

立法會
Legislative Council

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Panel on Housing

**Minutes of special meeting
held on Friday, 21 October 2005, at 12:15 pm
in the Chamber of the Legislative Council Building**

Members present : Hon CHAN Kam-lam, SBS, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Hon Albert HO Chun-yan
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han, JP
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
Dr Hon Joseph LEE Kok-long
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG

Member attending : Hon James TIEN Pei-chun, GBS, JP

Members absent : Hon Fred LI Wah-ming, JP
Hon LEUNG Yiu-chung
Dr Hon YEUNG Sum
Hon Alan LEONG Kah-kit, SC

Public officers attending : **Agenda item I**

Mr Michael M Y SUEN, GBS, JP
Secretary for Housing, Planning and Lands

Mr C M LEUNG, JP

Permanent Secretary for Housing, Planning and Lands
(Housing)

Mr TAM Wing-pong, JP
Deputy Secretary for Housing, Planning and Lands
(Housing)

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)1

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Mr WONG Siu-ye
Senior Council Secretary (1)7

Miss Mandy POON
Legislative Assistant(1)4

Action

I. Briefing by the Secretary for Housing, Planning and Lands on relevant policy initiatives in the Chief Executive's Policy Address 2005-2006
(LC Paper No. CB(1) 26/05-06(01) — Policy Initiatives of Housing, Planning and Lands Bureau)

The Secretary for Housing, Planning and Lands (SHPL) briefed members on the policy initiatives involving the Housing, Planning and Lands Bureau in the 2005-06 Policy Agenda by highlighting the salient points in the information paper.

Disposal of surplus Home Ownership Scheme (HOS) flats

2. Mr Albert HO reiterated that the cessation of production and sale of HOS flats was not only against public interest but also had caused financial hardship to the Housing Authority (HA). Given the changes in circumstances, including the assumption of office by the new Chief Executive, Mr HO asked if consideration could be given to resuming sale of returned and unsold flats in existing HOS courts to Green Form applicants before 2006. He cautioned that further delay in the resumption of sale of the surplus HOS flats would not only incur substantial costs for maintaining these flats but also cause prospective buyers additional interest payments since the interest rate was on the rise. Mr LEUNG Kwok-hung echoed that early resumption of sale of surplus HOS flats would help to expedite the turnover of public rental housing (PRH) flats for re-allocation to those in genuine need for housing. He also expressed concern that the re-positioned housing policy on the property market had only pushed up the prices of luxurious flats while transactions in the secondary market were still numbered. Owners of negative equity had yet to benefit from the booming market.

3. SHPL took note of members' concerns but pointed out that the surplus HOS flats would not be sold before the end of 2006. Relevant preparatory work would, however, start before the end of 2006. He assured members that the Administration would closely monitor the property market taking into account the wider context of macro economy.

Tenants Purchase Scheme (TPS)

4. Dr Joseph LEE enquired about the latest position of TPS and the feasibility of allowing TPS buyers to use rents in lieu of instalment payments. SHPL replied that the last batch of flats suitable for sale to PRH tenants had been included under TPS Phases 6A and 6B, after which TPS would be terminated. Given the increased aspiration for home ownership, the Chairman hoped that HA could review the TPS policy taking into account the changing circumstances. SHPL said that consideration might be given to exploring other arrangements to meet the needs of PRH tenants.

Public housing policy

5. On *provision of PRH*, Mr Abraham SHEK noted with concern that only 7 000 PRH flats were built last year, the number of which was much less than the annual provision of 18 000 PRH flats. Given that there were over 90 000 applicants on the Waiting List and the number was still growing, he asked if additional resources would be earmarked to construct more PRH with a view to further reducing the waiting time. His views were shared by Mr Frederick FUNG.

6. SHPL replied that the Administration was committed to maintaining the average waiting time for PRH at around three years. In fact, the actual waiting time in the past few years was less than three years. PRH production would be planned according to the three-year pledge. However, the actual annual production would fluctuate as it would be affected by the prevailing circumstances. Apart from building sufficient PRH flats, efforts were also made to increase the supply of PRH flats by reducing the vacancy rate of PRH flats and combating abuses.

7. On *Housing for Senior Citizens (HSC)*, Mr WONG Kwok-hing noted that following the relaxation of the age requirement, HSC flats were offered to non-elderly applicants with a view to reducing the vacancy rate. However, the differences in personal or social habits had given rise to disputes among elderly and non-elderly tenants. He considered it necessary for the Administration to work out a long-term solution to the problem.

8. SHPL explained that the concept of HSC was introduced with a view to providing better care for elderly PRH tenants. The hostel-type HSC flats featuring shared facilities were provided with cleansing services and round-the-clock warden. However, due to difference in personal or social habits, disputes among HSC tenants did arise. Noting that HSC was not the preferred choice, HA decided to cease the

development of new HSC. Instead small self-contained flats would be allocated to elders who did not like HSC. It was hoped that with the increasing supply of small self-contained flats, the problem could be resolved over time. To reduce the vacancy rate of existing HSC, HA had relaxed the age requirement for access to HSC, with priority given to elderly applicants. Mr WONG Kwok-hing was not convinced and suggested that there was a need to look into this issue. The Chairman advised that members could follow up the subject in due course as this had already been included in the list of outstanding items for discussion of the Panel.

9. Mr Patrick LAU asked if consideration could be given to refurbishing existing HSC flats for allocation to non-elderly one-person PRH applicants. SHPL explained that one-person applicants would prefer small self-contained PRH flats over HSC flats where they would have to share kitchens and bathrooms with other tenants.

10. On *maintenance of PRH estates*, Mr Albert CHAN enquired about the measures, such as installation of elevators, which HA would take to improve the facilities and living environment of PRH estates, particularly those older ones. Mr LEUNG Kwok-hung echoed that HA should use the proceeds from the divestment of its retail and car-park facilities to improve the facilities of PRH estates. SHPL replied that a “Total Maintenance Scheme” would be introduced to improve estate maintenance services in PRH estates. Details of the Scheme would be considered at the November meeting of the Panel.

11. Mr Frederick FUNG enquired whether the Scheme was implemented on a voluntary or mandatory basis and whether tenants had to pay for the maintenance costs. The Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) explained that the objective of the Scheme was to provide a comprehensive, customer-oriented maintenance service featuring proactive in-flat inspection and enhanced services upon tenants’ requests for repairs. HA would ensure the structural safety of PRH blocks and bear the cost of maintenance works arising from normal wear and tear. However, defects caused by tenants would have to be paid by themselves. As to whether interest-free loans would be offered to tenants, PSH said that while no financial means would be made available in this respect, HA would liaise with the tenants concerned with a view to working out mutually accepted options.

12. The Chairman advised that the Total Maintenance Scheme for PRH estates had been included in the agenda for the Panel meeting to be held on 7 November 2005.

Rent policy

13. Miss CHAN Yuen-han held the view that PRH rents in Hong Kong were on the high side. By way of illustration, a family with a monthly household income of 1,000 yuan living in subsidized housing in Tianjin only had to pay 50 yuan for rent while a family with a monthly household income of \$5,000 living in PRH in Hong Kong had to pay rent ranging from \$1,000 to \$3,000. She considered that PRH rents

should be further reduced, and that the affordability of low-income families should be taken into account in setting PRH rents.

14. SHPL explained that at present, PRH rents ranged from a few hundred dollars to about \$2,000 depending on the age and facilities of the estates. The current median rent-to-income ratio (MRIR) of PRH was about 14.6% which was much lower than that of the private sector where many families had to spend some 30% of their household income on rent. Besides, relief measures such as the Rent Assistance Scheme and Comprehensive Social Security Assistance Scheme were available to assist PRH tenants who were facing temporary financial hardship.

15. Miss CHAN Yuen-han however pointed out that stringent eligibility criteria were attached to those relief measures. Noting that the Court of Final Appeal (CFA) would soon deliver its judgment on the judicial review of HA's decision to defer rent reviews for PRH estates in 2001 and 2002, Mr LEUNG Kwok-hung urged HA to consider reducing PRH rents regardless the outcome of the judgment.

16. In response, SHPL said that HA had set up an Ad Hoc Committee to conduct a comprehensive review of its policy on fixing and adjustment of PRH rents, and to formulate a more flexible rent structure offering greater choice to PRH tenants and better reflect their rental affordability. The Committee had already completed its initial deliberation. The public would be consulted on the Committee's initial findings following the conclusion of the judicial review proceedings.

Squatter areas

17. Mr CHEUNG Hok-ming enquired about the current policy on squatter areas. He held the view that the requirement for residents affected by clearance of squatter areas to be means tested to establish their eligibility for PRH might not be fair and might give rise to social instability. He asked if consideration could be given to relaxing the PRH eligibility criteria for clearances affected by public works programmes.

18. SHPL advised that under the existing policy, squatter areas would be tolerated until there was a need to resume the land for development. To ensure rational allocation of scarce public housing resources, clearances were required to undergo the Comprehensive Means Test to establish their eligibility for PRH. Those who were financially capable should be able to take care of their housing need while those with genuine needs such as vulnerable elders would be rehoused to PRH on compassionate grounds.

Urban renewal

19. To facilitate private sector participation in urban renewal, Mr Patrick LAU asked if consideration would be given to lowering the compulsory sale threshold of 90% of the undivided shares of a lot under the Land (Compulsory Sale for

Redevelopment) Ordinance (Cap. 545). The Chairman said that while the subject fell outside the remit of the Panel, he would allow the question to be put forward to the Administration. In reply, SHPL confirmed that the Administration would consult the industry on a proposal to specify certain classes of lots for a lower compulsory sale threshold.

II. Any other business

20. There being no other business, the meeting ended at 1:10 pm.

Council Business Division 1
Legislative Council Secretariat
29 November 2005