

立法會 *Legislative Council*

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

Purpose

This paper gives an account of the work of the Panel on Housing during the Legislative Council session 2007-2008. It will be tabled at the meeting of the Council on 2 July 2008 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, and 11 July 2007 for the purpose of monitoring and examining Government policies and issues of public concern relating to private and public housing matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 17 members, with Hon LEE Wing-tat and Hon WONG Kwok-hing elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

Major work

Resumption of the Home Ownership Scheme and the Tenants Purchase Scheme

4. In view of rising property prices in the private residential market, the Panel has examined the need for the Administration to re-launch the Home Ownership Scheme (HOS) and the Tenants Purchase Scheme (TPS). Some members consider that the Administration should revive HOS and TPS to meet the property ownership aspiration of people in the low and middle classes who are either ineligible for public rental housing (PRH) or cannot afford to purchase private flats, and the aspiration of PRH tenants for improving their living conditions. A steady supply of HOS flats will ensure the turnover of PRH flats to maintain the waiting time of PRH applicants to around three years. To lessen the impact on the private residential market, consideration should be given to initially reviving HOS on a small scale with flats offered to Green Form applicants only. However, some other members are of view

that as surplus HOS flats are still available for sale and the private property market has remained stable since the implementation of the repositioned housing policy, the Government should revive the Home Assistance Loan Scheme to meet the housing needs of low income families. These members have cautioned that the Administration should ensure proper utilization of public resources to safeguard the overall interests of the community, as the construction of HOS involves heavy subsidies from the Government. They have urged the Administration to deploy more resources to increase the production of PRH flats instead of using public resources to assist families in meeting their home ownership aspirations. As a result of soaring flat prices, members have called on the Administration to critically review the situation and make an early decision on the question of re-launching HOS and TPS so as to address the gap between demand and supply of residential units.

5. The Administration explains that it has not noticed imbalance in the private property market where property prices are at extremely unreasonably levels, making it difficult for the low and middle classes to purchase flats. The turnover of PRH flats has remained steady indicating no problem in the recovery of flats from sitting tenants. Moreover, there are divergent views within the community on whether the Government should revise the existing housing policy and enter the market to build home ownership flats again. The Administration needs to exercise prudence as any change in the concerned policy will have far-reaching implications for different quarters of the community and the overall economy. The Administration assures members that it has already been closely monitoring the market situations. Should there be a need, the Government will conduct a comprehensive review and consult the public on the issue of re-launching HOS.

6. Regarding the suggestion of re-launching TPS, the Administration is of the view that the scheme has given rise to a number of management problems, such as tenants living in TPS estates and those living in PRH estates are subject to different management measures. Some members consider that the Administration should put in place measures to address the problems. In order to avoid passing the maintenance burden of PRH flats to TPS buyers, consideration should be given to restricting the sale to only new PRH flats of three to five years old. The Administration is concerned that the suggestion will directly affect HOS market and will be unfair to PRH applicants because they will then be allocated old flats.

Mortgage arrangements for Home Ownership Scheme flats

7. Noting the problems encountered by prospective flat buyers of HOS secondary market in securing mortgage loans from participating financial institutions with repayment periods longer than the remainder of the periods of the mortgage default guarantee provided by the Housing Authority (HA) (the HA Guarantee), the Panel has discussed with the Administration measures to enhance mortgage arrangements for HOS flats. Members have noted that to encourage participating financial institutions to provide mortgage loans and better mortgage terms for buyers of HOS flats, HA has provided the HA Guarantee for participating financial institutions, under which HA undertakes to meet the shortfall in repayment in the

event of the borrower's default for a period of not more than 25 years from the date of the first deed of assignment of the HOS flat concerned. The HA Guarantee applies not only to the first transaction of HOS flats but also HOS flats sold in HOS secondary market, of which buyers are restricted to Green Form applicants. In the latter case, the HA Guarantee will cover only the remainder of the HA Guarantee period.

8. The Panel supports the provision of the HA Guarantee to encourage participating financial institutions in offering mortgage loans to buyers of HOS flats, in particular Green Form applicants whose repayment ability is comparatively weak. In this connection, members consider that flat buyers of HOS secondary market should be made aware that guarantee for their mortgage loans will only cover the remainder of the HA Guarantee periods for the flats concerned, and hence the need for them to plan ahead in the light of their financial situation. The Administration points out that it has made efforts through various channels to remind HOS flat buyers of the HA Guarantee periods. The Administration is not aware of any information suggesting that buyers of HOS flats cannot obtain appropriate mortgages simply because the HA Guarantee periods for the flats concerned are less than 25 years. To clarify that the restriction on mortgage repayment period is not related to the expiry date of the HA Guarantee period, the Housing Department (HD) has written to all participating financial institutions calling on them to offer appropriate mortgage repayment periods based on the merits of individual applications, and some participating institutions have already issued guidelines to their staff on the matter.

9. Pointing out that mortgage default figures have already been on the decline in tandem with improvement in the economy, some members have called upon HA to consider measures to assist Green Form applicants in securing mortgage loans, such as extending the HA Guarantee period for these flats, and working out other forms of guarantee to boost the volume of transactions in HOS secondary market. The Administration points out that after many years of operation, the mortgage market has already established confidence in HOS. HOS secondary market has also been operating smoothly. As regards the concern about the difficulty of Green Form applicants in securing mortgage loans of better terms, the Administration explains that as these buyers are not subject to any income and asset limits as in the case of White Form applicants, they are not necessarily less financially capable. In providing the HA Guarantee, HA needs to control the risk involved. Nonetheless, the Administration has undertaken to convey members' concerns to the participating financial institutions.

Land supply for public housing development

10. As HA has been facing the problem of shortage of land for development of PRH in recent years, the Panel sees the need to provide HA with adequate land for the construction of PRH flats and has discussed measures to facilitate the provision of land to HA. While members note that the average waiting time of around three years (AWT) for PRH will be maintained from 2008-2009 to 2012-2013 with an annual production of about 15 000 flats under the current Public Housing Construction

Programme (PHCP) and about 16 000 PRH flats estimated to be recovered each year, they are keen to ensure that PHCP beyond the coming five years will enable HA to meet AWT in a balanced manner. To ensure adequate and timely provision of suitable public housing land to meet PRH development, members have urged the Administration to consider measures, including formulating a clear policy on the disposal of land resources for PRH production, working out the relevant targets in respect of allocation of land for this purpose with due regard to population growth and demand for PRH, actively identifying suitable new sites for PRH development and retaining existing PRH sites for re-development of PRH, increasing resources for PRH production, and expediting discussion with local communities to address their concerns and resolve related issues in order to speed up the progress of development projects. Members also consider it necessary to enhance the transparency of HA's land reserves to facilitate monitoring of the status of HA sites.

11. While admitting that it remains a challenge for HA to secure adequate and timely provision of suitable housing land to meet AWT in a sustainable manner, the Government has undertaken to continue efforts in identifying suitable sites for public housing development in different parts of the territory taking into consideration the development needs of different districts and striking a balance among various land use needs with due regard to factors such as the timing of site availability, development potential, compatibility with the neighbourhood, developable area and technical feasibility. Moreover, cleared PRH sites will be retained for public housing development as far as possible. HA will also optimize the development potential of all available public housing sites to make more effective use of precious land resources. In this regard, members note that about 80% of the new PRH flats in the current PHCP will come from the urban and extended urban areas. The situation is expected to be similar beyond the coming five years although the details of PRH development sites are still at an early planning stage.

12. In pursuing PRH developments, the Panel has urged the Administration to ensure an even distribution of PRH flats in the territory and that the provision of community facilities will tie in with the completion of PRH estates, and also to improve the design of PRH flats to cater for the needs of the aging population and provide better facilities and more living space. The Administration assures members that it has been closely monitoring the demographic changes in planning PRH development and will continue to liaise with relevant District Councils and local communities to listen to their views and meet their needs about ancillary facilities. In this regard, members welcome the Administration's initiative to enhance the consultation efforts with the local communities by appointing district co-ordinators at Assistant Director level to co-ordinate all consultation matters related to PRH development projects at district level, with a view to facilitating the smooth implementation of the projects. It is believed that through thorough consultation, difference in local views can 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.

Maintenance and improvement in public housing estate

13. The Marking Scheme for Environmental Hygiene in Public Housing Estates (the Marking Scheme) was launched in August 2003 to strengthen enforcement against hygiene-related misdeeds committed by PRH tenants. HA conducts reviews on the scheme annually. While members recognize the merits of the Marking Scheme in ensuring good estate management and raising tenants' satisfaction over estate cleanliness, some members are concerned about the inclusion of new misdeeds of illegal gambling in public places and using leased premises for illegal purpose under the Marking Scheme. There are concerns that HD may assume roles outside its purview as the Marking Scheme should only target at hygiene or estate management-related misdeeds, but not matters which are already criminal offence under existing laws. Imposing further penalties on PRH tenants who have been convicted under the relevant laws will result in double penalty for the tenants concerned. Some members have called upon HA to conduct thorough consultation before introducing any new misdeed and undertake a comprehensive review of the Marking Scheme to ensure all misdeeds covered are enforceable according to the relevant tenancy agreements.

14. The Administration explains that the two new misdeeds have been added to the Marking Scheme in response to residents' request. It further points out that penalty points will only be allotted to tenants convicted under the relevant legislation. HA, as the property owner has the responsibility to ensure proper use of its premises and manage the common parts of public housing estates. The Marking Scheme has all along been implemented on the basis of the tenancy agreements between HA and tenants. By allotting points under the Marking Scheme instead of issuing warning letters for breach of tenancy conditions, tenants will be better warned against repeating misdeeds.

15. The Panel has called upon the Administration to provide suitable recreational and leisure facilities in estates so that elderly tenants will not gather to play cards or mahjong in public places. As the Marking Scheme will have implication on the entire household, the Administration is urged to ensure that housing assistance will be provided to members of the affected household so that they will not be rendered homeless. In view of increasing concern about nuisance caused by hooligans in some public housing estates, some members have urged the Administration to address the problem. The Administration advises that causing noise nuisance has already been made a misdeed under the Marking Scheme with effect from January 2007. It will endeavour to strengthen efforts to tackle nuisance caused by hooligans, and enhance publicity on the two new misdeeds and other commonly committed misdeeds to promote residents' awareness.

16. In September 2005, HA embarked on a comprehensive structural investigation programme (CSIP) to ascertain the building conditions of ten PRH estates aged 40 years or more with a view to identifying necessary repair and maintenance works. The Panel was briefed on the investigation findings of six estates in the last two sessions. Members are briefed on the outcome of the

investigation and recommendations for Tung Tau Estate Block 22 and Fuk Loi Estate during the session. The Panel welcomes HA's decision to clear Tung Tau Estate Block 22 and retain Po Yan Catholic Primary School which is physically connected to Block 22. Members further supports sustaining Fuk Loi Estate and carrying out improvement works in the Estate, including the construction of lifts at five low blocks. In taking forward the clearance of Tung Tau Estate Block 22, members have urged HD to announce the details as soon as possible, re-house affected tenants in the same district, and provide them with Domestic Removal Allowance. To minimize nuisance caused to Po Yan Catholic Primary School, the Administration has undertaken to implement appropriate measures to mitigate disturbance during the demolition and redevelopment of Block 22, including scheduling site activities to suit school examination periods and holidays. As regards the improvement works for Fuk Loi Estate, the Administration has taken note of members' views to work out suitable facilities catering the needs of the elderly tenants in consultation with the Estate Management Advisory Committees and Mutual Aid Committees concerned.

17. Pointing out that an early investigation to ascertain the structural condition of the estates and tailor-made improvements can reduce the need for more extensive and disruptive structural repair and improvement works in the future, the Panel supports HA's proposal to extend CSIP to cover 32 other aged estates (the additional 32 estates) in the coming ten years, and make permanent a Chief Structural Engineer post to lead and supervise the expanded programme. While HD considers it more appropriate to space out the investigation over ten years with careful planning, members have urged the Administration to expedite the work, particularly for those estates which have already shown signs of structural defects. They further stress the need to increase manpower resources to support the expanded CSIP and suggest consideration be given to contracting out some of the investigation works. The Administration explains that it is not advisable to contract out the investigation works under CSIP as structural safety is involved. The Administration will consider contracting out its routine works with a view to relieving more HD staff to conduct the investigation. The Panel notes that HD has already worked out the schedule of investigation for six of the additional 32 estates. The timing for conducting investigation on the remaining estates will be worked out in the light of actual circumstances including their ages, locations and structural conditions, etc.

18. The Panel has also discussed environmental-friendly designs for the construction of PRH flats and green measures promoted in PRH estates. Members welcome the greening and environmental protection initiatives implemented by HD in estates to help create a green environment and promote a healthy way of living for tenants. Members have called on the Administration to formulate an appropriate implementation programme for carrying out the initiatives and measures in all estates, as well as to provide an annual progress report for the Panel's information. They have suggested HD to implement energy conservation scheme in estates, and to explore the use of recycled building materials, solar powered installations, and energy saving lighting devices in estates.

Housing for Senior Citizens

19. The Panel continues to monitor measures for improving the utilization of Housing for Senior Citizen (HSC) units, the Administration's housing arrangements for the elderly, and the Hong Kong Housing Society (HS)'s housing schemes for the elderly. In respect of HSC units, members support expediting the conversion of these units into normal PRH flats or for other purposes, because these units are unwelcome by elderly tenants as disputes among tenants will easily arise from the sharing of kitchen and/or toilet facilities within the units. While the Administration shares members' views, it points out that the progress of the conversion will hinge on the voluntary decision of HSC tenants to move out. In consideration of the difficulty for elderly tenants to adapt to new living environment, it is necessary to work out tailor-made moving arrangements for tenants to allay their worries over moving from HSC units. Hence, the Administration will refrain from setting a rigid deadline for tenants. In this regard, members note that HD is conducting a survey on tenants' intention to move. Upon the completion of the survey, a conversion programme with suitable transfer arrangements will be worked out.

20. While members are supportive of HA's enhanced allocation measures on addition and amalgamation of tenancies and flat transfer with a view to encouraging younger families to live with or move closer to their elderly parents so as to take better care of them, members have urged for a review of the "well-off tenants" policy which they consider are in conflict with the allocation policy of fostering a family-based support network. Members are concerned that the policy has forced families to break up in order to avoid paying higher rents. As regards the allocation measures, members have called on HD to exercise flexibility and consider increasing the flat quota in implementing the measures. The Administration points out that the "well-off tenants" policy is to safeguard the proper use of public housing resources to ensure the provision of assistance to people with genuine housing needs. As for the enhanced allocation measures, they have been implemented since October 2007, and HA will review the measures to identify areas for improvement.

21. In view of the success of the Senior Citizen Residence (SEN) Scheme implemented by HS for the elderly, members have urged the Government to consider granting more sites for building more SEN flats. There are suggestions for HS to introduce tenancies of different durations and different payment methods to cater for the needs of tenants. On HS's proposal to develop a SEN project at the vacant site of its former Tanner Hill Estate, some members have suggested granting the site to HS at a discounted premium to ensure the viability of the project. Members note that while the Administration are actively following up the proposal with HS, given the complicated issues involved in the discussion of land premium and the different target tenants of the project, the Government and HS need time to work out the details.

Housing needs of low-income persons

22. The Panel is aware of the difficulties encountered by low-income people in finding affordable accommodation and has met with deputations of low-income

groups and owners' groups of residential properties to understand their aspirations, and also discussed with the Administration on possible measures to assist low-income people in meeting their housing needs. Members are concerned about the housing problems faced by low-income people, such as the poor living conditions in bedspace and cubicle apartments, insufficient rent allowance under the Comprehensive Social Security Assistance Scheme, and substantial rent increases after the removal of rent control and security of tenure. They consider that the Administration has the responsibility to assist these people through measures, such as increasing the production of PRH flats, relaxing the waiting list (WL) income and asset limits for PRH applicants, suitably lifting the restriction on choice of district for PRH applicants, and re-launching the rent allowance scheme (the Scheme) for elderly applicants to extend the scope to cover non-elderly people living in bedspace and cubicle apartments with adjustments in the rate of the allowance to keep with the rise in private rentals. Members further opine that the Government should have the determination to phase out bedspace and cubicle apartments. They have called on the Transport and Housing Bureau to liaise with relevant bureaux to map out the policy and a comprehensive plan in this regard. While members understand the concern expressed by owners' groups about re-instating rent control and security of tenure, they have urged the Administration to review the relevant policy and put in place measures to mitigate the negative impacts on low-income people. The Panel notes that the Administration has been monitoring changes in the private residential rental market. The removal of rent control and security of tenure has enabled the market to resume free operation and reduced tenancy disputes. As regards other measures to assist low-income people, the Administration stresses that over the past years, HA has reviewed and relaxed the Residence Rule, WL income and asset limits, and the restriction on choice of district on PRH applicants. The Administration will endeavour to ensure an adequate supply of PRH flats and assist low-income people in meeting their housing needs.

23. To support the disadvantaged groups, the Financial Secretary (FS) has proposed in the 2008-2009 Budget (the Budget) that the Government will pay one month's rent for the lower income families living in the rental units of HA and HS (Group A estates of HS). While the Panel is supportive of the proposal and welcomes its early implementation, pointing out that certain initiatives and concessions in the Budget will benefit all sectors of the community, some members have questioned the exclusion of the "well-off" tenants of HA estates and tenants of HS Group B estates from the proposal. Moreover, to relieve the pressure of inflation on the lower income families, members have urged the Administration to consider extending the rent payment period to two months. The Panel subsequently passed two motions urging the Administration to pay an additional month's rent and extend the coverage of the proposal to include HA tenants paying additional rents and tenants of HS Group B estates. The Administration explains that HA tenants paying additional rents have much higher incomes than WL limits, and the income limits for tenants of HS Group B estates are set at a higher level than those applicable to the other HS estates and HA estates. Recognizing the need to help the elderly living in HS Group B estates, the proposal has already been extended to include some 300 Elderly Persons' Flats in these estates. The Panel notes that all tenants of HA and HS

estates will nonetheless enjoy rates concession, which is among the initiatives included in the Budget. The Finance Committee approved the funding for implementing the proposal at its meeting on 6 June 2008. It is expected that the proposal will be implemented in August 2008.

Disclosure of property information for residential properties

24. Recognizing the importance of providing prospective flats buyers with accurate property information to make informed purchase decisions, the Panel has been following closely issues relating to sales arrangement for first-hand residential properties. Members have discussed with the Administration and relevant parties including the Real Estate Developers Association of Hong Kong (REDA), the Consumer Council (CC), and the Estate Agents Authority (EAA) measures to enhance disclosure of sales information in sales descriptions for residential properties, and improve sales arrangement for first-hand residential properties.

25. The Panel notes that there is increasing demand from the public and prospective flat buyers for greater transparency in the provision of information by developers on uncompleted first-hand residential properties and the sales arrangement. Members are particularly concerned about the definition and presentation of floor area information in sales brochures and price lists. At present, some individual developers are adopting varying formats in presenting information on floor area. Other areas beyond the area of the unit and the balcony of the flat, such as bay windows, are often included in the calculation of the "saleable area" (SA). The interchangeable use of the Chinese term "實用面積" and "銷售面積" for SA may create confusion to the public. Members note that the Hong Kong Institute of Surveyors (HKIS) has announced the results of its review on the "Code of Measuring Practice" in February 2008, and issued a supplement to the Code stating that SA should only include the area of the unit and the balcony of the flat but not other items under ancillary accommodation, such as bay windows. Hence, the current practice of some developers is not consistent with the review results of HKIS. The Panel supports the adoption of a clear and standardized presentation to help prospective buyers understand the floor area information and protect their interests, and incorporating the standardized presentation of SA under the Consent Scheme. In this regard, members welcome REDA's move 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. They further welcome the Administration's decision to incorporate the standardized presentation of SA as a requirement of the Consent Scheme. They have urged the Administration to expedite follow up actions with the relevant parties with a view to implementing the new measures as soon as possible, and to provide the price list template and proposed amendments to the Consent Scheme for the Panel's information.

26. On the suggestion to adopt "實用面積" as the Chinese term for SA, members note that while the Administration and CC support the suggestion, REDA has expressed reservation as the term may not fully reflect the meaning of SA.

REDA has stressed that the term should provide flat buyers with a clear idea of what areas are being sold to them. In this regard, members agree that the best protection for flat buyers is to ensure they understand what they are buying. They have called on the Administration and CC to consult relevant parties in working out the appropriate Chinese term for SA.

27. To tie in with the implementation of the new measures, members have urged the relevant parties to strengthen public education and the regulation of estate agents. To this end, the Panel notes that EAA will draw up new circulars for the estate agent trade and strengthen the inspection and regulation of estate agents. CC and EAA will enhance consumer education, including updating the Notes to Purchasers of First-hand Residential Properties.

28. In order to strengthen regulation of sales arrangements of first-hand residential properties, some members have urged the Administration to consider adopting a legislative approach in the long run. The Administration points out that the sale of uncompleted residential properties is governed by the Consent Scheme which stipulates the information required to be provided by the developers in the sales brochures. REDA has also established the Compliance Committee and required its members to submit auditor's "certificate of compliance" before they offer a residential development for sale. Coupled with the enforcement work of EAA and consumer education by CC, measures to safeguard the interests of flats buyers will be flexibly introduced in response to the market condition and consumers' expectations.

29. Noting the important role of EAA in enhancing the service quality of estate agents to ensure the fairness and transparency in the conduct of property transactions in Hong Kong, the Panel has met with EAA to better understand its work and new initiatives in raising the standard of the estate agency trade. The Panel is supportive of the work of EAA and appreciates the prompt actions taken to follow up cases of misconduct and malpractices committed by estate agency practitioners in order to protect the interests of flat buyers. Members have urged EAA to enhance its compliance inspection and strengthen disciplinary sanctions on licensees, and also to enhance the professional knowledge and skills of practitioners in the trade.

Others

30. The Panel has been briefed on the findings of the reviews of WL income and asset limits for 2008-2009 and the Total Maintenance Scheme for PRH estates, the proposal to extend a supernumerary Chief Estate Surveyor post to take charge of duties related to the sale of surplus HOS flats and the transfer of legal titles for retail and car parking facilities sold to The Link, measures to improve facilities and living space in aged public housing estates, enhanced rent collection services for PRH tenants, and the development of public housing at Anderson Road and district and local open spaces at Choi Wan Road.

31. From October 2007 to June 2008, the Panel held a total of 12 meetings.

Council Business Division 1
Legislative Council Secretariat
26 June 2008

**Legislative Council
Panel on Housing**

Terms of Reference

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

**Legislative Council
Panel on Housing**

Membership list for 2007-2008 session

Chairman	Hon LEE Wing-tat
Deputy Chairman	Hon WONG Kwok-hing, MH
Members	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 Hon LI Kwok-ying, MH, 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
	(Total : 17 members)
Clerk	Ms Connie SZETO
Legal Adviser	Ms Connie FUNG
Date	11 October 2007