

立法會
Legislative Council

LC Paper No. CB(1)482/14-15
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 5 January 2015, at 2:00 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Hon Alice MAK Mei-kuen, JP (Chairman)
Hon Christopher CHUNG Shu-kun, BBS, MH, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
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 WU Chi-wai, MH
Hon LEUNG Che-cheung, BBS, MH, JP
Hon KWOK Wai-keung
Dr Hon Fernando CHEUNG Chiu-hung
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS
- Member attending** : Dr Hon KWOK Ka-ki

Public Officers attending : For item IV

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

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

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

Mr Alfred LEE
Principal Assistant Secretary for Transport and Housing
(Housing) (Special Duties)

Mr Thomas CHAN, JP
Deputy Secretary for Development
(Planning & Lands)¹

Ms Jacinta WOO
Assistant Director/New Territories
Planning Department

For item V

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

Mr Alfred LEE
Principal Assistant Secretary for Transport and Housing
(Housing) (Special Duties)

Mrs Rosa HO
Assistant Director (Housing Subsidies)
Housing Department

Clerk in attendance : Ms Shirley CHAN
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)392/14-15 — Minutes of the meeting held on 9 December 2014)

1. The minutes of the meeting held on 9 December 2014 were confirmed.

II. Information paper issued since last meeting

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

(LC Paper No. CB(1)391/14-15(01) — Submission from owners of Health Village Phase II on the mosaic tiles peeling off from the external wall of Health Village Phase II (Chinese version only))

III. Items for discussion at the next meeting

(LC Paper No. CB(1)384/14-15(01) — List of follow-up actions

LC Paper No. CB(1)384/14-15(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 2 February 2015, at 2:30 pm –

- (a) Briefing by the Secretary for Transport and Housing on the Chief Executive's 2015 Policy Address; and
- (b) Head 711 project no. B757CL — Roads and drains in Area 16 and Area 58D, Sha Tin.

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IV. Long Term Housing Strategy

(LC Paper No. CB(1)352/14-15(01) — "Long Term Housing Strategy" and "Long Term Housing Strategy Implementation Milestones as at December 2014" published by the Transport and Housing Bureau

LC Paper No. CB(1)384/14-15(03) — Background brief on "Long Term Housing Strategy" prepared by the Legislative Council Secretariat)

4. The Secretary for Transport and Housing ("STH") briefed members on the Government's new Long Term Housing Strategy ("LTHS") which was promulgated on 16 December 2014.

(Post-meeting note: A copy of STH's speaking note was circulated to members vide LC Paper No. CB(1)415/14-15(01) on 6 January 2015.)

Public rental housing

5. Dr KWOK Ka-ki was concerned that the public rental housing ("PRH") supply target under the new LTHS at 200 000 units would have no way of meeting the huge demand of some 260 000 PRH applicants currently on the Waiting List ("WL"). Mr LEUNG Yiu-chung expressed similar concerns. Pointing out that quite a number of four-person households had not received any flat offer even having waited for eight years on the WL, he queried whether the Hong Kong Housing Authority ("HA") could maintain the average waiting time ("AWT") at around three years.

6. STH pointed out that the Government had adopted a total housing supply target of 480 000 units for the ten-year period from 2015-2016 to 2024-2025 as opposed to 470 000 units for the ten-year period from 2013-2014 to 2022-2023 as announced in the 2014 Policy Address. With a public-private split of 60:40, the public housing supply target would be 290 000 units, comprising 200 000 PRH units and 90 000 subsidized sale flats, whereas the private housing supply target would be 190 000 units. The number of PRH flats available for allocation per year should be more than the number of completed units as about 7 000 units (net) would be recovered from sitting tenants annually.

7. STH further advised that it was still the target of HA to maintain the AWT at around three years for general applicants, despite the increasing number of PRH applicants was putting immense pressure on the AWT. HA was

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aware of the relatively longer waiting time for larger households. It would continue to closely monitor the AWT and take measures to improve the situation.

8. Mr Frederick FUNG did not consider the total housing supply target of 480 000 units for the ten-year period from 2015-2016 to 2024-2025 justified as the supply target was initially set at 85 000 per year after the first term Chief Executive took office in 1997. Noting that the monthly income limit for White Form ("WF") family applicants was \$46,000 under the current Home Ownership Scheme ("HOS") sale exercise, he was of the view that over 30 000 PRH units and some 10 000 HOS flats were required per year to meet the huge housing demand. He also criticized HA for the slow pace in redeveloping aged PRH estates and turning a deaf ear to his proposals to redevelop the aged Tai Hang Sai Estate as well as one aged estate in each of the Kowloon East, Kowloon West and Hong Kong Island.

9. Pointing out that it was getting increasingly challenging for HA to meet the three-year AWT target, Mr Christopher CHUNG asked whether consideration would be given to attracting PRH applicants/tenants to live in comparatively remote PRH estates by offering incentives like a more generous space allocation standard and rent concessions. He also urged HA to redevelop PRH estates aged 40 years or above by making reference to the case of Ming Wah Dai Ha in which the redevelopment was carried out in phases and a number of vacant units in the estate were reserved for rehousing the affected households so as to minimize the impact brought about by the redevelopment exercise.

10. STH responded that while redevelopment might increase PRH supply over the long term, it would in the short term reduce the PRH stock available for allocation. It was also not advisable to carry out any massive redevelopment programme which would result in freezing a large number of PRH units that might otherwise be allocated to needy households. HA would continue to consider redevelopment on an estate-by-estate basis in accordance with its policies and criteria. STH further advised that as the Tai Hang Sai Estate was a private housing estate managed by the Hong Kong Settlers Housing Corporation Limited, HA did not exercise any control over the estate.

11. In response to Mr IP Kwok-him's question on the measures to lower the vacancy rate of PRH flats which was reported at about 10 000 units recently, STH advised that the vacancy rate of PRH flats in fact stood at a very low level at around 0.5% at present.

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Subsidized sale flats

12. Pointing out that HA had so far distributed over 190 000 application forms under the Sale of Home Ownership Scheme Flats 2014 ("the 2014 HOS Sale") which indicated the huge demand of the general public for home ownership, Mr WONG Kwok-hing asked whether the increase of 10 000 units under the new housing supply target would all go to subsidized sale flats. He also enquired the ways in which the Administration would expand the forms of subsidized home ownership in reinforcing the housing ladder and promoting social mobility as set out in the new LTHS. He further requested the Administration to consider the "Easy Home Ownership Scheme (安居易)" proposal from The Hong Kong Federation of Trade Unions ("HKFTU") to address the housing needs of the families with incomes between \$16,000 and \$30,000 per month who were ineligible to apply for PRH while could not afford to purchase HOS flats.

13. STH responded that the increase in 10 000 units would all be subsidized sale units. The Administration remained open on the means to expand the forms of subsidized home ownership, and would explore suitable arrangements to leverage on the private sector's capacity to supplement the Government's efforts in providing subsidized sale flats.

14. In response to Mr Tony TSE's enquiry on the Administration's strategy on leveraging the private sector's capacity to expedite the supply of subsidized sale flats, STH advised that drawing on local experience, including the Private Sector Participation Scheme and Mixed Development Pilot Scheme as well as overseas experience, the Administration would explore suitable arrangements.

15. Mr WU Chi-wai requested the Administration to revitalize the rental market of some 300 000 subsidized sale flats with premium not yet paid. Pointing out that he had suggested repeatedly the sharing of the rentals received by owners of such flats with the Government to address the concern on double benefits to such owners, he was dissatisfied that the new LTHS did not respond to his suggestion. He urged the Administration to take heed of his suggestion which in his view would be conducive to increasing the supply of rental units in the market and bringing down the rent level.

16. Mr Albert CHAN said that he was not confident that the Administration could secure sufficient land to meet the new housing supply target. He considered it pivotal to assist the grassroots tenants of rented accommodation who had to bear soaring rentals, and urged the Administration to consider his suggestion on allowing owners of subsidized sale flats to lease out their premises to Green Form ("GF") applicants at a rate lower than the market rent.

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17. STH responded that the purpose of providing subsidized sale flats was to help the low to middle-income households to purchase their own homes, and not for profit-making. However, some families might no longer need the subsidized sale flats they owned in view of changes in circumstances. The requirement that owners of subsidized sale flats had to pay premium in order to trade their flats in the open market might have discouraged the release of such flats in the open market. To facilitate the circulation of subsidized sale flats, the Administration would consider ways to make better use of such housing resources by allowing more people to have access to subsidized sale flats, either with or without premium paid.

18. Mr Vincent FANG asked if HA would consider allowing PRH tenants to buy the flats in which they lived. While expressing support for the Administration to expand the forms of subsidized home ownership, Mr Christopher CHUNG was opposed to relaunching the Tenants Purchase Scheme ("TPS") which had caused many management problems.

19. STH replied that under the existing policy, the sitting tenants in the 39 TPS estates could still opt to buy the rental flats in which they lived. The Administration however had no plan to relaunch TPS due to the many problems with the management of the remaining PRH flats in these TPS estates.

20. Dr KWOK Ka-ki opined that households ineligible for PRH and at the same time could not afford the soaring prices of private properties were most in need of subsidized sale flats. Noting that tender was being invited for the third time for private residential development above the Tin Wing Light Rail Station, he criticized the Administration for not exercising its rights as the major shareholder of the MTR Corporation Limited to fight for the provision of HOS flats at the said site instead.

21. STH responded that the private housing supply target would be 190 000 units under the new total housing supply target of 480 000 units, and railway property development projects had always been a source of private housing supply. While the Administration would maintain a steady supply of land for private residential developments which was pivotal to maintaining the healthy development of the property market, it would similarly spare no efforts in securing the land resources required to meet the HOS production target as planned.

Private housing

22. Mr Tony TSE agreed to the need for LTHS and the setting of the ten-year housing supply target. Noting that the allocation standard of PRH flats was no less than seven square metres of internal floor area per person, and that PRH

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was regarded as adequate and affordable housing for inadequately housed households, he was disappointed at the absence of the relevant allocation standard for private housing under the new LTHS, and expressed concern that the per capita living space of Hong Kong people might get even smaller. In this connection, he sought explanation on the Administration's efforts in securing sufficient land resources to meet the 480 000 housing supply target, and whether the Administration would simply encourage the provision of smaller units in order to make the target more achievable.

23. STH explained that there was no universally accepted standard of adequate and affordable housing. In Hong Kong, public housing, including PRH and subsidized sale flats, were generally regarded as adequate and affordable housing. As for private housing, different individuals might have their own standards of adequate and affordable housing. Efforts would be made to ensure a healthy and stable development of the private housing market, so that people could select flats in accordance with their own needs and affordability.

Supply of land, labour and finance for the new housing initiatives

24. Mr IP Kwok-him welcomed the new LTHS which in his view took a pragmatic approach to resolving the current housing problems. To minimize disturbance to and opposition of residents, he opined that the Administration should avoid housing development on infill and Green Belt sites in close proximity to residential developments. Mr Christopher CHUNG expressed similar views.

25. STH responded that the Administration was expeditiously taking forward a series of major land development projects to address the future housing needs. These projects however took time to materialize. The latest residential development of the North East New Territories New Development Areas ("NENT NDAs") which would only be completed towards the end of the current ten-year projection was a case in point. To meet the housing and land challenges, the Administration had adopted a multi-pronged strategy to increase land supply in the short, medium and long term through continued and systematic implementation of a series of measures. The Deputy Secretary (Planning & Lands)¹ ("DS(PL)¹") explained that of these measures, the short term ones focused on optimizing the use of developed land as far as practicable, including the developed areas in existing urban areas and new towns, as well as land in the vicinity of the existing developed areas and infrastructures, through land use reviews and increasing development intensity where planning terms permitted. Medium and long term measures sought to create new developable land through major development and reclamation projects. These included various NDAs and new town extension, review and rationalization of brownfield sites and deserted agricultural land in the New Territories, mapping

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out further development strategy for Lantau and the New Territories North, exploring reclamations outside the Victoria Harbour as well as cavern and underground developments.

26. Mr Tony TSE stressed the importance of early identification of land for housing purpose as the entire land and housing development process would usually require a total of 11 years or longer to complete. He also sought elaboration on the planning parameters and the associated benchmarks to be considered in enabling the Administration to conclude the land resources entailed to meet the housing supply target at 480 000 units.

27. STH replied that the Planning Department arrived at the land resources required for meeting the supply target through a set of established planning and engineering studies. DS(PL)1 supplemented that while the creation of new land for development would take more than a decade to go through various statutory processes, the Administration had identified in total some 150 potential housing sites, most of which might be made available for housing development in the five years of 2014-2015 to 2018-2019, subject to timely amendments to their respective statutory plans for change of land use and/or increase in development intensity.

28. Mr LEUNG Che-cheung expressed support for the new LTHS. Noting that the new public housing supply target would be 290 000 units but the Administration had only identified land for the construction of 254 000 public housing units at present, he asked what measures the Administration would take to meet the shortfall. He also sought the Administration's explanation on the ways to secure the financial resources required to meet the public housing supply target.

29. STH acknowledged that more land was required to provide the remaining 36 000 public housing units. He called on the community to accord priority to the overall housing needs of the general public and lend their support to realizing the long term housing supply target. As regards securing the financial resources required for housing production, STH advised that the Financial Secretary had announced on 18 December 2014 the establishment of a Housing Reserve to meet the ten-year public housing supply target. The Administration would in due course seek the approval of the Finance Committee of the Legislative Council for funding to be drawn from the Housing Reserve after reaching an agreement with HA on the quantum and timetable of funding injection.

30. Mr WU Chi-wai was keen to ensure that the land identified for the supply of 254 000 public housing units would all be made available for the purpose. He also opined that the Administration should identify more suitable sites for housing developments as far as practicable in order to maximize the use of

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precious land resources.

31. DS(PL)1 responded that to maximize the uses of scarce land resources and to accommodate the diverse range of land/space demands, consideration would be given to incorporating community facilities on land rezoned for housing developments. Land use would also be optimized for large-scale transport infrastructures which posed opportunities for topside development. The proposed topside commercial development at the Hong Kong boundary crossing facilities island of the Hong Kong-Zhuhai-Macao Bridge was one of the examples.

32. Mr Vincent FANG was pleased with the new LTHS which set out the blueprint for long term housing supply. He however expressed concern about attaining the supply target in the midst of construction manpower shortage and rising construction costs. He requested the Administration to ensure an adequate supply of construction labour to take forward the housing initiatives and that the size and quality of the new housing flats would not be compromised.

33. STH stated that with the onset of major infrastructure projects and other construction works, the forecast overall construction output would be maintained at a high level. The Administration would pay attention to the supply of construction manpower for housing production.

34. Mr Vincent FANG also asked if the Administration would consider converting the large piece of land in Shek Kong which had been zoned for military purpose for housing developments. Pointing out that military sites including the Shek Kong Barracks, the Gun Club Hill Barracks and the Cornwall Street Barracks were not actually put to any military uses, Mr Frederick FUNG asked why the Administration had no intention to rezone these sites which could provide some 100 000 housing units.

35. DS(PL)1 advised that under the Garrison Law, the use of military sites was a matter of national defence for which the Central People's Government and the Hong Kong Garrison of the Chinese People's Liberation Army had sole responsibility. As all the military sites were currently used for defence purposes, the Administration had no plan to seek any change to the use of these sites.

36. Mr LEE Cheuk-yan considered the new LTHS was merely a trick of figures. There was also no guarantee that the outstanding land required for the production of 36 000 public housing units could be secured. Pointing out that NENT NDAs would provide only some 6 000 residential units, part of which would be low density luxury flats, he criticized the Administration for failing to convert the Fanling Golf Course, some of the military sites and brownfield sites scattered around the New Territories into residential sites.

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37. DS(PL)1 clarified that NENT NDAs would provide some 60 000 residential units, with public housing accounting for 60%. The majority of the private housing to be provided would be medium to high density residential units. As regards developing New Territories North, the Administration had commenced the Preliminary Feasibility Study on Developing the New Territories North to explore development opportunities in the area and the required infrastructures. The Fanling Golf Course was included in the study area of the study. The Administration also aimed at converting vast tracts of brownfield sites in the rural New Territories for high density developments in the course of comprehensive development of NDAs and new town extensions.

Reinstating tenancy control

38. Mr WONG Kwok-hing welcomed the release of the new LTHS to increase supply of public housing. Given, however, the long lead time it took to make available new public housing units, he urged the Administration to take heed to the proposal of HKFTU for partial reinstatement of tenancy control on the tenancy of subdivided units ("SDUs"), cubicles and bedspaces at a rent of \$5,000 per month or below in order to better protect grassroots tenants. He requested the Administration to study the proposal and to conduct a trial to ascertain its effect and acceptability.

39. Noting the long lead time required for housing development, Mr KWOK Wai-keung held the view that appropriate measures should be put in place in the interim to safeguard the rights and interests of grassroots tenants. He asked whether consideration would be given to mandating the signing of tenancy agreements and setting up a committee on tenancy matters which was vested with the power to conduct simple arbitration to enhance protection of the rights of grassroots tenants.

40. STH replied that drawing reference from the history of tenancy control in Hong Kong and overseas experience, the Government noted that tenancy control measures often led to an array of unintended consequences, including those to the detriment of some of the tenants whom the measures sought to assist. Partial reinstatement of tenancy control at a particular rent level might accordingly reduce supply and lead to higher asking rents for the controlled premises, thereby aggravating the problems faced by the households who were in need of these premises. The impact of tenancy control on the property market as a whole should not be underestimated. Notwithstanding the above, the Administration considered that there was a case to promote good practices in the tenancy market, and would continue to work with relevant organizations to enhance public education efforts and to promote good tenancy practices, such as the signing of tenancy agreements.

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41. Pointing out that Hong Kong people were now faced with the problems of high property prices, high rentals for private accommodation and high number of applicants on the WL, Dr Fernando CHEUNG criticized the Administration for not tackling the problems through measures such as tenancy control, vacant property tax and capital gains tax. He also commented that the Administration would have no way of visualizing its vision to help all households gain access to adequate and affordable housing in the absence of a clear standard of adequate and affordable housing. Expressing similar views, Mr LEE Cheuk-yan was disappointed at the Administration's inaction in alleviating the rental pressure on grassroots tenants. He did not agree with the Administration's view that tenancy control might lead to a reduction in supply of rented accommodation, and argued that this could be effectively tackled through the implementation of the vacant property tax.

42. STH responded that the Administration acknowledged that a serious supply-demand imbalance was one of the major reasons for the high property prices and rentals in the past few years. While the Administration was proceeding in full swing the identification of land to facilitate housing production, a lead time was required for site production and housing development. The support of the public was therefore particularly important to realize the long term housing supply target. The total housing supply target of 480 000 units for the ten-year period from 2015-2016 to 2024-2025, if attained, would largely visualize the provision of adequate and affordable housing to the general public.

43. Mr LEUNG Che-cheung urged the Administration to consider the proposal of the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") for granting rent subsidy to relieve the rental burden of those who had been on the WL for more than three years. He also sought information on the Administration's measures to promote the circulation of vacant private residential units.

44. STH pointed out that any rent assistance introduced in a tight supply market would be counter-productive, as the subsidy would most likely lead to landlords raising the rental levels, thereby partially or even wholly offsetting the benefits to the tenants by passing the windfall to the landlords. With regard to vacant private residential units, STH advised that they might be left idle for various reasons such as under decoration or pending occupation by the owner or the tenant. According to the Rating and Valuation Department, there were about 46 570 vacant private domestic units as at the end of 2013. This represented a vacancy rate of about 4.1% which was the lowest since 1997.

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Motion

45. The Chairman referred members to the following original motion moved by Dr Fernando CHEUNG and the amendment motion moved by Mr WONG Kwok-hing and seconded by Mr KWOK Wai-keung –

Original motion moved by Dr Fernando CHEUNG

"鑒於私人住宅租金指數在過去10年上升了109%，樓價亦升至歷史新高，但政府剛發表的《長遠房屋策略》卻沒有具體政策目標，讓香港市民可居住於適切和可負擔的居所，本委員會認為政府應訂立此等目標，並訂下時間表及政策，以長遠取締劏房，增建公屋，讓所有香港市民生活於一個美好的居住環境。"

(Translation)

"That, given that while the rental index for private domestic units has increased by 109% over the past 10 years and that property prices have also reached record high levels, the Government has not, in its recently published Long Term Housing Strategy, set out any specific policy objectives for enabling Hong Kong people to gain access to adequate and affordable housing, this Panel considers that the Government should formulate such objectives as well as draw up timetables and policies for eradicating sub-divided units and building more public housing in the long run, so as to enable all Hong Kong people to enjoy a pleasant living environment."

Amendment motion moved by Mr WONG Kwok-hing and seconded by Mr KWOK Wai-keung

"鑒於私人住宅租金指數在過去10年上升了109%，樓價亦升至歷史新高，但政府剛發表的《長遠房屋策略》卻沒有具體租管政策讓香港市民可居住於適切和可負擔的居所，本委員會認為政府除增建公屋外，應重新考慮和檢討非一刀切的租務管制措施，以協助分間樓宇租住居民紓緩困境，讓所有香港市民生活於一個美好的居住環境。"

(Translation)

"That, given that while the rental index for private domestic units has increased by 109% over the past 10 years and that property prices have also reached record high levels, the Government has not, in its recently published Long Term Housing Strategy, proposed any specific policies on tenancy control for enabling Hong Kong people to gain access to

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adequate and affordable housing, this Panel considers that apart from building more public housing, the Government should consider and review afresh those tenancy control measures which are not of an across-the-board nature, with a view to alleviating the difficulties faced by tenants of sub-divided units and enabling all Hong Kong people to enjoy a pleasant living environment."

46. Dr Fernando CHEUNG explained the purpose of the proposed motion and Mr WONG Kwok-hing justified the amendments made to Dr CHEUNG's motion.

47. Mr IP Kwok-him said that DAB had all along expressed reservation on tenancy control measures. He would not support the amendment motion because the concept of "not of an across-the-board nature" was not clearly explained. Mr WONG Kwok-hing responded that the amendment motion sought to request for partial reinstatement of tenancy control in respect of the renting of SDUs, cubicles and bedspaces at a monthly rent of \$5,000 or below.

48. Mr Vincent FANG queried the effectiveness of such measure as landlords might simply raise the rent to over \$5,000 to circumvent the proposed tenancy control measures.

49. The Chairman put the motion as amended to vote. At the request of members, the Chairman ordered a division. Nine members voted for the motion, two members voted against it and two members abstained. The Chairman declared that the motion was carried. The voting results of individual members were as follows –

For:

Mr LEUNG Yiu-chung
Mr WONG Kwok-hing
Mr Albert CHAN
Mr WU Chi-wai
Dr Fernando CHEUNG
(nine members)

Mr Frederick FUNG
Mr LEUNG Kwok-hung
Mr WONG Yuk-man
Mr KWOK Wai-keung

Against:

Mr Abraham SHEK
(two members)

Mr Vincent FANG

Abstain:

Mr IP Kwok-him
(two members)

Mr LEUNG Che-cheung

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50. At the request of Mr LEE Cheuk-yan and Mr LEUNG Yiu-chung and with the concurrence of other Panel members, the Chairman said that the general public and concern groups would be invited to give views on the new LTHS.

V. Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers – Initial Assessment

(LC Paper No. CB(1)384/14-15(04) — Administration's paper on "Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers – Initial Assessment"

LC Paper No. CB(1)384/14-15(05) — Background brief on "Interim Scheme to extend the Home Ownership Scheme Secondary Market to White Form buyers" prepared by the Legislative Council Secretariat)

51. The Principal Assistant Secretary (Housing) (Special Duties) briefed members on the initial assessment of HA on the Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers ("the Interim Scheme") by giving a power-point presentation on the subject.

(Post-meeting note: A set of the power-point presentation materials was circulated to members vide LC Paper No. CB(1)402/14-15(01) on 5 January 2015.)

The Interim Scheme

52. Mr Tony TSE opined that relevant statistics should be compiled to facilitate a more accurate assessment of the WF buyers' housing needs and the review of the Interim Scheme. In this connection, he enquired the numbers of applicants eligible for the Interim Scheme and the applications received for extension of the Certificate of Eligibility to Purchase ("CEP") in the first round of the Scheme.

53. The Deputy Secretary for Transport and Housing (Housing) ("DSTH(H)") responded that HA received around 66 000 applications for the first round of the Interim Scheme and an open ballot was held to determine the priority for

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allocation of the 5 000 quota. A prospective buyer needed to apply for a CEP from HA upon issue of the Approval Letter and payment of relevant fees, before he could enter into a provisional agreement for sale and purchase, as well as a Letter of Nomination to enter into an agreement for sale and purchase. Of the 5 000 Approval Letters issued, 3 983 holders of Approval Letters applied for CEPs. As at end September 2014, 2 165 Letters of Nomination were issued, of which 2 161 transactions were eventually completed; about 750 applicants were still holding valid CEPs. The validity of all CEPs, including those with validity period extended, would expire by March 2015. As a CEP holder could apply for a Letter of Nomination within one month of the signing of the provisional agreement for sale and purchase, the final total number of successful transactions under the Interim Scheme would only be known in April 2015.

54. Mr KWOK Wai-keung opined that despite a reduction in the number of GF buyers purchasing flats in the HOS Secondary Market following the launch of the Interim Scheme, the Scheme had provided WF buyers with an additional channel to purchase subsidized sale flats. He however queried if the Interim Scheme was a measure to satisfy the housing needs of the middle-income households in view of the difficulties faced by them in purchasing flats in the private property market. He also asked whether consideration would be given to assigning the unused quota to the next round of the Interim Scheme.

55. DSTH(H) explained that as the Interim Scheme was only an additional channel for WF buyers to purchase HOS flats, the 5 000 quota might not be used up eventually. She added that whether WF applicants issued with CEP could successfully purchase flats would depend on, among other things, whether they could find suitable flats in the HOS Secondary Market.

Impact of the Interim Scheme on the Home Ownership Scheme Market

56. Mr LEUNG Che-cheung said that he had forewarned that the Interim Scheme would push up the prices of HOS flats before it was launched. With a marked increase in HOS flat prices by 35% from the announcement of the Interim Scheme in August 2012 to June 2014, he asked what measures the Administration would take to help aspired GF applicants to buy flats at affordable prices in the HOS Secondary Market.

57. DSTH(H) replied that while flat prices in the HOS Secondary Market rose relatively fast initially after the announcement of the Interim Scheme, prices had stabilized afterwards and generally followed the overall trend of flat prices in the private property market. Property prices during any period were subject to the influence of an array of factors including macroeconomic environment, demand-supply balance, interest rate outlook and other Government policies. Given that there were more than 50 000 transactions in the private property market in 2013, it was unlikely that the 2 161 transactions

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in the HOS Secondary Market made by WF buyers under the Interim Scheme would have a significant impact on the overall property prices. As far as the opportunity for GF buyers to purchase a HOS flat was concerned, traditionally more quota would be allocated to GF buyers when HOS flats were put up for sale. In the pre-sale of the first batch of newly built HOS flats in 2014, HA had adopted the ratio of 60:40 for quota allocation between GF and WF applicants.

58. Mr WONG Yuk-man said that he had cautioned when the Interim Scheme was introduced in 2012 that the Interim Scheme would increase the demand for HOS flats and push up their prices in the HOS Secondary Market, hence making it even harder for GF buyers to purchase HOS flats. Noting with concern that the flat prices under the 2014 HOS Sale had surged to above \$3 million which were way beyond the affordability of both GF and WF buyers, he urged the Administration to build more PRH flats along with HOS flats to be sold at affordable prices.

59. Dr Fernando CHEUNG pointed out that subsidized housing and private housing belonged to two markets and should be dealt with separately. HOS was meant to address the aspirations of low to middle-income households for home ownership and to facilitate the circulation of PRH flats as PRH tenants who chose to buy HOS flats would be required to surrender their PRH units, which could then be allocated to PRH applicants. It was undesirable that the Interim Scheme did not achieve its desired effect of speeding up the circulation of PRH flats. Noting that at least some 2 100 out of 5 000 successful applicants of the Interim Scheme did not proceed further as at the end of September 2014, he ascribed the high drop out rate to the soaring prices of HOS flats which the buyers could no longer afford. He did not support the new round of the Interim Scheme for the reason that it might further push up the prices of HOS flats.

60. Mr WU Chi-wai said that the Interim Scheme had disrupted the housing ladder which provided upward mobility for PRH tenants as well as low to middle-income households. He considered it important for HA to look into the reasons for the reduction in the number of GF buyers in the HOS Secondary Market following the introduction of the Interim Scheme.

61. DSTH(H) responded that subsidized home ownership served two major functions, firstly, to enable low to middle-income families to meet their home ownership aspirations; and secondly, to enable better-off PRH tenants to buy their own homes, thereby releasing their PRH flats for use by those who were in need. In light of the housing needs of the general public, the Administration planned to increase the supply of subsidized sale flats by 10 000 units for the ten-year period from 2015-2016 to 2024-2025 under the updated long term housing demand projection.

Action

A new round of the Interim Scheme

62. Mr LEUNG Kwok-hung commented that the Interim Scheme had given rise to an increased demand which was not met by a corresponding increase in supply. This had pushed up the selling prices of HOS flats which were way beyond the affordability of GF buyers who, upon the purchase of HOS flats, would surrender their PRH flats for re-allocation to WL applicants. He therefore called on HA to shelve the Interim Scheme.

63. Pointing out that the selling prices of HOS flats had gone up dramatically following the launch of the Interim Scheme, Mr Albert CHAN called on the Administration to shelve the Scheme.

64. DSTH(H) responded that the Subsidised Housing Committee ("SHC") of HA conducted an initial assessment of the Interim Scheme on 24 November 2014. With the experience of only one round of the Interim Scheme, SHC held the view that more empirical information was required to review the full and exact impact of the Interim Scheme on property prices. SHC considered it more prudent to release one more round of 2 500 quota in the second half of 2015. A comprehensive review would be conducted thereafter to decide on the future of the Interim Scheme, after which the Administration would report the outcome of the review to the Panel.

65. Mr Albert CHAN was unconvinced. He criticized SHC for making the decision to implement one more round of the Interim Scheme without consulting the public. Mr LEUNG Yiu-chung echoed Mr CHAN's views. He held a strong view that the Interim Scheme should be shelved as it had proven to run against the purpose of HOS by hindering the upward mobility of PRH tenants and creating hurdles for aspired low to middle-income households to acquire their home. Pointing out that the Panel had passed a motion at its meeting on 5 November 2012 urging the Administration to call off the Interim Scheme, he was dissatisfied that the Administration had not kept its promise to provide the Panel any review outcome on the Interim Scheme over the past years.

66. DSTH(H) pointed out that the effectiveness of the Interim Scheme should not be overlooked as 2 161 applicants had achieved home ownership by means of the Interim Scheme. Without the Interim Scheme, these persons might have found it difficult to purchase flats in the private property market. HA also conducted an initial assessment of the Interim Scheme prior to the completion of the first round of the Scheme, and the results of the initial assessment were presented to the Panel. DSTH(H) emphasized that SHC had held detailed discussions before deciding to implement a new round of the Interim Scheme. The Administration would report to the Panel upon completion of the comprehensive review.

Action

67. The Chairman requested the Administration to provide timely update to the Panel on any reviews or changes in housing policies in future. Her views were shared by Mr WONG Yuk-man.

Motion

68. The Chairman referred members to the following motion moved by Dr Fernando CHEUNG –

"鑒於'白居二'計劃沒有增加居屋供應，只增加了需求而導致居屋樓價節節上升，本委員會促請政府立即擱置此計劃。"

(Translation)

"That, given that the Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers has not increased the supply of Home Ownership Scheme flats but only increased their demand which led to rising prices of such flats, this Panel urges the Government to immediately shelve the Scheme."

69. The Chairman put the motion to vote. At the request of members, the Chairman ordered a division. Seven members voted for the motion, two members voted against it and no one abstained. The Chairman declared that the motion was carried. The voting results of individual members were as follows –

For:

Mr LEE Cheuk-yan

Mr Albert CHAN

Mr WU Chi-wai

Mr Tony TSE

(seven members)

Mr LEUNG Yiu-chung

Mr WONG Yuk-man

Dr Fernando CHEUNG

Against:

Mr KWOK Wai-keung

(two members)

Ir Dr LO Wai-kwok

70. The Chairman said that due to time constraints, discussion of agenda item VI on "Refining the Quota and Points System and checking the eligibility of applicants under the Quota and Points System" would be carried over to the next regular meeting to be held on Monday, 2 February 2015. The Chairman suggested and members agreed to advance the meeting to start at 2:00 pm to allow more time for discussion.

Action

VI. Any other business

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

Council Business Division 1
Legislative Council Secretariat
30 January 2015