

立法會
Legislative Council

LC Paper No. CB(1)1159/07-08
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 7 January 2008, at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon LEE Wing-tat (Chairman)
Hon WONG Kwok-hing, MH (Deputy Chairman)
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 Frederick FUNG Kin-kee, SBS, JP
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

Members attending : Hon Albert CHAN Wai-yip
Dr Hon KWOK Ka-ki

Member absent : Hon LI Kwok-ying, MH, JP

**Public officers
attending**

: Agenda Item IV

Ms Eva CHENG, JP
Secretary for Transport and Housing

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

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

Mrs Connie LAI FAN Siu-wah
Chief Planning Officer
Housing Department

Agenda Item V

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

Miss Mary CHOW Shuk-ching, JP
Deputy Secretary for Transport and Housing (Housing)

Mr YEUNG Kwok-keung
Principal Assistant Secretary (Housing) (Private
Housing)

Agenda Item VI

Mr Kenneth WONG Hung-keung
Chief Civil Engineer
Housing Department

Mr Stephen YIM Yu-chau
Senior Architect 18
Housing Department

Mr Joseph CHAN Chun-shing
Chief Engineer/Land Works
Civil Engineering & Development Department

Mr Paul CHEUNG Kwok-kee
Assistant Director (Leisure Services) 1
Leisure & Cultural Services Department

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

Staff in attendance : 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)507/07-08 -- Minutes of special meeting on
22 October 2007)

The minutes of the special meeting held on 22 October 2007 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)395/07-08(01) -- Administration's paper on Land
Registry statistics in November
2007 (press release)

LC Paper No. CB(1)443/07-08(01) -- Administration's paper on
Customer Satisfaction Surveys
for Public Housing)

2. Members noted that the above information papers had been issued since the last regular meeting held on 3 December 2007.

III Items for discussion at the next meeting

(LC Paper No. CB(1)506/07-08(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)506/07-08(02) -- List of follow-up actions)

3. Members agreed to discuss the following items proposed by the Administration at the next regular meeting to be held on Monday, 4 February 2008, at 2:30 pm:

- (a) Report on the findings of the Comprehensive Structural Investigation on Tung Tau Estate Block 22 and Fuk Loi Estate; and

- (b) Way forward for the Comprehensive Structural Investigation Programme.

4. On item (a), members noted that the Administration would brief members on the findings and recommendations of the investigation. As regards item (b), the Administration would brief members on the progress of and way forward for the programme.

(Post-meeting note: Upon the instruction of the Chairman, an additional item on "Mortgage arrangements for Home Ownership Scheme flats" was subsequently included in the agenda for the 4 February 2008 meeting.)

IV Land supply for public housing development

(LC Paper No. CB(1)506/07-08(03) -- Administration's paper on land supply for public housing development

LC Paper No. CB(1)506/07-08(04) -- Hon LEE Wing-tat's paper on land supply for public housing development dated 13 December 2007

LC Paper No. CB(1)506/07-08(05) -- Administration's paper on land supply for public housing development (response to Hon LEE Wing-tat's paper dated 13 December 2007 (LC Paper No. CB(1) 506/07-08(04))

LC Paper No. CB(1)547/07-08 -- Administration's paper on land supply for public housing development (power-point presentation materials))
(tabled at the meeting and subsequently issued via email on 8 January 2008)

Briefing by the Administration

5. At the Chairman's invitation, the Secretary for Transport and Housing (STH) briefed members on the Administration's information paper on the item. She highlighted that the objective of the Government and the Housing Authority (HA) was to provide subsidized rental housing to low-income families who could not afford private accommodation with an average waiting time of around three years (the AWT pledge). Under HA's current five-year Public Housing Construction Programme (the PHCP), the forecast production of public rental housing (PRH) from 2007-2008 to 2011-2012 was about 76 000 flats, which would mostly come from the urban and extended urban areas including Kwai Chung, Tseung Kwan O and Shatin. HA estimated that this level of production, together with the about 16 000 PRH flats estimated to be recovered from the existing stock of about

684 000 units every year, would allow it to meet the AWT pledge in the coming five years. In the future, the Government and HA would continue to identify suitable sites for public housing development by taking into consideration the development needs of different districts and striking a balance among various land use needs, while at the same time with regard to factors such as the timing of site availability, development potential, compatibility with the neighbourhood, developable area and technical feasibility. However, most of the sites for PRH development beyond the coming five years were still at an early planning stage and time was required to resolve a number of issues including:

- (a) Different views from the local communities;
- (b) Provision of community facilities;
- (c) Site availability; and
- (d) Site development constraints.

6. STH further pointed out that in an attempt to meet the AWT pledge and in view of the increasing difficulties in securing suitable land for public housing development, cleared PRH sites would be retained for public housing development as far as possible. HA would also optimize the development potential of all available public housing sites to make more effective use of precious land resources.

7. With the aid of power-point, the Deputy Director of Housing (Development & Construction) (DD of H(D&C)) highlighted some examples of the above four issues which had to be resolved when securing sites for public housing development beyond the coming five years.

Discussion

The need to ensure balanced development in public housing production

8. While glad to note that HA would be able to meet the AWT pledge in the coming five years, Dr YEUNG Sum was keen to ensure that the PHCP beyond the coming five years could likewise enable HA to meet the AWT pledge in a balanced manner. In this regard, he referred to the return of redevelopment sites of North Point Estate and Wong Chuk Hang Estate to the Government for private housing development and development of the South Island Line respectively, and expressed concern that Waiting List (WL) applicants on the Hong Kong Island might be allocated with flats in the New Territories (NT) because of insufficient supply of PRH flats on the Island. He stressed the undesirability of moving most low-income families to remote new towns.

9. In reply, STH pointed out that the projects under the PHCP for the coming five years had been generally firmed up and about 80% of the new flat production would come from the urban and extended urban areas. In fact, many large PRH

estates under development were at convenient urban locations, such as the PRH estates in Aldrich Bay and Chai Wan. As to the land supply for PRH development beyond the coming five years, HA had identified suitable sites for PRH production and would endeavour to meet the AWT pledge even with the return of the Wong Chuk Hang Estate site to the Government. It would also continue to strengthen communication with relevant District Councils (DCs) and local communities in an attempt to formulate mutually acceptable solutions for use of sites for PRH production. DD of H(D&C) supplemented that the Housing Department (HD) had already been closely liaising with relevant bureaux and departments to identify suitable sites for public housing development in different parts of the territory. While details of the PRH development sites beyond the coming five years were yet to be available, it was expected that the situation would be similar to that in the coming five years, i.e., with around 80% of new PRH flats coming from the urban and extended urban areas.

10. Dr YEUNG Sum urged the Administration to ensure an even distribution of PRH flats in the territory and avoid over-concentration of PRH in one area or district as evidenced in the planning of residential developments in Tin Shui Wai. In this regard, Mrs Selina CHOW highlighted the need to adopt an integrated approach when planning new towns, so as to prevent the occurrence of social problems such as those in Tin Shui Wai, where development was unbalanced because of over concentration of public housing estates, segregated housing developments, and insufficient supporting community facilities.

11. In response, STH said that the Administration was well aware of the importance of striking a balance among various land uses and assured members that the Planning Department was already seeking to ensure a balanced development.

12. Also keen to ensure a balanced development, and pointing out the difficulty for low-income PRH residents living in remote new towns to afford the high travelling expenses, Miss CHAN Yuen-han saw a need for HA to ensure a sufficient supply of PRH flats in the urban and extended urban areas notwithstanding different local views. Moreover, she opined that adequate development of PRH flats in the urban areas could facilitate the younger generation to look after their elderly parents living in the urban areas. Expressing concern about the growing trend for HA to return PRH redevelopment sites in the urban areas to the Government, she further stressed the importance of making rehousing arrangements in the same locality to avoid creating problems for the affected tenants to adapt to the new environment. In response, STH re-iterated that as reported earlier, about 80% of the new flat production for the coming five years would come from the urban and extended urban areas. As most of the sites for PRH development for beyond the coming five years were still at an early planning stage and it was necessary to address certain local concerns, the site details had yet to be confirmed. In this connection, Miss CHAN requested the Administration to provide a further breakdown by district of the about 80% of the new PRH flats under the PHCP for 2007-2008 to 2011-2012 to show that these flats would come from the urban and extended urban areas.

Provision of community facilities

13. In pursuing PRH developments, Mrs Selina CHOW was of the view that efforts should be made to ensure the provision of community facilities could tie in with the completion of PRH estates to meet the needs of residents. In reply, the Permanent Secretary for Transport and Housing (Housing) (PSH) advised that the Administration recognized the need to ensure the provision of community facilities would keep pace with the population in-take of the districts concerned. In fact, to ensure timely completion of the community facilities for public use, the design and construction of district recreational and leisure facilities that were adjacent to the proposed public housing development projects would often be entrusted to HA for implementation by HD under Head 711 – Housing of the Capital Works Reserve Fund (Head 711). This arrangement would ensure better co-ordination of the district facilities and the adjoining public housing projects.

14. Referring to the undesirable development of new towns such as Tung Chung, which was ill equipped with important community facilities including hospitals and swimming pools because the population had not met the required planning standard, Mr WONG Kwok-hing urged the Administration to improve the planning of housing developments in new towns. Noting that there would be integrated development in Southeast Kowloon, Miss CHAN Yuen-han called on HA to ensure timely completion of community facilities for the PRH developments there. In response, PSH advised that Head 711 could not cover large-scale community facilities such as hospitals. Nonetheless, HA would maintain close liaison with the departments concerned during the planning process to ensure adequate provision of facilities for PRH developments. He undertook to convey members' views to the relevant departments for consideration.

15. Mrs Selina CHOW enquired whether the PRH development plan for the next ten years had taken into consideration the ageing problem in Hong Kong. In response, PSH advised that in recognition of the problem, the ratio of small self-contained flats in PRH estates had already increased. HA had also been pursuing initiatives to provide new PRH estates with communal facilities suitable for and catering to the needs of the elderly.

Housing Authority's ability to meet the AWT pledge

16. Mr Albert CHAN recalled that the annual PRH production before 2002 had been well over 20 000 flats. Hence, he expressed concern that the forecast annual production of 15 000 PRH flats in the coming five years might fall short of the demand, in particular proposed PRH developments might meet strong objections from DCs and local communities. As a result, in order to meet the AWT pledge, most PRH flats offered to WL applicants would be old and dilapidated recovery flats. Refusals to accept the PRH flats offered had been on the rise recently and there had been complaints that WL applicants were unfairly required to re-file their applications after having rejected all three housing offers. Mr CHAN was concerned that both the quality of PRH flats and the pace of allocation were deteriorating. In view of the anticipated huge fiscal surplus for the 2007-2008

financial year, and with a view to effecting early improvement in the living environment of PRH tenants, he urged that the Government should identify more suitable sites and increase resources for PRH production.

17. In response, STH re-iterated that since the sites for the forecast production of PRH under the PHCP in the coming five years had already been confirmed, the flat production volume concerned would not be subject to major variation. As to improvements to the living environment of PRH, she believed that the measures reported at the Panel meeting on 3 December 2007 for improving the facilities and living space in aged public housing estates should benefit many PRH residents. As regards the concern about allocation of PRH flats, PSH supplemented that each WL applicant would be given a maximum of three offers of PRH in the district of the applicant's choice. In the past, when most new PRH flats were located in the NT, it would be more difficult to identify a new flat for WL applicant who did not prefer living in the NT. However, with the implementation of the Total Maintenance Scheme, the standards of aged PRH estates had already been greatly improved.

18. Mr Albert CHAN cast doubt on whether the three housing offers would include a new flat. Highlighting the return of the PRH site near the Caribbean Coast in Tung Chung to the Government, and the reduction of PRH production on the PRH site near Lynwood Court and Maywood Court in Tin Shui Wai because of objections from local communities, he also expressed concern about HA sites secured for PRH production under the PHCP in the coming five years. In response, STH pointed out that with an estimated average recovery of about 16 000 PRH flats from the existing stock every year and the forecast annual production of 15 000, altogether over 30 000 PRH flats would be made available every year for allocation to meet the AWT pledge. Moreover, notwithstanding that DCs and local communities had expressed concern about public housing development, HA would work with the departments concerned to address local needs as far as possible. This did not necessarily result in delay or withholding of the development plans concerned.

19. To ensure adequate and timely provision of suitable public housing land to meet the AWT pledge in a sustainable manner in the long term, Mr CHAN Kam-lam opined that instead of relying on cleared PRH sites for public housing development, HA should also actively identify new sites for PRH development. Hence, efforts should be made during the planning process to identify new sites for PRH production beyond the coming five years. For instance, in the planning of the Kai Tak Development, a certain percentage of housing developments had been earmarked as public housing.

20. In response, STH said that the Administration was already making efforts to identify new PRH sites in new development areas such as Southeast Kowloon and around Anderson Road. DD of H(D&C) added that these sites would mostly be in the urban and extended urban areas, and the DCs concerned had already been informed of the proposed PRH development at the sites.

Admin.

21. Noting the response, Mr CHAN Kam-lam requested the Administration to provide information on the sites for production of PRH flats for the five-year from 2012-2013 to 2016-2017 with information on forecast annual production of PRH flats and estimated flat number by sites. Highlighting the long lead time for PRH production, Mr Frederick FUNG added that the information should be provided as soon as possible to assure members of the timely provision of suitable public housing land to meet the AWT pledge in a sustainable manner.

22. Mr LEUNG Yiu-chung questioned HA 's claim in meeting the AWT pledge by highlighting complaints about long waiting time for certain categories of family applicants. He stressed the need for HA to make suitable adjustment in the production requirements under the PRH development programme from time to time in preparation for long-term population growth and hence the increase in demand for PRH.

23. In reply, STH pointed out that the AWT pledge had been set at around three years as a target for planning purposes. Indeed, the current AWT for PRH was only 1.9 year for family applicants and 1.3 year for elderly applicants, although there might be individual cases where longer time was taken in PRH allocation. On the concern about the long-term PRH production, she assured members that the Administration had already been closely monitoring the demographic changes. PSH added that the assessment of PRH demand was complicated since it was affected not only by the population growth, but also the household formation rate and the economy. As such, while the demand could be worked out on the basis of demographic information provided by the Census and Statistics Department, estimates of the actual flat requirements and the distribution of flats of different sizes among districts might not match with the actual demand. It would be possible that it would take longer time for some applicants to be allocated flats due to their individual circumstances and requirements.

24. Noting the inadequacy of land resources in Hong Kong, particularly in the urban areas, Mr LEUNG Kwok-hung was concerned that HA would face increasing pressure to return PRH redevelopment sites to the Government. He considered that without a clear Government policy on the disposal of land resources and details of the sites to be allocated for PRH production in the coming ten years, there would be doubt as to whether HA could meet the AWT pledge. In this connection, he pointed out that there were growing difficulties for sitting tenants in seeking transfers, and the choice of housing offers to WL applicants was also deteriorating. In response, STH re-iterated that the projects under the PHCP for the coming five years had already been firmed up and the estimated production should be sufficient for HA to meet the AWT pledge.

Views from the local communities on PRH development

25. Referring to the Lower Ngau Tau Kok Estate Redevelopment mentioned in the Administration's paper, Mr CHAN Kam-lam pointed out that the Kwun Tong DC (KTDC) had raised objection to some proposed PRH developments in the district mainly on grounds that these developments together with the existing PRH

estates in the district, would make up over 45% of public housing estates in Hong Kong. Moreover, PRH tenants in East Kowloon, who already exceeded 70% of the total population in the district, would increase to over 80% in the next five years. As such, KTDC's suggestion to reduce the number of flats by some 1 000 to take into account the need for adequate provision of community facilities in the area should not lead to unfair criticisms.

26. In response, STH clarified that the Administration had never considered DCs' different views an obstacle to public housing development. Instead, it found DCs' views reasonable and would actively liaise with the DCs and local communities to address their concerns. DD of H(D&C) quoted the Lower Ngau Tau Kok Estate Redevelopment as an example to demonstrate how different local views could be resolved successfully to achieve a win-win solution for all by balancing the housing needs of the overall community and the local development needs.

27. Mr Frederick FUNG noted that while the relevant DCs were consulted before some cleared PRH sites were returned to the Government for other uses, the Legislative Council (LegCo) was not consulted on the matter. He suggested that consideration should be given to consulting the Panel on the matter. In this connection, he also enquired about the planned use of the site to be vacated by So Uk Estate.

28. In response, STH pointed out that communication with relevant DCs was essential as the proposed public housing developments would have impact on their districts, and that the DCs might have specific views on the facilities to be provided in connection with the housing development. As to the need to consult LegCo on individual public housing development plans, in consideration of the importance of timely provision of suitable public housing land to meet the AWT pledge, and that LegCo might have been consulted on the relevant overall planning proposals at the planning stage, the need might better be assessed on a case-by-case basis. Regarding the site of So Uk Estate, DD of H(D&C) confirmed that the initial plan was to use the cleared site for PRH redevelopment. She said that the relevant DC would be consulted on the details in 2008.

29. Mrs Selina CHOW saw a need for the Administration to expedite discussion with local communities, such as the relevant DCs, on PRH development in their respective districts. She cautioned about delay in such discussion, thereby prolonging the whole development process and increasing the relevant social costs. In response, PSH said that HA would spare no effort in ensuring a smooth PRH development process to keep the process within about five years.

30. In response to Mr LEUNG Yiu-chung's enquiry about the handling of local objections to public housing plans to secure PRH production in meeting the AWT pledge, STH stressed the importance of giving due regard to changes in the macro environment and good planning. Citing the return of the North Point Estate site to the Government as an example, she said that the case had reflected the consensus in the community that the potential of the site could be better realized if used for

private development. The Town Planning Board had recently approved the site for residential and hotel uses.

31. Mr WONG Kwok-hing pointed out that the decision to return the North Point Estate site to the Government had been made against local views, which had shown a clear preference for using part of the site for PRH development. He therefore saw a need to enhance the transparency of HA's land reserves to facilitate monitoring of the status of HA sites and prevent returning the sites to the Government without consulting the local communities concerned. In response, STH re-iterated that HA had listened to local views. For instance, as explained in the power-point presentation, HA had revised the schemes of a number of PRH projects after taking into account local concerns. To ensure transparency, the information on PRH redevelopment sites returned and to be returned to the Government was provided in Annex 2 to the Administration's paper. The return of HA's lease sites to the Government was subject to the approval of a committee under HA.

Policy on and resources for PRH development

32. Dr KWOK Ka-ki expressed concern about decreasing resources available for HA for PRH production as a result of the cessation of the Home Ownership Scheme (HOS). Moreover, to ensure the land supply for PRH development, he called upon the Government to increase its commitment in this regard by allocating more sites for PRH production. Pointing out that many of the PRH redevelopment sites returned to the Government were prime sites, Dr KWOK opined that in view of Government's huge fiscal surplus, the revenue from selling the returned PRH sites should be given to HA so as to relieve the pressure on HA to increase PRH rents for funding the PRH construction programme.

33. In response, STH said that HA was confident that it could secure sufficient land for PRH production in the coming ten years, although the relevant details for the next PHCP were yet to be finalized. As regards the concern about HA's financial position, STH advised that the accumulative reserves of HA were forecast to reach \$70 billion in 2011. HA would have sufficient resources to produce PRH flats to meet the AWT pledge in a sustainable manner over the medium term. PSH supplemented that as a result of the rent review conducted in 2006, the financial situation of HA would no longer be a factor affecting PRH rent adjustment.

34. Recognizing the Government's great influence during the town planning process, Mr Alan LEONG opined that the Administration should formulate policies and set annual targets in respect of the amount of land to be allocated for PRH production to cater for growth in population and demand for PRH, as well as to help resolve issues relating to PRH developments in different districts and the return of PRH redevelopment sites. In response, STH cautioned against setting rigid benchmarks as PRH production was affected by a host of factors and the actual number of PRH flats to be produced on a particular site could only be worked out during the detailed design stage. Adjustments in the development

programme might also be necessary to resolve issues including site development constraints and local views during the planning process. On the formulation of land uses in respective districts, STH said that this was worked out by the Planning Department and care would be taken to strike an appropriate balance among various land use needs, including private housing and public housing development needs, during the planning process. The relevant plan would then be subject to the statutory planning and consultation processes, and HA would formulate its public housing development plans accordingly. As to PRH redevelopment sites, most of them were in fact retained for public housing development with the exception of only a few sites, which had already been set out in Annex 2 to the Administration's paper. She further referred to Annex 1 to the Administration's paper, which showed that about 80% of the new flat production would come from the urban and extended urban areas, and emphasized that the current site identification work was conducted effectively and smoothly.

Admin.

35. Sharing Mr Alan LEONG's view on the need for the Government to formulate relevant policies on land supply, particularly in the urban area, for PRH production, Mr Abraham SHEK highlighted PRH's role in meeting the housing need of low-income families and stimulating the economy. In view of the improved financial position of HA in recent years, he urged HA to expedite PRH production to further improve the AWT pledge to below three years so as to create a harmonious society. In this regard, Mr SHEK requested the Administration to provide a table showing the annual planned PRH flat production and the annual number of PRH flats estimated to be recovered from the existing stock over the coming five years to demonstrate how the forecast flat supply could meet the demand in order to maintain the AWT pledge.

Admin.

36. Noting that for PRH production in recent years, HA was allocated with small sites or sites in very remote areas with limited infrastructure and ancillary facilities, the Chairman saw a need for greater policy support to enable HA to secure larger and more suitable sites for PRH development in the development of new towns, or when new development areas were planned such as the Kai Tak site and the Anderson Road site. He expressed concern about the changes he observed in the allocation of PRH sites, and urged for improvement in this regard, especially as the development cost of small and remote PRH sites was high.

37. To address the difficulties in securing suitable PRH sites, STH explained that HA had adopted a two-pronged approach. Apart from securing large sites for public housing development when new development plans were worked out, such as that in Southeast Kowloon, the Administration would also optimize the development potential of all available public housing sites to make more effective use of Hong Kong's precious land resources irrespective of the sizes and shapes of individual sites. Insofar as new development areas were concerned, HA would work closely with the Planning Department towards the common goal of striking a balance between private and public housing. PSH added that all public housing sites including the small sites secured were valuable public housing resources.

Design and quality of public rental housing flats

38. Miss CHAN Yuen-han highlighted the importance of ensuring good air ventilation in PRH developments, and urged HA to guard against wall effect notwithstanding the need to maximize the use of valuable PRH sites. In response, STH advised that HA was committed to ensuring good ventilation and lighting for PRH flats and would step up effort in this regard.

39. With continuous improvement in the living standard in Hong Kong, Dr KWOK Ka-ki saw a need for HA to improve the design and size of PRH flats to enable PRH tenants to enjoy better facilities and more living space. In reply, PSH advised that although the minimum space allocation standard per person was 7 m² Internal Floor Area (IFA), in reality the average living space per person allocated was about 13 m² IFA. Where resources permitted, HA would seek to improve the space provision as appropriate.

40. Prof Patrick LAU highlighted the need to improve PRH provision in keeping with the policy objective in the Chief Executive's Policy Address of providing a quality environment. In response, STH said that apart from the fact that a reasonably high percentage of new PRH flats would come from the urban and extended urban areas, the design of PRH would also be improved to provide a quality living environment for PRH residents. In fact, with the assistance of HA Members including Prof LAU, many improvements had already been introduced to the design of PRH estates, and individual new PRH estates would have unique styles and character.

Conclusion

41. Summing up, the Chairman opined that in consideration of the importance of ensuring adequate and steady land supply for public housing development, the Panel would revisit the subject in due course.

V Proposal to resume the Home Ownership Scheme and the Tenants Purchase Scheme

(LC Paper No. CB(1)506/07-08(06) -- Administration's paper on Home Ownership Scheme and Tenants Purchase Scheme

LC Paper No. CB(1)506/07-08(07) -- Hon LEE Wing-tat's paper on Home Ownership Scheme and Tenants Purchase Scheme dated 13 December 2007

LC Paper No. CB(1)506/07-08(08) -- Administration's paper on Home Ownership Scheme and Tenants Purchase Scheme (response to Hon LEE Wing-tat's paper dated

13 December 2007 (LC Paper No. CB(1) 506/07-08(07))

Other relevant papers

- LC Paper No. AS 75/07-08 -- Motion on comprehensively reviewing subsidized home ownership schemes (Draft Official Record of Proceedings of the Legislative Council Meeting on 5 December 2007)
- LC Paper No. CB(1)506/07-08(09) -- Administration's paper on the speech by the Secretary for Transport and Housing for the motion on comprehensively reviewing subsidized home ownership schemes (press release))

Briefing by the Administration

42. PSH briefed members on the Administration's paper on the item. He highlighted the following three considerations which were relevant as to whether HOS should be relaunched (the three considerations):

- (a) Market situation;
- (b) Turnover of PRH flats; and
- (c) Community consensus.

43. As to the proposal to relaunch the Tenants Purchase Scheme (TPS), PSH pointed out that the major considerations were the supply of PRH flats and the management of TPS estates.

Discussion

General comments relating to the Home Ownership Scheme and the Tenants Purchase Scheme

44. Miss CHAN Yuen-han said that it was the view of The Hong Kong Federation of Trade Unions that the Administration had acted unreasonably in addressing the housing needs of the grassroots. Although HOS and TPS played a very important role in improving the living environment of the grassroots, the Administration had put a halt to both schemes. She also highlighted the young people's plight about affordability to purchase new private flats. While flats at prices of below \$2 million were available, these flats were mostly old or located in

remote areas. She urged the Government to acknowledge the housing needs of the grassroots and avoid using the market situation and supply of PRH flats as excuses to refuse relaunching HOS and TPS.

45. In reply, PSH said that the Government shared members' view that the livelihood and housing needs of the low-income families should be the primary considerations of the Government's subsidized housing policy. The major difference between the Government and members might be on the timing to review HOS. Referring to the demand for HOS, he pointed out that while the number of applications for a phase of HOS flat sale in 1998 was over 70 000, the number for the latest phase of sale of surplus HOS flats in 2007 had decreased to some 14 000.

46. Mr CHAN Kam-lam expressed disappointment at the Government's indecision regarding relaunching HOS and TPS despite Members' consensus over the subject as revealed by passing a relevant motion at the Council meeting on 5 December 2007. Relaunching the two schemes would help address the housing needs of people who were either ineligible for PRH or could not afford to purchase private flats. He put forward four major reasons in support for relaunching the schemes. Firstly, the current AWT for PRH at 1.9 year for family applicants had indeed demonstrated room for HA to lower the eligibility criteria for WL applicants rather than taken as a consideration to prevent the relaunch of the schemes. Secondly, while the Public Housing Recurrent Survey conducted by HA (the HA survey) in 2007 had shown that less than 5% of the PRH tenants were interested in buying the surplus HOS flats, the percentage in fact stood for 30 000 PRH families, and hence represented a huge demand requiring ten years to satisfy if only 5 000 HOS flats were produced each year and the demand of White Form applicants was also taken into consideration. Thirdly, without a steady supply of HOS flats for PRH tenants to purchase, the turnover of PRH flats might be adversely affected in the long run as supply from the HOS secondary market alone could not support the current turnover rate of PRH flats. Fourthly, the flat production cost recovered from selling a PRH flat under TPS could be used to produce a new flat.

Revival of the Home Ownership Scheme

47. Mr Tommy CHEUNG pointed out that the Liberal Party (LP) did not see a need to revive HOS because there were still surplus HOS flats available for sale and the private property market had remained stable since the implementation of the repositioned housing policy where only the prices of luxury flats had gone up significantly recently. Instead, LP was of the view that the Government should revive the Home Assistance Loan Scheme to meet the housing needs of low-income families and the young people. The Government should also deploy more resources to increase the production of PRH flats to further reduce the AWT. He further pointed out that Hong Kong was already faring better than many places where the provision of public housing was concerned.

48. Mr Albert CHAN considered the three considerations ill-contrived. In particular, as HOS only affected a small number of people and that their interests were not in conflict with those of the community, community consensus should not

be used to deny these people's needs. The consideration relating to the turnover of PRH flats was also irrelevant because many HOS applicants were not sitting PRH tenants. In his view, in examining whether to revive HOS, consideration should be given to address the housing needs of people who were either ineligible for PRH or could not afford to purchase private flats. Moreover, sale of HOS could help HA finance the PRH programme. He therefore urged the Administration to review the three considerations. Due to the present soaring flat prices, he was concerned that the gap between demand and supply might be widened if HOS was not relaunched in time. In this connection, Mr CHAN also considered it unfair and regretful that the Administration only looked after property developers' interests while ignoring the housing needs of the above group of people.

49. In response, PSH disagreed that the Administration's housing policy was tilted in favour of property developers, and re-iterated the need for HA to concentrate its resources on meeting community demand for public rental housing. Moreover, provision of funding resources was never a consideration of the Administration when deciding whether to relaunch HOS.

50. Mr Abraham SHEK declared interests as a Member returned by the Real Estate and Construction functional constituency. He indicated support for the Administration's paper which had set out clearly the need for HA to concentrate its limited resources on addressing the housing needs of those who could not afford private rental housing. He also pointed out that the construction of HOS involved heavy subsidies from the Government in terms of land premium, and stressed the need to ensure proper utilization of public resources to safeguard the overall interests of the community. He therefore shared the view of Mr Tommy CHEUNG on the need to produce more PRH flats to help those most in need instead of deploying public resources to assist families in meeting their home ownership aspiration. As times had changed, the social factors that had given rise to the need for HOS were no longer relevant. HOS had therefore already completed its historical mission.

51. Pressing for the relaunch of HOS, Mr LEUNG Yiu-chung opined that in order to ensure the mobility of PRH units by encouraging better-off households to move out, HA should ensure that these households would have a way out by relaunching HOS. Moreover, he echoed the need to take care of the housing needs of those low-income families who were either ineligible for PRH or could not afford to purchase private flats. In response, the Deputy Secretary for Transport and Housing (Housing) advised that despite the implementation of the repositioned housing policy in 2002, PRH residents could purchase HOS flats in the secondary market without the need to pay premium to HA. The number of PRH flats recovered through voluntary surrender, including surrender of flats after purchase of HOS secondary market scheme flats amounted to 7 944 and 6 652 in 2002 and 2005 respectively, and had stayed in the range between 6 000 and 7 000 since 2002. The number for the first ten months of 2007 had already reached 7 512.

52. Mr LEUNG Yiu-chung opined that the secondary HOS market might not be able to meet the demand as 30 000 PRH tenants had indicated interest in buying the surplus HOS flats according to the HA survey, not to mention the demand from low-income people who were either ineligible for PRH or could not afford to purchase private flats. He further cautioned that the current 30% mortgage-to-household income ratio might very likely go up with the soaring property prices.

53. In response, PSH pointed out that home purchase decisions were affected by many factors including a person's income, the overall economic situation, and interest rate. As such, the percentage of PRH tenants who had indicated interest in buying surplus HOS flats was only a rough indicator, and might not accurately reflect the actual demand for HOS. He re-iterated that the Government and members held similar views on the need to review HOS. The major difference lay in the appropriate timing to conduct the review.

54. Dr KWOK KA-ki questioned the rationale of using the market situation as a consideration, pointing out although flats at prices of below \$2 million were available, these flats were mostly old properties or located in remote areas which were not good choices for buyers. Highlighting the long lead time for developing HOS flats and with the return of certain public housing sites to the Government, he considered the Government irresponsible if it did not review the relaunch of HOS early. In response to him on the property price level which would trigger the review of the relaunch of HOS, PSH advised that the price index for Class B private domestic units for 2007 (up to October) was 103.8, which was similar to that in 1998, and was far lower than 153.4 for 1997. The mortgage-to-household income ratio, which was 51% and 74% in 1998 and 1997 respectively, was only 30% in 2007. Moreover, not all flats at prices of below \$2 million were in remote areas or in dilapidated condition. Dr KWOK further expressed regrets that STH did not attend the discussion of the item. He considered that the fact that less than 5% of the PRH tenants were interested in buying the surplus HOS flats was irrelevant in the discussion because purchasers of HOS flats were not necessarily sitting PRH tenants but could be low-income families who could not afford to purchase private flats due to the soaring flat prices. He also queried how the Government could ascertain whether the society had reached a consensus to revise the existing housing policy.

55. Mr CHAN Kam-lam cautioned that the Administration should prevent reverting to the three policies of "high land price, high rent and high property price" of the pre-1997 days, which in his view was not conducive to social stability. Mr LEUNG Kwok-hung opined that the Government was in reality heading in this direction as evidenced by its land and public housing policies. Mr LEUNG opined that in order to look after the housing needs of people who were either ineligible for PRH or could not afford to purchase private flats, HA should relaunch HOS, or consider producing PRH flats of better quality charging higher rents for people with higher incomes. However, the Government had instead been forcing people to buy flats from the private market. He urged the Administration to make reference to other cities such as New York in meeting the housing needs of the

needy people, and pointed out that the mortgage-to-household income ratio, if too high, would affect the consumer sentiment and hence the local economy. He re-iterated the need for the Administration to address the housing needs of 70% of the Hong Kong population through HOS and PRH. In this regard, he also enquired about the level of the mortgage-to-household income ratio at which the Government would conduct review of HOS.

56. In response, PSH pointed out that according to the Urban Indicators set by the United Nations Centre for Human Settlement (Habitat), it would be reasonable for a household to spend around one third of its income on housing. He re-iterated that, as STH pointed out during the motion debate on 5 December 2007, the major difference between the Administration and members on the issue of HOS was the timing of a review. He assured members that there would still be surplus HOS flats available for sale in 2008 and 2009, and that the Administration would closely monitor developments relevant to the three considerations.

57. Mr WONG Kwok-hing pointed out that as evidenced in Table I in the Administration's paper in response to the Chairman's paper dated 13 December 2007 (LC Paper No. CB(1)506/07-08(08)), property prices had been on the rise since 2003, and had already increased to the high level as in 1998. Referring to Table V in LC Paper No. CB(1)506/07-08(08), Mr WONG Kwok-hing pointed out that the implementation of HOS had a bearing on the number of PRH flats returned as evidenced by the drastic decline in the number since the cessation of HOS in 2002. He therefore saw a need for reviving HOS in maintaining the turnover of PRH flats.

58. PSH stressed the need to take into account the mortgage-to-household income ratio, which was 51% in 1998 but only 30% in 2007, not just the price index alone in order to get a comprehensive picture of the market situation. He assured members that the Administration was closely monitoring the development of the property market, and the proposal to relaunch HOS would be considered in the light of developments relating to the three considerations. Should the developments so warrant, the Administration would definitely initiate a review. Mr WONG was however unconvinced, and pointed out that as shown in Table II in LC Paper No. CB(1)506/07-08(08), the mortgage-to-household income ratio had also been on the rise. This should warrant attention and trigger revival of HOS and even TPS.

59. The Chairman expected that the present 103.8 price index of Class B domestic units would exceed the 105 of 1998 if the soar in property prices continued during the last two months of 2007. In other words, property prices would hit an all-time high in the past ten years except for 1997. Moreover, there were also estimates that property prices would continue to rise leading to surge in the index and the mortgage-to-household income ratio in 2008. In this regard, a clear warning signal had already been sent out for the Administration to take action early. In reply, PSH said that the Administration had already been closely monitoring the market situation and analyzing the relevant data and statistics. The observation was that while flat prices had reached their highest levels since 1997,

the economy was also developing at a record pace. Notwithstanding, should there be a need, the Administration would conduct a comprehensive review and consult the public on the issue of relaunching HOS. PSH added that where necessary, consideration could be given to possible means of expediting HOS production e.g. converting suitable PRH flats into HOS flats, and readily available PRH site could also be redeployed for production of HOS flats.

60. Mr Frederick FUNG supported the revival of HOS on grounds of the need to maintain the turnover of PRH flats. Moreover, past experience in the implementation of HOS in the sixties to the nineties showed that improvement in the economy had led to greater demand for HOS. As such, given continuous robust economic growth in the next few years, the demand for HOS was expected to rise. He however opined that consideration should be given to initially revive HOS on a small scale with flats offered to Green Form applicants only. Further expansion could be considered in the light of development. In response, PSH re-iterated that with limited resources, it was prudent for HA to set its work priorities carefully.

The Tenants Purchase Scheme

61. Mr LEUNG Kwok-hung recognized that there were problems in the management of PRH flats in TPS estates. Mr Frederick FUNG shared the view and said that if TPS was to be revived, great care should be exercised to avoid recurrence of problems relating to the exercise of the management power by the Owners' Corporations concerned, and implementation of HA's estate management measures, such as the Marking Scheme for Estate Management Enforcement, in TPS estates. Mr FUNG further pointed out that the maintenance cost of old TPS estates was substantial, and tenants who had become owners would be disadvantaged in the long run notwithstanding the establishment by HA of a maintenance fund of \$14,000 for each TPS flat. PSH shared the views about management problems in relation to PRH flats in TPS estates.

62. Mr Albert CHAN supported the revival of TPS in consideration of the benefits of fostering a sense of belonging among PRH tenants and hence enhancing social stability and the public's sense of identity with the community. He however opined that should TPS be revived, efforts should be made to rectify past mistakes, and sale should be restricted to only new flats of three to five years old instead of selling old flats, thereby passing on the maintenance burden to PRH tenants. In response, PSH cautioned that the above proposed approach might be unfair to WL applicants because they would then be allocated older flats only. Moreover, since the standards of new PRH flats were in fact similar to those of HOS flats, TPS would directly affect the HOS market.

63. Summing up, the Chairman proposed and members agreed that the Panel should revisit the subject in June or July 2008 to follow up on the issues.

VI District and local open spaces adjoining Choi Wan Road public housing development

(LC Paper No. CB(1)506/07-08(10) -- Administration's paper on PWP Item No. 407RO — District and local open spaces adjoining Choi Wan Road Public Housing Development)

64. Members noted the Administration's proposal to upgrade the remaining part of PWP Item No. 407RO (407RO) to Category A for developing two district open spaces (DOS) and a local open space (LOS) adjoining Choi Wan Road public housing development (the project).

65. Members present considered the Administration's paper on the proposal very clearly and well written. They expressed support for the Administration to seek funding approval from the Public Works Subcommittee and the Finance Committee of the Legislative Council in February 2008 and April 2008 respectively for the project, so that the construction could commence in August 2008 for completion in stages by January 2010.

VII Any other business

66. There being no other business, the meeting ended at 4:55 pm.