

# 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 (LegCo) session 2010-2011. It will be tabled at the meeting of the Council on 13 July 2011 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 17 members, with Hon LEE Wing-tat and Hon WONG Kwok-hing elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

#### **Major work**

##### Land supply for housing

4. To ensure a stable and adequate supply of land for public and private residential flats, the Financial Secretary (FS) chairs the "Steering Committee on Housing Land Supply" to coordinate the efforts of all departments concerned to ensure that issues relating to housing land will be dealt with as a matter of priority.

5. The subject of land supply for housing was discussed at the joint meeting with the Panel on Development in December 2010, and in the context of an overview of the existing housing policy at the Panel meeting in April 2011.

Panel members held the view that the Administration should provide more land for housing. Some members opined that more efforts should be made to review the existing land uses, and explore new land resources through means such as reclamation. To enhance public confidence in the supply of private residential flats, the Administration should consider providing a five-year rolling programme on land production for private housing. Some other members held the view that the Administration should not rely on the Application List (AL) as the main source of land supply to meet the market demand for residential flats, given that the sale of land under AL would only be triggered upon application by developers. It should consider holding regular land auctions to resume initiative on the supply of land. To optimize land use and increase flat supply, some members suggested allocating land which had remained on AL for a long time to the Hong Kong Housing Society (HS) for housing development.

### Public housing

#### *Public Housing Construction Programme*

6. To meet the need of low-income families for public rental housing (PRH), the Hong Kong Housing Authority (HA) maintains a rolling five-year Public Housing Construction Programme (PHCP), with suitable annual adjustments according to the latest demand and supply situation. The forecast PRH production from 2010-2011 to 2014-2015 is about 75 000 flats i.e. an average of around 15 000 flats per year. HA estimates that this level of production, together with recovered flats from the existing stock, would allow it to meet the target of maintaining the average waiting time (AWT) for PRH at around three years.

7. The 2010-2011 to 2014-2015 PHCP was discussed at the Panel meeting in January 2011. Given that over 60% of PRH flats under PHCP would be located in the urban and extended urban areas, members emphasized the need for the Administration to identify more new land for PRH development, and enlist public support for land reclamation outside the Victoria Harbour. Since the AWT for PRH referred to the time from the submission of application to the first housing offer rather than actual flat allocation, some members expressed concern that HA would tend to provide PRH flats in remote or unpopular districts as first offers, in an attempt to maintain AWT at around three years. To ensure rational use of the scarce public housing resources, some other members held the view that checking of income and asset declarations of sitting tenants should be stepped up, so that PRH tenants whose financial situation had been significantly improved should no longer be allowed to stay in PRH.

*Waiting List income and asset limits*

8. The eligibility of PRH applicants is determined by way of the Waiting List (WL) income and asset limits, which are derived using a "housing expenditure" approach that comprises the housing and non-housing costs, plus 5% of the household expenditure as "contingency provision". The WL income and asset limits are 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.

9. In March 2011, the Panel received a briefing by the Administration on the findings of the review of the WL income and asset limits for 2011-2012. The Panel noted that the income and asset limits for 2010-2011 would increase by an average of 15.6% and 3.3% respectively over those for 2009-2010. As a result, about 131 000 non-owner occupied households would become eligible for PRH, representing an increase of 25 000 eligible households. While welcoming the increase in WL income and asset limits which was timely to tie in with the introduction of the statutory minimum wage on 1 May 2011, members were concerned that the AWT for PRH would inevitably be lengthened as a result of the increase in the number of eligible households. The Administration was urged to increase PRH production under PHCP for the coming five years from 75 000 to 100 000 flats (or 15 000 to 20 000 flats each year). The Panel passed a motion requesting the Administration to consider increasing the construction of PRH flats to tie in with the increase in the number of PRH applicants, with a view to realizing the target of allocating PRH flats to applicants within three years.

10. To ensure the rational use of limited public housing resources, HA implemented the Housing Subsidy Policy in 1987 under which tenants who have been living in PRH flats for 10 years are thereafter required to declare their income every two years. Those with household income exceeding the prescribed income limits are required to pay 1.5 times or double net rent plus rates. For double rent paying households, they are further required to declare their assets biennially under the Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA) to determine their eligibility to continue to stay in PRH. The frontline management staff of the Housing Department (HD) will conduct basic checks on the income and assets declarations made by PRH tenants. An average of 5 000 checks will be conducted each year.

11. When discussing HA's proposal to step up checks on a further 5 000 declarations made by PRH tenants from November 2010 to April 2011 to deter and detect false declarations, members pointed out that the increase in frequency of checking would not only cause anxiety but also create additional burden on the part of tenants as they would need to disclose matters of a private nature. Some members were skeptical that the stepped up checks were meant to evict PRH tenants in an attempt to recover more PRH flats for re-allocation.

These members opined that the SRA policy had indeed forced grown-up children to move out in order for the tenants to continue to stay in PRH. This was at variance with the harmonious families schemes to encourage the younger generation to live with their elderly parents.

12. In the light of increasing public concern on the long waiting time of non-elderly one-person applicants for PRH, the Panel held a meeting in July 2011 to discuss the allocation of PRH flats to one-person applicants. Some members considered that the existing Quota and Points System adopted by HA using, inter alia, the age of one-person PRH applicants to determine their priority for allocation constituted age discrimination. These members held the view that annual allocation quota of 2 000 PRH units to non-elderly one-person WL applicants was far from enough, and that consideration should be given to increasing the allocation quota to 4 000 units. The ultimate solution was for HA to increase PRH production to meet the housing need of the low-income group.

#### *Allocation standards*

13. PRH flats are allocated to eligible households having regard to their income limits and household sizes under the established allocation standards. When there is a change in the household size due to various reasons, such as moving-out or death of some family members, remaining members may enjoy more living space than that is allowed under the established standards. Under the existing policy, these under-occupation households have to surrender their PRH flats and move to smaller flats of an appropriate size. As an incentive, the households concerned will be given four housing offers in the same estate or estates in the same District Council constituency, a Domestic Removal Allowance, and an opportunity for transfer to new estates, subject to availability of housing resources. When the review of the interim measures to tackle under-occupation in PRH estates was discussed by the Panel in January 2011, some members stressed the need for clearer guidelines in dealing with most under-occupation households to ensure consistent application of the policy. Instead of according lower priority for under-occupation households with elderly or disabled family members to move to small flats, HA should consider excluding these households from the under-occupation policy. HA should also consider allowing grown-up children to move back to live with their elderly parents to resolve the problem of under-occupation.

#### *Construction, maintenance and management of public housing*

14. To promote healthy living and green environment for tenants, HA has established the Environment Policy in 1999. To manage the overall implementation of the Environment Policy, HA establishes environmental targets and initiatives at the beginning of each fiscal year and stocktaking the performance on a quarterly basis for monitoring purposes. Later in 2004, HA

has adopted a comprehensive strategy on sustainable development to enhance the building designs and construction technologies in PRH estates, as well as improve estate management and maintenance to minimize the impact on the environment and improve the quality of living. Following the announcement of the Chief Executive in his 2009-2010 Policy Address, the greening ratio of all new PRH estates has been increased to at least 20%.

15. The progress of implementation of environment-friendly designs and green measures in PRH estates, and the performance of environmental targets and initiatives of HA in 2010 were discussed by the Panel in December 2010 and February 2011 respectively. Some members were disappointed at the recycling rate which had not been increased despite the implementation of waste separation and recycling schemes in PRH estates for years. Apart from providing more waste collection facilities to facilitate waste collection and separation, members stressed the need for HA to encourage participation of tenants in taking forward green measures. HA should also take the lead in promoting on-site treatment of food waste in PRH estates. Some other members were concerned about the slow progress in the application of solar and wind energy in PRH estates. HA was urged to apply renewable energy to PRH estates on a larger scale pending outcome of the trials on the use of solar and wind-powered street lighting in some PRH. To enable water conservation, members suggested that dual flushing systems should be applied to all PRH estates. Green roofs and vertical greening should also be provided where applicable.

16. To achieve the annual production of an average of 15 000 PRH flats, HA has to procure a considerable amount of construction services and products. As a third party audit in the form of product certification at the factory production line offers better guarantee for the quality, safety and reliability of the products, HA has decided to implement by phases product certification requirements for seven major building materials in its construction projects. When the Panel discussed the progressive implementation of product certification of construction materials in HA's projects, some members asked how the checking of materials and products was conducted since most of the manufacturing processes were not undertaken in Hong Kong. Some other members stressed the need to ensure the quality of workmanship as the best materials would be wasted if the workmanship failed.

17. To enhance pedestrian circulation for tenants and allow barrier-free access for the disabled and elderly, new lifts, escalators and footbridges will be provided in external areas of PRH blocks within estate boundaries to connect elevated platforms with large-level differences. Where technically feasible, lift towers will be added to PRH blocks which were built without lift services. As part of an on-going lift modernization programme, lifts aged over 25 years will be replaced and opportunity will be taken to provide lift openings for floors currently without such openings, where the structure permits. The progress

report on the addition of lifts, escalators and footbridges in existing PRH estates was discussed by the Panel in February 2011. Some members held the view that transfer arrangements should be provided for elderly or physically disabled tenants living in the top floor units not provided with lift openings. Braille characters for floor numbering and sensors should be adopted in the existing lifts to facilitate the visually impaired. More lifts should be installed in larger estates. HA should also consider using more energy-efficient escalators which would only be turned on with passengers on board. Some other members however noticed that the surfacing materials for tactile guide paths were not entirely smooth and had posed difficulty for both abled and disabled persons. HA was requested to introduce better road surfacing materials and tactile guide paths.

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 has 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. The Panel discussed the progress of the enhancement of CCTV systems in existing PRH estates on 6 December 2010. Panel members noted that of the 970 blocks in 147 PRH estates, upgrading works for 391 blocks in 68 PRH estates had been completed. While supporting the enhancement of CCTV systems in PRH estates, some members stressed the need to protect the privacy of tenants, and that only authorized management personnel should have access to video footage.

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. As at January 2009, the Marking Scheme covers 30 misdeeds. The progress of implementing the Marking Scheme was discussed by the Panel in May 2011. Given the dire consequences of termination of tenancies, some members reiterated that it was unfair to hold the entire family liable to a misdeed committed by an individual family member. HA should consider seeking

professional assistance to help these families to resolve the problem, rather than allotting the households with penalty points.

20. Estate Management Advisory Committees (EMACs) are established as a communication channel between HA and PRH tenants. Apart from providing feedback and reflect tenants' views on daily management matters, EMACs also play a role in strengthening tenants' sense of belongings towards the community through organizing various community activities. In the light of a survey, HA has endorsed in July 2009 the proposal of inviting non-governmental organizations (NGOs) to organize EMAC functions to foster community building and neighbourliness in PRH estates. To ascertain the effectiveness of the enhanced partnering arrangements among EMACs and NGOs, HA has conducted a review which has revealed extensive support from EMACs. The review findings were discussed by the Panel in June 2011. Given the limited resources for organizing partnering functions, members emphasized the need to ensure that these resources would not be used for other purposes. Instead of one-off activities, consideration should be given to organizing longer term programmes.

21. PRH tenants are obliged to reinstate all the original fixtures and fittings, and remove items added by them at their own expense before moving out. Occasionally, some outgoing tenants would like to leave their fixtures behind to avoid wastage and the expense incurred from removal and reinstatement. On the other hand, some incoming tenants may also wish to take up these fixtures for their own use. In this connection, HD has developed detailed guidelines for use by estate staff in judging whether fixtures left by the outgoing tenant can be retained. The principles and current practices adopted by HD on restoration of PRH units to original form by tenants upon moving out were discussed by the Panel in June 2011. While welcoming the guidelines to ensure that a consistent approach and standard is adopted by estate staff, some members considered that a better alternative would be for HD to provide a checklist for incoming tenants to determine which fixtures they would like to retain. This would save much time and effort of HD in restoring recovered PRH flats.

22. The proposal of setting up Tenants Purchase Scheme Advisory Team (TPSAT) for a period of two years to provide advisory and education services to Owners' Corporations (OCs) of Tenants Purchase Scheme (TPS) estates, with a view to equipping them with the basic knowledge of proper estate management and maintenance was last discussed in the 2009-2010 legislative session. Since then, TPSAT had paid goodwill visits to all 39 TPS estates, published a comprehensive manual (viz. Guidelines for Property Management and Maintenance), and organized a territory-wide open forum. The Panel noted that in line with the original work plan, TPSAT would be disbanded in June 2011. Some members considered HD should retain a small team of professionals to continue providing advice to TPS estates, particularly during

changes of OC membership. To resolve the problem of mixed tenure with both owners and tenants in a TPS estate, which was the root of the management problem, a member suggested offering recovered rental flats in TPS estates for sale to eligible PRH applicants with a view to achieving full ownership.

### Meeting the aspiration for home ownership

#### *My Home Purchase Scheme*

23. Driven by the progressive economic recovery, low interest rate environment and the relatively tight supply of private residential flats in the past few years, private residential property prices rose by 19% in September 2010 as compared to September 2009. In the light of public concern on the availability of mass market flats at affordable prices and the overall supply of land for flat production, the Administration conducted a public consultation exercise on the issue of subsidizing home ownership from May to September 2010 to gauge public views on issues relevant to the subject, with a view to identifying a way forward to address the concerns of the community at large. Premised on the outcome of the consultation, the Administration has proposed to launch a new housing initiative viz. My Home Purchase Scheme (MHPP), in collaboration with HS. Under MHPP, the Administration will provide land for HS to build "no-frills" small and medium sized flats for lease to eligible applicants at prevailing market rent. The tenancy period will be up to five years during which the rent will not be adjusted. Within a specified time frame (two years after the first admission of tenants and within two years after the termination of tenancy), MHPP tenants may purchase the flat they rent or another flat under MHPP at prevailing market price, or a flat in the private market. They will receive a Purchase Subsidy equivalent to half of the net rental they have paid during the tenancy period, and they may use it for part of the down payment. Tenants who have not purchased a flat under MHPP or in the private market within the prescribed period will not receive any Purchase Subsidy.

24. MHPP was discussed by the Panel in November 2010 and July 2011. Panel members generally felt that the supply of 1 000 flats under the first MHPP project in 2014 would not be sufficient to meet the demand. Some members asked how the rent and prices of MHPP flats would be determined to reflect the "no-frills" nature of these units. The Administration was requested to allow some degrees of flexibility such that eligible MHPP applicants who could afford the down payment could purchase their flats at the time of in-take. In the course of deliberation, some members pointed out that the existing housing policy of delivering the overarching objective of providing subsidized rental housing for families in need was at variance with the Long Term Housing Strategy published in 1986 and 1998 which advocated on home ownership. As MHPP was designed to provide an additional choice for the sandwich class, members considered that a simpler way was to re-launch the Home Ownership Scheme (HOS) to meet the aspiration for home ownership of the general public.



In the event that the Administration decided to re-launch HOS, members suggested the sites originally earmarked for MHPP should be used for HOS production in order to expedite the construction process. They also questioned the rationale for shelving TPS in the first place given the similar nature of the rent-to-buy arrangement under MHPP and TPS. Some members opined that the Administration had failed to take into account the needs of those who only wanted a place to live and had no plans to buy their own homes. Efforts should be made to provide more PRH flats to meet the demand of those low-income families which could not save up to pay for the down payment. As a unanimous view of the Panel, members passed a motion requesting the Administration to provide at least 35 000 PRH units each year, and immediately resume HOS.

### Private housing

#### *Sale arrangements for first-hand residential properties*

25. The increased global liquidity, very low interest rate environment and keen competition in the mortgage market have fuelled the surge in property prices. Since there are signs that the market exuberance has spread from the luxury market to the mass market, FS announced on 19 November 2010 the proposal to introduce further measures to reduce the risk of a property bubble, including a special stamp duty (SSD) on sale of any residential property within 24 months after acquisition on or after 20 November 2010 at regressive rates for different holding periods. Immediately after the Administration's announcement on the proposed implementation of SSD, a senior executive of a development company made a statement in his online blog stating that the purchase of uncompleted residential flats at the company's development on 19 November 2010 would not be affected by SSD. The case has caused public concern about misrepresentation and dissemination of false information in the sale of first-hand residential properties.

26. The Administration was invited to brief the Panel on the progress of investigation of the case in December 2010, February and May 2011. According to the Administration, developers of uncompleted first-hand residential properties approved for pre-sale under the Consent Scheme were currently required to comply with all the requirements under the Consent Scheme. The provisions of the Consent Scheme as appropriate had also been reflected in the guidelines issued by the Real Estate Developers Association of Hong Kong (REDA) to its member developers. Panel members noted that the Transport and Housing Bureau (THB) as well as the Lands Department had been following up the case with REDA and the grantee of the lot respectively. At members' repeated requests, the Administration had provided all the correspondence exchanges among the relevant parties to facilitate better understanding of the case. Based on the correspondence exchanges, some members were disappointed at REDA's conclusions that the case represented a

difference of opinions between THB and the developer concerned on the applicability of SSD and thus did not constitute a breach of the guidelines. Noting that the Department of Justice had confirmed that the actions taken by the relevant authorities were appropriate, members regretted that no further actions could be taken against the senior executive. To prevent recurrences of similar cases in future, members stressed the need to expedite the regulation of sale of first-hand residential properties by legislation.

27. Complaints about the residential development at 38 Conduit Road (The Icon) have again aroused concern about the sale practices of first-hand residential properties. The Icon is a 21-storeyed residential development under the Non-Consent Scheme. When the development was put on sale in mid-2009, the sole agent of the development prepared promotional leaflets for distribution to prospective buyers, indicating the availability of open kitchens in some of the units. Upon the issuance of Occupation Permit (OP) in November 2010, some buyers have complained that the flats being handed over to them are unfinished and with enclosed kitchens rather than open kitchens.

28. When the subject was discussed by the Panel in January 2011, the sole agent of The Icon was invited to attend the meeting to address members' concerns. Some members pointed out that The Icon case had revealed the lack of control over residential developments under the Non-Consent Scheme. The existing sale practices of first-hand flats had allowed collusion between developers and estate agents, and the provision of sales brochures could not serve much useful purpose in protecting consumer interest. In the Icon case, the developer had tried to circumvent building control by submitting plans with enclosed kitchens in order to obtain approval from the Building Authority, and proceeding with the conversion to open kitchens after issuance of OP. The estate agents, on the other hand, had tried all means to promote sale. These members urged the Administration to work out measures to protect consumer interest pending the introduction of legislation on the regulation of sale of first-hand residential properties.

#### *Regulation of sale of first-hand residential properties by legislation*

29. To further strengthen the regulation of the sale of first-hand residential properties, the Chief Executive (CE) announced in the 2010-2011 Policy Address that a Steering Committee would be set up to discuss specific issues on regulating the sale of first-hand flats by legislation. The Steering Committee on Regulation of Sale of First-hand Residential Properties by Legislation commenced work in November 2010 and will submit a report containing recommendations on a practicable way forward to the Secretary for Transport and Housing in October 2011. The Steering Committee intends to include all types of first-hand residential properties under the proposed legislation, including projects developed under old lease conditions, Consent Scheme projects, as well as completed and uncompleted first-hand residential properties.

THB's target is to take forward the subsequent consultation on the report in the form of a White Bill in order to expedite the consultation process.

30. The work progress of the Steering Committee was discussed by the Panel in April 2011. Noting that the Steering Committee mainly comprised Government officials and professionals, some members were concerned how the view of LegCo and the general public could be incorporated in the report to ensure that the recommendations contained therein would meet public aspirations. As there was no certainty that CE for the next term and his/her team of Government officials would agree to the introduction of the legislation, members urged THB to expedite the legislative process by introducing the White Bill in October 2011 in tandem with the release of the report of the Steering Committee, to be followed by a two-month public consultation in December 2011, with a view to introducing the Blue Bill in January 2012 to allow sufficient time for LegCo to complete scrutiny of the Blue Bill within the current legislative term.

#### Others

31. The Panel was also briefed on the funding proposals on water supply to housing development at Anderson Road, the relief measure of paying two months' rent for public housing tenants, and the Scheme for the Mutual Recognition of Professional Qualifications of Estate Agents between the Estate Agents Authority and the China Institute of Real Estate Appraisers and Agents.

32. From October 2010 to July 2011, the Panel held a total of 15 meetings, including one joint meeting with the Panel on Financial Affairs and one joint meeting with the Panel on Development.

**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 2010-2011 session**

<b>Chairman</b>	Hon LEE Wing-tat
<b>Deputy Chairman</b>	Hon WONG Kwok-hing, MH
<b>Members</b>	Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP Hon Fred LI Wah-ming, SBS, 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 Prof Hon Patrick LAU Sau-shing, SBS, JP Hon CHAN Hak-kan Hon WONG Kwok-kin, BBS Hon Alan LEONG Kah-kit, SC Hon LEUNG Kwok-hung

(Total : 17 Members)

<b>Clerk</b>	Miss Becky YU
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<b>Legal Adviser</b>	Miss Winnie LO
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<b>Date</b>	14 October 2010
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