

立法會
Legislative Council

LC Paper No. CB(1) 2036/11-12
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Friday, 2 March 2012, at 10:45 am
in Conference Room 3 of the Legislative Council Complex

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 Fred LI Wah-ming, SBS, JP
Hon James TO Kun-sun
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, 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 Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN

Member attending : Hon CHEUNG Kwok-che

Members absent : Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, SBS, JP

Public officers : **For item IV**
attending
Mr D W PESCOD, JP
Permanent Secretary for Transport and Housing
(Housing)

Ms Annette LEE, JP
Deputy Secretary for Transport and Housing
(Housing)

Mr Anson LAI
Assistant Director (Strategic Planning) Housing
Department

Mr Billy AU
Assistant Secretary for Home Affairs (Community
Care Fund)
Home Affairs Bureau

Ms LUNG Siu-kit
Assistant Director (Social Security)
Social Welfare 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 Annette LEE, JP
Deputy Secretary for Transport and Housing
(Housing)

Mr Anson LAI
Assistant Director (Strategic Planning) Housing
Department

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

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

Ms Diana WONG
Research Officer (1)1

Miss Mandy POON
Legislative Assistant (1)1

Action

I. Confirmation of minutes

(LC Paper No. CB(1) 1148/11-12 — Minutes of the meeting held on 4 January 2012)

The minutes of the meeting held on 4 January 2012 were confirmed.

II. Information paper issued since last meeting

2. Members noted that the following information paper had been issued since last meeting –

LC Paper No. CB(1) 1020/11-12(01) — Administration's paper on Land Registry Statistics in January 2012 (press release)

III. Items for discussion at the next meeting

(LC Paper No. CB(1) 1149/11-12(01) — List of follow-up actions

LC Paper No. CB(1) 1149/11-12(02) — List of outstanding items for discussion)

3. The Chairman suggested and members agreed to postpone the next regular meeting from 2 April 2012 to Tuesday, 17 April 2012, at 10:45 am. Members noted that the Administration had proposed to discuss the following items at the next meeting -

- (a) District open space adjoining Lower Ngau Tau Kok Public Housing Redevelopment;
- (b) Rent Payment for public housing tenants; and
- (c) Progress report on the addition of lifts and escalators in Hong Kong Housing Authority's existing public rental housing (PRH) estates.

Given the public concerns on the problems revealed in the recent sale of Oceanaire, in particular on the definition of podium floor, the Chairman suggested and members agreed to replace item (c) with "Proposed legislation to regulate the sale of first-hand residential properties".

4. The Chairman reminded members of the special meeting scheduled for Wednesday, 14 March 2012, at 2:30 pm to discuss "Hong Kong Housing Society's Joyous Living Scheme" and "Initial ideas on price setting and for calculating the premium payable under the new Home Ownership Scheme".

IV. Provision of rent subsidy to people who cannot benefit from any of the relief measures announced in the 2012-2013 Budget

(LC Paper No. CB(1) 1149/11-12(03) — Administration's paper on provision of Assistance to Low-Income Households
IN12/11-12 — Paper on provision of rent subsidy prepared by the Legislative Council Secretariat (information note))

5. The Chairman said that at the Financial Secretary's briefing on the 2012-2013 Budget, there were concerns about the plight of the group of people who could not benefit from any of the relief measures announced in the Budget. This group mainly comprised low-income households living in private rental accommodation such as cubicles/bedspace apartments/subdivided flats. There was a need to identify this group of people and provide them with the necessary assistance, inter alia, rental subsidy.

6. The Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) said that the Administration attached great importance to meeting the needs (including housing needs) of low-income households through the provision of a social safety net. Low-income households who could not afford private rental accommodation might apply for PRH from the Hong Kong Housing Authority (HA) which was responsible for maintaining the average waiting time (AWT) for general PRH applicants at around three years. Those who were unable to support themselves financially could apply for assistance under the Comprehensive Social Security Assistance (CSSA) Scheme to meet their basic needs. Rent allowance was payable to CSSA households to meet their accommodation expenses. There was no intention to introduce a separate rent allowance from a housing policy point of view. It was also worth noting that the Community Care Fund (CCF) set up by the Administration had launched various programmes to provide assistance to people facing economic difficulties, in particular those who fell outside the social safety net or those within the safety net but had special circumstances that were not covered. The Administration would continue with this multi-pronged approach to address the needs of low-income households in the community.

7. The Assistant Secretary for Home Affairs (CCF) (ASHA(CCF)) supplemented that a Steering Committee (comprising 20 non-official members drawn from various sectors of the community) had been set up to oversee and coordinate the work of CCF upon its establishment in December 2010. An Executive Committee and four Subcommittees, namely the Education, Home Affairs, Medical and Welfare Subcommittees, had been set up under the Steering Committee. The Home Affairs Bureau set up a secretariat to support the work of the Steering Committee and other committees of CCF. CCF had since launched over 10 programmes to provide assistance to people facing economic difficulties. These included an assistance programme rolled out in October 2011 to provide a one-off subsidy to CSSA recipients living in private housing and paying rents that exceeded the maximum rent allowance under the CSSA Scheme. The CCF Steering Committee also endorsed in February 2012 an assistance programme to provide a one-off allowance to non-CSSA low-income elderly tenants in private housing.

8. Mr WONG Kwok-hing enquired if CCF would consider providing assistance to those who lived in private rental accommodation (such as cubicles/bedspace apartments/subdivided flats) and could not benefit from any of the relief measures announced in the 2012-2013 Budget. ASHA(CCF) said that CCF would continue to consider other programme proposals to assist the underprivileged and low-income families taking into account actual experience gained and views collected from the public and stakeholders. Given the plight of those who could not benefit from any of the relief measures announced in the Budget, Mr WONG said that there was an urgent need to provide timely assistance to these people. He urged the Steering Committee to convene a special meeting in March 2012 to discuss the issue before the Budget debate in late March 2012. ASHA(CCF) said that meetings of the CCF Steering Committee were held on a need basis, and that the last one was held in February 2012. Meanwhile, members' views and requests would be conveyed to the CCF Steering Committee.

9. While welcoming the provision of one-off rent allowance to non-CSSA low-income elderly tenants in private housing by CCF, Mr CHAN Hak-kan opined that the scope of the programme should be expanded to cover other categories of people, including applicants on the Waiting List (WL). Given that the average waiting time of general and elderly WL applicants was 2.3 years and 1.2 years respectively, it was not expected that CCF would provide rent allowance to these applicants for a prolonged period of time. PSTH(H) said that there were existing mechanisms to enable earlier allocation of PRH to WL applicants who had genuine, imminent and long-term housing needs but were not able to solve the problems themselves. These included compassionate rehousing (CR) through the Social Welfare Department (SWD),

and the Express Flat Allocation Scheme through the Housing Department (HD). Interim housing would also be provided to those affected by government clearances or emergencies who were eligible for and awaiting allocation to PRH units. Apart from recommendations for housing assistance by HA, SWD might also provide short-term financial assistance to those who were in need of support to address their accommodation problem. ASHA(CCF) said that many assistance programmes launched by CCF were pilot in nature and these would have to be evaluated. The Administration would take into account the outcome of the evaluation and the advice of the CCF Steering Committee in considering whether the programmes should be incorporated into the Government's regular assistance.

10. The Chairman said that concerns had been raised in the past years about the group of low-income persons who could not benefit from any of the relief measures announced in the 2012-2013 Budget. However, no database on this group of people had been set up so far. Expressing similar view, Mr Alan LEONG said that of the some 130 000 low-income families in Hong Kong, about 40 000 were CSSA recipients and the remaining 90 000 people were those who could not benefit from any of the relief measures announced in the Budget. The latter of which might include WL applicants living in private rental accommodation. Members belonging to the Civic Party considered it necessary for the Administration to identify this group of people and invite them to come forward to state their needs. This could be done by screening out the 40 000 CSSA recipients from the WL applicants. On the assumption that a one-off allowance of \$6,000 would be provided under CCF to the 90 000 non-CSSA WL applicants, the funding to be incurred was around \$550 million. He enquired about the feasibility of the proposed arrangements.

11. In response, PSTH(H) said that under the Personal Data (Privacy) Ordinance (Cap.486), HD was only allowed to collect personal data for specific housing purposes. The personal data so collected could not be used for other purposes without the authorization of the individuals concerned. Besides, while information on WL applicants covered issues such as their income and asset levels, this was not collected to facilitate assessment on the need for assistance in areas other than application for PRH. It was also worth noting that some WL applicants were sitting tenants who wanted to have separate PRH flats for various reasons. They should not fall under the category of people who could not benefit from any of the relief measures announced in the Budget. He added that HD did not have data on CSSA recipients other than information required for public housing purposes. SWD was also bound by Cap. 486 not to disclose the personal data collected from CSSA recipients for use in other purposes. Care had been taken in dealing with data matching and other personal privacy issues. As such, a separate database might have to be worked

out for any assistance schemes for the group of people who could not benefit from any of the relief measures announced in the Budget.

12. Noting that CCF had launched an assistance programme to provide a one-off allowance to non-CSSA low-income elderly tenants in private housing, the Chairman enquired about the means through which this group of elderly tenants could be identified. ASHA(CCF) said that the statistics compiled by the Census and Statistics Department in 2011 showed that some 30 000 elderly people aged 65 or above were living in private rental accommodation. The number of households with all tenants aged 65 or above was some 9 000 involving more than 11 000 elders. All elders who could meet the eligibility criteria of the programme might lodge applications. CCF planned to invite the district elderly community centres subsidized by SWD to assist in the implementation of the programme.

13. The Chairman opined that riding on the experience, CCF should be able to set up its own database on low-income elderly tenants living in private rental accommodation, including cubicles/bedspace apartments/subdivided flats. Likewise, CCF should be able to expand the database to cover non-CSSA low-income households using the existing networks of the Home Affairs Department, SWD and non-governmental organizations. With the setting up of the database, CCF should be able to provide the needed assistance to this group of people, such as a two-month rent allowance of about \$6,000 to \$8,000.

14. In concluding, the Chairman said that members were unanimous in the provision of assistance to the group of low-income people who could not benefit from any of the relief measures announced in the 2012-2013 Budget, and the need for setting up a database for the purpose. He hoped that the CCF Steering Committee would hold a meeting to discuss the issue as soon as possible with a view to working out the relevant the assistance programme before the Budget debate in late March 2012.

V. Review of Waiting List Income and Asset Limits for 2012/13

(LC Paper No. CB(1) 1149/11-12(04) — Administration's paper on review of Waiting List Income and Asset Limits for 2012/13

LC Paper No. CB(1) 1149/11-12(05) — Paper on Waiting List Income and Asset Limits prepared by the Legislative Council Secretariat (updated background brief))

15. The Assistant Director of Housing (Strategic Planning) (ADH(SP)) gave a power-point presentation on the findings of the review of WL income and asset limits for 2012-2013.

(Post-meeting note: A set of the power-point presentation materials was circulated to members vide LC Paper No. CB(1) 1224/11-12(01) on 2 March 2012.)

WL income limits

16. Mr WONG Kwok-hing noted that the proposed WL income limits (WLIL) of 1-person and 2-person households for 2012-2013 would be frozen at the existing levels, while that for 3-person and 4-person households would be increased by 11.8% and 11.6% respectively. He questioned the rationale behind the discrepancies. Dr Joseph LEE also enquired the justifications for the freeze. The Secretary for Transport and Housing (STH) explained that review of WLIL was based on an established mechanism using a "household expenditure" approach, which consisted of housing and non-housing costs, plus a "contingency provision". Taking into account the uncertainties arising from possible changes in the economic environment, including the implementation of the statutory minimum wage (SMW), the Subsidised Housing Committee (SHC) of HA incorporated a special one-off additional 10% contingency provision to the income limits for 2011-2012 as a buffer. As such, when comparing the income limits this year (using the established methodology of a 5% contingency provision) with the existing income limits (which included the special one-off provision of an additional 10% contingency provision as buffer), there should be a decrease in the income limits for 1-person and 2-person households. In the light of the current economic situation, and in order to continue to provide an additional buffer for 1-person and 2-person households, special consideration was given to freezing their income limits at the existing levels. However, changes to the income limits for 3-person households and above would be effected in accordance with the established formula. She welcomed members' views on the findings of the review, which would be relayed to SHC for consideration.

17. The Deputy Secretary for Transport and Housing (Housing) (DSTH(H)) supplemented that in calculating the housing cost, differential unit rent or the overall average rent (whichever was higher) was adopted for 1-person and 2-person households, while the overall average unit rent was adopted for 3-person households and above. This was to take into consideration the specific conditions of 1-person and 2-person households. In determining the non-housing cost, reference was made to the latest Household Expenditure

Survey (HES) (conducted by the Census and Statistics Department (C&SD) every five years) with adjustment according to the latest movement in Consumer Price Index (A) (CPI(A)). The total household expenditure was the sum of the housing and non-housing costs plus a "contingency provision", to derive the income limits. For the 2012-2013 review, there was an average increase in housing cost by 11.1% (as a result of an increase in overall private rentals since the last review in March 2011). The non-housing cost (based on the 2009-2010 HES rather than the 2004-2005 HES used in previous years and adjusted by CPI(A) as at the fourth quarter of 2011) of 3-person households or above had also showed significant increases. Using the established methodology of a 5% contingency provision, there was an increase in the income limits for 3-person households and above while a decrease for 1-person and 2-person households as compared with the existing income limits.

18. In the light of the implementation of SMW, Mr WONG Kwok-hing considered that the same extra 10% contingency provision should continue to apply to the income limits for 1-person and 2-person households. Mr Frederick FUNG was concerned that the proposed freeze might render some existing 1-person and 2-person WL applicants ineligible for PRH, as their household income might have marginally exceeded WLIL as a result of salary adjustment. Dr Joseph LEE enquired if the proposed freeze would affect the eligibility of 1-person and 2-person households for PRH, adding that he would only support the proposed 2012-2013 WLIL if these would not have adverse effect on the eligibility of WL applicants. STH advised that as the income limits were based on household expenditure, the increase in income as a result of SMW would be reflected in the household expenditure. She also confirmed that the freeze would not affect the eligibility of 1-person and 2-person households for PRH as the proposal was to freeze their income limits at the existing levels in order to continue to provide an additional buffer.

19. Mr LEUNG Kwok-hung opined that the crux of the problem was the inadequate provision of PRH, in particular 1-person and 2-person flats. He asked if consideration would be given to providing more 1-person and 2-person flats to meet the demand. STH said that the family sizes of WL applicants would be taken into account in the planning of PRH. PSTH(H) added that projections on the demand for different unit sizes of PRH flats would be subject to change with time.

Differential unit rents of private flats

20. Referring to Table 1 of the Administration's paper, Mr Frederick FUNG pointed out that the differential unit rent per square metre (m²) of \$200 for 1-person private flat with reference flat size of 16.2m² (equivalent to about

\$18 per square feet) was not able to reflect the actual situation in districts such as Kowloon West. For instance, the rent of a subdivided flat with an area between 120 to 170 square feet in Tai Kok Tsui or Hung Hom was over \$3,000 per month. Therefore, the housing cost for 1-person household had been under-estimated. He also questioned the decrease in non-housing cost for 1-person household in Table 3 by 1.9% as against the respective increases of 29.2% and 28.7% for 3-person to 4-person households, when all of them were exposed to rising living costs. Mr LEUNG Kwok-hung echoed that the survey on differential unit rents was not accurate as the rents of subdivided flats were comparable to that of private flats in the middle to higher end of the property market.

21. In response, STH said that the differential unit rents were derived from a sample survey conducted by C&SD on private dwellings of comparable sizes to PRH flats. DSTH(H) supplemented that as the unit rents for smaller units tended to be higher, the respective differential unit rents or the overall average unit rent (whichever was higher) was adopted in calculating the housing costs for 1-person and 2-person households. The long established formula used in calculating housing expenditure for 1-person and 2-person households by multiplying the differential unit rents or overall average unit rent (whichever was higher) with the average space of PRH flats allocated (which was generally larger than their actual living space in the private sector) should achieve a balancing effect and take care of the situation of 1-person and 2-person households. The housing cost for 1-person household at the fourth quarter of 2011 was \$3,240 as calculated under the established formula. She added that the decrease in non-housing cost for 1-person households was as a result of the use of the latest 2009-2010 HES adjusted by CPI(A) to the position as at the fourth quarter of 2011. Taking the housing and non-housing costs together, although there were increases in household expenditure of 1-person and 2-person households, the increases were less than the special and one-off extra 10% contingency provision incorporated in their waiting list income limits last year. The proposal was to freeze the income limits of 1-person and 2-person households at existing level, which was on average 9.5% higher than what the income limits would have been if only a 5% contingency provision was incorporated in accordance with the established methodology.

22. The Chairman enquired how the sample survey on private dwellings was conducted, and whether it had taken into account the rentals of subdivided flats. DSTH(H) explained that the sample survey would cover rentals of different sizes of flats in different parts of the territory, including cubicles and subdivided flats. The Chairman was concerned that the survey was too broad-brushed as all smaller flats (including cubicles and subdivided flats) were grouped under private flats with sizes of 69.9m² or below. As a result, the findings of the

survey might not be able to reflect the actual situation of high rentals of \$30 to \$40 per square feet of subdivided flats in urban area. Consideration should be given to including a separate category for subdivided flats in the sample survey. ADH(SP) explained that the sample survey had been used in assessing rents of private flats of comparable size to PRH. While suggestions on improving the sample survey were welcomed, STH said that the existing methodology in assessing the housing cost was based on objective parameters and should be adhered to .

23. The Chairman expressed grave dissatisfaction that the sample survey conducted by CS&D had failed to reflect the actual situation. Given that the sample survey was meant for general reference and not specific housing purposes, he considered it necessary for HA to conduct its own survey or entrust the survey on rentals for subdivided flats to professional organizations. Mr WONG Sing-chi declared that he was a HA member. He agreed that efforts should be made to address the housing needs of low-income households. Given the long waiting time for 1-person PRH flats, many 1-person WL applicants would become ineligible when their turn for PRH allocation was due because their income had exceeded the prescribed limits. He therefore supported the need for HA to gather more information on the rental situation in Hong Kong, particularly on the rentals for subdivided flats which were the common dwellings of many low-income 1-person households. STH said that it was not HA's expertise to conduct rental surveys, particularly for a specific category of flats. She nevertheless undertook to convey the Panel's views for consideration by SHC.

24. Mr Frederick FUNG said that he did not consider that the 2012-2013 WLIL for 1-person household was set at a reasonable level. He said that the sample survey currently conducted by C&SD was not able to reflect the housing expenditure of 1-person households, and that HA should take into account members' repeated request for a separate methodology for calculating the housing cost for 1-person households. He enquired if the Panel could reach a consensus in requesting SHC to adjust the WLIL for 1-person households. Dr Joseph LEE said that while the reliability of the sample survey was questionable, this could be further discussed. As the review of WLIL for 2012-2013 was based on an established mechanism, members should respect the results. Besides, the freezing of the 2012-2013 WLIL for 1-person and 2-person households would not affect the eligibility of WL applicants for PRH. Therefore, he would not support separate adjustment of the 2012-2013 WLIL for 1-person households. Professor Patrick LAU also considered the present proposal acceptable. He however agreed to the need to gather more information on the rentals for subdivided flats. The Chairman remained unconvinced that that subdivided flats should be grouped under private flats

with sizes of 69.9m² or below in the sample survey as this would lead to under-estimation of the rentals for subdivided flats. He would continue to pursue for the provision of separate sample survey on subdivided flats.

VI. Any other business

25. There being no other business, the meeting ended at 12:20 pm.

Council Business Division 1
Legislative Council Secretariat
1 June 2012