

立法會
Legislative Council

LC Paper No. CB(1) 2547/08-09
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

**Minutes of special meeting
held on Wednesday, 17 June 2009, at 8:30 am
in Conference Room A of the Legislative Council Building**

- Members present** : Hon WONG Kwok-hing, MH (Chairman)
Hon Fred LI Wah-ming, JP
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, SBS, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Alan LEONG Kah-kit, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KAM Nai-wai, MH
Hon CHAN Hak-kan
Hon WONG Kwok-kin, BBS
- Members absent** : Hon Frederick FUNG Kin-kee, SBS, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, SBS, JP
Hon LEE Wing-tat
Hon LEUNG Kwok-hung
Hon WONG Sing-chi
- Public officers attending** : **For item I**

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Ms Annette LEE, JP
Deputy Secretary for Transport and Housing (Housing)

Ms Cora HO
Assistant Director (Strategic Planning)
Housing Department

Mr Tony LIU
Chief Manager/Management (Support Services 2)
Housing Department

For item II

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr LAU Kai-hung, JP
Deputy Director (Estate Management)
Housing Department

Mr Deryk YIM
Chief Manager/Management (Support Services 4)
Housing Department

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)1

Staff in attendance : Mrs Mary TANG
Senior Council Secretary (1)2

Miss Mandy POON
Legislative Assistant (1)4

Action

I. The proposed two-month rent payment for households living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society

(LC Paper No. CB(1) 1879/08-09(01) — Administration's paper on rent payment for public housing tenants)

The Under Secretary for Transport and Housing (USTH) briefed members on the Government's proposal to pay two months' rent for tenants living in the rental units of the Hong Kong Housing Authority (HA) and Hong Kong Housing Society (HS). The proposal was a part of a package of relief measures announced by the Financial Secretary (FS) on 26 May 2009. The Deputy Secretary for Transport and Housing (Housing) (DSTH(H)) supplemented that the Government would pay two months' rent in full for tenants/licencees of HA paying normal rent, tenants of HS Group A estates and tenants of Elderly Persons' Flats in HS Group B estates. Under the proposal, HA tenants/licencees paying additional rent and non-Elderly Persons' Flats tenants of HS Group B estates would also be covered. To ensure the rational allocation of public housing resources, for HA tenants/licencees paying additional rent, the Government would pay on their behalf the portion of their net rent for two months. Similarly, for non-Elderly Persons' Flats tenants of HS Group B estates, the Government would pay on their behalf two-thirds of their net rent for two months.

2. Mr Fred LI said that Members belonging to the Democratic Party would support the proposal, in particular the extension of coverage to HA tenants/licencees paying additional rent, who had been excluded from previous rent relief measures. Expressing similar view, Mr WONG Kwok-kin said that Members belonging to the Hong Kong Federation of Trade Unions had repeatedly requested for the extension. He pointed out that those tenants/licencees paying additional rent were not well-off by any standards. The increase in household income might have been attributed to the contribution from grown-up children. Hence, he hoped that future relief measures would also apply to these tenants. Mr LEUNG Yiu-chung echoed that the requirement for tenants whose household income exceeded two times the relevant Waiting List Income Limits to pay additional rent had all along been subject to criticism. The criteria for assessing the aggregate income of the entire household, including grown-up children, regardless of their contribution to household expenses were flawed from the start. He therefore considered it unfair that the proposal only covered the net rent and not the additional rent of these households. He urged the Administration to apply the proposal to pay two months' rent across the board to all HA tenants, including well-off tenants. Consideration should also be given to reviewing the so called "well-off tenant" policy. Prof Patrick LAU also enquired about the rationale behind the proposal to pay the net rent on behalf those HA tenants/licencees paying additional rent.

3. In response, USTH reiterated the need to ensure the rational allocation of public housing resources. Therefore, the Government had decided to pay on behalf of those tenants/licencees paying additional rent the portion of the net rent for two months. The arrangement was meant to provide simple and quick relief to all HA tenants. DSTH(H) supplemented that the additional rent would have to be borne by the tenants concerned from the perspective of rational use of public resources as their household income had exceeded the relevant Waiting List Income Limits. Mr LEUNG Yiu-chung however pointed out that it would be administratively simpler and easier for the Government to pay the full rent of all HA tenants for two months. As it might take a longer time for Hong Kong to recover from the global financial crisis, Mr WONG Kwok-kin enquired whether the Government was prepared to provide further relief measures for HA tenants/licencees if there were no signs of significant improvement in the economy. USTH said that the Administration would keep in view of the economic situation and if necessary, would consider possible measures as appropriate.

4. While welcoming the extension of rent relief measure to cover tenants/licencees paying additional rent, the Chairman agreed with other members that this should be made a standard practice for future relief measures, and that the requirement for certain tenants/licencees to pay additional rent should be reviewed. He also enquired about the reason why non-Elderly Persons' Flats tenants of HS Group B estates would only be eligible for two-thirds of their net rent for two months. DSTH(H) explained that over 80% of those HA tenants/licencees paying additional rent were paying 1.5 times net rent, and that the Government would pay for the portion of their net rent under the current proposal. The proportion of the rent to be paid by the Government was roughly two-thirds. Drawing reference to this, for

non-Elderly Persons' Flats tenants of HS Group B estates, the Government considered it appropriate to pay on their behalf two-thirds of their net rent for two months. In response to the Chairman's further enquiry on the timeframe for the proposal to take effect. USTH said that subject to the Finance Committee (FC)'s approval, and taking into account the time needed for preparatory work, including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks, etc., it was expected that HA tenants/licencees and HS tenants would not be required to pay all or part of the rent/licence fees for the months of August and September 2009.

5. In concluding, the Chairman said that members were supportive of the Government's proposal to pay two months' rent for tenants living in the rental units of HA and HS. The proposal would be submitted to FC for approval on 19 June 2009.

II. Rent relief measures for commercial tenants of HA and HS

(LC Paper No. CB(1) 1942/08-09(01) — Administration's paper on rent relief measures for commercial tenants of HA and HS)

6. The Deputy Director of Housing (Estate Management) (DDH(EM)) gave a presentation on the rent relief measures for commercial tenants of HA and HS.

(Post-meeting note: The presentation materials were circulated under LC Paper No. CB(1) 1969/08-09(01) on 17 June 2009.)

7. Mr Tommy CHEUNG recalled that the decision to provide 50% rent concession for commercial tenants of HA and HS from January to February 2009 was made in November 2008 before the outbreak of swine flu and the economy was not as bad as now. With the worsening economy and the surging unemployment rate, these commercial tenants were facing an increasingly hard time to sustain their businesses. He held the view that additional rent relief, similar to that provided during the outbreak of the Severe Acute Respiratory Syndrome (SARS), should be made available to these commercial tenants as soon as practicable to enable them to tide over the difficult period which was expected to last for an extended length of time. Measures, such as free parking, should also be provided for shoppers with a view to improving the patronage of the shopping centres under HA and HS. DDH(EM) said that during the outbreak of SARS, restaurant and eatery operators in HA estates were offered a 50% rent concession for three months while other commercial tenants a 30% rent concession for three months. By comparison, the 50% rent concession for all HA commercial tenants from January to February 2009 was in fact more generous than the relief provided during the outbreak of SARS. HA's Commercial Properties Committee (CPC) would closely monitor the local economy and business environment. If necessary, additional relief measures would be considered.

8. Mr WONG Kwok-kin enquired about the additional relief measures to be taken to ease the plight of the commercial tenants. Mr Alan LEONG also enquired about the parameters which CPC would take into account in deciding whether additional relief measures should be introduced. DDH(EM) said that in adjusting rentals, CPC would take into account commercial principles, business environment, vacancy rate, feedback from commercial tenants and their business turnover, etc. While no additional relief measures for commercial tenants were being contemplated, promotional efforts would be made to improve the business environment. Noting that the next CPC meeting would be held on 9 July 2009, the Chairman requested that the subject of additional relief measures to assist the commercial tenants to tide over their difficulties amid the financial crisis and the outbreak of the swine flu should be included in the agenda. Mr Tommy CHEUNG considered it necessary for CPC to advance its meeting to facilitate earlier discussion on rent issue. DDH(EM) however advised that this might not be possible given the hectic schedule of CPC members.

9. Mr LEUNG Yiu-chung requested that the rent concession for factory premises should be extended from two months to a full year as factory operators would need more time to recover from the economic downturn. DDH(EM) reiterated that the rent concessions offered in 2009 for all commercial tenants, including factories, were indeed better than the relief package provided during the outbreak of SARS in 2003 which did not cover factories.

10. Mr Fred LI questioned why the rates concessions announced in February and May 2009 were applicable to HA and HS commercial tenants, but not to users of HA and HS car parks. He opined that there should be increased transparency in the calculation of rates for HA and HS car parks so that the public would be made aware of the rebates resulting from the rates concessions. DDH(EM) said that rates concessions were not applicable to users of HA and HS car parks because the amount involved was minimal bearing also in mind the substantial administrative cost for its distribution. Besides, more than half of the car parking spaces were leased out on hourly basis or as non-designated parking. The rebates received by HA resulting from rates concessions would be applied in the operation of HA car parks and taken into consideration in the review of parking fees in the following year, thereby benefiting car park users. By way of illustration, tenants who rented non-designated car parking spaces within their estates were already offered 15% discount on their parking fees. At the Chairman's request, the Administration would provide the rebates resulting from the rates concessions for car parks under HA and HS.

Admin

11. Mr Fred LI noted that since HS introduced the rent re-assessment exercise for commercial premises in January 2009, tenants were able to enjoy a downward rentals adjustment of up to 60%. He questioned why HA did not conduct a similar exercise, particularly amid the outbreak of the swine flu when tenants were facing increasing difficulties in sustaining their businesses. DDH(EM) said that there were upward and downward adjustments in rent re-assessment exercises. Of the 400 HS commercial tenants, only about half of them had their rentals adjusted downwards as a result of the exercise conducted by HS in January 2009. Meanwhile, the 50% rent concession from January to February 2009 had benefited all of the 6 000 HA commercial tenants.

Mr WONG Kwok-kin asked if a comparison between rent re-assessment and rent concessions had been made to see which was more beneficial to commercial tenants. He held the view that HA and HS should take the initiative to conduct rent re-assessment more often to assist those tenants who had difficulties in sustaining their businesses. DDH(EM) said that the benefits associated with rent re-assessment or rent concessions would vary from case to case. Past experience revealed that most commercial tenants would prefer rent concessions to rent re-assessment.

12. Mr Fred LI was concerned about the hefty increase in rents of the divested retail and car parking (RC) facilities in public housing estates under the management of the Link Management Limited (The Link). Mr Alan LEONG also enquired about the rent adjustment mechanism of The Link. DDH(EM) said that the Estate Management Advisory Committees (EMACs) had been in close liaison with The Link on the management of RC facilities.

13. Mr LEUNG Yiu-chung however pointed out that representatives of The Link often refused to attend EMAC meetings. He considered it necessary that the Administration should put some pressure on The Link to prevent it from further increasing the rents. USTH said that The Link had carried out a number of enhancement works to improve the RC facilities and as a result, there had been an increase in patronage. While he did not have the statistical figures of The Link on hand, he was prepared to reflect the views of members and affected tenants to The Link for consideration. DDH(EM) also clarified that The Link representatives had attended over 50% of the EMAC meetings.

14. The Chairman said that the hefty increase in rents of the divested RC facilities under the management of The Link was at variance with the Government's effort to introduce additional relief measures to counter the financial crisis. He urged the Administration to apprise The Link on the need for rent reduction. Mr Fred LI said that the management of The Link should be invited to attend a special meeting of the Panel to discuss the rents of the divested RC facilities, which had increased by 25% to 80%. His views were shared by Mr Tommy CHEUNG. The Chairman instructed the Clerk to follow up the matter.

(Post-meeting note: The Secretariat had extended an invitation to The Link which had declined to attend a special meeting of the Panel. Copies of the invitation letter together with The Link's response were circulated vide LC Paper Nos. CB(1) 2077/08-09(01) and (02) respectively on 26 June 2009.)

III. Any other business

15. There being no other business, the meeting ended at 9:31 am.