

立法會
Legislative Council

LC Paper No. CB(1) 2397/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 7 March 2011, 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)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Vincent FANG Kang, SBS, JP
Dr Hon Joseph LEE Kok-long, SBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon CHAN Hak-kan
Hon Alan LEONG Kah-kit, SC

Members absent : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Fred LI Wah-ming, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-kin, BBS
Hon LEUNG Kwok-hung

Public officers : **For item IV**
attending

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 Anson LAI
Assistant Director (Strategic Planning)
Housing Department

For item V

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

Ms Ada FUNG, JP
Deputy Director (Development & Construction)
Housing Department

Mr MAK Yiu-wing
Chief Structural Engineer/DC & ICU
Housing Department

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

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

Miss Mandy POON
Legislative Assistant (1)1

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- I. Confirmation of minutes**
(LC Paper No. CB(1) 1432/10-11 — Minutes of the meeting held
on 3 January 2011)

The minutes of the meeting held on 3 January 2011 were confirmed.

II. Information paper issued since last meeting

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

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III. Items for discussion at the next meeting

- (LC Paper No. CB(1) 1447/10-11(01) — List of follow-up actions
LC Paper No. CB(1) 1447/10-11(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, 4 April 2011, at 2:30 pm -

- (a) Rent payment for public housing tenants; and
(b) The Steering Committee on Regulation of the Sale of First-hand Residential Properties by Legislation.

4. The Chairman suggested holding a special meeting in April 2011 to discuss housing demand, notably the re-launching of the Home Ownership Scheme (HOS) and the progress of the My Home Purchase Plan, following the announcement of the 2011-2012 Budget. Mr LEUNG Yiu-chung said that opportunity should also be taken to discuss the production programme for public rental housing (PRH). Dr Joseph LEE considered it more appropriate to have an overview of the existing housing policy and his views were shared by Mr Alan LEONG. As the supply of housing would hinge on land supply, Professor Patrick LAU said that there might be a need for the Panel to hold a joint meeting with the Panel on Development. To enable the Administration to respond to the members' views on the Budget in relation to housing, Mr James TO said that the meeting should be held before the third reading on the Appropriation Bill at the Council meeting on 13 April 2011. After discussion, it was decided that the special meeting to discuss the overview of the existing housing policy would be held on Friday, 8 April 2011, at 3:00 pm or immediately after the House Committee meeting, whichever was later.

IV. Review of Waiting List Income and Asset Limits for 2011/12

(LC Paper No. CB(1) 1447/10-11(03) — Administration's paper on review of Waiting List Income and Asset Limits for 2011/12

LC Paper No. CB(1) 1447/10-11(04) — Paper on Waiting List Income and Asset Limits prepared by the Legislative Council Secretariat (updated background brief))

5. The Secretary for Transport and Housing (STH) briefed members on the findings of the review of the Waiting List (WL) income and asset limits for 2011-2012 by highlighting the salient points of the information paper. The

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Assistant Director of Housing (Strategic Planning) gave a power-point presentation on the subject.

(Post-meeting note: A set of power-point presentation materials was circulated to members vide LC Paper No. CB(1) 1527/10-11(01)) on 8 March 2011.)

The review

6. Mr WONG Kwok-hing welcomed the significant average increase of 15.6% and 3.3% of the WL income and asset limits for 2011-2012 respectively as this would enable more low-income households to be eligible for PRH. The proposed increase was also timely to tie in with the introduction of the statutory minimum wage (SMW) on 1 May 2011. He was however concerned that the waiting time for WL applicants would inevitably be lengthened as a result of the increase in the number of eligible households. Consideration should be given to increasing the supply of PRH with a view to maintaining the average waiting time (AWT) for PRH at around three years. STH said that with the proposed adjustment in WL income and asset limits, some 131 100 non-owner occupied households in the private sector would be eligible for PRH, representing an increase of about 25 000 eligible households. While the AWT for general WL applicants could still be maintained at around three years, continued efforts would be made to identify more suitable land for the development of PRH.

7. Given the increase in the number of eligible households for PRH as a result of the proposed adjustment in WL income and asset limits, Mr LEUNG Yiu-chung queried how the Administration could be confident that the AWT for PRH could still be maintained at three years without the corresponding increase in PRH production. To facilitate better understanding, he requested for more information on AWT for the first, second and third housing offers. While supporting the proposed increase in WL income and asset limits, Mr Alan LEONG said that Members belonging to the Civic Party shared the concern about the increase in AWT arising from the increase in number of eligible households as a result of the proposal.

8. In reply, STH responded that it was hard to tell whether all the 25 000 additional eligible households would apply for PRH. Based on the available information, AWT could still be maintained at three years. The impact of the proposed increase in income and asset limits on AWT would be closely monitored. Continued efforts would be made to increase land for PRH production. As for one-person applicants, STH said that elderly one-person WL applicants were accorded priority in the allocation. Meanwhile, allocation for non-elderly one-person applicants was based on points they scored and the quota under the Quota and Points System (QPS). The higher the points scored under QPS, the

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earlier the allocation. It was worth noting that among the non-elderly one-person applicants for PRH, 44% were aged below 30. Of them, 25% were already living in PRH flats, 40% had received post-secondary or above education (and their income might have exceeded the limits when their turn for allocation was due), 34% were students and 90% were living with their families. They applied for PRH mainly because they wanted to live on their own. To ensure a fair and rational allocation of the scarce public housing resources, there was a need to continue with the existing arrangement of QPS.

9. Mr LEUNG Yiu-chung however opined that there were some 55 000 singleton applicants on WL when only 2 000 one-person flats were available for allocation. Non-elderly singleton should be allowed to apply for one-person PRH flats as long as they met the eligibility criteria. PRH should be offered when they were due for their turn of allocation unless they were subsequently found to be ineligible. In any case, the provision of 2 000 one-person flats was far from adequate to meet the demand of some 55 000 singleton WL applicants. The Chairman shared the concern about the long waiting time for one-person flats. He pointed out that many middle-aged non-elderly singleton applicants who were in need of housing had been kept on WL for a very long time. While welcoming the proposed increase in WL income and asset limits, Dr Joseph LEE considered it necessary for the Administration to provide quarterly statistics on AWT to facilitate monitoring of the effect of increase in the number of eligible households on AWT for general WL applicants. He also enquired about the impact of the proposed increase on existing WL applicants, and whether some degrees of flexibility could be exercised in assessing the eligibility of households with income just exceeding the limits.

10. In response, STH said that the proposed increase in WL income and asset limits would take effect on 1 April 2011 before the implementation of SMW on 1 May 2011 to provide buffer for households whose income might be increased as a result of SMW. While the AWT for general WL applicants would be regularly monitored, it was worth noting that not all WL applicants were eligible for PRH allocation, and that about 6 000 applicants left the queue for different reasons every year. The allocation was made in accordance with the relative priority of the applications on WL. Those with urgent housing needs might apply for compassionate rehousing. The Chairman requested the Administration to provide statistics on non-elderly one-person applicants as mentioned by STH during the meeting, as well as the statistics requested by Mr LEUNG Yiu-chung.

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11. Professor Patrick LAU supported the need for production of more PRH flats. To safeguard the rational allocation of housing resources, PRH should only be allocated to those who were in genuine need of housing. He therefore questioned why many well-off tenants were able to continue their stay in PRH for a long time. STH said that with the proposed increase in income and asset limits,

the Subsidised Housing Committee under the Hong Kong Housing Authority (HA) had to carefully consider the effect with the corresponding increase in income limits for the well-off tenants under the well-off tenants policies. She also pointed out that some households exceeded the income limits as their grown-up children started working but with the subsequent moving out of their children, these households would no longer be regarded as well-off tenants.

12. While welcoming the proposed increase in WL income and asset limits, Mr CHAN Hak-kan remarked that the increase was incomparable to the rental increase in the private sector. Given the objections against PRH development and the low turnover rate of PRH flats following the cessation of the HOS to help sitting tenants to achieve home ownership, he was concerned about the availability of land for PRH development to meet the increasing demand. STH said that under the five-year rolling Public Housing Construction Programme, land had already been earmarked for the production of an average of 15 000 PRH flats per year for the coming five years. In consultation with the Secretary for Development, land would be made available in New Development Areas for PRH production. Consideration would also be given to exploring the feasibility of reclamation to provide more land. In addition, a series of short, medium and long-term measures would be adopted to identify suitable land for PRH development. In reply to Dr Joseph LEE's enquiry on the plans for redevelopment of old PRH estates, STH said that this would be dealt with on a case-by-case basis taking into account the structural condition of the estates. On turnover of PRH flats, STH said that even after the cessation of HOS, there were still flats recovered. Past experience had also revealed that HOS was not effective in curbing rising property prices. By way of illustration, the property prices had soared in 1996-1997 despite the production of 46 000 HOS flats in the same period. Besides, sitting tenants could still purchase HOS flats using green form status without paying premium in the HOS Secondary Market. This would provide tenants with an affordable choice of home ownership. To increase the supply of small and medium-sized residential flats, the Administration would specify in the land sale conditions the minimum number of flats and the unit size restrictions for the ex-Yuen Long Estate site for private residential purpose. Taking into account the experience gained, the Administration would explore the feasibility of applying this arrangement to other sites. STH reiterated that the best way to address the housing demand was to increase the supply of land for housing.

13. Mr LEE Wing-tat noted that the some 131 100 non-owner occupied households who became eligible for PRH as a result of the proposed adjustments in WL income and asset limits represented about 32% of all the non-owner occupied households in the private sector. This would mean that there were still 260 000 non-owner occupied households in the private sector who were not eligible for PRH. As these households were mostly middle-class families with

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household income ranging from \$20,000 to \$40,000, they would have much difficulty in finding affordable rental accommodation amid the rising trend in the property market. Many of them had to spend 30% to 40% of their household income on rents, or otherwise they would have to move to suburban areas. In the absence of HOS, these sandwich-class families would no longer have the means to achieve home ownership. He considered that some forms of rental assistance should be provided to these sandwich-class families who were not eligible for PRH, and those families who had registered on WL but awaiting their turn for allocation as many of them were living in bedspace apartments and cubicles. His views were shared by Professor Patrick LAU. STH said that assistance had been provided to dwellers of bedspace apartments and cubicles in applying for PRH. Separately, the "My Home Purchase Plan" would provide the sandwich-class with an affordable choice of home ownership. Efforts would continue to be made to enable the stable and healthy development of the property market.

Methodology

14. Noting that the "non-housing cost" component for assessing the WL income limits was determined with reference to the latest Household Expenditure Survey (HES) which was conducted every year, Mr WONG Kwok-hing enquired whether the review of WL income limits could be conducted every year in line with that of SMW. STH said that it was an established practice for the Subsidised Housing Committee of HA to review the WL income and asset limits annually using a "household expenditure" approach, which consisted of housing costs and non-housing costs, plus 5% of the household expenditure as "contingency provision". The non-housing cost was determined with reference to the latest HES, which was conducted every five years in line with international practice as the expenditure patterns of households generally changed over time gradually due to changes in the income level and socio-economic characteristics of the population. The changes in the expenditure level as a result of the increase in income following the introduction of SMW would be reflected in the existing expenditure-based methodology in setting the WL income limits. As the current review was based on the 2004-2005 HES findings, this was not able to capture the effect of SMW which would come into operation in May 2011. To this end, the current review had provided for a higher "contingency provision" to take into account the uncertainties arising from possible changes in the economic environment, including fluctuations in price levels and implementation of SMW. Meanwhile, efforts would be made to closely monitor the changes in expenditure pattern following the implementation of SMW.

Motion

15. Mr WONG Kwok-hing expressed concern that the production of about

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75 000 PRH flats in the coming five years under the Public Housing Construction Programme might not be able to achieve the pledge of maintaining the AWT for general WL applicants at three years. He strongly urged the Administration to consider increasing PRH production from 75 000 to 100 000 flats in the coming five years (or 15 000 to 20 000 flats each year) to tie in with the increase of 25 000 eligible households following the proposed adjustment in WL income and asset limits. STH said that the Administration would closely monitor the effect of the proposed adjustment on AWT, and take measures as appropriate. There were however practical difficulties in increasing the PRH production in the next few years given the lead time for land planning and housing construction.

16. Mr WONG Kwok-hing proposed and Prof Patrick LAU seconded the following motion -

"That the Panel on Housing urges the Government to consider increasing the construction of PRH flats to tie in with the increase in the number of PRH applicants, with a view to realizing the target of allocating PRH flats to applicants within three years."

The Chairman agreed that the motion was directly related to the subject under discussion and put the motion to vote. All members present voted for the motion. The Chairman declared that the motion was carried.

V. Implementation of product certification of construction materials in the Hong Kong Housing Authority's projects

(LC Paper No. CB(1) 1447/10-11(05) — Administration's paper on implementation of product certification of construction materials in the Hong Kong Housing Authority's projects)

17. The Permanent Secretary for Transport and Housing (Housing) briefed members on the progressive implementation of product certification by the Hong Kong Housing Authority (HA) in its construction contracts from 2010 onwards by highlighting the salient points in the information paper. The Deputy Director of Housing (Development & Construction) (DDH(D&C)) gave a power-point presentation on the subject.

(Post-meeting note: A set of power-point presentation materials was circulated to members vide LC Paper No. CB(1) 1527/10-11(02)) on 8 March 2011.)

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18. While supporting the implementation of product certification by HA in its construction contracts, Mr WONG Kwok-hing asked if this covered doors of PRH flats as he was aware that many doors had been moth-eaten. He stressed the need to ensure quality and fire resistance of doors in PRH flats. The product certification programme should also be extended to include metal gates since many of the metal gates in use were defective. DDH(D&C) said that the doors used in PRH flats had been tested for fire resistance. Much effort had been made in the past 10 years to prevent the presence of insects like wood borers in doors for PRH flats and the problem had since been resolved. As regards defective metal gates, DDH(D&C) said that the design of metal gates had been much improved to ensure security.

19. Given that most of the manufacturing processes were not undertaken in Hong Kong, Professor Patrick LAU enquired about the actual procedures involved in the checking of materials and products. DDH(D&C) explained that the checking of building materials and products were usually performed in factories. Certification Bodies (CBs) would then carry out certification audit and select product samples from the factories to the Hong Kong Laboratory Accreditation Scheme accredited laboratories for testing. Upon passing the certification audit and sample testing, CBs would issue the product certificate. Radio-frequency Identification technology would be adopted in facilitating the identification and tracking of materials/products. In reply to Professor LAU's further enquiry on the number of CBs accredited under the Hong Kong Accreditation Service, DDH(D&C) said that there were over 10 CBs in Hong Kong and each one specialized in the certification audit and sample testing of some particular types of building material.

20. The Chairman stressed the need to ensure workmanship as the best materials would be wasted if the workmanship failed. DDH(D&C) said that the implementation of product certification was meant to provide greater assurance of product quality. HA's quality supervision process would not only include checking of quality of materials, but also the finishing and workmanship. Efforts would also be made to ensure the performance of construction workers.

VI. Any other business

21. There being no other business, the meeting ended at 4:25 pm.