

立法會

Legislative Council

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

Purpose

This paper gives an account of the work of the Panel on Housing (the Panel) during the Legislative Council session 2009-2010. It will be tabled at the meeting of the Council on 14 July 2010 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to private and public housing matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 15 members, with Hon WONG Kwok-hing and Hon Frederick FUNG elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

Major work

Public housing

Re-launching of the Home Ownership Scheme and revitalization of the Home Ownership Scheme Secondary Market

4. As a result of the major downward price adjustment in private residential flats following the property slump in 1997, the Administration considered that there had been an overlap between the Home Ownership Scheme (HOS) and private residential market. In response to the change, the Administration announced in November 2002 its re-positioned housing policy to withdraw from its role as a property developer by halting the production and sale of subsidized flats, and reduce its share in the overall housing production. Consequently, the production and sale of HOS flats were ceased indefinitely from 2003 onwards. HOS flats which were completed or under construction would be disposed of through market-friendly means. With the recovery of the local economy since 2003 and continued rise of property prices, there were increasing calls for the re-launching of HOS to assist low-income families to achieve home ownership.

5. The issues of re-launching of HOS and revitalization of HOS Secondary Market were discussed at the Panel meeting on 3 May 2010, at which interested parties were also invited to express their views. The Administration explained that the current housing policy aimed at providing subsidized public rental housing (PRH) for those low-income families which could not afford private rental accommodation, and minimizing intervention in the property market. However, it did not mean that the Administration disregarded the home ownership needs of the public. Given the diverse views in society on the need to review existing policy and re-launch HOS, and the fact that any subsidized scheme for home ownership would inevitably affect every stratum of society and the whole economy, the Administration had to be extremely careful in considering the matter. To reduce the possible risk of a property bubble resulting from the recent surge in the prices of private properties, the Administration would endeavour to ensure the steady development of the property market by increasing the supply of small and medium-sized flats. In this regard, the remaining 800 Sandwich Class Housing Scheme (SCHS) units and all the 4 000 or so surplus HOS flats were put up for sale in March and June 2010 respectively. Consideration was being given to exploring measures to revitalize the HOS Secondary Market so as to increase the overall supply of flats through various means to tackle the home ownership problem faced by the public.

6. While agreeing to the need for the Government to provide more land for housing development to meet the demand for flat supply, some members were concerned that developers might hoard the land for development of luxurious flats which were beyond the affordability of low and middle income-families. With the escalating prices of properties in both urban and suburban areas, the property market could no longer be regarded as being healthy and stable. These members were of the view that the sales of surplus HOS and SCHS flats in one go would not improve the situation given their limited supply, and many eligible applicants would therefore have no choice but to rent or purchase flats in the private sector. These members considered that only if there was a sufficient supply of housing to meet the needs of different classes, then Government intervention in the market should be minimized. They urged that more subsidized housing be provided meet public aspirations. The re-launching of HOS was to stabilize the property market and to assist low-income families to achieve home ownership. However, the Administration had insisted that there was no consensus on the re-launching of HOS. In this connection, the Panel urged the Administration to conduct public consultation to gauge views on the re-launching of HOS.

7. In June 2010, the Administration launched a public consultation on subsidizing home ownership. The Panel was invited to attend a brainstorming session hosted by the Secretary for Transport and Housing on 26 June 2010 to exchange views on the subject.

New rent adjustment mechanism for public rental housing

8. In January 2007, the Administration introduced the Housing (Amendment) Bill 2007 to replace the statutory 10% median rent-to-income ratio cap with a rent adjustment framework that provided for both upward and downward rent adjustments according to changes in PRH tenants' household income. The Amendment

Ordinance was passed at the Council meeting on 13 June 2007 and came into operation on 1 January 2008. Under the new rent adjustment mechanism, a review of PRH rent will be conducted once every two years. The PRH rent will be either adjusted upward or downward according to changes in the income index, which reflect changes in PRH tenants' household income in the first and second periods of the review. The income index will be computed by the Commissioner for Census and Statistics. For downward rent adjustment, the PRH rent shall be reduced according to the rate of reduction of the income index. In case of upward rent adjustment, the PRH rent shall be increased by the rate of increase of the index or 10%, whichever is less. To provide a new starting point for the income-based rent adjustment mechanism to operate effectively, the Hong Kong Housing Authority (HA) reduced the PRH rent by 11.6% starting from August 2007.

9. The new rent adjustment mechanism for PRH was discussed by the Panel on 7 January and 1 March 2010. The Panel noted that for compiling the income index, HA commenced the "Survey on Household Income of PRH Tenants" in January 2007 under which a monthly sample of 2 000 households were drawn to collect data on their income in that month. Given that households were selected on the basis of household size distribution, some members queried the reliability of the income index if this was computed without making reference to the income levels of different districts which might vary. Other members however supported the use of household size distribution in computing the income index, but considered it inappropriate to apply one income index to all households since income changes of one-person households (comprising mostly elderly persons) were usually much less than that of three to four-person households. Consideration should be given to working out two income indices, one for households with one or two persons and the other for households with three or more persons. Some members also expressed concern about the exclusion of "non-representative" households, such as well-off tenants and Comprehensive Social Security Assistance households, from computation as this might have pushed up the mean monthly household income.

Waiting List income and asset limits

10. The Waiting List (WL) income and asset limits were reviewed annually at the beginning of each year using the latest available statistics as of the last quarter as compared to the corresponding quarter of the previous year. In March 2010 the Panel received a briefing on the review findings for 2010-2011. Overall, the income and asset limits for 2010-2011 would increase by an average of 1.2% and 2.5% respectively over those for 2009-2010.

11. Noting that some 119 200 (or 29.6%) non-owner occupied households in the private sector would become eligible for PRH if the proposed limits were adopted, some members questioned how the increasing demand for PRH could be met when HA could only build 15 000 new PRH units and recover some 16 000 existing PRH flats for allocation each year. They considered that more resources should be earmarked to increase the supply of PRH with a view to reducing the average waiting time of WL applicants. It was also necessary to relax the overly stringent income and asset limits, particularly for non-elderly singletons whose income and asset limits had remained unchanged for 2009-2010 and 2010-2011. As there was discrepancy in

the statistics regarding unit rents of private flats in 2009, some members had followed up the issue of methodology for assessing the rents of private flats with the Administration and property agencies at an informal discussion in March 2010.

Construction, maintenance and management of public housing

12. Since the discovery of a series of piling problems in September 1999, HA has implemented a set of quality reform and enhancement measures to improve piling quality, which cover ground investigation foundation design, construction specification, contract arrangement, site supervision and acceptance of works upon completion. The effectiveness of the quality reform and enhancement measures was discussed at the Panel meeting in January 2010. The Panel generally welcomed the quality reform and enhancement measures as these had not only helped improved the quality of piling works but also reduced the accident rate involving injuries/deaths of workers. Panel members were also pleased to note that while the piling costs had slightly increased as a result of the enhancement measures, the overall construction costs had not increased since the ground investigations had effectively minimized variations at works during the construction stage.

13. It had been a standing practice for the Administration to regularly report to the Panel the progress and effectiveness of the environment-friendly designs and green measures, including green construction techniques, waste management, energy conservation, and greening work, implemented in PRH estates. At the Panel meeting in November 2009, members commended HA's efforts in implementing the environment-friendly design and green measures, and considered that private developers should be encouraged to adopt similar measures in their development projects. Notwithstanding, members were concerned that the adoption of Modular Design and Component Prefabrication Techniques in the construction of PRH estates would undermine the job opportunities of local construction workers. They suggested that consideration should be given to exploring the feasibility of manufacturing concrete components on site, and earmarking suitable land for local manufacture of precast concrete components with a view to creating more jobs for the local workforce. On waste management, members considered that HA should step up efforts to increase waste recovery as the recovery rate of domestic waste had not increased despite that the number of estates participating in the Source Separation of Domestic Waste Programme had doubled in the last three years. Given that 30% of the population in Hong Kong were living in PRH estates, members considered that very significant energy savings could be achieved if quantifiable measures with specific implementation time-tables could be worked out to conserve energy.

14. Following the announcement of the Chief Executive in his 2009-2010 Policy Address to increase the greening ratio of all new PRH estates to at least 20%, HA had implemented a number of measures to enhance greening in new PRH estates. These included providing planting at grade and slope areas as far as possible, arranging green roof or green decking to low-rise structures, covered walkways, car-parks and vehicular access where possible, installing a grass-paving system in open car-parks, loading and unloading bays, emergency vehicular access routes and areas with less traffic, as well as implementing pilot vertical greening while exploring the inclusion of vertical greening in the greening ratio. When discussing the

implementation of green measures in new PRH estates in November 2009 and May 2010, some members enquired whether the Community Participation Scheme to engage tenants, contractors, and local communities in greening activities at the construction stage could be extended to existing estates as a means to foster cooperation within the estate communities. In this connection, tenants and non-governmental organizations (NGOs) should be encouraged to participate in greening work of the estates, and large-scale activities could be organized to promote public awareness on greening.

15. The Panel noted that to cater for the needs of the disabled and the elderly, HA had set out in all new tenders for public housing construction contracts the requirement for provision of barrier-free access in compliance with the "Design Manual: Barrier Free Access 2008" promulgated by the Buildings Department. Most of the new requirements, such as accessible parking spaces, accessible urinal, unisex toilets etc, had already been incorporated in PRH estates. Innovative design solutions, including tactile guide path system with multi-sensory map and new lighting design, were also being adopted to enhance universal accessibility. For existing PRH blocks which were built without lift service, lift towers would be added where technically feasible. New lifts, escalators and footbridges in external areas of PRH blocks within estate boundaries would be provided to connect elevated platforms with large-level differences. While supporting the provision of barrier-free access in PRH estates, some members enquired whether visually impaired persons had been invited to try out the tactile guide path system, and whether the system would be extended to all existing PRH estates if this was proved to be effective. Given that the new lighting design could achieve energy savings of 30%, the Administration should encourage the private sector to adopt similar lighting design in private residential developments. Efforts should be made to apply the wider use of renewable energy for lighting systems in PRH estates to achieve greater energy conservation. Some other members were also concerned about the long lead time for installation of lifts and escalators in existing PRH estates.

16. To enhance inspection and maintenance services for some 690 000 PRH flats, HA launched a five-year Total Maintenance Scheme (TMS) in early 2006. The objective of TMS is to provide maintenance service with enhanced customer service so as to meet the rising expectations of tenants. The Panel noted that as at March 2010, in-flat inspection for 160 estates had been completed and inspection/repair services for 105 estates, involving about 366 000 works items had also been completed. A comprehensive review of the effectiveness of TMS and various initiatives would be conducted upon completion of the first five-year cycle of TMS in 2011. Some members held the view that the review should included the scope of items to be covered under TMS and the performance of contractors. Meanwhile, there should be better coordination among different contractors with a view to expediting different repair/maintenance works for a flat at the same time to minimize the inconvenience caused to tenants and their neighbours.

17. To enhance the living environment in existing PRH estates, HA had carried out improvement works to provide a wide range of recreational facilities to suit tenants' needs. In view of the ageing population, the proportion of fitness equipment specifically designed for the elderly had been substantially increased to 27% of the

total amount of playground equipment in PRH estates over the past 10 years. Some members were concerned about the inadequate provision of recreational facilities in older estates, some of which were not equipped with any of these facilities. These members considered it necessary for HA to conduct a study to ascertain the priority for provision of recreational facilities in older estates. Noting that funding for fitness equipment specifically designed for the elderly came from the estate management funds of Estate Management Advisory Committees (EMACs), some members expressed concern that this might have limited the upgrading and maintenance of the equipment as this would hinge on the availability of fund. These members stressed that recreational facilities should be provided according to population size and needs of residents rather than availability of funds. To this end, HA should consider providing direct funding for the provision of such equipment.

18. In view of security needs, metal gates, combination locks, intercoms and closed-circuit television (CCTV) are installed at locations, including main entrances, side entrances, staircase exits and lifts, as appropriate. To provide more effective security management, HA decided in 2007 to upgrade the security systems by migrating from conventional monochrome CCTV systems to modern digital colour CCTV systems, and increasing the number of coloured video cameras in order to enhance the efficacy and effectiveness in surveillance for better protection of tenants and crime prevention. The entire project would be implemented in six years at an estimated cost of about \$92 million. Panel members welcomed the enhancement programme and enquired about the application of the programme to the Tenants Purchase Scheme (TPS) estates.

19. To strengthen enforcement measures against hygiene-related offences in PRH estates and Interim Housing, HA launched the Marking Scheme for Environmental Hygiene in Public Housing Estates (the Marking Scheme) in August 2003. Tenants or authorized occupants committing the misdeeds in their residing estates would be liable to allotment of points under the Marking Scheme. Any points allotted would be valid for two years. Except for cases with strong compassionate elements, households carrying valid points would be barred from applying for all types of voluntary transfer. Upon accumulation of 16 points within two years, the tenancy of the subject household would be terminated by a Notice-to-Quit pursuant to section 19(1)(b) of the Housing Ordinance (Cap. 283). The Marking Scheme is reviewed annually. At present, the Marking Scheme covers 28 misdeeds. The progress of implementing the Marking Scheme was discussed by the Panel in January 2010. Some members reiterated that it was unfair to hold the entire family liable for a misdeed committed by an individual family member. In some cases, the family had tried its best to prevent the family member from committing the misdeed but to no avail. HD should consider seeking professional assistance to help these families to resolve the problem, rather than allotting the household with penalty points.

20. To enhance estate management, the Panel welcomed the enhanced partnership arrangements among EMACs and NGOs to promote neighbourliness in PRH estates, and the setting up of TPS Advisory Team for a period of two years to provide advisory and education services to Owners' Corporations of TPS with a view to equipping them with the basic knowledge of proper estate management and

maintenance. Noting that the Pilot Scheme on the Housing Advisory and Service Team in Tin Shui Wai could help new tenants adapt to new living environment and assist EMACs, relevant government departments and NGOs in organizing gatherings and activities to foster a stronger sense of belonging among tenants, members supported the extension of the Pilot Scheme for two years, and to cover Tuen Mun and Tung Chung Districts.

Provision and management of retail and car-parking facilities in public housing estates

21. Divestment of the 180 retail and car-parking (RC) facilities of HA was completed following the injection of these facilities into The Link Real Estate Investment Trust (The Link) and the public listing of The Link on 25 November 2005. After divestment, The Link had become a private entity and its business strategies and day-to-day operations were entirely independent of HA. The Panel had been closely monitoring the progress of divestment as there were constant concerns about the management of divested RC facilities and protection of interests of non-skilled workers engaged in services contracted out by The Link. When the provision and management of RC facilities was last discussed by the Panel in April 2010, members expressed grave concern about the high average annual rental increase of 7.3% over a three-year lease period despite the negative growth in traffic flow in the divested retail facilities. This was at variance with The Link's undertaking at the time of listing that it would not increase the rents if the patronage traffic and sales revenue had not increased correspondingly. These members pointed out that the high rents had not only forced many commercial tenants to move out from The Link's shopping centres, but also driven up the retail prices of goods, the cost of which would eventually be transferred to consumers who were mainly residents of PRH estates.

22. Apart from the divested retail facilities, members noted that The Link was in the process of applying waiver for letting some 700 car-parking spaces to non-residents. The process was still ongoing because the Lands Department did not accept the payment of around \$7.15 million by The Link as the retrospective waiver. The Administration was requested to explain the reason for the long time taken to recover the waiver fees and when such fees could be fully recovered.

Private housing

Review of the Landlord and Tenant (Consolidation) Ordinance (Cap.7)

23. The Landlord and Tenant (Consolidation) Ordinance (LTO) was enacted in 1973 to consolidate all previous legislation relating to landlord and tenant matters, protection and determination of tenancies, as well as control and recovery of rent. Security of tenure for domestic tenancies was introduced in 1981 when there was a serious shortfall of domestic accommodation leading to significant rental increases upon renewal of tenancies. Under the security of tenure, if a tenant sought to renew the tenancy and was willing to pay the prevailing rent, the landlord would have to agree to the tenancy renewal. Only on certain statutory grounds, such as default of rent payment by tenant or self-occupation or redevelopment of premises by landlord, could the landlord refuse to renew the tenancy. These restrictions aimed to protect tenants from eviction by unscrupulous landlords, and to impose a right of renewal of

tenancies at prevailing market rent. While security of tenure had helped protect the interest of tenants when their bargaining power was weak at the time when there was a serious shortfall of domestic accommodation, it also impeded the free operation of the private rental market and discouraged investors from renting out their properties. Upon the enactment of the Landlord and Tenant (Consolidation) (Amendment) Ordinance by the Legislative Council, rent control and security of tenure were removed in 1998 and 2004 respectively.

24. When the review of LTO was discussed at the Panel meeting in December 2009, members pointed out that with the removal of rent control, tenants were having a hard time finding affordable accommodation in view of the significant increase in rents. The situation was further aggravated with the removal of security of tenure since tenants might not be able to renew their tenancies even if they were willing to pay the prevailing market rents. Many tenants were forced to move out of the districts they used to live, and sever the ties which they had built up in the neighbourhood. The removal of security of tenure had also affected the re-housing eligibility for PRH of tenants affected by urban renewal projects of the Urban Renewal Authority because they were evicted upon expiry of tenancies. The Administration was urged to review LTO to address tenants' concerns. Some members were also concerned about the plight of many sandwiched class families which could not afford the high rents of private accommodation but were not eligible for PRH. With the removal of rent control, there was a need to relax the eligibility criteria for PRH so that more people could apply for PRH. As the increase in the number of PRH applicants would inevitably lead to a longer waiting time, more housing resources should be provided to meet the demand.

New enhancement measures to strengthen the regulation of the sales of first-hand private residential properties

25. The increased global liquidity, very low interest rate environment and keen competition in the mortgage market had fuelled the surge in property prices. To reduce the potential risk of forming a property bubble, the Administration had proposed to introduce nine enhancement measures to strengthen the regulation of the sales of first-hand private residential properties, particularly in respect of sales arrangement and dissemination of pricing and transaction information. The new enhancement measures were discussed at the Panel meeting in May 2010. Noting that these measures would be implemented through guidelines issued by the Real Estate Developers Association of Hong Kong (REDA) and the Consent Scheme of the Lands Department, the majority of members expressed concern about the possible conflict of interest on the part of REDA in enforcing the guidelines, and the lack of monitoring on the compliance of developers who were not members of REDA. These members held the view that legislative control with penalty provisions was far more effective than guidelines in regulating property sales. Some members however supported that the new enhancement measures could improve the transparency of the sales arrangements.

Others

26. The Panel was also briefed on the proposal to create two directorate posts in the Housing Department, and rent payment for public housing tenants.
27. From October 2009 to June 2010, the Panel held a total of 11 meetings.

Council Business Division 1
Legislative Council Secretariat
8 July 2010

Legislative Council

Panel on Housing

Terms of Reference

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

**Legislative Council
Panel on Housing**

Membership list for 2009-2010 session

Chairman	Hon WONG Kwok-hing, MH
Deputy Chairman	Hon Frederick FUNG Kin-kee, SBS, JP
Members	Hon Fred LI Wah-ming, SBS, JP Hon James TO Kun-sun Hon CHAN Kam-lam, SBS, JP Hon LEUNG Yiu-chung Hon Abraham SHEK Lai-him, SBS, JP Hon Vincent FANG Kang, SBS, JP Hon LEE Wing-tat Dr Hon Joseph LEE Kok-long, SBS, JP Prof Hon Patrick LAU Sau-shing, SBS, JP Hon CHAN Hak-kan Hon WONG Kwok-kin, BBS Hon Alan LEONG Kah-kit, SC (up to 28 January 2010) (rejoined on 19 May 2010) Hon LEUNG Kwok-hung (up to 28 January 2010) (rejoined on 18 May 2010)
	(Total : 15 Members)
Clerk	Miss Becky YU
Legal Adviser	Miss Winnie LO
Date	19 May 2010