

立法會
Legislative Council

LC Paper No. CB(1) 1093/04-05
(These minutes has been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 7 February 2005, at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon CHAN Kam-lam, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, JP
Dr Hon YEUNG Sum
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon WONG Kwok-hing, MH
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG

Members absent : Hon James TO Kun-sun
Hon LEUNG Yiu-chung

Public officers attending : Mr Michael M Y SUEN, GBS, JP
Secretary for Housing, Planning and Lands

Mr TAM Wing-pong, JP
Deputy Director of Housing (Strategy)

Mr Carlson CHAN
Assistant Director of Housing (Strategic Planning)

Mr Hammus CHUI
Strategic Manager (Policy)
Housing Department

Clerk in attendance : Miss Odelia LEUNG
Chief Council Secretary (1)4

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Ms Christina SHIU
Legislative Assistant

Action

I Confirmation of minutes

- (LC Paper No. CB(1)833/04-05 -- Minutes of special meeting on
22 November 2004
LC Paper No. CB(1)838/04-05 -- Minutes of meeting on
3 January 2005)

The minutes of the meetings held on 22 November 2004 and
3 January 2005 respectively were confirmed.

II Information papers issued since last meeting

- (LC Paper No. CB(1)620/04-05(01) -- Letter from Hon Albert CHAN
Wai-yip concerning allocation
of public rental housing flats for
the elderly
LC Paper Nos. CB(1)621/04-05(01) -- Two email messages from
and (02) members of the public
concerning listing of the Link
REIT
LC Paper Nos. CB(1)646/04-05(01) -- Letter from Wong Chuk Hang
and (02) Estate Transfer Concern Group
(黃竹坑邨關心調遷家庭小組)
to the Panel concerning
disposal of surplus Home
Ownership Scheme flats and
the reply from the Panel Clerk

LC Paper Nos. CB(1)792/04-05(01) -- Letter from Wong Chuk Hang
and (02) Estate Transfer Concern Group
(黃竹坑邨關心調遷家庭小組)
to the Panel concerning
pre-redevelopment transfer of
residents of Wong Chuk Hang
Estate and the reply from the
Panel Clerk

LC Paper Nos. CB(1)793/04-05(01) -- Letter from Wong Chuk Hang
and (02) Estate Transfer Concern Group
(黃竹坑邨關心調遷家庭小組)
to the Panel on public rental
housing flats reserved for
rehousing residents affected by
urban renewal and the response
from the Administration)

2. Members noted the above information papers issued since the last monthly regular meeting of the Panel on 3 January 2005.

III Items for discussion at the next meeting

(LC Paper No. CB(1)832/04-05(01) -- List of outstanding items for discussion

LC Paper No. CB(1)832/04-05(02) -- List of follow-up actions)

3. Members agreed to defer the next regular meeting originally scheduled for 7 March 2005 to Friday, 18 March 2005, at 8:30 am. They also concurred that the items to be discussed would be decided later.

(Post-meeting note: A circular informing members of the rescheduling of the March meeting and inviting them to propose discussion items was issued vide LC Paper No. CB(1)895/04-05 on 14 February 2005.)

IV Review of income and asset limits for Waiting List applicants

(LC Paper No. CB(1)832/04-05(03) -- Information paper provided by the Administration

LC Paper No. CB(1)832/04-05(04) -- Background brief on “Income and asset limits for Waiting List applicants for public rental housing” prepared by the Legislative Council Secretariat

LC Paper No. CB(1)871/04-05(01) Submission from Hong Kong People’s Council on Housing Policy)

4. The Secretary for Housing, Planning and Lands (SHPL) briefed members on how the Housing Authority (HA) intended to take forward the annual review of the Waiting List (WL) Income and Asset Limits for 2005-06. With the aid of Powerpoint, the Assistant Director of Housing (Strategic Planning) (AD of H(SP)) briefed members on Annex C to the Administration's paper, which gave an account of the findings of the preliminary assessment of the following suggestions made by the Panel and other stakeholders for modifying the formula for calculating the limits –

- (a) Increasing the contingency provision from 5% to 10% of the total expenditure of the households;
- (b) Taking the non-housing expenditure of the second lowest quarter (i.e., 26% - 50%) expenditure group for the purpose of calculating the average non-housing expenditure;
- (c) Adopting the allocation standards for New Harmony blocks in determining the “reference flat sizes” for the purpose of calculating the housing expenditure; and
- (d) Raising the assets limits for elderly households.

Procedural matter

5. After the power-point presentation, Mr LEUNG Kwok-hung requested the Panel to consider the following motion he sought to move at the last regular Panel meeting on 3 January 2005 but which was not proceeded with–

“本委員會要求立法會引用《權力及特權條例》，成立專責委員會，公開聆訊，徹查領匯事件。”

“That this Panel requests that the Legislative Council set up a select committee under the Legislative Council (Powers and Privileges) Ordinance to conduct public hearings to investigate into The Link REIT incident.”

6. The Chairman explained that the request of Mr LEUNG Kwok-hung could not be dealt with under the present agenda item, which was unrelated to the proposed motion. Mr LEUNG might propose to discuss the motion at the March meeting, the agenda for which had yet to be determined.

7. As Mr LEUNG Kwok-hung insisted that his request be handled at the present meeting, members agreed that the meeting should follow the agenda and Mr LEUNG's request would be dealt with under agenda item V, any other business.

The Waiting List income limits

General comments

8. Mr WONG Kwok-hing expressed concern that the WL income limits (WLILs) for four-person (4-person) households were reduced annually over the past few years from \$17,700 for 2000-01 to the current \$14,000 for 2004-05, culminating in a decrease of 20.6%, which was greater than the cumulative deflation rate over the corresponding period. Many low-income families were deprived of the right to apply for public rental housing (PRH). As a result, although the WLILs for 4-person households for 2005-06 would be adjusted to \$14,300, 4-person households with income barely exceeding the new WLILs had to struggle hard to make ends meet after rent payment. Such an undesirable situation ran contrary to the Government's express policy of helping the poor. He asked for a greater increase in the WLILs for 4-person households for 2005-06.

9. In response, the Deputy Director of Housing (Strategy) (DD of H(S)) explained that the WLILs were determined objectively based on an established formula, which took account of the housing costs and non-housing costs together, plus a 5% "contingency" provision. The housing costs represented the rent payment, rates and management fees required for a household to rent a private flat of comparable size to PRH. The exact figure was obtained by multiplying the average space allocated to WL applicants in the past three years by the differential or average unit rents of private flats derived from a sample survey on private dwellings conducted by the Census and Statistics Department. On the basis of this mechanism and formula, the WLILs were reviewed annually at the beginning of each year using the latest available statistics as of the fourth quarter of the previous year. The adjustments to the WLILs reflected changes in the state of the economy. The HA had also decided that the new limits so derived should be strictly adopted. Moreover, the formula had been reviewed and relaxed in February 2002.

Admin.

10. At Mr WONG Kwok-hing's request, DD of H(S) undertook to provide figures on families excluded from the PRH eligibility net because of the downward adjustments to the WLILs in the past four years. He also supplemented that to minimize the impact of the reduction of the limits on applicants already on the WL, those who failed in the income and asset test but subsequently became qualified under the prevailing eligibility rule as a result of income/asset limits revision or substantial changes in family circumstances could reinstate their original PRH applications within two years.

11. Mr WONG Kwok-hing reiterated the need for a greater increase in the WLILs to alleviate the impact of possible rent increase pursuant to the removal of security of tenure after the passage of the Landlord and Tenant (Consolidation) (Amendment) Bill 2003. In response, DD of H(S) stressed the importance of consistency. With an established formula which allowed adjustment to the limits objectively and flexibly in tandem with the changing economic conditions, he did not consider it appropriate to arbitrarily inflate the income limits. He however agreed to convey Mr WONG's views to the HA for consideration. As to

Mr WONG's concern that families in genuine need might become ineligible for PRH because of adjustments to the WLILs, AD of H(SP) pointed out that while the limits were adjusted downwards in the past two years amidst deflation and declining rental of private flats, the percentage of tenant households in the private sector eligible for PRH was higher than the average in the past ten years. More important, the actual number of WL applicants being rehoused to PRH had not been affected by adjustments to the WLILs. For example, in 2001-02 when the economy was down and the WLILs were low, 41 900 households were rehoused to PRH, whereas 12 600 and 20 600 households were rehoused to PRH respectively in 1997-98 and 1998-99, when the economy was good and the WLILs at their all-time high. This well illustrated the fact that adjustments to the WLILs only reflected the prevailing economic conditions, but did not reduce the number of households eligible for, or being rehoused to, PRH.

12. Mr Patrick LAU Sau-shing shared Mr WONG Kwok-hing's views in paragraph 8 above. He was also concerned about the significant reduction in WLILs for households of ten persons or more because their need for PRH was greater. In response, DD of H(S) and AD of H(SP) said that the number of households of five persons or more had been on the decrease and there were only a very small number of households comprising ten persons or more. Noting such, Mr LAU opined that the limits for large households should not be shown if their number was insignificant. DD of H(S) agreed to consider his suggestion when conducting the next annual review.

Calculation of non-housing expenditure

13. Mr Frederick FUNG Kin-kee urged the HA to adopt the suggestion in paragraph 4(b) above, namely, to modify the formula for calculating the limits by making reference to the average non-housing expenditure of the "second lowest quarter expenditure group" amongst tenant households living in the private sector for the purpose of calculating the non-housing expenditure. He said that following the cessation of the sale of the Home Ownership Scheme (HOS) flats, households marginally ineligible for PRH were now left with no housing assistance since they could neither seek housing in PRH nor purchase HOS flats. The eligibility net for PRH should be expanded to cover these households. In response, DD of H(S) emphasized the need to ensure that limited housing resources were allocated only to those in genuine need. He said that PRH should be provided to those who could not afford renting accommodations in the private market, but not to those who could not afford to purchase their own properties. The Administration should carefully consider the proposed change, which would have the effect of pushing up the WLILs substantially and leading to an increase in the number of households eligible for PRH by some 15%.

14. Mr LEUNG Kwok-hung echoed Mr Frederick FUNG's views, and added that the households in the "second lowest quarter expenditure group" were adversely affected by the removal of the security of tenure. In his view, the Administration's emphasis on the resource implications of the suggestion would

give rise to conflicts between the middle class and the grass roots. The comments were also misleading because the households in the “second lowest quarter expenditure group” would not have had the need for PRH if they had not been deprived of the opportunity to apply for HOS flats as a result of Government’s re-positioned housing policy. To support his point, he asked for figures on the number of households which could not buy HOS flats because of the repositioned policy.

15. The Chairman considered that Mr LEUNG Kwok-hung’s view was not related to the present agenda item. Mr LEUNG did not agree. He claimed that he was only following up DD of H(S)’s response to Mr Frederick FUNG. He also opined that as representatives of the public, Legislative Councillors should have the liberty to reflect public views where necessary. The Chairman stressed the need to focus on the subject in question to facilitate structured and effective discussion, and referred Mr LEUNG to the Administration’s paper on the subject. Mr LEUNG emphasized that he had gone through the paper already and maintained that he should have the right to express any view at meetings.

16. Dr YEUNG Sum opined that Mr LEUNG Kwok-hung’s views were somewhat related to the present agenda item because he was following up the interchange of views between Mr Frederick FUNG and the Administration in paragraph 13 above. The Chairman considered it too far-fetched to relate the discussion to the re-positioned housing policy. Mr LEUNG however stated that housing issues were inter-related. He reiterated his views in the preceding two paragraphs and expressed dissatisfaction that the relevant papers were available only a week before the meeting.

(Post-meeting note: The paper on “review of income and asset limits for Waiting List applicants” was issued to the Legislative Council Secretariat within the specified deadline.)

17. In response, SHPL reiterated that PRH should be allocated to those in genuine need of housing assistance and that PRH was not intended for those who could not purchase flats but had no problem in renting accommodations in the private market. He agreed that housing issues were inter-related. And this was precisely the reason why the Government had to reposition its housing policy to address the problem of negative equity. He noted that the re-positioned policy had started to take effect.

18. Mr LEUNG Kwok-hung interpreted the response of SHPL as admission that the housing policy had been re-positioned to boost the property market. He opined that as a result, speculative activities had flourished and property prices were soaring again at the expense of the general public. He considered that SHPL and the Chief Executive should resign if the present bubble in the property market should burst. The Chairman reminded him not to go beyond the agenda. Mr LEUNG maintained that while the Chairman could rule whether the Administration had to respond, he should not impose restrictions on what

members could say. SHPL stressed that he had not said that the housing policy had been re-positioned to “boost the property market”, and asked that his clarification be recorded in the minutes.

19. Casting doubt on the resource implications of the suggestion of making reference to the average non-housing expenditure of the “second lowest quarter expenditure group” in paragraph 13 above, Mr Frederick FUNG pointed out that, as deduced from sheets 10 and 18 of the Administration’s power-point presentation, the difference between the new WLILs derived from the existing mechanism and those derived from adopting the suggestion was only around \$1,000. However, the difference between the rents paid by families eligible for PRH and those barely ineligible and had to rent private flats could be over \$2,000. Adoption of the suggestion was therefore important to ensure fairness. In response, AD of H(SP) said that the difference in WLILs did not help shed light on the implications of the proposal. Taking the “snapshot” position as at the third quarter of 2004 for illustration, he said that the proposal, if implemented, would increase the number of eligible households by 17 600, and the annual PRH production by around 2 000 flats. He added that the estimated increase only included households living in private flats and did not take account of the demand arising from existing PRH residents splitting from their families. The actual increase would be bigger than estimated. He remarked that the HA would have to examine carefully the financial implications of the proposal.

The Waiting List asset limits

20. Many members agreed to the suggestion to raise the asset limits for elderly households. In particular, Mr LEE Wing-tat considered it undesirable that the asset limits for elderly and non-elderly households were the same. Pointing out that most elderly had retired or were non-working and had to rely on savings to meet their daily expenses, he opined that their asset limits should be significantly higher. He also opined that the matter should be pursued from a wider perspective and, in preparation for the aging of the population, the Administration should actively examine the aging problem and its elderly policy, and introduce new thinking to the provision of housing assistance to the elderly on the basis of such review. He referred to a case handled by the Complaints Division concerning the hardships of elderly owner-occupiers of private buildings which were dilapidated and did not have lifts. He urged the Administration to review the "property ownership restriction" which had barred these elderly owner-occupiers from applying for PRH to improve their living condition.

21. Dr YEUNG Sum and Messrs Frederick FUNG, Alan LEONG Kah-kit and LEUNG Kwok-hung shared Mr LEE Wing-tat’s views. In particular, Mr FUNG pointed out that the asset limits of elderly households should be determined with reference to the required living expenses calculated according to the estimated length of retirement life. Dr YEUNG and Mr LEUNG also highlighted the need to help those elderly owner-occupiers handle repair orders served on their flats by the Buildings Department.

22. Mrs Selina CHOW LIANG Shuk-yee said that the Liberal Party recognized the importance of a balanced approach to ensure proper utilization of public resources when reviewing the asset limits. As such, it did not support the suggestions in paragraphs 4(a) and (b) above because of their significant resource implications. She opined that the suggestions in paragraphs 4(c) and (d) above should be further considered, in particular the suggestion to raise the asset limits for elderly households. Mrs CHOW put forward similar reasons as highlighted by Mr LEE Wing-tat in paragraph 20 above.

23. In response, DD of H(S) advised that the Administration also saw room for relaxing the asset limits for elderly households as suggested by Members. He said the Administration would further examine this suggestion. SHPL added that elderly owner-occupiers of dilapidated buildings could be assisted by the Hong Kong Housing Society (HKHS), which earlier launched the “Home Renovation Loan Scheme” to provide interest-free loans to eligible owners to undertake repair and maintenance works to their properties. Apart from rehousing these elderly property owners, consideration could also be given to helping them renovate and sell their flats to generate income to support their livelihood. Dr YEUNG Sum considered the contemplated measure a good approach to tackle the aging problem which would become very serious in 2030. Mr LEUNG Kwok-hung also urged the Administration to actively pursue the measure. He further proposed that the proceeds from selling the elderly’s flats might be put into a common fund as in the case of credit unions.

24. At the Chairman’s request for specific proposals to raise the asset limits for elderly households, Mr Alan LEONG considered it more appropriate for the Administration to work out the proposals for the Panel’s consideration after researching into the living expenses required by the elderly. Dr YEUNG Sum echoed his view and added that the public should also be consulted on the proposals.

Admin. 25. In response, DD of H(S) said there might not be enough time to further consult Members on the recommendation on how to raise the asset limits for elderly households, but he undertook to inform the Panel of the details once available. Mrs Selina CHOW suggested that a separate paper on the wider issue of how to assist elderly property owners be provided. DD of H(S) agreed.

Other views

26. Mr Albert CHAN Wai-yip opined that typical of techno bureaucrats, the Administration had been unfairly manipulating statistics to its advantage to justify its policies. For example, according to him, the Administration was maintaining the average waiting time (AWT) for PRH at three years by repeatedly changing the review methodology and adjusting downwards the WLILs to reduce the number of WL applicants. PRH rents however had not been reduced correspondingly. The Administration's actions had given rise to grievances in the community.

27. While agreeing that any attempt to adjust the limits downwards would inevitably be resented by those affected, DD of H(S) reassured members that the adjustments were not made with the intention of maintaining the AWT at 3 years. It was an established policy to review the WLILs annually and the HA considered it important to ensure consistency of the review mechanism. To this end, it had been examining the suggestions in paragraph 4 above carefully. Contrary to what Mr Albert Chan suggested, the Administration had been resisting request to change the methodology randomly consistently over the years. So far, HA had only changed the methodology once in 2002. On that occasion, instead of making it more stringent, the changes had in fact relaxed the mechanism and had lifted the WLILs by an average of 10% as compared to those derived under the previous methodology.

28. Regarding Mr Albert CHAN's comments on PRH rents above, DD of H(S) clarified that PRH rents were not related to the WLILs because WL applicants had yet to be allocated PRH flats. As to Mr CHAN's concern about the impact of downward adjustments to the WLILs on existing WL applicants, he reiterated that the HA had put in place special arrangements set out in paragraph 10 above to minimize the impact on the affected households.

29. Mr Albert CHAN considered the Administration's reply another example of techno bureaucracy. He highlighted the reduction of the WL income and asset limits by 7.5% and 6.5% respectively in February 2001 to refute the point that changes were only introduced in 2002. He opined that although the number of households so affected might be small, it was inconsiderate and unreasonable to remove them from the WL. In response, SHPL explained that under the existing mechanism, the limits could be reduced or raised according to the prevailing rental levels and the Consumer Price Index. The 2001 reduction was due to the decreases in rental and general price levels. The limits would be raised in due course should there be increases in these levels. This was a well established mechanism that had proven its resilience and flexibility. The income and asset limits so derived from the formula were based on objective statistics. To change the formula haphazardly would undermine the credibility of the entire system.

30. Concluding the discussion under this item, the Chairman said that the HA would make a decision concerning adjustment to WLILs in mid-March 2005.

Information from the Administration in this regard would be circulated to members as the Panel would hold its next meeting on 18 March 2005 after the decision was made.

V Any other business

31. Following up on Mr LEUNG Kwok-hung's earlier request to discuss the proposed motion on the establishment of a select committee to investigate into The Link REIT incident, the Chairman drew members' attention to paragraphs 40 and 41 of the minutes of the meeting on 3 January 2005. As recorded in the confirmed minutes, members then agreed that the motion should not be proceeded with and members might raise the subject again at an appropriate time in future. He explained that should Mr LEUNG wish to propose the motion again at a meeting of the Panel, the agenda for the meeting must be related to the Link REIT. Alternatively, Mr LEUNG might raise the subject of the proposed establishment of a select committee at a meeting of the House Committee.

32. Mr LEUNG Kwok-hung explained that while he could directly put forth his proposal to the House Committee for consideration, he considered it courteous to raise the matter first at the Panel because it had discussed the matter several times. He expressed regret that his action should have caused so much concern. He also said that he would not insist on pursuing the motion at this meeting if the Administration could explain why it was inappropriate to set up a select committee to look into the Link REIT.

33. Mrs Selina CHOW stressed the importance of following rules and procedures to ensure smooth flow of the meeting. She said that members' requests would be given due consideration if they were put forward according to the relevant procedures. In her view, it was proper to deliberate Mr LEUNG Kwok-hung's proposed motion at a meeting of the Panel because it was related to the policy area of housing. The Panel decided not to proceed with the motion at the January meeting and in the earlier part of this meeting because the motion was not related to the agenda item under discussion.

34. Mr LEUNG Kwok-hung, however, opined that his motion had not been proceeded with at the January meeting mainly because of time constraints. He therefore looked forward to pursuing it at this meeting as a matter arising from the January meeting. He questioned if the paragraphs of the minutes quoted by the Chairman in paragraph 31 above had reflected the full picture. Mr Patrick LAU said that Mr LEUNG should have sought to amend the minutes if he considered them inaccurate. Mr Tommy CHEUNG Yu-yan pointed out that such requests should be made before the minutes were confirmed. He further pointed out that if Mr LEUNG wanted to pursue his motion at a meeting of the Panel, he might propose that his request be included in the agenda for the regular meeting in March 2005.

35. The meeting ended at 4:30 pm.

Council Business Division 1
Legislative Council Secretariat
16 March 2005