

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1390/12-13  
(These minutes have been seen  
by the Administration and  
Hong Kong Housing Society)

Ref : CB1/PL/HG/1

**Panel on Housing**

**Minutes of meeting**  
**held on Monday, 4 March 2013, at 2:30pm**  
**in Conference Room 3 of the Legislative Council Complex**

- Members present** : Hon WONG Kwok-hing, MH (Chairman)  
Hon Frederick FUNG Kin-kee, SBS, JP (Deputy Chairman)  
Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon WU Chi-wai, MH  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Dr Hon Fernando CHEUNG Chiu-hung  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen
- Members absent** : Hon LEUNG Yiu-chung  
Dr Hon LAM Tai-fai, SBS, JP

Hon IP Kwok-him, GBS, JP  
Hon WONG Yuk-man  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Gary FAN Kwok-wai

**Public Officers  
attending : For item V**

Professor Anthony CHEUNG, GBS, JP  
Secretary for Transport and Housing

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

Miss Agnes WONG, JP  
Deputy Secretary for Transport and Housing (Housing)

Mr Anson LAI  
Assistant Director (Strategic Planning)  
Housing Department

**For item VI**

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

**For item VII**

Mr K L WONG  
Chief Executive Officer & Executive Director  
Hong Kong Housing Society

Mr Daniel LAU  
Director (Development & Marketing)  
Hong Kong Housing Society

**Clerk in attendance** : Ms Miranda HON  
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. Application for late membership**

(LC Paper No. CB(1)619/12-13(01) — Letter dated 8 February 2013  
from Hon Gary FAN Kwok-wai  
(Chinese version only))

Members agreed to accept the late application for membership from Mr Gary FAN.

**II. Confirmation of minutes**

(LC Paper No. CB(1)618/12-13 — Minutes of the meeting held on  
7 January 2013)

2. The minutes of the meeting held on 7 January 2013 were confirmed.

**III. Information paper issued since last meeting**

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

**IV. Items for discussion at the next meeting**

(LC Paper No. CB(1)619/12-13(02) — List of follow-up actions

LC Paper No. CB(1)619/12-13(03) — List of outstanding items for  
discussion)

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4. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 15 April 2013, at 8:30 am -

- (a) Progress of Total Maintenance Scheme; and
- (b) Progress report on addition of lifts and escalators to existing public rental housing estates

With reference to the discussion on (b) above, Mr WU Chi-wai said that there was a need for the Administration to include in the discussion paper an account of the interface between the programme on the addition of lifts and escalators to existing public rental housing ("PRH") estates and the redevelopment potential of aged estates, with a view to avoiding the waste of resources as in the case of the redevelopment of Pak Tin Estate.

**V. Review of Waiting List Income and Asset Limits for 2013/14**

(LC Paper No. CB(1)619/12-13(04) — Administration's paper on "Review of Waiting List Income and Asset Limits for 2013/14"

LC Paper No. CB(1)619/12-13(05) — Updated background brief on "Waiting List Income and Asset Limits" prepared by the Legislative Council Secretariat)

5. The Secretary for Transport and Housing ("STH") briefed members on the outcome of the review of the Waiting List ("WL") income and asset limits for 2013/14 by highlighting the salient points of the Memorandum for the Housing Authority's Subsidised Housing Committee ("SHC") which was attached to the Administration's paper. He advised that the proposed income and asset limits for 2013/14 would increase by an average of 6.0% and 4.2% respectively over those for 2012/13 and that the outcome of the review would be considered by SHC on 14 March 2013. The Assistant Director of Housing (Strategic Planning) ("ADH(SP)") then gave a power-point presentation to introduce the outcome of the review of the WL income and asset limits for 2013/14.

(*Post-meeting note:* A set of the power-point presentation materials on the subject was circulated to members vide LC Paper No. CB(1)659/12-13(01) on 4 March 2013.)

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6. Mr Christopher CHUNG was of the view that the mechanism for reviewing the WL income and asset limits was flawed. He pointed out that with the further upward adjustment of the statutory minimum wage ("SMW"), the salary of low-income earners would exceed the WL income and asset limits and they would no longer be eligible for PRH. He opined that the non-housing and housing costs were under-estimated on account of the rising living costs and rentals, the latter of which amounted to at least \$4,000 per month for a subdivided flat on the Hong Kong island. Instead of relying on a set of indicators, he supported that a more people-oriented approach be adopted in the review of WL income and asset limits. He also sought elaboration on the contention which had been raised on the WL income and asset limits in the past two years.

7. STH explained that all along, the WL income and asset limits were reviewed by using an expenditure-led review mechanism which provided an objective basis to assess the affordability of households applying for PRH. Under the established mechanism, the WL income limits were derived using a household expenditure approach, which consisted of housing costs and non-housing costs, plus a contingency provision. Housing costs measured the cost of renting a private flat comparable to PRH while non-housing costs were determined with reference to the latest Household Expenditure Survey ("HES") conducted by the Census and Statistics Department ("C&SD"), with adjustment according to the latest movement in Consumer Price Index (A) ("CPI(A)") (excluding housing costs).

8. STH further said that SHC noted that although changes in income (including the implementation and changes of SMW) would be reflected in the changes in expenditure in the long run, they might not be reflected in a timely manner in the WL income limits before the HES results were updated. Through the introduction of an income factor, even if the change in CPI(A) of non-housing items was lower than the change in income level, the non-housing cost component could still be adjusted in accordance with the change in income level. Accordingly, SHC approved at its meeting on 7 February 2013 the refinement to the mechanism for reviewing the WL income limits, whereby the non-housing cost component would be adjusted by either the change in CPI(A) (excluding housing cost) or the change in nominal wage index obtained through the Labour Earnings Survey ("LES") conducted quarterly by C&SD as the income factor, whichever was higher. The refinement aimed to take into account the changes in income level, including implementation and changes of SMW, while maintaining the expenditure-led review mechanism which functioned well.

9. Mr LEUNG Che-cheung shared the concern that with the implementation of SMW, many households would lose their eligibility for PRH. While it was estimated that some 125 200 non-owner occupied households in the private sector would be eligible for PRH if the proposed income limits were adopted,

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there would also be some 7 000 households which had to move out because their income had exceeded the prescribed limits. He enquired about the impact of the new WL income limits on WL applicants. STH responded that the number of non-owner occupied households in the private sector would change over time, so would the proportion of them eligible for PRH. Households meeting the income limits might not necessarily be able to meet other eligibility criteria. In general, with the upward adjustment of WL income limits, the number of eligible applicants would increase. The change in nominal wage index was considered to be a suitable yardstick to be used to gauge changes in the income of the PRH target group and to reflect the impact of SMW on income. With the refinement to the mechanism for reviewing the WL income limits, the non-housing cost component would be adjusted by either the change in CPI(A) or the change in nominal wage index, whichever was higher.

10. Mr Frederick FUNG said that the mechanism for reviewing the WL income and asset limits was unfair in that Hong Kong's economy was affected by many external factors, especially when the Hong Kong dollar was pegged to the US dollar which had given rise to inflationary pressure. Tenants of private accommodation were hardest hit by inflation as they were exposed to rising rentals as a result of escalating property prices. He would therefore support the reinstatement of rent control and the upward adjustment of the WL income limits on account of the high housing and non-housing costs. STH responded that the provision of rent subsidy might further increase the rentals in the private property market, and only owners instead of the general public would benefit. As to the housing costs and non-housing costs, they were worked out based on the rent of a private flat comparable to PRH and the change in CPI(A) or nominal wage index (whichever was higher) respectively.

11. Mr WU Chi-wai noted that while the percentage changes in the housing and non-housing costs for different household sizes between 2012/13 and 2013/14 were quite similar, there were significant percentage difference in the WL income limits for 1-person households (+1.6%), 2-person households (+2.5%), 3-person households (+7.3%), and 4-person households (+6.9%). He sought explanation on the percentage differences in the WL income limits for the different household sizes.

12. ADH(SP) referred members to Note 5 in the Administration's paper which stated that although the total household expenditure for 1-person and 2-person households for the 2013/14 review increased by 7.9% and 7.5% respectively over the 2012/13 review, the proposed income limits increased only by 1.6% and 2.5% respectively. This was because in the review for 2011/12, SHC endorsed the addition of an extra 10% of household expenditure on top of the contingency provision of 5% of the household expenditure on a special and one-off basis for the WL income limits, taking into account the uncertainties arising from possible changes in the economic environment, including

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fluctuations in price levels and implementation of the SMW and to provide a buffer for the low-income households in applying for PRH. As a consequence, the WL income limits with the special and one-off extra contingency provision were on average 9.5% higher than what the income limits would have been if they had incorporated only a 5% contingency provision in accordance with the established methodology. Therefore, in the 2012/13 review, when comparing the assessed income limits for 2012/13 determined using the established methodology of a 5% contingency provision with the income limits adopted for 2011/12 (which included the special one-off provision of an additional 10% contingency provision as buffer), there should in fact be a decrease in the income limits for 1-person and 2-person households. But in the light of the then economic situation, and in order to continue to provide an additional buffer for 1-person and 2-person households, SHC endorsed to give special consideration to freeze their income limits at the then existing levels.

13. ADH(SP) further said that although the proposed WL income limits for 1-person and 2-person households for 2013/14 would only increase by 1.6% and 2.5% when compared with the existing income limits for 2012/13, they would actually represent 7.9% and 7.5% increase to what would have been the 2012/13 levels if they were not frozen at the 2011/12 levels.

14. Dr Fernando CHEUNG said that he hoped that the nominal wage index would accurately reflect the changes in income levels to enable timely adjustment of the WL income limits. He enquired about the changes in the nominal wage index and CPI(A) over the years. As housing costs were derived from the cost of renting a private flat comparable to PRH, he was concerned that such costs might not have taken into account the high unit rents for cubicles and subdivided flats and he hoped that separate surveys would be conducted. ADH(SP) responded that the nominal wage index would reflect the changes in income levels brought about by the implementation of SMW. The sample survey on private dwellings conducted by C&SD from which the housing costs were derived had assessed the differential unit rents of private accommodation and reference flat sizes.

15. Mr Tony TSE sought explanation on how housing costs under the WL income limits were derived given that the flats in the private property market were not comparable to PRH flats. He also noted with concern that the average space allocated to WL applicants had been reduced. STH clarified that housing costs were derived from the rentals for a private flat comparable to the size of PRH flat. ADH(SP) explained that differential unit rents of private accommodation were based on the sample survey by C&SD, and that the average space allocated to WL applicants had been reduced according to statistics in the past three years.

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16. Mr LEE Cheuk-yan shared the concern that the average space of flats allocated to WL applicants had been reduced over the years, notably the average space for 1-person household had been reduced from 16.2 square metres in 2008/09 to 2010/11 to 15.7 square metres in 2009/10 to 2011/12. As housing costs were obtained by multiplying the unit rent by the average space allocated to WL applicants, a reduction in the latter would have resulted in lesser housing cost, and this might not be able to reflect the rising rentals in the property market, the unit rent of which had increased by 15% from \$200 to \$232 over the past year. He would therefore support that the percentage change in housing costs should take account of the percentage increase in unit rents only, which was 15%. STH explained that the average space allocated to WL applicants was based on the space allocation over the past three years. ADH(SP) added that the allocation of units was based on the availability of new and recovered flats. Some of the newer flats might have better design but were smaller in size.

17. Miss Alice MAK expressed concern about the accuracy of C&SD's sample survey on private dwellings as there had been recent media reports questioning the reliability of the surveys conducted by the department, which had not taken into account the housing costs of those residing in cubicles and subdivided flats given that C&SD staff were unable to have access to subdivided flats. She was also concerned about the fact that the household income of 2-person households with two income earners each earning SMW would have exceeded the WL income limits. This would have penalized 2-person households with two income earners and discouraged them from joining the workforce. In fact, these households were most in need of PRH. ADH(SP) responded that housing costs were derived from the sample survey conducted by C&SD on private dwellings, which included cubicles and subdivided flats. The survey had provided objective information on the rentals of flats of different locations and sizes. In response to a media report alleging data falsification, the Government had established an investigation task force to examine the authenticity of statistical data and the existing data quality assurance mechanism, and the report would be available soon. As regards the WL income limits for 2-person households, he stressed that the current expenditure-led review mechanism had worked well and had provided an objective basis for assessing the affordability of households applying for PRH.

18. Mr James TO was concerned that the expenditure-led review mechanism for WL income limits had not reflected the actual situation. As households had to reduce their non-housing expenditure in order to stay below the WL income limits, he considered it necessary that the mechanism be further improved. STH said that SHC was well aware that although changes in income would be reflected in the changes in expenditure in the long run, they might not be reflected in a timely manner in the WL income limits before the HES results were updated. It had therefore decided to introduce the change in nominal wage index as the income factor, so that even if the change in CPI(A) of non-housing



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items was lower than the change in nominal wage index, the non-housing cost component could still be adjusted in accordance with the change in nominal wage index.

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19. Mr James TO referred to an earlier housing loan scheme under which the recipient of a subsidy of \$600,000 for home purchase and his/her entire household would become ineligible for PRH in future. He considered such arrangement unfair because once the subsidy was granted, the recipient's offspring would not be eligible for PRH. ADH(SP) agreed to revert to Mr TO regarding the details of the housing loan scheme and its impact on the eligibility for PRH on other household members.

20. Mr LEUNG Kwok-hung supported the reinstatement of rent control which would help stabilize the rental market. He also supported that more land be provided for housing production and that the Application List system be dispensed with. He shared the concern that workers receiving SMW and who worked overtime might easily exceed the WL limits and become ineligible for PRH.

21. The Chairman supported that a people-oriented approach should be adopted in reviewing the WL income limits, instead of relying on a set of indices. Given that workers receiving SMW and who worked overtime might easily exceed the WL limits and be rendered ineligible for PRH, he requested that consideration be given to increasing the contingency provision (which was currently set at 5%), in an attempt to improving the situation. He also requested that members' views be reflected to SHC for consideration at its meeting on 14 March 2013. STH responded that while he agreed on the need for flexibility, objective eligibility criteria had to be set to ensure fairness and impartiality. He agreed to reflect members' views to SHC for consideration.

*(Post-meeting note: As advised by STH vide his letter dated 2 April 2013, members' views on the findings of the review on the WL income and asset limits 2013/14 had been relayed to SHC, and SHC had endorsed on 14 March 2013 the WL income and asset limits for 2013/14 which had come into effect on 1 April 2013. STH's letter was circulated to members vide LC Paper No. CB(1)809/12-13(01) on 8 April 2013.)*

## **VI. Marking Scheme for Estate Management Enforcement in Public Housing Estates**

(LC Paper No. CB(1)619/12-13(06) — Administration's paper on "Marking Scheme for Estate Management Enforcement in Public Housing Estates"

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LC Paper No. CB(1)619/12-13(07) — Updated background brief on "Marking Scheme for Estate Management Enforcement in Public Housing Estates" prepared by the Legislative Council Secretariat)

22. The Permanent Secretary for Transport and Housing (Housing) ("PSTH(H)") briefed members on the Marking Scheme for Estate Management Enforcement in Public Housing Estates ("the Marking Scheme") by highlighting the salient points of the information paper. With a power-point presentation, the Assistant Director of Housing (Estate Management) 3 ("ADH(EM)3") reported on the latest position of the Marking Scheme.

(*Post-meeting note:* A set of the power-point presentation materials on the subject was circulated to members vide LC Paper No. CB(1)659/12-13(02) on 4 March 2013.)

23. Mr Christopher CHUNG considered it unfair to hold the entire household liable for the misdeed committed by an individual family member. He was of the view that the individual concerned who committed the misdeed should be held liable and be punished accordingly but this should not affect the rights of other family members to continue to live in the PRH unit. In addition, instead of triggering the termination of tenancy upon the accumulation of 16 points within two years, the Administration should consider imposing penalties in a timely manner in an attempt to deter recurrences. PSTH(H) said that the crux of the matter was that the allocation of PRH units was on a family basis and not an individual basis. Tenants were required to take responsibility for their own actions and that of their families. The Marking Scheme would allow progressive warning as termination would be triggered only upon accumulation of 16 points within two years.

24. Mr Frederick FUNG shared the concern about the unfairness associated with holding the entire household liable for the misdeed committed by an individual family member. He said that as the tenancy was signed with the principal tenant, he failed to see the rationale for terminating the tenancy of the entire household as a result of the misdeeds committed by the children of the principal tenants, who have no unconditional right to inherit the tenancy. Mr LEUNG Kwok-hung also expressed dissatisfaction over the holding of the entire household liable for the misdeed committed by an individual family member. Dr KWOK Ka-ki enquired if it was possible to introduce a mechanism under which only the individual who had committed the misdeed would have his/her right to stay cancelled, instead of terminating the tenancy of the entire household. PSTH(H) responded that the entire household would be

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held responsible under the term of tenancies. The only control or penalties to be imposed would have to relate to the terms of the tenancy. It was not possible to introduce penalties other than that of the Marking Scheme, which were considered unfair in the context of the tenancy.

25. The Chairman enquired if the Administration would consider reviewing the Marking Scheme which would hold the entire household liable for the misdeed committed by an individual family member, particularly when the latter's action could not be controlled by other family members. PSTH(H) explained that the purpose of the Marking Scheme was not to terminate tenancies but to change the behavior of the tenants who committed the misdeeds. There was general acceptance of the Marking Scheme as below 20% of the tenants were critical of the Scheme. The Chairman remained of the view that the offenders should be held responsible for his/her own actions which should not affect the rights of other family members to continue to live in the PRH units. He strongly urged the Administration to review the Marking Scheme.

26. Mr Paul TSE sought elaboration on the implementation of the Marking Scheme, i.e. whether there was a need for witnesses to be present, whether there was an appeal mechanism and whether the offenders could be represented by a third party. He also enquired about the penalties to be imposed against the misdeeds committed by a non-tenant who visited the PRH units.

27. PSTH(H) replied that a visitor would not be covered by the Marking Scheme. ADH(EM)3 said that in most cases, two housing staff would be deployed to investigate the commission of misdeeds under the Marking Scheme. However, for the misdeeds such as littering and spitting in public areas, points could be allotted if the offender was caught on the spot. As to representation by a third party, he said that offenders could engage a third party to represent him/her in an appeal. An appeal mechanism was in place and offenders could either request for reconsideration by staff at higher level and/or lodge an appeal to the Appeal Panel (Housing) ("the Appeal Panel"). So far, 57 households had accrued 16 points or above. Among these 57 households, the Housing Authority ("HA") had issued a total of 42 Notices-To-Quit ("NTQs"), approved the withholding of the issuance of NTQs on 12 cases on special grounds and recovered three voluntarily surrendered PRH flats. Most of the households to which NTQs were issued had lodged an appeal and their cases had been heard by the Appeal Panel which would decide whether the tenancies should be terminated. About 20 households to which NTQs were issued had had their tenancies terminated while the remainder was allowed special consideration on account of their housing needs.

28. On Dr KWOK Ka-ki's enquiry about the operation of the Appeal Panel, ADH(EM)3 explained that the Appeal Panel was appointed by the Chief Executive and comprised about a hundred members from different professions,

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including lawyers, academics, District Council members and district representatives. Three board members would be assigned to handle each appeal case independently.

29. Mr KWOK Wai-keung said that although he did not agree on the need to impose penalties against misdeeds involving civic responsibility and execution of tenancy conditions, much improvement had been seen in the environmental hygiene of PRH estates since the implementation of the Marking Scheme. He would welcome the special home visit made by housing staff to households which had accumulated 10 points. He enquired if special consideration (which might include referral to the Social Welfare Department ("SWD")) would be given to cases involving unintentional misdeeds committed by physically or mentally incapacitated persons. He also enquired if there had been cases involving immediate termination of tenancy and whether the households whose tenancies had been terminated under the Marking Scheme had re-applied for PRH allocation.

30. ADH(EM)3 replied that for ex-tenants whose tenancies had been terminated by HA under the Marking Scheme, their applications for PRH through the General WL would be barred for two years counting from the day upon the expiry of the NTQ. They would not be offered a flat of better quality (in respect of geographical locality, age of building and floor level) upon rehousing after the lapse of two years. As regards those cases where the number of valid points accrued to 10, a warning letter would be served to the concerned household. The warning letter would detail the points allotted and remind the tenant of the possible consequence if more points were allotted. A manager grade housing staff would interview the tenant and the family member who committed the misdeeds to reiterate the possible consequence of tenancy termination if there was further accumulation of points under the Marking Scheme. As for cases involving uncontrollable misdeeds by physically or mentally incapacitated persons, the assistance from SWD would be sought. Consideration would also be given to exempting their misdeeds from the Marking Scheme, except for the misdeed of throwing objects from height which might cause danger or personal injury. In such circumstances, the household concerned would have to be rehoused to a lower floor.

31. Mr LEUNG Che-cheung said that he was supportive of the Marking Scheme as it had improved the environmental hygiene of PRH estates. He was however concerned that the Marking Scheme had not been effectively enforced in all PRH estates, which might be attributable to the lack of enforcement staff. He also sought explanation on the rationale behind the allotment of penalty points under the Marking Scheme, given that the misdeed of water dripping from air-conditioner would be allotted five penalty points while the misdeed of spitting in public areas would be allotted seven penalty points. ADH(EM)3 explained that the misdeeds were categorized by the severity of their impact on

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environmental hygiene or estate management. As the misdeed of spitting in public areas would result in the spreading of diseases, it was considered a more serious misdeed and was therefore allotted seven points. There had been close monitoring on the enforcement of the Marking Scheme in all PRH estates and intensified patrols/inspections by estate staff would be carried out where necessary.

32. Dr Fernando CHEUNG stated that he was aware of the many problems associated with households with autistic or mentally incapacitated family members who might create nuisances to their neighbours. Instead of relying on the estate management staff to deal with complaints from neighbours, the Housing Department should consider engaging social workers to handle those cases in a more considerate manner. Dr KWOK Ka-ki shared the concern about the need for giving special consideration to households with autistic or mentally incapacitated family members who were repeated offenders under the Marking Scheme. He said that there might be a need for them to receive special medication. ADH(EM)3 responded that the pressure on households with autistic members was well understood and special consideration would be given to those cases. Instead of creating social worker posts under the Housing Department to deal with such cases, it had been the practice to refer such cases to the Integrated Families Services Centres of SWD or the Hospital Authority for follow-up as appropriate, after consent was obtained from the households concerned. In response to Dr CHEUNG and Dr KWOK, the Administration would provide the number of cases under the Marking Scheme which had been referred to the Integrated Families Services Centres of SWD and/or the Hospital Authority for follow-up.

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33. Noting that the Public Housing Recurrent Survey 2012 showed that some 64% of tenants considered the penalties to be reasonable, Mr WU Chi-wai enquired about the views of the remaining 36% of tenants. The Deputy Director of Housing (Estate Management) ("DDH(EM)") said that there were mixed views from the remaining 36% of tenants on the level of penalties, with some supporting more lenient actions while others supporting harsher punishment.

Throwing of objects from height

34. Mr WU Chi-wai commented that some of the misdeeds like throwing of objects from height had not been properly dealt with under the Marking Scheme owing to the lack of enforcement. He enquired if Mobile Digital Closed Circuit Television sets were deployed in all estates to detect the throwing of objects from height. DDH(EM) replied that the Mobile Digital Closed Circuit Television sets could be flexibly deployed for use in different estates. Currently, the television sets were deployed in PRH estates with high incident rates of throwing of objects from height. Meanwhile, the Special Operation Teams were deployed to detect suspected offenders.

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Control of dog keeping

35. Mr WU Chi-wai asked about the number of dogs that were being kept in PRH estates, other than the permitted dogs under the "Temporary Permission Rule". He also enquired about the availability of equipment to detect the chips worn by dogs kept in PRH flats. ADH(EM)3 said that to tackle unauthorized dog keeping, detecting equipment were used to detect the chips which were worn by dogs within PRH estates.

Causing noise nuisance

36. Mr Frederick FUNG was concerned about the difficulty in taking enforcement against noise nuisance on account of the need to gather evidence as the noise might have stopped when the housing staff arrived at the scene. He considered it necessary that measures be worked out to deal with noise nuisance. ADH(EM)3 agreed that there were difficulties in dealing with complaints about noise nuisance as witnesses were required to ascertain the noise complaints before allotment of penalty points. He said that over the past years, there had been more than 130 warnings about noise nuisance and among them, about 80 cases had resulted in allotment of penalty points under the Marking Scheme.

Illegal gambling in public places

37. Mr Frederick FUNG pointed out that he was aware of certain public places in PRH estates which were used for illegal gambling. ADH(EM)3 said that cooperation would be sought from the Police in the enforcement against illegal gambling in public places. Points would be allotted under the Marking Scheme when tenants were found guilty of illegal gambling.

**VII. Issues relating to the Shau Kei Wan Mixed Scheme Project developed by the Hong Kong Housing Society**

(LC Paper No. CB(1)619/12-13(08) — Hong Kong Housing Society's paper on "Hong Kong Housing Society's Shau Kei Wan Mixed Scheme Project")

38. The Chief Executive Officer & Executive Director, Hong Kong Housing Society ("CEO&ED/HS") briefed members on the Shau Kei Wan Mixed Scheme Project ("Project H21") developed by the Hong Kong Housing Society ("HKHS") which would be put up for sale by the end of the year. He said that Project H21 was one of the six urban renewal projects entrusted to HKHS by the Urban Renewal Authority ("URA") under a Memorandum of Understanding

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("MoU") signed between URA and HKHS in December 2002, for establishing the strategic cooperation between the two organizations to facilitate implementation of the urban renewal programme. As Project H21 was not a subsidized housing project, HKHS would sell the units to the public at full market price, and without re-sale restriction, similar to HKHS's other urban renewal projects. In view of the aging population and in order to promote cross-generation care and support, HKHS had decided that Project H21 should be designed as a mixed development comprising 214 private flats for sale and 60 rental flats for lease. Successful purchasers of the private flats would be given the priority to lease the rental flats for their aged parents or family members. This would enable the flat purchasers to stay closely with their parents or family members for mutual help and support, but yet to preserve their respective privacy in life.

39. Dr Fernando CHEUNG recalled that back in 2006 when the properties along Nam On Street and Shau Kei Wan Road were acquired by HKHS to make way for the urban renewal redevelopment project which was now known as Project H21, the owner occupiers were reluctant to move as the compensation package was very unreasonable. As it turned out, Project H21 was a luxurious housing development which would be sold at very high prices. He questioned why HKHS, being a non-profit-making organization, should acquire properties for redevelopment and sell them at the higher end of the property market. He enquired about the profits to be made by HKHS and how such profits would be utilized. He also enquired if the owners would be allowed to form owners' corporation on their own.

40. Dr KWOK Ka-ki said that while HKHS had acquired the Project H21 site at a low cost in 2002 by displacing affected residents on grounds of urban renewal, it would be selling the development at a huge profit later in the year. He failed to see why HKHS had deviated from its role of providing subsidized housing and assumed the role of private developers by profiteering from redevelopment. Instead of providing affordable housing to the sandwich class, HKHS had been developing luxurious flats which were beyond the affordability of the general community. He sought explanation on the reasons why Project H21 should not be a subsidized housing project but had to be sold at market prices. Sharing similar views, Mr LEUNG Kwok-hung expressed dissatisfaction that HKHS had been profiteering through urban renewal projects and he requested for an explanation on how the proceeds were used. He said that if it was HKHS's intention to provide housing for the elderly, it should have provided residential homes for the elderly instead.

41. CEO&ED/HS responded that Project H21 was one of the six urban renewal projects entrusted to HKHS by URA under an MoU signed between URA and HKHS in December 2002, for establishing strategic cooperation to facilitate implementation of the urban renewal programme. It was developed in

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accordance with the Urban Renewal Authority Ordinance (Cap. 563). As Project H21 was not a subsidized housing project, HKHS would sell the units to the public at full market price, which would be set later in the year when the properties would be put up for sale. The purpose of undertaking urban renewal projects was not to make profits but to improve living conditions. The profits derived from the urban renewal projects would be used to fund other subsidized housing projects. The sale of Project H21 would bear similarities to the sale of Heya Green in Sham Shui Po. HKHS would assist owners of Project H21 to set up owners' corporation. Dr KWOK Ka-ki, however, pointed out that the sale of Heya Green had incorporated anti-speculation measures which would discourage resale but this did not apply to Project 21 which had no resale restrictions.

42. Dr Fernando CHEUNG further said that if it was the intention of HKHS to improve the living conditions by way of urban renewal, he would like to know the living conditions of the affected residents who were evicted as a result of the redevelopment. The Director (Development & Marketing), HKHS ("D(D&M)HS") responded that HKHS did not have information on the present living conditions of the affected residents. Of the 129 affected owners, 88 of them had accepted the compensation package offered by HKHS.

43. Mr KWOK Wai-keung said that the information provided by HKHS on Project H21 was too limited. He sought details on such items as the floor areas of the 214 flats for sale and the 60 flats for rent, as well as the rentals for the flats to be leased to the elderly. As Project H21 was meant to promote cross-generation care and support by allowing owners of flats to stay closely with their parents or family members who would be renting flats within the same development, he was concerned about the situation when the aged parents had passed away. His concern was shared by Mr LEUNG Kwok-hung.

44. CEO&ED/HS explained that the floor areas for two-room and three-room flats to be put up for sale would be 500 and 650 square feet respectively. As for the flats for lease to the elderly, these would be either be studios flats, one-room or two-room flats with areas between 300 and 520 square feet. As Project H21 was not a subsidized housing project, the rental would be based on market value. The purpose of having a mixed scheme with flats for sale at the upper floors and flats for rent at the lower floors was to enable families to stay close with their parents for mutual help and support. D(D&M)HS added that this innovative concept was the first of its kind to promote care and harmony within families in Hong Kong.

45. Mr Tony TSE said that with the aging population in Hong Kong, he would support the concept of cross-generation care and support. He said that while HA was responsible for providing public housing for the low-income families, HKHS would have a role to play by providing housing for the middle-



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class elderly. Meanwhile, the Government should provide more land for housing to meet the different housing needs of the community. He hoped that HKHS could make use of the profits gained in redevelopment projects to cross-subsidize other housing projects. CEO&ED/HS responded that HKHS had been operating two Senior Citizen Residence Schemes to provide subsidized housing for eligible elderly and the schemes were very well received. HKHS would be pleased to provide more such schemes for the benefit of the elderly.

46. Miss Alice MAK said that if the flats for sale and rental under Project H21 were offered at market prices, HKHS would be no different from other private developers. The Government could have sold the land without involving HKHS and let private developers proceed with the development. She questioned the role of HKHS given that the concept of cross-generation care and support could be promoted by other private developers as well. Besides, middle-class families could easily identify flats for rent in the neighbourhood for their elderly parents. She considered that the only justification for allowing HKHS to redevelop the site was that the flats would be sold or rented at below market prices. She would only support the project if the proceeds from the sale of flats would be ploughed back to fund other subsidized housing projects and/or to reduce the rentals of public housing flats.

47. CEO&ED/HS said that HKHS had been developing various housing schemes including the Sandwich Class Housing Schemes which were subsidized housing projects, and joint redevelopment projects with URA which were sold at market prices. D(D&M)HS added that the housing schemes for the elderly provided by HKHS were tailored made to meet the needs of the elderly. By way of illustration, the public areas were more spacious and the flats were suitably designed for elderly.

48. Dr KWOK Ka-ki noted with concern that while HKHS's role was to provide affordable housing and related services to the community, it had been undertaking profit-making housing projects. He enquired if HKHS was under pressure to maximize its profits in order to pay for its high operating expenses. CEO&ED/HS assured members that there was no pressure on the part of HKHS to generate profits.

49. Mr LEE Cheuk-yan questioned the role and positioning of HKHS in the development of housing, which could be subsidized housing projects or developments sold at market prices. He supported that a meeting should be held to review the role and positioning of HA, HKHS, URA as well as relevant government departments in the development of housing. CEO&ED/HS explained that HKHS had been trying out new housing schemes to meet the different housing needs of the community. He reiterated that the purpose of HKHS in undertaking housing projects was not to make profits. In fact, when the MoU was signed between HKHS and URA in December 2002 to develop

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the six urban renewal projects, HKHS was prepared for losses. It was still not certain whether the renewal projects would be profitable as the flats had yet to be sold. The proceeds from the sale of flats would be used to fund other services which might include repair and maintenance of existing rental flats. Being a self-financing institution, HKHS would also require funding to redevelop and maintain its aged estates.

50. The Chairman agreed on the need for a review of the role and positioning of HA, HKHS, URA as well as relevant government departments in the Government's housing policy. Both the Transport and Housing Bureau and the Development Bureau would be involved as housing production would hinge upon the supply of land. With reference to Project H21 which would be sold at market price, he was concerned that the selling prices would likely be set at the higher end of the market in line with other new developments in its vicinity. Given that there were 214 flats for sale but only 60 flats for rent to elderly, there would be insufficient rental flats to enable cross-generation care and support. He was also concerned about the affordability of the elderly staying in the rental flats which would be leased at market prices. D(D&M)HS responded that in determining the sale prices of Project H21, reference would be made to transactions of similar properties in the locality, the latest property indexes and the prevailing market condition. The same strategy had been applied to the sale of Heya Green in 2012. Lots would be drawn if the demand for the rental flats was higher than the supply.

51. In concluding, the Chairman stated that he remained concerned about the anomaly in the development of Project H21, on account that HKHS, being a non-profit-making organization, after acquiring the site at low cost and displacing affected residents on grounds of urban renewal, would seek to maximize the profits from the project by selling and letting the new flats at full market price. He further said that he would write to the Administration requesting for a review on the mode of cooperation between HKHS and URA and the arrangements for implementing similar urban renewal projects, with a view to preventing the recurrence of similar situation. The Administration would also be requested to review the role and position of HKHS in the Government's housing policy.

*(Post-meeting note: The Chairman's respective letters to STH and the Secretary for Development as well as the Administration's consolidated reply were circulated to members vide LC Paper Nos. CB(1)680/12-13(01) and CB(1)818/12-13(01) on 11 March 2013 and 9 April 2013 respectively.)*

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**VIII. Any other business**

52. There being no other business, the meeting ended at 5:02 pm.

Council Business Division 1  
Legislative Council Secretariat  
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