

立法會
Legislative Council

Revised

LC Paper No. CB(1) 1148/99-00
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

LegCo Panel on Housing

Minutes of meeting
held on Monday, 3 January 2000, at 4:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon LEE Wing-tat (Chairman)
Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon David CHU Yu-lin
Hon Ho Sai-chu, SBS, JP
Hon Albert HO Chun-yan
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
Hon LEUNG Yiu-chung
Dr Hon YEUNG Sum
Hon SZETO Wah

Members absent : Hon Edward HO Sing-tin, SBS, JP
Hon Andrew WONG Wang-fat, JP

Public officers : **For item IV**
attending

Housing Bureau

Miss Sandy CHAN, Principal Assistant Secretary (2)

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Housing Department

Mr FUNG Ho-tong, Assistant Director/Management (3)

Mr CHENG Yau-tim, Chief Manager/Management (SS2)

For item V

Housing Bureau

Miss Sandy CHAN, Principal Assistant Secretary (2)

Housing Department

Mr Chris GABRIEL, Chief Architect/Design & Standards

For item VI

Housing Bureau

Miss Sandy CHAN, Principal Assistant Secretary (2)

Housing Department

Mr Tony MILLER, Director

Mr Marco WU, Deputy Director (Management)

Miss Jennifer MAK, Director Corporate Services

For item VII

Housing Bureau

Ms Lorna WONG, Principal Assistant Secretary (Housing Strategy)

Housing Department

Mr Ray BATES, Deputy Director/Works

Clerk in attendance : Mrs Mary TANG, Chief Assistant Secretary (1)6

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

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I Confirmation of minutes of previous meeting
(LC Paper No. CB(1) 681/99-00)

The minutes of the meeting held on 20 October 1999 were confirmed.

II Information issued since last meeting

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

III Date of the next meeting and items for discussion

3. Members agreed to hold the next regular meeting on Thursday, 17 February 2000, at 10:45 am to discuss the following:

- Demand for public and private housing; and
- Housing standards of domestic buildings in Hong Kong.

The Chairman also invited members to indicate their suggestions for any overseas visits to be conducted by the Panel for the 1999/2000 session at the next meeting.

IV Extension of existing rental period for tenants who stayed in their public rental housing units after allocation of subsidized home ownership flats
(LC Paper No. CB(1) 682/99-00(01))

4. Mr LEUNG Yiu-chung noted that there was a change in policy in the period given to tenants of public rental housing (PRH) flats for the surrender of their flats after purchase of a subsidized home ownership (SHO) flat. He questioned the rationale for shortening the surrender period to one month. In response, the Assistant Director/Management (3) (AD/M(3)) clarified that the time frame for the surrender of PRH flats before the introduction of the revised policy in January 1999 was two months. The objectives of the revised policy were to ensure timely recovery of PRH flats so that public housing resources could be put to maximum use, and to prevent tenants who were already in possession of SHO flats from enjoying double housing benefits through the prolonged stay in PRH flats. Mr LEUNG did not accept the Administration's explanation. He pointed out that tenants affected by redevelopment were also subject to the revised policy upon re-housing even though their PRH flats were no longer required for re-allocation. Besides, there were circumstances under which tenants were not given two full months to surrender their PRH flats. By way of illustration, they were only given keys to SHO flats near the end of the first month.

5. Members considered that the one-month period for tenants to surrender their PRH flats upon successful purchase of SHO flats was too short taking into account the time required for decorating the SHO flats. Mrs Selina CHOW cautioned that the situation

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would be further aggravated in the event of implementation of the “basic shell” concept under the Home Ownership Scheme (HOS). She opined that a longer period, i.e. two months, should be given to tenants to surrender their PRH flats. AD/M(3) advised that tenants were allowed to apply for extension of stay for a maximum period of two months after expiry of the one-month period. The maximum time allowed for PRH tenants to surrender their flats was three months. He confirmed that about 33% of tenants were able to vacate their PRH flats within the one-month period after purchase of SHO flats.

6. Mr LEUNG Yiu-chung however pointed out that tenants who applied for extension of stay were required to pay an occupation fee equivalent to three times the net rent plus rates. This would add on to their financial burden as they had to make repayment for the mortgage at the same time. Expressing similar concern, Mrs Selina CHOW and Mr Fred LI did not agree with the Administration that tenants who were in possession of SHO flats would enjoy double housing benefits through the prolonged stay in PRH flats tenants as they had to pay three times their rents plus rates. Mr CHAN Kam-lam considered that there was a need for the Administration to ascertain the reason why the remaining 67% of tenants were not able to surrender their PRH flats within the one-month period. Consideration should also be given to allowing tenants to pay the normal rent until the expiry of the three-month period upon which direct resumption of the flats should be effected. At members’ request, the Administration was requested to provide:

- the number of applications for extension of stay received since the introduction of revised policy; and
- a breakdown of the different circumstances under which PRH flats were recovered as against the respective time frames for the surrender of these flats.

(Post-meeting note: The Administration’s response was circulated vide LC Paper No. CB(1) 1064/99-00.)

7. As regards the turnover time for the allocation of recovered PRH flats, the Principal Assistant Secretary (2) advised that as it would take an average of 57 days to refurbish the flats, allocation could take place within two months. To facilitate members’ understanding, the Administration undertook to provide an information paper on the progress of reducing the turnover time over the past years. Members also requested the Administration to consider the possibility of extending the existing rental period to two months.

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8. Members remained of the view that the revised policy of requiring PRH tenants to surrender their flats within one month after the purchase of SHO flats and to pay three times the rent plus rates during the extended period of stay was too harsh. AD/M(3) advised that the policy was currently under review. He assured members that their views would be taken into consideration in the context of the review. Members would be informed of the outcome of the review in due course.

V Home Ownership Scheme Blocks - Purchasers' choice on standard of fittings and provisions

(LC Paper No. CB(1) 682/99-99(02))

9. At the Chairman's invitation, the Chief Architect/Design & Standards (CA/D&S) highlighted the salient points in the information paper. He said that in response to the increasing concern about the wastage of resources arising from the removal of fixtures in HOS flats, HA had proposed three packages of choices, namely the "Basic Shell" Option, the Standard Option and the Upgraded Option, to be offered to each of the three standard HOS Block designs, viz the Harmony Blocks, New Cruciform Blocks. and Concord Blocks for selection by prospective purchasers during the sale of flats. To solicit customers' views on these packages of choices, public consultation would be conducted in January and February 2000. The scope of the final range of choices and the implementation details would be decided upon completion of the public consultation.

10. While agreeing that public consultation was necessary, Dr YEUNG Sum expressed concern on how a balance could be achieved if survey results indicated that a vast majority of respondents were in favour of the "Basic Shell" or the "Upgraded" Option. CA/D&S replied that although it was too premature to predict the results at the present stage, he envisaged that there was unlikely to be a high preference for the "Basic Shell" Option since a large proportion of purchasers were not able to spend a lot of money to re-fit out their flats. Nevertheless, HA would consider offering the "Basic Shell" Option as a choice if there was a preference for it. Mr CHAN Kam-lam however expressed reservation at the "Basic Shell" Option since many HOS buyers would prefer moving into the flats as soon as possible without spending too much time and money on decoration. As regards the "Upgraded" Option, CA/D&S advised that the proposed provision of electrical appliances under this option might be a problem having regard to the relevant requirements under the World Trade Organization. The "Upgraded" Option without appliances was also included in the consultation. The "Upgraded" Option might be dropped if respondents did not have strong preference for it.

11. Mrs Selina CHOW enquired about the difference between the "Standard" and the "Upgraded" Options. CA/D&S explained that the former was an extension of the Concord Block standard for fittings and provisions to all HOS block types while the latter was an upgraded version of the "Standard" Option and might include proprietary kitchen cabinets, the provision of electrical appliances and feature light fittings in kitchens and bathrooms. The objective of the "Upgraded" Option was to bring HOS flats on a par with some smaller private sector developments. Given that fittings could be done in a modular fashion nowadays, Mrs CHOW considered that instead of requiring purchasers to choose between the two options, HA should allow purchasers to select different fitting modules to meet their individual needs. In reply, CA/D&S cautioned that the proposal put forward by Mrs CHOW would inevitably affect the construction programmes of HOS. He added that although it was HA's intention to offer wider choices to HOS buyers, these had to be kept to a relatively simple range to minimize disruption to the HOS programme. At present, buyers' choices were restricted to the fittings of kitchens and bathrooms. Other choices such as colour of tiles could not be offered in view of the long delivery period of tiles. Mrs CHOW was not convinced of the Administration's response. She

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pointed out that the crux of the problem of demolition of fixtures in new HOS flats was the lack of choices for buyers. To reduce possible wastage of resources, more choices in terms of colours and materials of fittings should be offered to buyers.

12. Mr CHAN Kam-lam took a different view and remarked that the problem of wastage was in fact a reflection of the poor quality of design and materials of fittings in HOS flats. Therefore, instead of offering wider choices to buyers, efforts should be made to improve the quality of HOS flats. CA/D&S noted Mr CHAN's concern and advised that the Concord Block type designed in 1996 was a significant attempt to upgrade the quality of HOS flats. The amount of fitting out carried out so far by purchasers in the first completed Concord Blocks at Wo Ming Court in Tseung Kwan O was relatively small. By way of illustration, only 3% of owners had discarded their metal gates which was a significant improvement when compared with previous surveys conducted in other block types. Nevertheless, there was no room for complacency as the reduction in fitting out works by HOS buyers might be due to the recent economic downturn. HA would continue to update the standard of finishes and fittings of HOS flats on a regular basis in order to keep up with the feedback from public consultation, opinion survey, the property industry and material supply trends.

13. Mr NG Leung-sing however emphasized the need to strike a balance between the price and quality of HOS flats taking into account the affordability of prospective buyers. To ascertain the expectation of buyers, Mr NG considered it useful for HA to conduct surveys on the average expense which HOS buyers had spent on decorating their flats over the past two years. CA/D&S replied that the average figure from the opinion survey conducted in late 1998 covering some 800 HOS owners was \$150,000. He added that apart from opinion surveys to determine the customers' expectation, mock-up flats in respect of new designs and major changes to standard designs had been provided by HA to facilitate public consultation. Noting the desire of customers to see the actual flats, consideration was being given to building show flats on site for every future HOS development.

Admin 14. To follow-up the issue, the Chairman requested and the Administration agreed to report to the Panel the outcome of the public consultation on the three proposed packages of choices.

VI Re-organization of the Housing Department and retention of four supernumerary directorate posts
(LC Paper No. CB(1) 682/99-00(03))

Re-organization of the Housing Department (HD)

15. Members noted that one of the main features of the reorganization of HD was the merger of the management and maintenance functions under the Management Branch. Mr Fred LI questioned the effectiveness of the merger scheme, particularly when there were still divergent views between estate management and maintenance (EMM) staff on issues such as whether the tenants or HD should be responsible for repairing the main

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doors of PRH flats. In reply, the Director of Housing (D of H) said that positive response from the Estate Management Advisory Committees had been received since the introduction of the scheme. The Deputy Director (Management) (DD/M) added that staff from both the management and the maintenance divisions welcomed the merger as this had resulted in better working relationship and team spirit. As regards repairs of main doors of PRH flats, DD/M advised that this would generally 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.

16. The Chairman considered that the Administration should review its performance pledges in respect of management and maintenance matters taking into account the improvement in operational efficiency and quality of service brought forward by the merger scheme. D of H confirmed that all performance pledges had been tightened consequent upon the introduction of the scheme.

Retention of supernumerary posts

17. On the post of Deputy Director/Works (DD/W), Dr YEUNG Sum asked if this was retained for the implementation of the private sector involvement (PSI) in EMM services. D of H clarified that the DD/W post had no direct relationship with the PSI exercise. It was created to provide strategic input in the “works” area and oversee the operation of the Development & Construction Branch as well as the Allocation & Marketing Branch. Given the scale of the peak in flat production, allocation and marketing as well as the number of crucial initiatives, including a review on the mechanism for monitoring the quality of public housing, would reach maturity next year, HD considered that there was a need to retain the DD/W post for another year, after which the post would lapse. On the PSI exercise, D of H said that this fell under the remit of DD/M. He added that although HA had endorsed the broad direction of greater PSI in EMM services, the scale and pace of implementation of the PSI exercise had yet to be decided. As regards staff’s reaction to the PSI exercise, D of H advised that they were still awaiting the decision of HA which was expected to be announced in the coming two months.

18. Ms CHAN Yuen-han expressed concern that HD would re-apply for the creation of the DD/W post if another peak in flat production was anticipated in future. In reply, D of H said that this would not be the case as the flat production would become steady with sufficient and even supply of land for housing.

19. On the post of Assistant Director/Tenants Purchase Scheme (AD/TPS), Mr LEUNG Yiu-chung questioned the need for the post if it was retained to resolve technical and administrative issues arising from TPS. D of H clarified that AD/TPS was currently reviewing the overall policy of TPS, including the issues referred to, and would start planning for the TPS programme beyond 2003/04. In view of the importance of TPS to achieve the housing objective of encouraging wider ownership, it was proposed that the AD/TPS post be retained for another year, after which the post would lapse. Mr LEUNG however remarked that the post would have to be retained for more than one year if this was to deal with TPS programme beyond 2003/04. D of H advised that the outstanding work of AD/TPS would be absorbed by the Assistant Director/Allocation and

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Home Ownership after expiration of the proposed one-year period. Mr LEUNG remained unconvinced of the Administration's response.

20. On the post of Principal Executive Officer/Business Development (PEO/BD), Ms CHAN Yuen-han expressed concern that as PEO/BD was mainly responsible for the PSI in EMM services which would affect the job of HD's staff, Members' support for the retention of the post might be misinterpreted as support for the PSI exercise. Ms CHAN therefore had reservations on the retention of the post. D of H reiterated that as HA had already endorsed the broad direction of greater PSI in EMM services, HD considered that there was a definite need to retain the PEO/BD post to provide full-time directorate support for the implementation programme.

VII Overall supply of public housing flats
(LC Paper No. CB(1) 682/99-00(06))

21. The Principal Assistant Secretary for Housing (Housing Strategy) (PAS for H(HS)) briefed members on the information paper. She emphasized that both the concept of mixed development and proposed partial replacement of SHO flat production with loans, if implemented, would not affect the overall number of households benefiting from Government's housing assistance.

22. On *the provision of SHO flats by mixed development*, PAS for H(HS) said that tenders had been invited for the implementation of the pilot project in Ap Lei Chau. The deadline for tender was 24 December 1999. Under the project, the successful tenderer would be required to build a proportion of flats equivalent to 60% of the saleable area of specifications set out in the tender conditions. Of these, at least half (i.e. 30% of the total saleable area) would be selected at random for sale as SHO to eligible purchasers. As regards the remaining 40% of the total saleable area, PAS for H(HS) advised that these would be built in accordance with the developer's own specifications. Mr NG Leung-sing however noted that the Administration would not announce the result of the tender until April 2000. He questioned the rationale for such a long lag time. In reply, PAS for H(HA) stressed that the selection panel would need time to assess all the tenders. As to whether the Administration would award the contract to the highest bid, PAS for H(HS) advised that apart from tender price, the Administration would also adhere great importance to the design and other non-premium aspects.

23. Ms CHAN Yuen-han expressed concern that the Administration would apply the "mixed development" concept in the construction of HOS flats in redeveloped PRH sites. PAS for H(HS) clarified that apart from the two sites in Ap Lei Chau and West Kowloon, the Government had not approved other sites for the purpose of mixed development. The Deputy Director/Works (DD/W) added that while HA was interested to see the outcome of the pilot scheme, a decision on the applicability of mixed development concept had yet to be made.

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24. On *partial replacement of SHO flat production with loans*, Dr YEUNG Sum expressed worries that this would affect the financial position of HA as the proceeds from the sale of HOS flats were a major source of revenue for HA. To recover the loss in revenue, HA might have to increase the rents of PRH. Expressing similar concern, the Chairman asked if the Administration had assessed the impact of the proposal on HA. In reply, PAS for H(HS) stressed that the proposal only aimed at providing more flexibility to potential SHO buyers in their choice of flats and to achieve better cost-effectiveness. She assured members that the new arrangement would be implemented gradually and cautiously to ensure that this would not unduly affect the operation of HA, particularly in respect of construction and maintenance of PRH.

25. Mr LEE Cheuk-yan asked if the Administration would consider using the land saved as a result of the new arrangement to build PRH with a view to further reducing the average waiting time for PRH. PAS for H(HS) advised that the land would be allocated to the private sector to build suitable flats to meet the demand of loan recipients under the new proposal. Given that the private sector had not been able to meet the Administration's pledge for annual production of 35,000 flats per year, Mr LEE said that he was not optimistic of the capability of the private sector in producing the additional number of flats required under the new arrangement. Mr Ronald ARCULLI however remarked that flat supply of the property market would adjust according to changing circumstances in the overall economic situation.

26. On *the sale of public housing sites for redevelopment to the private sector*, DD/W advised that as these sites belonged to the Government and were vested in HA, there was no question of HA selling these sites to the private sector.

VIII Any other business

27. There being no other business, the meeting ended at 6:45 pm.

Legislative Council Secretariat

16 March 2000