

**Minutes of the Annual Special Open Meeting of the HONG KONG HOUSING AUTHORITY held in the Housing Authority Chamber, 10<sup>th</sup> Floor, Block 2, Housing Authority Headquarters on Thursday, 10 June 2004**

**PRESENT**

The Hon Michael SUEN Ming-yeung, GBS, JP	Secretary for Housing, Planning and Lands ( <b>Chairman</b> ) Director of Housing ( <b>Vice-chairman</b> )
Mr LEUNG Chin-man, JP	
Ms SIU Yuen-sheung, BBS, JP	
Mr Walter CHAN Kar-lok, BBS, JP	
Mr CHAN Bing-woon, SBS, JP	
Mr NG Shui-lai, JP	
Mr WONG Kwun	
Mr Philip Trevor NUNN, JP	
Mr CHUNG Shui-ming, GBS, JP	
Mr Michael CHOI Ngai-min	
The Hon IP Kwok-him, JP	
Mr CHENG Yan-kee, JP	
The Hon CHAN Kam-lam, JP	
Dr the Hon David CHU Yu-lin, JP	
The Hon SIN Chung-kai	
The Hon Tommy CHEUNG Yu-yan, JP	
Mrs Pamela CHAN WONG Shui, BBS, JP	
Ms Christine FANG Meng-sang	
The Hon Henry WU King-cheong, BBS, JP	
Mr Stephen YIP Moon-wah	
The Hon Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury Director of Lands Deputy Director (Corporate Services) ( <b>Secretary</b> )
Mr Patrick LAU Lai-chiu, JP	
Mr Kenneth MAK Ching-yu	

## ABSENT WITH APOLOGIES

Mr HO Sai-chu, SBS, JP (Out of Hong Kong)  
Mr George NG Sze-fuk, BBS, JP  
Prof Patrick LAU Sau-shing, SBS  
Ms Teresa CHENG Yeuk-wah, SC, JP  
Dr Martin KWONG Hoi-chau (Out of Hong Kong)  
Mr LIU Sing-cheong (Out of Hong Kong)  
Mr Eddie NG Hak-kim

## IN ATTENDANCE

Mr Albert SO Chun-hin (Member of Subsidised Housing Committee)  
Mr Andrew CHAN Ping-chiu (Member of Building Committee)  
Mr Bruce LIU Sing-lee (Member of Finance Committee)  
Miss WONG Lai-chun (Member of Subsidised Housing Committee)  
Miss IP Chiu-ping (Member of Subsidised Housing Committee)  
Mr Paul CHUNG Kwok-cheong (Member of Commercial Properties Committee)  
Mr SHIH Wing-ching (Member of Subsidised Housing Committee)  
Mr Joseph KWAN Kwok-lok (Member of Building Committee)  
Mr Stanley WONG Yuen-fai (Member of Finance Committee)  
Mr Allen LEUNG Yiu-fat Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Management Accounting) (Member of Finance Committee)  
Mr TSUI Wai Principal Assistant Secretary for Environment, Transport and Works (Works)2 (Member of Strategic Planning Committee)  
Mr TAM Wing-pong, JP Deputy Director (Strategy)  
Mr Vincent TONG Wing-shing, JP Deputy Director (Development and Construction)  
Mr YUEN Tze-chu, JP Deputy Director (Allocation and Commercial)  
Mr WONG Bay Deputy Director (Estate Management) (Acting)  
Mr James WONG Po-yuen Assistant Director (Finance)  
Ms Handa LAM Ching-fan Senior Legal Counsel  
Mr Wilfred WU Kam-wing Committees' Secretary (Meeting Secretary)

**The Chairman** opened the meeting at 2:35 p.m. He welcomed Members of the Housing Authority (HA) and its Committees to the meeting and introduced five new HA Members: Mrs Pamela CHAN WONG Shui, Ms Christine FANG Meng-sang, Mr Eddie NG Hak-kim, Mr Henry WU King-cheong and Mr Stephen YIP Moon-wah.

## **AGENDA ITEM 1**

### **Opening Address by Mr Michael SUEN Ming-yeung, Chairman of the Housing Authority**

2. **The Chairman** delivered his speech as follows (English translation):

“Members, Fellow Colleagues,

Thank you very much for attending the meeting today. In a moment, some Members will speak on the work of the Housing Authority (HA), and the Housing Department will respond to their comments in the next open meeting.

It has been over a year since I assumed the Chairmanship of HA. Following the re-positioning of the Government’s housing policy, HA has rendered support and concentrated its resources on the continued provision of public rental housing (PRH) for those low-income families in genuine need. In view of the challenges facing HA in the coming year, our work will focus on the following three priority areas -

First and foremost, we must seek to resolve HA’s structural financial problem. This has been the topic of discussion by Members at previous meetings, and we have to look into the problem in order that the development of the public housing programme can sustain.

In the financial year 2003/04, HA had a consolidated operating deficit of over \$300 million, and the cash balance stood at \$17.3 billion, which represents a substantial fall of \$10.3 billion as compared with that of 2002/03. There is a pressing need to address the financial difficulties currently faced by HA. The Department has already commenced its negotiations with the relevant government bureau with a view to formulating a set of comprehensive financial arrangements which can sustain our operation. We hope that we will soon reach an agreement on some matters of principle. On the other hand, we will continue with our efforts to explore new sources of revenue and reduce

expenditure, to streamline the organisation, to lower the cost and to enhance the efficiency. HA will also draw up a set of new financial measures to improve the budgetary processes and set up a budget committee to better monitor and control the costs and expenditures, so as to ensure more rational use of the financial resources under an ever-stringent financial situation.

### ***Public Housing Rent***

Secondly, as far as PRH rent is concerned, HA had preliminary discussions on the issue of rent level review in March this year. This was followed by the Legislative Council (LegCo)'s motion debate on the review of rent policy in May this year. We will analyse and study the valuable opinions expressed by different quarters in order to formulate a rent adjustment mechanism which is objective and clear, and can provide a closer link to tenants' affordability and support the long-term sustainability of the public housing programme. The majority of the Members who spoke in the LegCo's motion debate that day agreed that the provisions concerning rent adjustment in the existing Housing Ordinance should be amended.

### ***Divestment of Retail and Car-parking Facilities***

Lastly, the plan to enable HA to divest its retail and car-parking facilities through public listing will be implemented later this financial year. HA has already appointed the Chief Executive Officer and the Chief Financial Officer for the new management company. They will work closely with other professional consultants to ensure successful completion of the divestment project and the re-organisation exercise.

### ***Conclusion***

HA Members are drawn from different strata of society and have profound expertise and experience in their respective fields and professions, such as housing and community work. I hope that all Members will participate actively in HA's business and give their opinions freely. On the other hand, HD would also seek Members' advice at an early stage when examining various options, so that it can bring in different perspectives in the process of formulating initiatives. In so doing, we would be able to balance the concerns and interests of different sectors of the community.

Thank you."

## AGENDA ITEM 2

### Addresses by Individual HA Members

#### 4. Addresses by Members

Ms SIU Yuen-sheung delivered her speech as follows (English translation):

“ *To Keep Abreast with the Times and Amend Expeditiously  
the Outdated Housing Ordinance*

Before the reunification of Hong Kong with China in July 1997, an amendment to Section 16(1A) of the Housing Ordinance, which capped the median rent-to-income ratio (MRIR) at 10%, was enacted hastily by the former Legislative Council. Even though Hong Kong has been experiencing an economic downturn in recent years, the per capita living area of public rental housing (PRH) tenants has been increased from 9.8m<sup>2</sup> to 11.4m<sup>2</sup>. With the completion of a large number of new and better-equipped PRH units (about 141 500 units), the living environment of PRH tenants has also been greatly improved. All these have shown that capping the MRIR rigidly at 10% is inappropriate.

Section 16(1A) has imposed a great financial burden on the Housing Authority (HA). The pressure has made it difficult for HA to comply with the requirements stipulated in Sections 4(1) and 4(4) of the Housing Ordinance. All along, considerable public funds have been used to subsidise PRH tenants. If no amendment is made to the Ordinance, HA's financial pressure will continue to build up, which will directly affect the sustainability and administration of PRH. I believe that such a consequence will not be acceptable to the society.

After many discussions and extensive consultation on this issue with the public, I would like to suggest the following:

- (1) The Special Administrative Region Government should keep abreast with the times and amend expeditiously the Housing Ordinance which provides that MRIR should be capped at 10%.
- (2) It is inappropriate to adopt the across the board rent reduction option. HA should continue to provide a safety net for tenants in need by reducing or waiving their rents. However, for those tenants who choose to live in new PRH units which are more spacious or better-equipped, a higher level of rents should be charged.

- (3) HA should assess immediately if the PRH resources are appropriately allocated. Moreover, the tenancy agreements for new tenants should be reviewed so that the term of tenancy and a new definition for rent can be incorporated.

To facilitate the sustainability of public housing development and for the well-being of our future, it is high time the outdated Housing Ordinance be amended.”

(Mr CHENG Yan-kee and Mr Bruce LIU Sing-lee joined the meeting at this juncture.)

Mr Walter CHAN Kar-lok delivered his speech as follows (English translation):

“ The property market has changed for the better recently and property prices are in the stage of adjustment and consolidation. However, according to the following data, the number of transactions in the Home Ownership Scheme (HOS) secondary market (i.e. the market where HOS flats after two years upon in-take are allowed to be sold, without the payment of premium, to eligible purchasers including public rental housing (PRH) tenants and Waiting List applicants) this year was just similar to that of last year with a slight fall in the average transaction price. This reflects that the market of HOS flats is totally different from that of private properties. While this year saw a small increase in the number of applications for premium payment lodged by HOS flat owners, the average premium per flat also fell slightly. The application number is still insignificant when compared to the existing 250 000 units for which premium has not been paid.

*Number and Amount of Premium Payment*

Financial Year	No. of Premium Payment	Premium Paid	
		Total (Million)	Average Premium Per Flat
2002/03	2 488	\$704.53	\$283,000
2003/04	2 775	\$723.68	\$261,000

*Number and Prices of Transactions in the HOS Secondary Market*

<b>Financial Year</b>	<b>Number of Transactions</b>	<b>Total Transaction Price (Billion)</b>	<b>Price Per Transaction</b>
2002/03	2 214	\$1.97	\$891,000
2003/04	2 288	\$1.80	\$786,000

At the Annual Open Meeting of the Housing Authority (HA) held two years ago, it was suggested that premium payment for HOS flats should be waived or reduced in order to promote the mobility of HOS flats. It was also proposed that measures be studied to encourage HOS flat owners to pay off premium. I agree that these should be our goals.

At present, HOS flats change hands mainly in the secondary market. Thus, HOS flats and private properties form two separate markets, which is not a normal situation for the property market as a whole. If HOS flats are put on the private property market after payment of premium, an additional type of flats will be available for purchasers in the market and HOS flats will secure its own position with the help of market forces. In this way, HOS flat owners will benefit because the liquidity and flexibility of their assets will increase. (According to a questionnaire survey by the Housing Department (HD), 25% of HOS flat owners may not sell their flats upon payment of premium. They may choose to let out or re-mortgage their flats because of low market value). To HA, more applications for payment of premium mean more proceeds.

How can we encourage premium payment by HOS flat owners? Personally, I do not agree to the proposal of waiving or reducing the premium payment because, as an authority managing public housing resources, we must stick to principles including upholding the spirit of contract and fairness. It means that we should not over-subsidise certain groups of people and we must ensure that our policies are consistent and practicable.

Two years ago, the now-dissolved Home Ownership Committee once deliberated the options for encouraging immediate premium payment. I believe it is time to give those options a second thought because the property market is on the whole picking up from the bottom and is on its way to stable development. HOS flat owners may consider that it is a good time for them to pay the premium now so that they may avoid an increased price later. Moreover, many HOS flat owners are now taking the risk of violating the Housing Ordinance by letting out their HOS flats or using them for other illegal purposes before premium is paid. If the new premium arrangement is to be

implemented, the number of such violations can hopefully be reduced. The owners will also have no grounds for defence when HD imposes harsh measures against them. Nevertheless, considering the fact that not all HOS flat owners will sell their flats immediately or have cash ready for premium payment, we must provide them with incentives in terms of financial arrangements.

If the number of HOS premium payment increases, HA can have an additional source of income to ease its stringent financial situation.”

**Mr WONG Kwun** delivered his speech as follows (English translation):

“Chairman, Fellow Members,

From late last year to the middle of this year, the Housing Authority (HA) organised a series of activities to commemorate the 50th Anniversary of Public Housing Development. These activities have aroused public interest in the future development of public housing. Fifty years is not a coda, but should be a starting point instead.

Public housing in Hong Kong has been an inevitable development that started by chance. At first, the building of public rental housing (PRH) blocks was to accommodate and relieve the suffering of victims who had been displaced by disasters. Following the economic prosperity and political development of Hong Kong in subsequent years, the housing needs of the public have been taken care of through various forms of subsidies and assistance.

Assistance schemes introduced by the Government and HA ever since include: Sandwich Class Housing Scheme, Home Ownership Scheme (HOS), Buy or Rent Option, Tenants Purchase Scheme, Home Starter Loan Scheme (HSLs), Home Purchase Loan Scheme, Home Assistance Loan Scheme, Rent Allowance for Elderly Scheme and PRH. The manifold forms of assistance reflect that the price of private housing is exceedingly high to be affordable by the public. Judging from the fact that families with a monthly income of \$70,000 might have also participated in HSLs, the Government has been looking after the accommodation need of almost 80% of the people of Hong Kong.

In November 2000, the Government announced the ‘Statement on Housing Policy’ under the pretext that it had the responsibility to stabilise the property market, minimise its intervention in the market and look after those families most in need in order to withdraw gradually its commitment in public housing. As a result, the public housing programmes that remain can only



serve around 25% of the households who reside in private flats. Moreover, the cessation of the sale of HOS flats will finally make it difficult for HA to support itself.

In the foreseeable future, it can be seen that of all the housing subsidies provided by the Government, only PRH will remain. The theory of 'ownership ladder', which was once emphasised, is now replaced by the theory of 'revolving door'. What worries the grass-roots is that it will become the game of 'musical chairs', i.e. the underprivileged will be forced to compete for the diminishing public housing resources. PRH tenants are also worried that HA may further tighten its rental housing policy.

In the past, families which were not eligible for PRH could obtain housing subsidies through other schemes. However, following the cessation of the sale of HOS flats, as well as the lowering of the Waiting List income and asset limits by 18.9% and 26.8% respectively in the past four years, a large number of families with their household income slightly exceeding the income limit are no longer able to find their way out under HOS even if they are not eligible for PRH allocation. HA can consider allowing these Waiting List applicants who have marginally exceeded the income and asset limits to purchase HOS flats in the secondary market, so that the overall housing policy can become more flexible.

It is evident that the scrapping of eight types of housing subsidies does not mean that more resources will be allocated to the production of PRH flats. While all the 'inducing' measures have been terminated, if HA adopts 'high-handed and threatening' policies for the sake of enhancing the turnover of PRH flats and fulfilling its pledge of maintaining the average PRH waiting time at three years, it will only bring about social conflicts in the end."

(Mr Tommy CHEUNG Yu-yan joined the meeting at this juncture.)

**Mr Philip Trevor NUNN** delivered his speech as follows:

" I have already presented my report as Chairman of the Building Committee (BC) for the previous year which has been circulated to Members earlier on. I would, however, like to take this opportunity to expand on a few of the most important items covered in the report.

Even though we have now abandoned the Home Ownership Scheme (HOS), we are still aiming to construct and complete approximately 20 000 public rental housing units a year for the next few years. Last year about

20 000 flats were completed. This is still a significant number of units but a much smaller number than we had been producing in previous years.

A positive factor about the reduction in the number of flats being completed annually is that we can now concentrate more on improving the efficiency, sustainability and environmental standards of construction. We no longer need to place the emphasis on achieving high targets of production but rather on the standards of construction.

Issues that we can now look at are the overall density of sites, maximising development potential and ensuring that environmental matters are given more careful consideration than might have occurred in previous years.

One of the initiatives we have taken to enhance environmental protection is to experiment with pre-fabrication and pre-casting. In terms of long term sustainability and long term maintenance costs, pre-fabrication and pre-casting have a lot to offer and whilst there are various issues that need to be resolved before embarking on a wider use of pre-casting and pre-fabrication, serious consideration needs to be given to the advantages of these advanced and environmentally friendly methods of construction.

These improvements in efficiency do not mean that construction costs will increase, on the contrary, these innovative designs are cost effective and at the same time, do not compromise the quality of our buildings.

At the same time we have implemented various cost saving measures to lower the cost of our buildings. Some of the decisions on cost savings have been controversial but nevertheless we believe that in general the cost cutting measures have been sensible and prudent and will not have a major impact on the living standards of our tenants.

It is now some four years since BC commenced its 50 quality housing initiatives and most of these initiatives have been successfully implemented. I am particularly pleased to see a great effort being made towards partnering with the construction industry generally and an emphasis on collaborative ways of resolving disputes with our contractors and consultants.

Our terms and conditions of contract now have a much fairer allocation of risk than used to be the case and only if risks are shared in an equitable manner can partnering really work in practice.

Partnering is still in its infancy and there is some way to go in training people for and full implementation of this strategy. However,

partnering and fairer allocation of risk does already seem to be leading to positive results with fewer disputes arising.

Another of the most important initiatives is the stricter regulation of domestic sub-contractors. Poor performance by domestic sub-contractors was the cause of many of our problems over recent years. A registration system for sub-contractors has become a requirement for tenders issued from April 2004 onwards. I am sure that this will have a marked effect on building quality and will lead to a much better regulation of the construction process.

To reinforce my earlier comments concerning the cost effectiveness of our construction projects, the capital expenditure on projects for 2003/04 was \$8.5 billion as against a budget of \$9.6 billion. The approved capital budget for the coming year is even lower at \$8.1 billion and the average estimated budget for the coming four years is \$6.9 billion which shows a healthy trend of declining construction costs.

I would like to make a brief comment about the excess HOS flats. As the Housing Authority (HA) has spent a huge amount of money in constructing these flats and in view of the less healthy financial position of HA since abandonment of HOS, I would like to see these units either sold at a commercial value or alternatively put to good commercial use by HA. It cannot be to HA's advantage for these flats to be left empty indefinitely or disposed of at less than market value. This is a difficult issue to resolve but a solution must be found.

Finally, I would like to endorse HA's policy on divestment of its commercial properties. I believe that this will not only generate substantial income for HA in the short term but will ultimately lead to long term benefits to the community by allowing the private sector to take over the control and management of these facilities."

**Mr CHUNG Shui-ming** delivered his speech as follows (English translation):

"Chairman, fellow colleagues,

Since the Government decided to cease the sale of Home Ownership Scheme flats, our Committee and the public have been deeply concerned about the financial position of the Housing Authority (HA) and have been doubtful whether HA has adequate resources to fulfil its commitment in keeping the average waiting time for public rental housing (PRH) at three years. We have also been worried that HA would, under financial difficulties, fail to provide

suitable accommodation to those in need in the low-income group in society. I am pleased to hear what the Chairman has pointed out just now that the paramount task of HA this year is to resolve its structural fiscal problem.

The provisional statement of HA last year (2003/04) reveals an operating deficit of more than \$300 million, and it is gratifying to learn that there will only be a deficit of more than \$600 million after appropriations which is below what was estimated. However, there are still problems in the financial structure of HA that should not be overlooked and are yet to be resolved. According to an analysis of the operation last year, the main source of income came from shopping centres and car parks, as well as the gain on investment with our cash balance. Since the former will soon be privatised meaning that the only business which can generate surplus in operation will be sold and the investment income will dwindle drastically owing to the considerable fall of cash balance (a fall of \$10.3 billion compared with that of last year), how can a balanced account be achieved in future? In particular, the question as to how to provide suitable services and at the same time reduce expenditures in PRH will be a big challenge to HA and must be tackled as soon as possible.

Apart from the problem concerning the operating account, the bigger challenge, I believe, lies in the funding arrangement for the capital expenditure. As we all know, in order to maintain the policy of keeping the average waiting time for PRH at three years, HA has been building a large number of PRH units every year. The Revised Budget for construction expenditure for last year was as high as \$9.6 billion and it is estimated that the expenditure will be at the level of \$7 billion to \$8 billion in the next few years. As to how this expenditure can be coped with in future, HA has to negotiate with the Government to work out an appropriate and reasonable arrangement. In the short term, the problem can be solved temporarily through the divestment of the retail and car-parking facilities. It is delightful to learn that the Finance Committee, having inspected the latest cash flow projection submitted by the Department, concluded that the overall financial position from now to the year 2007/08 can be described as healthy and sound. However, as HA will not have a lot of assets of prime quality for future sale and that the proceeds from selling an old unit under the Tenants Purchase Scheme at the current price is not enough for constructing a new one, we need to review the present arrangements thoroughly. I also hope that the Department will actively explore ways to achieve the best cost-effectiveness of the existing public housing resources by means of maintenance rather than readily resorting to clearance and redevelopment. I hope that real progress can be made in the discussion on the financial arrangements between the Government and HA within this financial year.

Thank you.”

**Mr Michael CHOI Ngai-min** delivered his speech as follows (English translation):

“Chairman and Members,

Today I am going to share with you my views on the recent launching of the Tenants Purchase Scheme (TPS) Phase 6A and the termination of the Home Assistance Loan Scheme (HALS) by the Housing Authority (HA) as well as on the future policy regarding public rental housing (PRH).

***Termination of HALS to align with new housing policy***

On 13 November 2002, the Secretary for Housing, Planning and Lands delivered a statement on housing policy, repositioning the Special Administrative Region Government’s housing policy and proposing a series of measures. This was followed by the statement on the implementation and consolidation of the housing policy on 15 October 2003. Under the new housing policy, the Government will regulate the land supply and withdraw from the private property market by halting the production and sale of public subsidised flats, thereby minimising its intervention in the market, whilst HA will focus its efforts on the provision of PRH to families in need. As the public have regained their confidence in the Government’s housing policy and the economy of Hong Kong has been recovering steadily, the private residential market of Hong Kong has recovered since the fourth quarter of last year, as evidenced by the active transactions in the property market and the significant increase in property prices. This, coupled with the satisfactory results of the land auction held last month and the substantial decline in the number of negative-equity property owners, serves to show that the Government’s housing policy is effective.

Earlier, the Subsidised Housing Committee (SHC) discussed and approved the termination of HALS, signifying HA’s further withdrawal from the private property market. SHC has also endorsed the launching of TPS Phase 6A, and the PRH units concerned will be offered for sale later. The termination of HALS has created some reverberations in the market. For instance, there are concerns over the possible impact on prospective home buyers who cannot afford the down payment. On the other hand, many market participants are worried that the launching of TPS Phase 6A may deal a blow to the property market and affect people’s confidence in the Government’s housing policy.

In fact, HA had announced the implementation of TPS Phase 6 before it endorsed the cessation of the sale of PRH units on 28 November 2002. Therefore, HA is only finishing the remaining sales activities by launching TPS Phase 6A. As the units concerned will be offered for sale in phases, the impact on the market will be minimal. I believe the termination of HALS, which demonstrates HA's efforts to further carry through its policy of withdrawal from the private property market following the cessation of the sale of Home Ownership Scheme (HOS) flats and PRH units, will be beneficial to the overall development of the market in the long run.

Recently, I have heard that some people hope TPS can continue after Phase 6. Some even say HA should offer the surplus HOS flats for sale. While those people who hold these views may have their own reasons, from a macro perspective, a stable property market is in the best interest of the economy and the people of Hong Kong. Therefore, although Members' views may differ, HA must safeguard the interests of the whole community and stand firm on following through the Government's new housing policy.

### *Proposals on PRH*

Let me now turn to PRH. The reduction in household size in Hong Kong has led to a sharp increase in the number of small families. As a result, the numbers of one-person and two-person family applicants for PRH now account for two thirds of all the applicants on the Waiting List. On the other hand, owing to the aging population and people's longer life expectancy, the number of elderly PRH tenants is increasing significantly. In view of the above, HA should examine how the unit type, unit size and supporting facilities of PRH estates in future can meet the housing demands of small families, as well as their need for various facilities. Furthermore, the Housing Department should consider converting and improving the facilities of PRH estates to make them more convenient for elderly tenants. On estate management, the services provided should also cater for the needs of the elderly tenants.

Under the functional and cost-effective design approach for PRH, there can still be room for improvement in various aspects, such as construction quality, unit type design, supporting facilities and environmental hygiene. The production of PRH in future has to take into account changes in society and household composition. For instance, HA must consider how to meet the great demand for PRH from the large number of small families, cater for the needs of the aging population, and deal with epidemics such as SARS which plagued Hong Kong last year.

In the long run, HA should examine whether to increase the average living space per PRH tenant. Given Hong Kong's scarce land resources and extremely high land prices, PRH tenants and quite a large number of private housing residents have to live in a relatively small space. Many people have commented that given the valuable public housing resources, PRH tenants should move out and improve their living conditions by their own means when they become better off financially. However, I would like to point out that compared with other big cities in the world, the average living space per person in Hong Kong is on the low side, and the living conditions are unsatisfactory. I think this issue is worth our concern.

Finally, the domestic rent policy, housing subsidy policy and turnover of PRH units all need thorough examination. In particular, after the cessation of the sale of HOS flats and the termination of HALS, one of HA's important but difficult tasks is to find ways to encourage well-off tenants in PRH estates to move out.

Thank you, Chairman."

**Mr IP Kwok-him** delivered his speech as follows (English translation):

"Chairman,

The original purpose of providing public rental housing (PRH) is to cater for the needs of the grass-roots so that they can improve their living conditions without worrying about accommodation. This housing policy, though formulated on the basis of care and concern, has however given rise to serious contradictions between the Housing Authority (HA) and tenants: tenants bringing a charge against HA for charging them excessive rent; households receiving the Comprehensive Social Security Assistance (CSSA) accusing HA of discriminating against them, and so on. Being a member of HA, I cannot but feel my heart ache seeing all these. I think it is an immediate task for HA to finish the domestic rent review as soon as possible so that the contradictions between HA and the tenants can be resolved.

First of all, I would like to talk about domestic rent. To comply with the order of the court to review the rent after losing in the domestic rent cases, HA has worked out a rent review option as an interim measure. Under this option, if HA loses in the appeal, rents will be waived for all CSSA-receiving households and reduced by 10% for the remaining households. However, the Democratic Alliance for Betterment of Hong Kong (DAB) considers that HA should meet the legitimate expectation of tenants by reducing

the rents by 10% irrespective of the court ruling on the appeal.

It is an established practice for the Social Welfare Department to pay the rent for CSSA-receiving households. As these households do not have genuine income, DAB considers it reasonable to exclude CSSA-receiving households from the calculation of the median rent-to-income ratio. This is merely a modification to the calculation method, which will make no difference to the overall usage of the public money and is in no way an attempt to label the CSSA-receiving households. As far as I know, staff of the Housing Department will not disclose the identities of CSSA-receiving households. Some children of CSSA-receiving households dare not bring classmates home because they worry that their CSSA status will be revealed. Their worries are, in fact, unfounded and unnecessary.

Some tenants point out that discrimination against CSSA-receiving tenants is reflected in flat allocation as these households are allocated flats which are near to refuse rooms or meter rooms. I, however, think that this is not discrimination against CSSA-receiving tenants, but rather 'discrimination' in the design of PRH. To my understanding, flats which are smallest in size, i.e. 1-person to 2-person flats, are located in the corner areas of each floor in cruciform blocks and harmony blocks in order to optimise the use of space in the design. As many CSSA-receiving households are composed of one to two family members, it creates the misunderstanding of discrimination against CSSA-receiving tenants.

I have once thought of proposing to abandon these flats. On second thought, however, I find that for a 35-storey PRH block, if there are 1-person to 2-person flats at the four corners on each floor, more than a hundred flats can be available for allocation to Waiting List applicants, which can help shorten the waiting time for PRH applicants. In this way, are these flats just 'unwanted leftovers'?

I think they are not. The unpopularity of the flats which are near to refuse rooms may be due to some tenants' improper handling of rubbish. I learn that some tenants are used to dumping rubbish outside refuse rooms, and food remains are sometimes spilled around, thus affecting the environmental hygiene of the flats nearby. Should we stop providing these flats because of this? I think this is a passive solution to or simply an evasion of the problem. The best means is to teach tenants to dispose of the rubbish in the right place at the right time, which I think is not difficult to achieve.

Finally, I would like to talk about a practical issue, which is the financial problem of HA. After the cessation of the sale and production of the



Home Ownership Scheme flats, HA has lost a major source of income. Besides, the sale of PRH flats will also come to an end upon the completion of the Tenants Purchase Scheme Phase 6B. An annual income of over a billion dollars will then be cut off.

All the above policies have pushed HA to the verge of resource exhaustion. It is hoped that the divestment of car-parking and retail facilities this year will bring a cash income of more than \$20 billion to revitalise HA. However, if you really think about it, we are in fact going to lose a stable income of more than a billion dollars a year. This is obviously not a long-term solution. We clearly know that the building and maintenance of PRH incur recurrent expenditure, and thus selling our assets is only an expedient measure. I hope that HA will take prompt actions to discuss with the Government ways to generate income before all its resources are drained.”

(Mr CHAN Bing-woon and Mr CHUNG Shui-ming left the meeting at this juncture.)

**Mr CHENG Yan-kee** delivered his speech as follows:

“ When I spoke at this Meeting last year, I said I was very much looking forward to the findings of the 2nd Report of the Legislative Council (LegCo) Select Committee which deals with Tin Chung Court. I also expressed a wish that one year afterwards, matters relating to inadequate foundations could become a thing of the past.

In this connection, I acknowledge the good progress made in this direction – completion of remedial work, continuing with vigour action against those who did irreparable harm to the Housing Authority (HA), and at other sites, reaching amicable agreements with piling contractors who have gone through thick and thin with HA. I very much hope that this time next year, I can talk about things less embarrassing and more exciting.

History is interesting in that each generation re-discovers and re-examines that segment of its past that gives its present new meaning, and most important, new perspective and impetus. I have carefully read the 2nd Report over the weekend. Save from longwindedness in certain spots which is not uncommon amongst Legislative Councillors, I am impressed by their scrupulous and dedicated effort to unearth the facts and get to the crux of the matter. It gives a blow by blow account on how things went terribly wrong. It also gathers insight into consultants management and performance. Once again, I commend that this report be seriously perused by construction professionals in

the Department – please read it carefully, and read it with humility. I have no intention of opening up old wounds but the worthiness of this exercise is that the lessons we have all learned will stand us in good stead in the future.

We have learned that mother nature is never known to be kind to us. We need to embrace geotechnical risks rather than to pretend they deserve to be ignored. This is professionalism. A good design provides a robust defence against geotechnical risks, while being cost-effective, state-of-the art, and simple to construct. Sadly, the Tin Chung Court foundation failed all 3 criteria. A good design guarantees good value for money and it was good of the Select Committee to point this out in 7.13, ably assisted by the word ‘fallacy’. If a tender is badly inflated to include all kinds of unknown risks, why waste our time on typing errors in the Appendix to the Quantity Surveyor report in the Building Committee paper – we have been overpaying contractors all along anyway !

I love to ask people whose business is it anyway if they tell me a good word of advice or lending a useful helping hand to others is not their business. It may not be required by standing procedures but I see it morally indefensible not to check submissions that come to my direction in my everyday work. These small gesture supply the bond for partnering amongst members of the team, and if we are serious about partnering, we must first and foremost care for others.

Perhaps the last sentence in 7.1 sums up the situation -

‘While acknowledging the criminality played a part in the TCC incident, the Select Committee finds that a more fundamental problem is the existence of systemic flaws which were exploited not only by people who were irresponsible in the discharge of their duties, but also by those intent on taking advantage of the flaws for criminal purposes.’

Yes, strengthening the system should be an ever on-going process.

On a more encouraging issue, I am pleased to see the good progress made on the divestment exercise of our retail and car-parking facilities. We pray for favourable financial climate and the prevalence of a low interest rate environment so that initial public offering of shares in the form of a Real Estate Investment Trust (REIT) can be realised. It represents the trojan effort of staff members, and the very able leadership of the Permanent Secretary for Housing, Planning and Lands (Housing) and HA Member Mr Walter CHAN Kar-lok. For those of us involved in the process, our feeling includes that of satisfaction and that of a tinge of sadness. Parting of this kind is both sad and sweet.

‘Sad’ because such facilities will soon be no longer ours. ‘Sweet’ because I am totally certain that the new company will inject greater creativity and efficiency to the management and operation of these facilities, thereby facilitating them to realise their full potential. For those who still have doubts about the idea – usually they are people who have doubts on everything under sun – one of the key features of REIT is sound corporate governance coupled with transparency and prudence. And I know that the new Board members who will shape the destiny of the new company will spare no effort to uphold these values. To all of them : ‘Godspeed’.

However, divestment alone could not solve our financial problem. The Housing Department (HD) must be kept fit and slim. With the reduction of the building programme, perhaps manpower and resources can be allocated to other areas to generating income for HA. Recently, I have found myself competing in China against the design arm of the Housing and Development Board of Singapore. Their story is that with well over 85% of their population in public housing, there is very little scope for continued massive building. Exporting service is now seen as a crucial self-supporting exercise. Hong Kong’s Mass Transit Railway Corporation is doing the same thing. Though fee income will pale into insignificance when compared with rental income, it helps to minimise bleeding. HD has a team of talent fully capable of undertaking assignments like master plan, scheme design, and consultancy on all aspects of public housing. We have a lot to offer to our neighbouring countries. I hope this will give you food for thoughts.

Thank you.”

**Mr CHAN Kam-lam** delivered his speech as follows (English translation):

“Chairman,

The Housing Authority (HA) is now facing a structural financial problem subsequent to its policy changes over the past two years. In my opinion, HA should continue with public rental housing (PRH) development despite its stringent financial position. It is worthy to spend \$300 million to \$600 million annually to provide decent homes to half of the total population. Of course, HA should explore ways to increase its income should it want to sustain PRH development.

Divesting commercial properties and carparks can certainly relieve HA temporarily of its financial pressure, while the Tenants Purchase Scheme is also an excellent idea. Bearing in mind that sitting PRH tenants are those who

require assistance as identified by HA, it is impossible for HA to make them move out of PRH by any means unless we can come up with a set of generally recognised criteria. On the other hand, by selling PRH flats to sitting tenants who can afford it, HA can free its resources for redeployment. Some people consider that PRH is in fact a negative equity, given the substantial subsidies involved annually, hence the sale of PRH can not only cut loss but also gain cash for the on-going development of public housing. To me, the sale of PRH serves a meaningful purpose.

Some Members have just mentioned that the Housing Ordinance should be amended. I am not particularly sensitive about this topic, but the community at large is very concerned about the issue of PRH rents, because the determination of PRH rents not only affects PRH tenants but also concerns the commitment of the community as a whole. In studying how the median rent-to-income ratio should be revised, due consideration should be given to tenants' affordability in addition to HA's financial position.

Following HA's gradual tightening of the asset and income limits for PRH applicants in recent years, only the grass-roots are now eligible for PRH. Besides budget balancing, HA should also consider providing suitable assistance to these low-income families. Although HA is under financial pressure, I hope that it will re-examine its rent policy and make comprehensive considerations as regards the way forward for housing development. Moreover, with the stabilising of the local property market, HA may have to consider whether its role in the market should change.

Thank you, Chairman."

(Ms SIU Yuen-sheung left the meeting at this juncture.)

**Mr David CHU Yu-lin** delivered his speech as follows (English translation):

"Chairman and Members,

Recently quite a number of public rental housing (PRH) tenants have asked me to reflect to the Housing Authority three issues that concern them most, namely the PRH allocation system, the quality of PRH and the maintenance and management of PRH.

### ***PRH Allocation System***

PRH applicants need to indicate in their applications their choice of district, namely Urban, Extended Urban, New Territories or Islands.

However, the coverage of Extended Urban and New Territories districts is rather wide. There are many cases where flats in Tsing Yi in Extended Urban are allocated to applicants who actually favour Tseung Kwan O, and flats in Tuen Mun and Yuen Long in the New Territories to those who go for Tai Po. These frequent mismatches not only slow down the take-up process but also stir up resentment. We therefore recommend that the Housing Department (HD) review the prevailing policy of PRH allocation, e.g. splitting the New Territories district into New Territories East and New Territories West. In future, more information should be given to applicants to make them aware which districts entail particularly long waiting time and which shorter, so that they can choose according to their needs. This will help reduce complaints and resentment.

### ***Quality of PRH***

Seepage at pipes and ceilings is a common problem found in PRH flats, requiring continued repair works. This has a lot to do with the low quality of PRH flats. In granting works contracts, public bodies and government departments generally take price quotations as the major factor of consideration, and low building costs result in low-quality flats. Although the building cost is low, the subsequent maintenance costs are enormous, wasting both money and manpower resources. So, I am of the view that HD should pay more attention to building quality in the development of new estates to avoid losing the greater for the less.

### ***Maintenance and Management of PRH***

The management services of many estates have been outsourced to private property management agents (PMAs). As there are grey areas in the sphere of responsibilities between HD and PMAs, the quality of estate maintenance and management services has not improved but declined instead. When there are maintenance problems requiring follow-up actions, PMAs tend not to inform HD but persuade tenants to resolve the problems by themselves, so as not to affect their chance of securing future management contracts. I suggest that PMAs should be allowed greater flexibility and discretion power in handling maintenance matters. HD should also strengthen the monitoring of these companies with a view to improving the management quality.

I hope that the government housing policies can care for the feelings of the recipients and duly consider the needs of the users.

Thank you.”

**Mr SIN Chung-kai** delivered his speech as follows (English translation):

“Chairman, Fellow Members,

Since the Government adopts a housing strategy aiming at ‘Better Housing for All’, the core task of the Housing Authority (HA) should be to help the grass-roots who are in genuine need of housing through efficient use of public resources so that decent accommodation can be provided to those who are unable to solve their housing problems. Moreover, in charging rents, the Housing Department (HD) should take into account the actual income and affordability of tenants in order to adhere to its pledge of caring for and meeting the needs of people.

### ***Domestic Rent Policy***

First of all, I would like to talk about the domestic rent policy which has already aroused concern from various sectors of the community. The Democratic Party considers that a tier system for rent fixing based on the actual income and affordability of tenants should be established. In simple words, the lower the financial capability of public rental housing (PRH) tenants, the lower the rent they should pay. On the other hand, tenants who are better off should pay a relatively higher rent.

With this proposal, it is hoped that rents can be fixed in accordance with tenants’ affordability. According to the information provided by HD, there are 50 000 households whose monthly family income is lower than \$5,000 and the median rent-to-income ratio of these households has reached 24.4%. Compared with households who are leading a stable life, they are the poorest tenants thus bearing a heavier burden of rent. Therefore, the authority concerned may consider introducing a tier system under which a reasonable standard of rent can be set to meet the needs of tenants with different affordability.

Moreover, as mentioned in the motion debate held in the Legislative Council (LegCo) on 12 May 2004, HA may consider introducing a mechanism that can allow for upward and downward adjustments of rents and conducting public consultation on this mechanism. Recommendations may then be made

and submitted to the LegCo for consideration so that a more equitable domestic rent policy can be formulated. Of course, whether the mechanism that allows for upward and downward adjustments of rents is just and fair hinges on a reasonable standard and mechanism for rent fixing. HD can make reference to the inflation rate, deflation rate, consumer price index, household income and other relevant indices before setting the standard.

### ***Tenants Purchase Scheme***

The Tenants Purchase Scheme (TPS) will be terminated upon completion of the remaining sales exercises of PRH flats. In fact, the PRH market and the private property market are two different markets. If TPS continues to operate to sell PRH flats in batches, it will generate income for HA and relieve it of financial pressure. According to past experience, billions of dollars can be reaped from the sale of PRH flats each year, which can certainly help to improve the financial position of HA.

### ***Hygiene in Public Housing Estates***

People are also concerned about the environmental hygiene of their living places and the fight against SARS and other diseases. Therefore, HD must continue to improve the environmental hygiene and management of PRH estates and enhance public hygiene.

In its endeavours to improve the living condition of PRH estates, HD should focus its measures on educating tenants about the importance of following good hygiene practices so that joint efforts can be enlisted from tenants to improve the environmental hygiene of estates instead of imposing heavy penalties at the expense of tenants' basic housing needs. HD should, therefore, review the Marking Scheme for Tenancy Enforcement in PRH and Interim Housing and have a good understanding of tenants' views towards the scheme.

### ***Future Development of Public Housing***

Of the nine measures announced by the Government to boost the property market, the Democratic Party has all along been opposed to the reduction in public housing production. Such a measure will slow down the progress of flat allocation to the grass-roots, thus making it impossible for them to effect early improvement to their living condition. Moreover, overcrowded households will have less chance of improving their living environment as a result of the decline in PRH supply.

We will continue to fight for the overcrowded households to improve their living condition. We hope that HA will relax progressively the eligibility criteria for the transfer applications of overcrowded households from the current living density requirement of 5.5m<sup>2</sup> to a living density of 6m<sup>2</sup> or 6.5m<sup>2</sup>, and further to 7.5m<sup>2</sup> if resources permit, so that the living condition of PRH tenants can be improved to tie in with the development of society.

To better utilise the existing public housing resources, the authority concerned may also consider relaxing the eligibility criteria for the Express Flat Allocation Scheme and adopting flexible measures to handle the considerable number of vacant flats which are located in remote areas or those which are relatively old or with less favourable orientation. Under the current arrangement, HD will only issue written notification to eligible PRH applicants inviting them to select flats under the Express Flat Allocation Scheme. In fact, HD can try other means such as relaxing the eligibility criteria for application, granting rent concession, shortening the waiting time and expediting the process of transfer applications from overcrowded households. This will give applicants the opportunity of earlier admission to PRH and bring a higher rental income to HD for more effective use of public housing resources.

There is another issue about the future development of public housing which, I believe, is a great public concern. It is the rehabilitation of PRH estates raised by HD. PRH rehabilitation is an innovative concept which is worth studying. Repairs are normally required for bathrooms and kitchens of PRH flats. HD may consider using composite building components to prolong the life of PRH. If the PRH rehabilitation programme is to be implemented, I hope that HD will examine the actual circumstances of individual estates, consider tenants' wishes and explain the programme to them before works are carried out so that nuisance caused to the residents of the estates, especially those which a large number of elderly tenants reside in, can be minimised.

### *Home Ownership Scheme (HOS)*

For the cessation of the production of HOS flats, the Government should allow for a further review of the scheme. As for HA's decision to terminate the Home Assistance Loan Scheme, we agree that the scheme should be suspended. However, the problem of vacant HOS flats is not yet solved, resulting in the phenomenon that 'flats are allowed to lie idle while people have no place to live'. This is a responsibility that the authority cannot evade! First, for the approximately 6 000 unsold or returned HOS flats in individual HOS courts of which intake started a long time ago, there is no reason for the Government to cease the sale of these flats since large sums of money have already been spent on inspection, repair and maintenance.



Second, for those completed HOS courts that have not been put up for sale, why doesn't the Government convert some of the surplus HOS flats to rental use? This will not only help rehouse those affected by urban renewal, but will also provide flats for allocation to overcrowded households so that their waiting time for transfer can be shortened and their living condition can be improved.

I must raise here a point about the agreement reached between the Government and the developer of the Hung Hom Peninsula Private Sector Participation Scheme (PSPS) project under which the Government sells out the legal title of this project and the developer is allowed to relaunch the sale of the flats in the private market subject to payment of a land premium at more than \$800 million. The arrangement has caused the suspicion that the Government is selling its property at an unreasonably low price, and has run contrary to the principle of openness and fairness. As the property market is now on a trend of steady upturn, the Government should consider buying back the surplus flats at \$1.9 billion and then sell them to a consortium that offers the highest bid. The selling out of the legal title of the Hung Hom Peninsula PSPS project at a low price has, in fact, made our tax-payers bear the consequences resulted from the chaotic housing policies of the Government.

### *First Report of the LegCo Select Committee on Building Problems of Public Housing Units*

Finally, I would like to talk about the first report of the LegCo Select Committee on Building Problems of Public Housing Units (Select Committee) announced by the LegCo in January 2003 and the second report on the incident of substandard piles in Tin Chung Court published last month.

The Select Committee has spent more than two years to review the systems and the policies. The Government should learn from these lessons. Officials who are found dishonest and who have failed to fulfil their responsibilities should be subject to disciplinary actions including demotion and warnings. For retired officials involved, the Government may also issue a statement to criticise what they have done.

In conclusion, the Democratic Party sincerely hopes that the Government will take concrete actions to review the housing policy and public housing demand based on past experience and understand the needs of tenants in a caring manner. Thank you."

**Mr Tommy CHEUNG Yu-yan** delivered his speech as follows (English translation):

“Mr Chairman,

Since my appointment as Member of the Housing Authority (HA) last year, I have caught HA in its biggest challenge since establishment, the formidable financial problem threatening its sustainability.

In July 2003, the High Court ruled that HA was obliged under the Housing Ordinance to conduct a rent review every three years and to bring the median rent-to-income ratio (MRIR) down to 10% or below. The court order, which has an impact on nearly 540 000 public rental housing (PRH) tenants, will incur a cumulative loss of rents totaling \$48.7 billion to HA in the next decade and thus generate a huge deficit.

Nevertheless, I am of the view that HA should respect the rule of law and implement a rent reduction in accordance with the court order. In fact, HA endorsed by a majority of votes in late March the option of a rent waiver for the Comprehensive Social Security Assistance (CSSA) households plus a 10% rent reduction for implementation in the event that HA loses the appeal case on rent, which will cause a loss of about \$7.8 billion to HA in the next three years.

However, in the long run, it is necessary for HA to re-examine its rent policy covering the definition of rent determination and the coverage of PRH tenants, and to establish a rent adjustment mechanism that allows rents to be adjusted upwards or downwards.

First of all, the existing methodology for calculating the MRIR takes into account CSSA households without any income. If these tenants are not excluded from the calculations, the MRIR will continue to be distorted and dragged down. In that case, the affordability of PRH tenants cannot be truly reflected and the overall PRH rents will be pulled down to exceedingly low levels, which is unfair to taxpayers.

We should not focus our attention on rent reduction. Instead, we should work out a mechanism allowing rents to be adjusted upwards or downwards to ensure that the rent level can be flexibly adjusted with reference to various factors such as deflation and inflation. Reducing rent regardless of budget balancing can hardly ensure proper maintenance of PRH estates, hence jeopardising the sustainability of estate management and the quality of service. In other words, tenants' interest will be denied the maximum protection.

At present, HA makes available different PRH rent levels for households to choose according to their affordability. Apart from well-off tenants who are required to pay 1.5 times rents, double rents or market rents, those with financial difficulties, e.g. their rent-to-income ratios reaching 25% or higher, may enjoy a 50% rent reduction. They may also apply for holding over of rent payment or compassionate arrangements when necessary.

In my opinion, apart from the rent waiver for CSSA recipients, HA should also work out more specific rent waiver levels for other households in hardship. For example, their rents can be reduced by half or three-fourths based on the gravity of their hardship to give more flexibility to the system.

In the short term, a very pressing issue is how to tide over HA's financial deficit. One of the solutions is to divest HA's retail and car-parking facilities by the end of this financial year. Given the current fluctuations in the financial and capital markets and the uncertainties of external factors, I, as Member of HA's Commercial Properties Committee, hope that the proceeds from divesting and listing HA's assets can tide over its financial deficit, and that the Real Estate Investment Trust (REIT) established for listing purpose can seize the best opportunity to sell assets under the most favorable market environment.

Moreover, I hope that throughout the divestment process, the REIT and the future management company responsible for fund management after listing will regularly consult the affected commercial tenants of PRH shopping centres and markets, allowing them to participate in the formulation of the transitional arrangements pertaining to the listing exercise, so that the ultimate arrangements will take care of their requests adequately.

Their requests are as follows. First, existing tenancies should remain effective; existing tenants should be guaranteed priority to renew their tenancies for nine years; rents should be adjusted every three years based on the Consumer Price Index; management fees should be included in the rent; rents and other charges should be calculated on the basis of saleable area; and several other existing arrangements should be maintained, such as the amount of deposit, waiver of stamp duty for tenants, procurement of fire insurance by the landlord, the rent consultative mechanism and the policy on early termination of tenancy.

Second, the policy on the distribution of businesses in a shopping centre. The situation at the time when tenancies are signed should be given due consideration, and the principle of balance should be maintained in the allotment of shops, so as to avoid cut-throat competition due to clustering of shops of the same trade.

Third, the management functions of current commercial centres under HA should be directly undertaken by the future management company or its subsidiaries, instead of being outsourced to other companies through sub-contracting.

Fourth, some tenants of the Housing Department's commercial centres and markets are sub-tenants. They wish to be allowed one unconditional assignment free of charge upon tenancy renewal with the management company, in case of changes in the equity of the company, etc.

Furthermore, I would like to talk about the vacancy of commercial premises in PRH estates. With an aging population in PRH and the resultant decline in the average purchasing power of the tenants, the vacancy situation of shops sees little improvement. The fact is, listing or not, the business environment of these shops has already been deteriorating. In order to maintain the asset quality of the commercial premises in PRH and to secure the revenue of the REIT, the future management company should look deep into cost-effective ways to improve the facilities in shopping centres, so as to attract internal and external patrons as well as investors from different trades.

Thank you, Mr Chairman."

4. **The Chairman** thanked Members for their valuable views. He said the Director of Housing would respond to their views at the next meeting.

#### **Closure of Meeting**

5. The meeting closed at 4 p.m.

CONFIRMED on

2004.

---

Michael SUEN Ming-yeung  
Chairman

---

Kenneth MAK Ching-yu  
Secretary

File Ref. : HA/COM/2/2 IX  
Date : 24 June 2004