

# 立法會

## *Legislative Council*

LC Paper No. CB(1) 602/99-00  
(These minutes have been seen  
by the Administration)

Ref: CB1/PL/HG/1

### **Panel on Housing**

#### **Minutes of special meeting held on Monday, 12 July 1999, at 4:30 pm in Conference Room A of the Legislative Council Building**

- Members present** : Hon LEE Wing-tat (Chairman)  
Hon HO Sai-chu, SBS, JP  
Hon Edward HO Sing-tin, SBS, JP  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon NG Leung-sing  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon Ronald ARCULLI, JP  
Hon James TO Kun-sun  
Hon CHAN Yuen-han  
Hon CHAN Kam-lam  
Dr Hon YEUNG Sum  
Hon LAU Kong-wah  
Hon Timothy FOK Tsun-ting, SBS, JP  
Hon TAM Yiu-chung, GBS, JP
- Members absent** : Hon Gary CHENG Kai-nam, JP (Deputy Chairman)  
Hon David CHU Yu-lin  
Hon Albert HO Chun-yan  
Hon LEUNG Yiu-chung  
Hon Andrew WONG Wang-fat, JP  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah

**Public officers attending : For Item II**

Housing Bureau

Mr M L WAN, Principal Assistant Secretary for Housing (Project Management) (Acting.)

Housing Department

Mr John Y N CHIU, Project Director/East

Mrs Connie LAI, Chief Planning Officer

Planning Department

Mr S M LAU, Assistant Director/Housing and Land Supply

**For Item III**

Housing Bureau

Miss Sandy CHAN, Principal Assistant Secretary (2)

Housing Department

Mr H T FUNG, Assistant Director/Management (3)

Mr K H WONG, Chief Manager/Management (Support Services 2)

**For Item IV**

Housing Bureau

Miss Sandy CHAN, Principal Assistant Secretary (2)

Housing Department

Mr H T FUNG, Assistant Director/Management (3)

Mr S T CHEN, Chief Manager/Management (Support Services 1)

**Clerk in attendance** : Ms LEUNG Siu-kum, Chief Assistant Secretary (1)2

**Staff in attendance** : Miss Becky YU, Senior Assistant Secretary (1)3

## **I Information paper issued since last meeting**

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

## **II Use of recreational areas for construction of public housing blocks**

(LC Paper No. CB(1) 1692/98-99)

2. Mr Fred LI questioned the policy intent behind the use of open spaces in public rental housing (PRH) estates to build HOS blocks. The Principal Assistant Secretary for Housing/Project Management (Acting) (PAS for H/PM (Ag)) stressed that the Administration was committed to its pledge for annual provision of 50,000 public housing units despite a current review on the ratio between the provision of Home Ownership Scheme (HOS) and public rental housing estates. As regards open spaces in PRH estates, PAS for H/PM (Ag) clarified that some of these open spaces were actually sites previously reserved for Government, Institution and Community (GIC) uses. Some of them were no longer required because they could not meet the present day requirements for the proposed GIC uses or comparable facilities had already been made available in the vicinity. To ensure the best and most effective use of the valuable land resource to meet the demand for public housing, consideration was given to use these sites for public housing development. At members' request, the Administration undertook to provide a list of PRH estates where open spaces had been or would be used for public housing development.

*(Post-meeting note: The list was circulated vide LC Paper No. CB(1) 1899/98-99.)*

3. Messrs Fred LI and LAU Kong-wah did not agree that the Administration should use GIC sites or open spaces in PRH estates to build HOS flats as this would inevitably affect the living standards of existing tenants. By way of illustration, the building of two HOS block on a site in Phase 6 of Lam Tin Estate which was originally identified for a bus terminus and commercial centre with recreational deck above, would intensify the existing high population density in the vicinity and would block the views of some tenants. It was unfair to tenants concerned as they had never been informed of the development before moving into the estate. Mr Edward HO however remarked that it would be impracticable for tenants to expect status quo for their views given the rapid development in Hong Kong. The important point was to ensure that the development was in compliance with the prevailing planning standards. The Chief Planning Officer advised that as large-scale redevelopment housing projects such as the Lam Tin Estate redevelopment were usually implemented by phases over a long period of time, the population profile would change over time. This might lead to a drop in population density. In order to optimize the use of land resource, some reserved GIC sites or open spaces in these estates might be used for public housing development if they were no longer required. PAS for H/PM (Ag) assured members that the Administration would carefully consider the interest of local residents before a decision was made to change the use of GIC sites.

4. Noting that the Administration had turned down a similar proposal to build two additional PRH blocks in Phase 6 of Lam Tin Estate in the past, Mr CHAN Kam-lam asked if there were any changes in the development parameters which prompted the introduction of the two HOS blocks now. He also enquired about the approval procedure for the use of GIC sites or open spaces for housing development. In reply, the Assistant Director/Housing and Land Supply (AD/H&LS) confirmed that all public housing developments were subject to the Government's project approval procedure. In accordance with the procedure, the Housing Department (HD) was required to prepare the development parameters for each project in compliance with the Hong Kong Planning Standards and Guidelines (HKPSG). These parameters would be circulated to relevant departments for inter-departmental consultation before they were submitted to the District Planning Conference (DIPCON) chaired by the Planning Department for approval. Based on the approved development parameters and concept plans, HD would work out the detailed layout of the public housing project. Under normal circumstances, subsequent addition of housing blocks to the layout plan without involving any change in the approved land use would not require endorsement by the Town Planning Board (TPB). However, should there be changes in the land use zoning, endorsement by TPB would be necessary. To facilitate a better understanding, the Administration was requested to provide detailed information on the parameters and approval procedure for the use of GIC sites or open spaces for public housing development and the role of HA and HD in the approval process.

*(Post-meeting note: The required information was circulated vide LC Paper No. CB(1) 1899/98-99.)*

5. Mr HO did not agree that housing blocks and GIC facilities within a public housing development should come under the same land use zoning. He held the view that the use of sites previously reserved for GIC such as schools, community centres and roads to build housing blocks was in fact a change in the land use and should be subject to the approval of TPB as was the case with Tai Koo Shing. The procedure of seeking TPB's approval could enhance tenants' understanding on the need for the change in land use and alleviate their resentment against the change. Mr TAM Yiu-chung opined that the Administration should review the existing practice of using open spaces in PRH estates for housing development taking into account tenants' sentiment. Expressing similar concerns, Mrs Selina CHOW considered that the use of low density GIC sites for high density housing blocks was a violation of the original layout plans. She urged the Administration to re-examine whether HA should be given the discretion to alter the use of GIC sites within PRH estates without the need to undergo an established approval mechanism. PAS for H/PM (Ag) advised that the more frequent use of GIC sites in PRH estates for housing development was attributed to the need to optimize the land resource to meet the rising demand in flat production. Mr LAU opined that instead of increasing the density of existing PRH estates, the Administration should consider developing more new land for housing. PAS for H/PM (Ag) affirmed that the Administration was committed to identifying sufficient land, including new land, for the 13-year rolling flat production programme. For the period from now to March 2006, sufficient land had been allocated to meet the announced production target of 50,000 public housing flats per year.

6. Ms CHAN Yuen-han expressed concern that the standard for the provision of local open space for tenants would be compromised in the event that open spaces in PRH estates were used for housing development. AD/H&LS assured members that when considering any adjustments to the layout plan of PRH estates, the Administration would ensure that the HKPSG's requirements, including the one on local open space of one square metre per person, would be met.

7. Given that many infill sites in PRH estates had already been used to build one-person units for elderly singleton PRH tenants, the Chairman considered that if open spaces in PRH estates were to be used for public housing development, it would inevitably affect the living standards of existing tenants. He urged the Administration to reconsider the policy taking into account members' views. In the meantime, the Administration should suspend all public housing projects on open spaces in PRH estates, except for those which had been tendered, until the policy was further examined by the Panel in the coming LegCo session. PAS for H/PM (Ag) took note of members' view.

### **III Affordability of tenants in public housing estates**

(LC Paper Nos. CB(1) 1235/98-99(07), 1414 and 1692/98-99(02) to (05))

8. Dr YEUNG Sum was not convinced that the overall median rent-to-income (MRIR) ratio of PRH tenants should rise from 8.6% in 1997/98 to 9.2% 1998/99 when their respective median household income had dropped from \$13,700 to \$13,000 amid the economic downturn. He pointed out that although the Housing Ordinance had stipulated that the overall MRIR of all PRH tenants should not exceed 10% after any rent adjustment, 12% of these tenants were paying more than 20% of their income for rent. To alleviate the financial hardship of PRH tenants, Dr YEUNG opined that there was a need for HA to seriously consider reducing the rents of all PRH tenants since the granting of the one-year rent increase waiver was still inadequate to assist tenants in tiding over the period of economic adjustment.

9. In reply, the Principal Assistant Secretary for Housing (2) (PAS for H (2)) advised that apart from the one-year rent increase waiver, other forms of assistance were also made available for needy tenants. These included the Rent Assistance Scheme (RAS), under which tenants in temporary financial hardship and whose RIRs exceeding 25% could apply for rent assistance. For those who had long-term financial hardship, they could apply for Comprehensive Social Security Assistance (CSSA) under the Social Welfare Department (SWD). The Assistant Director/Management (3) ((AD/M (3)) added that HA had considered the suggestion of rent reduction and concluded that this might not be necessary as over 90% of PRH tenants had already benefited from the one-year rent increase waiver. Moreover, the existing rent relief measures had already caused significant financial impact on HA. He reminded members that HA was obliged under section 4(4) of the Housing Ordinance to ensure that the revenue accruing to it from its estates should be sufficient to meet its recurrent expenditures on its estates. Further rent reduction would compel HA to incur greater deficit in meeting the recurrent expenditures of its estates. The Chairman did not accept the Administration's explanation. He remarked that a deficit would not be incurred if revenue from HOS blocks and commercial

premises managed by HA were used to meet the recurrent expenditures. Dr YEUNG also opined that the spirit of the Ordinance was to ensure fiscal balance of HA over a period of time but not prohibiting HA from introducing additional rent relief measures. He illustrated his point by drawing an analogy with the deficit budget made under the Draft Estimates which was considered as still complying with Article 107 of the Basic Law. AD/M (3) clarified that as the expenditures referred to under section 4(4) of the Housing Ordinance specifically related to revenue and recurrent expenditures of PRH estates, these should be separated from other accounts.

10. As regards newly completed estates, Mr TAM Yiu-chung considered that the rents for new PRH estates were too high. He expressed concern that sitting tenants who had been re-housed to new PRH estates upon redevelopment had to pay much higher rents than before. The situation would be further aggravated in the event of future rent increases. Expressing similar concern, Mr CHAN Kam-lam considered that as the rents for new estates were set in 1997 when the property prices were very high, the Administration should reduce the rents now to reflect the present situation. In reply, AD/M (3) clarified that PRH rents were determined on the basis of tenants' affordability and had no correlation with the property market. The higher rents for new estates were to reflect the better design and more spacious living conditions of these estates. He advised that rents for newly completed estates were capped at MRIRs of 15% and 18.5% for the minimum space allocation standards of five-and-a-half square metres and seven square metres per person respectively. That apart, prospective tenants who could not afford the rents of the new estates could choose refurbished flats at lower rents whereas tenants in temporary financial hardship could apply for rent reduction under RAS. Mr CHAN was not convinced of the Administration's response having regard to the limited supply of refurbished flats. In addition, these flats would also be due for redevelopment soon. Given that RAS was only a temporary relief measure, Mr TAM opined that this might not be able to meet the need of elderly tenants who had no earning ability. He therefore urged HA to consider devising separate rent-setting criteria for elderly tenants. To facilitate members' understanding, the Administration was requested to provide information on the MRIR of households affected by redevelopment before and after they moved to new PRH estates by household size and by block type.

*(Post-meeting note: The Administration's reply was circulated vide LC Paper No. CB(1) 1941/98-99.)*

11. With the overall MRIR for new estates exceeding 10%, Mr CHAN remarked that HA might have to reduce rents in the future in order to maintain the overall MRIR of all PRH estates below the permissible ceiling of 10%. AD/M (3) admitted that the rate of rent increases was expected to slow down in future, and that HA would need to look into measures such as increasing productivity, enhancing efficiency, controlling expenditure as well as streamlining the organizational structures to make up the shortfall in revenue.

12. Ms CHAN Yuen-han expressed concern about the significant difference in rents between old and new PRH estates. By way of illustration, the rent of a 20-square-metre flat in Wong Tai Sin Estate before redevelopment was \$700 while the rent of a 43-square-metre flat in the same estate after redevelopment was \$2,700. She therefore considered

that there was a need for HA to review the MRIR ceilings of 15% and 18.5% for new PRH estates as they contravened the Housing Ordinance which stipulated that the overall MRIR of all PRH estates should not exceed 10%. In response, PAS for H (2) stressed that the Administration adhered great importance to ensure that all the requirements under the Ordinance were complied with. Moreover, despite the MRIR ceilings, the prevailing overall MRIR of all new PRH estates was less than 15% which was better than some developing countries where tenants in public housing flats had to pay more than 20% of their income for rent. AD/M (3) supplemented that the present PRH rents were about 26% of the assessed market rents. In fact, 75% of PRH tenants were paying a monthly rent of less than \$1,500. The low rents had been made possible because of heavy subsidy by HA. PAS for H (2) cautioned that any downward adjustment to MRIRs for new PRH estates without regard to tenants' affordability would inevitably incur additional public resources which was unfair to non-PRH tenants. Mr LEE Cheuk-yan however remarked that the use of resources on public housing was worth pursuing as it had not only helped maintain social stability but also enabled many families to accumulate wealth.

13. Ms CHAN considered a direct comparison on MRIRs between Hong Kong and some developing countries inappropriate as the Administration failed to take into account the welfare systems in these countries. She was disappointed that the Administration should turn a blind eye on tenants' hardship in coping with the high rents of new PRH estates amid the economic downturn. Expressing similar concern, Mr LEE pointed out that a 4-person family with a monthly household income of \$10,000 living in a one-bedroom flat in new PRH estates would have to pay a monthly rent as high as \$2,110 representing a RIR of over 20%. In reply, PAS for H (2) stressed that the Government was committed to assisting tenants to tide over the period of economic adjustment and therefore had introduced a series of rent relief measures such as the one-year rent increase waiver, RAS and CSSA to achieve the purpose. On the application criteria for RAS, PAS for H (2) clarified that apart from those with RIR exceeding 25%, PRH tenants with household income below 50% of the Waiting List Income Limit (WLIL) or with household income between 50% and 60% of WLIL and RIR exceeding 15% were also eligible for RAS. Ms CHAN and Mr LEE however pointed out that many tenants although having genuine hardship, could not meet the application criteria for RAS.

14. Mr Fred LI remarked that in addition to the high rents of new PRH estates, households affected by redevelopment were also concerned about the heavy financial burden arising from the requirement for deposit and renovation upon re-housing to new PRH estates. To this end, the Chairman suggested that instead of imposing the new rents on these households immediately after the re-housing to new PRH estates, the Administration should consider increasing the rents by phases. PAS for H (2) undertook to consider the suggestion.

*(Post-meeting note: The Administration's reply was circulated vide LC Paper No. CB(1) 1941/98-99.)*

15. Mr CHAN Kam-lam opined that the Administration should consider relaxing the age restriction on PRH blocks to be included under the Tenants Purchase Scheme so that tenants who intended to buy the PRH flats could be relieved from paying rents as soon as

possible. Ms CHAN however said that Members of the Hong Kong Federation of Trade Unions were opposed to the inclusion of new redeveloped estates into the Buy-or-Rent Option as this would reduce the supply of PRH flats to the affected tenants.

#### **IV Cessation of “tenants to pay repair services” scheme provided by the Housing Department**

(LC Paper No. CB(1) 1692/98-99(03), (06) and (07))

16. The Chief Manager/Management (Support Services 1) (CM/M (SS1)) agreed with Mr CHAN Kam-lam’s observation that the decision to discontinue the “Tenant-to-pay Repair Service” Scheme was made because of the drop in the number of requests for minor repair under the Scheme. He informed members that of the some 400,000 repair orders processed by HD in 1998, only 19,812 (4.8%) cases were under the “Tenant-to-pay Repair Service” Scheme. As regards the workload of estate artisans, CM/M (SS1) advised that as the duties of estate artisans had been expanded following a recent review, their workload would not be reduced as a result of the cessation of the Scheme.

17 Ms CHAN Yuen-han opined that the cessation of the Scheme had caused much inconvenience to PRH tenants, particularly to those elderly and disabled tenants who had difficulty in making their own repair arrangements. CM/M (SS1) clarified that although the Scheme had been ceased with effect from 1 April 1999, repair service would continue to be provided to elderly and disabled tenants on a cost recovery basis. CSSA recipients who had difficulty in shouldering the expenses could apply for supplementary grant from SWD. For elderly tenants who could not afford to pay for the repair service, HD would refer them to St. James Settlement which had agreed to offer low cost or even free repair and maintenance service to the needy. Mr Fred LI however pointed out that some HD staff in Tsui Ping North Estate had declined to provide repair service to elderly tenants after cessation of the Scheme. CM/M (SS1) took note of Mr LI’s concern but advised that internal guidelines had been issued to clarify any misunderstanding on the current arrangements among HD staff. AD/M (3) also undertook to follow up the cases in Tsui Ping North Estate. On the definition of elderly tenants, CM/M (SS1) advised that this referred to those tenants who aged over 60.

18. Ms CHAN expressed concern that private tradesmen had substantially increased their repair costs after cessation of the “Tenant-to-pay Repair Service” Scheme. By way of illustration, some private tradesmen would charge \$1,000 for replacing flushing cisterns while HD would only charge \$325 for the same job. CM/M (SS1) advised that contrary to Ms CHAN’s remarks, information showed that the repair costs of HD were usually higher than that of private tradesmen as HD had to recover the staff cost required to monitor the work of its contractors. To ensure that repair costs of private tradesmen were maintained at a reasonable level, HD would examine regularly the provision of private tradesmen in PRH estates. In case of inadequate provision of a particular trade in an estate, the Commercial Properties Division of HD would explore the possibility of introducing more operators to the estate with a view to increasing competition. A list of private tradesmen who were operating either within or in the proximity of the estate concerned had been put up in every estate office to facilitate tenants to obtain the

necessary repair service. The Chairman however pointed out that it might not be possible to introduce competition to estates in remote areas such as Tung Chung. On members' request for a comparison on the difference in repair costs between private tradesmen and HD after cessation of the Scheme, CM/M (SS1) considered it not feasible to compile such information having regard to the large number of tradesmen in Hong Kong and the wide ranges of works involved.

19. Noting that tenants were required to repair their main doors after cessation of the "Tenant-to-pay Repair Service" Scheme while HD would renew the main doors under the Condition Appraisal Repair Examination (CARE), Mr LI enquired about the difference between these two arrangements. CM/M (SS1) advised that CARE was carried out every six years. He added that a clear delineation on the repair and maintenance responsibilities between HD and tenants was under preparation. In general, repairs of water pipes, sewers, falling concrete, windows and main doors etc would come under the purview of HD. However, repair of damages to main doors not of fair wear and tear nature would be the responsibility of tenants concerned. As to whether tenants had to engage licensed technicians to carry out the repair works, CM/M (SS1) advised that as tenants were only responsible for minor maintenance and repairs, employment of licensed technicians might not be necessary. At members' request, the Administration undertook to provide a list of the repair items to be carried out by HD and tenants respectively.

*(Post-meeting note: The list was circulated vide LC Paper No. CB(1) 1766/98-99.)*

**V Any other business**

20. There being no other business, the meeting ended at 6:37 pm.

Legislative Council Secretariat

13 December 1999