

立法會 *Legislative Council*

LC Paper No. CB(1)1454/12-13

Ref : CB1/PL/HG

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 2012-2013 Legislative Council session. It will be tabled at the meeting of the Council on 17 July 2013 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 26 members, with Hon WONG Kwok-hing and Hon Frederick FUNG Kin-kee elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

Major work

Housing and land-supply measures announced by the Chief Executive on 30 August 2012 to tackle the housing problems

4. In view of the fact that there had been notable increase in both property rents and prices and more and more people had found it difficult to find suitable flats in the market at prices which they could afford, the Chief Executive ("CE") announced on 30 August 2012 a package of 10 short and medium term measures to expedite the supply of subsidized and private housing units. The Panel received an update on the progress of the 10 measures at the joint meeting with the Panel on Development held on 9 November 2012.

Increasing the supply of housing land

5. Some members considered it necessary that the Administration should apprise the public of the land supply in the next three to five years and the land reserve which would be available for development. The Administration had responded that while the land to be made available for sale in the following year would be set out in the land sales programme, the land supply for the next three years could not be made public as it was market sensitive information, the disclosure of which would not be in the public interest. Some members were also concerned that developers had been hoarding land and deferring development and requested the Administration to introduce measures against such practice.

6. Some other members were of the view that more government sites, including those on the Application List, should be used for public housing production to meet the housing demand of the applicants on the Waiting List ("WL") for public rental housing ("PRH"). Other members urged for the redevelopment of aged PRH estates, and relaxation of plot ratios and removal of height restriction in areas formerly under the flight path and the redevelopment of such areas through urban renewal.

7. Noting that there would be about 2 500 hectares of land available for residential development, some members requested the Administration to make efforts to expedite the development of potential sites into disposed sites to enable early production of housing. Other members supported the phased developments of Comprehensive Development Areas ("CDA") in an attempt to expedite the development process such that the sites within CDA which were ready for development could be proceeded with ahead of time.

8. Some members urged the Administration to adopt measures to facilitate the change of land use so that more land in private ownership, particularly those in the New Territories, could be made available for public housing, and that the Government should work in partnership with private landowners in the development of public housing.

Conversion of industrial buildings/land for residential use

9. Some members demanded that administrative measures be introduced to expedite the conversion of industrial buildings/land for residential use. Some members criticized that there was a lack of coordination on the different requirements for conversion of industrial buildings, including fire safety and other building requirements, and requested the relevant departments to jointly work out a mechanism to resolve the associated problems.

10. Other members were concerned that the revitalization of industrial buildings had brought about speculative activities, resulting in higher rentals and operating costs for small and medium enterprises ("SMEs"). They supported that better planning should be put in place to enable SMEs operating in industrial buildings to have a stable business environment and to prevent them from being forced to move out as a result of rising rentals.

11. On the proposed conversion of Chai Wan Factory Estate ("CWFE") for PRH use, some members questioned the justifications for the proposal as it could only provide 180 PRH units, and considered that a much larger number of PRH units could be provided if CWFE was redeveloped. Some other members, however, welcomed the above proposal. They were of the view that the proposal was well received as it could revitalize and conserve the last H-type factory building owned by the Government in Hong Kong, address the requests of local bodies and the community, and at the same time provide 180 PRH units for the public.

Production level of public rental housing

12. Members generally saw the need to expedite and increase PRH production with a view to shortening the average waiting time ("AWT") for the over 200 000 applicants on WL. Noting that over 70 000 people were living in dilapidated conditions in cubicles and subdivided flats, some members urged for an increase in the supply of PRH flats beyond the annual target production of 15 000 and demanded for a timetable for increasing PRH production. They also opined that with rentals increasing at an average rate of 57% from 2009 to 2012, measures should be introduced to assist tenants in finding affordable accommodation if rent control would not be reinstated.

13. Some other members, however, had reservations about the implementation of drastic measures to address the overheated property market or the reinstatement of rent control on account of their implications on the free market economy. Instead, they supported measures which would reduce the housing demand, such as the relaxation of the residence requirements for Old Age Allowance and Comprehensive Social Security Allowance so that elderly recipients could choose to relocate their homes to the Mainland. Tax incentives could also be introduced to encourage those who had retired to move to the Mainland, thereby relieving the pressure on housing.

Long Term Housing Strategy review

14. In addition to the 10 short and medium term measures, the Government has launched the Long Term Housing Strategy ("LTHS") review as part of its efforts to take forward its housing vision. The review aims to ensure optimal use of the existing land and housing resources to meet housing needs of

the community in the short, medium and long term. The Government's target is to produce a consultation document by around mid 2013, to be followed by a three-month public consultation. The report on the public consultation will be published by end 2013.

15. Some members were concerned that the LTHS review would delay the implementation of short to medium measures to address the housing demand. They opined that there was a need to increase PRH supply without having to await the outcome of the LTHS review, given the long waiting list for PRH. As there was a time lag between the construction and delivery of flats, there was a need to increase the annual production target to more than 15 000 PRH flats. Some other members, however, considered the review to be of vital importance as it would work out the long-term housing demand and project housing land requirement. They also suggested that the review should take account of land supply, demographic growth and economic development.

16. Some members suggested that apart from the provision of sufficient housing land, the review should also look into the problem of shortage of manpower resources in the construction industry to meet the annual housing production target. Other members also suggested that the review should cover the inequity of allocation standards as existing tenants were subject to a stringent criterion for overcrowding relief while new tenants enjoyed a more generous allocation standard.

17. In view of the importance of LTHS, the Panel agreed to set up a subcommittee on the LTHS review so that members could take an active part in the review and make timely recommendations on the formulation of LTHS. The Subcommittee has held seven meetings so far and is currently continuing with its work. It will make a report to the Panel after completion of its study.

Extending the Home Ownership Scheme secondary market to White Form buyers

18. The Secondary Market Scheme ("SMS") was introduced in 1997 to allow owners of Home Ownership Scheme ("HOS") flats and the Tenant Purchase Scheme flats to sell their flats without payment of premium to existing or prospective PRH tenants (i.e. those with Green Form ("GF") status) on the HOS Secondary Market ("Secondary Market") from the third year onwards following the date of first assignment. Purchasers of flats with premium not yet paid under the SMS have to assume the liability to pay the premium upon their eventual sale of flats on the open market. As advised by the Administration, with the cessation of HOS, buyers with White Form ("WF") status had found it increasingly difficult to find affordable home as they could not afford private residential flats and were not eligible for PRH. Given that the first batch of new HOS flats was expected to be completed in 2016-2017,

allowing those with WF status to purchase HOS flats with premium not yet paid until new HOS flats were available could help address the home ownership needs of the eligible group in the interim.

19. Panel members were gravely concerned about the adverse impact of the scheme to allow WF buyers to purchase HOS flats with premium not yet paid under SMS ("the Scheme") on the HOS market. They pointed out that HOS flats used to belong to a separate market which was unaffected by speculative activities. However, the Scheme gave rise to increased demand which was not met by a corresponding increase in supply, thus encouraging speculative activities. Members also considered that the Scheme had added stimulus to the overheated property market. With the proposed extension of the Secondary Market, WF buyers would be competing with GF buyers for purchasing HOS flats in the Secondary Market, thereby pushing up property prices. In fact, the selling prices of HOS flats had gone up dramatically following the announcement of the Scheme. As a result, GF buyers could no longer afford to buy HOS flats in the Secondary Market.

20. Some members also commented that the Scheme would undermine the chance of home ownership by GF buyers who, upon the purchase of HOS flats, had to surrender their PRH flats for reallocation to WL applicants. The recovery of PRH flats from GF buyers would shorten the AWT for the much needed PRH flats. These members considered that low-income families living in dilapidated conditions and awaiting allocation to PRH flats had greater need for assistance than WF buyers wishing to upgrade themselves through the purchase of HOS flats.

21. The Panel passed a motion urging the Government to temporarily suspend the extension of the HOS Secondary Market to WF buyers and conduct a review afresh, so as to avoid pushing up the HOS Secondary Market. The Administration had responded that while members' views were acknowledged, it would be irresponsible on the part of the Administration to abandon the proposed Scheme before it was implemented. The Administration undertook to report on the outcome of the Scheme after it had been implemented.

Public housing construction

Public Housing Construction Programme

22. To meet the need of low-income families for PRH, the Hong Kong Housing Authority ("HA") maintains a five-year rolling Public Housing Construction Programme ("PHCP"), with suitable adjustments made annually according to the latest demand and supply situation. The PHCP for 2012-2013 to 2016-2017 was discussed at the Panel meeting on 8 February 2013.

23. According to the Administration, in the five-year period of 2012-2013 to 2016-2017, there will be a total PRH production of some 75 000 flats, with an annual average of some 15 000 flats to be produced. In order to further increase production within the first five year period, the Administration will endeavour to advance the completion of two PRH projects from the second five year period, namely Anderson Road Site C1 and Tuen Mun Area 54 Site 2 Phase 2, by one year from 2017-2018 to 2016-2017. The two projects involve 3 400 flats and thus there will be an increase in PRH supply from 75 600 flats to 79 000 flats during the five-year period from 2012-2013 to 2016-2017. For the projects beyond 2016-2017, the Administration will work closely with relevant departments and interested parties to ensure their timely delivery in line with the target for production set by CE in the Policy Address of at least 100 000 units in the five years starting from 2018.

24. While some members welcomed the expedited production of 3 400 PRH flats, others considered that given the long waiting list of PRH applicants, the expedited production of only 3 400 PRH flats would not make much difference in the waiting time. The Administration was requested to make proactive efforts to increase the public housing production. Some other members held the view that the crux of the housing problem rested with the identification of suitable sites for PRH production and were concerned if sufficient land had been identified to meet the production targets. They supported using the land in the Application List, and making available more disposed sites and using the sites of the Urban Renewal Authority ("URA") and MTR Corporation Limited for public housing production.

25. Some members were also concerned that with the present shortage of manpower resources in the construction industry, there would be difficulties in meeting the production target. They emphasized that the compressed schedule must not compromise safety and quality. The Panel would arrange a site visit to PRH construction sites later.

26. As for HOS, the Panel was informed that the Government was committed to producing 17 000 HOS flats over the four years from 2016-2017 and an average of 5 000 HOS flats per year thereafter. Members supported that more sites be identified for the production of HOS flats, the sale of which would facilitate the recovery and reallocation of PRH flats to WL applicants.

Technical studies for potential public housing sites in the planning process

27. In view of the complexity of potential public housing sites and the increasing aspiration from the public for a better living environment, HA conducts a wide range of technical studies to ascertain the suitability and feasibility and to optimize the development potential of the sites identified for public housing use. The Panel was briefed on the technical studies required

during the planning process for the development of potential public housing sites. Members were also advised that the Administration would fast track the completion schedule for construction of public housing by shortening the planning and design process from three years to one year.

28. While supporting the advance completion of public housing projects, members emphasized the need to ensure that construction safety and building quality would not be compromised. In view of the increased workload and pressure arising from the compressed schedule, some members were concerned about the shortage of manpower and the lack of coordination with relevant works department in public housing production. The public consultation process might also be undermined as the fast-track programme might not allow sufficient time for accommodating the requests made during the consultation process to address local concerns. Some other members requested that apart from technical studies, social impact studies should also be conducted in the planning process to enable the provision of suitable facilities to meet the welfare and social needs of the community.

29. The Administration reiterated that there would be no compromise on construction safety and building quality in public housing production. Only the planning and design process had been compressed, but not the construction works. Discussions would be held with District Councils, residents and relevant departments on the needs of the community in the development of public housing and where possible, community facilities would be included in public housing projects.

Review of Waiting List income and asset limits

30. The eligibility of PRH applicants is determined by way of the WL income and asset limits, which measure the total household income required to rent private accommodation comparable to PRH while meeting other non-housing expenditure. These are assessed annually to keep abreast with the prevailing socio-economic circumstances. The WL income limits are derived using a household expenditure approach, which consists of housing and non-housing costs, plus a 5% contingency provision of household expenditure. Housing costs measure the cost of renting a private flat comparable to PRH. The non-housing cost is determined with reference to the latest Household Expenditure Survey ("HES") conducted by the Census and Statistics Department ("C&SD"), with adjustment according to the latest movement in Consumer Price Index ("CPI")(A) (excluding housing costs).

31. On 4 March 2013, the Panel discussed the outcome of the review of the WL income and asset limits for 2013-2014. The Panel was advised that HA's Subsidized Housing Committee ("SHC") had approved the refinement to the mechanism for reviewing the WL income limits, whereby the non-housing

cost component would be adjusted by either the change in CPI(A) (excluding housing cost) or the change in nominal wage index obtained through the Labour Earnings Survey conducted quarterly by C&SD as the income factor, whichever was higher. The refinement aimed to take into account the changes in income, including implementation of the Statutory Minimum wage ("SMW"), while maintaining the expenditure-led review mechanism which functioned well. Overall, the proposed income and asset limits for 2013-2014 would increase by an average of 6.0% and 4.2% respectively over those for 2012-2013.

32. Some Panel members held the view that a people-oriented approach should be adopted in reviewing the WL income limits, instead of relying on a set of indices. Given that workers receiving SMW and who worked overtime might easily exceed the income limits and be rendered ineligible for PRH, they requested that consideration be given to increasing the contingency provision. Some members also commented that the mechanism for reviewing the WL income and asset limits was unfair in that Hong Kong's economy was affected by many external factors, especially when the Hong Kong dollar was pegged to the US dollar which had given rise to inflationary pressure. Tenants of private accommodation were hardest hit by inflation as they were exposed to rising rentals as a result of escalating property prices. These members requested for the reinstatement of rent control and the upward adjustment of the WL income limits on account of the high housing and non-housing costs.

33. As housing costs were derived from the cost of renting a private flat comparable to PRH, some members were concerned that such costs might not have taken into account the high unit rents for cubicles and subdivided flats and hoped that separate surveys would be conducted. There was also the concern that the average space of flats allocated to WL applicants had been reduced over the years. As housing costs were obtained by multiplying the unit rent by the average space allocated to WL applicants, a reduction in the latter would have resulted in lesser housing cost, and this might not be able to reflect the rising rentals in the property market. These members therefore supported that the percentage change in housing costs should take account of the percentage increase in unit rents only, which was 15%.

Environmental targets and energy saving initiatives

34. To promote healthy living and a green environment, HA established an Environment Policy in 1999. To effectively manage the overall implementation of the Environmental Policy, HA establishes environmental targets and initiatives at the beginning of each fiscal year and the performance is reviewed quarterly. In addition, HA has started looking at developing food waste recycling in PRH estates. Trial schemes on on-site and off-site food waste recycling in public housing estates are being conducted in collaboration with the Environment Protection Department and green groups.

35. The Panel was briefed on the performance of HA in respect of its environmental targets and initiatives in 2011-2012. Members commended HA for its contribution towards developing Hong Kong as a low-carbon city. Noting that some social enterprises had been promoting waste recycling through incentives such as provision of coupons in exchange for recycled products, some members requested that assistance be given by the Housing Department ("HD") to promote such recycling schemes to all PRH estates. Members also considered that more incentives should be introduced to encourage energy conservation. Some other members supported that there should be more interaction with PRH tenants in the implementation of greening and energy efficiency initiatives, and that more resources should be provided to Estate Management Advisory Committees ("EMACs") in promoting environmental awareness and community participation by way of environmental campaigns and seminars. Members also expressed support for the implementation of food waste recycling projects and urged for the extension of the trial schemes to all PRH estates.

36. The Panel was also briefed on the energy saving initiatives to reduce electricity consumption already implemented by HA and the further measures for new public housing developments ("PHD"). The Panel noted that HA had achieved a substantial reduction in annual electricity consumption in communal areas within new PHD by 42% (or 436 kWh per flat) over the past 11 years from 2000-2001 to 2011-2012 and that it aimed to further reduce annual electricity consumption in communal areas by another 10% in 2014-2015.

37. Members generally expressed support and appreciation for HA's efforts in implementing energy saving initiatives in PRH estates and considered that HA, being the largest developer in Hong Kong, had an exemplary role to play in the implementation of energy saving measures. They were of the view that the energy saving initiatives implemented in new PHD such as LED lighting and solar-powered lamps, if proven cost-effective, should be used on a wider scale and be extended to existing PRH estates and government offices. Some members also suggested that apart from using energy saving initiatives in the common areas of PRH estates, there was also a need to implement more environment friendly designs within PRH units. This would include the provision of windows on opposite sides to enable better air flow and reduce electricity consumption of air conditioning.

38. Given that the use of more energy-efficient lift installations could reduce electricity consumption by as much as 50%, some members suggested that HA should consider replacing aged lifts earlier with more energy-efficient models. Other members also requested HA to consider retrofitting escalators in PRH estates with sensors so that the escalators would only be activated when in use.

Maintenance and management of public housing estates

Marking Scheme for Estate Management Enforcement in Public Housing Estates

39. To strengthen enforcement measures against hygiene-related offences in PRH estates, HA implemented the Marking Scheme for Estate Management Enforcement in Public Housing Estates ("the Marking Scheme") in 2003. The Marking Scheme currently covers 28 misdeeds, categorized by severity of their impact on environmental hygiene or estate management. Tenants who are found to have committed misdeeds in the estate in which they live will be allotted points which will be valid for two years. An accumulation of 16 points within two years will trigger action for termination of tenancy by means of a Notice-to-quit issued by HA. The Panel received an update on the Marking Scheme in March 2013.

40. Given the dire consequences of termination of tenancy, some members were of the strong view that it was unfair to hold the entire household liable for the misdeed committed by an individual family member. In their opinion, the individual concerned who had committed the misdeed should be held liable and be punished accordingly but this should not affect the rights of other family members to continue to live in the PRH unit. Some other members, however, were supportive of the Marking Scheme as it had improved the environmental hygiene of PRH estates. These members also welcomed the special home visit made by housing staff to households which had accumulated 10 points.

41. Some members expressed concern about households with autistic or mentally incapacitated family members who were repeated offenders under the Marking Scheme, and demanded HD to give them special consideration. The Administration had responded that it would give special consideration to households with autistic members. It had been HD's practice to refer such cases to the Integrated Families Services Centres of the Social Welfare Department ("SWD") or the Hospital Authority for follow-up as appropriate, after obtaining consent from the households concerned.

Enhanced partnering arrangements among Estate Management Advisory Committees and non-governmental organizations

42. HA implemented the enhanced partnering arrangements among EMACs and non-governmental organizations ("NGOs") in 2009 to promote neighbourliness in PRH estates. Under the arrangements, each EMAC is provided funds and allowed to use up to 30% of the EMAC funds to partner with NGOs to organize two to four community building functions per annum. The Panel was briefed on the outcome of the recent review of the partnering arrangements and noted that the overall satisfaction rate of the partnering

functions was 99%. Given the strong support from EMACs and tenants as well as the positive evaluation of the arrangements, HA would continue the current partnering arrangements with NGOs and maintain the existing target number of functions to be held each year. Furthermore, when sufficient NGO partners could not be engaged to achieve the target, each EMAC would be allowed to organize one community function by itself per annum.

43. Members supported the implementation of the partnering arrangements which had helped foster neighbourliness and strengthen tenants' sense of belonging towards the community. The functions could also serve as a useful platform for promotional activities, such as those relating to public health and disease prevention. Some members were concerned about the inadequacy of EMAC funds and the restrictions governing the use of the funds. They had therefore suggested increasing EMAC funds, such as by adjusting the funds in line with inflation. Other members expressed concern about duplicating efforts being made in the partnering arrangements given that District Councils and NGOs were separately organizing similar activities within the community. They suggested that EMACs be given the necessary flexibility in deciding on the types of partnering functions to be held using EMAC funds.

Total Maintenance Scheme

44. HA launched a five-year Total Maintenance Scheme ("TMS") for PRH estates in early 2006 to proactively inspect the in-flat conditions and provide comprehensive repair services to the tenants of PRH estates and Tenants Purchase Scheme estates aged 10 years or above. The objective of TMS is to provide maintenance services with enhanced customer services so as to meet the rising expectations of the tenants. The Panel noted that the first five-year cycle of TMS was completed by the end of March 2011 and the customer satisfaction rates were over 80%. The second five-year cycle of TMS was launched in 2011 and in comparison to the first cycle, less follow up orders for repair works were required.

45. Members generally supported TMS which had brought about better maintenance of PRH units and enhanced customer services. Some members requested HA to consider extending the scope for repair and maintenance under TMS to cover items which were damaged by tenants, and electrical wiring of the ageing units, particularly for the units occupied by elderly tenants. They also suggested that HA should make special arrangements with SWD to enable TMS contractors to carry out works which were outside TMS's scope for the elderly recipients of the Comprehensive Social Security Assistance. Some other members held the view that HD should do more to reduce the disturbance and inconvenience caused by the repair and maintenance works.

Addition of lifts and escalators to existing public rental housing estates

46. HA has put in place a programme to enhance the pedestrian access in identified PRH estates to respond to the need of tenants (the elderly and the disabled in particular) for barrier-free access. The enhancement works include the provision of new lifts, escalators and footbridges in external areas within PRH estate boundaries to connect elevated platforms with large-level differences and, where technically feasible, addition of lift towers to PRH blocks built without lift services. The Panel was informed that most of these lift addition projects had been completed as scheduled. In addition, HA would continue to modernize lifts aged over 25 years under the lift modernization programme ("LMP"). LMP would cover approximately 100 lifts each year over the next five years.

47. While supporting the implementation of the Lift Addition Programme and LMP, some members emphasized the need to reduce the inconvenience caused by the installation of lifts and shorten the installation time. There was also the suggestion that HA should consider providing lifts in addition to escalators for the convenience of the elderly and the wheel-chair bound passengers who were unable to use escalators. Some other members were concerned about the performance of some lift maintenance contractors and requested that inspections other than regular maintenance be carried out on the lifts in PRH estates on account of their high usage rate, with a view to ensuring lift safety. Moreover, in order to avoid recurrence of the situation that lifts in PRH estates due for redevelopment had to be demolished shortly after they were installed, some members requested the Administration to consolidate and learn from the experience in this respect, with a view to ensuring that public money would not be wasted.

Improving the living environment of Po Tin Estate

48. Po Tin Estate was completed in 2000 and was originally designed as an interim housing estate. Due to the decline in demand for interim housing, the occupancy rate of Po Tin in 2004 fell to 52.3%. To maximize the utilization of PRH resources, HA endorsed in June 2004 to gradually convert the vacant and any subsequently recovered units in Po Tin Estate into PRH units for allocation after enhancing the building security system.

49. On 3 June 2013, The Panel discussed the measures implemented by HA to improve the living environment of Po Tin Estate. While the Administration claimed that all units of Po Tin Estate were provided with small but functional bathrooms, members criticized that the small bathrooms were substandard and should be improved.

50. The Panel passed two motions on the subject. In the first motion, the Panel "requests the Housing Authority to submit the proposal for enlarging the small bathrooms in the flat units of Po Tin Estate; if this is not possible, to demolish such substandard buildings". The second motion stated that "Given that the facilities of Po Tin Estate are not up to standard, in particular that as its bathrooms are small and of inhuman design, residents have been suffering a lot and easily get hurt, this Panel expresses regret at the Administration for requesting residents to sign declarations for accepting the small bathrooms at the time of intake and disallowing residents to demand for relocation on the above ground; this Panel is of the view that the Administration should immediately improve the design of the bathrooms of Po Tin Estate; if this is not feasible, it should make plan to redevelop the entire Estate and residents should be rehoused in-situ; in addition, the Housing Department should immediately stop requiring residents to sign the declarations."

51. As a follow-up to the meeting, the Administration was requested to conduct a feasibility study on the different ways for enlarging the bathrooms in the flat units of Po Tin Estate and the alternative of redeveloping the entire Estate, and report the outcome to the Panel.

Overcrowding relief in public rental housing estates

52. Under HA's current policy, PRH households with living density of less than 5.5 square metres ("m²") Internal Floor Area ("IFA") per person are considered to be "overcrowded" households. To improve the living conditions of these overcrowded households, HA launches one to two Territory-wide Overcrowding Relief Transfer exercise(s) every year to enable overcrowded households to apply for transfer to larger flats. The transfer arrangement was enhanced in 2005 when the Living Space Improvement Transfer Scheme ("LSITS") was introduced, allowing PRH households living in flats with an average IFA of less than 7 m² per person also a chance to apply for transfer to larger flats. At present, LSITS exercises are launched once a year.

53. The Panel discussed HA's policy on overcrowding relief in PRH. Members generally considered that the threshold of overcrowded households, currently set at 5.5 m² or 7 m² IFA per person, were outdated and should be relaxed. Noting that the IFA per person for households newly allocated with PRH units was much larger, some members opined that such a discrepancy in the living areas of overcrowded PRH households and new PRH household was unfair and might give rise to social disharmony. Some other members suggested that HA should construct more large PRH units so that bigger size households could have a greater chance of transferring to larger flats.

Shau Kei Wan Mixed Scheme Project developed by the Hong Kong Housing Society

54. In view of press reports that the Shau Kei Wan Mixed Scheme Project ("Project H21") developed by the Hong Kong Housing Society ("HKHS") would be put up for sale by the end of 2013 and that the sale prices of the residential units would be very high, the Panel discussed the issues relating to the project in March 2013.

55. The Panel was advised that Project H21 was one of the six urban renewal projects entrusted to HKHS by URA under a Memorandum of Understanding signed between URA and HKHS in December 2002. Project H21 was designed as a mixed development comprising 214 private flats for sale and 60 rental flats for lease. As Project H21 was not a subsidized housing project, HKHS would sell the units to the public at full market price, and without re-sale restrictions. In determining the sale prices of Project H21, reference would be made to transactions of similar properties in the locality, the latest property indexes and the prevailing market condition. Successful purchasers of the private flats would be given the priority to lease the rental flats for their aged parents or family members, thereby enabling the flat purchasers to stay closely with their parents or family members for mutual help and support. The rental flats would also be leased out at market rents.

56. Members were gravely concerned that HKHS, being a non-profit-making organization, after acquiring the site at low cost and displacing affected residents on grounds of urban renewal, would seek to maximize the profits from the project by selling and letting the new flats at full market price nowadays. Members therefore requested the Administration to review the mode of cooperation between HKHS and URA and the arrangements for implementing similar urban renewal projects, with a view to preventing the recurrence of similar situation. They also urged the Administration to take the opportunity to review the role and position of HKHS in the Government's housing policy.

Measures to deal with subdivided flats

57. In view of the plight of the low-income groups living in subdivided flats, the Panel discussed the existing policies to cater for the housing needs of the people living in such flats as well as the measures to deal with the building and fire safety problems posed by such flats. According to the Administration, there were views in the community that subdivided flats had their value of existence as there was a demand in the market for these flats which could provide affordable urban accommodation to those who were not eligible for PRH, or those who wished to live in the urban area which was closer to their workplaces or their children's place of study. It was therefore the

Government's policy to secure the safety of subdivided flats, but not to eradicate all these flats.

58. Some members held the view that the prevalence of subdivided flats arose from the inadequacy in the provision of public housing for low-income groups. Although the Administration was well aware of the problems associated with subdivided flats, it had chosen to tolerate their existence and did not take actions to eradicate them. The Administration was urged to increase the production of PRH units in the next five years beyond its target of 15 000 per year. Some other members also stressed that owners of flats situated in buildings with a prevalence of subdivided flats were exposed to risks of building and fire safety, as well as water seepage. They requested that more should be done to protect the interests of those owners.

59. Members were particularly dissatisfied about the absence of statistics on subdivided flats. They opined that without such information, the Administration could not ascertain the extent of the problem and there would be much difficulty in formulating relevant housing strategies and clearance and rehousing arrangements. Members also criticized the Administration's acceptance of subdivided flats on grounds of their value of existence, given that low-income groups awaiting PRH allocation did not want to live in subdivided flats but had no choice. These members requested for the formulation of a policy to eradicate subdivided flats, cubicles and interim housing units in the long run.

60. The Panel passed a motion strongly requesting that the relevant authorities should expeditiously provide the number of households living in subdivided flats in the territory, their family sizes as well as the number of such flats, so as to review afresh the public housing production to assist low-income families with flat accommodation as soon as possible; and at the same time, the authorities should eradicate subdivided flats in the long run to protect the interests of flat owners. The Administration responded that the LTHS review would examine the housing needs of different groups, including the poorly-housed households. At the Panel's request and in order to enable the LTHS Steering Committee to better understand the scope of the issues involved, resources had been earmarked for engaging an independent research organization to conduct a survey to assess the condition of people living in subdivided units, and to project the number of subdivided flats and households living in those flats in the territory. The Administration subsequently reported the survey findings and submitted the survey report to the Subcommittee on the Long Term Housing Strategy established under the Panel on 30 May and 26 June 2013 respectively for members' discussion.

Others

61. The Panel also discussed the measures to address the overheated property market announced by the Government on 26 October 2012 and 22 February 2013 respectively at the joint meetings held with the Panel on Financial Affairs, the relief measure of paying two months' rent for households living in PRH units as proposed in the 2013-2014 Budget, as well as the proposals to create directorate posts in HD for the establishment of the Sales of First-hand Residential Properties Authority to implement the Residential Properties (First-hand Sales) Ordinance ("SRPA") (Cap. 621) and for the implementation of the new HOS and other related housing initiatives. On 2 July 2013, the Director and Deputy Director of SRPA also reported to the Panel the work of SRPA after two months of implementation of the Ordinance and sought members' views in this respect. The Panel was consulted on two Public Works Programmes, namely, the Public Transport Interchange at Hung Shui Kiu Area 13 and the Community Hall at Sau Ming Road, Kwun Tong.

62. From October 2012 to June 2013, the Panel held a total of 13 meetings, including one joint meeting with the Panel on Development and two joint meetings with the Panel on Financial Affairs. A total of 24 subjects had been discussed.

Council Business Division 1
Legislative Council Secretariat
11 July 2013

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 2012-2013 session

Chairman Hon WONG Kwok-hing, BBS, MH

Deputy Chairman Hon Frederick FUNG Kin-kee, SBS, JP

Members
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Dr Hon Joseph LEE Kok-long, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon WONG Yuk-man
Hon Michael TIEN Puk-sun, BBS, JP
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai (since 4 March 2013)
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Dr Hon Fernando CHEUNG Chiu-hung
Ir Dr Hon LO Wai-kiwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen

(Total : 26 Members)

Clerk Ms Miranda HON

Legal Adviser Miss Kitty CHENG

Date 2 July 2013