

立法會

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Panel on Housing

Meeting on 4 May 2015

Background brief on "Role and positioning of the Hong Kong Housing Society in the Government's housing policy" prepared by the Legislative Council Secretariat

Purpose

This paper provides background information on the role and positioning of the Hong Kong Housing Society ("HKHS") in the Government's housing policy, and gives a brief account of the views and concerns expressed by members of the Panel on Housing ("the Panel") on the subject.

Background

2. HKHS was established in 1948 and incorporated in 1951 by the Hong Kong Housing Society Incorporation Ordinance (Cap. 1059). It is an independent, not-for-profit organization aiming to serve the needs of the Hong Kong community in housing and related services. HKHS operates under a two-tier board governance structure comprising a Supervisory Board and an Executive Committee. The Supervisory Board determines the long-term mission and guiding principles of HKHS, while the Executive Committee sets the strategies and policies to achieve the mission and objectives. The Management is accountable for the implementation of the strategies in the business operations.

3. Since its inception, HKHS has built a total of over 68 000 units under different housing schemes, including Rental Estate, Rural Public Housing, Flat-for-Sale, Sandwich Class Housing, Urban Improvement, Full Market Value Developments, Urban Renewal Projects and Senior Citizen Residences Scheme¹.

¹ Source: HKHS's website

4. On rental housing, HKHS provides a total of over 32 000 units in 20 estates. Rental units fall into two groups, A and B. Group A caters to low-income families whereas Group B targets families of relatively higher incomes. Reflecting the differences in eligibility, the rental rates for these two categories of rental housing are set at different discounted market prices. Apart from the regular rental units, HKHS also provides some 900 Elderly Persons' Flats in nine of its estates for the senior citizens at half of the normal rents. A list of HKHS rental estates is set out in **Appendix I**.

5. According to the Administration², throughout the years, HKHS has been playing an active role in the provision of public rental units at affordable rents for low-income households, and the development of subsidized sale projects. HKHS has also been assuming the unique role of "housing laboratory" in trying out innovative housing schemes. The Government considers HKHS a close partner in meeting the housing needs of the community. It will work closely with HKHS and will continue to grant suitable sites for HKHS to develop its housing projects subject to the overall planning of land resources.

6. In its briefing for the Panel on the housing-related initiatives in the 2015 Policy Address³ on 2 February 2015, the Administration advised that HKHS would put up about 1 600 subsidized sale flats for pre-sale in 2016-2017, about 1 000 units of which would be from the project in Shatin which the Government invited HKHS to develop in 2013. The remaining about 600 units would be from two sites located in Tseung Kwan O and Tuen Mun which the Government newly invited HKHS to develop. In addition, to address the housing needs of the local residents, HKHS had been invited to develop some 140 rental units in Sha Tau Kok. The project was expected to complete in early 2017.

Deliberations of the Panel

7. At the requests of members, the Panel discussed the urban renewal project developed by HKHS in Shau Kei Wan ("Project H21") and the rental adjustment for HKHS's rental estates on 4 March 2013 on 5 May 2014 respectively. The major views and concerns expressed by members at the meetings are summarized in the ensuing paragraphs.

² See paragraph 7.8 of the "Long Term Housing Strategy" published by the Transport and Housing Bureau on 16 December 2014

³ See paragraphs 7 and 20 of LC Paper No. [CB\(1\)437/14-15\(01\)](#)

Pricing mechanism of Project H21

8. Project H21 is one of the six urban renewal projects entrusted to HKHS by the Urban Renewal Authority ("URA") under a Memorandum of Understanding signed between URA and HKHS in December 2002 for establishing the strategic cooperation between the two organizations to facilitate implementation of the urban renewal programme. There were public concerns about the high selling prices of the residential flats of Project H21 and the Panel decided to invite HKHS to explain the rationale behind their pricing strategy at its meeting held on 4 March 2013. HKHS explained that under the cooperation arrangement with URA, HKHS bore all expenses for site acquisition and rehousing in light of URA's respective acquisition and compensation policies, and was autonomous and fully responsible for project planning, design and construction as well as marketing and sales of the flats within the entrusted projects. As Project H21 was not a subsidized housing project, HKHS would sell the units to the public at full market price and without re-sale restrictions. In determining the sale prices of Project H21, HKHS had made reference to transactions of similar properties in the locality, the latest property indexes and the prevailing market condition.

9. Some members were gravely concerned that HKHS, being a non-profit-making organization, after acquiring the site at low cost and displacing affected residents on grounds of urban renewal, had sought to maximize the profits from the project by selling and letting the new flats at full market price. These members requested the Administration to review the mode of cooperation between HKHS and URA, and the arrangements for implementing similar urban renewal projects with a view to preventing recurrence of similar situation. They also urged the Administration to take the opportunity to review the role and position of HKHS in the Government's housing policy. Some members however opined that while the Hong Kong Housing Authority ("HA") was responsible for providing public housing for low-income families, HKHS had a role to play by providing housing for the middle-class. These members urged HKHS to make use of the profits gained in redevelopment projects to subsidize other housing projects.

10. HKHS responded that it had been trying out new housing schemes to meet the different housing needs of the community. The proceeds from the sale of flats would be used to fund other services which might include repair and maintenance of rental flats. Being a self-financing institution, HKHS would also require funding to redevelop and maintain its aged estates.

Management of HKHS's retail premises

11. Some members criticized that HKHS should not follow The Link Management Limited ("The Link") to accord priority to financial consideration when considering matters relating to the management of its housing units and commercial facilities. These members expressed dissatisfaction that tenants of HKHS's retail premises were not given priority in renewing their lease upon expiry, and new leases were made by way of open invitations, hence prices of the goods had been pushed up in HKHS's estates.

12. HKHS explained that it had no intention to follow the practice of The Link in leasing its retail premises. In fact, leasing its retail premises by way of open invitations was a response to the call of some members of the public for enhancing the transparency and monitoring of the relevant process.

Rental adjustment mechanism for HKHS's rental estates

13. Rental adjustment of HKHS's rental estates also attracted wide public concerns. The Panel held a meeting on 5 May 2014 to discuss the matter with HKHS. In response to members' enquiry on the rental adjustment mechanism for HKHS's rental estates, HKHS explained that the domestic rents of HKHS's rental units were reviewed every two years. The rental adjustment was mainly dependent upon the operating costs to account for three factors, viz. (a) the rental income should be sufficient to cover the recurrent management expenditures, tenancy administration costs, Rates and Government Rents; (b) provision for major improvements, repair and maintenance; and (c) contribution to the development sinking fund to cater for redevelopment of estates in future. At the same time, the market condition such as inflation rate, salary index and affordability of the tenants would also be taken into consideration. Making reference to the inflation in the previous two years, the HKHS Executive Committee approved an increase of rent by 8% commencing 1 April 2014. The new rent would hold for two years and the next rent review would be conducted by end of 2015.

14. While some members showed understanding about HKHS's need to increase the rents of its rental units, they were concerned that the level of increase at 8% was way too high and would adversely affect the livelihood of the grassroots tenants. Noting that one of the reasons for increasing rents was that HKHS had earmarked a funding of \$900 million for major improvement works in its aged estates, some members considered it unfair for HKHS to require its sitting tenants to contribute to the funding for carrying out the improvement works. They were also dissatisfied that tenants' affordability was not given due weighting by HKHS in deciding rent increase, and called on HKHS to lower the level of increase.

15. Some members pointed out that as the mission of HKHS was similar to that of HA in providing housing to low-income families, HKHS had the responsibility to disclose the formula for rental adjustment for its housing estates. Noting that the rental units of both HKHS and HA were allocated to public rental housing ("PRH") applicants, some members urged the Administration to take measures to ensure that rental assistance comparable to that provided by HA was also provided by HKHS to avoid unfairness to such applicants.

16. HKHS responded that its modus operandi was somehow different from HA in that the income limit for applications for its rental estates was relatively relaxed, and that it was charged one-third land premium for developing PRH. The existing rental level of its Group A estates was only about 30% of the market rates, and HKHS had no intention to make tenants shoulder the financial burden of future redevelopment projects. HKHS further advised that it had engaged tenants of its rental estates in the discussion of rental adjustment but had not arrived at a consensus due to the divided views gathered.

17. Regarding those tenants who had financial difficulties in paying rents, HKHS advised that it would refer such cases to the Social Welfare Department ("SWD") for assistance. Such tenants could also apply for transferring to other estates with cheaper rent. For senior tenants, they could apply for transferring to the Elderly Persons' Flats managed by HKHS at a concessionary rent.

18. Members however commented that from their experience, SWD could not offer useful assistance to tenants who could not afford to pay rents. They requested HKHS to study the feasibility of providing needy tenants of its rental estates with rental assistance. HKHS agreed to consider members' proposal to introduce rental assistance, on the conditions that HKHS's financial resources permitted, there were no opportunities for abuse, and there was no duplication with other available assistance schemes.

19. In its response provided to the Panel in October 2014 on the call of a deputation for providing needy tenants with rental assistance⁴, HKHS advised that it had proposed to the Community Care Fund to provide rent assistance to tenants who were not eligible for the Comprehensive Social Security Assistance. In the meantime, HKHS's registered Social Workers stationed at the rental estates would continue to follow up on cases of needy tenants.

⁴ See LC Paper No. [CB\(1\)123/14-15\(02\)](#)

Motion passed

20. At the meeting on 5 May 2014, the Panel passed a motion requesting HKHS to shelve the adjustment of rent, which took effect on 1 April 2014, for its rental housing units.

Recent development

21. HKHS and the Administration will brief members on the role and positioning of HKHS in the Government's housing policy as well as the mechanism for adjusting domestic rents by HKHS at the Panel meeting on 4 May 2015.

Relevant papers

22. A list of relevant papers is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
29 April 2015

Appendix I

Hong Kong Housing Society rental estates portfolio (as at 24 April 2014)

出租屋邨名稱 Name of Rental Estates	地區 Location	單位數目 Number of Flats
1. 明華大廈 Ming Wah Dai Ha	筲箕灣 Shau Kei Wan	2 516
2. 健康村 Healthy Village	北角 North Point	1 189
3. 勵德邨 Lai Tak Tsuen	大坑 Tai Hang	2 675
4. 觀龍樓 Kwun Lung Lau	堅尼地城 Kennedy Town	2 337
5. 漁光村 Yue Kwong Chuen	香港仔 Aberdeen	1 144
6. 駿發花園 Prosperous Garden	油麻地 Yau Ma Tei	667
7. 家維邨 Ka Wai Chuen	紅磡 Hung Hom	1 676
8. 樂民新村 Lok Man Sun Chuen	土瓜灣 To Kwa Wan	3 676
9. 真善美村 Chun Seen Mei Chuen	馬頭圍 Ma Tau Wai	1 027
10. 觀塘花園大廈 Kwun Tong Garden Estate	牛頭角 Ngau Tau Kok	4 923
11. 滿樂大廈 Moon Lok Dai Ha	荃灣 Tsuen Wan	947
12. 祈德尊新邨 Clague Garden Estate	荃灣 Tsuen Wan	553
13. 寶石大廈 Bo Shek Mansion	荃灣 Tsuen Wan	268
14. 祖堯邨 Cho Yiu Chuen	葵涌 Kwai Chung	2 532
15. 偉景花園 Broadview Garden	青衣 Tsing Yi	448
16. 乙明邨 Jat Min Chuen	沙田 Sha Tin	3 738
17. 茵怡花園 Verbena Heights	將軍澳 Tseung Kwan O	971
18. 對面海邨 Tui Min Hoi Chuen	西貢 Sai Kung	302
19. 翠塘花園 Lakeside Garden	西貢 Sai Kung	234
20. 沙頭角邨 Sha Tau Kok Chuen	沙頭角 Sha Tau Kok	662
總數 Total		32 485

Source: See LC paper No. [CB\(1\)1324/13-14\(04\)](#)

**Role and positioning of the Hong Kong Housing Society
in the Government's housing policy**

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Housing	4 March 2013	Hong Kong Housing Society's paper on "Hong Kong Housing Society's Shau Kei Wan Mixed Scheme Project" (LC Paper No. CB(1)619/12-13(08)) Minutes of meeting (LC Paper No. CB(1)1390/12-13)
Panel on Housing	--	Letter dated 7 March 2013 from Mr WONG Kwok-hing to the Secretary for Transport and Housing and the Secretary for Development relaying members' concerns about the Shau Kei Wan Mixed Scheme Project developed by the Hong Kong Housing Society (Chinese version only) (LC Paper No. CB(1)680/12-13(01))
Panel on Housing	--	Administration's consolidated reply to the letters dated 7 March 2013 to the Secretary for Transport and Housing and the Secretary for Development as set out in LC Paper No. CB(1)680/12-13(01) (LC Paper No. CB(1)818/12-13(01))
Panel on Housing	5 May 2014	Hong Kong Housing Society's paper on "Domestic Rental Adjustment by Hong Kong Housing Society" (LC Paper No. CB(1)1324/13-14(04)) Referral memorandum from the Public Complaints Office of the Legislative Council Secretariat regarding the rental increase to be implemented by the Hong Kong Housing Society (Chinese version only) (Restricted to Members) (LC Paper No. CB(1)1279/13-14(02))

Council/ Committee	Date of meeting	Paper
		<p>Hong Kong Housing Society's response to the issues raised in the referral memorandum from the Public Complaints Office of the Legislative Council Secretariat regarding the rental increase to be implemented by the Hong Kong Housing Society (Chinese version only) (Restricted to Members) (LC Paper No. CB(1)1337/13-14(01))</p> <p>Minutes of meeting (LC Paper No. CB(1)2018/13-14)</p> <p>Administration's follow-up paper to meeting on 5 May 2014 (LC Paper No. CB(1)1731/13-14(01))</p>
Panel on Housing	--	<p>Hong Kong Housing Society's response to the submission from 觀龍樓居民租金關注組 (LC Paper No. CB(1)123/14-15(01)) concerning its financial position and study on the provision of rental assistance to needy tenants (LC Paper No. CB(1)123/14-15(02))</p>
Panel on Housing	2 February 2015	<p>Administration's paper on "Housing-related initiatives in the 2015 Policy Address and Policy Agenda" (LC Paper No. CB(1)437/14-15(01))</p>
Panel on Housing	14 April 2015	<p>Administration's paper on "Rent payment for public housing tenants" (LC Paper No. CB(1)702/14-15(03))</p> <p>Submission from 觀龍樓居民租金關注組 regarding the mechanism for adjusting domestic rents by the Hong Kong Housing Society and providing needy tenants with rental assistance (Chinese version only) (LC Paper No. CB(1)737/14-15(01))</p>