

立法會 *Legislative Council*

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Report of the Panel on Housing for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Housing during the Legislative Council session 2001-02. It will be tabled at the meeting of the Council on 3 July 2002 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to private and public housing matters. The terms of reference of the Panel are at **Appendix I**.

3. The Panel comprises 21 members, with Hon Albert HO Chun-yan and Hon CHAN Kam-lam elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is at **Appendix II**.

Major Work

Institutional framework for public housing

4. The unclear roles and responsibilities of the Housing Bureau (HB), the Housing Authority (HA), the Housing Department (HD) and the Housing Society (HS) in the delivery of the public housing programme had all along been a major concern of the Panel. In the light of the concern of members and the community about the quality and management of the public housing programme, a Committee on the Review of the Institutional Framework for Public Housing, chaired by the Chief Secretary for Administration (CS), was set up in June 2000 to review and reform the organizations responsible for delivering the public housing programme and to make recommendations on the best institutional framework for public housing. According

to the Administration, the review, which had been scheduled to be completed in April 2001, was delayed due to the changeover of CS and the need to await the outcome of two reviews, namely, one on the allocation of land for housing and another on the long-term ratio between subsidized home ownership flats and loans. The outcome of the review was released at the end of June 2002.

5. To ensure that the views of members and the public could be conveyed to the Administration for consideration before a decision was made on the review, the Panel held a meeting on 6 May 2002 to discuss the subject, during which interested parties such as academia and concern groups, were invited to express their views. While there was general support for institutional reform, questions had been raised on merging the Planning and Lands Bureau (PLB) and HB as well as changing HA into a purely consultative body. There were two schools of thoughts on the amalgamation of PLB and HB. Those supported the merger considered that it would improve coordination between land and housing policies. Others who were opposed to the amalgamation were worried that it would be difficult for the new bureau to balance the interests of the general public and those of estate developers in the provision of public housing. Given that HA was by far the most open policy-making body in Hong Kong, concern was raised that the change would inevitably weaken public participation. Doubt was also cast on how the reform could ensure that the mastermind behind the overall housing policy understood the operation of the property market, and that it was well informed and prudent in making its decisions. The Administration was therefore urged to take into account different views before finalizing the report on the review of the institutional framework. Consideration should also be given to publishing these views to enhance transparency.

Relief measures provided by the Housing Authority and the Housing Society for owners whose properties had become negative equity

6. As a result of the economic downturn, many flat owners or loan recipients of projects administered by HA and HS had become negative equity owners. To alleviate the hardship encountered by these owners, there was a need to put in place relief measures to assist those with proven financial hardship. In response to members, the Administration undertook to examine the feasibility of and work out the details for setting up a secondary market for Sandwich Class Housing Scheme (SCHS). For recipients of the Sandwich Class Housing Loan Scheme, measures to extend the suspension period for loan payment for 12 months and the loan repayment period from 13 to 14 years had been implemented. Similar arrangements were also applied to loan recipients under the Home Starter Loan Scheme (HSLs). However, doubt was cast on the restriction imposed on past beneficiaries of subsidized home ownership (SHO) schemes for application for public rental housing (PRH). Members held the view that it was unfair that buyers of Tenants Purchase Scheme (TPS) flats who experienced financial hardship were allowed to revert back to their tenant status within two years from the purchase of TPS flats, while SHO owners were deprived of the opportunity to apply for PRH even if they had met the eligibility criteria. In this connection, the Panel passed a motion requesting HA to relax the restriction on past

SHO beneficiaries so that those who met the income and asset limits for Waiting List (WL) might apply for PRH two years after the sale of their flats. In special circumstances, such as bankruptcy, receipt of Comprehensive Social Security Assistance, adverse changes in family conditions as well as medical and other personal or family problems, application for PRH immediately after the sale of the flats should be allowed.

Review of income and asset limits for public housing applicants

7. At the Panel meeting on 3 December 2001, members received a briefing on the review of the income and asset limits for the Home Ownership Scheme (HOS) and WL. Issues included the basis upon which the limits were determined, the review mechanism and the findings of a recent review. Three additional meetings were held to discuss the subject having regard to its complexity and far-reaching implications. Given that a substantial number of applicants would be taken out of the eligibility net for public housing as a result of the reduction of the relevant income and asset limits, concern was raised on the adverse psychological impact of the reduction on social stability. Doubt was also expressed that instead of assisting the low income group to tide over their financial hardship amid the economic downturn, HD had narrowed the safety net of public housing by lowering the prescribed limits. Those who became ineligible for public housing would have no choice but to buy flats in the private sector, which were beyond their affordability, particularly when the interest rate began to rise. The Panel passed two motions urging the Administration to relax the formula for deriving the WL income limits taking into account four proposals put forward by members and to ensure that any decision to lower the income and asset limits should only apply to applications submitted after the promulgation of the new policy.

8. Apart from the eligibility criteria for home ownership assistance, the Administration had also reviewed the two existing home ownership loan schemes viz the Home Purchase Loan Scheme (HPLS) and HSLS. The review pointed to the need to streamline the two schemes to eliminate possible overlapping and save administrative cost. The proposal to merge HPLS and HSLS was discussed by the Panel at its meeting on 4 March 2002. There was no objection in principle to the proposal, which was aimed at meeting the demand for home ownership flexibly by providing housing assistance opportunities in the form of housing loans. However, it was pointed out that the proposed merging should not impinge upon the pledge for the annual provision of 50 000 housing assistance opportunities as well as HOS, which had not only enabled many low income families to achieve home ownership but also helped to stabilize the property market. Care should also be taken in setting the income and asset limits for the new loan scheme to ensure that prospective applicants under HPLS and HSLS would be covered by the new scheme. The implementation of the new scheme should not unduly affect the already stringent financial situation of HA.

Rehousing arrangements

9. Rehousing arrangements for residents affected by squatter clearance operations was a major concern of the Panel. Members remained of the view that it was 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 the comprehensive means test (CMT) to establish their eligibility for PRH. These squatters would have been rehoused in PRH had they been included in clearance operations announced before the introduction of CMT. To avoid confrontation and resistance in clearance operations, the Administration was urged to reinstate the original rehousing criteria applicable before the introduction of CMT to squatters who had registered in the 1982 and 1984/95 surveys. Concern was also raised on the rehousing arrangements for occupants of illegal rooftop structures (IRS) upon clearance. Given that transactions of IRS were allowed by the Government, efforts should be made to rehouse IRS occupants in PRH within the same district rather than in the New Territories.

10. Members expressed concern on the difficulties faced by clearerees who were forced to surrender their homes as a result of clearances and who had to move to interim housing (IH) units in remote areas such as Tuen Mun and Yuen Long. The relocation would not only cause undue disruptions to their daily routine but also increase their financial burden, particularly travelling expenses. The situation would be further aggravated for those clearerees who could not meet the eligibility criteria for PRH, as they would have to move out of IH after one year. Pursuant to members' request, HA would review the IH arrangement in the light of the recently endorsed extension of the eligibility reinstatement period for WL applications for two years with effect from 1 April 2002. As regards transit centres, consideration should be given to improving the layout of these centres, as they allowed virtually no privacy for residents concerned, particularly for families which had to stay for a prolonged period.

Public rental housing and subsidized home ownership schemes

11. With the launch of the Mortgage Subsidy Scheme and TPS in 1998 and the Buy-or-Rent Option in 1999, many public housing estates featured mixed tenure. Building management of mixed tenure housing estates was governed by Deeds of Mutual Covenant (DMC). While DMC gave the initial responsibility for managing mixed tenure estates to HA, this was only a transitional arrangement. Estate management responsibilities would be transferred to Owners' Corporations (OCs) after their formation. To protect the rights of tenants in mixed tenure estates, representatives from tenants' associations would sit on management committees to reflect tenants views on estate management. Members held the view that it was unfair for OCs to manage mixed tenure estates, particularly for those which were mainly composed of rental blocks. Doubt was cast on how the effectiveness of building management could be ensured if it was under the hands of a minority group. To this end, consideration should be given to separating the sale blocks of mixed tenure estates from the boundaries of rental blocks.

12. The poor design and location of drying racks in Harmony-type public housing blocks, which were installed outside kitchen windows, had caused much inconvenience to the residents concerned. Many residents had installed their own drying racks outside living room windows. Instead of appreciating the difficulties of the residents, HD had issued warning letters against unauthorized installations. In this connection, the Panel passed a motion urging HD to allow residents of Harmony-type PRH and HOS estates to install drying racks outside living room windows.

13. The problem of untimely provision of ancillary facilities to tie in with the intake of residents in newly-completed housing estates was discussed at the Panel meeting on 3 June 2002. Members held the view that HD should take proactive measures, such as extending the rent-free period to encourage commercial tenants to start business early and providing transport linkage with nearby shopping centres and markets, to minimize the inconvenience caused to the residents concerned.

Commercial premises and markets in public housing estates

14. Commercial tenants of HA and HS had experienced a business slump amid the economic downturn. To provide necessary assistance to these tenants, a Subcommittee was set up under the Panel to study the letting and rent policies of non-domestic premises of HA and HS. On letting policy, it was agreed that tender was a transparent and fair method. However, it might not be able to reflect the market rent, as bidders might tend to raise their bids to enhance competitiveness, particularly in a booming market. Besides, the top bid might not necessarily get the tender if it could not meet the upset price. To this end, consideration should be given to disclosing the upset rent so that those who could not afford the rent were made aware of the risk of losing the tender if they submitted a lower bid, or they could choose not to participate in the tendering exercise. Doubt was cast on the introduction of superstores in public housing estates, which severely hampered the competitiveness of existing market stall operators and forced some of them out of business. The situation was neither conducive to fair competition nor of benefit to consumers in the event of monopolization by large chain stores.

15. On rent policy, members expressed disappointment that in making rent assessment, HD had failed to take into account the plight of tenants amid the economic downturn as well as changed circumstances, such as aging of estates leading to reduced population and declining household income, outdated facilities and low occupancy of new estates, in making rent assessment. It was also unfair that commercial tenants were not allowed to engage their own estate surveyors to conduct rent assessment. The unwillingness of HA to reduce rent upon re-letting had also attributed to the high vacancy rate. HA was urged to take a proactive role in inviting suggestions from community organizations or tenants on how best vacant spaces could be used for alternative purposes. It should also adopt an open and transparent approach in dealing with tenancy problems.

Review of the finances and regulatory regime of the Estate Agents Authority

16. At the Panel meeting on 3 June 2002, members received a briefing on the finance and regulatory work of the Estate Agents Authority (EAA) as well as the progress of the review of the Estate Agents Practice (General Duties and Hong Kong Residential Properties). Concern had been raised on the relationship between EAA and the trade which had yet to be improved since the inception of EAA in 1997. As professionalism could not be achieved without the participation of the trade, doubt was cast on the appointment of trade representatives who had wholly or partly left the trade to the Board of EAA. In this connection, the Administration was urged to allow the trade to nominate its own representatives to the Board. Consideration should also be given to inviting trade representatives to participate in all five committees of EAA. Question was raised on the service rendered by EAA in facilitating the development of the estate agency trade. Given that the income of EAA was entirely dependent on licence fees, it was likely that EAA would tend to increase licence fees in the event of reduction in the size of licensee population. To this end, EAA should endeavour to achieve savings on the one hand and to explore other sources of income on the other. Consideration should be given to imposing an ad valorem levy on property transactions as an alternative mode of funding for EAA. Enforcement action against unlicensed estate agency work should also be stepped up to ensure that the livelihood of licensees would not be unduly affected.

Others

17. Together with the Panel on Planning, Lands and Works, members received briefings on the long-term land use concepts covering the public housing sites and adjoining Government land in Ngau Tau Kok, Ho Man Tin, Shek Kip Mei and Cheung Sha Wan districts proposed in the restructuring studies, as well as the proposed ex gratia allowance for occupiers of licensed domestic structures and surveyed domestic squatter structures affected by clearance.

18. From October 2000 to June 2001, the Panel held a total of 14 meetings, including two joint meeting with the Panel on Planning, Lands and Works.

Legislative Council Secretariat

19 June 2002

**Legislative Council
Panel on Housing**

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to private and public housing matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council
Panel on Housing**

Membership list

Chairman Hon Albert HO Chun-yan

Deputy Chairman Hon CHAN Kam-lam

Members
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 WONG Sing-chi
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung

(Total : 21 Members)

Clerk Miss Becky YU

Legal Adviser Mr Arthur CHEUNG

Date 31 October 2001