

立法會
Legislative Council

LC Paper No. CB(1)601/15-16
(These minutes have been
seen by the Administration and
the Hong Kong Housing Society)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 4 January 2016, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon Christopher CHUNG Shu-kun, BBS, MH, JP (Chairman)
Hon Alice MAK Mei-kuen, BBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon CHAN Hak-kan, JP
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon KWOK Wai-keung
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent : Hon LEUNG Yiu-chung
Hon WONG Yuk-man
Hon WU Chi-wai, MH
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon Fernando CHEUNG Chiu-hung

Public Officers attending : Agenda Item IV

Professor Anthony CHEUNG, GBS, JP
Secretary for Transport and Housing

Mr Stanley YING, JP
Permanent Secretary for Transport and Housing (Housing)

Miss Agnes WONG, JP
Deputy Secretary for Transport and Housing (Housing)

Mr John HUNG
Assistant Director (Strategic Planning)
Housing Department

Mr Thomas CHAN, JP
Deputy Secretary for Development (Planning & Lands)1

Ms Christine TSE
Assistant Director/Special Duties
Planning Department

Agenda Item V

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

Ms Connie YEUNG
Assistant Director (Estate Management) 3
Housing Department

Mr Oliver CHAN
Chief Manager/Management (Project Management)
Housing Department

Agenda Item VI

Mr WONG Kit-loong
Chief Executive Officer and Executive Director
Hong Kong Housing Society

Mr Jacky IP
Director (Property Management)
Hong Kong Housing Society

Mr Daniel LAU
Director (Development & Marketing)
Hong Kong Housing Society

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Ken WOO
Senior Council Secretary (1)5

Ms Michelle NIEN
Legislative Assistant (1)5

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I. Confirmation of minutes

(LC Paper No. CB(1)359/15-16 — Minutes of meeting held on
2 November 2015)

The minutes of the meeting held on 2 November 2015 were confirmed.

II. Information papers issued since last meeting

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

LC Paper No. CB(1)345/15-16(01) — Letter dated 18 December
2015 from Hon WONG
Kwok-hing on the Quota
and Points System

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(Chinese version only)

LC Paper No. CB(1)346/15-16(01) — Joint letter dated 21 December 2015 from Hon Alice MAK Mei-kuen and Hon KWOK Wai-keung on safety of windows in public rental housing units (Chinese version only)

III. Items for discussion at the next meeting

(LC Paper No. CB(1)361/15-16(01) — List of follow-up actions

LC Paper No. CB(1)361/15-16(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 1 February 2016, at 2:30 pm –

- (a) briefing by the Secretary for Transport and Housing on the Chief Executive's 2016 Policy Address; and
- (b) final report of the Hong Kong Housing Authority's Review Committee on Quality Assurance Issues Relating to Fresh Water Supply of Public Housing Estates.

4. The Chairman reminded members of the visit to Tin Yiu Estate of Tin Shui Wai scheduled for Tuesday, 19 January 2016, from 8:55 am to 11:45 am.

(Post-meeting note: On the instruction of the Chairman, the visit to Tin Yiu Estate was rescheduled to Monday, 1 February 2016, from 8:55 am to 11:45 am.)

IV. The Long Term Housing Strategy Annual Progress Report 2015

(LC Paper No. CB(1)335/15-16(01) — Administration's paper on Long Term Housing Strategy Annual Progress Report 2015

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LC Paper No. CB(1)361/15-16(03) — Paper on Long Term Housing Strategy prepared by the Legislative Council Secretariat (background brief)

5. The Secretary for Transport and Housing ("STH") briefed members on the up-to-date implementation of key aspects of the Long Term Housing Strategy ("LTHS") as at December 2015.

(Post-meeting note: A copy of STH's speaking note was issued to members vide LC Paper No. CB(1)387/15-16(01) on 5 January 2016.)

Justification for adjustment of housing supply targets

6. Mr Albert CHAN criticized the Administration for updating the long term housing demand projection on an annual basis in order to avoid a fixed commitment on housing supply. Mr LEE Cheuk-yan opined that the annual update was merely a tactic of the Administration to manipulate the figures.

7. STH responded that as recommended by the LTHS Steering Committee and subsequently set out in LTHS, the Government would update the long term housing demand projection annually and present a rolling ten-year housing supply target in order to capture social, economic and market changes over time and to make timely adjustment where necessary. Hong Kong was still facing supply-demand imbalance in housing, with keen demand from the community for public housing, and property prices and rentals remained at a high level. In this connection, the Government would not scale down its housing production programme, and would continue to spare no efforts in identifying land to meet the long term housing need of the community.

Admin 8. To facilitate the public to keep track of the progress of public housing production, Mr Albert CHAN requested the Administration to provide information on the planned supply of public housing units each year for the coming 10 years, with a breakdown on districts on which the new housing was to be provided, followed by an annual update on the actual delivery figures.

9. Ir Dr LO Wai-kwok declared that he was a member of the Hong Kong Housing Authority ("HA"). He sought justification for the downward adjustment of the housing supply targets. Mr KWOK Wai-keung urged the Administration to assure the public that the supply of subsidized sale flats would not be reduced further. Mr LEE Cheuk-yan was opposed to reducing the supply of subsidized sale flats as this would further aggravate the waiting

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time of public rental housing ("PRH") applicants.

10. STH explained that the updating of housing supply target for 2016-2017 to 2025-2026 was mainly due to the need to take into account the latest domestic household projection published by the Census and Statistics Department in September 2015, which indicated that the net increase in the number of households was less than the years projected before. The 2016 Population By-census would provide more up-to-date and comprehensive data to allow another review on the domestic household projection next year.

Supply of public housing

Public rental housing

11. Mr WONG Kwok-hing asked whether the reduction of 20 000 units in the total housing supply target could instead be turned into increase in the PRH supply target in view of the large number of PRH applicants. Mr KWOK Wai-keung sought the Administration's assurance that the PRH supply target would not be adjusted downwards.

12. STH replied that in view of the increasing number of PRH applicants, the Administration considered it necessary to continue its efforts in increasing and expediting the supply of PRH units while maintaining the split between new public and private housing supply at 60:40. The supply target of PRH units for the coming 10 years would remain unchanged.

13. Mr Frederick FUNG cast doubt on whether HA could meet the ten-year public housing supply target as it needed to produce some 36 000 public housing units yearly during the second five year period from 2021-2022 as opposed to some 15 000 units produced annually at present. The Permanent Secretary for Transport and Housing (Housing) said that HA was capable of producing some 60 000 to 70 000 public housing units a year in the past. The timely supply of land would be essential in achieving the ten-year housing supply target.

Supply of land

14. Noting that the Administration had identified land for the construction of about 255 000 public housing units for the ten-year period from 2016-2017 to 2025-2026, Miss Alice MAK asked how confident the Administration was in securing the land required for producing the remaining 25 000 units. Mr CHAN Kam-lam enquired about the measures to speed up processing rezoning and planning applications. Mr TAM Yiu-chung expressed concern

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about the extent of impact of judicial review cases on public housing production.

15. STH advised that production of several thousand public housing units were currently put on hold due to the judicial reviews on the amendment proposals to the relevant Outline Zoning Plans. The Administration would spare no efforts in consulting local communities and addressing their concerns in order to secure their support for public housing developments.

16. Mr Frederick FUNG asked whether the Administration would develop the vast tract of brownfield sites in the New Territories to meet the land resource needed for public housing, and coordinate inter-departmental efforts in the relevant implementation. The Deputy Secretary for Development (Planning & Lands)¹ replied that brownfield sites were mainly located in the northern and northwestern parts of the New Territories. Rather than developing brownfield sites individually, comprehensive planning and infrastructural enhancement would be necessary before they could be developed for high-density developments including housing and other purposes. It should be noted that a large area of brownfield sites were already encompassed in the Government's medium to long-term land supply projects, such as the Hung Shui Kiu New Development Area ("NDA") (involving 190 hectares ("ha") of such land), Yuen Long South (involving over 100 ha of such land) and Kwu Tung North and Fanling North NDAs (involving about 50 ha of such land). In this regard, inter-departmental coordination was in place in conducting and overseeing the planning and engineering studies for the development of these areas. In addition, a cross-bureau task force led by the Development Bureau was also established to identify more land-efficient ways to optimize the use of land currently occupied by brownfield operations. Notwithstanding this, as it took time to carry out comprehensive planning and infrastructural enhancement for the development of brownfield sites, the most immediate way to augment housing land supply in the short to medium term was to make more optimal use of the developed areas in the existing urban areas and new towns, as well as nearby land in the vicinity of existing infrastructures, including Green Belt sites.

Supply of construction labour

17. Mr CHAN Kam-lam enquired about the ways to bring construction costs down apart from allowing contractors of public housing projects to participate in the Supplementary Labour Scheme. He also requested information on the change in respective per unit cost for producing public and private housing in recent years. STH acknowledged the tight construction labour supply arising from the various infrastructural projects on board, and

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advised that the Labour Department would liaise with HA to seek the support of contractors' applications from the Labour Advisory Board to import workers as and when necessary.

Sale of public rental housing

18. Mr TAM Yiu-chung sought the Administration's latest position in respect of sale of PRH. STH responded that in light of the management problems arising from the Tenants Purchase Scheme ("TPS"), apart from the existing 39 TPS estates, HA had no plan to revive TPS and include new estates. In the 2015 Policy Address, the Chief Executive proposed to HA that suitable flats among its PRH developments under construction be identified for sale to Green Form applicants, who were mainly sitting PRH tenants, in the form of a pilot scheme, known as the Green Form Subsidised Home Ownership Pilot Scheme ("GSH"). A PRH development at San Po Kong had been selected for this purpose. As the whole development would be for sale, GSH would avoid the management problems of TPS.

Allocation of public rental housing

19. Mr LEE Cheuk-yan expressed concern on the long waiting time of PRH applicants. Noting that the average waiting time ("AWT") for PRH applicants had increased to 3.6 years, the Chairman asked whether HA had set a target on the timeframe for the AWT to restore to three years.

20. STH replied that the waiting time varied among PRH applicants depending on their unique circumstances, and HA would consider ways to enhance transparency of the waiting time of PRH applicants. STH reiterated that it was still HA's aim to achieve the target of providing the first flat offer to general applicants at around three years on average in the long run. The Administration would continue its efforts in increasing and expediting the supply of PRH units.

21. Citing the example of a non-elderly one-person applicant whose waiting time had been severely lengthened following the refinements introduced to the Quota and Points System ("QPS") on 1 February 2015, Mr WONG Kwok-hing urged the Administration to consider reviewing QPS to address the issue. STH said that having regard to the recommendations of the LTHS Steering Committee, HA's Subsidised Housing Committee had decided to give priority to QPS applicants who reached the age of 45 in view of their relatively limited upward mobility.

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Private housing

22. Miss Alice MAK agreed to maintain the demand-side management measures. She enquired about the Administration's short-term measures to relieve the rental burden on grassroots tenants in private housing. STH emphasized that the most effective way to address the housing needs of the inadequately-housed households was to increase the supply of public housing, and that introducing other short-term measures, such as tenancy control and rent subsidies, might be ineffective in the midst of tight housing supply. For example, introducing tenancy control might further reduce supply when housing supply was tight, and introducing rent subsidies might benefit the landlords instead.

V. Update on the Drainage Ambassador Scheme

(LC Paper No. CB(1)361/15-16(04) — Administration's paper on update on the Drainage Ambassador Scheme

LC Paper No. CB(1)361/15-16(05) — Paper on Drainage Ambassador Scheme prepared by the Legislative Council Secretariat (background brief)

23. With the aid of PowerPoint, the Assistant Director of Housing (Estate Management)³ ("ADH(EM)³") briefed members on the implementation of the Drainage Ambassador Scheme ("the Scheme") launched by HA in 2003 and 2004 for PRH estates.

(Post-meeting note: Presentation materials (LC Paper No. CB(1)391/15-16(01)) for the item were issued to members on 5 January 2016 in electronic form.)

24. Mr WONG Kwok-hing commended HA for incorporating the on-going drainage pipe inspection into the Total Maintenance Scheme ("TMS"). Noting that PRH estates aged above 30 years would be inspected under TMS, he asked if the inspection could be extended to cover also those slightly below 30 years which had similar problems with the drain pipes. The Deputy Director of Housing (Estate Management) ("DDH(EM)") responded that in view of the satisfactory outcome of the Scheme, HA had decided to incorporate the continuous inspection of drain pipes into the annual inspection, TMS and the

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Responsive In-flat Maintenance Services. Under the prevailing practice, HA's Drainage Ambassadors would conduct annual inspection and repair to the external drain pipes in all PRH estates. For in-flat drain pipes, HA would conduct inspection and repair upon request of individual tenants.

25. Mr WONG Kwok-hing also expressed concern on the common imperfections with the finishing works, and the unpleasant noise in soil pipes due to toilet flushing on the upper floors which was audible to tenants of lower floors and even offices mutual aid committees where these pipes passed by. DDH(EM) undertook to instruct contractors to pay attention to the quality of the works, and to follow up the relevant cases with Mr WONG after the meeting.

26. Pointing out that some tenants of Yau Oi Estate had complained about persistent odour in their toilets and found out that cast iron drain pipes were still in use for the Estate, Mr LEE Cheuk-yan enquired if a timetable was in place to replace such pipes by unplasticized polyvinyl chloride ("uPVC") pipes in all PRH estates. ADH(EM)3 explained that odour in toilets was commonly caused by ageing of horizontal branch pipes. An exercise, tying in with the TMS inspection cycle and expected to be completed in six years, was being conducted to systematically replace cast iron branch pipes by uPVC branch pipes for PRH estates aged above 30 years. Pipe replacement would be carried out for cases complaining odour even for estates aged below 30 years.

27. Mr Albert CHAN opined that the Housing Department ("HD") should set up a team comprising professional staff dedicated for the inspection of cases of water seepage supported by state-of-the-art technology. He also criticized HA for refusing to provide compensation to tenants who suffered losses arising from backflow of soil water. ADH(EM)3 responded that cases of water seepage were handled by HD's professional team aided by appropriate equipment. DDH(EM) advised that most cases of sewage outflow were due to the improper use of the soil pipes by the tenants concerned. HA had taken out insurance to protect the interest of third parties. Arrangements could also be made to provide temporary transfer for the tenants concerned to facilitate maintenance works.

28. Ir Dr LO Wai-kwok sought information on the provision of W-trap system in PRH estates and the public education in place to remind tenants to flush the floor drain with diluted bleaching agent to prevent floor traps from drying up. ADH(EM)3 pointed out that while the provision of W-trap system was limited by the design of existing PRH estates, design enhancements had been made to connect household wash basins to sewage pipes to prevent drying up of floor traps.

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VI. Work of the Hong Kong Housing Society

(LC Paper No. CB(1)361/15-16(06) —Hong Kong Housing Society's paper on rent adjustment of rental estates, senior citizen residences scheme and subsidized sale flats project

LC Paper No. CB(1)361/15-16(07) —Paper on work of the Hong Kong Housing Society prepared by the Legislative Council Secretariat (background brief)

Relevant paper

LC Paper No. CB(1)88/15-16(01) —Referral memorandum from the Public Complaints Office of the Legislative Council Secretariat regarding the possible rental adjustment to be implemented by the Hong Kong Housing Society (Chinese version only) (Restricted to Members))

29. Mr WONG Kit-loong, Chief Executive Officer and Executive Director, Hong Kong Housing Society ("HS") briefed members on HS's senior citizen residences scheme, subsidized sale flats projects, and mechanism for rental adjustment of its rental estates by highlighting the salient points of the information paper.

Mechanism and justifications for rental adjustment

30. Mr WONG Kwok-hing relayed the concerns of 觀龍樓居民租金關注組 on the possible rental increase in April 2016. He said that the residents, mostly elderly, had requested HS to freeze the upcoming rental increase, if any. Mr KWOK Wai-keung said that he had met with HS on its upcoming rental adjustment. He relayed the request of tenants of Kwun Lung Lau for setting the rental increase, if any, at a rate lower than that of the inflation rate. Mr LEE Cheuk-yan, Mr Frederick FUNG and Mr LEUNG Kwok-hung sought HS's assurance on this point. Mr LEUNG also urged HS to seek funding from the Government to finance its new and redevelopment projects in order to ease the pressure for rental increase.

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31. Mr WONG Kit-loong of HS responded that the management of HS had met with tenants of its rental estates to listen to their concern about the upcoming rental adjustment. According to the current mechanism, domestic rents would be reviewed every two years. Rental adjustment was made based on operating costs so that rental income could cover the recurrent management expenses, tenancy administration costs, rents and rates; and provision for major improvement works, repair and maintenance. Tenants' affordability and economic situation would also be considered in determining rental adjustment. The percentage of HS's past rental increments was in fact all lower than that of HA. Mr WONG Kit-loong of HS undertook to reflect members' views to HS's Executive Committee for consideration.

(Post-meeting note: HS announced on 14 January 2016 an increase of rent by 8% for its 20 rental estates commencing 1 April 2016.)

32. Miss Alice MAK considered it unfair to require tenants of HS's rental estates to shoulder the burden of its improvement works and redevelopment projects. Pointing out that HS had made considerable revenue from property sales, she asked whether this could be used to offset the need for the upcoming rental increase. Mr Frederick FUNG expressed similar views.

33. Mr WONG Kit-loong of HS said that in order to improve tenants' living quality, HS had spent about \$2 billion in the past seven years and was going to spend another \$1 billion in the coming five years for extensive rehabilitation and improvement works. HS was also proceeding with the redevelopment of Ming Wah Dai Ha which cost about \$6 billion. Plans for redeveloping the remaining seven estates over the age of 40 years, including Yue Kwong Chuen, were underway, and an enormous budget was required. Being a self-financed organization, HS would need to adopt prudent financial principles to ensure its long-term sustainability. In reply to Mr KWOK Wai-keung, Mr WONG Kit-loong of HS advised that tenants' contribution to the development sinking fund had been removed as a factor of rental adjustment.

Assistance to needy tenants of rental housing

34. Members including Mr WONG Kwok-hing, Mr KWOK Wai-keung and Mr Frederick FUNG were concerned whether HS would consider introducing rent assistance comparable to that currently provided by HA to relieve the rental burden of the needy tenants of its rental estates. Mr LEE Cheuk-yan considered that HS should introduce rental assistance with reference to the eligibility criteria adopted by HA. Mr James TO expressed similar views.

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35. Mr WONG Kit-loong of HS explained that various resources were currently available in the community that rendered appropriate assistance for households with financial difficulties. Given the fact that the rental level of HS's estates was as low as 24% of the market rates, providing rental assistance would mean an additional welfare to tenants. HS, however, remained open on the relevant discussion. Mr Jacky IP, Director (Property Management), HS added that HS's service coordinators, who were registered social workers and based at the estate offices, had been providing useful assistance to needy tenants. Apart from providing counseling and making referrals for cases of family conflicts, health or mental problems, the service coordinators also attended to cases of financial difficulties, and had made useful referrals and helped tenants with difficulties to obtain assistance in cash or in kind from the Government or other organizations. The existing mechanism for assistance was considered effective.

36. At the request of the Chairman, Mr WONG Kit-loong of HS undertook to put up the agenda item of providing assistance to needy tenants of rental estates for discussion of HS's Executive Committee.

Quality housing for senior citizens

37. Mr TAM Yiu-chung asked about the market response to The Tanner Hill project of HS targeted at senior citizens. Mr WONG Kit-loong of HS replied that the response to The Tanner Hill project was similar to that of the pilot projects launched under the Senior Citizen Residence Scheme in 2003, both adopting the "lease for life" concept, and was within expectation. It took time for the target group to familiarize themselves with such a mode of residence which was relatively new to Hong Kong.

38. Mr LEUNG Kwok-hung and the Chairman shared the view that HS should attend to the wider needs of the community by concentrating its business on rental housing and subsidized sale housing. Mr WONG Kit-loong of HS assured members that HS would keep focusing its work on the provision of rental housing and subsidized sale housing as well as the redevelopment of aged rental estates.

VII. Any other business

39. There being no other business, the meeting ended at 5:00 pm.