

立法會
Legislative Council

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Panel on Housing

**Minutes of special meeting held on
Tuesday, 14 January 2003, at 4:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon CHAN Kam-lam, JP (Chairman)
Hon Albert HO Chun-yan (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 CHAN Yuen-han, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon Tommy CHEUNG Yu-yan, JP
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung

Non-Panel Members attending : Ir Dr Hon Raymond HO Chung-tai, JP
Hon Emily LAU Wai-hing, JP

Members absent : Hon James TO Kun-sun
Hon Andrew WONG Wang-fat, JP
Hon SZETO Wah
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip
Dr Hon LO Wing-lok
Hon WONG Sing-chi

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- Public officers attending** : Housing, Planning and Lands Bureau
- Mr Michael M Y SUEN, GBS, JP
Secretary
- Mr C M LEUNG, JP
Permanent Secretary (Housing)
- Housing Department
- Ms Elaine CHUNG, JP
Deputy Director (Strategy)
- Mr Marco WU, JP
Deputy Director (Business Development)
- Clerk in attendance** : Miss Becky YU
Chief Assistant Secretary (1)1
- Staff in attendance** : Ms Pauline NG
Assistant Secretary General 1
- Ms Cindy CHENG
Senior Assistant Secretary (1) 4
- Miss Mandy POON
Legislative Assistant 4
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- I. Briefing by the Secretary for Housing, Planning and Lands on the Chief Executive's Policy Address 2003**
(Progress Report on Policy Objectives (2001))
The 2003 Policy Address
LC Paper No. CB(1) 704/02-03(01) — Paper provided by the Administration)

Housing policy

On *addition of family members to public rental housing (PRH) tenancies*, Miss CHAN Yuen-han noted that adult children of elderly tenants were not allowed to be added into PRH tenancies under the existing housing policy. Such a restriction

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was at variance with the Government's vision for a caring and just society as well as the Chief Executive's pledge to care for the elderly. In response, The Secretary for Housing, Planning and Lands (SHPL) said that temporary stay could be granted to genuine cases where the elderly tenants required the personal attention of their adult children. The Deputy Director (Business Development) (DD(BD)) added that the Administration had been encouraging people to live with elderly family members. To this end, a number of priority housing schemes for families with elderly persons had been implemented. Eligible applicants under these schemes would have their waiting time shortened or enjoy special allocation arrangements. He also pointed out that the addition of adult children of elderly tenants to PRH tenancies might give rise to an inequitable situation whereby persons so added could by-pass the normal channel in gaining access to PRH. This would be unfair to applicants on the Waiting List (WL). The Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) supplemented that the Administration would approve requests from elderly tenants for addition of adult children on compassionate grounds upon recommendation of the Social Welfare Department. Given the recent relaxation on the rehousing policy for clearerees of squatter and rooftop structures, Miss CHAN urged the Administration to critically review the policy on addition of family members to PRH tenancies as well.

2. On *review of PRH rents*, Mr Albert HO declared interest that his law firm was involved in the judicial review against the rent policy of the Housing Authority (HA). He queried the legality for the Administration to defer the review of PRH rents pending the outcome of the judicial review. He pointed out that the Administration had proceeded to dissolve the two former Municipal Councils despite that a legal proceeding against the dissolution was underway at that time. SHPL advised that as the ruling of the Court might have substantial impact on the existing domestic rent policy, it was considered prudent to defer the rent review until after the conclusion of the judicial review. Mr HO remarked that the Administration was using the court case as an excuse to defer the rent review lest this would result in reduction of PRH rents, thereby aggravating the already stringent financial situation of HA. Given that the ruling of the Court might be subject to further appeal, he urged the Administration to adhere to the original time-table for rent review without delay. SHPL assured members that subject to the outcome of the judicial review, the Administration would review the mechanism for the determination of domestic rents for PRH.

3. On *Rent Allowance for Elderly Scheme* (RAES), Ms Emily LAU asked if reference had been made to overseas experience in working out the Scheme and whether consultants had been engaged in this respect. PSH replied that an internal working group had been set up to study the relevant experience in overseas countries, including the United Kingdom, France and Germany. While Hong Kong was quite different from these countries in terms of eligibility criteria and number of beneficiaries for public housing subsidies, the data obtained from these countries were very inspiring and had provided useful references for future development of public housing strategy

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in Hong Kong.

4. As regards Ms LAU's enquiry on the subscription rate of RAES, PSH replied that as against the initial quota of 1 100 for RAES, the Housing Department (HD) had so far received 1 466 applications, of which over 1 000 applications had been approved. HD still received about 130 to 140 new applications each month. Feedback from a survey indicated that about two-thirds of the respondents considered RAES useful as it provided greater flexibility and wider choice of accommodation for the elderly. In view of the positive response, Ms LAU asked if the Administration would increase the quota for RAES and whether consideration would be given to extending the scheme to non-elderly households to meet their housing needs. PSH advised that a decision on the feasibility of RAES had yet to be made, subject to a detailed study taking into account the experience gained in the pilot scheme and future PRH production. He added that the proposed extension of RAES to non-elderly households would be discussed in the wider context of provision of housing subsidies at a forthcoming brainstorming meeting of HA.

5. Mr LEE Cheuk-yan remained of the view that PRH was the more preferred mode of housing subsidies since recipients of rent allowance would have to apply for renewal of the rent allowance upon the expiry of the two-year payment period, subject to meeting an income-cum-asset test. He was also skeptical that the introduction of rent allowance was aimed at reducing the number of WL applicants so that the average waiting time for PRH could be maintained at three years even with a cut in PRH production. He cautioned that any reduction in the supply of PRH would adversely affect social stability. Expressing similar concern, Mr LEUNG Yiu-chung asked if the Administration would revise PRH production following the introduction of rent allowance. He was worried that the Administration would eventually cease PRH production in the long run.

6. In reply, SHPL stressed that the introduction of rent allowance was not meant to replace PRH production but to provide an alternative means of public housing provision. Eligible applicants were free to choose between PRH and rent allowance. He added that while the Administration would continue to build PRH to ensure that the average waiting time for PRH would not exceed three years as pledged, there might be a need to examine the sustainability of PRH provision in the long run having regard to the substantial number of existing PRH units and the declining birth rate and population growth in Hong Kong. As regards recipients of rent allowance, SHPL said that the Administration would need to examine carefully the implications of conducting frequent means test, having regard to the manpower resources required.

7. Mr LEE Cheuk-yan asked if the average waiting time for PRH could be further reduced to under three years after the introduction of rent allowance. SHPL replied that rent allowance was introduced in the light of public demand for accommodation in the urban district where new PRH might not be available. Rent allowance would

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enable eligible applicants to rent private accommodation in districts of their own preference. As regards the waiting time of three years for PRH, SHPL clarified that this was an average figure taking into account population growth and number of applicants on WL. In fact, if WL applicants were willing to live in more remote areas, flat allocation might be made in less than two years. Mr LEUNG Yiu-chung asked if consideration would be given to relaxing the income and asset limits for PRH so that more people would fall within the PRH net. SHPL advised that the income and asset limits were necessary to enable effective deployment of the scarce public housing resources to those with genuine need.

8. While agreeing to the need to assist families with genuine housing needs, Mr NG Leung-sing queried if incessant housing assistance should be provided. He also questioned whether tenants should be allowed to stay in PRH after their financial situation had improved and the need for public housing assistance no longer existed. In this connection, consideration should be given to offering fixed-term tenancies to eligible applicants to improve the mobility of PRH flats to those in genuine need. To ensure effective use of resources, PRH units should only be built to meet the basic needs of residents. SHPL remarked that the Administration had to be very careful in dealing with Mr NG's proposals as these would arouse much public concern. Notwithstanding, the Administration would continue to work out measures, such as encouraging better-off tenants to buy their own homes and introducing rent allowance, to facilitate the mobility of PRH. Members would be consulted on these measures in due course.

9. On *disposal of overhang Home Ownership Scheme (HOS) flats*, Dr YEUNG Sum asked if consideration would be given to transferring these flats to PRH for overcrowding relief. SHPL responded that subsequent to the Government's decision to cease the production and sale of the HOS flats, a working group had been set up under the Housing Department to explore how the overhang HOS flats could be properly disposed of. Allocating these flats to overcrowded families was one of the alternatives being considered. Details of the disposal plan would be announced soon.

10. Mr Albert HO noted from some private developers that consequent upon the suspension of the production and sale of HOS flats, the Administration had stopped issuing Consent to Sell for Private Sector Participation Scheme (PSPS) projects, rendering developers concerned not able to put their PSPS flats on sale. He queried whether such an arrangement complied with the spirit of law. SHPL advised that under the existing policy, PSPS flat purchasers were nominated by HA. To enable the sale of PSPS flats in the open market by the developers, some modifications to the land lease would be required. The Lands Department was discussing with private developers of PSPS projects with a view to working the details. Mr HO urged the Administration to expedite the process.

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11. On *financial position of HA*, Mr LAU Ping-cheung enquired if the proposed divestment options for retail and car parking facilities were aimed at alleviating the stringent financial situation of HA. Mr NG Leung-sing also questioned how these options could be implemented without affecting the business of existing tenants. SHPL advised that at present, HA managed more than 130 shopping centres with over 1 050 000 square metres retail space. To achieve better cost-effectiveness, HA commissioned a consultancy study on the divestment options which was expected to be completed soon. Given the complexity and far-reaching implications of the divestment options, particularly on staff resources, HA would adopt a prudent approach in considering the issue. Mr NG emphasized the need for early consultation with the relevant parties before finalizing the implementation plan to avoid any unnecessary speculation.

12. On *outsourcing of HA's services*, Mr Frederick FUNG noted from some media reports that HA would contract out the management of all PRH estates to the Housing Society so that the latter would also be responsible for monitoring the performance of other contractors of HA. He asked if this was a result of leakage of information or a deliberate attempt of the Administration to test public response. SHPL clarified that this was not the case. As he had consulted various parties on the issue, some of the discussions might have been picked up by the media. He added that while HA would continue to explore further opportunities for outsourcing its services with a view to enhancing service standards and cost-effectiveness, care would be taken to minimize the impact on existing staff to achieve a win-win situation.

Planning and Land Policies

13. On *Small House Policy* (SHP), Mr Frederick FUNG asked if the Administration had set a time-table within which the issue should be resolved. As the Administration had to consult all relevant parties regarding some fundamental issues, such as the availability of land to meet the ever increasing demand, with a view to reaching a consensus on the way forward, SHPL advised that it was not possible to provide a definite time-table now. He nevertheless assured members that the Administration would endeavour to strive a balance of interests of all parties concerned.

14. On *loss of land deeds*, Mr LAU Ping-cheung enquired about the latest progress of the relevant legislative proposal which was originally scheduled for introduction into the Legislature in 2000. Noting that the Law Society of Hong Kong had already submitted its report on loss of land deeds, Mr LAU asked if the Administration could provide a definite time-table for the legislative proposal. SHPL undertook to revert back to the Panel on the latest position.

15. On *streamlining procedures*, Mr Albert HO noted that since many residential and commercial premises were left vacant as a result of the poor property market, it was not uncommon for owners concerned to apply to the Buildings Authority to

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change the usage of their premises to say residential homes for the elderly, which would not only involve changes in the development ratio but also terms and conditions of the Occupation Permit. He questioned if the proposal to streamline the approval procedures was to facilitating such applications. He also asked if other owners or residents would be consulted on any changes to the usage of the buildings concerned. In response, SHPL said that the proposed legislative amendments were aimed at providing a one-stop shop for applicants without prejudicing the established approval criteria and procedures. As the issue fell outside the purview of the Panel on Housing, the Chairman suggested that members should raise it at a meeting of the Panel on Planning, Lands and Works Panel.

II. Any other business

16. The Chairman reminded members that the next regular meeting would be held on Friday, 14 February 2003, at 8:30 am.

17. There being no other business, the meeting ended at 5:25 pm.

Council Business Division 1
Legislative Council Secretariat
19 February 2003