

# INFORMATION NOTE FOR THE SELECT COMMITTEE ON BUILDING PROBLEMS OF PUBLIC HOUSING UNITS

## Background Information on the Development of the Housing Authority since its Establishment under the Housing Ordinance 1973

### 1. Introduction

1.1 The purpose of this information note is to provide the Select Committee with background information on the development of the Housing Authority since its establishment under the Housing Ordinance 1973. The information is extracted from the Hong Kong Annual Reports published between 1973 and 2000.

### Background Information on the Development of the Housing Authority since its Establishment under the Housing Ordinance 1973

Year	Details
1973	<ul style="list-style-type: none"> <li>• The Housing Authority (HA) was formed under the Housing Ordinance 1973. It took over the functions previously performed separately by the Urban Council, the Housing Board, the Housing Division of the Urban Services Department (USD), the Resettlement Department, the Public Works Department and the former Housing Authority which was responsible for the provision of low-cost housing.</li> <li>• The new HA was chaired by the Secretary for Housing, and comprised 13 unofficial members (eight of whom were Urban Councillors) and six official members. All members were appointed by the Governor.</li> <li>• The new HA was a statutory corporation with responsibility for its own finances and management.</li> <li>• The new HA advised the Governor on housing matters and through its executive arm, the Housing Department (HD), planned and built public housing estates for categories of people determined by the HA with the approval of the Governor; managed public housing estates throughout the territory, including cottage areas, temporary housing areas and transit centres; cleared land for development; prevented and controlled squatting; and planned and co-ordinated improvements to squatter areas.</li> </ul>

Year	Details
1973 (cont'd)	<ul style="list-style-type: none"> <li>• The new HA set up five committees:               <ul style="list-style-type: none"> <li>(a) Appeals;</li> <li>(b) Building;</li> <li>(c) Finance;</li> <li>(d) Management; and</li> <li>(e) Operations.</li> </ul> </li> <li>• The new HA was serviced by a new HD, which was formed by amalgamating the Resettlement Department and the Housing Division of the USD.</li> </ul>
1977	<ul style="list-style-type: none"> <li>• The HA was invited by the Government to plan, build and manage flats provided under the Home Ownership Scheme (HOS). Legal powers to carry out these functions were provided in the Housing (Amendment) Ordinance 1978.</li> <li>• The HA acted as the Government's agent in the development of land and the construction of flats for the HOS. It also nominated purchasers for flats built under the Private Sector Participation Scheme (PSPS).</li> </ul>
1978	<ul style="list-style-type: none"> <li>• The number of committees of the HA was increased from five to six:               <ul style="list-style-type: none"> <li>(a) Finance;</li> <li>(b) Building;</li> <li>(c) Management;</li> <li>(d) Operations;</li> <li>(e) Home Ownership; and</li> <li>(f) Appeals.</li> </ul> </li> </ul>
1982	<ul style="list-style-type: none"> <li>• The number of unofficial members was increased from 13 to 14 (nine of whom were Urban Councillors), and the number of official members remained unchanged at six. All members were appointed by the Governor.</li> <li>• With the implementation of district administration and the increasing number of public housing estates in both new district administration and new towns, the Housing Ordinance was amended to remove the limit on the number of unofficial members with a view to allowing the appointment of a more representative membership.</li> </ul>
1983	<ul style="list-style-type: none"> <li>• The HA committees were augmented by co-opted members who were not HA members. Unofficial and co-opted members constituted a two-thirds majority in the HA or 28 in total. Many of these members also served as Legislative Councillors, Urban Councillors, Heung Yee Kuk or District Board members.</li> </ul>
1984	<ul style="list-style-type: none"> <li>• The number of unofficial and co-opted members of the HA was increased from 28 to 31.</li> </ul>

Year	Details
1985	<ul style="list-style-type: none"> <li>• The HA set up a special committee to undertake a full-scale review of the policy on domestic rents.</li> <li>• The HA had 21 co-opted members.</li> <li>• To enhance the efficiency of the HA's work, a Computer Aided Draughting and Design (CADD) System was installed. It was expected to be an important tool in the implementation of the housing programme.</li> </ul>
1986	<ul style="list-style-type: none"> <li>• The HA set up three special committees to:               <ol style="list-style-type: none"> <li>(a) review domestic rent policy;</li> <li>(b) review housing subsidies to tenants of public housing; and</li> <li>(c) ensure the smooth implementation of the Extended Redevelopment Programme.</li> </ol> </li> <li>• The number of unofficial members was increased from 31 to 37 (of whom 19 were co-opted members).</li> <li>• The HA introduced the 'Large Panel Formwork Programme', which allowed contractors to continue using the equipment acquired under the 'mechanized construction programme'. To improve standards further, the HA implemented tighter quality control measures, including the setting-up of a Material Testing Laboratory within the HD to carry out the testing of materials used on construction sites.</li> <li>• The CADD System installed had improved the efficiency in the design of housing projects, and action was taken to expand the system.</li> </ul>
1987	<ul style="list-style-type: none"> <li>• The Government adopted the Long Term Housing Strategy (LTHS), which aimed to make the provision of housing more demand-led. As this approach required close monitoring and co-ordination of both private and public sector production, the Government considered expanding the responsibilities of the HA to take charge of the overall housing programme.</li> <li>• The HA set up two special committees for ensuring the smooth implementation of the Extended Redevelopment Programme and overseeing the clearance of the Kowloon Walled City.</li> <li>• The number of unofficial members was increased from 18 to 19.</li> <li>• The Central Project Monitoring System was installed to streamline the monitoring of production and programme data for each project.</li> </ul>

Year	Details
1988	<ul style="list-style-type: none"> <li>• The HA was re-organized to cope with the implementation of the LTHS.</li> <li>• The role of the HA was expanded. Details were as follows: <ul style="list-style-type: none"> <li>(a) to advise the Governor on all public housing policy matters;</li> <li>(b) to plan and build public rental housing estates, HOS courts and temporary housing areas for various categories of people as determined by the HA with the approval of the Governor;</li> <li>(c) to manage public rental housing estates, HOS courts, temporary housing areas, cottage areas, transit centres, flatted factories and ancillary commercial facilities throughout the territory;</li> <li>(d) to administer the PSPS and the Home Purchase Loan Scheme; and</li> <li>(e) to clear land, prevent and control squatting, and to plan and co-ordinate improvements to squatter areas.</li> </ul> </li> <li>• The number of standing committees was increased from six to nine: <ul style="list-style-type: none"> <li>(a) Building;</li> <li>(b) Commercial Properties;</li> <li>(c) Development;</li> <li>(d) Establishment and Finance;</li> <li>(e) Home Ownership;</li> <li>(f) Management;</li> <li>(g) Operations;</li> <li>(h) Complaints; and</li> <li>(i) Tenancy Appeals.</li> </ul> </li> <li>• Prior to 1 April 1988, the HA was chaired by the Secretary for Housing and comprised 19 unofficial and seven official members. Following the re-organization in 1988, the chairmanship was assumed by an unofficial member. The HA then comprised 20 unofficial members, including the chairman, and four official members. All were appointed by the Governor. There were also 23 co-opted members.</li> <li>• New financial arrangements with the Government also came into effect. Under the new arrangements, the Government had a capital structure in the HA comprising permanent government capital, contributions to domestic housing and non-domestic equity. The new arrangements enabled the Government to continue to provide the HA with the funds required to meet the housing programmes as set out in the LTHS.</li> <li>• Before 1 April 1988, the HA acted on the Government's behalf in administering the HOS, using Government funds. With the re-organization of the HA, the responsibility for the scheme was taken over by the HA.</li> </ul>

Year	Details
1989	<ul style="list-style-type: none"> <li>• The number of standing committees was reduced from nine to eight:               <ul style="list-style-type: none"> <li>(a) Establishment and Finance;</li> <li>(b) Building;</li> <li>(c) Management and Operations;</li> <li>(d) Home Ownership;</li> <li>(e) Development;</li> <li>(f) Commercial Properties;</li> <li>(g) Complaints; and</li> <li>(h) Tenancy Appeals.</li> </ul> </li> <li>• The HA set up two ad hoc committees to study the sale of flats to sitting tenants and the domestic rent policy and allocation standards.</li> <li>• The number of co-opted members was increased from 23 to 35.</li> <li>• Shortage of skilled labour continued to be a serious problem affecting the progress of work on most of the building sites. However, the HA introduced several measures to counteract the problem. These included:               <ul style="list-style-type: none"> <li>(a) requiring the production of some of the major components off-site;</li> <li>(b) exercising tight quality control in the manufacturing process;</li> <li>(c) setting up its own list of building contractors; and</li> <li>(d) helping the construction industry attract more workers to join and remain in the trade.</li> </ul> </li> </ul>
1990	<ul style="list-style-type: none"> <li>• The number of unofficial members (including the chairman) was increased from 20 to 21.</li> <li>• The HA set up four ad hoc committees to:               <ul style="list-style-type: none"> <li>(a) examine the housing needs of the 'sandwich class';</li> <li>(b) review the contribution of the private housing sector;</li> <li>(c) review the domestic rent policy and allocation standards; and</li> <li>(d) examine the feasibility of selling suitable public rental flats to sitting tenants.</li> </ul> </li> <li>• The HA introduced various measures to improve quality in construction works. These included:               <ul style="list-style-type: none"> <li>(a) establishing its own lists of building contractors and requiring all firms on the lists to obtain total quality management (ISO 9000) accreditation by March 1993;</li> <li>(b) developing the Performance Assessment Scoring System (PASS) to enable the HA to judge individual contractor's performance more systematically, and to use the system to select contractors tendering for building and maintenance works; and</li> </ul> </li> </ul>

Year	Details
1990 (cont'd)	<p>(c) adding conditions to the HA's standard building contracts, and providing incentives for contractors to improve site safety, hygiene and working conditions.</p> <ul style="list-style-type: none"> <li>• Consultants were engaged to assist the HA in its quality drive. While some assessed the performance of the suppliers of building components, others advised contractors on measures to be taken to achieve ISO 9000 accreditation.</li> <li>• A separate consultancy would be arranged to assist the HD's Construction Branch in obtaining ISO 9000 accreditation before March 1993.</li> </ul>
1991	<ul style="list-style-type: none"> <li>• The HA held its first annual open meeting in April to provide an opportunity for the public and the news media to see the full HA at work. From September onwards, all regular full meetings were open to the public.</li> </ul>
1992	<ul style="list-style-type: none"> <li>• There were 33 unofficial and co-opted members in the HA.</li> <li>• The selection of contractors to tender for new works building contracts was based on their performance on existing contracts as measured by the PASS.</li> <li>• The Maintenance Assessment Scoring System was developed for the selection of maintenance building contractors.</li> <li>• Research and development activities were carried out on a number of projects. These included: <ul style="list-style-type: none"> <li>(a) measures to meet the increasing demand for small household accommodation by adding special annex wings to existing Harmony blocks;</li> <li>(b) constant upgrading and improving design standards; and</li> <li>(c) studies on Harmony block thermal and energy performance and individual colour studies for rural and outlying island sites.</li> </ul> </li> </ul>
1993	<ul style="list-style-type: none"> <li>• The number of standing committees was increased from eight to nine: <ul style="list-style-type: none"> <li>(a) Development;</li> <li>(b) Building;</li> <li>(c) Commercial Properties;</li> <li>(d) Establishment and Finance;</li> <li>(e) Home Ownership;</li> <li>(f) Management and Operations;</li> <li>(g) Development;</li> <li>(h) Complaints; and</li> <li>(i) Allocation and Standards of Vacant Flats.</li> </ul> </li> <li>• The HA set up an ad hoc committee to conduct an overall review of the provision of housing for the elderly.</li> <li>• The HA established a defect-monitoring centre to deal with building defects and to provide feedback for further enhancement of designs, details and specifications.</li> </ul>

Year	Details
1993 (cont'd)	<ul style="list-style-type: none"> <li>• The Construction Branch of the HD was awarded the ISO 9001 certification.</li> <li>• Since the implementation of the PASS, the benchmark Target Quality Score for contractors moved up to 92%, indicating that contractors had achieved better quality.</li> </ul>
1994	<ul style="list-style-type: none"> <li>• The Government announced proposals for new financial arrangements with the HA, enabling the HA to make better use of its surplus cash to speed up the supply of public housing and upgrade its existing estates. A development fund was set up with an initial cash balance of HK\$7 billion, which would boost the production of public housing by up to 10 000 flats over the following five years.</li> <li>• The number of unofficial members was increased to 46.</li> <li>• About 80 building contractors on the HA's list were certified to ISO 9002.</li> <li>• The Defects Action Centre's feedback reports were circulated monthly to project teams to inform them of particular instances of material failure or poor workmanship, and to offer solutions for ongoing contracts. Housing managers also advised their tenants and decoration contractors of defects which might arise from misuse or misunderstanding of fittings and services.</li> </ul>
1995	<ul style="list-style-type: none"> <li>• All contractors working for the HA had to meet the latest ISO 9000 quality standards. All of the 87 contractors on the HA's list of building contractors obtained ISO 9002 certification. The requirement for certification was extended to building services contractors.</li> <li>• 12 electrical contractors, nine lift and escalator contractors, all air-conditioning, fire services and water pump contractors on the HA's lists obtained certification.</li> <li>• The HA required all active listed consultants to obtain certification by April 1996.</li> </ul>
2000	<ul style="list-style-type: none"> <li>• Substandard piling incidents occurred among HA's buildings.*</li> </ul>

Remark: \* Information extracted from the Hong Kong Housing Authority Annual Report 1999/2000  
Sources: Hong Kong Annual Reports, 1973 - 2000

Prepared by Ms Vicky LEE  
December 2001  
Tel: 2869-7735

-----  
*The Legislative Council Secretariat welcomes the re-publication, in part or in whole, of this document, and also its translation in other languages. Materials may be reproduced freely for non-commercial purposes, provided acknowledgement is made to the Research and Library Services Division of the Legislative Council Secretariat as the source and one copy of the reproduction is sent to the Legislative Council Library.*