

立法會
Legislative Council

LC Paper No. CB(1)693/14-15
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

**Minutes of policy briefing cum meeting
held on Monday, 2 February 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 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
Hon Tony TSE Wai-chuen, BBS
- Members attending** : Hon CHAN Yuen-han, SBS, JP
Dr Hon KWOK Ka-ki
Hon TANG Ka-piu, JP

Members absent : Hon CHAN Hak-kan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

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)

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

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

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

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

Mr Eugene FUNG, JP
Deputy Secretary for Transport and Housing (Housing) cum
Director of Sales of First-hand Residential Properties Authority

For item V

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

Mr John HUNG
Assistant Director (Strategic Planning)
Housing Department

Mrs Rosa HO
Assistant Director (Housing Subsidies)
Housing Department

For item VI

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

Mr LO Kwok-kong
Acting Chief Civil Engineer (Public Works Programme)
Housing Department

Mr CHIU Pbut-kay
Acting Chief Architect (6)
Housing Department

Mr WONG Wai-man
Deputy Project Manager (New Territories East 1)
Civil Engineering and Development Department

Mr Stephen LI
Chief Engineer / New Territories East 2
Civil Engineering and Development Department

Mr SOH Chun-kwok
District Planning Officer / Sha Tin, Tai Po and North
Planning Department

Ms Rosanna TSE
District Lands Officer / Sha Tin
Lands 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)482/14-15 — Minutes of the meeting held on
5 January 2015)

The minutes of the meeting held on 5 January 2015 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)418/14-15(01) — Land Registry Statistics for
December 2014 provided by the
Administration (press release))

III. Items for discussion at the next meeting

(LC Paper No. CB(1)483/14-15(01) — List of follow-up actions

LC Paper No. CB(1)483/14-15(02) — List of outstanding items for
discussion)

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

- (a) Review of the Special Stamp Duty and Buyer's Stamp Duty;
- (b) Review of Public Rental Housing Income and Asset Limits 2015/16; and
- (c) Creation of a permanent Chief Architect (D1) post.

4. Members also agreed that the next regular meeting would extend by 30 minutes to end at 5:00 pm so as to allow more time for discussion.

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5. Members agreed that a special meeting would be held on Saturday, 21 March 2015, at 9:00 am to receive views of the public on the Government's new Long Term Housing Strategy ("LTHS") as well as the housing-related initiatives in the Chief Executive ("CE")'s 2015 Policy Address.

(Post-meeting note: The notice of the special meeting was issued to members vide LC Paper No. CB(1)511/14-15 on 4 February 2015.)

IV. Briefing by the Secretary for Transport and Housing on the Chief Executive's 2015 Policy Address

(LC Paper No. CB(1)437/14-15(01) — Administration's paper on "Housing-related initiatives in the 2015 Policy Address and Policy Agenda")

Relevant papers

Address by the Chief Executive at the Legislative Council meeting on 14 January 2015

The 2015 Policy Agenda booklet

6. The Secretary for Transport and Housing ("STH") briefed members on the housing-related initiatives in CE's 2015 Policy Address.

(Post-meeting note: A copy of STH's speaking note was circulated to members vide LC Paper No. CB(1)501/14-15(01) on 3 February 2015.)

Subsidized home ownership

Home Ownership Scheme

7. Mr KWOK Wai-keung noted that the supply target for subsidized sale flats was 90 000 units under the updated housing projection for the ten-year period from 2015-2016 to 2024-2025. Pointing out that only some 10 000 Home Ownership Scheme ("HOS") flats would be completed in the coming five years, he sought clarification on whether the remaining 80 000 subsidized sale flats would only be made available in the second half of the ten-year period. He also noted with concern that the vast majority of applicants for the pre-sale of the first batch of newly built HOS flats in 2014 were White Form ("WF") buyers, and pointed out that this might suggest that Green Form ("GF") buyers were no longer able to purchase HOS flats due to soaring flat prices. He

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therefore urged the Hong Kong Housing Authority ("HA") to review the prices of first-hand HOS flats to ensure that the prices would be affordable to GF buyers.

8. Mr WONG Yuk-man criticized the Administration for lacking concrete and visionary measures to address the housing problems. While the pre-sale of the first batch of newly built HOS flats in 2014 was over-subscribed by 59 times, the fact that only about 10% of the applicants were GF holders indicated that HOS had lost its functions to address the aspirations of low to middle-income households for home ownership and to facilitate the circulation of public rental housing ("PRH") flats. The prices of second-hand HOS flats were also beyond the affordability of the public, with some surged to a record high at about \$12,000 per square feet. As the public housing production forecast for the five-year period of 2014-2015 to 2018-2019 would only be about 87 700 units, he casted doubt on the Administration's ability to meet the total public housing supply target at 280 000 units within the coming 10 years.

9. Mr LEUNG Yiu-chung noted with concern the soaring prices of HOS flats which low to middle-income households could no longer afford. He requested HA to critically review the current price-setting mechanism under which new HOS flats were sold at 30% discount of the market value, and to restrict the sale of HOS flats to only GF buyers in order to contain their prices and promote PRH circulation.

10. STH responded that given the lead time required for housing development, housing supply for the first few years of the ten-year period from 2015-2016 to 2024-2025 had largely been fixed. The Administration had already identified land for the construction of 254 000 public housing units, and the majority of public housing supply would be made available in the latter part of the ten-year period.

11. As regards the selling prices of first-hand HOS flats, STH advised that according to the established HOS pricing formula, HOS flat prices were determined by applying a discount to the market value to ensure that the flats were affordable to eligible households. Affordability was determined on the basis of the principle that for at least 50% of the flats for sale, eligible WF applicants at the HOS income limit could achieve a mortgage-to-income ratio of not more than 40% after they purchased the flats. While HA would in general sell HOS flats at 30% discount of the market value, it would consider offering a higher discount rate if the above affordability criteria was not met.

12. Dr KWOK Ka-ki opined that more subsidized sale flats should be built and sold at affordable prices as this would be conducive to lowering the price level of private housing and meeting the imminent housing needs of low to

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middle-income households. He requested the Government, being the major shareholder of the MTR Corporation Limited, to set aside 50% of topside development of future railway projects for provision of subsidized sale flats.

13. STH responded that it was important for the Administration to ensure a reasonable mix of PRH, subsidized sale flats and private housing so as to cater for the different housing needs of the public.

Green Form Subsidized Home Ownership Pilot Scheme

14. Miss CHAN Yuen-han said that some WF applicants had queried that the Green Form Subsidized Home Ownership Pilot Scheme ("the Pilot Scheme") might give rise to double benefits to PRH tenants. She asked why the Panel was not consulted on the Pilot Scheme prior to its announcement.

15. Mr Frederick FUNG queried why the Pilot Scheme, which undeniably would reduce the supply target of PRH at 200 000 units under the new LTHS, had never been discussed by the Long Term Housing Strategy Steering Committee ("the Steering Committee") during the consultation process as well as HA in the course of formulating the new LTHS. He criticized CE for failing to consult the Steering Committee, the Panel and the general public prior to taking forward such an important housing measure.

16. Dr Fernando CHEUNG criticized CE for not consulting the Steering Committee and the public before introducing the Pilot Scheme. He considered the PRH supply target at 200 000 units for the ten-year period from 2015-2016 to 2024-2025 misleading as the actual number of rental housing units would be less than that with part of the new PRH units put to sale under the Pilot Scheme. He also queried the Administration's stance that the Pilot Scheme would facilitate circulation of PRH flats, and pointed out that the net gain would be offset when a sitting PRH tenant acquired a flat under the Scheme. In view of the foregoing, he was not confident that the updated public housing supply target would meet the housing demand of some 260 000 applicants currently on the Waiting List ("WL"). He also sought information on the scale of the Pilot Scheme as well as other implementation details.

17. Mr LEE Cheuk-yan requested STH to clarify whether it was mainly CE's idea to implement the Pilot Scheme which did not seem to have the support of the Steering Committee. He considered the Pilot Scheme against the purpose of PRH to provide subsidized rental housing to low-income families to meet their basic housing needs. Pointing out that the Pilot Scheme would in effect reduce the supply of subsidized rental units, he was concerned that the Scheme might add pressure on HA's target to maintain the average waiting time ("AWT") at around three years and affect PRH circulation as a lead time was required for

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sitting tenants to go through the formalities to dispose of the old premises before acquiring the new one. Mr WONG Yuk-man expressed similar views. The Chairman sought explanation on the difference in the time required between housing PRH applicants to new PRH developments as rental flats and as sale flats.

18. Mr Albert CHAN considered the Pilot Scheme undesirable as it would reduce the number of rental units available for allocation, hence resulting in unfairness to PRH applicants and putting further pressure on AWT. Mr LEUNG Kwok-hung did not consider the Pilot Scheme a sensible measure and opined that more HOS flats should be supplied instead.

19. STH responded that the supply target of 200 000 PRH units had already taken into account the housing needs of the community for such units. As regards the Pilot Scheme, there were views that the Administration should provide PRH tenants opportunities for subsidized home ownership other than HOS during the LTHS public consultation since the Administration had no plan to relaunch the Tenants Purchase Scheme ("TPS"). Similar views were expressed by its members during HA's brainstorming sessions. The Administration took note of these views. It was against this background that LTHS stated that the Government would consider how to expand the forms of subsidized home ownership.

20. STH further advised that the Pilot Scheme would not reduce the supply of PRH as for every PRH flat sold to an applicant being a sitting tenant, a PRH flat would be released for those awaiting PRH allocation. There would, however, be a turnaround time. It would take about ten weeks to renovate the existing PRH flats released as a result of the Pilot Scheme before re-allocation. HA had started to consider the implementation details of the Pilot Scheme, including eligibility criteria, price setting mechanism, resale restrictions, site selection principle, etc. HA would take into account views of the community in the process.

21. In response to Mr Frederick FUNG's remarks that he was told by Dr Andy KWAN Cheuk-chiu who indicated that the idea of the Pilot Scheme was first proposed by himself at a meeting about two months prior to the announcement of the 2015 Policy Address which was attended by CE, STH, members of HA and the Steering Committee, STH said that he was not aware of such a meeting.

22. Mr LEUNG Yiu-chung said that he did not believe that the Pilot Scheme had been discussed by either the Steering Committee or HA as it was neither reported in the LTHS Report on Public Consultation nor promulgated in the new LTHS. With new PRH developments put to sale under the Pilot Scheme,

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he was dissatisfied that the Scheme would reduce the number of rental flats including new flats for allocation to PRH applicants. He also considered the Administration's above response on the idling time misleading, and pointed out that it might take months to carry out the renovation work in the midst of tight construction labour supply. He called on the Administration to shelve the Pilot Scheme.

23. Prof Joseph LEE questioned the logic of extending the Pilot Scheme to those who were eligible for PRH as these people were deemed to be unable to afford to buy their own home.

24. STH explained that under the existing policy, subsidized sale flats might be sold to households with GF status. They included sitting PRH tenants and PRH applicants who had undergone detailed vetting and were due for allocation of PRH within one year. The percentage of HOS flats purchased by GF Certificate holders remained low, at an average of about 6% of the total number of flats purchased by Green Formers since the late 1990s. Hence, most of the HOS flat GF buyers were sitting PRH tenants.

25. Mr Frederick FUNG opined that even the Pilot Scheme was to take forward, it should contribute to the supply target of subsidized sale flats instead of PRH. A two-tier pricing scheme should also be introduced for subsidized sale ownership under which the Pilot Scheme should seek to provide subsidized sale flats at a price level lower than other subsidized sale flats.

26. STH responded that upon considering the LTHS Report on Public Consultation, HA was of the view that the proposal should be taken forward as a Pilot Scheme as currently proposed by CE. The effectiveness of the Pilot Scheme would be evaluated in due course.

27. Mr Vincent FANG expressed support for the Pilot Scheme which in his view would avoid the problems with the management of the remaining PRH flats as in the case of TPS estates. However, he considered it unfair to allow sitting tenants of PRH to take part in the Pilot Scheme as this would mean double benefits to these applicants. Pointing out further that some sitting PRH tenants who had lived in PRH for years might have made enough savings for meeting the down payment of HOS flats, he opined that the current policy under which PRH tenants who applied for the purchase of new HOS flats with GF status were exempted from meeting the income and asset criteria was already a favourable arrangement for PRH tenants.

28. Mr TANG Ka-piu considered the Pilot Scheme acceptable as the management of the relevant estates would be less complicated. He conveyed the requests of the local communities for HA to set out clearly the resale

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restrictions under the Pilot Scheme, and to introduce the Scheme in all districts so that buyers could continue to live in the district where they were familiar with. Mr KWOK Wai-keung enquired the measures to avoid speculation under the Pilot Scheme.

29. STH stated that as announced in the 2015 Policy Address, the price of the flats to be sold under the Pilot Scheme would be set at a level lower than that of HOS flats. HA would take members' views into consideration in formulating the price setting mechanism and resale restrictions, including whether the flats would be allowed to be traded in the open market upon full payment of premium.

30. Dr Fernando CHEUNG pointed out that the current income limit for application of PRH was \$23,910 for four-person households. It would be quite impossible for such households to buy a flat under the Pilot Scheme even a 50% discount was applied. Such households, if acquired a flat under the Pilot Scheme (taking the recent transaction of a 400 square feet flat in Kwong Yuen Estate sold at a price of \$10,507 per square feet as an example), would incur a monthly mortgage repayment of around \$8,333 if 95% of the property was mortgaged, hence leaving the household income at around \$15,577 which was close to the poverty line for four-person households at \$15,400.

31. STH responded that the Pilot Scheme would target at Green Formers which include existing PRH tenants whose financial position might have improved after years of residence in PRH. The price of the flats to be sold under the Pilot Scheme would be set taking into consideration buyers' affordability and policy consistency among other subsidized home ownership schemes.

32. Noting members' concerns on the Pilot Scheme, the Chairman requested the Administration to provide full implementation details of the Scheme when available, including prices, eligibility and allocation criteria, restrictions on resale etc.

Other subsidized home ownership schemes

33. Miss CHAN Yuen-han, Mr WONG Kwok-hing and the Chairman expressed similar concerns on the housing needs of families with income between \$16,000 and \$30,000 per month who were ineligible to apply for PRH while could not afford to purchase HOS flats. Mr WONG Kwok-hing asked whether consideration would be given to relaunching the Home Starter Loan Scheme ("HSL") to meet the home ownership aspirations of these families.

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34. STH replied that in considering whether or not HSLS should be resumed, the Steering Committee was of the view that it was inappropriate under the current tight supply situation lest it might push up property prices. To meet the imminent housing demands of low to middle-income households, the Government had adopted the supply-led strategy as recommended by the Steering Committee with a view to gradually averting the current serious supply-demand imbalance in housing.

35. Noting that the Administration would leverage on the Urban Renewal Authority ("URA")'s capacity to increase the supply of subsidized sale flats, Mr WU Chi-wai opined that URA should be requested to provide Sandwich Class Housing Scheme ("SCHS") flats to meet the home ownership aspirations of low to middle-income households. He asked if HA would relaunch SCHS and make it a long-term policy measure. He also enquired what would be done to make up for URA's reduced capacity for private housing to ensure that the private housing supply target of 190 000 units would not be compromised as a result.

36. STH responded that URA would examine in detail its capacity for both public and private housing production. The Administration currently had no plan to re-introduce SCHS as it would further stretch the limited resources currently available for public housing. The Administration would continue to accord priority to achieve the supply target of PRH and subsidized sale flats under the new LTHS.

37. Mr Vincent FANG noted that HA had encountered many problems with the management of the residual 50 000 PRH flats in the 39 TPS estates. He asked if HA would consider encouraging the selling of such flats by lowering their prices.

38. STH pointed out that about 30% of PRH flats in the 39 TPS estates remained unsold. Currently HA did not have a timetable for selling the residual PRH flats in the TPS estates.

Leasing out premises by owners of Home Ownership Scheme flats

39. Mr WONG Kwok-hing pointed out that some families might no longer have need for the subsidized sale flat they owned in view of changes in circumstances. He urged HA to study the feasibility of allowing these owners to lease their premises without payment of premium, as this would be conducive to increasing the supply of housing in the market and lowering the rent level. The Chairman echoed Mr WONG's views.

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40. Mr Albert CHAN urged the Administration to take measures to relieve the housing burden of tenants of sub-divided units ("SDUs") some of whom were paying as much as \$50 per square feet for their rented accommodation. He reiterated his suggestion for HA to revitalize the rental market of some 300 000 subsidized sale flats with premium not yet paid by allowing owners of such flats to lease their premises to GF applicants at a rate lower than the market rent. This in his view would help relieve the pressing housing needs of the general public.

41. STH responded that the purpose of providing subsidized sale flats was to help the low to middle-income households purchase their own homes and not for profit-making. While he would not refuse to look into the proposal of allowing owners of subsidized sale flats to lease their premises with premium not yet paid up, the proposal involved complicated policy and legal issues which needed careful considerations. The Administration would take heed of members' views in considering any feasible proposals.

42. Mr WU Chi-wai opined that the concern on profit-making by owners of subsidized sale flats who leased their premises could be addressed by requesting such owners to share the rentals received with the Government on a pro-rata basis with reference to the percentage of ownership held by both sides.

Public rental housing

Redeveloping Tai Hang Sai Estate

43. Mr Frederick FUNG referred to STH's opening remarks and sought explanation on the absence of the role of HA in the Hong Kong Settlers Housing Corporation Limited ("HKSHCL")'s plan to redevelop the Tai Hang Sai Estate. Pointing out that HA had previously provided rehousing arrangements for residents affected by the redevelopment of the Model Housing Estate managed by HKSHCL and some cottage areas, he queried why the same could not be arranged for residents affected by proposed redevelopment of the Tai Hang Sai Estate. He also requested the Administration to accede to the request of the residents of Tai Hang Sai Estate for in-situ rehousing.

44. STH responded that Tai Hang Sai Estate was a rental housing estate constructed and managed by HKSHCL. It was neither owned nor managed by HA. HKSHCL as redeveloper would be responsible for the rehousing needs of existing tenants. HKSHCL had not indicated that the relevant lot would be surrendered to the Government. HKSHCL was considering viable options, and its objective was to increase the number of flats through redevelopment, while continuing to address the housing needs of the existing residents. As the

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redevelopment might involve modification of the lease conditions, payment of premium or amendment of the planning parameters, the Administration would consider relevant arrangements and discuss with HKSHCL when the latter submitted a more concrete proposal.

Tackling tenancy abuse

45. Mr WONG Yuk-man referred to the recent investigation of The Ombudsman which unveiled that a PRH tenant was found to have obtained three PRH units under different schemes, including the Families with Elderly Persons Priority Scheme, and that some PRH tenants did not have their tenant status deleted as required after obtaining another subsidized housing unit. He criticized the Administration for the mal-administration and failure to take the recommendations of the Director of Audit and the Public Accounts Committee on avoiding tenancy abuse.

46. STH said that the Director of Housing had responded to the media regarding The Ombudsman's investigation and clarified the misunderstanding of individual cases so aroused. STH stressed that, with more than 700 000 PRH units currently managed by HA, it should not implement policies without sometimes considering individual circumstances and without taking a reasonable and considerate approach should circumstances so warrant.

47. Mr TANG Ka-piu relayed cases warranting Compassionate Rehousing ("CR") and asked whether the allocation criteria for CR would be tightened with HA taking a more vigorous approach to tackling tenancy abuse.

48. STH responded that in drawing up the annual PRH Allocation Plan, HA would reserve 2 000 PRH units for CR use. It should be noted that this was only a guiding figure and allocation on compassionate grounds was not limited by any quota.

Other concerns

49. While acknowledging the Administration's efforts on finding land for housing developments, Miss CHAN Yuen-han queried why the Administration had not pursued the option of redeveloping aged and low-density PRH estates, such as the Choi Hung Estate, but infill sites in close proximity to residential developments which commonly met with strong opposition from the local communities.

50. STH replied that HA would consider redevelopment on an estate-by-estate basis having regard to the structural conditions of the buildings, cost-effectiveness of the repair works, availability of suitable rehousing resources in

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the vicinity of the estates to be redeveloped, and the build back potential upon redevelopment.

51. Noting that it was the Government's policy to provide PRH to low-income families who could not afford private rental accommodation, Prof Joseph LEE queried whether well-off tenants of PRH should continue to enjoy subsidized rental housing.

52. STH responded that according to the Well-off Tenants Policy, PRH tenants with a household income exceeding the prescribed income limits had to pay 1.5 times or double net rent plus rates according to actual circumstances. Those with total household income and net assets value both exceeding the prescribed income and asset limits were required to vacate their PRH flats. HA's Subsidised Housing Committee ("SHC") was now conducting a review on the Well-off Tenants Policy.

53. Mr LEUNG Che-cheung was concerned that the population in Yuen Long would likely increase by 400 000 in the coming 10 years according to the new housing supply target. The figure would be even higher if further suitable sites in Yuen Long would be identified for provision of the remaining 36 000 public housing units. He enquired the Administration's plan to optimize the transport network in Yuen Long to cater for the impending population increase.

54. STH responded that in taking forward housing developments, the Administration would conduct technical assessments on transport and environment to ensure compliance with the established planning standards and requirements. As quite a number of housing development projects would be carried out in Yuen Long and Tuen Mun, the Administration would seek to provide appropriate transport infrastructure in these districts in a timely manner.

Private housing

55. Mr Tony TSE sought STH's view on whether property prices at present were too high to be affordable for the general public, and what measures would the Administration take to address the housing needs of families who were ineligible to apply for PRH while could not afford to purchase private housing and hence had to bear expensive rentals. He was concerned about the worsening living standard of the general public as most households could only afford to buy or rent smaller units nowadays.

56. Prof Joseph LEE called on the Administration to render assistance to low to middle-income households who were not residing in SDUs but were similarly paying expensive rents.

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57. STH responded that the Administration was concerned about the high property prices and rental level. Under the global context of low interest rates and quantitative easing, the overall property prices rose by 13% in 2014. The median mortgage-to-income ratio had risen from 53.6% to 57.1% from the second quarter to the third quarter of 2014, while that the average was 47.3% between 1994 and 2013. The two rounds of demand-side management measures introduced in 2012 and 2013 were responses to the deteriorating affordability for housing of the general public.

58. Pointing out that the number of first-hand private residential property completed in 1989 was 36 500 units, Dr KWOK Ka-ki refuted the 2015 Policy Address which stated that the supply of first-hand private residential flats for the coming three to four years at approximately 74 000 units was the highest on record. He criticized the Administration for failing to provide a timetable on the availability of the some 150 potential sites identified for housing developments as well as information on the sites owned by private developers. He also queried the effectiveness of the two rounds of demand-side management measures on stabilizing property prices, and asked what the Administration would do to help low to middle-income households who were ineligible for PRH and hence had to bear expensive rentals.

59. STH replied that as stated in his opening remarks at the meeting, the supply of first-hand private residential flats at around 74 000 units for the coming three to four years was a record high since the release of quarterly statistics on Private Housing Supply in Primary Market in September 2004. The timetable on the readiness of the some 150 potential sites identified for housing developments could not be made available for the time being due to the amendments required to be made to the respective statutory plans for change of land use and/or increase in development intensity. Notwithstanding this, relevant public housing site information would be reported in the Administration's yearly briefing to the Panel on the updated Public Housing Construction Programme. STH emphasized that, under the global context of low interest rates and quantitative easing, had the Government not introduced the two rounds of demand-side management measures in 2012 and 2013, the property market might have been even more volatile. The Administration was determined to avert the serious supply-demand imbalance in housing, and would press ahead with meeting the housing supply targets.

Tenancy control

60. Miss CHAN Yuen-han held the view that rent control would largely alleviate the burden of grassroots tenants living in rented accommodation. She sought the Administration's explanation on not studying the feasibility of implementing tenancy control as it had promised in early 2014.

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61. STH advised that the Transport and Housing Bureau had conducted a study in early 2014 on tenancy control with reference to the history of tenancy control in Hong Kong and overseas experience. The relevant findings were reported to the Panel at its meeting on 7 July 2014.

62. Noting the Administration's reservation on reinstating tenancy control measures, Mr WONG Kwok-hing asked what the Administration would do to protect the tenancy of SDUs, cubicles and bedspaces at a rent of \$5,000 per month or below as such tenants were reportedly charged excessive rent or evicted without justifiable reasons. He suggested that the Administration should provide the Panel a relevant paper to facilitate its deliberation.

63. STH responded that while the Administration was concerned about the current high rent level, reinstating tenancy control might reduce supply and lead to higher asking rents, thereby aggravating the problems faced by households who were in need of rented accommodation. That said, 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 promote good tenancy practices.

64. Mr LEUNG Kwok-hung criticized the Administration for lacking effective measures to contain property prices to an affordable level. He expressed concern that the demand for private housing that had been suppressed would boom with the removal of the demand-side management measures, leading to an intense surge in property prices. He was unconvinced of the Administration's reasons for not reinstating tenancy control, and pointed out that the undesirable impacts to be brought by the relevant measures would only be temporary.

65. Mr LEUNG Che-cheung requested the Administration to consider granting rent subsidy to relieve the rental burden of those who had been on the WL for more than three years.

66. STH said that as indicated in the LTHS Report on Public Consultation, there were concerns that any rent assistance introduced in a tight supply market would be counter-productive, as the subsidy would most likely lead to landlords pushing up rental levels, thereby partially or even wholly offsetting the benefits to the tenants by passing the windfall to the landlords.

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V. Refining the Quota and Points System and checking the eligibility of applicants under the Quota and Points System

(LC Paper No. CB(1)384/14-15(06) — Administration's paper on "Refining the Quota and Points System and checking the eligibility of applicants under the Quota and Points System"

LC Paper No. CB(1)384/14-15(07) — Background brief on "Quota and Points System" prepared by the Legislative Council Secretariat)

67. The Assistant Director of Housing (Strategic Planning) briefed members on the details of HA's decision to refine the Quota and Points System ("QPS") and to conduct regular checking of non-elderly one-person applicants under QPS.

(Post-meeting note: A set of the power-point presentation materials was circulated to members vide LC Paper No. CB(1)504/14-15(01) on 3 February 2015.)

Impact of the refined points system on existing public rental housing applicants

68. Noting that SHC had decided to award a one-off bonus of 60 points to non-elderly one-person applicants under QPS when they reached the age of 45, Mr WONG Kwok-hing was concerned about the number of PRH applicants who were due for detailed vetting or even flat allocation would be affected by this measure, and the corresponding remedial measures.

69. Referring to CE's election manifesto which pledged to ensure the three-year AWT target to apply to both family applicants and non-elderly one-person applicants over the age of 35, Dr Fernando CHEUNG sought the Administration's explanation on the effect of the refined points system on meeting CE's pledge.

70. The Deputy Secretary for Transport and Housing (Housing) ("DSTH(H)") responded that HA had conducted in-depth discussions on the Steering Committee's recommendation to give priority to older applicants under QPS who might have relatively limited upward mobility. Given the increasing pressure on PRH supply, instead of extending the AWT target of around three years to QPS applicants above the age of 35 at this stage, SHC considered that a pragmatic first step would be to increase the chance of those QPS applicants who were above the age of 45. Towards this end, SHC had decided to award a

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one-off bonus of 60 points to QPS applicants when they reached the age of 45 to allow them a higher priority over other younger QPS applicants.

71. As regards impact of the refined points system on existing PRH applicants, DSTH(H) advised that the refined system would be applicable to all new applicants who submitted applications on or after the implementation date on 1 February 2015. As regards applicants who had submitted applications or had been registered before the implementation date, their points would be re-calculated under the refined system. As a one-off arrangement, if the re-calculated total points for an existing applicant were higher than the total points already awarded to the applicant under the existing system, the difference in points would be awarded to the applicant on the implementation date. Irrespective of whether existing applicants had higher points or not under the refined system, they could only continue to earn points under the refined system after the implementation date. For those applicants who had passed the detailed eligibility vetting before SHC's decision to refine the QPS (i.e. on or before 14 October 2014) and were undergoing the allocation process, their priority for allocation would be based on their points awarded under either the new points system or the existing system, whichever enabled earlier allocation.

Providing public rental housing to applicants with disabilities

72. Mr TANG Ka-piu opined that both QPS applicants above the age of 45 and disabled QPS applicants under that age should be given priority in the allocation of PRH flats. He expressed concern that the refined points system might result in prolonging the waiting time of disabled QPS applicants under the age of 45.

73. Dr Fernando CHEUNG pointed out that it was not easy for QPS applicants with disabilities to apply for a PRH flat successfully through CR. He asked if consideration would be given to awarding more points to such applicants under the refined points system. Given the surge in the number of PRH applicants, he also considered it undesirable that the number of PRH units reserved for CR applicants had remained at 2 000 units for the past 20 years.

74. DSTH(H) pointed out that in practice, it was difficult to set out the degree of an applicant's disability which would render the applicant additional points under QPS. Apart from the Express Flat Allocation Scheme, non-elderly one-person applicants with disabilities and with their immediate rehousing needs justified might also apply for PRH through CR with the recommendation of the Social Welfare Department ("SWD"). The Housing Department would make suitable allocation arrangement as soon as possible upon receiving SWD's recommendation. In drawing up the annual PRH Allocation Plan, HA would reserve 2 000 PRH units for CR. This was not a quota and HA had in fact

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allocated more than 2 000 PRH units in recent years on compassionate grounds.

75. Dr Fernando CHEUNG was unconvinced of the Administration's explanation. He pointed out that similar to the operation of Disability Allowance, disabled QPS applicants could be requested to present the relevant medical certificates issued by public hospitals as valid proof of disability. He requested HA to consider granting additional points to disabled QPS applicants under the age of 45. Expressing similar views, Mr LEUNG Yiu-chung suggested granting additional points to all disabled QPS applicants with medical proof from doctors across the board.

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76. Summing up members' concerns, the Chairman requested the Administration to provide information on the impact brought by the refined points system on non-elderly one-person applicants with disabilities who were ineligible for CR, and the relevant relief measures to be offered to these applicants.

VI. Public Works Programme Item No. B757CL – Roads and Drains in Area 16 and Area 58D, Sha Tin

(LC Paper No. CB(1)483/14-15(03) — Administration's paper on "Public Works Programme Item No. B757CL – Roads and Drains in Area 16 and Area 58D, Sha Tin")

77. With the aid of a power-point presentation, the Deputy Director of Housing (Development & Construction) ("DDH(D&C)") briefed members on the Administration's proposal to upgrade B757CL to Category A at an estimated cost of \$224.5 million in money-of-the-day prices to support the proposed PRH development in Area 16 and Area 58D, Sha Tin.

(Post-meeting note: A set of the power-point presentation materials was circulated to members vide LC Paper No. CB(1)504/14-15(02) on 3 February 2015.)

Traffic and transport impacts

78. Noting that the proposed PRH development would provide about 4 800 flats for a population of about 13 500, Dr Fernando CHEUNG enquired whether the transport infrastructure in the district could accommodate the additional population.

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79. DDH(D&C) advised that the Administration had carried out traffic impact assessments to demonstrate that, with the works proposed under B757CL, the district traffic infrastructure would be able to cater the additional population. The scope of works would also include the construction of pedestrian crossing facilities to enhance pedestrian connectivity in the area and facilitate a smooth traffic flow.

80. Pointing out that the proposed PRH development was close to the Fo Tan industrial area where there were lots of heavy vehicles running through the area, Dr Fernando CHEUNG was gravely concerned about the safety of the residents, in particular quite a large number of people would be moving into the area upon the completion of the proposed PRH development.

81. DDH(D&C) advised that various technical assessments and traffic impact assessments had been conducted on two development projects including the proposed PRH development project in Fo Tan and the HOS development project at Wo Sheung Tun Street to ascertain the suitability and feasibility of each site for housing development. Acting Chief Civil Engineer of Housing (Public Works Programme) supplemented that in order to cater for the traffic needs generated by the proposed PRH and HOS developments, the Administration had proposed to improve the local road network, such as changing a section of Wong Chuk Yeung Street from one-way traffic to two-way traffic, and carrying out improvement works at the junction of Shan Mei Street and Shui Wo Road. Other public transport facilities, such as bus terminal, mini-bus and taxi stands, would also be provided to prepare for the new housing developments in the area.

Concerns of local residents and villagers

82. Dr Fernando CHEUNG noted with concern that some villagers objected to the resumption of the private land arising from the proposed PRH development as well as the related road and drainage works under B757CL. He urged the Administration to address the concerns raised by the villagers, and implement appropriate traffic and transport improvement measures in the vicinity. In reply, DDH(D&C) said that although the proposed PRH development involved land resumption, the proposed road and drainage works under B757CL did not require any land acquisition. The Administration had taken account of the views from the local residents and stakeholders and had fine-tuned the proposed works.

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Concluding remarks

83. As members raised no further question, the Chairman concluded that the panel supported the submission of the Administration's proposal to the Public Works Subcommittee for consideration.

VII. Any other business

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

Council Business Division 1
Legislative Council Secretariat
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