

立法會
Legislative Council

LC Paper No. CB(1) 1432/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 3 January 2011, at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon LEE Wing-tat (Chairman)
Hon WONG Kwok-hing, MH (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon CHAN Hak-kan
Hon WONG Kwok-kin, BBS
Hon LEUNG Kwok-hung

Members absent : Hon Fred LI Wah-ming, SBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Alan LEONG Kah-kit, SC

Public officers attending : **For item IV**

Mr D W PESCOD, JP
Permanent Secretary for Transport and Housing (Housing)

Mr Albert LEE, JP
Deputy Director (Estate Management)
Housing Department

Mr Tony LIU
Assistant Director (Estate Management) 3
Housing Department

For item V

Ms Eva CHENG, JP
Secretary for Transport and Housing

Mr D W PESCOD, JP
Permanent Secretary for Transport and Housing (Housing)

Ms Ada FUNG, JP
Deputy Director (Development & Construction)
Housing Department

Mrs Connie LAI
Chief Planning Officer
Housing Department

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

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

Miss Mandy POON
Legislative Assistant (1)4

Action

- I. Confirmation of minutes**
(LC Paper No. CB(1) 890/10-11 — Minutes of the meeting held
on 1 November 2010)

The minutes of the meeting held on 1 November 2010 were confirmed.

II. Information paper issued since last meeting

2. Members noted that no information paper had been issued since last meeting.

III Items for discussion at the next meeting

- (LC Paper No. CB(1) 891/10-11(01) — List of follow-up actions
LC Paper No. CB(1) 891/10-11(02) — List of outstanding items for discussion)

3. Members agreed to defer the next regular meeting originally scheduled for 7 February 2011 to a later date on account of the Chinese New Year holidays. They also agreed to discuss the following items at the next meeting -

- (a) Progress report on the addition of lifts and escalators in Housing Authority's existing public rental housing estates; and
- (b) Performance of environmental targets and initiatives in 2010.

(Post-meeting note: With the concurrence with the Chairman, the next regular meeting had been re-scheduled to Thursday, 10 February 2011, at 4:30 pm.)

4. Referring to the list of outstanding items for discussion, the Chairman enquired about the latest position of the items on "Public rental housing for single persons" and "Issues related to the agreement between the Estate Agents Authority and the China Institute of Real Estate Appraisers and Agents". He also enquired if an interim report on "Regulating the sale of first-hand private residential flats" could be provided, and whether the item would be ready for discussion in March 2011. The Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) agreed to relay the request for an interim report to the Steering Committee responsible for the regulation of sale of first-hand private residential flats. A separate paper on "Public rental housing for single persons" would also be provided in due course for reference of the Panel. As regards the subject on "Issues related to the agreement between the Estate Agents Authority and the China Institute of Real Estate Appraisers and Agents", PSTH(H) proposed to remove the subject from the list as the agreement had already been signed. Given that the agreement between the Estate Agents Authority and the China Institute of Real Estate Appraisers and Agents was a new arrangement, the Chairman considered a need for the Panel to discuss the subject.

IV. Review of the interim measures to tackle under-occupation in public rental housing estates

- (LC Paper No. CB(1) 891/10-11(03) — Administration's paper on review of the interim measures to tackle under-occupation in public rental housing estates
LC Paper No. CB(1) 891/10-11(04) — Paper on measures to tackle under-occupation in public

rental housing estates
prepared by the Legislative
Council Secretariat
(background brief))

5. PSTH(H) briefed members on the review results of the interim measures, and the revised arrangements implemented with effect from 1 November 2010 to tackle the under-occupation cases in public rental housing (PRH) estates by highlighting the salient points in the information paper. The Assistant Director of Housing (Estate Management) 3 (ADH(EM)) gave a power-point presentation on the subject.

(Post-meeting note: A set of power-point presentation materials was circulated to members vide LC Paper No. CB(1) 976/10-11(01) on 4 January 2011)

Review results of the most serious under-occupation cases

6. Mrs Sophie LEUNG enquired about when the policy on under-occupation was first introduced. PSTH(H) said that in response to the recommendations of a study conducted by the Audit Commission in 2006-2007, the Housing Authority (HA)'s Subsidized Housing Committee agreed in May 2007 to adopt a step-by-step approach to deal with the most serious (MS) under-occupation cases i.e. those of average living density exceeding 35 square metres (m²) per person and without elderly or disabled family members. In the past three years, about 2 350 MS under-occupation cases with living density above 35m² per person had been identified. Of these, about 1 800 cases had been resolved without much difficulty. While supporting the need to tackle under-occupation in PRH estates to ensure the rational use of heavily subsidized housing resources, Mrs LEUNG asked if there were difficulties in implementing the policy. The Deputy Director of Housing (Estate Management) (DDH(EM)) said that the main difficulty was to persuade the under-occupation households to surrender the flats they had been residing for years and to move to smaller flats which might not be of a comparable standard. To this end, flats in new PRH estates would be offered to these households as far as practicable subject to availability.

7. Noting that there were 550 outstanding MS under-occupation cases, Mr WONG Kwok-hing asked how these would be dealt with. DDH(EM) explained that the number of cases changed from time to time with the addition of new cases and deletion of resolved cases. Taking into account the supply and demand of small flats, HA aimed to resolve some 3 000 under-occupation cases without elderly or disabled family members in the coming two years.

Revised measures on tackling under-occupation cases

8. Referring to paragraph 8 of the Administration's paper, the Chairman enquired if it was HA's intention to re-allocate all the under-occupation households with living density exceeding 30m² per person to smaller flats. Mr Frederick FUNG opined that there was a need to draw a line on the living density above which MS under-occupation households should be required to move to smaller units. Expressing similar concern, Mrs Sophie LEUNG agreed to the need for clearer guidelines in dealing with MS under-occupation cases. PSTH(H) explained that HA would accord higher priority to deal with the MS under-occupation cases, the definition of which had been re-defined as those with living density above 34 m² per person and without elderly or disabled family members under the revised measures on tackling under-occupation cases. The under-occupation situation would be reviewed two years after the implementation of the revised arrangement to ascertain if further changes to the standards of under-occupation would be required. Mr WONG Kwok-hing considered it unfair that the standard of MS under-occupation was only reduced by one m² from 35 m² to 34 m² per person. Given that the current under-occupation standard was 25 m² for a one-person household, PSTH(H) said that there was no question of unfairness to the MS under-occupation households with living density above 34 m² per person. He assured members that the policy on under-occupation would be transparent and administered fairly with some degree of flexibility.

9. Noting from paragraph 10(c) that HA would continue to accord lower priority for under-occupation households with elderly or disabled family members, Mr Frederick FUNG asked if consideration would be given to excluding these households from the under-occupation policy. ADH(EM) said that while under-occupation households with elderly or disabled family members would be accorded with a lower priority under the prevailing policy, efforts would be made to persuade these households to move to smaller flats of an appropriate size where a suitable vacant flat was available. Mr WONG Kwok-hing enquired about the definition of "elderly", adding that some aged family members of under-occupation households might become an elderly while awaiting re-allocation. DDH(EM) said that a person aged 60 or above would be considered as an elderly, in line with other priority elderly schemes of HA. Flexibility would be exercised when dealing with MS under-occupation households with family members approaching the age of 60. Mr FUNG held the view that under-occupation households with family members aged 58 or above should be accorded a lower priority as they would be approaching 60 upon re-allocation. Consideration should be given to lowering the age limit for elderly housing schemes to 58 to take account of the waiting time. DDH(EM) confirmed that under-occupation households with family members aged 58 would be given a lower priority in re-allocation.

10. Mr WONG Kwok-hing pointed out that many grown-up children of PRH tenants had moved out to avoid paying additional rents under the Housing Subsidy Policy (HSP) and Policy on Safeguarding the Rational Allocation of Public Housing Resources. With the moving out of children and death of remaining family members, some households might become under-occupation households. As under-occupation households with elderly family members would be accorded lower priority in re-allocation, consideration should be given to allowing the grown-up children to move back to live with their elderly parents. This would not only resolve the problem of under-occupation, but would also facilitate the implementation of harmonious housing schemes which aimed to encourage grown-up children to live with and take care of their elderly parents. DDH(EM) said that most of the flats were under-occupied on account of the moving out and/or death of family members. A number of priority schemes had been introduced to enable younger families to live with their elderly parents. Addition to tenancy would be allowed for grown-up children to move back to their parents' flats subject to meeting of eligibility criteria.

11. Mr LEUNG Yiu-chung said that flexibility should be exercised for under-occupation households with imminent addition of family members in the near future, say spouse and children from the Mainland. DDH(EM) said that the under-occupation households would be assessed on a case-by-case basis. Special consideration would be given if under-occupation households were able to provide evidence on the addition of family members in the near future, such as marriage, birth of children and/or reunion of family members from the Mainland. However, if the addition of family members would take place in a few years' time, the under-occupation households would still be required to move to a smaller flat to enable the best use of public housing resources. Instead of dealing with under-occupation cases with addition of family members on a case-by-case basis, Mr Frederick FUNG said that consideration should be given to setting a time frame within which re-allocation could be dispensed with if the additional family member could reunite with the under-occupation household within the specified time.

12. The Chairman asked if the addition of an elderly family member to an under-occupation household would render re-allocation not necessary and if so, whether there would be spot checks to ensure that the elderly family member did move in. DDH(EM) said that with the addition of elderly family members to the tenancy under the elderly priority schemes, the households would no longer be under-occupied and thus not required to move to smaller flats. Spot checks would be conducted by staff of Housing Department (HD) to ensure compliance.

13. Noting that the MS under-occupation households would be given four housing offers, Mr Frederick FUNG enquired about the timing for these offers, and whether the under-occupation households would not be required to move if these offers were not made in the same estate or estates in the same district. He

also enquired if under-occupation households would be given priority to move to new estates. PSTH(H) said that under-occupation households would be given a choice of PRH units in the same estate, or estate within the same district, or new estates. The quota for re-allocation would not be affected by compassionate rehousing. So far, there had not been much difficulty in the re-allocation of under-occupation households. DDH(EM) added that the offers to be made would depend on the choice of location. Normally, the under-occupation households would accept re-allocation upon the second or third offer. It was expected that 3 000 MS under-occupation cases with living density exceeding 34 m² per person and without elderly or disabled family members could be dealt with in the coming two years. In reply to Mr FUNG's further question on whether appeal channels were available in the event that all four housing offers were rejected by the under-occupation households, ADH(EM) said that most of the under-occupation cases had been satisfactorily resolved. For those MS under-occupation households which refused all four offers without good reasons, a notice-to-quit would be issued. Appeals against the notice-to-quit would be dealt with by an independent panel.

14. Mr LEUNG Kwok-hung said that the present housing problems were attributable to the insufficient supply of housing and the overly stringent income and assets limit for PRH. He considered that greater tolerance should be given to under-occupation households. He also enquired if guidelines had been worked out to ensure consistent application of the policy on under-occupation by HD staff, and whether a special task force had been set up for the purpose. DDH(EM) confirmed that internal guidelines on the revised measures to tackle under-occupation cases had been issued to staff. Flexibility would be exercised in dealing with cases involving under-occupation households with family members approaching the age of 60. He added that of the 1 800 MS under-occupation cases resolved in the past two years, most of them had accepted re-allocation upon the second offer. There had not been much difficulty in taking forward the policy.

V. 2010/11 – 2014/15 Public Housing Construction Programme

(LC Paper No. CB(1) 891/10-11(05) — Administration's paper on 2010/11 – 2014/15 Public Housing Construction Programme

LC Paper No. CB(1) 891/10-11(06) — Paper on Public Housing Construction Programme prepared by the Legislative Council Secretariat (updated background brief))

15. The Secretary for Transport and Housing (STH) briefed members on HA's Public Housing Construction Programme (PHCP) for the period 2010/11 to

2014/15 by highlighting the salient points in the information paper. The Deputy Director of Housing (Development & Construction) (DDH(D&C)) gave a power-point presentation on the subject.

(Post-meeting note: A set of power-point presentation materials was circulated to members vide LC Paper No. CB(1) 976/10-11(02) on 4 January 2011.)

Public Housing Construction Programme

16. The Chairman was disappointed that, despite the Chief Executive and the Financial Secretary's assurance on the supply of more land for PRH, the planned number of PRH flats to be produced in 2010/11 and 2011/12 were only 13 800 and 11 200 respectively, which was far below the target of an average of about 15 000 per year. While more flats were expected to be delivered in 2012/13, 2013/14 and 2014/15, these would be subject to changes and uncertainties in view of the long lead time. Besides, slippages were not uncommon and might affect the timely delivery of flats. Given the difficulties of low-income families in finding affordable rental accommodation in the private property market, and the significant difference in rents between private properties and PRH, there was a need to expedite the provision of PRH flats. He enquired if more PRH flats could be produced in the next few years. STH said that the annual production of about 15 000 flats was only an average of the total forecast production of 75 000 PRH flats over the five-year period of 2010/11 to 2014/15. While the number of flats to be produced in 2010/11 and 2011/12 was lower than average, the number would rise to about 16 700, 14 500 and 18 400 flats in 2012/13, 2013/14 and 2014/15 respectively. DDH(D&C) added that there was certainty of PRH production within the next few years as the construction and piling contracts had already been awarded.

17. Mr Frederick FUNG noted that over 60% of PRH flats under the 2010/11 to 2014/15 PHCP were located in the urban areas, and that PRH flats in the extended urban areas were mostly in Kwai Chung and Shatin. He asked if the limited supply of about 10% PRH flats in the New Territories was due to the reluctance of the Administration in developing new land, given the need for provision of the associated supporting infrastructure (such as transport network, roads, hospitals and schools). In view of the high percentage of undeveloped land in Hong Kong, he urged the Administration to identify new land to meet the needs of the growing population. More residential flats, both in the public and private sectors, should be provided to meet community needs. STH said that the land supply for housing was recently discussed at the joint meeting of the Panel on Development and Panel on Housing on 10 December 2010. A lengthy process, involving rezoning, land resumption, clearance, site formation, infrastructure and supporting facilities provision and local consultation, was involved in the development of new sites not only in the New Territories but also

in urban areas like Anderson Road Development and Kai Tak Development. The Steering Committee on Housing Land Supply chaired by the Financial Secretary would identify sufficient and suitable sites for the HA to produce about 15 000 PRH flats each year, thus maintaining an average waiting time (AWT) of about three years. Meanwhile, the Administration would make available sufficient land in the next 10 years for the annual production of an average of some 20 000 private residential flats. In reply to Mr FUNG's further question on the supply of PRH flats in the North District, DDH(D&C) assured members that HA would make the best use of the site in Sheung Shui which would produce PRH flats in 2014/15.

18. Mr CHAN Kam-lam hoped that longer term planning with a higher degree of transparency should be adopted in the development of new sites. While agreeing that more land should be made available for PRH development, he stressed the need to improve the road and transport networks within the area to avoid traffic congestion. A typical example would be Kowloon East where about 50% of PRH flats to be produced in the next five years were located. In addition to the provision of 75 000 PRH flats in the next five years, the Administration should also revamp the existing housing policies to address the housing demand of the community. STH said that more PRH flats would be provided in the New Territories in the next five years beyond 2014/15. The Administration would endeavour to develop PRH and provide the associated infrastructure (such as transport network) to tie in with the population in-take. On housing policy, STH assured members that the Administration was committed to assisting the low income families who could not afford private rental accommodation.

19. Given the need to provide more land for PRH development in order to maintain AWT at around three years, Mrs Sophie LEUNG asked if the Administration had considered enlisting public support for land reclamation outside the Victoria Harbour, for example, at Lantau Island. This would help resolve district objections to the provision of PRH in their vicinity. Consideration should also be given to developing PRH at the peripheral part of urban areas. STH said that the Administration would endeavour to strike a balance in land use planning to allow for the development of PRH and supporting infrastructure in urban and extended urban areas, taking into account the needs of the local community. One of the tasks of the Steering Committee on Housing Land Supply was to look into the development of long-term sites, including Tung Chung where reclamation had been planned. The Civil Engineering and Development Department would conduct a study on the feasibility of further reclamation at Tung Chung and examine its compatibility with the airport development.

20. Mr LEUNG Kwok-hung enquired if there was a land reserve for PRH and if so, this should be made available for public reference and consultation. He

held the view that the setting of stringent income and asset limits for PRH was a means to regulate the demand for PRH. To assess the actual demand for PRH, a survey on the rent-to-income ratio of low-income families living in private rental accommodation should be conducted. STH said that under the five-year rolling PHCP, PRH production would be suitably adjusted annually according to the latest demand and supply situation. While projects under PHCP for 2010/11 to 2014/15 had generally been firmed up, projects beyond 2014/15 were mostly at an early planning and design stage and were subject to a number of uncertainties, such as change of land use. Affected communities would be consulted on PRH developments.

Waiting time for PRH

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21. Mr Frederick FUNG noted that in the past, three housing offers would be given to eligible applicants on the Waiting List (WL) within a period of nine months. This was no longer the case in recent years as the lead time between each housing offer had been extended to eight to 12 months. As a result, some applicants had to undergo income and asset test again during the interim due to expiry of the validity of their documentary proof. To facilitate better understanding, the Administration was requested to provide the number of PRH applications which had been dealt with in the past five years, and to list out in a table the timing within which the three housing offers were given to eligible applicants for PRH, acceptance rate of each PRH offer as well as number of households which had been allocated PRH units during the same period. STH said that the annual production of 15 000 PRH flats and recovery of flats from the existing stock would allow HA to maintain the AWT for general PRH applicants at around three years. She added that it was difficult to provide a meaningful comparison on PRH applications which had been dealt with in the past five years as there were withdrawal and addition of WL applicants during the in-between period.

22. The Chairman pointed out that the AWT for PRH would be longer than three years if the in-between waiting time for housing offers was taken into account. PSTH(H) said that the about three-year AWT referred to the time from the submission of application to the first housing offer. The current AWT was around two years depending on the choice and availability of flats. Eligible applicants who did not have particular preference of flats and who were willing to accept readily available flats would be allocated PRH flats fairly quickly. At present, there were about a thousand PRH flats which were available for immediate allocation. In response to Mr Vincent FANG's further question on the number of vacant PRH flats in urban areas, PSTH(H) said that the vacancy rate was about 1.2%. The Chairman considered it necessary for HA to apprise eligible applicants that the AWT of about three years was counted from the time of submission of application to the first housing offer. He expressed concern that HA would tend to provide PRH flats in remote or

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unpopular districts as first offers, in an attempt to maintain AWT at around three years. To facilitate better understanding, the Administration was requested to provide information on the average time taken for registration on WL to flat allocation to an eligible PRH applicant.

23. Noting that the waiting time for non-elderly one-person applicants was much longer, Mr Vincent FANG enquired about the number of applications for one-person flats. STH said that there had been an increase in the number of non-elderly one-person applicants, representing 10% of the total number of applications. Some of these applicants were aged under 30, were currently living with their parents in PRH flats and wished to have their own PRH flats. Allocation of flats for non-elderly one-person applicants was based on the points they scored and quota under the Quota and Points System which took account of the applicant's age and waiting time. The higher the points the applicants scored, the higher priority for allocation. Cases of a compassionate nature could be expedited through compassionate rehousing and other priority schemes. HA would closely monitor the latest trend in the applications from non-elderly one-person applicants.

24. While supporting the provision of more PRH flats to meet the needs of low-income families who could not afford private rental accommodation, Mr Vincent FANG said that Members belonging to the Liberal Party considered it necessary to ensure that PRH flats should only be provided to those in genuine need to enable rational use of the heavily subsidized housing resources. PRH tenants whose financial situation had been significantly improved (i.e. better-off tenants) should not be allowed to continue to stay in subsidized housing. He enquired about the number of PRH flats which had been surrendered by better-off tenants. STH said that under HSP, tenants who had been living in PRH flats for 10 years or more were required to declare their income biennially. Tenants paying double net rent plus rates under HSP had to declare assets every two years at the next cycle of declaration under the Policy on Safeguarding the Rational Allocation of Public Housing Resources if they wished to continue to live in PRH. To prevent abuse of the system and to safeguard the rational use of the limited public housing resources, checking of income and asset declarations had been stepped up.

25. Mrs Sophie LEUNG expressed support for stepped-up checking of income and asset declarations as some PRH tenants had accumulated much wealth but were still able to live in PRH. STH said that as PRH was meant to provide a safety net for low-income families who could not afford private rental accommodation, more had to be done to ensure the rational allocation of scarce housing resources. The stepped-up checking would include checking of tax returns, bank statements and employment status. PSTH(H) added that in addition to the average 5 000 checks per annum, HA would conduct rigorous vetting of a further 5 000 declarations made by PRH tenants from

November 2010 to April 2011. A dedicated team was set up to check the full documentation proof of income and assets submitted by tenants. Those who refused to produce the information could be prosecuted under the Housing Ordinance (Cap. 283). A number of prosecutions had been taken against non-compliance, some of which had resulted in criminal convictions.

Home Ownership Scheme

26. The Chairman enquired about the progress of revitalization of the Home Ownership Scheme Secondary Market. STH said that green form applicants would be exempted from payment of land premium and would be able to benefit from the mortgage arrangements provided by the Hong Kong Mortgage Corporation.

VI. Any other business

27. There being no other business, the meeting ended at 4:40 pm.

Council Business Division 1
Legislative Council Secretariat
28 February 2011