

立法會
Legislative Council

LC Paper No. CB(1)1568/06-07
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 5 March 2007, at 2:30 pm
in the Chamber of the Legislative Council Building

- Members present** : Hon LEE Wing-tat (Chairman)
Hon LI Kwok-ying, MH, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon James TO Kun-sun
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, SBS, JP
Hon WONG Kwok-hing, MH
Dr Hon Joseph LEE Kok-long, JP
Hon LEUNG Kwok-hung
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon Alan LEONG Kah-kit, SC

**Public officers
attending**

: Agenda Item IV

Mr Thomas C Y CHAN, JP
Permanent Secretary for Housing, Planning and Lands
(Housing)

Mr LAU Kai-hung, JP
Deputy Director (Estate Management), Housing
Department

Mrs Janet TSANG LEE Kit-ying
Chief Manager/Management (Support Services 2)
Housing Department

Agenda Item V

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)

Mr Carlson CHAN
Assistant Director (Strategic Planning)
Housing Department

Agenda Item VI

Mr Kenneth MAK Ching-yu, JP
Deputy Director (Corporate Services)
Housing Department

Ms Ada FUNG Yin-suen, JP
Deputy Director (Development & Construction)
Housing Department

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)6

Staff in attendance : Ms Annette LAM
Senior Council Secretary (1)3

Ms Sarah YUEN
Senior Council Secretary (1)6

Ms Michelle NIEN
Legislative Assistant (1)9

Action

I Confirmation of minutes

(LC Paper No. CB(1)1013/06-07 -- Minutes of meeting on
4 December 2006)

The minutes of the meeting held on 4 December 2006 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)896/06-07(01) -- Land Registry Statistics
(*issued via e-mail*)

LC Paper No. CB(1)899/06-07(01) -- Letter dated 11 January 2007
from Hon Albert HO Chun-yan
and Dr Hon YEUNG Sum to the
Chairman on calculation of floor
area in the sale arrangements for
uncompleted first-hand
residential units)

2. Members noted that the above information papers had been issued since the last regular meeting held on 5 February 2007.

III Items for discussion at the next meeting

(LC Paper No. CB(1)1012/06-07(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)1012/06-07(02) -- List of follow-up actions)

3. Members noted that the Administration had not proposed any items for discussion at the next regular meeting to be held on Monday, 2 April 2007, at 2:30 pm. As proposed by Dr YEUNG Sum and Mr James TO, members agreed to schedule the item on "Disclosure of saleable area in sales description for residential properties" for discussion at the next meeting. The discussion would cover recent public concerns about practices of some developers to include common areas and auxiliary facilities in the calculation of saleable area when putting up residential properties for sale, and members' concerns about the lack of a definition on "saleable area" and standardized calculation method in measuring floor space for residential units as well as possible loopholes that developers could "inflate" saleable area to make more profits. Members agreed to invite The Hong Kong Institute of Surveyors, the Real Estate Developers Association of Hong Kong, the

Consumer Council and the Estate Agents Authority to attend the meeting for the item.

4. The Chairman reminded members that a special meeting had been scheduled for Friday, 13 April 2007, at 8:30 am to meet with the Administration and The Link Management Limited (The Link) to discuss issues related to the provision and management of retail and car-parking (RC) facilities in public housing estates after the divestment of the facilities by the Housing Authority (HA).

IV Policy on under-occupation in public rental housing

(LC Paper No. CB(1)1012/06-07(03) -- Information paper provided by the Administration)

5. At the invitation of the Chairman, the Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) briefed members on the situation of under-occupation among tenants of public rental housing (PRH) estates, the difficulties encountered in handling under-occupation cases, and the proposed way forward in tackling the issue. PSH advised that the under-occupation standards varied with different household sizes and under the existing tenancy agreement, an under-occupied household had to move to a PRH flat of a size which the Housing Authority (HA) considered appropriate. There were a total of 31 700 cases of under-occupation in 2006 which was more than double the number of cases in 2000. The majority (nearly 90%) of the cases in 2006 were 1-or 2-person households. Among them about 40% consisted entirely of elderly residents. However, the progress of transfers of under-occupied households had been impeded by the inadequate supply of 1-or 2-person flats. Moreover, most of the households were unwilling to move to other districts because of unfamiliar living environment. In approaching the issue of under-occupation, PSH said that the Administration intended to put elderly tenants and households with disabled members at the bottom of the list of under-occupied households to be transferred, to take into account the keen demand for small PRH flats in planning new public housing projects, and to review the under-occupation standards in due course.

Discussion

Difficulties in handling under-occupation and measures to address the issue

6. Mr WONG Kwok-hing called on the Administration to adopt a more flexible approach in handling under-occupation cases, particularly those involving elderly residents. He pointed out that on top of the psychological stress caused by a change in environment, transfer to a smaller unit could also add to the financial burden of the household as the existing furniture and electrical appliances might not fit in the smaller unit.

7. Sharing the concern, Dr YEUNG Sum cautioned against a strict application of the under-occupation standards, particularly when dealing with elderly residents. While agreeing that a removal allowance would help ease the financial burden of relocation, he stressed the importance of taking care of the social, psychological and physical needs of the elderly in the process, such as having to adjust to a new environment and being cut off from their familiar social support network. He urged the Administration to adopt a flexible approach in arranging transfers. The Administration should also make every effort to arrange transfer within the same estate or failing that, in the neighbouring estate in the same locality/district.

8. Mr Albert HO considered that under-occupied households with family members suffering from disabilities or chronic illness deserved special treatment and suggested that the Administration should consider relaxing the under-occupation standard for these households taking into account these tenants' need for larger living space. Given that the decline in demand for large PRH flats as there were relatively few large families on the Waiting List, Mr HO was of the view that it would be more expedient to allow PRH tenants more generous living space than to have larger flats vacant with no rental income. In this connection, Mr LI Kwok-ying shared the view that the elderly and physically handicapped tenants, especially those wheelchair-bound or in need of walking aid, should be allowed a larger living space to facilitate their activities inside the flats.

9. On concerns about the problems faced by the elderly and disabled under-occupied tenants, PSH said that the Administration well recognized their special needs and agreed that they warranted special consideration and treatment. He affirmed the guiding principle that elderly tenants and households with disabled members would come last on the list of under-occupied households to be transferred. On arranging transfers, consideration would be given to providing removal allowance to ease tenants' financial burden in transferring to other flats, and the Administration would take vigorous measures to address tenants' adjustment problem arising from moving to a new environment. PSH stressed that the Administration had all along been exercising flexibility in handling cases involving the elderly and the disabled. Subject to the availability of suitable units and where justified, transfers within the same estate or within the same district would be arranged whenever possible to ease the stress on the tenants and to avoid upsetting their routine social and recreational activities. The Administration would continue with its efforts in this regard. Regarding the concern about the under-occupation standard for the elderly and physically disabled tenants, the Deputy Director (Estate Management), Housing Department (DD(EM)/HD) assured members that the allocation standard for these people, especially those with movement difficulties, was relatively relaxed and more generous compared with other PRH tenants.

10. Mr CHAN Wai-yip noted that there were different types of under-occupied households. Some consisted entirely of elderly residents, some were 1- or 2-person households of young adults or divorced persons. He was of the view that different types of under-occupied households should have different treatment appropriate to their specific circumstances. He urged HA to review policy in

respect of different types of under-occupied households and set out clear guidelines for frontline staff to follow when handling cases. Pointing out that HA had relaxed the allocation standards in renting out the larger flats in Tin Shui Wai and Tung Chung to families with fewer members, Mr CHAN was concerned that these households could become under-occupied upon a small change in the number of their family members. He considered that these households should be given special treatment and suggested the Administration to consider using the number of household members instead of floor area as the criteria in defining under-occupation for these households. For instance, consideration could be given to treating a household as under-occupied when half of the members had moved out. Concurring with Mr CHAN Wai-yip's view that different treatment should apply to different types of under-occupied households, Pro Patrick LAU enquired about the breakdowns of 37 100 under-occupied households by various types.

11. In response, DD(EM)/HD said that the Administration was well aware of the higher allocation standards for PRH flats in Tin Shui Wai and Tung Chung. He emphasized that the under-occupation standards for PRH flats, including those in Tin Shui Wai and Tung Chung, were more generous than the maximum allocation standards. On the breakdown of the 37 100 under-occupied households, He advised that around 12 000 households consisted entirely of elderly, around 9 300 had elderly family members, the remaining 10 300 were households with no elderly or physically disabled members. He pointed out that as nearly 70% of the applicants on the Waiting List were 1- or 2-person families, the acute shortage of small flats would be further aggravated and the 20 500 new small flats that would be available by 2009 would not be sufficient for accommodating the transfer of all under-occupied households. As such, he reiterated the guiding principles that elderly tenants and households with disabled members would be the last on the under-occupation transfer list. HA's brainstorming session held in February 2007 had affirmed the guiding principles in tackling the issue of under-occupation in PRH. To uphold the principle of equitable allocation of PRH resources, transfer arrangements would first target at the 10 300 under-occupied households with no elderly or physically disabled, thus releasing the flats for allocation to applicants on the Waiting List.

Allocation and transfer policies to foster social harmony

12. Pointing out that the current under-occupation standards had been introduced for over 15 years, Mr WONG Kwok-hing expressed concern that the standards could not meet the present day needs and enquired whether the Administration had a specific plan and time-table to review the standards.

13. In response, PSH said that the current under-occupation standards were established in 1992 when the Harmony PRH flats were introduced. Having regard to the substantial increase in the average living space allocated to PRH tenants from 6.9 square metres per person in 1986 to 12.1 square metres per person at present, HA had planned to review the standards in due course.

14. Mr WONG Kwok-hing pointed out that although the younger generation of PRH tenants were willing to live with their parents to take care of them, very often they had chosen to move out due to concern about their total household income exceeding the prescribed income limits, thus rendering them as "well-off" tenants and requiring them to pay additional rents. In this connection, Mr WONG considered that the Administration should devise measures to encourage and facilitate the younger generation to live with their elderly parents or to live nearby so as to take care and support their parents. In his view, an extended family with married children living with their elderly parents taking up a larger unit would help reduce the vacancy rate of larger flats, ease the shortage in 1- or 2-person flats, and address the problem of under-occupation. Referring to the 2006-07 Policy Address in which the Chief Executive had pledged to strengthen family-based support network in promoting a harmonious community, Mr WONG asked about measures the Administration would draw up for implementing the new initiative in the PRH programme.

15. Noting the diminishing demand for larger units and the growing demand for smaller units, Dr YEUNG Sum suggested that the married children of elderly PRH tenants willing to share accommodation with their parents should be allowed to be added to the household. For married children who preferred separate accommodation, consideration should be given to allocating them PRH flats in the same estate or in the same district to facilitate caring and support for their parents.

16. Pointing out that due to subsequent moving out, decease, marriage, or emigration of some family members, old estates of more than 20 years would likely had a larger number of under-occupied households, Mr LI Kwok-ying called on the Administration to put in place appropriate measures to facilitate transfer arrangements to further the Administration's objective of strengthening family-based support network in fostering a harmonious society.

17. Miss CHAN Yuen-han further suggested that the Administration should conduct survey to ascertain if the 10 300 under-occupied households with no elderly and physically disabled family members in fact had elderly parents who were also PRH tenants, so that those willing to live with or near their parents would be able to do so by way of addition to the household or through transfer arrangements.

18. In response, PSH informed members that in its February 2007 brain storming session, HA had examined how the existing measures encouraging PRH tenants and applicants to live with or near their elderly parents would be strengthened. In line with the Government's policy objective of fostering a harmonious society with caring family values, the Administration was actively examining measures, such as making relocation arrangements by way of addition to the household or allocation of a separate nearby unit. Subject to the availability of suitable units, discretion would be exercised in considering applications by PRH tenants residing in remote areas to live with their elderly parents in urban public housing estates, and also in considering applications for a separate public housing unit in the urban area in the same locality. PSH added that while this was an

interim measure to solve the problem of under-occupation, the long-term solution to tackle the problem of inadequate supply of small units lied in building more such units, which would take some time. With about 20 000 odd new small flats becoming available by the year 2009, PSH said that the situation would be improved to a certain extent.

19. Mr Albert HO said that encouraging young families to live with their elderly parents would help reduce the vacancy rate of larger units and release small units for allocation to applicants on the Waiting List. Noting a vacancy rate of more than 1.5% for larger flats, Mr HO enquired about the Administration's measures to maximize the utilization of such units.

20. In reply, DD(EM)/HD informed members that nearly 70% of applicants on the Waiting List were 1- or 2-person families. With a vacancy rate of more than 1.5% and in view of the relatively few large families on the Waiting list, the larger flats recovered from under-occupied households would not be readily taken up, resulting in a loss of rental income and an increase in vacancy rate, particularly in the cases of older estates. He said that the Administration had indeed made successful transfer of married children to take up larger units with their elderly parents in the same housing estate, thereby releasing the small units for re-allocation under the Waiting List.

21. The Chairman expressed concern over recent media reports quoting Housing Department's internal source of information on the policy on under-occupation. He pointed out that the media reports and subsequent discussions on the issue had aroused much public concern and worries among the under-occupied elderly PRH tenants that they would be forced to move out from their existing flats. Noting the policy stance that the 10 300 under-occupied households with no elderly and physically disabled would be the first category to be transferred, and considering the acute shortage of small units plus the limited supply at the rate of 500 households a year, the Chairman pointed out that it would take up some 20 years before the time came for the transfer of under-occupied households with elderly and physically disabled members. As such, he urged the Administration to issue a policy statement to clarify the issue on under-occupation, to remove any public misunderstanding, and to allay the anxiety among elderly tenants. While acknowledging the need to safeguard against any possible abuse of the system and to ensure proper use of public housing resources, the Chairman hoped that applications for transfer from married children to live with or living near their elderly parents should be handled with flexibility and be accorded priority. He also urged the Administration to draw up strategic plans and measures as soon as possible to encourage and facilitate married children to live with or near their elderly parents.

22. Sharing members' views, Mr Tommy CHEUNG called on the Administration to announce in clear terms its long term policy on under-occupation to remove any public misunderstanding and concern about making forced transfers of households consisted entirely elderly tenants.

23. In response, PSH assured members that the Administration would review the policy on under-occupation and measures to facilitate and encourage young families to live with or near their elderly parents in parallel with a view to working out measures in tackling related issues in a comprehensive manner. It was envisaged that preliminary proposals in this regard would be available for discussion by HA in three months. Following the formulation of strategic plans, consultation with the Estate Management Advisory Committee (EMAC) would be conducted as soon as possible. Clear guidelines would be announced upon the finalization of the measures to promote public understanding and to ease public concern.

Consultation

24. Mr LEUNG Kwok-hung enquired whether PRH tenants and the District Councils would be consulted on the guiding principles and strategies for tackling the issue of under-occupation and the details, including the channels of consultation, time-table of consultation, and the number of consultation sessions to be conducted. DD(EM)/HD said that details of consultation would be drawn up in due course. He advised that the Administration would, as a usual practice in the case of any major policy, consult EMAC before finalizing the details for implementing the policy on under-occupation. Regarding Mr LEUNG's query about the representativeness of EMAC, DD(EM)/HD clarified that EMAC comprised the Chairman or elected representative from each Mutual Aid Committee in the estate and elected District Council members whose constituencies covered the estate. He said that the existing some 130 EMACs with their elected members were representative and could adequately reflect PRH residents' views. Mr LEUNG remained unconvinced and opined that the 18 District Councils should be consulted on the matter.

Conclusion

25. The Chairman urged the Administration to take note of members' concerns and views expressed at the meeting. He said that the Panel would discuss proposals to encourage PRH tenants and applicants to live with their elderly parents and the results of the review on under-occupation policy when the details were available.

V Review of income and asset limits for Waiting List applicants

(LC Paper No. CB(1)1012/06-07(04) -- Information paper provided by the Administration

LC Paper No. CB(1)1012/06-07(05) -- Background brief on income and asset limits for Waiting List applicants for public rental housing prepared by the Legislative Council Secretariat)

Briefing by the Administration

26. At the Chairman's invitation, PSH briefed members on the findings of the review of the Waiting List (WL) income and asset limits for 2007-2008 (the Review). Members noted that results of the Review indicated that the WL income and asset limits for 2007-2008 would increase by an average of 5.2% and 1.8% respectively over those for 2006-2007. Some 119 600 non-owner occupied households in the private sector would thus become eligible for public rental housing (PRH), up 2 700 from the current 116 900 households. PSH also pointed out that amongst all the households, only the projected income limit for three-person households showed a slight decline of \$100 to \$12,000. This was largely attributable to the drop in the size of the "reference flat" and in the non-housing expenditure of three-person households as reflected in the 2004-2005 Household Expenditure Survey (HES) conducted by the Census and Statistics Department (C&SD). However, given that the extent of downward adjustment so assessed was relatively small and not in line with the general trend for other households, it was recommended that the income limit for 3-person households be maintained at \$12,100. He further informed members that the findings of the Review would be considered by HA's Subsidized Housing Committee (SHC) on 12 March 2007 and subject to SHC's endorsement, the new limits would be effective on 1 April 2007.

27. The Assistant Director of Housing (Strategic Planning) (AD of H (SP)) then gave a power-point presentation on details of the Review, including its background, the mechanism for setting the WL income and asset limits, and the projected and proposed WL income and asset limits for 2007-2008. Members noted that assessment of the WL income and asset limits was mainly affected by the movement in the Consumer Price Index (A) (CPI(A)), private rentals and the size of the "reference flats". The Review also adopted the latest household expenditure statistics from the 2004-2005 HES, which were released by C&SD in June 2006. In brief, the Review had revealed that:

- (a) Both the CPI(A) and private rentals had gone upwards since the last review in March 2006 in tandem with the general economic trend;
- (b) The size of the "reference flats" had dropped as the problem of an excess supply of large PRH flats continued to diminish; and
- (c) The findings of the 2004-2005 HES had indicated that there was a notable change in the expenditure pattern of different households over the past few years. Compared with the 1999-2000 HES, there was a marked increase in the non-housing expenditure of two-person households and a slight drop among three-person and four-person households.

(Post-meeting note: The power-point presentation materials were circulated to members vide LC Paper No. CB(1)1073/06-07 by e-mail on 6 March 2007.)

Discussion

General comments

28. Mr WONG Kwok-hing expressed the following concerns about the Review:

- (a) That the Review was based on data from the 2004-2005 HES. It was unfair to WL applicants as adoption of the above outdated data might render some households ineligible for PRH;
- (b) That the proposed WL income and asset limits for 2007-2008 were unacceptable and adjustments were inconsistent for households of different sizes. According to information given in Annex C to the Administration's paper (LC Paper No CB(1)1012/06-07(04)), only the WL income limit of the 2-person household had been increased, whereas those for 1-person, 3-person and 4-person households had seen no increase at all; and
- (c) That proposed increases in the WL asset limits for 2007-2008 seemed both haphazard and inconsistent across different household sizes.

29. Addressing Mr WONG Kwok-hing's concerns above, AD of H(SP) made the following points:

- (a) C&SD only conducted the HES every five years. The results of the 2004-2005 HES were the latest figures available for compiling the Review. The household expenditures obtained from the 2004-2005 HES had been adjusted using the latest CPI(A) (excluding housing cost) since 2004-2005;
- (b) The mission of HA was to provide subsidized PRH to families in genuine need, i.e., those who could not afford renting accommodation in the private market. Eligibility for PRH was therefore defined by measuring the amount of household income required for renting private accommodation comparable to PRH while meeting other non-housing expenditure. As a result, assessment of the WL income and asset limits had to give regard to the movement in the CPI(A), private rentals and the size of the "reference flats". The proposed WL income and asset limits for 2007-2008 had reflected the changes in these areas, in particular the trends mentioned in paragraphs (a) and (b) above; and

- (c) As indicated in the paper, the income and asset limits for 2007-2008 would be increased by an average of 5.2% and 1.8% respectively over those for 2006-2007. As a result, some 119 600 non-owner occupied households in the private sector (31.7%) would be eligible for PRH, up 2 700 from the current 116 900 households (31%). If households that might split from existing PRH tenants, Home Ownership Scheme (HOS)/Private Sector Participation Scheme owners or owner-occupied households in the private sector were taken into account, the number of households eligible for PRH would be much higher.

30. Mr LEUNG Kwok-hung expressed concern about the stringent WL income and asset limits for 2006-2007. He opined that this coupled with HA's decision to cease the construction of HOS flats, had inevitably rendered a certain number of persons unable to benefit from subsidized housing. Furthermore, PRH tenants would be deprived of the opportunity to improve their living conditions through HOS. This would in turn affect the release of PRH units for re-allocation to WL families. Mr LEUNG urged the Administration to consider reviewing the policies concerned to address the housing needs of the persons he highlighted above.

The income limits

31. Mr Albert HO considered it unfair that in working out the non-housing costs for the purpose of deriving the WL income limits, HA had failed to take into account that expenditures might vary greatly with the districts in which WL applicants lived. For example, people living in remote areas usually incurred higher travelling expenses. He also considered it undesirable that no regard had been paid to the hardships of certain households arising from rising costs on items including medical and supporting parents, in particular the medical expenses of people suffering from chronic illnesses. In calculating the non-housing costs for working out the WL income limits, Mr HO opined that the Administration should consider increasing the contingency provision from the present 5% to 10% of the total expenditure of the households to take into account the hardships of households arising from rising costs on items including medical and travelling expenses, and supporting parents. Moreover, in order to address the special circumstances of individual applicants, HA was urged to apply the WL limits with flexibility so that families in genuine need but failed to meet the limits could be eligible for PRH. The Chairman shared the views, and pointed out that the expenditure on medical insurance should also be taken into account if a mandatory medical insurance scheme was to be introduced in Hong Kong.

32. AD of H(SP) clarified that the non-housing costs used in the Review were in fact the "average" non-housing expenditure of the lower half expenditure group amongst tenant households in the private sector. It should also be noted that for people living in remote areas, the housing expenditure and some of their non-housing expenditure, such as on food, might be lower. He added that the coverage of the Household Expenditure Survey from which data was used in gauging the non-housing expenditure was territory-wide, and hence the different

non-housing costs of households living in different locations should have already been factored in.

33. On the concern about expenditure on non-housing components, AD of H(SP) explained that the current formula for calculating the WL income and asset limits had already covered expenditures on common items including education, medical and transportation, even less essential items such as overseas trips and petrol. Moreover, as compared to the old formula before the introduction of improvement measures in 2002 such as the provision for a 5% contingency money and the adoption of differential unit rents to take account of the housing expenditure of small households, the WL income limits had in fact already been relaxed up to 10% on average. As regards the concern about financial burden on households with members suffering from chronic illnesses, PSH said that special consideration for allocation of PRH would be given under Social Welfare Department (SWD)'s Compassionate Rehousing Scheme for these households. He took note of members' views expressed above and undertook to relay them for HA's consideration.

Admin.

34. Mr Albert CHAN noted from information shown in Annex B to Appendix III of LC Paper No. CB(1)1012/06-07(05) that the housing expenditures of different households would take up one-third of their respective incomes, especially where small households were concerned, thereby imposing heavy financial burden on households in general. He considered it necessary for the Administration to increase the WL income limits to ensure that housing expenditure would not exceed one-fourth of a household's income, which was a common threshold adopted in overseas countries. In response, PSH pointed out that as the Administration understood, housing expenditure took up well over 30% of the total household income in many countries.

35. In response to Miss CHAN Yuen-han's enquiry about whether consideration would be given to relax the WL income limit for one-person households, AD of H(SP) confirmed that HA had no such plan because, although the relevant private rentals had gone upwards, the size of the reference flat of this type of households had dropped in the past three years. Thus, the housing costs of these households had also dropped. As such, while there was slight increase in non-housing costs for one-person households, the increase had been offset by the above drop.

36. The Chairman and Mr Frederick FUNG pointed out that while the Commission on Poverty (CP) had defined the "working poor" as a person with monthly income of \$5,600 or below, a two-person household with a total monthly income of \$11,200 would exceed the proposed WL income limit of \$10,800 for 2007-2008 and hence would become ineligible for PRH. They considered it unacceptable to the community at large that "working poor" would be denied PRH benefits. To address the concern, Mr FUNG saw a need for HA to improve co-ordination with other Government setups on the definition of the "working poor". Echoing the view, Dr YEUNG Sum stressed the need to harmonize the practices of different Government setups having regard that in the public mind, Government was a single entity.

37. In response, AD of H(SP) said that given the different groups targeted under various Government assistance schemes, the eligibility criteria for assistance would inevitably vary. He however pointed out that the mission of HA had all along been to provide subsidized PRH to families who could not afford renting accommodation in the private market. It should also be noted that, should a household be contributing 5% of its income under the Mandatory Provident Fund Scheme, the effective income limit for a two-person household for 2007-2008 would be \$11,368 instead of \$10,800.

38. Mr Frederick FUNG pointed out that notwithstanding the above higher effective income limit for a 2-person household, in the light of the CP's recommendation of implementing a pilot Transport Support Scheme (TSS) to provide a monthly \$600 transport allowance to the "working poor", a 2-person household eligible for TSS would become ineligible for PRH if the transport allowance was to be regarded as household income. He therefore urged the Administration to consider excluding the transport allowance under the proposed TSS from the household income when assessing the eligibility of the PRH applicants under WL income limits. In response, AD of H(SP) said that the TSS would be a pilot scheme implemented for half year only and the beneficiaries had to meet the criterion of living in remote areas and working across districts. He took note of Mr FUNG's suggestion and undertook to convey it for HA's consideration.

The asset limits

39. Mr LI Kwok-ying cast doubt on the effectiveness of setting the asset limits for elderly households at two times the limits for non-elderly applicants in addressing the problems faced by elderly property owners living in old private accommodation with little or no income. In his view, despite the above improvement to help these elderly owners to move into PRH to improve their living conditions, given that the value of their properties would still easily exceed the new asset limits, elderly people would still have difficulty in meeting the eligibility criteria for PRH. Moreover, as their properties were too old and dilapidated, elderly people also had difficulty in selling their properties before applying for PRH.

40. In response, AD of H(SP) assured members that elderly property owners in need of rehousing could be allocated Housing for Senior Citizens (HSC) flats upon SWD's Compassionate Rehousing recommendation if the property concerned was located in a walk-up block without lift service. The elderly property owners concerned could dispose of their properties and if the WL eligibility criteria were met, they would become PRH tenants. Until they had disposed of their properties, these elderly owners would continue to live in HSC flats and the value of their properties would not be an issue.

Exclusion from the public rental housing eligibility net

41. Mr Albert HO enquired whether applicants excluded from the PRH eligibility net because of adjustments to the WL income and asset limits as a result of the Review had to file application afresh should they subsequently become eligible again. In reply, AD of H(SP) explained that no reduction in WL income and asset limits were proposed for 2007-2008 and therefore no applicants should be excluded from the WL as a result of the Review this year. Besides, in order to minimize the impact of the annual change in the limits, HA introduced in 2002 an arrangement whereby WL applicants who had failed to meet the limits and whose applications accordingly been cancelled could reinstate their applications within two years after the cancellation if subsequent limits revisions or changes in their own circumstances rendered them eligible under the prevailing limits.

42. In response to Miss CHAN Yuen-han on whether the above approach would also apply to PRH tenants affected by redevelopment of PRH estates, AD of H(SP) confirmed that sitting tenants would be handled according to the Housing Subsidy Policy and Policy on Safeguarding Rational Allocation of Public Housing Resources, which in essence involved the determination of the level of rents paid, namely, whether the tenants concerned should pay market rents, 1.5 times rent or double rent plus rates.

43. Mr LEUNG Kwok-hung highlighted complaints about applicants being excluded from the PRH eligibility net because of slight pay rises, and urged HA to be more flexible and understanding when handling marginal cases, such as retaining applicants on the WL if their income had only exceeded the income limits below a certain percentage, so that they could maintain their positions in the Waiting List should they subsequently become eligible again. The Chairman echoed his views, and proposed that the percentage and the grace period be set at 5% and one year respectively. In response, PSH assured members again that applicants who failed in the income/asset test but subsequently became qualified under the prevailing eligibility rules as a result of income/asset limits revisions or substantiated changes in family circumstances could reinstate their original PRH applications within two years.

The way forward

44. As proposed by Mr WONG Kwok-hing, members agreed that the Secretariat should prepare a list of the major views, concerns and suggestions expressed at the meeting for the Administration to relay them to SHC for consideration.

(Post-meeting note: The list was forwarded to the Administration on 6 March 2007. The Administration's response was circulated to members vide LC Paper No. CB(1)1170/06-07(01) on 16 March 2007. Subsequently, HA agreed to exclude the cross-district transport allowance under the TSS when determining the income eligibility of PRH WL applicants. The exclusion would take effect upon the implementation of the TSS.)

- VI Creation of the post of Assistant Director (Independent Checking Unit)**
(LC Paper No. CB(1)1012/06-07(06) -- Information paper provided by the Administration
LC Paper No. CB(1)1012/06-07(07) -- Background brief on creation of the post of Assistant Director (Independent Checking Unit) prepared by the Legislative Council Secretariat)

Briefing by the Administration

45. The Deputy Director of Housing (Corporate Services) (DD of H (CS)) briefed members on the Administration's proposal for the permanent retention of a supernumerary post of Assistant Director of Housing (AD of H) in the Housing Department (HD) mainly to head the Independent Checking Unit (ICU). He said that the functional need to permanently retain the post of AD of H had been confirmed as early as 2003 when HD conducted a review of its organization structure. However, pending completion of the detailed assessment then under way of the legal, staff management and resource implications of lifting the statutory exemption of HA's buildings from the Buildings Ordinance (BO) (Cap. 123), the post had been retained on a supernumerary basis instead. This assessment had now been completed. The Administration had decided that the statutory exemption should not be lifted because of the complication over the question of whether criminal liability should be imposed on Government and civil servants in the discharge of public duty. As the current ICU operation would be maintained for the long term, there was a practical need to retain the AD of H post on a permanent basis. The post was functionally justified in consideration of its existing heavy and expanding responsibilities. There was no room for internal redeployment of other directorate officers to undertake those duties because of the substantial downsizing of HA's directorate establishment in the past four years, which resulted in the net deletion of 24 directorate posts, or 34% of the establishment in January 2003. DD of H (CS) added that subject to members' comments, the Administration planned to put the proposal for consideration of the Establishment Sub-committee of the Finance Committee in May 2007.

Discussion

46. Mr WONG Kwok-hing noticed that the responsibilities of AD of H involved the vetting of construction proposals concerning structural alteration to existing buildings in respect of the divested RC facilities submitted by The Link. Pointing out that as a result of this arrangement, AD of H instead of The Link might be held criminally liable should The Link contravene provisions of the BO, he queried the rationale for the arrangement.

47. In reply, DD of H(CS) explained that HA's buildings were exempted from the regulation of the BO. As such, the RC facilities in public housing estates were similarly exempted until their divestment to The Link, after which the exemption no longer applied and, like private buildings the facilities were subject to regulatory control by the Buildings Department (BD) in accordance with the BO. BD had delegated to the ICU the authority to exercise regulatory control over the divested facilities, similarly to HOS courts and Tenants Purchase Scheme (TPS) estates which were built by HA and had been exempted from the BO until units in the HOS courts / TPS estates were sold. AD of H, being the "regulator" in the same way as officers in BD did, would not be held criminally liable for enforcement of the regulatory provisions in the BO. Instead, the Authorized Persons and Registered Structural Engineers appointed by The Link for the structural alteration works would be subject to the criminal provisions under the BO.

48. Dr YEUNG Sum considered it undesirable that the post of AD of H should be retained on a permanent basis for the purpose of exercising control on the RC facilities divested to The Link. In his view, the RC facilities should instead be directly put under BD's control so that the post could be deleted.

49. In response, DD of H(CS) explained that the workload involving the divested facilities took up only a small portion of AD of H's work. In fact, ever since the launch of HOS and TPS, building control in respect of HOS courts/TPS estates had been undertaken by a Building Control Unit (BCU) in HD in consideration that premises sold under these schemes could not enjoy statutory exemption under the BO. Since May 2003, BCU had been subsumed under ICU, which was established by HD in 2000 to exercise regulatory control of HA's new buildings in line with the requirements of the BO and the Lifts and Escalators (Safety) Ordinance. It was only since November 2005 that ICU's control function had been extended to cover HA's divested RC facilities in recognition that they were formerly HA's buildings. ICU was extending control over HA's existing buildings gradually. Hence, building control on the divested RC facilities was only one of the many responsibilities of AD of H. In addition, The Link would be charged the same level of fees as BD charged other private building owners for vetting and approving proposals for construction or alteration to private buildings.

50. Summing up the discussion, the Chairman concluded that the Panel had no objection to the permanent retention of the post of AD of H.

VII Any other business

51. There being no other business, the meeting ended at 4:50 pm.