

Your ref. CBI/PL/EA dated 26 April 2002
LegCo Panel on Housing
Meeting on 6 May 2002

Dear Chairman and Honourable Members of the Panel on Housing,

Institutional Framework for Public Housing

It would not be meaningful to discuss any new “institutional framework” without addressing the existing and future policy approaches to public housing. In this light, my view towards the issue of a new institutional framework for public housing, which is surely related to government’s forthcoming administrative reforms, is as follows:

1. The fact that more than 50% of the population of Hong Kong, which shall uphold a “capitalist system” under Article 5 of the *Basic Law*, has been housed in government built public rental housing units and housing units assisted by government must not be overlooked. The crowding out of private sector initiatives and the over-relaxed attitude to buyers of government-assisted flats in a falling property market, who attempt to walk out of their contracts using various excuses (at the expense of the taxpayers and contract abiding investors in private housing units), must not be sustained by the new housing body. Public money should be spent on assisting the lowest income households or “development clearees” in obtaining adequate shelter only. It must not be used to sponsor property purchase or as a means to regulate property prices or the economy.
2. In any re-structuring exercise, any endeavour to save public expenses and improve effectiveness, the quality aspects of the existing public housing bodies should not be sacrificed – if a policy actual physical production of housing estates is to be retained. As regards Housing Society, lessons should be learnt from her comparative success in constructing sound quality public rental housing stock since its inception. It is possible to build rental housing units without incurring alarming maintenance costs. As regards Housing Authority estates, lessons should be learnt from its good physical layout and landscape planning. But a better alternative is to grant rent subsidy in cash then actual production by government bodies.
3. Consideration should be given to demolish public housing bodies with poor performance rather than forcing a marriage between a weak performer and a good performer to keep problematic modes of operation.

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