

立法會

Legislative Council

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Report of the Panel on Housing for submission to the Legislative Council

Purpose

This paper gives an account of the work of the Panel on Housing during the Legislative Council session 2006-07. It will be tabled at the meeting of the Council on 11 July 2007 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to private and public housing matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 19 members, with Hon LEE Wing-tat and Hon LI Kwok-ying elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

Major work

Provision and management of retail and car-parking facilities in public housing estates after divestment

4. The provision and management of retail and car-parking facilities (RC facilities) in public housing estates after divestment by the Housing Authority (HA) remained a major concern of the Panel during the session. After the taking up of RC facilities by The Link Management Limited (The Link), complaints concerning huge rent increases on premises in The Link's asset portfolio and management problems in the properties continued to arouse public concern. While acknowledging that The Link had become a private entity, given that the provision and management of divested RC facilities had great impact on the daily life of public rental housing (PRH) tenants, members considered The Link had a corporate social responsibility to ensure proper provision and management of such facilities in meeting tenants' need. The

Panel therefore invited representatives from The Link to discuss related issues. To members' disappointment, The Link had declined the Panel's invitation. As such, the Panel passed a motion to express regrets on The Link and invite Mr Victor SO Hing-woh, Executive Director and Chief Executive Officer of The Link to attend a meeting of the Panel.

5. Mr SO subsequently attended a special meeting of the Panel in April 2007. At the meeting, members expressed deep disappointment about substantial rent increases by The Link on premises and its refusal to renew existing tenancies resulting in closure of businesses especially small shops. Moreover, the increasing trend of The Link to lease premises to chain stores and relocate existing tenants who could not afford higher rents to less favourable locations in shopping centres had given rise to concern about monopolization of the shopping centres by large shops and criticism that The Link was pursuing a leasing policy that only focused on raising rental income. Despite The Link's claim that there had been increase in patronage and shoppers' traffic in the majority of its shopping centres, members were unconvinced and expressed grave concern about adverse impact on nearby PRH tenants in terms of reduced choice of goods and services and higher prices. The Link was urged to look into these matters seriously, and improve transparency and enhance communication with commercial tenants in its daily operation.

6. On the concerns about leasing matters in The Link's properties and provision of facilities to PRH tenants, The Link pointed out that while the rental revision rates varied from case to case depending on tenants' own circumstances, the average rate was 8.3% over the six months period ended on 30 September 2006. Highlighting its commitment to bring more shopping and leisure choices to customers and PRH tenants meeting their needs and preferences, The Link would continue with its asset enhancement work to improve the trademix and physical structure of properties. The Link stressed that results of independent consumer opinions surveys revealed that enhancement projects in Link's shopping centres were well-received by customers. Respondents believed that the enhancement work had benefited nearby residents and found that prices of goods in the shopping centres were affordable to them. The Link also attached great importance to good corporate citizenship. Besides granting community groups rent-free access to promotion venues in its properties, 8% of the total retail floor area had been designated for leasing to non-profit making organizations at concessionary rent. The Link was willing to discuss with these organizations in examining the feasibility of letting additional spaces at reasonable rent when such need arose. The Link was mindful of the need to enhance communication with tenants. It would step up liaison with parties concerned in discussion of leasing matters and asset enhancement plans.

7. Members further urged the Administration to play a more active role in monitoring The Link's operation. In this regards, the Administration explained that it would not intervene into the operation of The Link, which was a private entity. Nonetheless, the Administration assured that it would ensure The Link's compliance with prevailing legislation, conditions of government leases, and terms of covenants and agreement made between The Link and HA. The Administration and HA

would also review the divestment policy of HA's RC facilities in the light of experience of the divestment exercise of The Link.

Disposal of surplus Home Ownership Scheme flats

8. In early 2006, HA approved and announced the sales programme and arrangements for selling the surplus Home Ownership Scheme (HOS) flats in batches in an orderly manner from 2007 to 2009. The Panel was briefed on the sale arrangements under Phase 1 of 2007 consisting of 3 056 flats.

9. Some members considered that the split ratio of 4:1 between Green Form (GF) and White Form (WF) applicants in the sales arrangements would not meet the housing aspirations of the sandwiched class families. The Administration explained that the split ratio was adopted taking into account that public resources were involved in offering a discount for HOS flats, the needs to meet the housing aspirations of WF applicants and minimize the impact of the sale on the private market. Nonetheless, the Administration undertook to review the split ratio for subsequent batches having regard to the take-up situation in Phase 1 of 2007.

10. Given that the surplus HOS flats had been left vacant for a long time after their completion, to protect the interests of prospective buyers, members suggested to provide longer defect liability period (DLP) and structural safety guarantee (SSG) for the flats concerned. The Administration assured members that in addition to regular maintenance carried out for the surplus HOS flats, the Housing Department (HD) would arrange defect rectification works at these flats to bring them to a reasonable standard before sale. Besides offering a one-year DLP for the flats, after-sale service would be provided under which defects reported by owners would be rectified promptly. In order to instil purchasers' confidence on the structural safety of HOS flats, the Panel noted that for unsold HOS blocks/developments, a 10-year SSG, to be counted from the first sale of the unsold blocks, would be provided. SSG would be extended to 20 years for unsold HOS blocks in Tin Shui Wai.

Hygiene in public housing estate

11. The Marking Scheme for Environmental Hygiene in Public Housing Estates was launched in August 2003 to strengthen enforcement against hygiene-related misdeeds committed by PRH tenants. HA conducted review on the scheme annually. In December 2006, the Panel received a progress update on the scheme and discussed improvement measures. Members welcomed the improvement measures and urged HD to step up enforcement on the misdeed of accumulating a large quantity of refuse and the more serious misdeed of throwing objects from height that may cause danger or personal injury. The Administration assured that increasing penalty points for the misdeeds in question and measures including installation of digital CCTVs at rooftops in housing estates to monitor the situation and employing retired police officers to undertake surveillance actions for the misdeed of throwing objects from height would tighten management control over the misdeeds and enhance the deterrent effect. Regarding the new misdeed of causing noise nuisance, there was concern about the

lack of objective criteria in enforcement resulting in inconsistencies and leading to disputes among parties concerned. To address concern about inconsistency in enforcement, the Administration undertook to consider members' suggestion of deploying more senior HD staff to accompany the estate management staff to the scene in handling noise nuisance complaints.

12. The misdeed of smoking or carrying a lighted cigarette in public lifts was made a misdeed under the scheme in 2005. The restriction on smoking was extended to cover enclosed common areas including lift lobbies, corridors and staircases in a domestic building on 1 January 2007. The Smoking (Public Health) (Amendment) Ordinance which also came into force on 1 January 2007 extended the statutory no-smoking areas to cover various indoor public places and public pleasure grounds managed by the Leisure and Cultural Services Department, but excluded the leisure grounds in public housing estates or private courts. HA later endorsed the extension of smoking restriction under the scheme in public housing estates to all estate common areas covering common areas of domestic buildings, estate rest gardens, pleasure ground, pedestrian walkways, estate road etc. (the extension) which took effect on 1 April 2007.

13. While supporting the spirit of the extension in protecting non-smoking tenants from second-hand smoking, some members considered the new measure too harsh highlighting the lack of regard to the rights of smoking tenants and unfairness to PRH tenants as residents of private residential properties were not subject to smoking restriction in their common areas. Concerns were raised about the appropriateness of penalizing the entire family by terminating the tenancy when individual family member committing the smoking misdeed, the different treatment to PRH tenants found smoking in their own estates and in other estates, the small number and size of designated smoking areas set up in estates. To address the concerns, members urged that consideration be given to adopting consistent criteria for setting up sufficient number of designated smoking areas in each estate, and providing the areas with covers. The Administration stressed HA's responsibility to manage the common parts of estates satisfactorily and that enforcement of the extension had been smooth. A total of 428 designated smoking areas covering 146 estates had been set up so far and only seven estates did not have designated smoking areas. Improvement to the extension and further adjustments to designated smoking areas would be made in the light of tenants' views.

Maintenance of public rental housing estates

14. In September 2005, HA embarked on a comprehensive structural investigation programme to ascertain the building conditions of ten aged public housing estates with a view to identifying necessary repair and maintenance works. The Panel was briefed on the investigation findings of four estates during the session. The Panel welcomed the recommended repair and improvement works in the estates, in particular the installation of lifts for blocks in Choi Hung Estate and Wo Lok Estate. Members called on HD to expedite the projects to meet aspiration of local residents. In view of the aging population in the estates, members suggested that suitable leisure

and recreational facilities should be provided for the elderly tenants when carrying out the estate improvement works. Moreover, the Administration should take the opportunity to implement/install more energy efficiency measures/facilities and greening works in the estates with a view to improving residents' living environment and reducing room temperature.

15. To enhance the maintenance service for PRH estates, HA launched the Total Maintenance Scheme in early 2006 featuring in-flat inspection and enhanced services upon tenants' requests for repairs with the target of inspecting and carrying out maintenance for all PRH units within five years. The Panel continued to monitor progress of the scheme. Members highlighted the need for the Administration to monitor the performance of works contractors to ensure their quality services to tenants. As in-flat repair or maintenance works would cause inconvenience and serious disruption to daily life of tenants, HD was urged to mitigate the impact of the works on tenants. The Administration undertook to enhance communication with tenants and contractors with a view to arranging works to be completed within the same day as far as possible; use full height dust screen and high efficiency vacuum cleaner in the process of works and provide comprehensive cleaning of works area upon completion of works; and arrange temporary transfer of affected tenants to vacant flats within the same estate in order to make room for large-scale in-flat works. HD would also conduct periodic and random checks on the works to monitor the quality of works and ensure the requirements were met.

Public housing allocation policy

16. Noting the high vacancy rate of Housing for Senior Citizen (HSC) units, the Panel discussed with the Administration on measures to improve utilization of these units. While agreeing that measures, such as allowing non-elderly single persons to apply for HSC units and incorporating the units in the Express Flat Allocation Scheme (EFAS) for PRH applicants to select had helped improve the letting position of the units, members expressed concern that such arrangements had given rise to disputes among residents arising from age-related differences in living habits. Members considered that the Administration should step up converting HSC units into normal PRH flats and suggested raising the annual target of converting 500 HSC units. To expedite the conversion programme, members also saw a need to speed up the construction of self-contained small flats for the elderly to accommodate existing HSC tenants; and provide more incentives to tenants, such as granting special removal allowances and re-housing elderly HSC tenants to units in the same estate, to encourage these tenants to move out from HSC units. The Panel noted that priority consideration would be given to convert HSC units of old design and according to the Administration, some 1 000, 7 000 and 11 000 self-contained small flats would be completed in 2007, 2008 and 2009 respectively to meet the demand of the elderly for public housing.

17. It was the long-standing policy of HA to allocate PRH flats to households having regard to their sizes under the established allocation standards. However, due to subsequent moving-out, decease, marriage or emigration of some family members,

the remaining members might enjoy far more average living space than was allowed, rendering the family an under-occupied household. Members noted that of the total of 31 700 cases of under-occupation in 2006, nearly 90% were 1-or 2-person households among which about 40% consisted entirely of elderly residents. The progress of transfers of under-occupied households had been impeded by the inadequate supply of 1-or 2-person flats. Members called on the Administration to adopt a more flexible approach in handling under-occupation cases involving elderly and disabled residents. They agreed with the Administration's guiding principle that households with these tenants would come last on the list of under-occupied households to be transferred. The Administration undertook to consider providing removal allowance to ease tenants' financial burden in transferring to other flats, and take vigorous measures addressing tenants' adjustment problem arising from moving to a new environment. Subject to the availability of suitable units and where justified, HD would arrange transfers within the same estate or within the same district.

18. Members saw the need for HA to devise measures to encourage and facilitate the younger generation to live with or near their elderly parents to take care of their parents. Such measures would not only help further the Administration's objective of strengthening family-based support network in fostering a harmonious society, but also ease the shortage in 1- or 2-person flats as well as address the problem of under-occupation. In this regard, the Panel was briefed on HA's review of its public housing allocation policy and enhanced measures to take effect from 1 October 2007 in supporting the Government's policy of fostering harmonious families. The measures included enhancing the Families with Elderly Persons Priority Scheme and the Special Scheme for Families with Elderly Persons so that the minimum waiting time for applicants under the schemes would be reduced from two years to 18 months and relaxing the restriction on the applicants' choice of district under the latter scheme except the urban district; relaxing the existing Addition Policy to allow one adult offspring and his/her family members to be added to the tenancy; enhancing the Enhanced Transfer Scheme under which the younger families could apply to move to the same estate where their elderly parents lived or to a nearby estate regardless of the district where their parents lived; enhancing the Amalgamation Policy to allow amalgamated household to move to any district if the younger household undertook to take care of and live with the elderly tenants. While members welcomed the enhanced measures in general to promote "ageing in place" for the elderly and encourage mutual support among family members, they urged the importance of ensuring consistency among the enhanced measures. In this connection, some members were concerned that applicants were not allowed to choose flats in the urban district under the Special Scheme for Families with Elderly Persons, and applicants were subject to relevant means and property tests on households for the enhanced Addition Policy. The Administration stressed the need to ensure equitable allocation of public housing resources and minimize the impact on other Waiting List applicants without elderly parents. Moreover, as applicants under the enhanced Addition Policy were not PRH tenants, the requirement to pass the relevant means and property tests would be necessary. Nonetheless, the Administration agreed to exercise flexibility where justified in applying the requirement. On members' suggestion to increase the

annual quota of 1 000 flats in the urban district set aside for implementing the revised Enhanced Transfer Scheme, the Administration undertook to review the quota six months after implementation in the light of response to the revised scheme.

Rent policy for public rental housing

19. The Panel continued to follow issues related to the review of HA's domestic rent policy. It held two meetings to discuss progress of the review and the legislative proposal to replace the statutory 10% median rent-to-income ratio (MRIR) cap under the Housing Ordinance (HO) (Cap. 283) with a new rent adjustment mechanism allowing both upward and downward adjustments in rents according to changes in PRH household income as reflected by the proposed income index.

20. While agreeing that introduction of the income-based rent adjustment mechanism would better measure PRH tenants' affordability, some members were gravely concerned that repealing the MRIR provisions would remove the "statutory safeguard" for low-income households against excessive rent increases by HA. They were also suspicious that the new rent adjustment mechanism was to pave the way for rental increases in the future. On the compilation of the proposed income index, some members stressed the need to set out the operation of the mechanism and methodology for compiling the income index in law. As for the rental basis for implementing the new rental adjustment mechanism, some members strongly demanded HA to reduce PRH rent immediately prior to introducing the new mechanism stressing that HA should comply with the 10% cap first and treat tenants fairly as PRH rents had only been frozen in the past few years of deflationary period. There was also opposition against the Administration's approach of bundling the introduction of the new rent adjustment mechanism with the rent reduction proposal of 11.6%. The Administration was urged to address the above concerns during the scrutiny of the relevant bill. The Housing (Amendment) Bill 2007 (the Bill) was introduced into the Council in January 2007, and the Bill with amendments was passed on 13 June 2007.

Private housing

21. Recognizing the importance of providing prospective buyers with accurate property information to make informed purchase decisions, the Panel followed closely issues relating to sale arrangement for first-hand residential units. Members discussed with the Administration and relevant parties including the Real Estate Developers Association of Hong Kong (REDA), the Consumer Council (CC), the Estate Agents Authority (EAA) on measures to improve sale arrangement for first-hand residential units. Notwithstanding REDA's initiatives to enhance its self-regulatory regime including establishing a Compliance Committee to handle complaints against developers' non-compliance with its guidelines and requiring its members to submit auditor's "certificate of compliance" before they offer a residential development for sale, as well as respective efforts by CC and EAA in enhancing consumer education and regulation of estate agents; some members considered these measures ineffective and stressed the need to put in place statutory measures for

governing the sale of residential properties in protecting the interests of buyers. In this regard, the Panel passed a motion requesting the Administration to reopen the discussion on the Sales Descriptions of Uncompleted Residential Properties White Bill and legislate on the arrangements of sales descriptions for residential properties on the basis of the relevant discussion. There were also suggestions to include compliance with REDA's guidelines as a requirement of the Consent Scheme so that the Government could withdraw the consent for the sale and impose penalties on developers for breaching the guidelines, to make sales brochures issued by developers legally binding, to require developers to post sales information such as the price lists for units in their websites to enhance market transparency. While stressing the flexibility of the multi-pronged approach in improving the sale arrangement for residential properties in striking a reasonable balance between consumer protection and maintaining a free business environment, the Administration assured that it would continue to keep the existing regulatory regime under review. Should the existing mechanism proved to be ineffective to achieve the expected result, the Administration would not rule out the option of introducing appropriate administrative or legislative measures to reinforce the existing control.

22. To enhance transparency in the disclosure of floor area information in residential sales descriptions, the Hong Kong Institute of Surveyors (HKIS) was conducting a review of its Code of Measuring Practice (the Code) relating to measurement of saleable area (SA), the details of which developers were required to disclose in sales brochures. The Panel discussed with HKIS, REDA, CC and EAA on the proposals namely, improving the definition of SA and standardizing the use of terminology whereby only "Saleable Area" and the Chinese term "銷售面積" would be used in the revised Code. Members agreed that a clear and uniform definition of SA and a standardized method of measuring floor space would help enhance consistency and accuracy in sales descriptions, as well as address unclear areas resulting from the evolution of new building technologies and terminologies, thus better safeguarding the interests of property buyers. Some members urged that the components of SA and the Gross Floor Area (GFA) of individual unit should be provided in sales brochures, and consideration should be given to providing legal backing to the definition of SA, requiring developers to specify per square foot price of SA of the unit in the price list and the provisional Agreement for Sale and Purchase. The Panel noted that the Administration had requested REDA to include in its guidelines additional requirements such as disclosing SA information in the price list and using larger font size to highlight SA information in sales brochures. The Administration also undertook to explore the feasibility of adopting the revised Code in the Consent Scheme and discuss with REDA on using the new definition of SA in all sales information when HKIS had reached a consensus on the matter with parties concerned. The Panel would continue to follow up the matter with the Administration and relevant parties.

23. Noting the gradual improvement in the private residential market in recent years in tandem with sustained economic recovery in Hong Kong, the Panel discussed with the Administration on the supply of private housing and development in property price. Members were keen to ensure that private housing supply would meet market

demand and property price was affordable to the general public. While according to the Administration that the growth of the property price had been steady from 2005 to the first quarter of 2007 and that the rate of price increase was higher for large flats than small and medium flats, some members were concerned that the small and medium flats available in the private market were increasingly beyond the affordability of the middle class and that the price differential of these flats in the first-hand and the secondary markets of the same or vicinity districts was widening. They urged the Administration to look into the matter and step up the provision of related information, such as statistics on the supply of private residential properties and transactions through a designated web page on the Internet, to enhance market transparency.

24. In view of rising property price in the private market, some members considered it timely for the Administration to critically examine the need of reviving HOS and the Tenants Purchase Scheme (TPS) to meet the property ownership aspirations of the sandwiched class and aspiration of PRH tenants for improving their living conditions. While acknowledging the role played by HOS, the Administration stressed that the policy decision made in 2002 to cease the production of HOS was to address the problem of overlap between HOS and the private residential market. As changes in market conditions necessitating a review of the repositioned housing policy were not seen at the moment, the Administration did not see a need to consider reviving HOS. As for TPS, due to unsatisfactory response in recent phases and management problems arising from TPS and non-TPS units in the same housing blocks, the Administration had no intention to revive the scheme at present.

Others

25. The Panel was briefed on the proposals of creating a permanent directorate post to head the Independent Checking Unit of HD and demolishing the existing buildings, structures and chimneys above ground at Kennedy Town incineration plant and abattoir at Kennedy Town Comprehensive Development Area site, the findings of the review of the Waiting List income and asset limits for 2007-08, and the development of a district open space in Tseung Kwan O.

26. From October 2006 to June 2007, the Panel held a total of 11 meetings.

Panel on Housing

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to private and public housing matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Panel on Housing

Membership list for 2006-2007 session

Chairman	Hon LEE Wing-tat
Deputy Chairman	Hon LI Kwok-ying, MH, JP
Members	Hon Albert HO Chun-yan Hon Fred LI Wah-ming, JP Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP Hon James TO Kun-sun Hon CHAN Yuen-han, SBS, JP Hon CHAN Kam-lam, SBS, JP Hon LEUNG Yiu-chung Dr Hon YEUNG Sum, JP Hon Abraham SHEK Lai-him, SBS, JP Hon Tommy CHEUNG Yu-yan, SBS, 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 Alan LEONG Kah-kit, SC Hon LEUNG Kwok-hung Prof Hon Patrick LAU Sau-shing, SBS, JP
	(Total : 19 members)
Clerk	Ms Connie SZETO
Legal Adviser	Ms Connie FUNG
Date	3 July 2007