

# 立法會

## *Legislative Council*

LC Paper No. CB(1)1017/14-15

Ref : CB1/PL/HG

### **Report of the Panel on Housing for submission to the Legislative Council**

#### **Purpose**

This paper gives an account of the work of the Panel on Housing ("the Panel") during the 2014-2015 Legislative Council session. It will be tabled at the meeting of the Council on 8 July 2015 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

#### **The Panel**

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to private and public housing matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 22 members, with Hon Alice MAK Mei-kuen and Hon Christopher CHUNG Shu-kun elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

#### **Major work**

##### Long Term Housing Strategy

4. The Government promulgated the new Long Term Housing Strategy ("LTHS") on 16 December 2014 which adopted a supply-led strategy recommended by the LTHS Steering Committee, with a view to averting the current supply-demand imbalance in housing. The new LTHS set out the following three main strategies:

- (a) to build more public rental housing ("PRH") units and to ensure the rational use of existing stock;

- (b) to provide more subsidized sale flats, expand the forms of subsidized home ownership and facilitate the market circulation of existing stock; and
- (c) to stabilize the private housing market through steady land supply and appropriate demand-side management measures.

5. The Panel was briefed on the new LTHS on 5 January 2015 and received public views on the subject at the meeting on 21 March 2015. Members noted that under the new LTHS, based on the latest projection of long-term housing demand, the Government adopted a total housing supply target of 480 000 units for the ten-year period from 2015-2016 to 2024-2025, as opposed to 470 000 units for the ten-year period from 2013-2014 to 2022-2023 under the 2014 Policy Address. With a public-private split of 60:40, the public housing supply target would be 290 000 units, comprising 200 000 PRH units and 90 000 subsidized sale flats, whereas the private housing supply target would be 190 000 units.

#### *Public rental housing*

6. Members in general expressed concerns that the PRH supply target of 200 000 units under the new LTHS could hardly meet the huge demand from some 260 000 PRH applicants currently on the Waiting List ("WL"). They queried whether the Hong Kong Housing Authority ("HA") could maintain the average waiting time ("AWT") at around three years, and urged HA to expedite the redevelopment of aged estates.

7. The Administration advised that the number of PRH flats available for allocation per year should be more than the number of completed units given that about 7 000 units would be recovered from sitting tenants annually. Although the increasing number of PRH applicants was putting an immense pressure on AWT, it was still the target of HA to maintain AWT at around three years for general applicants. 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. Nevertheless, the Administration had already identified land for the construction of 254 000 public housing units, and the majority of them would be made available in the latter part of the ten-year period.

#### *Subsidized sale flats*

8. The Panel noted that the increase of 10 000 units under the new housing supply target would all go to subsidized sale flats. The Administration would remain open on the means to expand the forms of subsidized home ownership as set out in the new LTHS, and would explore suitable arrangements to leverage on the private sector's capacity to supplement the Government's efforts in providing subsidized sale flats.

9. Some members reiterated their request for increasing the supply of rental units in the market by revitalizing the rental market of some 300 000 subsidized sale flats with premium not yet paid. There was a view that owners of subsidized sale flats should be allowed to lease out their premises to Green Form ("GF")<sup>1</sup> applicants at a rate lower than the market rent. The Administration stressed that the purpose of providing subsidized sale flats was to help the low to middle-income households to purchase their own homes. To facilitate the circulation of subsidized sale flats, the Administration would consider ways to make better use of such housing resources by allowing more people to have access to subsidized sale flats, either with or without premium paid.

10. While expressing support for the Administration to expand the forms of subsidized home ownership, some members cautioned the Administration against re-launching the Tenants Purchase Scheme ("TPS"). The Administration indicated that it had no plan to re-launch the scheme having regard to the various problems associated with the management of the remaining PRH flats in TPS estates. Nevertheless, sitting tenants in the existing 39 TPS estates could still opt to buy the rental flats in which they lived.

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

11. Members stressed the importance of early identification of land for housing purpose. Concern was raised as to whether and how the Administration could meet the shortfall of land for producing 36 000 public housing units as the Administration had only identified land for the construction of 254 000 public housing units. Members were also worried about the difficulty to attain the flat supply target in the midst of the construction sector labour shortage and rising construction costs.

12. The Administration assured members that it was expeditiously taking forward a series of major land development projects and was adopting a multi-pronged strategy to increase land supply. Among other measures, it had identified some 150 potential housing sites, most of which might be made available for housing development in the five years from 2014-2015 to 2018-2019. As announced by the Financial Secretary on 18 December 2014, a Housing Reserve had been established for the purpose of financing the development of public housing and public housing-related projects and infrastructure.

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<sup>1</sup> Those eligible for GF status include sitting PRH tenants and PRH applicants who have passed the detailed eligibility vetting and are due for allocation of PRH in about a year's time.

### *Tenancy control*

13. Members noted that the rental index for private domestic units had increased by 109% over the past 10 years. Some members reiterated their request for reinstating tenancy control to alleviate the financial burden on grassroots tenants of private rental housing. In particular, the Administration should protect the tenancy of subdivided units ("SDUs"), cubicles and bedspaces at a rent of \$5,000 per month or below as such tenants were reportedly charged excessive rents or evicted without justifiable reasons. Consideration should also be given to mandating landlords and tenants to enter into a tenancy agreement that would need to be duly stamped. The Panel passed a motion at the meeting on 5 January 2015 urging the Government to consider and review afresh those tenancy control measures which were not of an across-the-board nature in order to alleviate the difficulties faced by SDU tenants.

14. The Administration advised that it would not be in the overall public interest to rush into any tenancy control measures as such measures might lead to unintended consequences to the property market and tenants. For instance, partial reinstatement of tenancy control at a particular rent level might reduce supply and lead to higher asking rents for the controlled premises, thereby aggravating the problems faced by the households who were in need of these premises. Nevertheless, with the estimated supply of 74 000 units of first-hand private residential flats for the coming three to four years whilst public housing production was in full swing, it was envisaged that a large number of flats (for sale or lease) would be made available in the market in the coming years and this would help address the housing needs of tenants including SDU tenants.

### Housing-related initiatives in the 2015 Policy Address and Policy Agenda

15. The Panel received a briefing on the new and ongoing housing-related initiatives in the Policy Address at its meeting on 2 February 2015. A special meeting was held on 21 March 2015 to receive views from the public on these initiatives.

### *Home Ownership Scheme flats*

16. Members noted that the vast majority of applicants for the pre-sale of the first batch of newly built Home Ownership Scheme ("HOS") flats in 2014 were White Form<sup>2</sup> ("WF") buyers, and expressed concern that this might suggest that GF buyers were no longer able to purchase HOS flats due to soaring flat prices. Members requested HA to critically review the price-setting mechanism for HOS flats and restrict the sale of HOS flats to only GF buyers to contain their prices and promote PRH circulation. The Administration advised

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<sup>2</sup> WF applicants have to satisfy certain eligibility criteria set by HA, including residence rule, and the income and asset limits.

that while HA would in general sell HOS flats at 30% discount of the market value, it might consider offering a higher discount rate having regard to buyers' affordability.

17. Some members expressed concerns on the housing needs of households with an income between \$16,000 and \$30,000 per month who were ineligible to apply for PRH flats but could not afford to purchase HOS flats. These members called upon the Government to re-launch the Home Starter Loan Scheme and the Sandwich Class Housing Scheme to meet the home ownership aspirations of these households. The Administration advised that re-launching the former was inappropriate under the current tight supply situation lest it might push up property prices, whereas the latter would further stretch the limited resources currently available for public housing.

#### *Green Form Subsidized Home Ownership Pilot Scheme*

18. In line with the LTHS framework which reaffirmed the role of subsidized home ownership as an essential element of the housing ladder, the Chief Executive ("CE"), in his 2015 Policy Address, proposed to HA that suitable flats among its PRH developments under construction be identified for sale to GF applicants (including sitting PRH tenants or PRH applicants who had passed the detailed eligibility vetting and were due for allocation of PRH in about a year's time) in the form of a pilot scheme, with prices set at a level lower than those of HOS flats (the proposal is thereafter referred to as the "Green Form Subsidized Home Ownership Pilot Scheme" ("GSH")).

19. When members received a briefing on the implementation details of GSH at the meeting on 1 June 2015, some members expressed support for GSH as it would avoid the problems associated with management of the remaining/unsold flats as in the case of TPS. Some other members, however, criticized CE and the Administration for failing to consult the LTHS Steering Committee, the Panel and the general public prior to announcing the housing measure. These members expressed grave concerns that GSH would reduce the number of public rental units available for allocation and add further pressure on the AWT target. In view of the surge in the prices of subsidized sale flats in the HOS Secondary Market and the uncertainties in the prices of GSH flats under the current price setting mechanism, it was also questionable whether GSH flats would be affordable to Green Formers. Moreover, eligibility of sitting PRH tenants or PRH applicants to apply for GSH might give rise to double benefits to PRH tenants.

20. The Administration advised that during the LTHS public consultation, the Government received views that it should provide PRH tenants opportunities for subsidized home ownership other than HOS. Similar views were expressed by HA members during its brainstorming sessions. The Administration pointed out that GSH would not reduce the supply of PRH, i.e. for every PRH flat sold

to an applicant being a sitting tenant, a PRH flat would be released for those awaiting PRH allocation. Given that GSH flats would count into the supply target of subsidized sale flats, it would not affect the PRH supply target under the new LTHS. As regards the selling prices of GSH, it would follow the pricing mechanism of HOS whereby the prices would be determined about two months before presale having regard to a number of factors. Resale restrictions would also be imposed on GSH flats.

*Allocation of public rental housing flats and redevelopment of aged public rental housing estates*

21. Members exchanged views with the Administration on the mechanism for allocation of PRH flats from time to time. When related issues were raised at the meeting 21 March 2015, some members asked whether the Administration would consider subdividing the present four district choices (i.e. Urban, Extended Urban, New Territories and Island) to better match the district preference of PRH applicants. There was also a view that three flats should be offered for the choice of PRH applicants in one go according to their order of preference on district choices (instead of three housing offers (one at a time) under the existing arrangement). The Administration informed the Panel that HA had once tried out the option of eight district choices and offering three flat options in one go to PRH applicants. Since the number of PRH flats available for allocation differed among the districts, some applicants had experienced a much longer waiting time than the others under such arrangements if PRH flats were not available for allocation in respect of the district chosen by the applicants.

22. In view of the tight supply of PRH flats, some members considered that the Government should press ahead the redevelopment of aged PRH estates so as to make way for providing more such flats at the sites. In this connection, they expressed disappointment at the Administration's inaction to redevelop the 22 aged PRH estates for which a review of their redevelopment potential had been completed, in particular the Kwai Shing West Estate which possessed high build back potential.

23. According to the Administration, while redevelopment of aged PRH estates might increase PRH supply in the long term, it would reduce PRH stock available for allocation in the short term. Given the current strong demand for PRH, it was inadvisable to carry out any massive PRH redevelopment programme which would result in freezing a large number of PRH units that could otherwise be allocated to needy households. HA would continue to consider redevelopment on an estate-by-estate basis in accordance with its established refined policies and criteria on PRH redevelopment.

24. Following the Hong Kong Settlers Housing Corporation Limited ("HKSHCL")'s announcement to redevelop Tai Hang Sai Estate in January 2015, some members urged HA to provide rehousing arrangements for the tenants affected. The Administration advised 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 thereat.

#### Public Housing Construction Programme

25. As the production of PRH involves a number of factors such as planning, construction and resource allocation, HA has put in place a Public Housing Construction Programme ("PHCP") which rolls forward on a yearly basis. The Panel continued to monitor the progress, and discussed PHCP for 2014-2015 to 2018-2019 at the meeting on 9 December 2014.

26. The Panel noted that according to HA's rolling PHCP, there would be about 77 100 new PRH flats produced for the five-year period from 2014-2015 to 2018-2019. Some members cast doubt on the Administration's ability to meet the PRH supply target at 200 000 during the ten-year period from 2015-2016 to 2024-2025 in view of the rolling PHCP at an average of only about 15 000 units per year.

27. Members raised concerns that quite a number of four-person households had not received any flat offer even having waited for over six years on WL. The Administration explained that PRH applicants opting for Urban and Extended Urban Districts as well as those with a larger family size might experience a longer waiting time. It was therefore useful that most of the new PRH units under the current PHCP would be located in Urban and Extended Urban Districts which accounted for about 45% and about 35% of the total housing production respectively, and that about 37% and about 21% would be one-bedroom units (for three to four persons) and two-bedroom units (for four persons or above) respectively.

#### Review of income and asset limits for public rental housing

28. Under the existing policy, eligibility of PRH applicants is determined by way of income and asset limits which are reviewed annually to keep abreast with the prevailing socio-economic circumstances. The Panel examined the results of the Administration's annual review of the income and asset limits for PRH for 2015-2016 at its meeting on 2 March 2015.

29. Noting that the income limits were derived using a household expenditure approach, which consisted of housing and non-housing costs, some members enquired the rationale for adopting a unit rent derived from a sample survey of private dwellings conducted by the Census and Statistics Department

("C&SD") in calculating the housing costs, and opined that reference should instead be made to the actual cost of renting a private flat at a size comparable to a PRH flat. Members also considered it inappropriate that private flats with a saleable area of below 70 square metres ("m<sup>2</sup>") should be covered in the sample survey, as most low-income households were in fact living in small private flats at a size around 20 m<sup>2</sup>. It should be more justified to make reference to the statistics prepared by the Rating and Valuation Department ("RVD") on the average rents of private domestic units.

30. The Administration advised that C&SD's rent survey was part of the General Household Survey ("GHS"). GHS provided objective data on, among others, the rentals of flats of different locations and sizes (including SDUs). Both new and existing tenancy agreements were covered. As regards the statistics available from RVD, average rents were recorded based on new tenancy agreements only and did not cover existing tenancy agreements. On some members' suggestion of setting a higher income limit for households opting for PRH in the urban districts in view of the relatively higher housing costs envisaged, the Administration advised that as a PRH applicant might not live in the same district during the period when s/he was awaiting PRH allocation, and it was not known in advance the ultimate district where a PRH flat was allocated to and accepted by an applicant, the mechanism of the annual review of the income limits would become very complicated if the relevant parameters were to be subdivided based on districts.

#### Refining the Quota and Points System and checking the eligibility of applicants under the system

31. The Quota and Points System ("QPS") was introduced in September 2005 to rationalize and to re-prioritize the allocation of PRH to non-elderly one-person applicants based on a set of determining factors (i.e. age at the time of application, PRH residency and waiting time). The three-year AWT target does not apply to these applicants. HA's Subsidized Housing Committee ("SHC") decided to refine QPS at its meeting on 14 October 2014, which included awarding a one-off bonus of 60 points to QPS applicants when they reached the age of 45 to help them gain early access to PRH, and regularly reviewing the income and assets of QPS applicants to remove those who were no longer eligible for PRH. The Panel discussed the refined arrangements at its meeting on 2 February 2015.

32. Some members expressed concerns on the potential impact of awarding QPS applicants 60 bonus points on other PRH applicants who were due for detailed eligibility vetting or even flat allocation. The Administration assured members that for applicants who had passed the detailed eligibility vetting before SHC's decision to refine QPS on 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.



33. On some members' request for granting additional points to disabled QPS applicants under the age of 45, the Administration advised that it would be difficult in practice 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 Compassionate Rehousing with the recommendation of the Social Welfare Department ("SWD"). The Housing Department ("HD") would make suitable allocation arrangement as soon as possible upon receiving SWD's recommendation.

#### Interim Scheme to Extend the Home Ownership Scheme Secondary Market to White Form Buyers

34. To address the home ownership aspirations of WF applicants, CE announced on 16 July 2012 that before newly built HOS flats were released onto the market, an interim scheme would be in place to allow 5 000 WF applicants annually to purchase flats without premium paid in the HOS Secondary Market ("the Interim Scheme"). The Panel received a briefing by the Administration on the initial assessment of the Interim Scheme at its meeting on 5 January 2015.

35. Members expressed grave concern on the marked increase in HOS flat prices by 35% since the announcement of the Interim Scheme in August 2012 to June 2014. Noting that at least some 2 100 out of 5 000 successful applicants of the Interim Scheme did not proceed further as at end September 2014, members ascribed the high drop out rate to the soaring prices of HOS flats. The Administration advised that while flat prices in the HOS Secondary Market rose relatively fast initially after the announcement of the Interim Scheme, prices had stabilized afterwards and generally followed the overall trend of flat prices in the private property market.

36. The Panel passed a motion at the meeting urging HA to shelve the Interim Scheme as it ran against the purpose of HOS by hindering the upward mobility of PRH tenants and creating hurdles for aspired low to middle-income households to acquire their homes. It had also given rise to an increased demand for HOS flats which was not met by a corresponding increase in supply. The Administration took the view that, with the experience of only one round of the Interim Scheme, more empirical information was required to review the full and exact impact of the Interim Scheme on property prices before a comprehensive review could be conducted. In the meantime, SHC considered it more prudent to release one more round of 2 500 quota. HA plans to invite eligible WF applicants to apply for the new round of the Interim Scheme around late August 2015.

### Energy saving initiatives in new public housing developments

37. The Panel continued to monitor the energy saving initiatives implemented in new public housing developments ("PHD") and followed the relevant progress at the meeting on 14 April 2015.

38. The Panel noted that with design enhancements made for new PHD based on micro-climate studies, the annual electricity consumption in communal areas of a typical public housing domestic block had been reduced to 678 kWh per flat in 2013-2014 for existing PRH estates and to 536 kWh in 2014-2015 for new PHD. As compared with 2011-2012, the annual electricity consumption in communal areas of a typical public housing domestic block has been successfully reduced by 10% in 2014-2015. Members were also pleased to note that all new PHD had been awarded Building Energy Certificates.

39. Some members opined that HA should step up its efforts in promoting PHD tenants' awareness of the need for energy saving and asked about the cost recovery situation of the energy saving initiatives. Members also enquired whether the energy saving initiatives implemented in new PHD would be extended to older PRH estates and their retail facilities. The Administration advised that the overall saving in annual electricity cost could cover the amortized additional capital and maintenance costs of the various initiatives over the service life of the systems or equipment. HA had implemented Energy Management System and successfully gone through ISO 50001 certification audit for all its PRH estates.

### Management and maintenance of public housing estates

#### *Enhanced partnering arrangements among Estate Management Advisory Committees and non-governmental organizations to promote neighbourliness in public rental housing estates*

40. On 3 November 2014, the Panel was briefed on the enhanced partnering arrangements among Estate Management Advisory Committees ("EMACs") and non-governmental organizations ("NGOs") to build up a caring and cohesive community in housing estates.

41. Some members doubted the effectiveness of the partnering functions as many of them were only one-day or one-off events which carried no lasting effect, or might overlap with those organized by the District Councils ("DCs"). Members in general considered it important to seek tenants' views on the activities to be organized and engage inactive tenants to take part in the partnering functions by launching longer-term projects which carried longer and deeper effects in promoting neighbourliness. EMACs should also reach out to elderly tenants, mobilize young people to show their care to the elderly, and promote acceptance of and caring for households with members suffering from mental illness.

42. The Administration advised that HA would set the main themes to be promoted every year and issue guidelines for ease of implementation by EMACs. Functions held under the partnering arrangements would be different from those held by DCs and the Home Affairs Department ("HAD") as far as practicable and a mechanism was put in place for EMACs to coordinate with HAD on the partnering activities to be held. Tenants' views on the activities under the partnering arrangements would be collected through the annual public housing survey conducted by HD. EMACs would decide on the activities to be organized and evaluate their effectiveness based on various assessment criteria. As observed, about one-third of the community building activities organized under the partnering arrangements in 2013-2014 had themes related to elderly/family/women/children and youth.

43. The Administration further advised that the partnering functions served a wider purpose of providing a platform for NGOs to understand the needs of the local community which would be conducive to their subsequent out-reaching efforts. Given the effectiveness of the partnering functions, HA would continue the partnering arrangements with NGOs and increase activities for promoting neighbourliness and harmonious living in the coming year.

*Enhanced measures to tackle water seepage problem in public rental housing flats*

44. HA had been progressively implementing its enhanced measures since 2010 to tackle water seepage problem in PRH flats. The Panel discussed the enhanced measures at its meeting on 9 December 2014. Members were pleased to note that the number of outstanding water seepage cases extending over three months had significantly decreased from over 700 in October 2010 to less than 30 in October 2014. Nonetheless, some members were concerned that for PRH estates to which the management had been outsourced, water seepage would normally be handled by visual inspection only followed by temporary remedy such as chemical injection, and this had led to recurrence of the seepage problems.

45. The Administration advised that cases of water seepage, be they taken place in estates managed by HD or outsourced companies, would be handled according to the same set of guidelines, which provided that chemical injection would only be a temporary measure if it was impossible to carry out tanking in a short time. HD would also take over the maintenance of seepage cases should they recur. The Administration acknowledged that there were cases of treatment deviated from the established guidelines by outsourced companies, and undertook to enhance training for the outsourced companies accordingly.

46. On members' concerns about the outstanding cases which had remained unsettled over three months and the criteria to be considered in processing applications for transfer on ground of water seepage, the

Administration advised that the outstanding cases were mainly due to the difficulty in making appointments with the tenants concerned. The severity of the seepage problem and the availability of an immediate solution within a short period would be the major considerations for transfer applications.

47. Members also drew the Administration's attention to the unduly long time it took to repair seepage in common areas of TPS estates. The Administration advised that HA would, through HD's representative at the management committee of the owners' corporation, urge for carrying out the repair works expeditiously. HD would monitor the progress of repair works, and where necessary, issue warning letters and take legal actions against non-compliances.

#### *Marking Scheme for Estate Management Enforcement in Public Housing Estates*

48. To strengthen enforcement measures against hygiene-related offences in PRH estates, HA has implemented a Marking Scheme for Estate Management Enforcement in Public Housing Estates ("the Marking Scheme") since 2003. The Panel continued to monitor the implementation of the Marking Scheme and received an update at its meeting on 14 April 2015.

49. Members reiterated their views that an individual who committed the misdeeds under the Marking Scheme should be held liable and be punished accordingly but this should not affect the rights of other family members to continue to live in the PRH unit. There was a view that eviction of the family member who committed the misdeeds would effectively prevent that family member from committing the misdeeds again.

50. The Administration explained that allocation of PRH units was on a household and not individual basis. According to HA's terms of tenancy, tenants were required to take responsibility for their own actions and those of their household members. The Administration stressed that the purpose of the Marking Scheme was not to terminate tenancies but to change the behavior of the tenants who committed the misdeeds, and family pressure and education would be more effective ways to deal with the issue. Some members remained unconvinced and requested the Administration to critically review the Marking Scheme and consider giving special consideration for cases in which the households concerned were willing to cooperate with HA to avoid recurrence of the misdeeds.

#### Review of Special Stamp Duty and Buyer's Stamp Duty

51. The Government introduced Special Stamp Duty ("SSD") and Buyer's Stamp Duty ("BSD") in October 2012 which aimed at curbing speculation in the form of short-term resale transactions and external demand respectively. At the Panel meeting on 2 March 2015, the Administration reported the outcomes of the review of both measures.

52. Members in general shared the concern that while transaction volume and speculation had reduced following implementation of SSD and BSD, property prices continued to soar. In particular, there were renewed signs of exuberance in the residential property market since April 2014. Some members urged the Administration to introduce additional measures to bring the property price to a level that was affordable to the general public.

53. The Administration advised that empirical data showed that SSD and BSD had helped stabilize the residential property market by combating speculative activities. The recent pick-up in the property market suggested that the risks of a housing market bubble were still prominent. In view of the potential risks of global financial volatilities coupled with the tight demand-supply balance, it was necessary to keep SSD and BSD in place for the time being. The Administration would consider adjusting existing measures or introducing new ones as and when circumstances warranted.

54. Several members expressed concerns about the seventh round of countercyclical prudential measures implemented by the Hong Kong Monetary Authority on 27 February 2015 which, among others, stipulated that the maximum loan-to-value ("LTV") ratio applicable to self-use residential properties with value at \$6 million or below and subject to the LTV cap of 70% would be lowered to 60%. Members considered that lowering the maximum LTV by 10% would disrupt the home acquisition plans of some genuine home buyers due to the raised down payment, as well as create further hurdles to young adults and younger families on acquiring their own homes. The Administration explained that while the new measures would inevitably affect some of the first-time home buyers, such measures were necessary to safeguard the stability of the banking and financial systems. As the fundamental issue of the housing problem lay with land supply, the Administration would tackle the problem at source by securing an adequate supply of land for housing development in the long run.

#### Work of the Sales of First-hand Residential Properties Authority

55. The Residential Properties (First-hand Sales) Ordinance ("the Ordinance") came into full implementation on 29 April 2013 and the Sales of First-hand Residential Properties Authority ("SRPA") was established to implement the Ordinance. The Panel was briefed on the latest work of SRPA on 4 May 2015.

56. The Panel deliberated SRPA's measures on tackling various undesirable trade practices relating to sale of first-hand residential properties, which included inflating the number of registrations of intent, withholding information, high pressure tactics, and raising the prices of subsequent batches of properties offered for sale. Referring to the Consumer Council ("CC")'s

study released in November 2014 which unveiled unscrupulous trade practices impacting on the interest of prospective purchasers, some members requested the Administration to review the Ordinance with due regard to the recommendations of CC.

57. SPRA advised that some of the recommendations in CC's report had been thoroughly discussed before in other contexts. SPRA reckoned the need to enhance consumer protection, and had been reacting promptly on non-compliant cases as well as sales arrangements that had caused public concern by conducting investigations while reminding prospective purchasers through the media. The Ordinance had struck a balance between enhancing the transparency and fairness in the sales of first-hand residential properties and allowing vendors the flexibility in making business decisions and disposing of their properties lawfully.

58. Some members held the view that SRPA should act in line with CC's practice to make public the details of the complaint cases including the names of the companies under complaint to alert prospective purchasers. There were also views that SRPA should release the names of vendors suspected of having contravened the Ordinance for cases which had been referred to the Prosecutions Division of the Department of Justice. SRPA advised that the proposal would give rise to legal implications. It was considered more effective to mention the names of the residential developments/phases rather than the names of the vendors concerned in the reminders to prospective purchasers as developers would normally set up a new company to be the vendor of a development/phase, and the public might not recognize the identity of the developer from the name of the vendor.

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

59. In view of the tight housing supply, the Government had been actively exploring ways to increase the supply of subsidized housing through engaging different organizations including the Hong Kong Housing Society ("HS"). At the Panel meeting on 4 May 2015, members discussed the work of HS and its positioning under the Government's housing policy.

60. Some members queried HS's criteria on rental adjustment for its rental estates as the rental increase by 8% in 2014 was higher than that of the real wage increase of the grassroots. Besides, HS kept making huge profits from its lucrative housing projects which appeared to deviate from its aim to serve the needs of the Hong Kong community in housing and related services. In view of HS's substantial operating surplus, members requested HS to introduce rental assistance comparable to that provided by HA to relieve the financial burden of the needy and elderly tenants. HS advised that being a not-for-profit organization operating in a financially-independent mode, it was mindful of the

cost implications of any new measures on its rental estates. Various assistance schemes had in fact been operated by the Government and different organizations. HS's six registered social workers based at the rental estates would also help tenants seek the assistance needed.

61. Some members were gravely concerned that the Hong Kong Housing Society Incorporation Ordinance (Cap. 1059) did not empower the Government to monitor the operation of HS. They queried how the Administration could ensure that HS would operate according to its aim to serve the needs of the community in housing and related services, and requested the Administration to review the legislation. The Administration stressed that HS had all along been a close partner of the Government in providing affordable housing, including public rental units at affordable rents for low-income households and the development of subsidized sale projects. The Government had also reaffirmed the role of HS as its close partner in LTHS.

#### Other issues

62. Other issues deliberated by the Panel included the Administration's one-off measure of paying one month's rent for tenants living in PRH units of HA and HS as proposed in the 2015-2016 Budget, and the progress report on addition of lifts and escalators to existing PRH estates.

63. The Panel has scheduled another meeting on 6 July 2015 to discuss refinancing of HOS flats with premium unpaid, design of public rental housing flats, and enforcement actions against SDUs in industrial buildings and related rehousing arrangements.

64. During the session, the Panel was consulted on the following Public Works Programme items and staffing proposals –

- (a) Public Transport Interchange and associated works to support PHD at Kwai Chung and Ping Shan;
- (b) proposed creation of one permanent Chief Architect post in HD for coping with the additional workload arising from the further increase in public housing production target;
- (c) footbridge link at Sau Ming Road, Kwun Tong; and
- (d) Public Transport Interchange at Pak Wan Street, Sham Shui Po.

Meetings and visit

65. From October 2014 to June 2015, the Panel held a total of 10 meetings, including a special meeting on 21 March 2015 to receive views from 79 deputations on the new LTHS and housing-related initiatives in the 2015 Policy Address. The Panel has scheduled a meeting for 6 July 2015. The Panel also paid a visit to Kwai Shing West Estate and Kwai Shing East Estate on 10 April 2015 to receive a briefing on the Lift Addition Programme and observe the installation of lifts in these estates.

Council Business Division 1  
Legislative Council Secretariat  
26 June 2015



**Legislative Council**

**Panel on Housing**

**Terms of Reference**

1. To monitor and examine Government policies and issues of public concern relating to private and public housing.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council  
Panel on Housing**

**Membership list for 2014-2015 session**

**Chairman** Hon Alice MAK Mei-kuen, JP

**Deputy Chairman** Hon Christopher CHUNG Shu-kun, BBS, MH, JP

**Members**

Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, BBS, MH  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon CHAN Hak-kan, JP  
Hon IP Kwok-him, GBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon WONG Yuk-man  
Hon WU Chi-wai, MH  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon KWOK Wai-keung  
Dr Hon Fernando CHEUNG Chiu-hung  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP  
Hon Tony TSE Wai-chuen, BBS

(Total : 22 members)

**Clerk** Ms Angel SHEK

**Legal Adviser** Miss Winnie LO