

**立法會**  
**Legislative Council**

LC Paper No. CB(1)597/06-07  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/HG/1

**Panel on Housing**

**Minutes of special meeting  
held on Thursday, 19 October 2006, at 10:30 am  
in the Chamber of the Legislative Council Building**

**Members present** : Hon LI Kwok-ying, MH, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon James TO Kun-sun  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH

**Members attending** : Hon LEE Cheuk-yan  
Hon CHEUNG Man-kwong

**Members absent** : Hon LEE Wing-tat (Chairman)  
Hon Fred LI Wah-ming, JP  
Hon CHAN Yuen-han, JP  
Dr Hon YEUNG Sum  
Hon Abraham SHEK Lai-him, JP  
Dr Hon Joseph LEE Kok-long, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Patrick LAU Sau-shing, SBS, JP

- Public officers attending** : Agenda Item I
- Mr Michael M Y SUEN, GBS, JP  
Secretary for Housing, Planning and Lands
- Mr Thomas C Y CHAN, JP  
Permanent Secretary for Housing, Planning and Lands (Housing)
- Miss Mary CHOW Shuk-ching, JP  
Deputy Secretary for Housing, Planning and Lands (Housing)
- Clerk in attendance** : Ms Connie SZETO  
Chief Council Secretary (1)6
- Staff in attendance** : Ms Pauline NG  
Assistant Secretary General 1
- Ms Sarah YUEN  
Senior Council Secretary (1)6
- Mr Justin TAM  
Council Secretary (1)3
- Ms Michelle NIEN  
Legislative Assistant (1)9

- I Briefing by the Secretary for Housing, Planning and Lands on relevant policy initiatives in the Chief Executive's Policy Address 2006/2007**  
(LC Paper No. CB(1)36/06-07(01) Information paper provided by the Administration
- Address by the Chief Executive at the Legislative Council meeting on 11 October 2006 - "Proactive Pragmatic Always People First"
  - The 2006-2007 Policy Address - "Policy Agenda")

As the Chairman was unable to attend the meeting due to indisposition, the Deputy Chairman chaired the meeting.

2. At the invitation of the Deputy Chairman, the Secretary for Housing, Planning and Lands (SHPL) briefed members on the housing-related policy initiatives in the 2006-2007 Policy Agenda by highlighting the salient points in the

information paper.

## Review of Domestic Rent Policy

### *Reduction in domestic rent*

3. Mr WONG Kwok-hing pointed out that in recognition of public rental housing (PRH) tenants' repeated calls for rent reduction, and the Housing Authority (HA)'s prolonged deferral of rent reviews for existing PRH under various pretexts, the majority view of Panel members, PRH tenants and the public was that the Administration should reduce rent first before reviewing the rent adjustment mechanism instead of "bundling" the two issues together. He was concerned that the legislative process necessary to effect the new rent adjustment mechanism would further delay rent reduction. As a result, the Government would fall short of its pledge made in the Policy Address of putting people first and adopting a proactive and pragmatic approach in its work. Mr WONG asked how the Administration would respond to the call for reduction in PRH rents.

4. In response, SHPL advised that the Ad Hoc Committee on Review of Domestic Rent Policy (CDRP) was finalizing its recommendations on the review of domestic rent policy (the Review) with a view to submitting its report to HA before the end of November 2006. Subject to HA's endorsement of CDRP's recommendations, it was the Administration's intention to introduce an amendment bill (the amendment bill) into the Legislative Council (LegCo) in early 2007 to amend the Housing Ordinance (HO) (Cap.283) for effecting the new rent adjustment mechanism. The Administration very much hoped that the amendment bill could be passed before June 2007 so that adjustment in the current rent level would be implemented as early as practicable.

5. Reiterating his views that it was unreasonable for HA to freeze PRH rents since 1998, Mr WONG Kwok-hing maintained that rent reduction should be introduced prior to the implementation of the new rent adjustment mechanism. By "bundling" rent reduction with the new rent adjustment mechanism, he considered that the Administration was in effect threatening LegCo Members to pass the amendment bill in exchange for an early rent reduction. In response, SHPL said that HA recognized the need to introduce a new rental basis as the starting point to facilitate the operation of the new rent adjustment mechanism. He added that the Court of Final Appeal (CFA)'s ruling on the judicial review on HA's decisions to defer rent reviews had helped clarify the provisions under the HO relating to domestic rent policy. He reaffirmed the importance of implementing, as soon as practicable a new rent adjustment mechanism that was more viable and helped promote the long-term sustainability of the PRH programme.

6. Mr LEUNG Yiu-chung, however, opined that CFA's ruling had in fact confirmed that there was no provision in the HO to prevent rent reduction. As such, he did not see why HA could not reduce PRH rent according to the proposed rent adjustment mechanism before enactment of the amendment bill. In response, SHPL explained that given the significant financial implications and the statutory

requirement that the policy of HA should be directed to ensuring that the revenue accrued from its estates should be sufficient to meet recurrent expenditure on the estates, it would be highly imprudent for HA to introduce long-term rent reduction without having put in place an effective administrative and legal framework that provided for both upward and downward rent adjustments. As such, the most objective, logical and coherent approach was to determine the new rent level based on the future rent adjustment mechanism. In this regard, it would be undesirable to pre-empt the relevant legislative process because the proposed rent adjustment mechanism might be modified during the bills committee stage.

7. Mr Albert CHAN considered it unfair and unreasonable that although the median rent-to-income ratio (MRIR) figures had already stood high above the statutory 10% cap, which clearly showed that rent reduction was long overdue, the Administration should still insist on adopting the "bundling" approach to secure the passage of the amendment bill. In response, SHPL stressed that HA was prepared to adjust the current rent to an appropriate level acceptable to the community so as to provide a new starting point for the new rent adjustment mechanism to operate fairly and effectively. However, to ensure coherence and consistency, the new rent level should be determined with reference to the new rent adjustment mechanism.

8. Mr LEUNG Yiu-chung said that it was the majority view of Panel members that HA should reduce PRH rent first before reviewing the rent adjustment mechanism. He asked how the Administration could respond to this view. In response, SHPL pointed out that many members had urged the Administration to put in place a new rent adjustment mechanism and a new rental basis as early as possible. Some even called for rent reduction before reviewing the rent adjustment mechanism. Mr LEUNG and Mr WONG Kwok-hing queried how the Administration had come to the conclusion that only some members had called for rent reduction to be introduced prior to reviewing the rent adjustment mechanism. Noting the Administration's interpretation of members' views regarding the issue of rent reduction, Mr Albert CHAN indicated that he would consider launching a signature campaign among all LegCo Members to ascertain their stance in relation to the timing of rent reduction.

9. In this regard, Mrs Selina CHOW stated that while the Liberal Party (LP) recognized PRH tenants' call for early rent reduction, it also accepted that the introduction of the new rental basis needed to be accompanied by the implementation of the proposed income-based rent adjustment mechanism to provide a sound basis for the mechanism to operate fairly. As such, LP urged HA to decide on the Review as soon as practicable in order to address PRH tenants' concerns. In response, SHPL concurred with Mrs CHOW's views and said that HA would endeavour to decide on the way forward on the Review by the end of 2006.

#### *Interim rent relief measures*

10. Mr WONG Kwok-hing asked whether HA would consider introducing rent

remission measures, such as rent waivers, before the implementation of the new rent adjustment mechanism. In this connection, Mr Albert HO opined that rent reduction should be introduced without further delay as the statutory 10% MRIR cap had already been exceeded by over 4% for many years. He considered it unfair to PRH tenants where HA had repeatedly deferred rent reviews for existing PRH under various pretexts. Mr HO further suggested that consideration be given to introduce rent relief measures immediately in the form of rent waiver of one to two months.

11. In reply, SHPL pointed out that the Comprehensive Social Security Assistance (CSSA) Scheme and HA's Rent Assistance Scheme (RAS) were already in place providing assistance to needy tenants who had problems in affording the normal rent. The CSSA recipients were provided with rent allowance which in most cases was sufficient to cover the PRH rent in full. At present, some 20% of PRH tenants were receiving CSSA. HA had also enhanced RAS to offer 25% to 50% rent reduction to eligible households with rent-to-income ratio exceeding 20%. On the suggestion of introducing rent remission measures in the interim, SHPL explained that CDRP's report would form the basis of HA's discussion. How to achieve a new rent level to provide a fair and acceptable starting point for the new rent adjustment mechanism to operate was amongst the many issues examined and considered by CDRP. He stressed that HA was already making every effort to expedite the introduction of the new rental basis as well as a new rent adjustment mechanism. Recognizing the difficulty in introducing long-term rent reduction without having put in place an effective administrative and legal framework, HA would consider the feasibility of introducing short-term rent remission measures in conjunction with CDRP's report.

#### Review of public housing allocation policy

12. Mr CHAN Kam-lam and Mr Albert CHAN referred to the new initiative in the Policy Address of establishing a family-based support network. While expressing support for the initiative, they enquired about HA's plans to strengthen existing measures to encourage public housing tenants and applicants to live with their parents so that the PRH programme could help foster a harmonious community with caring family values. In particular, Mr Albert CHAN considered that HA should improve the existing policy on transfer, which in his view was too rigid and mean, in support of the new initiative. Pointing out that PRH tenants and applicants would welcome allocation to PRH flats or transfer to flats in the urban area, Mr CHAN Kam-lam asked whether the Administration had assessed the demand in this area and sought information on the estimated number of urban PRH flats available in the next few years to cater for such demand.

13. In response, SHPL clarified that under the existing policies, allocation of PRH flats and transfers would be made to meet the needs of the families concerned subject to their meeting the eligibility criteria and the availability of suitable flats. On the concern about availability of PRH flats in the urban area, SHPL said that new applications or transfers might not necessarily be targeted at urban area but

could be in the New Territories (NT). He added that HA would consider improvement measures for the allocation and transfer policies in support of the new initiative to encourage small families to live with their elderly parents. HA has yet to work out concrete proposals in this regard.

14. Mr CHAN Kam-lam agreed that subject to availability of suitable flats and ensuring rational allocation of housing resources, HA should satisfy PRH tenants' and applicants' reasonable expectation in flat allocation as far as possible. He and Mr Albert CHAN further emphasized that clear criteria should be set to avoid giving PRH tenants and applicants false hope, as well as to prevent abuse of the initiative as a short-cut to securing flats in urban estates.

Admin.

15. In response, SHPL said that in endeavouring to meet the expectations of PRH applicants and tenants, it was also important to ensure that the new initiative should not affect the current three-year average waiting time for PRH, which should not be lightly compromised. He further agreed that there was a need to establish criteria for new or transfer applications, such as the criteria for determining applications involving several siblings to live with their parents. He took note of members' views and undertook to reflect them to HA for consideration. He also agreed to brief the Panel on the subject in due course.

#### The public housing programme

16. Mr Albert CHAN expressed concern about problems encountered by HA in proposed public housing development recently, in particular the opposition raised by some District Councils (DCs) to proposed public housing development in their respective districts. He was concerned about the impact on the disposal of HA prime sites, the three-year average waiting time for PRH, and applicants' choice in flat location.

17. Mr Frederick FUNG expressed similar concerns, pointing out that while Waiting List (WL) applicants had increased since two years ago to the present 105 000, annual PRH production had indeed decreased from over 50 000 units in 2000 to about 20 000 units in the past two years. He stressed that apart from ensuring sufficient land for PRH production, efforts should also be made to ensure that the sites would be located in various parts of the territory instead of in the NT only, and that cleared HA sites would be retained for re-development of PRH. Mr FUNG opined that the Panel should discuss issues and problems associated with sustainable PRH development in meeting long-term demand. Mr Albert CHAN concurred that efforts should be stepped up to identify more sites for PRH production in order to resolve the above problems.

18. While acknowledging that HA had encountered the above problems, SHPL assured members that PRH supply would not be affected in the next five years given that the planning and construction work involved had already commenced. However, SHPL cautioned that HA did face challenges in planning PRH production thereafter. He pointed out that there had been strong opposition from

some DCs to housing development projects put forward by HA because of concerns about increase in the population density and possible adverse impact on the living environment. For instance, there had been opposition to the housing development projects in Lower Ngau Tau Kok Estate and Yuen Long Estate, and a site in Tseung Kwan O. In addition, HA had to overcome the difficulty in securing land in urban area for PRH development as urban sites were considered valuable land resources which should be used for private housing development. He said that the Administration was reviewing the situation and exploring ways to resolve concerned problems in the light of meeting long-term demand for PRH. HA would be briefed on the results and discuss related matters in a few months' time. Upon request of members, SHPL agreed to report to the Panel in due course on problems encountered in proposed public housing development and the solutions worked out by HA to address the problems.

### Home Ownership Scheme and Tenants Purchase Scheme

19. Mr WONG Kwok-hing enquired about plans for disposal of surplus Home Ownership Scheme (HOS) flats and whether consideration would be given to revive HOS. In response, SHPL said that since the announcement of the repositioned housing policy in 2002, the Government had already made a policy decision to cease HOS. As to the surplus and returned HOS flats, SHPL advised that they would be put up for sale in batches from 2007 onwards to Green and White Form applicants. HA was making preparations for the first phase of sale to be launched in early 2007. The details would be announced in late 2006.

20. Mr WONG Kwok-hing criticized that the cessation of HOS was a measure to boost the property market and to favour developers. He expressed concern that the policy change had adversely affected the mobility of PRH tenants and hence the recovery of PRH flats for reallocation to needy families. Mr WONG called upon the Administration to review the decision and consider expanding the Tenants Purchase Scheme (TPS) to meet PRH tenants' aspiration for improving their living conditions.

21. In response, SHPL acknowledged the role played by TPS and HOS in enabling low-income families to acquire home ownership step by step in improving their living environment. He however pointed out that with the increase in the supply of private residential flats of the right size, location and price, there was an overlap between HOS and the private residential market. The decision to cease HOS was to address this problem and to minimize intervention into the private residential market. In consideration of the above, unless there were changes in market conditions necessitating a review of the repositioned housing policy, the Administration did not see a need to consider reviving HOS, and such changes were not seen at the moment. As to TPS, SHPL said that given the unsatisfactory response in recent phases, HA did not consider it justified to expand the Scheme. He added that there had been positive response from tenants in the first few phases of the sales programme. However, the flat purchase rate had dropped from over 70% to 80% in the past to below 40% in the latest Phase 6 of TPS. The decline in

flat purchase rate might be related to the age of the PRH blocks involved and hence maintenance concerns. Upon members' request, SHPL agreed to provide the breakdown on the sales figures by estates under Phase 6 of TPS for members' reference after the meeting.

*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(1)169/06-07(01) on 26 October 2006.)*

22. Noting the above stance of the Administration regarding HOS and TPS, Mr Albert HO enquired about resultant changes in the supply of subsidized housing opportunities since 2002. In response, SHPL said that in line with the repositioned housing policy, previous targets of achieving annual flat production of 85 000 and 70% home ownership rate for the general public were no longer pursued. He added that HA had progressively adjusted its subsidized housing policy and its major work at present was to focus on PRH production with a view to ensuring adequate supply of flats for maintaining the average waiting time at around three years. Furthermore, although sale of surplus HOS flats would be resumed in 2007, to avoid adverse impact on the property market, the plan was to launch two phases of sale every year, with around 2 000 to 3 000 flats to be put on offer in each phase. The Administration would also closely monitor the latest developments of the property market and consider with HA the need to adjust the sales schedules if necessary.

#### Flat design

23. Mr Albert CHAN highlighted the poor design of the toilets in units of Tin Yan Estate, the units of which had been converted from an interim housing estate. He pointed out that he had visited the substandard toilets in question and found that the size was so small that tenants could only sidle their way in and had difficulty in turning around in the toilets. Due to the substandard design of the toilets, there were cases where WL applicants had rejected offer of flats in Tin Yan Estate and sitting tenants had applied for transfer to other estates. However, he noted that application for transfer would normally not be granted unless accompanied by medical documents from doctors. Mr CHAN urged that SHPL and the Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) should pay a visit to Tin Yan Estate to better understand the problem and asked whether HA would consider putting resources to improve the substandard toilets. In reply, PSH advised that he had visited the toilets in question. He agreed with Mr CHAN on the need to improve the situation. The Housing Department would carry out minor improvement works to the toilets. Should this fail to improve the situation, consideration would be given to conducting enlargement and alteration works.

24. While appreciating PSH's positive response, Mr Albert CHAN sought details on the timetable of the improvement works. He also opined that flat allocation to Tin Yan Estate should be withheld pending completion of the improvement works. In response, PSH said that due to cheaper rent, some WL applicants would choose flats in estates like Tin Yan Estate. However, applicants would be alerted of the small size of the toilets so that they could make an informed decision. An allocation



offer in such estates would not be counted within the three allocation offers for a WL applicant.

**II Any other business**

25. There being no other business, the meeting ended at 11:30 am.

Council Business Division 1  
Legislative Council Secretariat  
29 December 2006