation and Marketing

For item V

Housing Bureau

Mr Arsene YIU
Assistant Secretary

Housing Department

Mr K H LAU, JP
Business Director/Allocation and Marketing

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

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

I Confirmation of minutes of previous meeting

(LC Paper No. CB(1) 1179/01-02 -- Minutes of the special meeting held on
18 January 2002

LC Paper No. CB(1) 1191/01-02 -- Minutes of the meeting held on
4 February 2002)

The minutes of the meetings held on 18 January and 4 February 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) 1107/01-02 -- Referral from Duty Roster Members regarding problems arising from management of Buy-or-Rent Option housing estates
- LC Paper No. CB(1) 1176/01-02 -- Relevant papers and extracts from the draft minutes of the meeting between LegCo Members and North District Council members held on 31 January 2002 regarding overcrowded households of public housing
- LC Paper No. CB(1) 1210/01-02 -- 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) 1192/01-02(01) -- List of follow-up actions arising from discussion
- LC Paper No. CB(1) 1192/01-02(02) -- List of outstanding items for discussion)

3. The Chairman reminded members that the next regular meeting would be held on Wednesday, 3 April 2002, at 8:30 am. It was agreed that the following subjects would be discussed at the meeting -

- (a) Management problems arising from public housing estates which had a mix of tenants and owners; and
- (b) Clothes-drying facilities of Harmony-type public housing estates.

Members also agreed to discuss the subject of "Review of the finances and regulatory regime of the Estate Agents Authority" at the regular meeting in May 2002 and to invite representatives from the trade to express their views.

4. The Chairman informed members that a joint meeting with the Panel on Planning, Lands and Works would be held on Tuesday, 16 April 2002, at 8:30 am to discuss the restructuring studies on Nagu Tau Kok, Shek Kip Mei, Cheung Sha Wan and Homantin areas.

IV Proposed merging of the Home Purchase Loan Scheme and the Home Starter Loan Scheme

(LC Paper No. CB(1) 1192/01-02(03) -- Information paper provided by the Administration)

5. At the invitation of the Chairman, the Deputy Secretary for Housing (DS for H) briefed members on the background and objective of the proposal to merge the Home Purchase Loan Scheme (HPLS) (operated by the Housing Authority (HA)) and the Home Starter Loan Scheme (HSLs) (administered by the Housing Society (HS) as the Government's agent) to become a new loan scheme. Subject to members' views, the Administration would draw up details of the new scheme for further consultation with the Panel before these were submitted to the relevant committee of HA for endorsement. The Principal Assistant Secretary for Housing (Housing Strategy) (PAS for H (HS)) then gave a power-point presentation on the features of HPLS and HSLs and the findings of the review of the two schemes.

Merging of HPLS and HSLs

6. Mr LEE Cheuk-yan stated that he supported in principle the proposed merging of HPLS and HSLs if this was only aimed at streamlining the administration of the two schemes, without prejudicing the Government's pledge for annual provision of 50 000 housing assistance opportunities. Given that HSLs was provided in addition to the 50 000 housing assistance opportunities which included HPLS, he expressed concern that the proposed merging of HSLs and HPLS would imply that there would be an overall reduction in the number of housing assistance opportunities provided to public housing applicants, particularly those low income earners. He asked if the Administration would undertake to increase the total number of housing assistance opportunities to make up the shortfall. The Chairman echoed that while the extent of reduction would hinge on how the income and asset limits for the new scheme would be determined, this would have an adverse impact on the supply of public rental housing (PRH). Expressing similar concern, Mr LEUNG Yiu-ching pointed out that the pledge for annual provision of 50 000 public housing opportunities was in fact a retrogression as opposed to the original pledge of providing 50 000 public housing flats per year. He then queried if the proposed merging was aimed at propping up the property market.

7. In reply, DS for H reiterated that the Administration was committed to helping households gain access to adequate and affordable housing. The target for annual provision of 50 000 housing assistance opportunities was based on projections of long-term housing demand which took into account factors such as growth in population. The proposal to merge HPLS and HSLs to become a new scheme was put forward consequent upon a review which pointed to the need to streamline the two schemes. The new scheme was intended to meet the demand for home ownership flexibly by providing housing assistance opportunities in the form of housing loans. There was no intention to "prop up" the property market.

8. While agreeing to the need to eliminate possible overlapping between HPLS and HSLs and save administrative cost, Dr YEUNG Sum stressed that the proposed merging should not impinge upon the Home Ownership Scheme (HOS) which had not only enabled many low income families to achieve home ownership but also helped to stabilize the property market. The proceeds of sale of HOS flats constituted the major source of income of HA. Besides, PRH flats vacated by sitting tenants after purchase of HOS flats could be re-allocated to those in genuine need of housing assistance. DS for H replied that the Administration recognized the contribution of the HOS and had no intention to abolish the scheme. He however pointed out that the provision of housing loans was more cost-effective and would allow greater flexibility in meeting the demand for home ownership as well as offering more choices to applicants.

9. Mr Andrew Wong asked if the proposed merging was aimed at providing additional assistance to encourage more low income families to buy flats in the private sector consequent upon the moratorium on sales of subsidized home ownership flats. He also considered it necessary for the Administration to conduct an overhaul on the existing housing policy as well as the institutional framework having regard to the confusing roles among HA, HS and the Housing Department (HD). DS for H explained that as HSLs would expire at the end of March 2002, the Administration had to come to a decision on the way forward and hence the review of HPLS and HSLs was carried out.

The new loan scheme

10. On *eligibility criteria*, Mr Howard YOUNG said that he supported the proposed merging since according to some academia, the provision of housing loans was a more cost-effective way of using public money to meet the housing need of the low income group than HOS and PRH. To ensure that more people could benefit from the new scheme, he opined that the Administration should adopt a higher income and asset limits for the new scheme. Mr CHAN Kam-lam echoed that in determining the limits for the new scheme, reference should not be made to the outcome of the recent review of the eligibility criteria for HOS, which in his view was on the low side. He also expressed reservation on having a second set of income and asset limits for middle income applicants who could afford to buy flats in the private sector without government assistance. As such, a uniform set of higher income and asset limits say \$21,000 for one-person households, \$30,000 for two-person households and higher for households of larger sizes would suffice. Consideration should also be given to using a new approach to calculate the income limits based on the average living space per person in private housing. Expressing similar concerns, the Chairman agreed that under the current economic situation, it would not be appropriate for the Administration to use public money to help those who could afford private housing, particularly when many low income families had been deprived of the opportunity for public housing as a result of the recent reduction of the income and asset limits for the Waiting List and HOS. Mr LEUNG Yiu-chung also stressed the need for the establishment of an objective and transparent mechanism for determining the income and asset limits for the new loan scheme.

11. DS for H replied that while the eligibility criteria for the new scheme had yet to be determined, HA would take into account all views received before making a decision. The Business Director/Allocation and Marketing (BD/A&M) added that as HPLS and HSLs were targeted at different clienteles, efforts would be made to ensure that prospective applicants under these two schemes would be covered by the new scheme. He also undertook to relay members' proposals to HA for consideration at the next brainstorming session on the new loan scheme to be held later this month.

12. On *agent*, Mr Howard YOUNG remarked that consideration should be given to appointing HS as the implementing agent of the new scheme in view of its sound financial situation.

13. On *funding arrangement*, Dr YEUNG Sum asked if the Administration would inject capital into HA for implementation of the new scheme having regard to the stringent financial situation of HA. DS for H advised that a review of the financial and administrative arrangements between the Government and HA was being conducted. Factors such as the financial implications of the moratorium and the new loan scheme would be taken into consideration. The Chief Secretary for Administration had already made it clear that the Government would ensure that HA would not suffer from cash-flow problem as a result of the moratorium. DS for H pointed out that as loans were to be repaid by the recipients, they should not create a long-term financial burden on HA. There were also ways in which HA could relieve financial pressure in the event of an increase in the demand for loans. These included selling some of its loan portfolio to the Hong Kong Mortgage Corporation. BD/A&M added that HA was still discussing the financial arrangement for the new loan scheme with the Administration, and that members' views would be taken into consideration.

14. Mr Howard YOUNG suggested that apart from direct capital injection, the Administration could consider offering guarantee to banking institutions so that they would be more willing to provide the loans. He then enquired about the basis upon which the loan amount of the new scheme was to be determined and whether consideration would be given to increasing the loan amount to allow more choices of flats for the loan recipients. Noting that loan amounts of existing loans were pegged to property prices, Mr CHAN Kam-lam expressed concern that the loan amount of the new scheme would decrease as a result of the drop in property prices over the past years. DS for H assured members that in determining the loan amount, HA would take into account factors such as the affordability of applicants and length of repayment period. Mr YOUNG asked if existing HSLs recipients would be able to benefit from any preferential repayment terms under the new scheme after the merge. In reply, DS for H stressed that details of the new scheme had yet to be worked out. He however pointed out that as the contracts which HSLs loan recipients had already entered into were legally binding throughout the contract period, any mid-stream deviations would not be appropriate.

15. To conclude, the Chairman said that while members had no objection to the proposed merging of HPLS and HSLs, they were generally concerned about its impact on the pledge for annual provision of 50 000 housing assistance opportunities. He urged the Administration to take into account members' views in setting the income and asset limits for the new loan scheme and to ensure that the supply of PRH and HOS flats would not be affected as result of the introduction of the new loan scheme.

V Update on policies on interim housing, temporary shelter and transit centre

(LC Paper No. CB(1) 1192/01-02(04) -- Information paper provided by the Administration)

Interim housing

16. While acknowledging that the facilities in interim housing (IH) were much better than that in the then temporary housing areas (THAs), Dr YEUNG Sum remained of the view that the Administration should provide IH in the urban area taking into account the needs of residents. He pointed out that the relocation of residents to IH in remote areas such as Tuen Mun and Yuen Long upon clearances would not only cause undue disruptions to their daily routine but also increase their financial burden on living expenses, particularly in respect of travelling. As a result, they were reluctant to move to IH. BD/A&M responded that the issue had been subject to thorough discussion since the introduction of IH in the 90's. Given the scarcity of land in the urban area, any urban public housing sites should be used for building PRH instead of IH. Moreover, as the future supply of PRH would concentrate in the New Territories (NT), moving to IH in these areas first would help residents to familiarize with the environment pending allocation of PRH. As to whether compassionate rehousing to refurbished flats in the urban area would be offered to deserving cases upon referral by the Social Welfare Department, BD/A&M answered in the affirmative.

17. Mr Fred LI was not convinced of the Administration's response as not all urban housing sites were earmarked for PRH. By way of illustration, the site of North Point Estate had been put under the land sales programme for private housing development. He added that if the provision of IH in the urban area was not possible, consideration should be given to providing IH in extended urban areas such as Shatin, Kwai Chung and Tseung Kwan O. Mr WONG Sing-chi also pointed out due to the remoteness of IH, some IH residents had chosen to leave their flats vacant and live with relatives or friends in locations closer to their workplaces and schools pending allocation of PRH. In view of the impending clearances of a number of illegal rooftop structures (IRS) in NT East and the availability of sites in Shatin and Tai Po, Mr WONG urged the Administration to seriously consider providing IH in these areas to meet the needs of clearances on the one hand and to avoid confrontation arising from clearance on the other.

18. In response, BD/A&M said that the existing supply of IH was sufficient to meet the demand which had been decreasing consequent upon the reduction in average waiting time for PRH. Besides, IH vacated by residents after rehousing to PRH would be re-allocated to others in need. As a result, the site in Tin Shui Wai originally earmarked for IH had been used for PRH. He added that Tuen Mun and Yuen Long were not as remote as generally perceived having regard to the current transport network. The IH in Po Tin, supported by a full range of community and commercial facilities and extensive transport links, had become quite popular with a high occupancy rate. BD/A&M also appreciated Mr WONG's concern about the impending IRS clearances in NT East and assured members that HD staff would step up communication with clearnees concerned with a view to providing them with the requisite assistance. He added that IH had brought significant improvement to residents who used to live in THAs and the Administration's effort in this respect had been recognized in the Report of the United Nations Committee on Economic, Social and Cultural Rights published in May 2001. Mr CHAN Kam-lam agreed that IH was better than THAs in almost every aspect except for location. He then enquired about the turnover rate of IH. BD/A&M advised that it was about three years based on the current waiting time for PRH.

19. Mr Frederick FUNG was not optimistic that IRS clearances could be proceeded as smoothly as anticipated by the Administration. He pointed out that the various changes in eligibility criteria for PRH over the past years had rendered many IRS occupants ineligible for PRH. By way of illustration, in order to be eligible for PRH, IRS occupants had to prove that they were bona fide households living in IRS since 1 June 1982 on top of meeting all the normal criteria for PRH, failure to do so would have to be rehoused to IH. He pointed out that such a requirement was unfair, particularly to those who had been living in IRS for many years as they should have been rehoused to PRH if they had registered on WL. To this end, consideration should be given to rehousing IRS occupants who could prove their residence for ten years to PRH direct upon clearance without the need to move into IH. As the Buildings Department would carry out a series of IRS clearances in the next few years, Mr FUNG urged the Administration to seriously consider relaxing the residence requirement in order to minimize the resistance from IRS occupants upon clearance.

20. BD/A&M explained that the 1982 rehousing baseline was used to assess the eligibility of both squatters and IRS occupants for PRH. The main purpose was to discourage illegal squatting and prevent queue-jumping by erection of IRS. This issue 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 during the period from December 1999 to May 2001. In the light of the recommendation of the Subcommittee, efforts had been made to encourage IRS occupants to register on WL. Those who had registered on WL in 2001 would be allocated PRH in NT this year as a result of the reduction in average waiting time for PRH. He added that clearnees who had registered on WL and whose turn for allocation would come up in 12 months would also be offered PRH direct upon clearance under the Anticipatory Housing Scheme.

21. As transactions of IRS were allowed by the Government, Mr Frederick FUNG and Mr LEE Cheuk-yan considered that instead of rehousing IRS occupants to PRH in NT, the Administration should rehouse them within the same district. BD/A&M clarified that the Task Force on Building Safety and Preventive Maintenance set up in February 2000 to study ways to improve building management and maintenance had confirmed that legal sales of IRS were not allowed. As regards clearance programme, BD/A&M advised that IRS in some 4 500 single-staircase buildings would be cleared as a matter of priority. Of these, IRS in districts where PRH or IH was available to rehouse clearerees within the same district would be cleared first. He stressed that the existing rehousing arrangements were reasonable and appropriate to ensure that clearerees would be rehoused as quickly as possible without affecting the priority of other WL applicants while safeguarding the rational allocation of scarce housing resources. Members however took a different view and considered the rehousing policy far from satisfactory. Mr LEE suggested that the Panel might need to follow up the subject at a future meeting.

22. Mr LEUNG Yiu-chung noted that clearerees who failed to meet the eligibility criteria for PRH would be allowed to move into IH for one year, after which they would have to move out. He asked if consideration could be given to extending the period to two years so that residents could move to PRH should they become eligible for PRH in the second year. BD/A&M advised that HA would further review the IH arrangement in the light of the recently endorsed extension of the eligibility reinstatement period for WL applications to two years with effect from 1 April 2002. Mr LEUNG also expressed grave concern about the safety of the three PRH blocks in Shek Lei and Kwai Shing which had been used as IH given their dilapidated condition. Noting that there would not be any IH in the extended urban area after the demolition of these PRH, he asked how the Administration could meet the anticipated surge in demand for IH in extended urban areas as a result of the impending clearance exercises. BD/A&M responded that with the reduction in average waiting time for PRH, it was expected that the three PRH blocks would no longer be required in the long run. Notwithstanding, the Administration had no intention to demolish these blocks in the near future. He also assured members that HD would carry out regular maintenance of these blocks to ensure safety.

Transit centres

23. Referring to the photographs of transit centres at Annex B to the information paper, Mr Fred LI criticized that the layout of these centres allowed virtually no privacy for residents concerned, particularly for families which had to stay for a prolonged period of time. He considered it necessary for the Administration to improve the setting of these centres. BD/A&M advised that the facilities in transit centres had been greatly improved and basic facilities were made available to meet the needs of temporary residents. Besides, movable partition with locking device was provided to ensure a certain degree of privacy of residents concerned.

VI Any other business

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

Legislative Council Secretariat
27 March 2002