

立法會
Legislative Council

LC Paper No. CB(1)2298/07-08
(These minutes have been seen by
the Administration)

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Panel on Housing

Minutes of meeting
held on Tuesday, 17 June 2008, at 10:45 am
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
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Dr Hon YEUNG Sum, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
- Public officers attending** : Agenda Item IV
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 Eugene FUNG
Principal Assistant Secretary for Transport and Housing
(Private Housing)

Agenda Item V

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

**Attendance by
invitation**

: Agenda Item IV

The Real Estate Developers Association of Hong Kong

Mr Stewart LEUNG
Vice Chairman, Executive Committee

Mr Louis LOONG
Secretary General

Mr Emmanuel YIP
Representative

Mr Wilson CHAN
Representative

Mr Wilson WONG
Representative

Mr Derek CHUNG
Representative

Mr C K YU
Representative

Miss Wendy HO
Representative

Mr Franky TSE
Representative

The Hong Kong Institute of Surveyors

Dr Lawrence POON
Chairman of General Practice Division

Consumer Council

Ms Rosa WONG
Head, Research & Trade Practices Division

Ms Vera TAM
Chief Research & Trade Practices Officer

Estate Agents Authority

Ms Sandy CHAN
Chief Executive Officer

Mr Anthony WONG
Director of Operations

Ms Eva LAU
Acting Director of Regulatory Affairs & General
Counsel

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

I Confirmation of minutes

(LC Paper No. CB(1)1658/07-08 -- Minutes of meeting on 3 March 2008)

The minutes of the meeting held on 3 March 2008 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)1504/07-08(01) -- Administration's paper on Land Registry Statistics in April 2008 (press release)

LC Paper No. CB(1)1582/07-08(01) -- Referral from the Complaints Division on compensation and rehousing arrangements related to the resumption of land in Tuen Mun Area 54

LC Paper No. CB(1)1629/07-08(01) -- Joint submission from Housing Department Estate Assistants Association and the H.D. Estate Assistants Grade Branch of Hong Kong Chinese Civil Servants' Association on outsourcing of services and deletion of posts

LC Paper No. CB(1)1796/07-08(01) -- Administration's paper on Land Registry Statistics in May 2008 (press release))

2. Members noted that the above information papers had been issued since the last regular meeting held on 5 May 2008.

III Items for discussion at the next meeting

(LC Paper No. CB(1)1656/07-08(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1656/07-08(02) -- List of follow-up actions)

3. Members agreed to discuss at the next regular meeting to be held on Monday, 7 July 2008, at 2:30 pm the item on "Report on the findings of the Comprehensive Structural Investigation on Wah Fu Estate and way forward" proposed by the Administration, and the item on "Proposal to resume the Home Ownership Scheme (HOS) and the Tenants Purchase Scheme (TPS)" last discussed at the meeting on 7 January 2008.

IV Sale arrangements for uncompleted first-hand residential flats

(LC Paper No. CB(1)1656/07-08(03) -- Administration's paper on sale arrangements for uncompleted first-hand residential properties)

Meeting with the Administration and deputations

Presentation by the Administration

4. The Permanent Secretary for Transport and Housing (Housing) (PSH) reported on the progress made in relation to the following improvement measures of the Government and relevant parties in the sales arrangements for uncompleted first-hand residential properties:

- (a) Standardizing the definition and presentation of "saleable area" (SA);
- (b) Enhancing the transparency of information on "public open space/public facilities";
- (c) Enhancing sales arrangements for uncompleted residential properties and clarity of market information; and
- (d) Strengthening the regulation of estate agents and public education.

Presentation by The Real Estate Developers Association of Hong Kong

5. At the Chairman's invitation, Mr Stewart LEUNG, Vice Chairman of the Executive Committee of The Real Estate Developers Association of Hong Kong (REDA), said that to achieve a standardized presentation of SA in the sales brochure and the price list, REDA had agreed after discussion with the relevant stakeholders through a series of meetings, to issue new guidelines and a price list template for developers to adopt a standardized presentation of floor area and to include only the area of the unit and the balcony in the calculation of the standardized definition of SA. Other areas, such as bay windows of a flat, would not be included under SA but would be separately listed out item by item. REDA would release the new guidelines and price list template shortly. Meanwhile, comments on the new guidelines and price list template were welcome. REDA had been maintaining dialogue with the Consumer Council (CC) and the Estate Agents Authority (EAA) to introduce improvements in the sales arrangements for residential properties. REDA was keen to ensure the accuracy of market information. There was already an understanding among REDA members not to appoint practitioners who had advertised sales information different from developers' instructions as agents in the sale of first-hand residential properties. EAA was urged to remind estate agency practitioners to restrict their representations made on behalf of developers to information contained in the sales brochures and documents supplied by the developers.

Presentation by The Hong Kong Institute of Surveyors

6. At the Chairman's invitation, Dr Lawrence POON, Chairman, General Practice Division, The Hong Kong Institute of Surveyors (HKIS), advised that the Code of Measuring Practice (Code) and Supplement to the Code of Measuring Practice (Supplement) were prepared by HKIS only for its members to follow in various surveying practices. However, HKIS would support the proposal to standardize the definition and measuring method for SA based on the one adopted by HKIS to avoid confusion to the community. Dr POON further advised that the Supplement was prepared to help clarify the Code and whenever necessary, HKIS would issue a new Supplement for better clarification of the Code.

Presentation by the Consumer Council

7. At the Chairman's invitation, Ms Rosa WONG, Head, Research & Trade Practices Division of CC, said that CC supported 'the proposed new guidelines and price list template to provide flat purchasers with clear floor area information of a unit and hence facilitate comparison of the prices of different units. CC would gear up consumer education to tie in with implementation of the new measures, and hoped that the Government, REDA and EAA would ensure the compliance from developers and the estate agency trade. CC saw a need to ensure the provision of a clear and uniform definition of floor area in every stage of a property transaction to avoid confusion, and supported the use of a standardized Chinese translation of "實用面積" for the term SA. As to the presentation of property information, CC supported the adoption of a standard format in sales brochures and price lists highlighting the important information with bold types. Regarding efforts to enhance the transparency of information on public open space/public facilities, CC saw a need to ensure not only the transparency of such information but also its usefulness to enable prospective flat purchasers to make an informed purchase decision.

Presentation by the Estate Agents Authority

8. Upon invitation by the Chairman, Ms Sandy CHAN, Chief Executive Officer of EAA, elaborated that EAA's concerns were two-fold, namely, estate agency practitioners' practices and the order during first-sale of residential properties. EAA was prepared to issue new practice circulars to facilitate estate agents' understanding of REDA's new guidelines and price list template in helping them to explain floor area information and other property information to prospective buyers more accurately and clearly. EAA would take the initiative to conduct more compliance inspections on licensees although there were few complaints relating to first-sale of residential properties. EAA would handle complaints it had received seriously to ensure the misconduct by a few practitioners would not affect the whole trade. Where order during first-sale was concerned, improvement had already been seen after EAA had issued new practice circulars in this regard. If complaints involving serious misconduct, such as chase of vehicles by practitioners to promote sale of flats, were substantiated, EAA would definitely mete out sanctions. EAA had also held briefings for developers to enhance their

understanding on the statutory requirements practitioners needed to comply with, and to ensure the instructions given by developers to practitioners would be consistent with the requirements.

Discussion

The measurement and presentation of saleable area

9. While recognizing that REDA's new guidelines and price list template could bring improvement to the sales arrangements for uncompleted first-hand residential flats, Mr CHAN Kam-lam was concerned that if the external wall and its full thickness were to be included in SA according to the new guidelines, the efficiency ratio of flats in which more structural elements were found would reduce. PSH explained that the above practice for measuring SA was consistent with the Code. Any change to the calculation method would require careful examination of the implications in consultation with relevant parties. Mr Stewart LEUNG of REDA said that the sales brochure would provide information on the thickness of the external walls of flats of a residential development, and flat purchasers should be aware that the thickness of the external walls was different for flats situated on different floors of the development. In general, the walls of flats on lower floors were thicker. Prof Patrick LAU pointed out that this was why flats on upper floors usually had a larger size, and were hence more expensive.

10. Mr CHAN Kam-lam expressed concern that the proposed exclusion of bay windows from the calculation of SA might discourage developers from providing such green features to improve the living environment for flat purchasers. Mr Stewart LEUNG of REDA clarified that bay windows would be included in the area sold as stated in the Agreement for Sale and Purchase although they would be included under Other Areas instead of SA. He added that to enable flat purchasers to understand what they were buying, REDA had decided to provide three types of areas for a flat in the sales brochure, namely, SA, gross floor area (GFA) and covered area. He then referred to a recent newspaper article which alleged that CC would advocate for estate agents giving unit prices based on SA instead of GFA, and stressed that such proposal would have significant and adverse impact since GFA had been used in the property market for price quotes for more than 20 years. Moreover, the utility platform, bay window and the A/C plant room which would no longer be included under SA were also sold to the purchaser as these facilities were for his/her exclusive use. In this connection, Dr Lawrence POON of HKIS said that HKIS was still examining the issue on whether the A/C plant room and the utility platform should be included under SA of a flat. Decision on the matter would need to go through the General Practice Division of HKIS and HKIS as a whole before formally incorporated in a supplement to the Code.

11. Mr LEUNG Yiu-chung pointed out that as different from properties in the secondary market where actual house inspection was possible, it was necessary to improve the sales descriptions of uncompleted residential properties to facilitate easy understanding and enable prospective purchasers to make an informed decision. In particular, he agreed that the definition of SA should be both clear

and consistent. He also expressed concern about decrease in the efficiency ratio of a flat if a large balcony was provided. PSH re-iterated that the definition and presentation of SA would be standardized in REDA's new guidelines and price list template, and SA and the balcony would be separately stated in the sales brochure. Mr Stewart LEUNG of REDA added that REDA's new guidelines would require members to separately specify the covered area of the unit in the sales brochure, so that flat purchasers would clearly understand what areas were sold to them. GFA should include the common areas apportioned to each unit on a pro-rata basis to be worked out by architects. He also pointed out that a lot of flat purchasers had a clear understanding of their rights and might not necessarily be vulnerable to misrepresentations.

12. In reply to the Chairman on whether developers or estate agency practitioners had the responsibility to provide purchasers with information on the per square foot price of SA, Mr Stewart LEUNG of REDA re-iterated the need to set out all three types of areas in the sales brochure to give flat purchasers a clear picture of what they were buying, and enable them to work out the per square foot price themselves as they deemed fit. Moreover, the prices of properties in the secondary market were given on the basis of GFA. If GFA was precluded from sales descriptions, confusion would arise. Prof Patrick LAU shared the view. Mrs Selina CHOW, however, expressed concern that the provision of three types of areas in the sales brochure might open more room for malpractices, such as misrepresentations of floor area information by estate agency practitioners. PSH pointed out that the Rating and Valuation Department maintained a data-base on SA of properties in the secondary market, which the public could access. The above highlighted problems with secondary market properties could be addressed.

13. In response to Mr Fred LI, Mr Stewart LEUNG of REDA explained that the efficiency ratio of a unit was normally at 70% to 80% of GFA. The ratio was worked out by deducting from GFA the areas of the features under ancillary accommodation, which in effect meant the flat area solely for the use of the purchaser.

Use of "實用面積" versus "銷售面積" as the Chinese translation of "saleable area"

14. Prof Patrick LAU saw a need to standardize the Chinese translation of SA. PSH remarked that the Administration and CC were inclined to adopt the term "實用面積" for SA. Mr Stewart LEUNG of REDA, however, expressed REDA's reservation about the term "實用面積", as the term literally meant "the area which a flat purchaser could actually use". REDA considered that the term "銷售面積" could better reflect the meaning of SA, and avoid misunderstanding by flat purchasers.

15. Mrs Selina CHOW echoed REDA's views on the Chinese translation of SA, and expressed concern about the possible implications of the perceived misnomer on public interests. She called on the Administration to discuss with relevant parties in working out an appropriate term acceptable to all. Mr Abraham SHEK

shared the view.

16. PSH said that while REDA had expressed reservation, it was not opposed to using the Chinese term "實用面積" if there was agreement from most parties concerned. He said that it would be very difficult to identify a new Chinese term that would be acceptable to all. The Administration and CC considered it appropriate to adopt the term "實用面積" for SA, since the term "實用面積" had been used since November 1985, and was well known to the public. The use of a consistent term and standardized definition could minimize possible confusion caused. On the other hand, the term "銷售面積" might give rise to confusion, as "common areas" which were apportioned to each unit were not for purchasers' exclusive use though the areas were sold to them.

17. On the proposed adoption of "實用面積" for SA, Ms Rosa WONG of CC said that CC believed that flat purchasers all understood the term well which included the area of the flat and its balcony. In this connection, the Chairman noted that the term "實用面積" was preferred not only by CC and the Administration but also by HKIS. Mr Stewart LEUNG of REDA, however, pointed out that in the Sales Descriptions of Uncompleted Residential Properties White Bill published for public consultation in April 2000, the Administration had proposed to revise the Chinese translation of SA from "實用面積" to "出售面積". The Administration's remark then was that although "實用面積" was commonly used, the term was easily misinterpreted by the public.

18. The Deputy Secretary for Transport and Housing (Housing) pointed out the existing problem related to the interchangeable use of the Chinese term "實用面積" and "銷售面積" by some developers. In consideration that HKIS had used "實用面積" for a long time in different contexts, that the public had used the term "實用面積" for many years, and that CC had time and again highlighted the importance of ensuring the provision of a clear and uniform definition of floor area in every stage of a property transaction to enable consumers to make informed purchase decisions, the Administration considered it appropriate to adopt SA and its Chinese term "實用面積" as the standardized term.

19. While indicating support for the use of a standardized term, Mrs Selina CHOW maintained that a proper Chinese translation of SA should be adopted and cautioned about creating more confusion to the public if an improper Chinese term for SA was used. She considered that where necessary, a new term could be used. In her view, if the new Chinese translation of SA could aptly reflect the meaning of the term, consumers would have no difficulty in adapting to a new term.

Implementation of REDA's new guidelines and price list template

20. Prof Patrick LAU appreciated the efforts of relevant parties in reaching consensus in introducing a standardized presentation of SA. He enquired about details for implementing the new measure, and called on the Administration to enhance publicity to increase public awareness of the new measures. PSH advised

that it was the Administration's intention to make the standardized definition of SA a requirement under the Lands Department's Consent Scheme, and the relevant departments were working out the details, including making necessary amendments to the relevant provisions of the Scheme. It was hoped that amendments to the Scheme could be mapped out within this summer after consultation with relevant parties. Meanwhile, publicity on the new measure would be geared up through various channels, such as by updating the Notes to Purchasers of First-hand Residential Properties. Mrs Selina CHOW, however, opined that in addition to publicity, public education to enhance consumers' understanding of their rights was also important.

21. The Chairman appreciated the efforts of relevant parties in reaching a consensus on the new improvement measures. He urged the Administration to step up efforts to publicize the measures and make the standardized presentation of SA a requirement under the Consent Scheme as early as practicable. On the timetable for implementing the new measures, PSH confirmed that as pointed out by the Secretary for Transport and Housing during the relevant motion debate at the Council meeting on 14 May 2008, the Administration aimed to complete the work in this summer. The Chairman requested the Administration to provide in due course a sample of the standardized presentation of SA and other types of floor areas to be provided by developers in the sales brochures and the price lists. In order to ensure reasonable legibility of information in the sales brochures and the price lists, he suggested that the Administration should stipulate the appropriate font size for the words/characters contained in these documents.

Admin.

22. Mr Fred LI expressed concern about compliance of developers who were not members of REDA with REDA's new guidelines and price list template, and enquired about sanctions imposed by REDA for non-compliance with its guidelines.

23. Mr Stewart LEUNG of REDA assured members that 98% of developers in Hong Kong were members of REDA. He said that REDA had already set up the Compliance Committee for handling complaints against its members relating to the sale of residential properties. In case of serious non-compliance with the guidelines, REDA could disclose the name of the developer concerned, which had strong deterrent effect because developers all cared about their reputation. He emphasized that since the promulgation of REDA's guidelines on the sale arrangements for uncompleted residential properties, only minor non-compliance cases were discovered and all such cases had been expeditiously resolved. He remarked that the compliance situation could be confirmed if EAA could provide a breakdown of the complaints relating to first-sale of residential properties it had received. Ms Sandy CHAN of EAA responded that EAA had not received any complaint in 2008 so far about developers' failure to provide sales brochures and price lists. For the first five months of 2008, all substantiated complaints involving first-sales were related to misleading advertisements or giving false or inadequate property information, resulting in six licensees being fined and reprimanded.

The call for statutory measures to regulate the sale of first-hand residential properties

24. Miss CHAN Yuen-han considered REDA's self-regulatory regime inadequate in protecting the interests of prospective flat purchasers. In particular, she noticed that important property information was still provided in small print in sales brochures of some developments, and some developers had exaggerated the floor area of flats as sales gimmicks. She urged the Administration to consider putting in place statutory measures to regulate the sale of first-hand residential properties.

25. PSH responded that the decline in complaint cases handled by the Administration had demonstrated effectiveness of the current self-regulatory regime for the private residential property developers. Implementation of the new measures referred to in the Administration's paper would bring about further improvement. Nonetheless, if the situation so warranted, the Administration would not rule out the option of introducing more stringent administrative or legislative measures to enhance market transparency in the sale of first-hand residential properties.

26. Mr Abraham SHEK considered that the new guidelines and price list template to be introduced by REDA had represented an achievement of the Panel in bringing a significant step forward in the enhancement of market transparency. He further pointed out that the real estate development sector was already subject to regulation under relevant legislation, and closely monitored by the Government, the Legislative Council and the market. For instance, prior to the dissemination of sales descriptions of residential properties, the materials were required to be submitted to the Administration for monitoring purpose. He saw no need to adopt a legislative approach to regulate the operation of the private residential market, as such an approach would be inflexible. He stressed that a balance had already been struck between protecting consumers' interests and maintaining a free business environment under the existing mechanism.

27. On the concern about exaggeration of information on floor area, Mr Stewart LEUNG of REDA pointed out that the sales brochure normally contained details on the dimensions of compartments of a flat.

28. The Chairman pointed out that according to REDA's guidelines, developers in conducting first-sale for a development should provide the price list of the first batch of units on offer and make available sales brochures to prospective purchasers at least 24 hours before the commencement of sale. He pointed out that developers could offer a small number of flats in the first batch which were quickly sold out. The prices of subsequent batches of flats were frequently quoted informally and even orally by the estate agency practitioners. To enhance protection for flat purchasers, he saw a need for the Administration to stipulate clearer requirements on the provision of price lists for subsequent batches of flats put under the first-sale.

29. PSH responded that to address the above concern, the Administration had reached an agreement with REDA in August 2006, under which the developer concerned was required to provide the price list of the flats to be offered in the first launch (which should not be less than 20 flats or 20% of the total number of flats on offer at the first batch, whichever was the higher) at least 24 hours before such flats were put up for sale. For subsequent batches, an up-to-date price list should be made available and posted at the sales office immediately prior to the time when such flats were put up for sale.

Concluding remarks

30. Mr Stewart LEUNG of REDA re-iterated that while there might be misconduct involving developers in the sale of residential properties in the past, many improvements had already been made. REDA had also been maintaining dialogue with the relevant parties to introduce further improvement measures where necessary.

31. Dr Lawrence POON of HKIS elaborated that members of HKIS were well aware of the concepts of different measurement terms and calculation methods for floor area of premises. A consistent measurement method of SA had also been followed since 1985 by all HKIS members, who were responsible for conducting most of the property valuation work in Hong Kong. As such, although HKIS had no strong view on the standardized term to be used in sales descriptions to describe floor area, it saw a need for HKIS members to continue maintaining a consistent measurement method for various types of floor areas. Should there be further proposals on floor area information and presentation to be included in sales descriptions of residential properties, HKIS was ready to provide its expert views.

32. Ms Rosa WONG of CC indicated support for the provision of a clear and uniform definition of floor area in every stage of a property transaction to enable consumers to make informed purchase decisions, and minimize confusion that might be caused. CC was of the view that the standardized definition and presentation of SA should be adopted in all sales brochures and clear explanation should be provided to flat purchasers.

33. Ms Sandy CHAN of EAA emphasized that the major duty of estate agency practitioners was to provide accurate property information to flat purchasers. In explaining the per square foot price of properties, practitioners had to base on facts whether provided by developers or worked out through their own calculations. Should there be a consensus on the calculation of floor area for residential units, EAA was prepared to take actions in response, such as by issuing new practice circulars to facilitate estate agents' understanding of the agreed measurement method and highlight the need of compliance. EAA would also take necessary enforcement actions against estate agents for making misrepresentations in relation to floor area information in accordance with existing legislation and EAA's Code of Ethics.

V Land supply for public housing development

(LC Paper No. CB(1)1656/07-08(04) -- Administration's paper on land supply for public housing)

34. To enable members to thoroughly discuss this agenda item, the Chairman proposed and members agreed that the meeting be extended to end at 1:03 pm.

35. PSH briefed members on the latest information on the land supply for public housing development.

Discussion

Production and allocation of public rental housing

36. Mr LEUNG Yiu-chung highlighted the need to increase the production of public rental housing (PRH) to speed up flat allocation to applicants on the Waiting List (WL). Mr Frederick FUNG echoed the view and considered increasing PRH production a more effective means than recovery of PRH flats from the existing stock in maintaining the average waiting time of general PRH applicants at around three years (AWT pledge). Recalling that PRH production was well over 30 000 in the 1990s, he expressed concern about whether the forecast annual average production of around 15 000 PRH flats in the coming five years would suffice to satisfy the demand unless there were plans to tighten the eligibility criteria for PRH or force out sitting tenants. In this connection, Mr FUNG said that the Administration should critically consider the question of re-launching HOS to meet the home ownership aspirations of PRH tenants.

37. PSH stressed that while the Housing Authority (HA) was keen to ensure that PRH production would meet AWT pledge and that sufficient PRH sites were available, considerable time was required to formulate with the local community mutually acceptable solutions in taking forward PRH projects, and to seek Town Planning Board's approval for change of land use to expedite the availability of sites. In order to speed up the process, the Administration would enhance the roles of residents and District Councils (DCs) in the planning and design of major PRH developments through formalizing the consultation process.

38. Noting that there were already over 110 000 applicants on WL, and an average of 2 000 to 3 000 new applications were received every month, Mr CHAN Kam-lam opined that instead of undertaking planning according to availability of PRH sites, the Administration should proactively assess the housing needs of low-income families and identify new PRH sites to meet the demand. He also saw a need for HA to consider relaxing the income and asset limits for WL applicants to enable more low-income families to apply for PRH during the current inflation period, and re-launching TPS, the proceeds derived from which could be used to finance the production of more PRH flats. Re-launching HOS would also help to ensure the recovery of PRH units by encouraging better-off households to move out.

39. PSH responded that the Administration was fully aware of the demand for PRH. He stressed that notwithstanding increased efforts to expedite PRH production, HA needed to overcome problems, such as completing the necessary statutory procedures in the planning and implementation of PRH projects. The suggestion of relaxing WL income and asset limits alone might not help. On the other hand, it would be advisable to maintain the existing PRH stock instead of selling PRH flats through TPS as this could further reduce the housing stock.

40. In view of the anticipated huge fiscal surplus for the 2007-2008 financial year, Mr Abraham SHEK urged the Administration to increase PRH production in order to enable more citizens to share Hong Kong's economic success, improve the living conditions of the low-income families, and create a harmonious society. Noting that the average annual production of 15 000 PRH flats in the coming five years was only a forecast figure, he questioned the ability of HA in meeting the production target.

41. On the forecast PRH production, PSH said that the planned flat numbers would be 20 648, 15 069 and 14 396 for 2008-2009, 2009-2010 and 2010-2011 respectively, averaging more than 15 000 flats per year. He added that the many statutory procedures involved in taking forward PRH projects rather than financial implication on HA was the major factor affecting the level of PRH production. The current AWT for PRH was only 1.9 year for family applicants, indicating that PRH production was sufficient in meeting the demand.

42. Mr Abraham SHEK considered the waiting time for PRH too long and urged the Administration to consider shortening the time with a view to expediting improvement in the living conditions of many low-income families. Highlighting PRH's role in stimulating the economy, he also considered it desirable to enhance AWT pledge as soon as practicable.

43. Miss CHAN Yuen-han expressed concern that instead of increasing PRH production, HA had introduced various administrative measures to exclude certain categories of persons from applying for PRH, such as non-elderly one-person applicants. She also enquired how the Administration would handle local objection against PRH projects. PSH maintained that HA would carefully consider the objections raised by residents and DCs, and aim to work out with relevant parties mutually acceptable solutions.

Supply of public rental housing sites

44. Mr Frederick FUNG expressed reservation about returning cleared PRH sites to the Government, such as the cleared site of So Uk Estate. He opined that a PRH site should be returned only in exchange for another site of a similar size in the same locality. Miss CHAN Yuen-han echoed the view. PSH clarified that the cleared site of So Uk Estate would be used for PRH redevelopment. He also explained that apart from returning the cleared 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, HA had no further plan to return

PRH sites to the Government. He added that HA would consider proposals of returning PRH sites to the Government in exchange of sites of similar size from the Government.

45. Pointing out that there would be over 100 000 new PRH flats in Kwun Tong and Wong Tai Sin in the coming five years, Mr CHAN Kam-lam expressed concern about over-concentration of PRH flats in some districts in the territory, which would put strain in the provision of ancillary facilities in meeting the needs of the local community. Miss CHAN Yuen-han shared the view. PSH said that HA was aware of the need to provide sufficient ancillary facilities to meet the increasing expectations of the local community and the demand of new PRH tenants. He stressed that HA would take these matters into due consideration when planning PRH development.

46. Prof Patrick LAU opined that HA should secure the land required for PRH development beyond the coming five years, and the Government should earmark sites for PRH production during the planning stage. PSH responded that notwithstanding the planned use of a site for PRH development, there remained a need to work with members of the local community to meet their needs in both the design of the PRH estate concerned and provision of ancillary facilities, particularly to seek agreement from the local community for the proposed PRH development. In response to Prof LAU's enquiry on PRH development in planned new development areas, PSH explained that such development would only be revealed in the Government's development plans with flat production beyond the coming ten years.

47. Mr LEUNG Yiu-chung enquired about the redevelopment of aged PRH estates, and whether the planned PRH production in the extended urban areas would be sufficient for rehousing affected tenants in the same locality. PSH responded that in view of resource considerations and the need to minimize the implications of redevelopment on elderly tenants, HA was conducting comprehensive structural investigations for PRH estates aged about 40 years under the Comprehensive Structural Investigation Programme. If results of the structural investigations revealed that PRH blocks were structurally safe and could be economically sustained for at least 15 years, HA would introduce measures under the Estate Improvement Programmes to improve the living environment of these estates having regard to the needs of the tenants and the communities. Such works might include installation of lifts for blocks as appropriate. If however the investigations revealed a need for redevelopment, the estates would be demolished with affected tenants rehoused in the vicinity where resources permitted, as in the case of So Uk Estate.

VI Any other business

48. There being no other business, the meeting ended at 1:03 pm.

Council Business Division 1
Legislative Council Secretariat
17 September 2008