

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1263/14-15  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/HG/1

**Panel on Housing**

**Minutes of meeting**  
**held on Monday, 6 July 2015, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Alice MAK Mei-kuen, BBS, JP (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  
Hon CHAN Hak-kan, JP  
Hon IP Kwok-him, GBS, JP  
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, SBS, MH, JP  
Hon Tony TSE Wai-chuen, BBS

**Member attending** : Hon TSE Wai-chun, Paul, JP

**Members absent** : Hon Christopher CHUNG Shu-kun, BBS, MH, JP (Deputy Chairman)  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon Alan LEONG Kah-kit, SC

**Public Officers attending** : **For item III**

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

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

Mr Stephen YIM  
Chief Architect (Development and Standards)  
Housing Department

**For item IV**

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

Mrs Rosa HO  
Assistant Director (Housing Subsidies)  
Housing Department

Mr NG Shu-chung  
Acting Chief Manager/Management (Support Services 2)  
Housing Department

**For item V**

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

Mrs Rosa HO  
Assistant Director (Housing Subsidies)  
Housing Department

Mr CHAN Siu-tack  
Assistant Director (Estate Management)<sup>2</sup>  
Housing Department

Mr Arsene YIU  
Principal Assistant Secretary (Planning & Lands)<sup>3</sup>

Mr CHEUNG Tin-cheung  
Deputy Director of Buildings  
Buildings Department

Mr FUNG Man-chung  
Assistant Director (Family and Child Welfare)  
Social Welfare Department

**Clerk in attendance :** Ms Angel SHEK  
Chief Council Secretary (1)<sup>1</sup>

**Staff in attendance :** Mr Ken WOO  
Senior Council Secretary (1)<sup>5</sup>

Ms Mandy LI  
Council Secretary (1)<sup>1</sup>

Miss Mandy POON  
Legislative Assistant (1)<sup>1</sup>

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**I. Confirmation of minutes**

(LC Paper No. CB(1)1024/14-15 — Minutes of the meeting held  
on 4 May 2015)

The minutes of the meeting held on 4 May 2015 were confirmed.

**II. Information papers issued since last meeting**

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

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(LC Paper No. CB(1)942/14-15(01) — Land Registry Statistics for May 2015 provided by the Administration (press release)

LC Paper No. CB(1)945/14-15(01) — Administration's Booklet on "General Housing Policies")

**III. Design of new public rental housing flats**

(LC Paper No. CB(1)1037/14-15(01) — Administration's paper on "Design of new public rental housing flats"

LC Paper No. CB(1)1037/14-15(02) — Background brief on "Design of new public rental housing flats" prepared by the Legislative Council Secretariat

Relevant paper

LC Paper Nos. CB(1)961/14-15(01) and (02) — Letters dated 29 May 2015 from Hon Frederick FUNG Kin-kee and Hon KWOK Wai-keung respectively regarding the design of new public rental housing flats (Chinese version only)

Briefing by the Administration

3. The Deputy Director of Housing (Development & Construction) ("DDH(D&C)") gave a power-point presentation on the design of new public rental housing ("PRH") flats by the Hong Kong Housing Authority ("HA").

*(Post-meeting note: A set of the power-point presentation materials (LC Paper No. CB(1)1074/14-15(01)) was circulated to members vide Lotus Notes on 7 July 2015.)*

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Discussion

*Design of new PRH flats*

4. Mr KWOK Wai-keung expressed concern about the general reduction in the size of new PRH flats and queried whether it was an administrative means to maximize land use and increase flat supply. Mr LEUNG Che-cheung also expressed disappointment on the reduced living space for tenants of new PRH flats. He considered that providing smaller flats in an attempt to increase housing supply should only be a short term measure as it might create problems in the longer run, especially for households with younger children who would need more private space when they grew up.

5. The Permanent Secretary for Transport and Housing (Housing) ("PSTH(H)") responded that the size of new PRH flats would be affected by factors such as the need to overcome site constraints and optimize site development potentials. Notwithstanding the change in flat size, the allocation standard of PRH, which was no less than seven square metres ("m<sup>2</sup>") internal floor area ("IFA") per person, was adhered to, taking into account resources available.

6. Noting that HA had gradually shifted from the standard-block design approach to site-specific design approach in housing construction to address site constraints, Mr KWOK Wai-keung asked whether the former approach would be adopted again for sites without constraints. Mr WONG Yuk-man raised the same question, and sought justification for abolishing across-the-board the standard-block design approach. He was concerned that the general adoption of the site-specific approach might lengthen the construction period for sites with relatively fewer or no constraints.

7. DDH(D&C) advised that given the limited land resources and the need to increase PRH supply, the topography, size and configuration of PRH sites had become more complicated nowadays. To better-utilize land resources, HA had gradually shifted from the standard-block design approach used in the past decades to a site-specific design approach for more effective response to site constraints. Drawing reference from a series of non-standard flat designs evolved over the years, HA had developed a library of Modular Flat Design ("MFD") as a production strategy for PRH in 2008. In addition to small flats design, i.e. 1-or-2-person ("1P/2P") and 2-or-3-person ("2P/3P") flats, MFD covered 3-or-4-person ("3P/4P") and 4-or-5-person ("4P/5P") flats. In line with the design principle of "Functional and Cost Effective", MFD further enhanced construction efficiency and progressively improved natural ventilation and lighting inside domestic flats. Following the resumption of the construction of Home Ownership Scheme ("HOS") flats as announced in the 2011-2012 Policy

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Address, HA developed another line of MFD for HOS development in late 2011. MFD for new HOS flats was mainly based on flats with an IFA of about 35 m<sup>2</sup>. HA subsequently standardized the IFA for this type of modular flats under both PRH and HOS developments. Since mid-2012, the said new MFD had been applied to all new public housing developments.

8. Mr Tony TSE enquired about the basis for considering the flat mix in new public housing developments. He suggested that HA should be vigilant in flat allocation as any subsequent decision to rehouse existing tenants to smaller flats, such as rehousing 2P households from 2P/3P flats to 1P/2P flats, might meet with criticisms and objections. PSTH(H) said that while the flat mix of individual public housing developments varied, a relatively large percentage of flats would normally be 2P/3P flats to cater for the needs of PRH applicants.

9. Mr WONG Kwok-hing sought the Administration's response to his following suggestions in respect of the design of new public housing flats: (a) improving the structural design to avoid the case of the Chai Wan Estate where the bathrooms were excessively large and the bedrooms unreasonably small; (b) ensuring the compatibility of water supply system design with the Water Supplies Department ("WSD")'s flow controllers; (c) installing improved mixed water taps to avoid incidents of scald; (d) abolishing the use of collapsible flat entrance metal gates which generated excessive noises when in use; and (e) optimizing the design of tiled wall to cater for the fitting of handrail for use by elderly tenants. Mr LEUNG Che-cheung raised concern about the hollow block walls that came with precast components, which made it difficult for mounting fixtures on the walls. Mr IP Kwok-him asked whether the new PRH flat design would provide additional air-conditioner hoods to cater for partitioning.

10. DDH(D&C) responded that some old fixtures, such as collapsible metal gates, were no longer provided in public housing developments under MFD. Efforts would be made to enhance the compatibility of the water supply system of existing public housing estates with WSD's flow controllers. Besides, the air-conditioner hood provided at the living room under MFD could accommodate split type air-conditioner, thus enabling partition of living space within a flat if necessary. DDH(D&C) said that HA would continue to take on board the views from stakeholders on the design of public housing flats. The Chairman requested the Administration to provide supplementary information addressing members' above concerns in respect of the building design of and the fittings for public housing flats.

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*(Post-meeting note: The Administration's response was circulated to members vide LC Paper Nos. CB(1)1192/14-15(01) and CB(1)1214/14-15(01) on 21 and 28 August 2015 respectively.)*

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*Reduced living space for tenants affected by redevelopment programmes*

11. Mr KWOK Wai-keung relayed the concerns of some Pak Tin Estate tenants that while those affected by the first phase of the redevelopment programme of this estate were rehoused to Phases 2 and 5 of Shek Kip Mei Estate which offered two-bedroom units at an IFA of 41 m<sup>2</sup> each, those affected by the second phase were only rehoused to the redeveloped units at Pak Tin Estate offering two-bedroom units under 36 m<sup>2</sup> each. The aggrieved tenants had demanded an explanation for the difference in the rehousing arrangements. Mr KWOK also urged HA to adopt a humane approach in rehousing the affected tenants, such as by providing two 2P/3P flats, instead of one 4P/5P flat, to a five-person household.

12. Mr Frederick FUNG referred to the submission from a concern group tabled at the meeting (LC Paper No. CB(1)1073/14-15(02)) which highlighted the reduction in IFA of the two-bedroom flats of the redeveloped housing at Pak Tin Estate by more than 50 square feet compared with the ones in Shek Kip Mei Estate. Mr FUNG enquired about the feasibility of amending the design of the redeveloped flats to reduce the difference. He also requested the Administration to provide information on the average IFA per person allocated to PRH applicants and tenants affected by redevelopment projects for the past 10 years.

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*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)1192/14-15(01) on 21 August 2015.)*

13. Mr LEE Cheuk-yan said that the crux of Pak Tin Estate tenants' concern was a reduction in the living space as it would directly impact on their living standard, notwithstanding the overall enhancements in flat design. Mr LEUNG Yiu-chung and Mr LEUNG Kwok-hung expressed similar views. Mr LEUNG Yiu-chung said that PRH tenants had long expressed grave concern about the small size of the bedrooms of their flats. He queried why this problem had not been duly taken into account in improving MFD. Mr WU Chi-wai considered that the provision of smaller flats under the redevelopment of the Pak Tin Estate would not be justified unless they would help maximize the plot ratio of the site and increase the number of flats to be provided at substantially lower construction costs.

14. Mr IP Kwok-him said that being a member of HA himself for years, he had witnessed great improvements in the design of new PRH flats. He considered that the living environment of PRH should not be assessed solely by a measurement of the living space. Expressing similar views, Mr Tony TSE said that it was also important to consider the indoor and outdoor enhancements made to the design of new PRH flats to bring about better utilization of the

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living space and improve the living standard of tenants.

15. PSTH(H) advised that compared with PRH applicants, more flexibility could be exercised in flat allocation for tenants affected by PRH redevelopment programmes since decanting estates would be made available. Subject to the availability of resources, some tenants might be rehoused to flats with larger IFA in older estates and others might be rehoused to flats in newer estates with various design enhancements and an improved outdoor environment due to the specification of an overall greening and open space ratios of at least 30% and 20% for all new public housing developments respectively. DDH(D&C) added that HA had all along been gauging the views from various stakeholders on the design and construction of public housing in order to pursue continuous improvement of MFD. With the standardization of improved MFD for all public housing developments since mid-2012, it was impossible to amend the design of the redeveloped units at Pak Tin Estate on an exceptional basis.

16. The Chairman expressed reservation on the Administration's response and cautioned against the possibility of requiring tenants rehoused in larger units of redevelopment housing to move out in future due to the under-occupation policy. PSTH(H) took note of the Chairman's view and pointed out that under the under-occupation policy, households with disabled members or elderly members aged 70 or above would be excluded from the under-occupation cases.

**IV. Refinancing of Home Ownership Scheme flats with premium unpaid**

(LC Paper No. CB(1)1037/14-15(03) — Administration's paper on "Refinancing of Home Ownership Scheme flats with premium unpaid"

LC Paper No. CB(1)1037/14-15(04) — Background brief on "Refinancing of Home Ownership Scheme flats with premium unpaid" prepared by the Legislative Council Secretariat

Relevant papers

LC Paper No. CB(1)910/14-15(01) — Joint letter dated 28 May 2015 from Hon Alice MAK Mei-kuen, Hon WONG Kwok-hing and



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Hon KWOK Wai-keung  
regarding the refinancing of  
Home Ownership Scheme  
flats with premium unpaid  
(Chinese version only)

LC Paper No. CB(1)960/14-15(01) — Administration's response to  
joint letter dated  
28 May 2015 from Hon Alice  
MAK Mei-kuen,  
Hon WONG Kwok-hing and  
Hon KWOK Wai-keung  
regarding the refinancing of  
Home Ownership Scheme  
flats with premium unpaid  
(Chinese version only))

Briefing by the Administration

17. The Deputy Secretary for Transport and Housing (Housing) ("DSTH(H)") briefed members on the policy and matters relating to refinancing of HOS flats with premium unpaid.

Discussion

*Approval mechanism for refinancing of HOS flats with premium unpaid*

18. The Chairman expressed concern that in some cases, it had taken as long as 10 months for the Director of Housing ("DH") to process applications from HOS flat owners, who were in financial distress, for refinancing their flats with premium unpaid ("refinancing applications"). She observed that some finance companies took advantage of the long processing time for refinancing applications by offering loan schemes exclusively for HOS flat owners and misleading them into believing that remortgaging their flats without payment of premium was legal. Worst still, the loan schemes charged such soaring intermediary fees and interest that the borrowers could not repay the loans and ended up with imposition of encumbrances of their land titles. The Chairman enquired whether and how the Housing Department ("HD") would speed up the handling of refinancing applications.

19. DSTH(H) stressed that if HOS flat owners wished to refinance their flats with premium unpaid, prior approval must be obtained from DH. To shorten the time required for processing refinancing applications, HD had launched new measures with effect from 1 June 2015 to simplify the relevant procedures and

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the application form.

20. Mr WONG Yuk-man pointed out that since HOS was a scheme financed by public money, owners of HOS flats with premium unpaid should not be allowed to enter into loan agreements with finance companies even if the agreements did not involve charging on the HOS flats as securities. Mr LEUNG Kwok-hung considered that in line with the policy objective of providing subsidized sale housing to those who could not afford private housing, HOS flats should not be allowed to be sold in the open market except to White Formers and households with Green Form status. This should make it impossible for finance companies and financial intermediaries to target HOS flat owners for illicit lending business, and for the owners to seek financial benefits through trading/refinancing of their HOS flats.

*Enforcement against illegal refinancing of HOS flats with premium unpaid*

21. Noting that 11 out of 27 persons suspected of creating mortgages on subsidized sale flats with premium unpaid without DH's prior approval were convicted in the past five years, and that only 23 out of 44 prosecutions instituted against the illegal operations of money lenders and financial intermediaries were successful in the past two years, Mr WONG Yuk-man considered the conviction rates on the low side which might be ascribable to certain loopholes in the current legislation.

22. Mr LEUNG Yiu-chung criticized the Administration for its inaction to combat illegal financing activities. He considered that the promotional leaflets distributed by finance companies at HOS estates, which claimed that it was legal to refinance HOS flats with premium unpaid, could serve as evidence for taking enforcement actions against the finance companies concerned.

23. Mr Paul TSE noted that as an enhancement to processing refinancing applications, it was no longer necessary for an applicant to submit a draft legal charge to the Legal Service Sub-division of HD for approval if the applicant's solicitor confirmed that the legal charge contained the terms and provisions as required by HD in accordance with the terms and conditions specified in the consent letter. Mr TSE was concerned that this might give rise to loopholes for finance companies to make loans to HOS flat owners in the form of personal loans (instead of re-mortgage loans) so as to conceal that the loans were secured by the HOS flats. Mr WONG Yuk-man, Dr Fernando CHEUNG and the Chairman expressed similar concerns.

24. DSTH(H) advised that section 17B of the Housing Ordinance (Cap. 283) ("HO") stipulated that where a person refinanced an HOS flat without obtaining prior approval from DH or paying the premium, the purported mortgage or other

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alienation together with the relevant agreement shall be void. In the past five years (i.e. 2010-2011 to 2014-2015), HD had checked more than 4 500 land search records on average each year in the course of processing refinancing applications and other applications. Should it be found that a loan or a mortgage record had been registered in connection with a flat with premium unpaid, and that the loan or mortgage might involve mortgaging of an HOS flat without DH's approval, HD's prosecutors would consider whether to institute prosecution. The prosecutors would look into the actual circumstances of each case, in particular, whether the loan document in question contained any contractual terms or wording that might constitute a contravention of HO. With sufficient evidence, HD would institute prosecution against the suspected persons under section 27A of HO. In the past five years, a total of 27 persons were prosecuted, amongst which 11 persons were convicted, three persons were acquitted, and the charges against two persons were withdrawn. The remaining 11 cases were still being processed. DSTH(H) stressed that not every loan agreement involving HOS flats would invoke the alienation restriction stipulated under sections 17B and 27A of HO. In general, only loan agreements which involved charging the flats with premium unpaid as securities would invoke section 17B and contravene section 27A. Indeed, there was no hard and fast rule in determining whether loan agreements signed between owners of HOS flats with premium unpaid and finance companies had contravened HO.

*Coordinating inter-departmental efforts and stepping up publicity in combating illegal refinancing of HOS flats*

25. Dr Fernando CHEUNG noted with concern that the land title records of thousands of subsidized sale flats with premium unpaid contained entries of encumbrances in loan agreements with finance companies. He was concerned that most of these entries might involve unlawful agreements between owners of subsidized sale flats and finance companies, given that DH had only approved 1 771 refinancing applications during the past five years. He asked whether HD would work with The Land Registry ("LR") with a view to identifying illegal loan or mortgage entries in connection with HOS flats with premium unpaid.

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26. The Chairman requested the Administration to provide information on whether it had conducted survey on the land title records of HOS flats with unpaid premium to identify entries of encumbrances in loan agreements with finance companies, and if so, the number of cases investigated, and whether it had referred information on the finance companies concerned to the relevant authorities, such as the Hong Kong Police Force ("the Police") and the Companies Registry, for further investigation or taking enforcement actions. The Chairman also enquired whether the Administration would consider putting in place a mechanism under which LR should notify HD when encumbrances were imposed on land titles concerning HOS flats with premium unpaid.

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Mr Paul TSE echoed the Chairman's views. He considered that HA should take measures to safeguard its interest being the principal owner of HOS flats.

*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)1192/14-15(01) on 21 August 2015.)*

27. DSTH(H) explained that it would be difficult for LR to identify whether a loan document to be registered in connection with land titles was in breach of HO in the course of its daily operation. It would take time and an elaborate process to examine the contractual terms or wording of a loan document in ascertaining whether there was a breach. In any case, any loan agreement that violated HO should be void even if they had been registered with LR. Given that there were currently some 380 000 HOS flats with premium unpaid and that LR would charge for every alert arising from changes made to the land title records, the suggestion to examine all land title records of HOS flats with premium unpaid as well as for LR to notify HD of new encumbrances imposed would warrant careful consideration to ensure rational use of public money. DSTH(H) said that the current checking of land search records by HD when processing relevant applications was already a useful means to monitor the loan situations of HOS flat owners and compliance with HO. The Assistant Director of Housing (Housing Subsidies) added that under the current mechanism, whenever permission was given for an HOS flat with premium unpaid to be refinanced or remortgaged, the first mortgage would usually be discharged first. In such case, this would ensure that the interest of HA, being the principal owner, was safeguarded.

28. Referring to the recent news report that more than 8 300 HOS flat owners were found to have refinanced their flats with premium unpaid at an interest rate between 20% to 40% in the past six years, Mr WONG Kwok-hing was concerned about the lack of publicity to raise public awareness of illegal re-financing, and the loopholes in enforcing the current legislation to prohibit HOS flat owners from refinancing of their flats or money lenders and financial intermediaries from charging exorbitant fees for lending. He asked whether the Administration would coordinate inter-departmental efforts, such as collaboration with the Hong Kong Monetary Authority ("HKMA"), to combat illegal lending activities. Mr LEUNG Kwok-hung opined that legislative amendments should be introduced to empower HKMA to regulate the lending business of finance companies and financial intermediaries. Mr WONG Yuk-man and the Chairman shared the view that the Administration should step up law enforcement and publicity in response to the increasingly rampant practices of the finance trade.

29. DSTH(H) advised that various authorities including the Police, HKMA, the Investor Education Centre and the Consumer Council had taken measures

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through different channels to raise awareness over fraudulent practices in financing and to remind the public to understand thoroughly the relevant terms and conditions before entering into any loan agreements or financial contracts. Information about the alienation restriction of HOS flats and application procedures for refinancing was available on HD's website. HD had also issued press releases regarding convicted cases under HO to remind the public that refinancing of subsidized sale flats with premium unpaid without DH's prior approval was an offence and the relevant refinancing agreements would be void.

**V. Enforcement actions against subdivided units in industrial buildings and the rehousing arrangements; and the suggestion on provision of transitional housing**

(LC Paper No. CB(1)1037/14-15(05) — Administration's paper on "Enforcement actions against subdivided units in industrial buildings and support services for affected tenants"

LC Paper No. CB(1)1037/14-15(06) — Background brief on "Enforcement actions against subdivided units in industrial buildings and the rehousing arrangements for affected tenants" prepared by the Legislative Council Secretariat)

Briefing by the Administration

30. DSTH(H) briefed members on the enforcement actions against subdivided units ("SDUs") in industrial buildings ("IBs") and the support services provided to affected tenants, and the Administration's views on the provision of transitional housing.

*(At 4:21 pm, the Chairman announced that the meeting would be extended for 15 minutes to 4:45 pm so as to allow more time for discussion of the agenda item.)*

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Discussion

*Prosecution against owners of IBs operating SDUs*

31. Noting that some owners of IBs continued operating SDUs even after they had been prosecuted, Mr WONG Kwok-hing criticized the Administration for the unduly long time taken to convict such owners and the low deterrence of the existing penalty. Mr Frederick FUNG observed that SDUs were set up in IBs again shortly after they were mandated to be removed. Dr Fernando CHEUNG held the view that the policy to eradicate SDUs in IBs only rendered the tenants concerned homeless rather than penalizing IB owners who operated the SDUs illegally. Mr LEUNG Kwok-hung observed that eradicating SDUs in IBs and hence a reduced supply in the market might induce SDU owners to raise the rentals of such units.

32. The Principal Assistant Secretary (Planning & Lands)<sup>3</sup> ("PAS(P&L)<sup>3</sup>") emphasized that IB units were not suitable for domestic purpose as it posed serious fire and safety risks to tenants. The Administration must take stringent enforcement actions to eradicate such uses to ensure the safety of SDU tenants and the public at large. The Deputy Director of Buildings ("DDB") advised that if domestic SDUs were found in IBs, the Buildings Department ("BD") would issue statutory orders to the owner concerned under the Buildings Ordinance (Cap. 123) ("BO") requiring the owner to discontinue domestic use of IBs. The owner would also be ordered under BO to remove the associated unauthorized building works if necessary. Owners who failed to comply with a removal order were liable to a maximum penalty of one year's imprisonment and a maximum fine of \$200,000, and a further daily fine of \$20,000 for continuing offences. BD would instigate a second prosecution against an IB owner if the owner failed to comply with the order within a reasonable time after conviction. In a recent case, BD instigated a second prosecution against an owner within 12 months from the first prosecution.

*Support services to affected tenants*

33. Dr Fernando CHEUNG criticized the Administration for failing to follow up on the alternative accommodation the affected tenants had sought after taking enforcement actions against SDUs in IBs and render assistance to the tenants if necessary. His view was shared by the Chairman.

34. Mr WONG Yuk-man considered the assistance programme endorsed by the Steering Committee on the Community Care Fund and implemented by BD since December 2011 ineffective to help tenants who had to move out of SDUs in IBs due to BD's enforcement actions. While the programme had benefited 205 SDU tenants up to end-April 2015, it amounted to only about 0.2% of the

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SDU population. Besides, the relocation subsidy of \$2,500 provided for one-person households under the assistance programme could hardly meet the pressing housing needs of the affected tenants after moving out of the SDUs.

35. PAS(P&L)3 advised that BD would apply to the District Court for a Closure Order prior to taking any closure actions. BD would first issue a Notice of Intention to Apply for a Closure Order and post it at the venue concerned before applying for the Closure Order so as to allow a reasonable period of time for tenants to move out. The social services teams of BD would approach each of the affected tenants to explain details of the Closure Order and provide them with necessary social and emotional supports. While it was the responsibility of the affected tenants to find their own alternative accommodation, BD would liaise with the Social Welfare Department ("SWD"), the Home Affairs Department and HD to render assistance to the tenants as appropriate. As regards the details of SDU tenants affected by BD's enforcement actions and their subsequent residence, DDB said that BD did not maintain or possess such records.

36. Mr Frederick FUNG held the view that the Po Tin Transit Centre ("TC") in Tuen Mun might not be suitable for housing family households affected by clearance of SDUs in IBs as the TC provided only bed-spaces. He also suggested the Administration make better use of the Shek Lei Interim Housing ("IH"), which was about 80% vacant currently, for temporary housing of eligible households. Dr Fernando CHEUNG expressed similar views.

37. DSTH(H) advised that for households affected by BD's enforcement operations against SDUs in IBs, in case short-term temporary housing was required, they might be admitted to Po Tin TC or Lung Tin TC in Tai O through referrals by BD. These household could stay in TC while they awaited eligibility vetting for rehousing to PRH or looked for alternative accommodation. If these households had stayed in TC for three months and passed the "homeless test", subject to fulfillment of eligibility criteria for PRH (including income limit, asset limit and "no domestic property" rule), HD would arrange for their admission to IH while awaiting PRH allocation through PRH application. In other words, IH was only provided to eligible households and was not intended for all households in need of short-term temporary housing.

*(At 4:40 pm, the Chairman suggested and members agreed to further extend the meeting for 15 minutes to 5:00 pm.)*

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*Enforcement against illegal operation of SDUs in Wing Fung Industrial Building*

38. Dr Fernando CHEUNG was concerned that the owners of Wing Fung Industrial Building was only fined \$20,000 for operating SDUs in the IB, which could hardly achieve deterrence against the contravention taking into account the lucrative profits generated from SDU rental income. DDB responded that BD had made two prosecutions against the two owners of Wing Fung Industrial Building and they were fined about \$20,000 upon the first conviction. For the second conviction, one of the owners was fined about \$40,000 while the penalty for another owner was still being considered by the court.

39. In response to the Chairman's enquiry on the support services provided to the affected SDU tenants of Wing Fung Industrial Building, DDB advised that BD issued a Notice of Intention to Apply for a Closure Order in November 2014 notifying the affected tenants of BD's intention to apply for the Order in March 2015. BD's social services teams had since conducted a number of visits to the affected tenants and provided them with the assistance as appropriate. The Assistant Director of Social Welfare (Family and Child Welfare) pointed out that SWD had assessed 14 affected households for Compassionate Rehousing, which aimed at providing assistance to individuals and families with genuine, urgent and long-term housing needs with no other feasible means to resolve their housing problems. All the households were found to be ineligible upon preliminary vetting. The Chairman requested the Administration to provide detailed information on its communication with and assistance rendered to the affected tenants.

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*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)1192/14-15(01) on 21 August 2015.)*

*Revitalization of IBs for conversion to transitional accommodations*

40. Mr Frederick FUNG enquired about the progress made in respect of the Government's earlier plan to revitalize IBs to facilitate the owners to convert IBs into compliant transitional accommodations. He considered that as long as the fire safety requirements were met, the plan should be taken forward expeditiously.

41. PAS(P&L)3 advised that the Administration had examined the feasibility of allowing wholesale conversion of IBs for transitional accommodation use and had approached IB owners to understand the actual situation. Since IBs generally did not meet the design and planning requirements for domestic use, if an IB was to comply with the building standards and requirements so drawn up, the suggested conversion works would involve substantial and costly alterations



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or demolition of parts of the building, rendering the conversion infeasible. After taking into full consideration the need to protect the well-being of residents and the needs of the whole community, the Administration had come to the view that allowing wholesale conversion of IBs for temporary domestic use was not practicable. The Subcommittee on the Long Term Housing Strategy under the Panel on Housing was briefed on the above findings in July 2013.

*Suggestion on providing transitional housing*

42. Mr WONG Kwok-hing, Mr WONG Yuk-man and Mr Frederick FUNG shared the view that the root cause for SDUs in Hong Kong was a serious lack of housing. Mr LEUNG Kwok-hung considered the policy direction to eradicate SDUs a mistake as it could not help resolve the more fundamental problem of housing shortage. Mr FUNG and Mr LEUNG urged the Administration to provide transitional housing on idle urban sites for accommodating inadequately housed households, including SDU households and those on the Waiting List for PRH. Mr FUNG also opined that consideration should be given to making use of redeveloped housing blocks for providing transitional housing.

43. DSTH(H) responded that producing more PRH units was the fundamental solution to the housing problem faced by SDU tenants. However, housing construction took time and it was not possible to deliver a large number of PRH units within a short period of time. In addition, the supply of suitable sites for housing construction, particularly those in the urban area, was limited. To increase land supply for housing, the Development Bureau and the Planning Department had been carrying out land use reviews to identify potential sites for housing development subject to the completion of statutory planning procedures for rezoning. For instance, rezoning procedures of the two "Government, Institution or Community" sites at Sau Ming Road, Kwun Tong and Tuen Mun Area 2 for public housing developments had been completed, while other sites were undergoing rezoning procedures. As regards the suggestion to provide the affected households with temporary accommodation in vacated PRH estates to be redeveloped, DSTH(H) advised that this could lengthen the lead time required for taking forward the redevelopment projects, and would cause inconvenience to these households as they would need to be relocated again within a short period of time.

Conclusion

44. Summing up, the Chairman urged the Administration to attend to the rehousing and social service needs of SDU tenants who were affected by enforcement operations to clear illegal SDUs in IBs.

Action

**VI. Any other business**

45. There being no other business, the meeting ended at 5:00 pm.

Council Business Division 1  
Legislative Council Secretariat  
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