

**Further Information provided by the Administration in response to
the Clerk to Select Committee's letter of 23 January 2009
(item 3(a))**

	Major housing policies	Detailed account of each of the policies	Role and participation of Mr LEUNG Chin-man
(1)	The statement on housing policy announced in November 2002 and subsequent implementation – on repositioning the housing policy to facilitate the efficient operation of the property market and restore public confidence in it.	<p>To facilitate the efficient operation of the property market and restore public confidence in it, the Secretary for Housing, Planning and Lands announced a statement on housing policy in November 2002 to reposition the housing policy. Measures introduced were as follows –</p> <ul style="list-style-type: none"> (i) stop scheduled land auctions and resume the Application List System in 2004 and the supply of new land would only be triggered from the Application List thereafter; (ii) better co-ordinate the orderly tendering and disposal of new railway property developments and there would be no tendering of the railway property sites from November 2002 to December 2003; (iii) adopt a demand driven public rental housing (PRH) construction programme with a view to ensuring an average waiting time of three 	<p>According to available records in the possession of Transport and Housing Bureau, Mr LEUNG's subordinates prepared analysis for Mr LEUNG's consideration but there is no file record of further discussion or internal meeting.</p> <p>The re-positioned housing policy was prepared in the form of a draft Policy Committee ("PC") paper in October 2002 and circulated to relevant departments for comment. As Permanent Secretary for Housing, Planning and Lands (Housing) / Director of Housing ("PSH/DoH"), Mr LEUNG considered the paper before submission to Secretary for Housing, Planning and Lands ("SHPL") for clearance. The paper was then submitted to the PC for discussion on</p>

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		<p>years;</p> <p>(iv) cease the production and sale of flats under the Home Ownership Scheme and Private Sector Participation Scheme except for the unsold and returned flats;</p> <p>(v) implement the Home Assistance Loan Scheme recently announced by the Hong Kong Housing Authority (“HA”);</p> <p>(vi) terminate all mixed development projects;</p> <p>(vii) stop the sale of public housing flats under the Tenants Purchase Scheme after Phases 6A and 6B were completed;</p> <p>(viii) help revitalizing the private rental market by removing, as far as possible, excessive controls under the Landlord and Tenant (Consolidation) Ordinance; and</p> <p>(ix) cancel the remaining anti-speculation measures i.e. restrictions on internal sale quota and sale of car parking spaces.</p>	<p>24 October 2002. Mr LEUNG attended the PC meeting. After PC’s consideration, a paper was formulated by circulation to various departments and submitted for the consideration by the Chief Executive in Council on 12 November 2002. Mr LEUNG, as PSH/DoH, considered the paper before submission to SHPL for clearance. Mr LEUNG attended the Executive Council (“ExCo”) meeting.</p> <p>Mr LEUNG subsequently attended meetings of the LegCo Panel on Housing to assist SHPL in explaining the re-positioned housing policy. He also attended relevant HA’s meetings in explaining and implementing measures relevant to HA. As PSH/DoH, he supervised, monitored and gave direction and steer on the implementation of measures under the purview of Housing Branch (“HB”) of the Housing, Planning and Lands Bureau (“HPLB”).</p>

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(2)	Home Assistance Loan Scheme – a phased process to provide alternative arrangement to low-income families when the Administration moved away from the role of a direct provider of home (under the Home Ownership Scheme of the HA).	<p>The Home Assistance Loan Scheme (“HALS”) was intended to replace the Home Purchase Loan Scheme (“HPLS”) administered by Housing Authority (“HA”) and the Home Starter Loan Scheme (“HSLs”) operated by the Housing Society.</p> <p>The HALS was intended to meet the demand for home ownership by providing housing assistance opportunities in the form of housing loans to eligible lower and middle income families towards down payment and related home purchase expenses.</p> <p>The introduction of HALS was endorsed by the then Home Ownership Committee (“HOC”) of the HA at its meeting held on 5 September 2002 and approved by the HA by circulation on 16 December 2002. The HALS was launched on 2 January 2003 after the cessation of HPLS on 31 December 2002.</p> <p>Subsequently, home ownership ceased to be a government policy, and the HALS was terminated following endorsement by the Subsidized Housing Committee of the HA (“SHC”) at its meeting on 2 June 2004 and approval by the HA by circulation on 14 July 2004. Accordingly, the HALS was ceased on 14 July 2004.</p>	<p>During the introduction and termination of the HALS, Mr LEUNG, as PSH/DoH, cleared policy papers for submission to HA and its committees for consideration and endorsement. As PSH/DoH and Chairman of Senior Officials Meeting (“SOM”) of the Housing Department (“HD”), Mr LEUNG gave directives and advice when the matter was discussed at the meetings.</p> <p>He also attended the HOC meeting held on 5 September 2002 and the SHC meeting held on 2 June 2004. The subject was also discussed at the LegCo Panel on Housing meetings on 4 March 2002, 2 December 2002 and 7 June 2004, but Mr LEUNG did not attend these meetings.</p>
(3)	Disposal of overhung	When the announcement of the cessation of the	The HD set up a task force, chaired by

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	<p>subsidized Home Ownership Scheme flats upon the termination of production and sale of such units under the repositioned housing policy.</p>	<p>production and sale of subsidized sale flats was made in November 2002, there were about 25 000 overhung Home Ownership Scheme (“HOS”) flats and Private Sector Participation Scheme (“PSPS”) flats administered by the HA, and about 4 700 overhung Sandwich Class Housing Scheme (“SCHS”) and Flat-For-Sale Scheme (“FFSS”) flats administered by the Hong Kong Housing Society.</p> <p>In the process of deliberating on the disposal of the overhung HOS/PSPS/SCHS/FFSS flats, various options and strategies, such as converting the overhung subsidized sale flats into staff quarters for the disciplinary services, student hostels, quarters for expatriate English teachers and public rental housing were discussed. Members were briefed on the consideration of those options at the LegCo Panel on Housing meetings on 18 March 2003 and 3 November 2003 (THB-4 and THB-5 may be relevant.) T25 T26</p>	<p>the then Deputy Secretary for Housing (2), to consider all feasible options for disposing of the 25 000 overhung HOS/PSPS flats through market-friendly means. The proposals of the task force were then considered at the Senior Directorate Meetings (“SDM”) chaired by the then SHPL, and HD’s SOM chaired by the then PSH/DoH. Mr LEUNG, in the capacity of PSH/DoH, provided steer at HD’s SOMs in the formulation of the sales strategies, programmes and arrangements for the disposal of overhung HOS/PSPS flats administered by HA.</p> <p>Also, the proposals for disposing of the SCHS/FFSS flats were discussed at various SDM meetings. Mr LEUNG, in the capacity of PSH/DoH, provided steer at those meetings.</p> <p>Mr LEUNG did not attend any of the meetings of the task force nor that of the LegCo Panel on Housing on the discussion of the disposal of those overhung HOS/SCHS/FFSS flats.</p>

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(4)	<p>Rent policy for public rental housing (including rent review, review of income and asset limits for public housing applicants, and median rent-to-income ratio) – to map out a rent policy that is affordable and flexible, provides greater choice to tenants, and contributes to the longer term sustainability of the public housing programme.</p>	<p><u>(i) Review of Domestic Rent Policy</u></p> <p>In January 2001, the HA set up the Ad Hoc Committee on Review of Domestic Rent Policy (“CDRP”) to review the domestic rent policy for PRH. The CDRP continued the review during Mr LEUNG’s term of office as PSH. During that period, its work was suspended by the judicial review (“JR”) of tenants concerning HA’s decisions to defer reviewing the rents of its PRH estates, the legal proceedings of which straddled three years from October 2002 to November 2005.</p> <p>The CDRP subsequently resumed its work and, having considered all the views received from the public consultation after the completion of the legal proceedings, recommended a new income-based rent adjustment mechanism to replace the statutory 10% median rent-to-income ratio (“MRIR”) so that PRH rents may be adjusted according to an income index which reflects changes in PRH household income levels. Relevant recommendations were published in the Report on the Review of Domestic Rent Policy after discussions at seven LegCo Housing Panel meetings between March to November 2006 and upon the HA’s endorsement in November 2006. Following the passage of the Housing (Amendment) Bill by LegCo in June 2007, the new income-based</p>	<p><u>(i) Review of Domestic Rent Policy</u></p> <p>The CDRP consisted of nine members. Mr LEUNG was not a member of the Committee.</p> <p>The review lasted more than six years (from January 2001 to June 2007) and was intervened by legal proceedings for a period of three years. The relevant recommendations were finalised based on the findings of the CDRP and responses to the public consultation which took place after Mr LEUNG’s term of office as PSH/DoH. The new rent adjustment mechanism recommended by the CDRP was endorsed by the HA and LegCo.</p> <p>As PSH/DoH and Chairman of SOM, Mr LEUNG was briefed on the work of the CDRP and the position of the review and the legal proceedings, and attended various meetings (including HA/SHC meetings and briefings, and LegCo Housing Panel meetings) where the position of the court cases and the findings of the CDRP were noted and</p>

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		<p>rent adjustment mechanism came into operation on 1 January 2008.</p> <p><u>(ii) Waiting List income and asset limits</u></p> <p>The eligibility of PRH applicants is determined by way of the Waiting List (“WL”) income and asset limits, which measure the total household income required to rent a private accommodation comparable to PRH while meeting other non-housing expenditure. The limits are reviewed annually at the beginning of each year according to a methodology developed in early 2002 following a comprehensive review.</p> <p>During Mr LEUNG’s term of office as PSH, apart from the regular annual review of the WL income and asset limits, SHC endorsed on 14 March 2005 the setting of asset limits for elderly households at two times of the limits for non-elderly WL applicants.</p>	<p>endorsed.</p> <p><u>(ii) Waiting List income and asset limits</u></p> <p>As PSH/DoH and Chairman of SOM, Mr LEUNG gave advice to subject officers and participated in the discussion at SOM on the annual review of the limits, consultation arrangement, timetable and possible areas for reviewing the methodology of the limits.</p> <p>As a member of the SHC, Mr LEUNG responded to the enquiries and suggestions by SHC members and participated in the discussion. The annual adjustment of the limits and review of methodology were endorsed by the SHC.</p>
(5)	Divestment of Housing Authority's retail and car-parking facilities – to allow the HA to withdraw from commercial operation and focus its resources on core function as a provider	In July 2003, the Chief Executive in Council decided that the Government should seek the HA’s agreement in principle to divest its retail and car-parking facilities. The rationale for this decision was to enable the HA to focus on its core function as a provider of subsidized public housing; and to help meet HA’s funding requirements in the short term,	The policy on divestment of retail and car parking facilities in public rental housing (“PRH”) estates was prepared in the form of a draft PC paper through circulation among relevant departments for comment. As PSH/DoH, Mr LEUNG considered the paper before

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	of subsidised public housing, and help to meet the HA's funding requirements in the short to medium term.	<p>allowing it to pursue in the longer term various cost-saving initiatives to improve its financial position.</p> <p>The HA divested 180 of its retail and car-parking facilities through the public listing of The Link Real Estate Investment Trust ("The Link REIT"). The first listing in December 2004 was postponed since the judicial review challenge against HA's statutory power to divest could not reach finality before the original scheduled listing date. The exercise was re-launched after the conclusion of legal proceedings at the Court of Final Appeal and the Link REIT was listed in November 2005.</p>	<p>submission to SHPL for clearance. The paper was then submitted to the PC for discussion on 22 May 2003. Mr LEUNG attended the PC meeting. After PC's consideration, a paper was formulated by circulation to various departments and submitted for the consideration by the Chief Executive in Council on 17 June 2003 and 15 July 2003. Mr LEUNG, as PSH/DoH, considered the paper before submission to SHPL for clearance. Mr LEUNG attended both Executive Council ("ExCo") meetings.</p> <p>Subsequently, several committees were set up at different stages of the implementation of the divestment exercise (see Note). Mr LEUNG participated in the discussions of the meetings of the above committees, and provided steer and made decisions on matters being considered at the Commercial Properties Divestment Steering Committee presided by him.</p>
(6)	Total Maintenance Scheme – to provide	The Total Maintenance Scheme, launched in early 2006, aims to provide a more cost-effective and	The formulation and execution of the Total Maintenance Scheme was mainly

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	comprehensive, customer-oriented maintenance service featuring proactive in-flat inspection and enhanced services upon tenants' requests for repairs.	customer-oriented maintenance service to our tenants. The scheme adopts a three-pronged approach for maintenance of public rental housing which encompasses proactive in-flat inspection, prompt response as well as public education and promotion.	the responsibility of Estate Management Division under the directives of DD(EM). Mr LEUNG was the then PSH/DoH and his role was overseeing and steering the policy direction. In HA's Annual Open Meeting in July 2005, Mr LEUNG announced the plan to have a "new maintenance strategy", which eventually evolved into the Total Maintenance Scheme. The decision to endorse the policy was made by the HA.
(7)	Policy relating to the regulation of the sales arrangements and provision of information in the sales descriptions of private uncompleted first-hand residential properties, through Lands Department's Consent Scheme and the self-regulatory regime of the Real Estate Developers Association of Hong Kong (REDA).	The objective of the policy is to safeguard the interest of uncompleted first-hand residential property buyers through fair and transparent sales arrangements, while ensuring a free and orderly business environment for the healthy and stable development of the private residential market. Through prescribing requirements under Lands Department's Consent Scheme and the self-regulatory regime administered by the Real Estate Developers Association of Hong Kong ("REDA"), the Administration strives to ensure that developers provide clear, transparent and essential information to uncompleted first-hand residential property buyers.	During Mr LEUNG's term of office as PSH/DoH from July 2002 to January 2006, the HB had worked in conjunction with the Lands Department, the Consumer Council ("CC"), the Estate Agents Authority ("EAA") and REDA to introduce initiatives on regulating the sales arrangements and/or the requirements for information in the sales materials of uncompleted first-hand residential properties with a view to enhancing consumer protection and maintaining a free and orderly business environment for the healthy and stable development of the private residential market. As

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			<p>PSH/DoH, Mr LEUNG gave directives and advice to subject officers on significant issues and developments of the policy relating to the regulation of the sales arrangements and provision of information in the sales descriptions of private uncompleted first-hand residential properties; participated in the formulation of relevant policies through representing HB in the discussions with the trade and relevant stakeholders; and responded to enquiries by LegCo members or the media regarding the aforementioned issues.</p>
(8)	<p>Marking Scheme for Estate Management Enforcement in Public Housing Estates (formally called “Marking Scheme for Tenancy Enforcement in Public Housing Estates”) – to strengthen enforcement measures against hygiene-related offences in public rental housing estates and Interim Housing estates,</p>	<p>In May 2003, Team Clean announced a series of measures to boost the hygiene and cleanliness in Hong Kong. To strengthen enforcement measures against hygiene-related offences in public rental housing (“PRH”) estates and to promote civic responsibility among tenants, the SHC endorsed vide Paper No. SHC 17/2003* the implementation of the Marking Scheme on 1 August 2003. Subsequent policy changes were endorsed vide Paper Nos. SHC 35/2003, SHC 68/2004, SHC 62/2005, SHC 55/2006, SHC 6/2007, SHC 47/2007 and SHC 45/2008* respectively.</p>	<p>As PSH/DoH and Chairman of SOM, Mr LEUNG gave directives and advice to the subject officers to address areas of concern collected from the public, and to map out departmental responses by the inclusion of new misdeed items and the adjustment of penalty points, etc., and in the development of policy papers upon review of the Marking Scheme for discussion by SHC. Mr LEUNG attended SHC and LegCo Housing Panel meetings in the capacity of PSH/DoH.</p>

* Papers not provided by the Administration

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	and to promote civic responsibility among tenants.	<p>Tenants or authorized occupants committing the misdeeds in their residing estates will be liable to allotment of points under the Marking Scheme. Any points allotted will be valid for two years. Except for cases with strong compassionate elements, households carrying any valid points will be barred from applying for all types of voluntary transfer. Upon accumulation of 16 points within two years, the tenancy of the subject household will be terminated by a Notice-to-Quit (“NTQ”) pursuant to Section 19(1)(b) of the Housing Ordinance. Similar to all termination of tenancies, the tenant may make an appeal to the Appeal Panel (Housing).</p> <p>At present, the Marking Scheme covers 28 misdeed items grouped into four categories (A, B, C & D) carrying 3, 5, 7 and 15 points respectively by their degrees of adversity on environmental hygiene or estate management. A warning mechanism is in place for 12 less serious misdeeds.</p>	At the meetings, Mr LEUNG was one of the officials who answered enquiries on the matter and to make decisions on policy adjustment, where necessary.

Note: The committees set up to see through the process of divestment as described in item (v) above include –

- (a) The Commercial Properties Divestment Steering Committee (“CPDSC”), set up in May 2003, was chaired by Mr LEUNG as PSH/DoH with relevant HD officers as members. It was responsible for overseeing the preparation and the administration of the scheme for divestment of commercial

properties for approval by HA, and to give direction on policy issues.

- (b) The Supervisory Group on Divestment (“SGD”), set up in October 2003, was chaired by an HA member with Mr LEUNG as a member in the capacity of the Director of Housing. It was responsible for considering and deciding details of implementation of the divestment plan in accordance with the broad direction approved by the HA, for considering and deciding the manpower and staff consultation strategies, for considering and deciding the public communication strategy, and for reporting to the HA on its progress.
- (c) The Listing and Logistics Committee (“LLC”) was a sub-committee of SGD set up in September 2004, chaired by the SGD Chairman with Mr LEUNG as a member in the capacity of the Director of Housing. In the run-up to the initial public offering (“IPO”), an increasing number of implementation decisions connected with listing and associated logistics would need to be made swiftly. Hence, the LLC was set up and was tasked to consider and advise the Director of Housing on implementation details and documentation in accordance with broad policy principles and parameter endorsed by the SGD, in connection with the IPO. Mr LEUNG was delegated with the authority to make decisions on the advice of the LLC, on the implementation details and documentation in connection with the IPO.
- (d) The Search Committee (“SC”), a sub-committee set up in November 2003 under SGD, was chaired by the SGD Chairman with Mr LEUNG as an attendee in the capacity of the Director of Housing. SC was tasked to work with a headhunter to identify a suitable candidate for appointing the Chief Executive Officer of the new company to be established for holding the properties to be divested.
- (e) The Strategic Partner Selection Committee (“SPC”), a sub-committee under SGD set up in March 2004, was chaired by the SGD Chairman, with Director of Housing or his representative as a member. SPC was tasked to take charge of the process searching for a strategic partner for the management of the REIT at the fund management and strategic asset management level.
- (f) The High Level Committee (“HLC”), set up in August 2005, was chaired by the Financial Secretary with Mr LEUNG as a member in the capacity of PSH/DoH. Other members mainly include relevant bureaux secretaries / permanent secretaries. HLC was tasked to oversee the coordination of efforts of the Government in support of the HA in the re-launch of The Link REIT IPO.

**Transport and Housing Bureau
February 2009**