

立法會
Legislative Council

LC Paper No. CB(1) 890/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 1 November 2010, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon LEE Wing-tat (Chairman)
Hon WONG Kwok-hing, MH (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Fred LI Wah-ming, SBS, JP
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon CHAN Hak-kan
Hon WONG Kwok-kin, BBS
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
- Member attending** : Hon Ronny TONG Ka-wah, SC
- Members absent** : Dr Hon Joseph LEE Kok-long, SBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Public officers attending** : **For item IV**
Ms Eva CHENG, JP
Secretary for Transport and Housing

Mr D W PESCOD, JP
Permanent Secretary for Transport and Housing
(Housing)

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

Mr Eugene FUNG
Principal Assistant Secretary for Transport and
Housing (Housing) (Private Housing)

For item V

Mr D W PESCOD, JP
Permanent Secretary for Transport and Housing
(Housing)

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

Mr Tony LIU
Assistant Director (Estate Management) 3
Housing Department

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

Staff in attendance : Mrs Mary TANG
Senior Council Secretary (1)2

Miss Mandy POON
Legislative Assistant (1)4

Action

- I. Confirmation of minutes**
(LC Paper No. CB(1) 211/10-11 — Minutes of the meeting held on
14 October 2010)

The minutes of the meeting held on 14 October 2010 were confirmed.

II. Information paper issued since last meeting

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

III. Items for discussion at the next meeting

(LC Paper No. CB(1) 213/10-11(01) — List of follow-up actions

LC Paper No. CB(1) 213/10-11(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next regular meeting to be held on Monday, 6 December 2010, at 2:30 pm -

(a) Enhancement of closed-circuit television security systems in existing public rental housing estates; and

(b) Environment-friendly designs of and green measures implemented in public rental housing estates.

4. The Chairman said that he had agreed with Professor Patrick LAU, Chairman of the Panel on Development, to hold a joint meeting to discuss the issues on "Land supply for housing" and the "Planning of the North West Kowloon Reclamation Site 6". Members would be informed of the meeting arrangements as soon as the date for the meeting had been decided.

(Post-meeting note: With the concurrence of the Chairmen of the Panel on Development and the Panel on Housing, the joint meeting was scheduled for Friday, 10 December 2010, at 4:30 pm or immediately after the House Committee meeting, whichever was later.)

IV. My Home Purchase Plan

(LC Paper No. CB(1) 258/10-11(01) — Administration's paper on the My Home Purchase Plan)

5. The Secretary for Transport and Housing (STH) briefly explained the "My Home Purchase Plan" (MHPP) and the merits of MHPP by highlighting the salient points in the Administration's paper tabled at the meeting. She said that under MHPP, the Administration would provide land for the Hong Kong Housing Society (HKHS) to build "no-frills" small and medium sized flats for lease to eligible applicants at prevailing market rent. The tenancy period would be up to five years during which the rent would not be adjusted. Within

a specified time frame (two years after the first admission of tenants and within two years after the termination of tenancy), MHPP tenants might purchase the flat they rented or another flat under MHPP at prevailing market price, or a flat in the private market. They would receive a Purchase Subsidy equivalent to half of the net rental they had paid during the tenancy period, and they might use it for part of the down payment. Tenants who had not purchased a flat under MHPP or in the private market within the prescribed period would not receive any Purchase Subsidy.

The Government's housing policy objectives

6. Mr Frederick FUNG could not agree to the housing policy objectives which in his view were at variance with the Long Term Housing Strategy published in 1986 and 1998 which advocated on home ownership. He pointed out that the Government's housing policy as set out in the "Statement on Housing Policy" announced by the then Secretary for Housing, Planning and Lands in November 2002 that "delivering the overarching objective of providing subsidized rental housing for families in need must continue to sit at the very heart of the Government's housing strategy" had not gone through public consultation. He did not accept that home ownership should be a matter of personal choice, as housing was a necessity and not a commodity. Mr WONG Kwok-hing echoed that the re-positioned housing policy was at variance with the Long Term Housing Strategy. He considered it necessary to conduct public consultation on the housing strategy.

7. In reply, STH said that the 1998 Long Term Housing Strategy set out the targets of a 70% home ownership rate and an annual production of 85 000 residential flats per year. In November 2002, the Administration announced the re-positioned housing policy to withdraw from its role as property developer by ceasing the production and sale of subsidized flats, and instead, it would aim at providing sufficient land for housing. The Administration remained committed to providing subsidized rental accommodation to low-income families who were unable to afford private rental housing, in order to maintain the target of average waiting time for public rental housing (PRH) at around three years.

8. Mr Frederick FUNG opined that Administration should be responsible for providing housing to the community and should not have allowed the market to run its course. Given that families with median income of \$19,000 per month were not able to achieve home ownership, more assistance should be provided to meet their aspiration. STH said that efforts would be made to make available sufficient land for the annual production of an average of 20 000 private residential flats in the coming 10 years. The launching of MHPP would help fill the shortage of "no frills" flats with high efficiency ratio in the

private residential market. Mr FUNG however pointed out that a rent-to-buy arrangement similar to that of MHPP had been adopted by the Macao Government which found it to be unsuccessful. It had since adopted a housing scheme similar to that of the Home Ownership Scheme (HOS).

9. Mr CHAN Kam-lam said that the public generally supported the re-launching of HOS which was a simpler way to meet the housing needs of the community. He therefore hoped that both MHPP and HOS could be implemented in parallel. Mr Fred LI echoed that HOS was more desirable than MHPP according to the surveys conducted by various political parties. It was much regretted that the 2010-2011 Policy Address had not mentioned about the re-launching of HOS. He pointed out that the current property prices were beyond the affordability of the general public. The provision of a few thousand MHPP flats in the next few years would not be able to meet the housing demand, particularly when MHPP was targeting at those with household income between \$25,000 and \$39,000 per month. Sandwich class families with household income between \$17,000 and \$24,000 would not be able to afford MHPP. Besides, the prices of MHPP flats would have to be determined at the time of purchase at the prevailing market price.

10. In response, STH said that a package of housing initiatives was set out in the 2010-2011 Policy Address to meet the housing needs of the community. It had all along been the Government's policy to build up a sufficiently large land reserve over a period of time to ensure stable land supply for the residential property market. In this connection, the Financial Secretary (FS) would chair a "Steering Committee on Housing Land Supply" to co-ordinate the efforts of the departments concerned to deal with issues relating to housing land as a matter of priority. There was still a supply of private flats priced below \$2 million in the market. Besides, of the 61 000 new flats to be produced over the next few years, 35 300 (or about 58%) of them would be small and medium flats. Mr James TO enquired if the package of measures to increase housing supply would include the re-launching of HOS. The Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) said that the Administration would continue to carefully monitor the property market and would take appropriate actions as necessary.

11. Mr WONG Kwok-hing expressed grave disappointment that the Administration had declined to re-launch HOS despite repeated requests from Members. He urged the Administration to seriously re-consider re-launching HOS. STH said that HOS had played an important historical role in the provision of subsidized housing. Under the repositioned housing policy, the Administration should withdraw from its role as a developer and the Hong Kong Housing Authority (HA) should concentrate its resources in PRH production. Assistance to sandwich class first-time home buyers would be

provided by HKHS. To increase the housing supply, the Administration had put in place a package of measures but it would take time to implement these measures. The Administration would closely monitor the market situation and would take further measures to deter speculative activities as and when necessary.

12. Mr Alan LEONG said that Members belonging to the Civic Party would support the re-launching of HOS. Given the general consensus among political parties on resumption of HOS, he queried the accuracy of the public consultation on subsidising home ownership. He stressed that housing policies should be formulated to meet the needs of the community, taking into account the latest development of the property market. Following the introduction of MHPP, there had been increases in the number of flat viewers and the value of property stocks. It would appear that MHPP was to the benefit of property developers rather than home buyers who had no ideas on the prices of MHPP flats which were subject to prevailing market price at time of purchase. He enquired about the measures which would be taken by the Administration to address the housing needs of the community amid the rising trend of property prices. Mr LEUNG Yiu-chung also questioned the outcome of the public consultation on subsidising home ownership which had failed to take into account the public consensus on resumption of HOS.

13. STH replied that one of the key questions raised in the consultation document was whether home ownership should be subsidized. The views received were quite divided. While there was support for subsidising home ownership, others were opposed to it lest the Administration would subsidize people's investment which might become negative equity in the event of a plunge in the property market. Therefore, the Administration had taken the decision to introduce MHPP under which the rent-to-buy arrangement would allow a longer time for home buyers to decide on the purchase within a specified time frame. She added that the provision of subsidized housing would not be able to curb property prices, as evidenced in 1996-97 when the property prices continued to surge despite the availability of subsidized housing. The current ultra-low interest environment and the inflow of funds had given rise to speculative activities in the property market. To ensure a stable and healthy development of the property market, there was a need for a sufficient supply of land for housing. MHPP would provide the needed assistance to the sandwich class in achieving home ownership.

14. Mr LEUNG Yiu-chung regretted that the Administration had used the excuse that the provision of subsidies would inadvertently push people to buy properties, which might become negative equity, to decline the re-launching of HOS. He pointed out that the situation would only apply to private properties and not HOS. He therefore urged the Administration to seriously consider

re-launching HOS. Referring to the public consultation on subsidising home ownership, Mr LEUNG noted that the general public was most concerned about the escalating property prices. Given that MHPP could by no means meet public aspiration for home ownership, he was skeptical that the launching of MHPP was meant to divert public attention from the need to curb property prices. In the absence of measures to curb property prices, first-time home buyers would not be able to afford home ownership. He enquired whether assistance would be provided to first-time home buyers to purchase their homes, and whether measures such as imposing levy on profits from property sales and increasing the stamp duty on buyers' second and subsequent properties would be taken to curb property prices. PSTH(H) clarified that MHPP was not intended to deal with the price inflation issue which should be dealt with through increases in housing land supply. In this connection, the 2010-2011 Policy Address had made it clear that land sufficient for an annual production of an average of 20 000 private residential units would be made available in the coming 10 years. This was on top of the annual production of 15 000 PRH units. MHPP was launched to assist sandwich class people who had the aspiration and could afford properties in the long term but could not afford to do so at the present stage. The rent-to-buy arrangement under MHPP would allow time for tenants to save up for the down payment.

15. Referring to paragraph 5(d) which stated that "The Government is wary that any type of assistance provided should not erode the "can-do" spirit of Hong Kong people", Mr James TO questioned whether HOS had eroded the "can-do" spirit of Hong Kong people. The implementation of MHPP, albeit on a limited scale, would result in the resumption of the Administration's role as a developer. PSTH(H) said that paragraph 5(d) should be read in its entirety and should not be taken out of context. The erosion of the "can-do" spirit of Hong Kong people emerged as one of the issues raised in the public consultation on subsidising home ownership. There was a strong view among a certain group of people that assistance for home ownership should be provided in the form of support rather than taking away the "can-do" spirit of Hong Kong people. General views indicated a need to assist the sandwich class to achieve home ownership, which formed the basis of MHPP.

Merits of MHPP

Flexible and helps build up savings

16. Noting that the tenancy period would be for a maximum term of five years, and that tenants could choose to purchase the flats two years after termination of tenancy, Mr Ronny TONG enquired whether tenants would need to move out of the flats after completion of the five-year tenancy, or could stay in the flats for seven years before deciding on the purchase. STH said that

MHPP aimed to provide flexibility for MHPP tenants to buy the flats within a specified time frame. If MHPP tenants were not buying the flat they rented after the five-year tenancy, they would need to move out. However, they could still use the Purchase Subsidy within two years after termination of tenancy to buy a flat under MHPP or in the private market.

17. Mr WONG Kwok-kin asked how the rents and prices of MHPP flats would be determined to reflect the "no frills" nature of these units. Mr Ronny TONG enquired whether the prices of MHPP flats would be similar to that of HOS flats, or whether these would fluctuate according to market situation. He considered that some indications on the range and upper limit of sale prices should be provided to facilitate MHPP tenants in deciding whether they would be able to afford to buy the flats within the specified time frame. Mrs Sophie LEUNG echoed that the sale prices for MHPP flats should be fixed at the beginning of the tenancy. Mr Vincent FANG added that the setting of sale prices for MHPP flats at the time of purchase rather than at the start of tenancy would give rise to certainties.

18. STH responded that in determining the rents of MHPP flats, reference would be made to similar flats in the neighboring areas. As tenants could decide to purchase their flats within a specified period of up to seven years (i.e. two years after the first admission of tenants and within two years after the termination of tenancy), MHPP flats could be about five years old by the time they were sold. The age and the "no frills" nature of MHPP flats would be taken into account in setting the sale prices of these flats, which would not be comparable to that of luxury developments. She added that the proposal of setting sale prices for MHPP flats at the beginning of the tenancy might not be advantageous to tenants, particularly in the event of a plunge in property prices at the time of purchase. Moreover, resale restrictions would need to be imposed if MHPP flats were to be sold at a discount as in the case of HOS. She said that members' comments would be taken into consideration as appropriate when working out the details of MHPP.

19. Mr CHAN Kam-lam opined that some degree of flexibility be allowed such that eligible MHPP applicants who could afford the down payment could purchase their flats at the time of in-take. This would obviate the need for tenants to pay market rents during the five-year tenancy. STH explained that MHPP was meant to assist those who could not afford the down payment. For those who were able to afford the down payment at the outset, they might not need MHPP to achieve home ownership. MHPP tenants would be given the flexibility of buying their flats from the third year after the project's first admission of tenants and up to two years after the five-year tenancy.

20. Mr James TO said that he failed to understand how the design of MHPP would help prevent MHPP tenants from purchasing flats at around the same time. He opined that MHPP would be deemed a failure if it turned out that MHPP tenants were still unable to afford the down payment even with the Purchase Subsidy after completion of the five-year tenancy. STH said that unlike the Home Starter Loan Scheme which might encourage purchase of flats at the same point in time, the rent-to-buy arrangement under MHPP would allow sufficient time for applicants to think through their housing plan while building up their capability to buy a flat. The subsidy equivalent to half of the net rental paid might not be sufficient to cover the down payment in full. Tenants must conscientiously build up savings to meet the down payment and related expenses. The feasibility of securing better mortgage arrangements for MHPP buyers was being explored with the Hong Kong Mortgage Corporation. STH emphasized that MHPP was part of a package of measures to increase the supply of small and medium-sized flats. Sufficient land would be made available for an annual production of some 20 000 private residential flats.

21. While acknowledging that MHPP aimed to provide an additional choice for the sandwich class, Mr WONG Kwok-kin said that it could not replace HOS. He was concerned that MHPP was worked out based on the assumption that tenants' income would remain stable or even increase, without taking into account the situation where there was a drop in the household income to such extent that they could not afford to pay the rents. He asked if tenants would have to move out in the latter case, and whether they could have the Purchase Subsidy back. He further asked if the tenants could move back to their MHPP flats after their financial situations improved. Mr Vincent FANG was also concerned that tenants who had not purchased their MHPP flats within the specified period would not be entitled to any Purchase Subsidy. The Deputy Secretary for Transport and Housing (Housing) said that tenants who wished to terminate their tenancy could do so by giving two months' notice. STH said that it might not be beneficial for tenants to continue the tenancy or the purchase if their income had dropped drastically. They might apply for PRH subject to the prevailing eligibility criteria. It was worth noting that the Purchase Subsidy was meant to assist tenants to pay for the down payment upon purchase of flats, and would not be given to tenants who did not purchase a flat within the prescribed period. MHPP was to assist those who could afford a flat in the longer term, and not those whose income had dropped to such an extent that they could no longer afford to purchase their homes.

22. Mr LEUNG Kwok-hung held the view that MHPP was designed to enable sandwich class people to achieve home ownership. However, it did not take into account the needs of those who only wanted a place to live and had no plans to buy their own homes. Members belonging to the League of Social Democrats would support the provision of more PRH flats to meet the housing

demand of those low-income families which could not save up to pay for the down payment. Expressing similar views, Mr LEUNG Yiu-chung said that the limited provision of 5 000 MHPP flats would not be able to meet the housing demand. A more effective way was to produce more PRH flats and to relax the income and asset limits for PRH. STH confirmed that continued efforts would be made to provide PRH flats under the Public Housing Construction Programme to meet demand. PSTH(H) added that the annual production of 15 000 PRH flats together with the recovery of a similar number of flats from the existing stock would be able to maintain the average waiting time for PRH at around three years. The income and asset limits for PRH were reviewed annually and the next review would be carried out in March 2011.

23. In view of the similar nature of the rent-to-buy arrangement under MHPP and the Tenants Purchase Scheme (TPS), Mr WONG Kwok-hing questioned the rationale for shelving TPS. He pointed out that PRH tenants with household income exceeding the income and asset limits due to additional income from their grown-up children had all along wanted to purchase their own PRH flats under TPS. In this way, the grown-up children could live with and take care of their elderly parents without having to pay higher rents or run the risk of being forced out of their PRH units. Many households had agreed to move to PRH estates in the more remote areas on the understanding that they could be able to purchase their own PRH units under TPS. They were most disappointed that TPS had since been shelved. STH said that TPS had been shelved because the sale of PRH flats to sitting tenants would have an adverse impact on the turnover of PRH flats, and would lengthen the average waiting time for applicants on the Waiting List. PRH tenants who wished to achieve home ownership could purchase HOS flats using Green Form without the need to pay premium. In fact, a recent survey revealed that about 11% of PRH tenants were interested in buying HOS flats in the HOS Secondary Market which were mostly situated in the urban and extended urban area. Besides, there were still some 60 000 PRH flats available for sale under TPS.

Complements market inadequacy

24. Mrs Sophie LEUNG expressed support for using MHPP as a platform for HKHS to engage small and medium developers in the development of MHPP flats. She suggested that the profits derived from MHPP should be used to set up of a fund for developing more MHPP flats, and that MHPP tenants should be obliged to maintain their flats in a good condition. STH agreed to relay Mrs LEUNG's view to HKHS on the use of MHPP as a platform to engage participation of small and medium developers. On the proposal of setting up a fund to take forward MHPP, STH said that HKHS would build MHPP flats and would pay the required land premium to the Government. Hence, not much profit was expected to be derived from the sale. As regards

MHPP tenants' obligation to maintain the flats in a good condition, STH said that tenants would become owners of the flats if they chose to buy the flats under the rent-to-buy arrangements. It was expected that they would keep the flats in a good condition.

Will not reduce the supply of private residential land or land for PRH

25. The Chairman said that the need for housing was more apparent in 2011-2012 and 2012-2013. While the Administration had pledged to provide land sufficient for annual production of some 20 000 residential units in the long term, this might not be possible in the next two years as the Administration could only confirm that the supply of residential units next year would be more than this year. STH reiterated that FS would chair a "Steering Committee on Housing Land Supply" to co-ordinate the efforts of the departments concerned to deal with issues relating to housing land as a matter of priority. She added that land for the 5 000 MHPP flats would not come from the Application List or sites earmarked for PRH.

26. Mr Frederick FUNG was not convinced of the merits of MHPP, adding that there were more merits in re-launching HOS. He pointed out that MHPP could not provide the needed assurance to those in need of housing, particularly when its eligibility was confined to those with household income in the range of \$30,000. Besides, the provision of 1 000 MHPP flats could by no means meet the housing demand. He also did not agree that HOS would have impact on the private property market as these were two distinct markets. Furthermore, the revitalization of the HOS secondary market would only encourage speculation of HOS flats. STH said that the rent-to-buy arrangements under MHPP would allow time for tenants to save up for down payment and make their purchase in a practical and step-by-step manner. The revitalization of the HOS Secondary Market had been discussed in depth by HA.

Earmarked sites/Flat sizes in Tsing Luk Street Project

27. Apart from the site in Tsing Yi, Mr CHAN Kam-lam enquired whether another site could be made available before 2014 to expedite the supply of MHPP flats. He also enquired about the subsequent plans for MHPP following the production of 1 000 flats at Tsing Yi in 2014. His views were shared by Mr Vincent FANG. STH said that the lead time for construction of flats would usually take five to seven years. As the piling works for the Tsing Yi site had already been completed, construction works could commence as soon as possible for completion by 2014. Preparatory work, including modification of land use, for other possible sites for MHPP was underway. Members would be informed of the plans as soon as these were worked out.

28. Mr Ronny TONG enquired if the Administration had assessed the number of anticipated applications for MHPP, and whether the supply of 1 000 MHPP flats in 2014 would be sufficient to meet the demand. STH said that it would be difficult to assess the number of eligible MHPP applicants who were living in different kinds of housing.

29. Mr Fred LI opined that the small and medium flats to be built should preferably have at least two bedrooms. STH said that there would be one, two and three-bedroom flats available but most of them would be two-bedroom flats.

Eligibility criteria

30. The Chairman noted that according to statistics, there were 100 000 households with monthly income ranging from \$18,000 to \$27,000 which had yet to achieve home ownership. The figure would increase to 130 000 households if the income ceiling was increased to \$39,000. He questioned the effectiveness of MHPP as the 1 000 flats under the first project could only meet less than 1% of the housing needs of eligible households. Unsuccessful MHPP applicants would have no choice but to enter the private residential market. Despite the Administration's reiteration that a package of measures would be implemented to increase land supply, he was aware that "Steering Committee on Housing Land Supply" chaired by FS had yet to hold its first meeting. There was also no certainty on the annual provision of some 20 000 private residential flats.

31. In reply, STH said that views gathered during the public consultation on subsidising home ownership revealed that there was a need to provide assistance to first-time home buyers who could not afford down payment. MHPP was designed to provide an additional choice for the sandwich class first-time home buyers. The rent-to-buy arrangement would allow sufficient time for them to think through their housing plans. The initial thinking was that to be eligible for MHPP, applicants and other family members on the application forms should not have owned any residential properties for a period of 10 years prior to the closing of the pre-letting application period. Apart from MHPP flats, there were HOS flats available in the secondary market for home buyers to choose from. Preparatory work for the "Steering Committee on Housing Land Supply" was underway and efforts were made to identify more land for housing. To ascertain the situation, the Chairman requested the Administration to provide the estimated number of households with monthly income ranging from \$18,000 to \$27,000 and \$27,000 to \$39,000 which had yet to achieve home ownership. PSTH(H) said that it would be very difficult to extrapolate the exact demand from the broad figures. As the number of new families and the number of households who chose to buy properties in the private market were unknown,

assumptions would have to be made.

Priority of different categories of applicants

32. Mr CHAN Kam-lam requested for more information on the priority of different categories of applicants since White Form applicants, Green Form applicants, and the sandwich class people were all eligible for MHPP. STH said that priority would be decided using a mechanism premised on a quota system, together with a set of stringent eligibility criteria as the threshold. While the quota for each category of applicants had yet to be decided, the majority of the units would be allocated to White Form applicants, with the remaining units to Green Form applicants and singleton applicants respectively.

Revitalization of industrial buildings

33. Mr Vincent FANG said that the Administration should ensure steady supply of land for the private sector to construct sufficient housing units. To substantially increase the supply of flats, consideration could be given to revitalizing industrial buildings for residential use. STH said that according to her understanding, the Development Bureau was looking into the feasibility of revitalizing industrial buildings and modifying land use to allow for residential developments. However, issues relating to town planning and fire prevention etc. would need to be resolved.

Motion

34. Mr LEUNG Yiu-chung proposed and Mr Frederick FUNG seconded the following motion -

"本委員會要求特區政府，立即重新推行「居者有其屋」計劃。"

"That this Panel requests the SAR Government to immediately resume the Home Ownership Scheme."

35. The Chairman agreed that the motion was directly related to the agenda of the meeting.

36. Mr LEUNG Kwok-hung proposed and Mr Frederick FUNG seconded to add "每年供應至少35 000個公屋單位" (to provide at least 35 000 public rental housing units each year) to the motion. The wording of the motion as amended was as follows –

"本委員會要求特區政府每年供應至少 35 000 個公屋單位，並立即重新推行「居者有其屋」計劃。

"That this Panel requests the SAR Government to provide at least 35 000 public rental housing units each year, and immediately resume the Home Ownership Scheme."

37. The Chairman put the motion to vote. All members present voted for the motion as amended by Mr LEUNG Kwok-hung. The Chairman declared that the motion as amended was carried.

V. Stepped-up checking on household income and assets of public rental housing tenants

(LC Paper No. CB(1) 213/10-11(03) — Administration's paper on stepped-up checking on household income and assets of public rental housing tenants

LC Paper No. CB(1) 258/10-11(02) — Paper on stepped-up checking of income and net assets declarations by public rental housing tenants prepared by the Legislative Council Secretariat (background brief))

38. PSTH(H) briefed members on the stepped-up checks of the income and assets declarations made by PRH tenants as announced by the Chief Executive in his 2010-11 Policy Address by highlighting the salient points in the information paper. The Assistant Director (Estate Management) 3 (AD(EM)3) gave a power-point presentation on the subject.

(Post-meeting note: A set of power-point presentation materials was circulated under LC Paper No. CB(1) 310/10-11(01) on 2 November 2010.)

Checking of income and assets declarations

39. Mr LEUNG Kwok-hung pointed out the need to simplify the income and assets declaration form to facilitate completion by tenants to avoid possible mistakes. Mr LEUNG Yiu-chung echoed that assistance should be provided to assist PRH tenants in completing the declaration form. A group of dedicated staff should be stationed in estates to check the declaration forms to

ensure accuracy of information before submission. PSTH(H) agreed that efforts should be made to simplify the declaration form to make it more user-friendly. Assistance would be provided to tenants who had difficulty in filling up the form. The Deputy Director of Housing (Estate Management) confirmed that estate staff had been providing assistance to tenants in completing the income and assets declaration form. Initial screening would be carried out to ensure the accuracy of information.

40. Noting that some tenants might have inadvertently provided inaccurate information in the declarations which did not give rise to any real/potential gains, Mr Frederick FUNG opined that flexibility should be exercised in these cases such that warning instead of prosecution should apply. Mr LEUNG Yiu-chung echoed that some tenants might have provided inaccurate income information due to ignorance while others might have difficulty in making income declarations because they did not have a steady income. Besides, the principal tenant might have difficulty in securing income information from their children. It was therefore necessary to ascertain the intent of making false declaration. Flexibility should also be exercised before contemplating prosecution actions.

41. In response, PSTH(H) said that the checking of income and assets declaration was part and parcel of the management of PRH estates to ensure that only those who were eligible could continue to stay in PRH. Enforcement actions should be taken against PRH tenants who knowingly provided false income and assets declarations. The Housing Department (HD) had exercised great care in assessing whether actual gains had been derived from misrepresentation. This was evidenced by the fact that only 100 out of the 600 false declaration cases were prosecuted and convicted. Sufficient evidence to support prosecution would be provided to the courts. To address the difficulty faced by principal tenants in obtaining income information from grown-up children in making the declarations, AD(EM)3 said that all grown-up children of PRH households had been required to make their own income and assets declarations since 2007.

Stepped-up checking of income and assets declarations

42. Mr Frederick FUNG noted that in addition to the average 5 000 rigorous checks of income and assets declaration cases per annum, a further 5 000 declarations made by PRH tenants would be checked during the period from November 2010 to April 2011. As this would mean an increase in the frequency of checking, he was concerned that affected tenants would be overly burdened by the stepped-up checks as they would need to disclose matters of a private nature. He opined that instead of stepping up checks, consideration should be given to increasing the penalty for making false declarations to

achieve a better deterrent effect. Publicity should also be stepped up on the number of successful convictions against false declaration to alert tenants of the serious consequences of false declaration, which might lead to imprisonment and termination of tenancy. PSTH(H) considered it appropriate to step up checking of declarations from time to time to prevent abuse of the system and to safeguard the rational allocation of the limited public housing resources. While the stepped-up checks would increase the number of rigorous checking of declarations from 5 000 to 10 000 per annum, this comprised only a small percentage of the PRH population. He also confirmed that HD did publicize the outcome of prosecution cases. In the past months, there were successful cases which had resulted in the recovery of PRH units.

43. Mr LEUNG Kwok-hung said that the increase in frequency of checking of income and assets declarations would cause much anxiety on the part of PRH tenants. Given the busy schedule of estate staff, he was concerned that it was unlikely that they could spare the time to assist tenants in completing income and assets declarations. Mr LEUNG Yiu-chung concurred with other members that the stepped-up checks would likely cause much pressure on PRH tenants. He held the view that the stepped-up checks of the income and assets declarations were meant to evict PRH tenants in an attempt to recover more PRH flats for re-allocation. Instead of producing more PRH flats to meet the pledge of maintaining the average waiting time for PRH at three years, HD had resorted to recover more PRH flats from the existing stock. He considered such practice unethical. He urged that efforts should be made to construct more PRH as the current annual production of 15 000 PRH flats was insufficient to meet the demand. His views were shared by Mr WONG Kwok-hing.

44. In response, PSTH(H) clarified that the checks on income and assets declarations were not conducted every year. Under the Housing Subsidy Policy, tenants who had been living in PRH flats for 10 years were required to declare their income every two years. Those with household income exceeding the prescribed income limits were required to pay 1.5 times or double net rent plus rates. For double rent paying households, they were further required to declare their assets biennially under the Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA) to determine their eligibility to continue to stay in PRH. Tenants could submit their declaration forms through local estate office rather than the district management office. Local estate staff would provide assistance if necessary. The Chairman said that notice should be given to the additional 5 000 households selected for rigorous vetting, reminding them of the need to ensure accuracy of their income and assets declarations. PSTH(H) said that the purpose of stepped-up checks was not to trap tenants but to hold them accountable for their declarations.

45. Mr WONG Kwok-hing said that following the cessation of TPS, tenants could no longer purchase their own PRH flats. Tenants who had to declare income and assets under SRA would have to move out if their income and assets continued to exceed the prescribed limits. The SRA policy had indeed forced grown-up children to move out in order for the tenants to continue to stay in PRH. This was at variance with the harmonious families schemes to encourage the younger generation to live with their elderly parents. As a result, many older estates mainly comprised elderly persons. Mr LEUNG Kwok-hung concurred that SRA had forced many grown-up children out of their parents' PRH units. Expressing similar concerns, the Chairman pointed out that in some older estates like the Cheung Shan Estate in Tsuen Wan, over 30% of residents were elderly tenants. Hence, there was a need to take into account the needs of the elderly in working out housing policies. A balance of different age groups should be maintained in PRH estates.

46. In reply, PSTH(H) reiterated that SRA aimed to ensure the rational allocation of the limited housing resources. Besides, PRH tenants aged over 60 were not required to make any income and assets declarations. He added that a number of measures had been put in place to achieve a balance of different age groups within PRH estates. These included opportunities for PRH tenants to apply for transfer to the same estate in which their elderly parents/offspring was currently living for mutual care. However, tenants who had stayed in the same estate for a long time might not wish to move. HD also maintained close cooperation with the Social Welfare Department and the Hospital Authority on the provision of elderly services within PRH estates. As regards TPS, PSTH(H) said that many tenants were not prepared to buy TPS flats as evidenced by the fact that over 60 000 TPS flats remained unsold. Apart from TPS, PRH tenants could choose to buy HOS flats in the secondary market without the need to pay premium. Meanwhile, MHPP would also provide an additional choice for those with a higher household income.

47. Mr WONG Kwok-hing pointed out tenants could only buy their own PRH units and not other units available for sale under TPS. He considered that HD should conduct a survey on the demand for TPS and the number of households with grown-up children moving out as a result of SRA. Mr LEUNG Kwok-hung said that TPS was not popular mainly because of the mixed tenure with both owners and tenants within the same estate. Mr LEUNG Yiu-chung remarked that TPS was well-received as over 60% TPS flats were sold. PSTH(H) said that the outcome of the public consultation on subsidising home ownership had already been publicized. He also agreed to provide the number of elderly singleton households in PRH for members' reference.

VI. Any other business

48. There being no other business, the meeting ended at 5:30 pm.

Council Business Division 1
Legislative Council Secretariat
31 December 2010