

立法會
Legislative Council

LC Paper No. CB(1) 698/11-12
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 7 November 2011, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Hon LEE Wing-tat (Chairman)
Hon WONG Kwok-hing, MH (Deputy Chairman)
Hon Fred LI Wah-ming, SBS, JP
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 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 WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN
- Members attending** : Hon Audrey EU Yuet-mee, SC, JP
Hon Ronny TONG Ka-wah, SC
- Members absent** : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Hon Frederick FUNG Kin-kee, 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)

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

For item V

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)

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) 160/11-12 — Minutes of the meeting held on 13 October 2011)

The minutes of the meeting held on 13 October 2011 were confirmed.

II. Information paper issued since last meeting

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

LC Paper No. CB(1) 130/11-12 — Referrals arising from the meeting between Legislative Council Members and Kwai Tsing District Council members on 26 May 2011 regarding relaxation of the "Living Space Improvement Transfer Scheme" and request for installation of metal gates in public rental housing units of elderly tenants;

LC Paper No. CB(1) 245/11-12 — Referrals arising from the meetings between Legislative Council Members and Tai Po as well as Islands District Councils members on 23 June and 12 May 2011 regarding the development of public housing in Tai Po and Tung Chung respectively; and

LC Paper No. CB(1) 258/11-12(01) — Administration's paper on Land Registry Statistics in October 2011 (press release)

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III. Items for discussion at the next meeting

- (LC Paper No. CB(1) 242/11-12(01) — List of follow-up actions
LC Paper No. CB(1) 242/11-12(02) — List of outstanding items for discussion)

3. Members agreed to discuss the subject of regulation of sale of first-hand residential properties by legislation at the next regular meeting to be held on Monday, 5 December 2011, at 2:30 pm.

IV. Housing-related initiatives in the 2011-2012 Policy Agenda

- (LC Paper No. CB(1) 40/11-12(01) — Administration's paper on Housing-related Initiatives in the 2011-2012 Policy Agenda
LC Paper No. CB(1) 119/11-12(01) — Speaking note of the Secretary for Transport and Housing)

Relevant papers

The 2011-2012 Policy Address – "Policy Agenda"

Address by the Chief Executive at the Legislative Council meeting on 12 October 2011

4. The Secretary for Transport and Housing (STH) briefly explained the main housing-related initiatives in the 2011-2012 Policy Agenda.

New policy on resumption of Home Ownership Scheme

5. Referring to the previous statement made by the Administration that it would take about seven years to deliver Home Ownership Scheme (HOS) flats, Mr WONG Sing-chi noted that the lead time for the new HOS appeared to have been much shortened, with the first batch of new HOS flats available by 2014. He enquired about the rationale behind the discrepancies. STH said that the lead time for delivery of subsidized housing projects would hinge on the availability of formed land, and change of land use might be required in some circumstances. Other steps such as planning procedures and consultation with District Councils were also quite time consuming. Besides, there was a need to ensure the availability of supporting infrastructure, including roads and drainage systems. All these had resulted in a long lead time for the development of housing projects. The Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) added that seven years were required because most of the sites allocated for subsidized housing projects were not formed land and resumption, clearance or rezoning might be required. However, the six sites

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identified for the first batch of new HOS flats were located in developed areas, including Shatin, Tsuen Wan and Yuen Long, and already zoned for residential use. As some initial ground works for these sites had already been completed, the lead time for delivery of flats could be shortened to about four to five years. STH assured members that efforts would be made to expedite the delivery of flats with a view to having the first batch of new HOS flats ready for presale in 2014 or 2015 i.e. about 18 to 24 months before their scheduled completion in 2016 or 2017.

6. Mr WONG Sing-chi opined that it would be unfair to both HOS and Tenants Purchase Scheme (TPS) flat owners if they could not benefit from the fixed loan concept for calculation of premium under the new HOS upon resale of flats. Expressing similar view, Ms Audrey EU stressed the need to ensure that the premium payment arrangements to be adopted under the new HOS would not give rise to unfairness on the part of existing HOS flat owners. She opined that the same premium payment arrangements should apply to both new and existing HOS flat owners. STH said that the premium payment arrangements had been clearly explained to buyers upon purchase of HOS and TPS flats. The application of the fixed loan concept for calculation of premium under the new HOS to all subsidized housing schemes might bring about complicated changes to existing arrangements. She added that the Hong Kong Housing Authority (HA) would work out implementation details of the new HOS, including premium payment arrangements. The Panel would be briefed on the implementation details once these had been worked out.

7. Mr CHAN Kam-lam opined that the new HOS was a combination of HOS and other subsidized housing schemes with a view to assisting low-income families to achieve home ownership. It should be treated as a new scheme and should not be compared to the existing HOS, particularly when owners of existing HOS flats had already benefitted from the appreciation of their flats. He nevertheless considered it necessary for the Administration to address public concerns that the use of a fixed loan concept for calculation of premium under the new HOS would encourage property speculation and would be unfair to existing HOS flat owners. He also enquired about the timeframe within which HA would work out the implementation details for the new HOS as the public was keen to know how and when the new HOS would be launched. He questioned why the said information was not included in the Administration's paper.

8. In response, STH said that the new HOS would be targeted at families with a monthly household income of under \$30,000, mainly first time home buyers. The prices of new HOS flats would be set with reference to the mortgage repayment ability of eligible households, which would be about 40% of their household income. Flats sold under the new HOS would be subject to

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resale restrictions as in previous subsidized housing schemes. After five years, owners could sell their flats in the open market after paying a premium to HA. This would help owners to trade up and shift to the private residential market. When working out the premium payment arrangements, efforts would be made to ensure that these were fair to existing HOS flat owners. As the arrangements would involve subsidizing home ownership with public money, they should be acceptable to the community as a whole. The Subsidised Housing Committee of HA had already expressed some initial views on the subject.

9. Mr Fred LI asked if the Panel would be consulted on premium payment arrangements before HA reached a final decision. Mr Alan LEONG also enquired about the interaction between HA and the Administration in taking forward the premium payment arrangements. STH said that HA's Subsidised Housing Committee was the main forum for such discussions so far. She noted that the Committee also comprised Members of the Legislative Council. The timing for discussion of the arrangements would be worked out after various options for calculation of premium had been identified.

Revitalization of HOS Secondary Market

10. Mr Alan LEONG noted that many HOS flats had been left vacant as their owners had emigrated and some of these were used as storage. According to a recent study, there were some 5 000 to 6 000 vacant HOS flats with sizes ranging from 500 to 600 square feet. The release of these flats into the HOS Secondary Market would provide a source of "no frills" units to meet the market demand. To incentivize existing owners to sell their HOS flats in the open market, he enquired if consideration could be given to reviewing the premium payment to peg this to the original price rather than the market price. STH said that the premium payment for existing HOS flats was set out in the sale agreements at the time of sale. HA did not have information on the vacancy rate of HOS flats. The owners were not required to release information on their vacant HOS flats. Nevertheless, she believed that there should not be too many vacant HOS flats.

11. Noting that there were many maintenance problems in older HOS estates, notably water seepage from vacant flats, Mr Alan LEONG enquired about HA's role in dealing with these maintenance matters. STH explained that once HOS flats were sold, the responsibility for maintenance rested with owners or owners' corporations, as in the case of private residential developments. Notwithstanding, financial assistance was available through various schemes, including the Building Safety Loan Scheme and the Integrated Building Maintenance Assistance Scheme, to help owners in the maintenance of their buildings.

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Re-launching of Tenant Purchase Scheme

12. Mr WONG Kwok-hing expressed grave disappointment that despite repeated calls from Members, including a motion carried at a Council meeting, the Administration had declined to re-launch TPS. He considered it necessary for the Administration to provide a paper on the review of TPS for deliberation by the Panel. He believed that the Administration would not be able to maintain its stance on the cessation of TPS if the subject was discussed in open forums. STH said that recovered public rental housing (PRH) flats played an important role in meeting the demand of over 150 000 applicants on the Waiting List (WL) for PRH. Once sold to sitting tenants under TPS, these flats would no longer be available for re-allocation, thereby affecting the turnover and supply of PRH flats and undermining HA's ability to maintain the average waiting time (AWT) at around three years for the general WL applicants. Besides, there were difficulties in managing TPS estates with a mixed tenure of owners and tenants. While the Administration did not have any plans at this stage to re-launch TPS, existing tenants in TPS estates could still opt to buy their own flats under the current policy. PRH tenants who wished to achieve home ownership might also choose to buy TPS and HOS flats in the secondary market.

Public rental housing

Average waiting time for PRH

13. Noting that about 30% of WL applicants had to wait more than three years for allocation of PRH, Mr LEUNG Yiu-chung was concerned that it would take at least 10 years to meet the demand of some 150 000 applicants on WL with the production of 15 000 PRH flats per year. As the Administration had indicated that the annual production of 15 000 PRH flats was not a fixed target, he enquired about the feasibility of increasing PRH production to meet demand. STH said that the number of PRH flats to be produced annually would depend on the availability of land. While the Administration would endeavour to identify more land for PRH under the rolling five-year Public Housing Construction Programme, there were competing priorities in the provision of land for public and private housing. Efforts would be made to ensure sufficient supply of PRH in new development areas. As regards AWT for PRH, STH advised that recent statistics revealed that 70% of WL applicants were allocated PRH within three years. Of these, 50% were allocated PRH within two years, representing an AWT of about 2.2 years in the past year. Of the some 160 WL applicants who had waited for more than five years, over 50% of these applications involved special circumstances such as an addition in family members or their income had exceeded the prescribed limits, thereby rendering them ineligible for PRH for a certain period of time.

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Admin 14. Mr LEUNG Yiu-chung enquired about AWT for the first, second and third housing offers. STH said that AWT was based on the first housing offer. The waiting time between the first, second and third offers was about six months, but this would vary depending on the choice of districts. At members' request, the Administration would provide information on the waiting time for the first, second and third housing offers.

15. The Chairman said that while AWT for general WL applicants could be maintained at three years, AWT for non-elderly one-person applicants was much longer under the Quota and Points System (QPS). He held the view that the Administration had been suppressing demand for public housing by ignoring the needs of non-elderly one-person applicants. He agreed to a proposal put forward by an academic that consideration should be given to according the same priority for allocation to non-elderly one-person applicants aged 35 or above as other applicants with two family members or more. This would enable early allocation of PRH to those low-income non-elderly one-person applicants who had been waiting for a long time and living in very dilapidated conditions. Noting that over 60 000 of the some 150 000 WL applicants were non-elderly one-person applicants, Professor Patrick LAU shared the concern that they would have to wait for a very long time given their low priority under QPS because of their age.

16. STH said that at present, AWT for general and elderly WL applicants was 2.2 and 1.1 years respectively. As for non-elderly one-person applicants, their allocation priority would be determined by QPS which provided for a transparent way of processing applications to ensure rational allocation of the scarce public housing resources. According to the 2010-2011 statistics for PRH allocations, 16% of the total allocations belonged to non-elderly one-person applicants. Of the 3 000 non-elderly one-person applicants who were allocated PRH last year, 1 740 were through QPS, 660 through the Express Flat Allocation Scheme while over 500 through Compassionate Rehousing. It was also worth noting that of the 66 000 non-elderly one-person applicants currently on WL, 47% were of age below 30. Among those aged below 30, 24% were PRH tenants, 53% with tertiary education, 96% were residing with their families, 41% were students at the time of application. The increasing number of non-elderly one-person applicants had not only put pressure on the supply for PRH, but also had implications on the ability of HA to provide housing to other families with more pressing need. Besides, the latest employment situation revealed that 63.7% of university graduates were able to secure jobs with salary ranging from \$8,000 to \$12,000 while 20% of them could earn from \$12,000 to \$16,000 per month. This would mean that most university graduates who were students at the time of application would not be eligible for PRH once they entered the job market as their income would have exceeded the prescribed income limits. Nevertheless, the Subsidised Housing

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Subcommittee of HA would be reviewing the situation to ascertain whether there was a need to fine tune QPS in view of public concern.

17. To reduce AWT of non-elderly one-person applicants, Professor Patrick LAU suggested that consideration could be given to converting some of the Housing for Senior Citizens (HSC) flats with communal toilet facilities to self-contained PRH units for allocation to non-elderly one-person applicants. STH said that the Panel would be briefed on the progress report on the phasing out of HSC in due course.

Admin 18. Ms Audrey EU considered it necessary for the Administration to ascertain the number of subdivided flats in Hong Kong as the dwellers were those who in imminent need of public housing. While the subject of subdivided flats fell within the remit of the Development Bureau, STH agreed to relay Ms EU's request for information on the estimated number of subdivided flats in Hong Kong to the Secretary for Development.

Redevelopment of aged PRH estates

19. Mr CHAN Kam-lam enquired about the redevelopment plans for aged PRH estates and the criteria for deciding the need for redevelopment. PSTH(H) said that under the Comprehensive Structural Investigation Programme, PRH blocks aged 40 or above were subject to detailed investigation on their structural conditions with a view to ascertaining whether these should be demolished/redeveloped or retained/repared. In assessing the redevelopment potential of PRH estates, consideration would need to be given to rehousing the existing tenants. The redevelopment would be justified if there were additional production of PRH units. Otherwise, renovation might be more worthwhile from the environmental and cost perspectives. STH added that the aspirations of existing tenants would be taken into account when reviewing the redevelopment potential of existing aged PRH estates.

Management of PRH estates

20. Mr Fred LI said that he had received many complaints from PRH tenants about the refuse problem in PRH estates. According to tenants, the waste bins were too small and were often overloaded with wastes. As a result, the wastes were scattered around in the refuse chambers and caused odour nuisance, particularly to units nearby. STH said that much improvement had been made in respect of waste collection at new PRH estates. By way of illustration, waste compaction and centralized clearance systems were put in place at Mei Tin Estate to facilitate waste collection. PSTH(H) added that carbon filters and extraction fans were used in removing the odour. In addition, waste separation and more frequent clearance and cleansing were carried out with a view to

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reducing the odour. However, it was a deliberate ploy to reduce the size of the entrance to rubbish chute to avoid people from falling into it when disposing of waste. He nevertheless undertook to look into the problem with the size of rubbish bins.

21. Mr Fred LI opined that apart from the current programme on addition of lifts and escalators in existing PRH estates, HA should also review the need for lifts/escalators/ramps in other hillside estates such as Choi Wan Estate and some estates in Kowloon East to facilitate barrier-free access for elderly and wheel-chair users. STH said that much effort had been made in providing barrier-free access in PRH estates, particularly when undertaking major renovation works in aged estates like Ping Shek Estate. Opportunity had also been taken to enhance pedestrian access in PRH estates during the development of infrastructural projects. For example, many lifts and escalators had been installed to facilitate access in Tsz Wan Shan during the construction of the Shatin to Central Link. PSTH(H) added that the programme on addition of lifts and escalators in PRH estates was an ongoing one, and would be subject to review based on feedback from District Councils as well as the need for redevelopment of estates.

Long Term Housing Strategy (LTHS)

22. In the absence of any LTHS, Ms Audrey EU questioned the bases upon which the production targets of 20 000 private residential flats, 15 000 PRH flats and 5 000 new HOS flats were arrived at. STH said that the main objectives of the earlier LTHS were three-folded, namely, maintaining the AWT for general WL applicants at three years, providing an annual production of 85 000 flats, and achieving 70% home ownership. The latter two targets had not been pursued following the repositioning of the housing policy in 2002. The focus of HA was to maintain the AWT general WL applicants through a steady supply of PRH flats. It was estimated that with an average production of about 15 000 PRH flats and the PRH flats to be recovered from existing stock each year, HA would be able to meet its policy objective of maintaining the AWT for general WL applicants at around three years. As regards private residential flats, STH said that the Administration would endeavour to make available sufficient land for production of 20 000 private residential flats in the next 10 years. The target was worked out with reference to town planning studies for 2030 and past statistics on transactions in the market.

23. The Chairman said that the present housing supply was unable to meet the demand as evidenced by the escalating property prices. He considered it necessary for THB and the Development Bureau to jointly review the land supply for housing. THB might also need to review the housing demand and to work out a long-term housing strategy.

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V. Proposed creation of two supernumerary directorate posts to take forward the regulation of sale of first-hand residential properties by legislation

(LC Paper No. CB(1) 242/11-12(03) — Administration's paper on proposed creation of two supernumerary directorate posts to take forward the regulation of sale of first-hand residential properties by legislation)

24. PSTH(H) briefly explained the proposal to create two supernumerary directorate posts to take forward the regulation of sale of first-hand residential properties by legislation.

Need for a new Special Duties Unit to carry out the legislative exercise and prepare for the set-up of an enforcement agency

25. PSTH(H) said that the Steering Committee on the Regulation of Sale of First-hand Residential Properties by Legislation (the Steering Committee) submitted its report in October 2011 and recommended that legislation be introduced to regulate the sale of all types of first-hand residential properties. The community was keen to see the early enactment of the legislation. The Transport and Housing Bureau (THB) would launch a public consultation exercise in the form of a White Bill in November 2011. Owing to the tight time schedule, the White Bill was drafted in parallel to the discussions by the Steering Committee. THB planned to introduce the Blue Bill into the Legislative Council (LegCo) in the first quarter of 2012 and have it enacted before the legislative term ended in 2012. In addition, THB planned to set up the enforcement agency within one year after the enactment of the legislation, and in tandem would put in place the Property Market Information Platform (PMIP) as recommended by the Steering Committee. Given the tight timeframe and the complexity of tasks involved, THB would need to set up a time specific unit known as the Special Duties Unit (SDU) to fully focus on taking forward the legislative exercise and setting up the proposed enforcement agency and PMIP. He looked forward to members' full support for the smooth enactment of the legislation.

26. Mr WONG Kwok-hing considered the proposed creation of two supernumerary directorate posts justified. He enquired about the manpower resources required for the enforcement agency. PSTH(H) said that the two supernumerary directorate officers would assist in setting up the enforcement agency. However, separate funding would be sought for the creation of additional posts under THB for the operation of the enforcement agency .

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Need for directorate support

27. While supporting the proposed creation of two supernumerary directorate posts, Dr Joseph LEE enquired how these two posts could help expedite the legislative process. PSTH(H) said that to have the legislation enacted within 2012 and the proposed enforcement agency in place within one year after the enactment of the legislation were very challenging tasks. It was crucial to have an Administrative Officer Staff Grade B (AOSGB) to head SDU on a full-time basis, given that prompt and clear steer would have to be given to the SDU team in response to developments throughout the legislative process. Also, AOSGB would need the strong support of an Administrative Officer Staff Grade C (AOSGC). THB had critically examined the feasibility of re-deploying existing Deputy Directors and Assistant Directors to absorb the work involved but concluded that this was not possible given the tight timetable and that the existing directorate officers were fully stretched with their own duties. He said that with members' support and the provision of additional staff, THB should be able to complete the legislative process, establish the enforcement agency, and implement PMIP as scheduled.

28. Miss Tanya CHAN asked how the Administration could ensure that the legislative process could be completed on time and as planned. She enquired if stakeholders were agreeable to the recommendations of the Steering Committee lest the White Bill could not be processed as planned as in the case of the withdrawal of the White Bill on the Sales Descriptions of Uncompleted Residential Properties Bill in 2001. She also enquired if there were specific time frames for completion of the tasks involved. PSTH(H) said that to expedite the legislative process, THB would launch a two-month public consultation exercise in the form of a White Bill in November 2011. It would brief the Panel on the White Bill in December 2012. THB planned to introduce the Blue Bill into LegCo in March 2012 with a view to having the legislation enacted within 2012. The White Bill was building on the Consent Scheme and the Real Estate Developers Association of Hong Kong (REDA)'s guidelines, with which key stakeholders were very familiar. Besides, key stakeholders such as the Hong Kong Institute of Architects, the Hong Kong Institute of Surveyors, the Consumer Council, the Estate Agents Authority, the Law Society of Hong Kong and REDA, were represented at the Steering Committee and had been actively involved in the formulation of the recommendations. While acknowledging that the task was a challenging one, PSTH(H) was optimistic that the timetable could be achieved.

29. The Chairman said that the Panel would indeed hold discussions and exchange views with deputations on the White Bill during the public consultation process. These deliberations would certainly facilitate the work of the Bills Committee to be set up to scrutinize the Blue Bill. He hoped that

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the Administration could introduce the Blue Bill as soon as possible, preferably by late February 2012, to allow sufficient time for scrutiny of the Bill. PSTH(H) assured members that efforts would be made to introduce the Blue Bill as soon as practicable. However, it would take time to incorporate the views collected during the public consultation exercise into the Blue Bill. The Chairman said that he was confident that THB could be able to enact the legislation within the current LegCo term.

30. Mrs Sophie LEUNG agreed that regulation of sale of first-hand residential properties by legislation was a step in the right direction. She held the view that the directorate staff to be appointed to take forward the regulation should be articulate, qualified and experienced as they would need to coordinate and liaise with a diversified group of stakeholders in the property market. The statutory regulatory mechanism to be introduced should be practical, reasonable and enforceable, and should not aim at finding fault or imposing penalties. She stressed that penalties should only form a part of the legislation and not the expressed intent. PSTH(H) noted Mrs LEUNG's views on the directorate posts. As regards penalties, PSTH(H) said that the legislation would set out the statutory requirements in the sale of first-hand residential properties and the penalties for breaching the requirements. The levels of penalties would be proportionate to the nature and seriousness of the offences, making reference to the levels of penalties of existing legislation. Also, he remarked that the enforcement agency would carry out public education in addition to law enforcement.

31. While supporting the proposed creation of two supernumerary directorate posts, Mr Vincent FANG emphasized the need to provide SDU with the needed resources given the importance and complexity of the tasks involved. PSTH(H) said that the proposed creation of posts would be adequate at this stage. Additional resources would be sought for the operation of the enforcement agency when it was set up.

32. In concluding, the Chairman said that members did not object to the submission of the proposal to the Establishment Subcommittee for consideration.

VI. Any other business

33. There being no other business, the meeting ended at 4:16 pm.