

立法會
Legislative Council

LC Paper No. CB(1)2018/13-14
(These minutes have been seen
by the Administration and the
Hong Kong Housing Society)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 5 May 2014, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon WONG Kwok-hing, BBS, MH (Chairman)
Hon WU Chi-wai, MH (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon CHAN Hak-kan, JP
Hon IP Kwok-him, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Michael TIEN Puk-sun, BBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
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

Member attending : Dr Hon Elizabeth QUAT, JP

Members absent : Hon Abraham SHEK Lai-him, GBS, JP
Hon Paul TSE Wai-chun, JP

Public Officers attending : **For item IV**

Mr Stanley YING, JP
Permanent Secretary for Transport and Housing (Housing)

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

Mr LEUNG Sai-chi
Assistant Director (Estate Management)¹
Housing Department

For item V

Mr Stanley YING, JP
Permanent Secretary for Transport and Housing (Housing)

Ms Treasa YAN
Head (Central Support Unit)
Housing Department

Attendance by invitation : **For item V**

Mr WONG Kit-loong
Chief Executive Officer and Executive Director
Hong Kong Housing Society

Mr Jacky IP
Director (Property Management)
Hong Kong Housing Society

Clerk in attendance : Ms Miranda HON
Chief Council Secretary (1)1

Staff in attendance : Mr Ken WOO
Senior Council Secretary (1)5

Ms Mandy LI
Council Secretary (1)1

Miss Mandy POON
Legislative Assistant (1)1

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I. Confirmation of minutes

(LC Paper No. CB(1)1247/13-14 — Minutes of the joint meeting with the Panel on Development held on 29 January 2014)

The minutes of the joint meeting with the Panel on Development held on 29 January 2014 were confirmed.

II. Information papers issued since last meeting

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

(LC Paper No. CB(1)1214/13-14(01) — Land Registry Statistics for March 2014 provided by the Administration (press release)

LC Paper No. CB(1)1261/13-14(01) — Administration's response to the two letters from Hon WONG Kwok-hing, Chairman of the Panel on Housing, issued separately to the Secretary for Transport and Housing and the Secretary for Development requesting the Government to develop subsidized housing on

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the sites in Area 115 and Area 112B in Tin Shui Wai (Chinese version only))

III. Items for discussion at the next meeting

(LC Paper No. CB(1)1253/13-14(01) — Referral memorandum from the Public Complaints Office of the Legislative Council Secretariat regarding the policy on the waiting time for allocation of public rental housing (Chinese version only) (Restricted to Members)

LC Paper No. CB(1)1279/13-14(01) — List of follow-up actions

LC Paper No. CB(1)1324/13-14(01) — List of outstanding items for discussion)

3. The Chairman said that the Panel had received a referral from the Public Complaints Office of the Legislative Council Secretariat on 10 April 2014 regarding a deputation's concerns on the policy on the waiting time for public rental housing ("PRH"). The Duty Roster Members who handled the case had suggested that the Panel should hold a meeting to receive views from the public on the issue. Members raised no objection to the suggestion.

(Post-meeting note: A special meeting to receive public views on "Waiting time for public rental housing" was subsequently held on 30 June 2014.)

4. Members agreed to discuss the following items at the next regular meeting scheduled for Tuesday, 3 June 2014, at 4:30 pm –

- (a) Performance of environmental targets and initiatives in 2013/14; and
- (b) Progress of Total Maintenance Scheme.

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IV. Measures to tackle under-occupation in public rental housing estates

(LC Paper No. CB(1)1324/13-14(02) — Administration's paper on "Measures to tackle under-occupation in public rental housing estates"

LC Paper No. CB(1)1324/13-14(03) — Updated background brief on "Measures to tackle under-occupation in public rental housing estates" prepared by the Legislative Council Secretariat

LC Paper No. CB(1)1360/13-14(01) — Submission from Mr Jacky LIM (Chinese version only)

LC Paper No. CB(1)1360/13-14(02) — Submission from 公屋被迫遷戶關注組 (Chinese version only))

5. The Assistant Director of Housing (Estate Management)¹ ("ADH(EM)1") gave a power-point presentation on the Hong Kong Housing Authority ("HA")'s measures to tackle under-occupation in PRH estates.

(Post-meeting note: A set of the power-point presentation materials was circulated vide LC Paper No. CB(1)1370/13-14(01) on 5 May 2014.)

A reasonable and considerate approach in implementing the policy

6. Noting from the Administration's paper that HA had all along adopted a reasonable and considerate approach in implementing the under-occupation policy, and would exercise discretion for Prioritized Under-occupied ("PUO") households awaiting family members to come to Hong Kong for re-union in the near future and for PUO households who needed to stay in their existing flat on medical or social grounds, based on individual merit subject to the provision of supporting documents, Mr Christopher CHUNG opined that there was a lack of objective criteria and definition in respect of the relevant conditions to be satisfied and for exercising discretion. The Deputy Director of Housing (Estate Management) ("DDH(EM)"), advised that as in the case of PUO households awaiting family members to come to Hong Kong for re-union in the near future, discretion might be exercised for such PUO households to stay in their existing flat if valid documents could be provided to support that the relevant family members could come to Hong Kong before the next review of the under-

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occupation policy in 2016. A medical certificate or a recommendation issued by the Social Welfare Department ("SWD") would be accepted as valid supporting document for PUO households seeking exemption from the transfer on medical and social grounds respectively.

7. Mr LEE Cheuk-yan criticized HA for tightening the prioritized under-occupation threshold progressively from an Internal Floor Area ("IFA") of 35 square metres ("m²") in 2007, 34 m² in 2010 to 30 m² in 2013 for one-person households. The policy was disturbing to PRH tenants as more households would gradually become under-occupied ("UO") households given the tightened threshold. He sought clarification on whether a UO household's plan for marriage could be a ground for exemption under the policy, and whether a UO household could apply for transfer to a particular PRH estate for reason of family ties. DDH(EM) responded that the under-occupation policy had been implemented on a phased approach under which priority was given to tackling the most serious UO households. Since the majority of PUO households with living density exceeding 35 and 34 m² had already been dealt with, HA further adjusted the prioritized under-occupation threshold to over 30 m² for one-person households in 2013 in order to tackle the remaining UO households by phases. In respect of applications for exemption from the transfer on medical or social grounds, HA would exercise discretion based on individual merit subject to the provision of supporting documents, such as the proof of a registration with the Marriage Registry for UO households seeking to marry in the near future. As an incentive to encourage transfer, PUO households would be offered an opportunity to transfer to flats in new estates subject to the availability of housing resources.

8. Mr Frederick FUNG was opposed to the reduction in the number of maximum housing offers for PUO households from four to three following the review in 2013. He enquired about the size of the flats offered for transfer in general and whether households whose flats had just been renovated could seek exemption from the transfer due to the substantial money spent. ADH(EM)1 advised that PUO households would be given a maximum of three housing offers in the residing estate or an estate within the same District Council constituency. The size of the flat to be offered depended on the housing resources available, and individual estate management office would take charge of the transfer exercise. According to implementation experience, about 90% of PUO households would accept the first three housing offers. Recent renovation would not be accepted as a reason for exemption.

9. Mr LEUNG Yiu-chung envisaged that the success rate of transfer of PUO households would not be high due to the great demand for flats for one-person households. As a consequence, PUO households who received notifications for transfer would be left in a state of uncertainty as it would be hard for them to

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expect the timing for the transfer. This would in turn impede their decision to renovate their existing flat and/or add new furniture. He therefore urged HA to maintain the number of housing offers to PUO households at four.

HA

10. Dr Fernando CHEUNG shared the view that the under-occupation policy was disturbing with the prioritized under-occupation threshold being tightened progressively. Meanwhile, the policy did not increase the number of units for meeting the huge demand for PRH. He was also opposed to reducing the number of maximum housing offers for PUO households from four to three. Pointing out that some households had previously been rehoused to larger units due to special circumstances such as redevelopment and development of new areas, he opined that it was unfair to require these households, which had now become PUO households, to move again. It was also inhumane to require households that had become PUO as a result of the death of their family member to move immediately. He requested HA to elaborate on its "reasonable and considerate" approach in implementing the under-occupation policy, including the relevant circumstances and criteria that would be considered.

11. Referring to the Administration's paper that the number of under-occupation cases had increased by about 54% over the past five years, which indicated an average annual growth of 10%, Mr KWOK Wai-keung considered the statement unfair as the rise was largely due to the tightening of the prioritized under-occupation threshold. He also enquired about the number of cases that HA had exercised discretion over the years, whether PUO households would be forced to transfer to unpopular flats such as those made available under the Express Flat Allocation Scheme, and whether the transfer exercise under the under-occupation policy would hinder the pace of flat allocation to applicants on the Waiting List ("WL") for PRH. ADH(EM)1 clarified that there had been no change to the under-occupation standard since its introduction, with an IFA exceeding 25 m² for one-person households being regarded as under-occupied. This notwithstanding, the annual average growth of UO households still stood at 10%.

12. Mr Albert CHAN criticized HA for adopting the under-occupation policy to tackle the problem of shortage of larger PRH units rather than building sufficient units to meet the demand of WL applicants. Pointing out the various challenges that PUO households had to face such as difficulty in adapting to the new living environment and the substantial expenses to be incurred upon transfer, he called on HA to provide attractive incentives to encourage the households to transfer, such as providing an opportunity to transfer to flats in new estates, giving them choices in the transfer, or increasing the Domestic Removal Allowance.

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13. Mr Tony TSE agreed to the need of the under-occupation policy in view of the tight PRH supply at the moment and the fact that the policy was implemented by a phased approach. He was of the view that compared with the average per capita living space of 13.5 m² in Hong Kong, the existing under-occupation standard was acceptable.

14. Mr WU Chi-wai noted that the existing under-occupation standard had been in use since 1992. As the flat allocation standard back then was relatively tight compared with the present, households could become under-occupied easily. He asked if HA would review the under-occupation standard to keep pace with the latest situation. ADH(EM)1 responded that while the HA had to deal with some 28 200 under-occupation cases, priority would be given to handling about 7 600 PUO households with a living space severely exceeding the prescribed IFA threshold. There were in fact a large number of one-person households living in one- to two-bedroom units, which were designed for three- to four-person and four-person or above households respectively.

Arrangements for under-occupied households with elderly or disabled members

15. Pointing out that HA had endorsed its review on the under-occupation policy in 2013 that UO households with elderly aged between 60 and 69 would continue to be placed at the end of the under-occupation transfer list, Mr Christopher CHUNG said that this had caused undue pressure on the elderly. He also enquired about the number of such households. Dr Fernando CHEUNG was opposed to placing such households on the transfer list. Mr WU Chi-wai, Mr Frederick FUNG and Mr KWOK Wai-keung asked whether consideration would be given to excluding households with members aged 60 or above from the transfer list to tally with the prevailing housing policy to accord priority to the housing needs of the elderly. Mr KWOK Wai-keung was also keen to ensure that households with members aged 60 or above would not be required to move out before the next policy review.

16. DDH(EM) responded that there were 54 500 under-occupation cases in 2013. If some 26 300 households with disabled members or members who were aged 70 or above were excluded from the under-occupation list, HA had to deal with some 28 200 under-occupation cases, of which about 13 600 were households with elderly aged between 60 and 69 and about 7 600 were PUO households. Since elderly below the age of 70 could still live in vibrancy and cope with changes in their residence, HA only excluded UO households with elderly members aged 70 or above from the under-occupation list upon review of the policy in 2013. UO households with elderly aged between 60 and 69 would continue to be placed at the end of the under-occupation transfer list and they could continue to reside in their existing PRH flats until the next policy review in 2016.

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17. Mr LEUNG Che-cheung said that since the number of family members in a household would reduce naturally due to the death of the aged/spouse and the moving away of the children as they formed their own family, requesting such UO households to transfer would break the social ties they had established for decades and create anxiety. They might even be unable to adapt to the new living environment and this might induce further social problems. Since it would be difficult for such households to obtain the relevant supporting documents for exemption from the transfer, he urged HA to exercise discretion to exempt these households on compassionate ground. DDH(EM) pointed out that there was a need to strike a balance between taking care of the housing needs of UO households and ensuring the rational utilization of precious public housing resources. The larger units recovered could be reallocated to eligible PRH applicants with larger family size and had genuine housing needs. Should a UO household fail to get assistance from SWD, HA would refer such case to non-governmental organizations for further assistance.

18. While agreeing that the under-occupation policy was necessary to ensure rational utilization of public housing resources, Mr IP Kwok-him stressed the importance of disseminating the policy measures clearly to PRH tenants, especially the elderly, to ease their anxiety. He enquired about the distribution of the 7 600 PUO households and the average duration required to handle each case. DDH(EM) advised that according to experience, transfer arrangements would be required for only about half of the PUO households, amounting to about 1 000 per year, as about half of the cases could be resolved by various means, such as adding new family members or surrendering the flat upon purchase of a Home Ownership Scheme flat. PUO households were scattered throughout the territory, with a relatively higher percentage in older districts.

Motion

19. The Chairman referred members to the following motion moved by Mr LEUNG Yiu-chung and seconded by Mr Frederick FUNG –

"本委員會要求房委會盡快把有 60 歲或以上家庭成員之住戶剔除於寬敞戶名單中。"

(Translation)

"That, this Panel requests the Housing Authority to expeditiously exclude households with members aged 60 or above from the under-occupation list."

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20. Mr LEUNG Yiu-chung explained the purpose of his proposed motion. He said that the policy to place UO households with elderly aged between 60 and 69 at the end of the under-occupation transfer list had created a spate of anxiety among these elderly. The motion was to remove the uncertainty in their existing residence.

21. Mr IP Kwok-him said that the motion was unnecessary, as HA had pointed out that UO households with members aged between 60 and 69 which were being placed at the end of the under-occupation list could continue to reside in their existing PRH flat until the next policy review. Mr Frederick FUNG and Mr LEE Cheuk-yan did not agree to Mr IP's view. They expressed concern that these households, if not excluded from the under-occupation transfer list, might still be requested to transfer someday. Their view was shared by Mr LEUNG Kwok-hung, Dr Fernando CHEUNG and Dr KWOK Ka-ki.

22. Mr Albert CHAN urged HA to treat UO households with members aged 60 or above with humanity, and provide attractive incentives to encourage these households to transfer.

23. The Chairman put the motion to vote. At the request of members, the Chairman ordered a division. A total of eight members voted and all voted for the motion. The Chairman declared that the motion was carried. The members who voted were as follow –

Mr LEE Cheuk-yan
Mr Frederick FUNG
Mr Albert CHAN
Dr KWOK Ka-ki

Mr LEUNG Yiu-chung
Mr LEUNG Kwok-hung
Mr LEUNG Che-cheung
Dr Fernando CHEUNG

24. The Chairman suggested and members agreed that a special meeting of the Panel would be held on Tuesday, 17 June 2014, from 2:30 pm to 6:30 pm to receive public views on the Administration's measures to tackle under-occupation in PRH estates.

V. Rental increase by the Hong Kong Housing Society in 2014

(LC Paper No. CB(1)1032/13-14(01) — Submission from a group of residents of Kwun Lung Lau expressing concern on rental increase to be implemented by the Hong Kong Housing Society (Chinese version only)

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- LC Paper No. CB(1)1279/13-14(02) — Referral memorandum from the Public Complaints Office of the Legislative Council Secretariat regarding the rental increase to be implemented by the Hong Kong Housing Society (Chinese version only) (Restricted to Members)
- LC Paper No. CB(1)1324/13-14(04) — Hong Kong Housing Society's paper on "Domestic Rental Adjustment by Hong Kong Housing Society"
- LC Paper No. CB(1)1337/13-14(01) — Hong Kong Housing Society's response to the issues raised in the referral memorandum from the Public Complaints Office of the Legislative Council Secretariat regarding the rental increase to be implemented by the Hong Kong Housing Society (Chinese version only) (Restricted to Members)
- LC Paper No. CB(1)1347/13-14(01) — Letter dated 30 April 2014 from Hon WONG Kwok-hing, Chairman of the Panel on Housing, to the Secretary for Transport and Housing (Chinese version only)
- LC Paper No. CB(1)1347/13-14(02) — Administration's paper on "Public rental housing rent adjustment mechanism"
- LC Paper No. CB(1)1360/13-14(03) — The Secretary for Transport and Housing's reply to the letter from the Chairman of the Panel on Housing (Chinese version only)

25. The Chairman informed members that after discussion with the Secretary for Transport and Housing ("STH"), the Permanent Secretary for Transport and

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Housing (Housing) attended the meeting for discussion of this item. His relevant letter to STH and STH's reply (LC Paper Nos. CB(1)1347/13-14(01) and (03)) had been circulated for members' reference.

26. Mr WONG Kit-loong, Chief Executive Officer and Executive Director, Hong Kong Housing Society ("HS") briefed members on the rental adjustment by HS in 2014 for its rental estates by highlighting the salient points of the information paper.

Hong Kong Housing Society's work and mechanism for rental adjustment

27. Pointing out that the mission of HS was similar to that of the HA in providing housing to low-income families, Mr KWOK Wai-keung opined that HS had the responsibility to disclose the formula for rental adjustment for its housing estates. He said that with the lack of an objective basis and hence the transparency for determining HS's rental adjustment for its estates, some tenants were worried that the percentage of its next rental increase would become double digit. Noting that the contribution to the development of a sinking fund to cater for redevelopment was a factor for HS's rental adjustment for its estates, he considered it unfair to require tenants to shoulder the burden. Dr Fernando CHEUNG expressed similar views.

28. Mr WONG Kit-loong of HS responded that HS was an independent, not-for-profit organization which aimed at serving the needs of the Hong Kong community in housing and related services. HS's modus operandi was somehow different from HA in that the income limit for applications for its rental estates was relatively relaxed, and that it was charged one-third land premium for developing PRH. The existing rental level of its Group A estates was only about 30% of the market rates, and HS had no intention to make tenants shoulder the financial burden of future redevelopment projects.

29. Mr LEUNG Che-cheung said that HS's 8% rental increase for its estates which commenced in April 2014 would bring about more than \$80 million income for HS in two years' time before the next rental adjustment. He requested HS to provide detailed information on its financial situation, including its fiscal reserve and daily operation costs, to justify the need for rental increase.

HS

(Post-meeting note: HS's response was circulated to members vide LC Paper No. CB(1)1371/13-14(01) on 2 July 2014.)

30. Citing the high price of Harmony Place which ranged from about \$13,000 to about \$15,000 per m² as an example, Dr Fernando CHEUNG was concerned that HS kept making huge profits from its lucrative housing projects but did not

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have significant progress in improving the living environment of its rental estates. He doubted HS's position as a not-for-profit organization. Mr WONG Kit-loong of HS explained that it was necessary for some of HS's projects to generate profits in order to finance other new projects and for redevelopment of aged estates. HS entered into an agreement with the Urban Renewal Authority in 2000 to develop the Harmony Place project. Since there was no restriction on the sale of a Harmony Place flat in the secondary market, the price for Harmony Place was pitched at a level close to the market price to avoid speculation.

31. Miss Alice MAK criticized HS for following The Link in its operation and management of public rental units, subsidized sale units and commercial facilities, and giving financial return prime consideration. As existing tenants of HS's retail premises were not given priority in renewing their lease upon expiry and new leases would be made by way of open invitations, prices of the goods had been pushed up, which had in turn jeopardized the consumption choices available to tenants of its estates. She also held the view that HS should not take forward any scheme for better building maintenance and city revitalization at the expense of its tenants. Mr IP Kwok-him cited the management of Kwun Lung Lau as an example and commended HS for its work. He disagreed with Miss MAK's view that HS's operation was getting similar to that of The Link.

32. Mr WONG Kit-loong of the HS denied that HS intended to follow the practice of The Link in leasing its retail premises, emphasizing that leasing its retail premises by way of open invitations were a response to the call of some members of the public for enhancing the transparency and monitoring of the relevant process. Although rentals of its retail premises had in general been driven up by competitive bidding prices, rentals for some were in fact as low as \$38 per m².

(Post-meeting note: HS clarified that rentals for some of its retail premises were as low as \$48 per m² and not \$38 per m².)

Assistance to needy tenants of rental housing

33. Referring to the information paper which stated that HS would refer those tenants of rental housing who had genuine financial difficulties to SWD for assistance, Miss Alice MAK doubted the effectiveness of such arrangement. She noted that in many cases, the tenants concerned were only told to apply to transfer to other estates with cheaper rent.

34. Dr Fernando CHEUNG pointed out that among the 32 485 housing units managed by HS, there were some 6 000 households with an elderly living alone or two elderly tenants. He was concerned that the rental increase would severely add to the burden of these elderly households, many of whom were not

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recipients of the Comprehensive Social Security Assistance Scheme.

35. Mr LEE Cheuk-yan requested HS to shelve the 8% rental increase which had taken effect in April 2014, and to use its operating surplus to alleviate the rental burden of tenants of its rental estates. Pointing out that it was always the case that tenants in financial distress could not receive useful assistance from SWD, he urged HS to make reference to HA in introducing a rent assistance scheme. Mr LEUNG Yiu-chung and Mr Frederick FUNG expressed similar views. Mr LEUNG remarked that HS's spending of some \$30 million for city revitalization in the last few years could in fact be used to ease the pressure of rental increase for its estates. Mr FUNG was of the view that rental adjustment by HS should also be subject to the monitoring of the Legislative Council.

36. Noting that the rental units of both HS and HA were allocated to PRH applicants, Mr WU Chi-wai urged the Administration to take measures to ensure that rental assistance comparable to that provided by HA was also provided by HS to avoid unfairness to such applicants.

37. Mr IP Kwok-him said that tenants of HS's rental estates were gravely concerned about the heavy financial burden brought about by the rental increase. He requested HS to study the feasibility of providing needy tenants of its rental estates with rental assistance. The Chairman requested HS to inform the Panel of the study outcome.

38. Mr WONG Kit-loong of HS advised that HS had in fact engaged tenants of its rental estates in the discussion of rental adjustment but had not arrived at a consensus due to the divided views gathered. He did not agree to shelve the rental increase since it had already taken effect. HS had earmarked a funding of \$900 million for the major improvement works in the estates in the coming five years, and a deficit for the accounts of rental housing was anticipated from 2014 onwards even with an 8% rental increase. Also, he was not optimistic about the profit that would be generated from HS's four upcoming redevelopment projects in Sham Shui Po. He agreed to consider members' proposal to introduce rental assistance, on the basis that HS's financial resources permitted, there were no opportunities for abuse, and that there was no duplication with other available assistance schemes.

Motion

39. The Chairman referred members to the following motion moved by Mr LEUNG Yiu-chung and seconded by Mr Frederick FUNG –

"本委員會要求香港房屋協會擱置該協會轄下之出租單位於2014年4月1日開始之租金調整。"

Action

(Translation)

"That, this Panel requests the Hong Kong Housing Society to shelve the adjustment of rent, which took effect on 1 April 2014, for its rental housing units."

40. The Chairman put the motion to vote. Of the nine members voted, eight members voted for the motion, one member voted against it and none abstained. The Chairman declared that the motion was carried.

VI. Any other business

41. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1
Legislative Council Secretariat
19 September 2014