

立法會
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Panel on Housing

**Minutes of special meeting
held on Monday, 22 October 2007, at 8:30 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon LEE Wing-tat (Chairman)
Hon WONG Kwok-hing, MH (Deputy Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Dr Hon YEUNG Sum, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Alan LEONG Kah-kit, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members attending** : Hon Albert HO Chun-yan
Hon Jeffrey LAM Kin-fung, SBS, JP
- Members absent** : Hon Fred LI Wah-ming, JP
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon LEUNG Kwok-hung

- Public officers attending** : Agenda Item I
- Ms Eva CHENG, JP
Secretary for Transport and Housing
- Mr Thomas C Y CHAN, JP
Permanent Secretary for Transport and Housing
(Housing)
- Ms Cora HO
Acting Deputy Secretary for Transport and Housing
(Housing)
- Mr LAU Kai-hung, JP
Deputy Director (Estate Management)
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 Pauline NG
Assistant Secretary General 1
- Ms Sarah YUEN
Senior Council Secretary (1)6
- Mr Anthony CHU
Council Secretary (1)2
- Ms Michelle NIEN
Legislative Assistant (1)9

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- I Briefing by the Secretary for Transport and Housing on relevant policy initiatives in the Chief Executive's Policy Address 2007-2008**
(LC Paper No. CB(1)36/07-08(01) -- Housing-related Initiatives in the 2007-08 Policy Agenda

Other relevant documents

- Address by the Chief Executive at the Legislative Council meeting on 10 October 2007 - "A New Direction for Hong Kong"; and
- The 2007-08 Policy Address - "Policy Agenda")

Remarks by the Secretary for Transport and Housing

At the invitation of the Chairman, the Secretary for Transport and Housing (STH) briefed members on the housing-related initiatives in the 2007-2008 Policy Agenda by highlighting the salient points in the information paper. On the recent calls for resumption of the Home Ownership Scheme (HOS), she said that it was a significant policy matter with far-reaching implications, which the Government needed to examine carefully in the light of the long-term interests of the community. Before the Government considered whether to resume HOS, regard should be given to the following three considerations (the three considerations):

- (a) ***Whether there was a serious imbalance in the private property market such that property prices were at unreasonably high levels*** resulting in difficulties for low- to middle-income families in purchasing flats. In this regard, the Government had noticed that transactions of flats at prices of below \$2 million constituted nearly 60% of the total number of property transactions in the past few years. The Government would continue to closely monitor developments in the market including price trends and flat supply, etc;
- (b) ***Whether there was an insufficient supply of middle- and lower-priced residential flats***, creating difficulties for better-off public rental housing (PRH) tenants in purchasing flats in the private market, thus adversely affecting the recovery of PRH flats for reallocation to needy families and substantially increasing the waiting time for Waiting List (WL) applicants. It was noted that over half of the PRH flats allocated to WL applicants every year were indeed recovered PRH flats. The current average waiting time for PRH was around 1.8 year for family applicants which was within the pledge of maintaining the overall average waiting time at around three years; and
- (c) ***Whether there was a consensus in the community to revise the Government's repositioned housing policy in 2002.*** Under the existing policy, the Government should withdraw from its role as a property developer and concentrate the land and financial resources on providing PRH for those low-income families who could not afford private rental housing and whose basic housing needs had to be addressed as a matter of priority. In this regard, it should be noted that the home ownership rate in Hong Kong was already over 50%. The private residential market had also been operating smoothly since

the implementation of the repositioned policy. As such, any change in this policy would have far-reaching implications for the property market as well as the overall economy.

Summing up, STH reiterated that the Administration would continue to closely monitor the developments relating to the three considerations. The current focus was to ensure that the sale of surplus HOS flats would be conducted in a smooth and orderly manner.

Discussion

Home Ownership Scheme and Tenants Purchase Scheme

2. In reply to Mr WONG Kwok-hing on when the revival of HOS would be considered, STH recapitulated the points regarding HOS in her opening remarks. Pointing out that there were diverse views on the revival of HOS, she said that the subject would be considered in the light of the developments relating to the three considerations.

3. On the three considerations, Mr Alan LEONG enquired if the Administration had ascertained whether the purchasers of the flats at prices below \$2 million were PRH tenants eligible to buy HOS flats; whether the Administration had data or analysis showing that the ex-tenants of the recovered PRH flats were purchasers of private flats with prices below \$2 million; and whether the Administration had plans to reach the required consensus for relaunching HOS through public debate and consultation.

4. In response, STH re-iterated the need to exercise care when considering the subject on relaunching HOS, and further elaborated her views as follows:

- (a) It should be noted that the private property market had remained stable while the turnover of PRH flats had been maintained since the implementation of the repositioned housing policy, which demonstrated that the policy was running well in general and had minimal implications on the society;
- (b) Promoting home ownership was not an objective in the Government's subsidized housing policy and was not in line with the principle of small government. Revival of HOS would not only have impact on the middle- and lower-priced property market but also on the entire economy;
- (c) In the recent sale of surplus HOS flats, the take-up rate of Green Form applicants was only 44% although 80% of the flats had been reserved for them. The low take-up rate suggested that Green Form applicants might not necessarily find HOS attractive. On the other hand, it might be inappropriate to use valuable social resources to construct HOS for applicants who were mostly White Form

applicants; and

- (d) While the Administration recognized the need to conduct in-depth and comprehensive consultation before introducing any major policy change, since there were still some 10 000 surplus HOS flats to be disposed of, the Administration could not garner sufficient data for the time being. At the present stage, no timetable for conducting consultation on the subject was available.

5. Mr CHAN Kam-lam was, however, not convinced, and called on the Administration to conduct early consultation on the review of HOS. In his view, PRH tenants' lukewarm response to the latest phase of the sale of surplus HOS flats might only be the result of high flat prices. On the other hand, the large number of White Form applicants had highlighted the need to satisfy the home ownership aspiration of those who could neither qualify for PRH nor afford private flats. Moreover, the escalating prices of new flats, high land premium in recent land auctions and the anticipated reduction in flat supply in the next few years could all push up property prices. Given the importance of forward planning in formulating policies, the Administration should conduct consultation on the review of HOS as soon as practicable to prepare for the anticipated flat price increase and to address the problem of reduced public affordability. Notwithstanding the large number of property transactions at prices below \$2 million at present, these flats were mostly properties of at least 30 to 40 years old and their supply was expected to decrease over time. He cautioned that the present soaring flat prices was similar to the situation in 1997, and had already sent out a warning signal for the Administration to take action to ensure stability in flat prices.

6. In response, STH reiterated the Government's housing policy to maintain a smooth operation and steady and healthy development in the private residential market. The objective of the Government's subsidized housing policy was to assist low-income families who could not afford private rental housing through the provision of PRH. It was therefore important to exercise due care in considering whether the Government should revive HOS in assisting families to meet their home ownership aspiration, lest Government might resume the role of a developer as in the pre-2002 days. Moreover, there were divergent views from different sectors of the society on the revival of HOS. While some were staunchly against Government taking up the developer's role again, some agreed that HOS could be revived on a small scale and open to both Green Form and White Form applicants. There were also others who opined that HOS flats should be offered to Green Form applicants only. As such, the Administration was at present closely monitoring developments relating to the three considerations as well as the sale of surplus HOS flats, before considering whether consultation should be conducted.

7. The Chairman also saw a need to examine the relaunch of HOS in a timely and comprehensive manner. He opined that PRH tenants' lukewarm response to the sale of surplus HOS flats might partly be attributed to the relaxation in PRH allocation standards. While better-off PRH tenants could mostly live comfortably in spacious PRH flats at relatively low cost, if they surrendered their PRH flats and

purchase HOS flats, they might have to cramp into smaller flats and bear significantly higher housing costs. It was therefore necessary to look into the real reasons for the drop in Green Form applicants. On the concern about possible impact of reviving HOS, he considered that there would be little impact on the economy though developers might be slightly affected. In this regard, the Chairman also questioned the halt on the Tenants Purchase Scheme (TPS). In his opinion, the scheme should not affect the private residential market. He further echoed Mr CHAN Kam-lam's concern about soaring property prices, and agreed that consultation on the review of HOS should begin early as the consultation process took time, and the lead time for the development of HOS would take at least five to seven years. To enable the Administration to have a full picture of the market situation, he further suggested the Administration to devise a property price index measuring people's incomes and the monthly installments they paid for their property in order to gauge their affordability.

8. In reply, STH said that while the Administration was fully aware of the concerns raised by members and she would endeavour to examine related issues in depth, there was no plan at the present stage to draw up a consultation timetable. She however cautioned against introducing frequent changes to the repositioned housing policy. Hence, the Administration would need to collect more data and the society had to reach a consensus before any policy changes were introduced. In particular, it was necessary to assess the implications of such changes on the overall economy.

9. In reply to Miss CHAN Yuen-han on the respective numbers of Green Form and White Form applicants in the latest phase of the sale of surplus HOS flats, the Permanent Secretary for Transport and Housing (Housing) (PSH) advised that in Phase 1 of the sale in 2007 completed in May 2007 under which a total of 3 052 flats were sold, although around 2 400 flats had been reserved for Green Form applicants, only about 1 300 flats were sold to Green Form applicants and some 1 700 flats were sold to White Form applicants. As for Phase 2 of the sale which was launched in August 2007, since the sale had yet to be completed, the relevant figures would be provided to the Panel when available.

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10. Mr Tommy CHEUNG conveyed the Liberal Party's support for cessation of the production of HOS. He pointed out that in order to meet the housing needs of low-income families, the Government should secure land, including that in the urban area, to provide sufficient PRH flats to further reduce the waiting time for PRH applicants instead of reviving HOS. Instead of intervening in the market, the Government should allow flat prices in the private market to be adjusted by market forces. He further opined that the slump in the private property market had been caused by HOS and property development above railway stations, and stressed the need to guard against a recurrence.

Public housing allocation policy

11. Dr YEUNG Sum and Mrs Selina CHOW showed appreciation for the five enhanced public housing measures (the enhanced measures) implemented by the

Housing Authority (HA) to help establish a family-based support network in PRH estates. STH added that the enhanced measures, in particular the measures that enabled younger families to live nearer to their elderly parents, could enable young people to look after their parents while retaining personal space for themselves.

12. Mr WONG Kwok-hing referred to the Addition Policy for Harmonious Families, under which one adult offspring and his/her family members would be allowed to be added to the tenancy of an elderly tenant, and expressed concern that the whole household had to pass the Comprehensive Means Test and Domestic Property Test (the Requirement). Pointing out that the Requirement was too stringent, Mr WONG urged the Administration to consider waiving the Requirement. In response, PSH pointed out that with the income limits set at three times of the WL Income Limits and the asset limits at 84 times of the WL Income Limits, the Requirement was already more lenient than that for WL applicants. Notwithstanding, the Administration would keep the enhanced measures and the relevant eligibility criteria under constant review.

13. While supporting the implementation of the enhanced measures which in his view was long-overdue, Prof Patrick LAU also considered it necessary to ensure that the PRH flats to be allocated under the measures would be fitted with facilities catering to the needs of elderly tenants. In this regard, he also saw a need for the Administration to conduct a study to map out measures for addressing the long-term housing needs of an aging population, such as by ensuring the provision of up-to-standard care and attention homes for the elderly, and improving the planning and design of Housing for Senior Citizens.

14. On addressing the housing needs of the elderly, STH said that efforts were presently directed at promoting mutual family support and care for the elderly through the enhanced measures. In particular, the geographical restriction had been relaxed under the Enhanced Transfer Scheme for Harmonious Families, and HA had already set aside 1 000 flats for the scheme, most of which were located in the Urban District. She invited the public and PRH tenants to study the details of the enhanced measures to see whether they could benefit.

15. PSH supplemented that in recognition of the aging population in Hong Kong, HA had already been pursuing initiatives to provide new PRH estates with communal facilities suitable for and catering to the needs of the elderly. Consideration was also given to providing old estates with a large population of elderly tenants with facilities suitable for elderly tenants whenever large-scale renovation works were carried out in such estates. He assured members that provision for access such as construction of escalators and lifts, landscaping, special facilities for the elderly, recreational and sports facilities, etc. would always be examined with reference to the demographic profile of estates. Moreover, flexibility would be exercised where necessary to allocate flats of a larger size to elderly tenants who had mobility problems and hence the need to use wheelchairs.

16. Miss CHAN Yuen-han highlighted the plight and grievances of young people, who were either ineligible for PRH or could not afford to purchase private

flats, to split from their existing households in PRH to relieve over-crowdedness. As such, while she was pleased to note that STH was willing to examine the issues relating to the revival of HOS in due course, she stressed the need to address the plight mentioned above. Commenting on the eligibility criteria for PRH, STH emphasized the need to ensure fairness in recognition that PRH was a form of welfare involving the use of valuable social resources. The Administration also recognized the important role PRH could play in enhancing the quality of life of low-income families, and would continue to ensure the supply of sufficient land for the development of PRH to maintain the average waiting time for PRH at around three years. In fact, the Administration had fared quite well in this regard with the current average waiting time for PRH at 1.8 year for family applicants and 1.3 year for elderly applicants. As to Miss CHAN's call to address the housing need of the young people, STH said that the Administration saw a need to encourage younger families to live with or near their elderly parents and had implemented the enhanced measures since October 2007 to promote a family-based support network in PRH estates. Young people were encouraged to make good use of the enhanced measures.

Utilization of public housing resources

17. Mrs Selina CHOW opined that HA should explore in collaboration with other Government departments or non-government organizations (NGOs) better deployment of facilities in PRH estates to facilitate the provision of much required services for problem-plagued districts like Tin Shui Wai (TSW), where family tragedies frequently happened. In response, STH assured members that the Housing Department (HD) and the Social Welfare Department were already working closely in handling cases under an established mechanism. Where PRH facilities were concerned, a decision had recently been made by a committee under HA to convert under-utilized car parks in PRH estates into community service facilities. An earlier example in this regard had made possible the provision of comprehensive services by the Tung Wah Group for TSW. HA would continue to explore how its facilities could be better utilized to meet the needs of the community.

18. The Deputy Director (Estate Management), Housing Department (DD(EM)) added that 82 mutual aid committees (MACs) had been established in PRH estates in TSW. An Estate Management Advisory Committee (EMAC) had been set up in every TSW PRH estate. HD had been assisting these MACs to conduct home visits in conjunction with District Councillors and local community organizations. Some tenants of Tin Wah Estate in TSW had also taken the initiative to assist in such visits too. The EMACs in TSW would meet regularly, and where necessary would solicit assistance of other departments and agencies in organising activities for tenants. Noting the efforts made, Mrs Selina CHOW emphasized that to really assist residents in problem-plagued districts, there was a need to ensure not only the provision of adequate community facilities but also the provision of necessary services.

Other views and concerns

19. Dr YEUNG Sum referred to the return of the PRH site after the demolition of the North Point Estate to the Government for private housing development, and expressed concern about likely reduction in the supply of land in urban area for PRH development. Stressing the undesirability of moving most low-income families to remote new towns, he called upon the Administration to ensure that PRH sites would be located in various parts of the territory instead of in the New Territories only, and that adequate number of cleared HA sites would be retained for re-development of PRH.

20. In reply, STH clarified that the return of the North Point Estate site to the Government did not signify a policy change but reflected a consensus in the community that the potential of the site could be better realised if it was returned to Government. The Administration was also aware of the need to provide PRH estates in various parts of the territory. In fact, many large PRH estates in convenient urban locations were under development, such as the PRH estates in Aldrich Bay and Chai Wan. The Administration would continue to ensure sufficient supply of urban sites for PRH development, and was confident that the supply of PRH in the next five years would maintain the average waiting time of family applicants for PRH at around three years. In the long run, however, the supply and locations of PRH sites would hinge on Hong Kong's future urban development. In this regard, as pointed out by the Administration earlier, there were plans to develop additional new towns where there would be both public and private housing.

21. Highlighting that some 50% of the Hong Kong population was living in PRH, Dr YEUNG Sum was keen to ensure that apart from promoting the Strategy for Sustainable Construction to provide a green and healthy living environment for PRH tenants, the treatment of solid waste in PRH estates could be improved in co-operation with other Government departments or public bodies to reduce the production of waste and hence the burden on landfills. In reply, STH pointed out that there was already co-operation between HA and many NGOs in this regard. DD(EM) supplemented that HD had put much effort in separating recyclables at sources by providing separation bins at most PRH estates. Recycling campaigns were also regularly conducted in many PRH estates with good response. In the past years, HD was able to meet the relevant annual recycling targets set in conjunction with the departments and green groups concerned. HA also published annual green reports. At Dr YEUNG's request, the Administration agreed to conduct more recycling activities such as collection of moon-cake boxes for recycling, and to gear up publicity of these activities.

22. Mr Tommy CHEUNG highlighted the conflicts and grievances arising from the divestment of the retail and carparking (RC) facilities to The Link Management Limited, and urged the Administration and HA to let HD manage the remaining facilities, and cease further divestment of the facilities. In response, STH affirmed that there was at present no plan to carry out further divestment exercise for the RC facilities. Mr CHEUNG, however, said that in consideration of the problems so

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arising, the Administration should not pursue any plan in this regard in future. STH noted his views.

23. Summing up the discussion, the Chairman said that he would discuss with members how to follow up the issues relating to HOS and TPS in future.

II Any other business

24. There being no other business, the meeting ended at 9:30 am.

Council Business Division 1
Legislative Council Secretariat
2 January 2008