

立法會  
*Legislative Council*

(These minutes have been seen  
by the Administration)

Ref: CB1/PL/HG/1

**Panel on Housing**

**Minutes of meeting held on  
Tuesday, 18 March 2003, at 10:45 am  
in the Chamber of the Legislative Council Building**

**Members present** : Hon CHAN Kam-lam, JP (Chairman)  
Hon Albert HO Chun-yan (Deputy Chairman)  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon Howard YOUNG, JP  
Hon SZETO Wah  
Hon Abraham SHEK Lai-him, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Albert CHAN Wai-yip  
Dr Hon LO Wing-lok  
Hon Frederick FUNG Kin-kee  
Hon LAU Ping-cheung

**Members absent** : Dr Hon David CHU Yu-lin, JP  
Hon NG Leung-sing, JP  
Hon CHAN Yuen-han, JP  
Dr Hon YEUNG Sum  
Hon WONG Sing-chi  
Hon IP Kwok-him, JP

Action

**Attendance by invitation**

: **For item IV**

Housing Department

Ms Elaine CHUNG, JP  
Deputy Director (Strategy)

Mr Carlson CHAN  
Assistant Director (Strategic Planning)

Mr Francis CHENG  
Senior Administrative Officer (Strategic Planning)1

Mr Hammus CHUI  
Strategic Manager / Policy

**For item V**

Housing, Planning and Lands Bureau

Mr Michael M Y SUEN, GBS, JP  
Secretary

Housing Department

Ms Elaine CHUNG, JP  
Deputy Director (Strategy)

Mr Vincent TONG, JP  
Deputy Director (Business Development)

Mr Albert LEE  
Assistant Director (Business Development)

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

---

**Staff in attendance** : Ms Cindy CHENG  
Senior Assistant Secretary (1)4

Miss Mandy POON  
Legislative Assistant 4

---

Action

~~“That this Panel requests the Housing Authority not to adjust the Waiting List income and asset limits this year given that the Government is going to put forward a series of proposals to increase public fees and charges this year which will aggravate the burden of the general public.”~~

The motion was put to vote. Of the members present at the meeting, nine vote for the motion and four voted against it. The motion was carried. The Chairman instructed that the motion be conveyed to the Administration.

*(Post-meeting note : A letter on the motion was issued to the Administration on 18 March 2003.)*

**V. Disposal of overhung Home Ownership Scheme flats**

(LC Paper No. CB(1) 1129/02-03(04) — Paper provided by the Administration)

14. Referring to the statement on housing policy announced by the Secretary for Housing, Planning and Lands (SHPL) in November 2002, Mr Fred LI expressed grave concern that the Administration had failed to take into account the dire consequences arising from the decision to cease HOS production and sale. By way of illustration, the immediate suspension of HOS sale had seriously affected the business of retailers at partially occupied HOS courts. Mr LEUNG Yiu-chung echoed that the moratorium on HOS production and sale had not only failed to prop up the property market but also caused severe financial loss to the Government. He also queried the basis upon which the disposal arrangements for the overhung HOS flats were arrived at. SHPL responded that the objective of the statement was to let all stakeholders and the general public have a clear understanding on the general direction of the housing policy. As regards the disposal arrangements, these had been worked out by the task force after discussion with relevant government bureaux/departments and other interested parties and taking in account legal considerations and views of those owners of the sold flats in the same development.

Disposal arrangements

15. ~~On individual unsold/returned flats in HOS blocks and unsold blocks in partially occupied/sold HOS courts,~~ Mr Fred LI and Mr LEE Cheuk-yan supported the sale of these flats Green Form (GF) applicants. Mr LEE added that if there were insufficient GF applicants, consideration should be given to selling these flats to White Form applicants. Mr Abraham SHEK was however opposed to the sale of these flats as this was at variance with the Government's pledge to withdraw from the property market in order to redress the balance in the market. He opined that the Administration might consider using these flats as Government departmental quarters or PRH. SHPL explained that under existing land grants, these flats could only be used for HOS purposes only. Any changes to other uses were difficult, if not possible, as such changes would involve modification of the land grants which would require

Action

unanimous agreement of individual owners of the sold flats in the same development. As such, it would not be realistic to dispose of these flats other than under HOS to GF applicants in small batches. Not convinced of the Administration's explanation, Mr SHEK remained opposed to this option.

16. On *unsold HOS/Private Sector Participation Scheme (PSPS) developments completed or under construction*, Mr Frederick FUNG considered it unreasonable and inappropriate for the Administration to modify the leases for the two PSPS projects, viz. Hunghom Peninsula and Kingsford Terrace in Ngau Chi Wan, to enable the developers concerned to sell the flats in the open market as a sudden surge in flat supply would run contrary to the Administration's pledge to stabilize the market. In this connection, Mr FUNG opined that HA should continue nominating eligible purchasers to buy these flats. This would not upset the private property market while meeting the housing needs of the low-income group. In reply, SHPL reiterated that under the current moratorium, no subsidized ownership flats would be sold under HOS nor PSPS. As the lands on which the PSPS projects were built had already been granted to the developers who also owned the commercial facilities and carpark spaces serving the developments, negotiations with the developers concerned were underway to modify the leases to enable them to sell the flats in the open market. To facilitate members' understanding, the Administration was requested to provide the detailed financial arrangements arising from negotiation between the Government and the developers on lease modifications.

Admin

17. As regards the proposed sale of overhung HOS flats to HS for rehousing purposes, Mr Abraham SHEK and Mr Tommy CHEUNG expressed concern that HS might use the HOS flats to rehouse its residents concerned in order to redevelop their own flats for sale. DD(S) considered that would not be the case as HS had also been asked to halt the sale of their subsidized home ownership flats. The Housing Department was discussing with HS regarding the exact terms of the proposed sale of Tung Tao Court in Aldrich Bay to HS. Mr LEE Cheuk-yan opined that the Administration should provide for members' reference the financial arrangements reached between the Government and HS. He also asked if consideration would be given to using the overhung HOS flats for rehousing residents affected by urban renewal. DD(S) advised that the option of using surplus HOS flats for urban renewal purposes had been discussed with the Urban Renewal Authority (URA) which indicated that as the number of units required for urban renewal projects was small and the locations of the HOS flats might not meet the specific requirements of affected tenants, this option was unlikely to be attractive to families affected by URA projects. She nevertheless assured members that the Administration would revisit this option should URA show any interest in future.

18. Mr Abraham SHEK supported the use of overhung HOS flats to re-provision some of the existing Government departmental quarters (DQs) of disciplined services. Mr Fred LI sought elaboration on the detailed arrangements, including the basis upon which HOS flats would be selected as DQs for different disciplined forces. Mr LEE Cheuk-yan also enquired about the financial arrangements between the

Action

Government and HA. SHPL responded that the proposal would be a one-off exercise for re-provisioning purpose. HA was still discussing with the Financial Services and the Treasury Bureau, the Government Property Agency and other relevant bureaux/departments on the proposal with a view to reaching an agreement and finalizing the details of the arrangement.

19. While welcoming the proposal of using overhung HOS flats as guesthouse for Mainland tours or groups as this would provide an alternative choice of accommodation to meet the demand which was expected to increase after the opening of the Hong Kong Disneyland, Mr Howard YOUNG opined that consideration should be given to using the whole HOS blocks/projects for that purpose to avoid management problems. He also stressed the need for the Administration to take into account the sentiment of the hotel trade, which might not welcome the proposal lest this would affect their business, before reaching a final decision. Mr Abraham SHEK however found the option not acceptable as this might give the public an impression that the Government was competing unfairly with the private sector given that the converted HOS flats might not be subject to land premium. Besides, the proposal was also at variance with the "big market, small government" principle. Expressing similar concern, Mr LEE Cheuk-yan considered it inappropriate to use public housing resources for commercial purposes. Moreover, the proposal would reduce the need for new hotels which would in turn affect the employment opportunities.

20. In reply, SHPL clarified that the guesthouses were not to be operated by the Government. It was just that a number of interested parties had expressed interests in using some of the overhung HOS blocks/projects as guesthouses for Mainland tours or groups. The Administration was now considering the viability of this option taking into account factors such as legal matters concerned and no firm commitment had been made. However, should the Administration decide to try out this option, an open exercise to invite expression of interest from all interested parties would be conducted to ensure impartiality. Efforts would also be made to minimize the impact of the proposal on the hotel industry.

21. Mr Abraham SHEK considered the proposed use of HOS flats as guesthouses to be an Government intervention which was not conducive to the development of hotels and service apartments. He strongly supported the proposal on conversion of overhung HOS flats to PRH use to meet the demand of those in genuine need of housing on the one hand and to reduce the average waiting time for PRH on the other. Mr LEE Cheuk-yan echoed that the proposed conversion was the most preferred option for the disposal of overhung HOS stock. Apart from Hui Lam Court in Sau Mau Ping, he asked if other projects such as Yau Mei Court, Ko Cheung Court or Kwai Chung Phase 7 would be converted to PRH. Mr Fred LI also opined that more HOS flats should be converted to PRH for overcrowding relief with a view to improving the living conditions of these families.

Action

22. While agreeing that the proposed conversion was the most straight forward and simplest way to dispose of the overhung HOS flats, SHPL pointed out that as the layout and design of HOS were different from that of PRH, the rentals for the converted HOS flats would be higher than that of the average PRH units. Notwithstanding, consideration was being given to offering these converted flats for overcrowding relief purpose. Mr Tommy CHEUNG opined that these converted flats could be offered to better-off tenants who could afford higher rents. This could also enable the vacation of some smaller PRH units for reallocation to WL applicants, thereby further reducing the average waiting time. Given the pending court case against the domestic rent policy of HA, SHPL advised that issues relating to PRH rents could only be considered after the conclusion of the court case.

23. Mr Howard YOUNG said that the Administration should revisit the proposal of using overhung HOS flats as small houses for eligible indigenous villagers. As it would take time to resolve many fundamental issues regarding the small house policy, SHPL advised that the proposal was not a timely disposal option for the overhung HOS flats.

24. The Chairman remarked that Members of the Democratic Alliance for Betterment of Hong Kong supported in principle the various disposal options for the overhung HOS flats. These options should be implemented as soon as possible since further delay would incur greater loss of public money. SHPL noted members' views.

**VI. Any other business**

25. There being no other business, the meeting ended at 12:50 pm.

Council Business Division 1  
Legislative Council Secretariat  
23 April 2003