

(Translation)

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23 May 2018

Ms. Mandy NG
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms NG,

**Subcommittee on Issues Relating to
Shopping Centres, Markets and Carparks in
Public Rental Housing Estates and Home Ownership Scheme Estates**

Follow-up Issues

I write in response to a number of follow-up issues arising from the discussion of the captioned Subcommittee.

Motions passed at the Meeting on 26 March 2018

2. The Secretariat has requested, vide a letter dated 11 April 2018, the Government to provide responses to the two motions passed by the Subcommittee at its meeting on 26 March 2018. A written response is attached at **Annex** for Members' reference. As indicated therein, we consider that some of the issues mentioned in the two motions fall outside the Term of Reference of the Subcommittee and do not relate to the service conditions of shopping centres, markets and carparks in public housing. If necessary, the Government shall discuss these issues with the Legislative Council at appropriate forums, such as the relevant panels.

Requests by Dr Hon Kwok Ka-ki and Hon Regina Ip Lau Shuk-ye

3. The Secretariat has, vide letters dated 5 and 6 March 2018, requested the Government to provide responses to the letters from Mr. Kwok and Mrs. Ip dated 28 February 2018 and 6 March 2018 respectively. The letters requested the Government to provide certain documents relating to the divested properties. Accordingly, we have already provided the land leases of 45 divested properties before the last Subcommittee meeting on 26 March 2018.

4. As previously agreed by the Government, we now provide the softcopy of the documents of the 13 properties in Mrs. Ip's letter dated 6 March 2018 in a CD-ROM which will be dispatched to your office. The relevant documents include the land leases for the four properties not included in the earlier batch, deeds of mutual covenants and the first assignment deeds between the Hong Kong Housing Authority (HA) and Link. These documents are only available in English.

Requests by Hon Chu Hoi-dick

5. The Secretariat has requested, vide a letter dated 12 March 2018 and an email dated 27 March 2018, the Government to provide responses to Mr. CHU's requests, in his letters dated 12 March 2018 and 26 March 2018, for a number of documents relating to the HA's divestment of carparking and commercial facilities in 2005.

6. As stated in our email to the Secretariat of 24 April 2018, we consider that the documents requested by Mr. CHU fall outside the Terms of Reference of the Subcommittee. Those documents were served to facilitate the Initial Public Offering (IPO) of the LINK REIT (now renamed as LINK REIT) in 2005, such as setting out the terms of employment of the Chief Executive Officer of the LINK, the transitional arrangements of certain on-going contracts of the divested properties, commitments by the underwriters of the IPO exercise, etc. The LINK REIT was listed in November 2005 and has become an independent entity. These documents have no relevance to the current service conditions of the shopping centres, markets and carparks in public housing.

7. As the Government has explained on various occasions, the covenants between HA and the divested property owners are set out in the assignment deeds of individual properties. As long as the owners of the divested property comply with the requirements under the law, relevant land leases and covenants with HA, the Government and HA cannot and will not interfere with their operation. Land leases and assignment deeds of individual divested properties are available to the public from the Land Registry.

8. However, as agreed by the Government in previous Subcommittee meetings, we will pass a CD-ROM containing the softcopy of the following documents to the Secretariat for Members' reference. These documents are only available in English –

- (i) the Agreement for Sale and Purchase of Properties (ASP) signed by HA and the LINK Properties Limited on 19 November 2004;
- (ii) the Supplemental Agreements to the ASP signed by HA and the LINK Properties Limited on 6 September 2005; and
- (iii) the Addendum to (i) and (ii) signed by HA and LINK Properties Limited on 3 November 2005.

Letters from Hon Jeremy Tam Man-ho and Hon Regina Ip Lau Shuk-ye

9. The Secretariat has requested, vide a letter dated 13 April 2018, the Government to provide response to the letters from Mr. Tam dated 29 March 2018 and Mrs. Ip dated 3 April 2018. We are preparing the requested information and will provide a response before the meeting on 25 May 2018. As we understand, the Secretariat will handle Mrs. Ip's request in the aforesaid letter regarding the law/legal documents relevant to the divested properties.

Yours sincerely,

[original signed]

(Rayson CHAN)

for Secretary for Transport and Housing Bureau

Legislative Council
Subcommittee on Issues Relating to Shopping Centres,
Markets and Carparks in Public Rental Housing Estates and
Home Ownership Scheme Estates

Supplementary Information

1. The Subcommittee on Issues Relating to Shopping Centres, Markets and Carparks in Public Rental Housing (PRH) Estates and Home Ownership Scheme Estates (the Subcommittee) requested the Government in its letter dated 11 April 2018 to give response to the two motions passed by the Subcommittee at its meeting on 26 March 2018. The Government's response is as follows.
2. The Government is aware that some of the issues raised in the two motions are not likely to fall under the terms of reference of the Subcommittee. They are neither related to the service of the provision of shopping centres, markets and carparks in public housing nor concerned about the discharge of duties under section 4(1) of the Housing Ordinance by the Hong Kong Housing Authority (HA). If necessary, the Government shall discuss these matters with the Legislative Council at appropriate forums, such as the relevant Panels.

Motion moved by Hon AU Nok-hin and Hon Andrew WAN Siu-kin

3. This motion referred to the retail/commercial facilities provided by HA. In fact, HA would consult the public when designing each new public housing project, and try to include, as far as practicable, various facilities suggested by the public, such as retail, welfare, community, education, transport, etc. For existing estates, HA regularly receives opinions on various facilities from Estate Management Advisory Committees and other members of the public. HA would try to adjust existing facilities or add new facilities as far as practicable. The above practices and procedures are established, regular and transparent.

Code on Real Estate Investment Trusts

4. Real estate investment trusts (REITs) mentioned in the motion are collective investment schemes (CIS). As the regulator of securities investment products (including CIS), the Securities and Futures Commission (SFC) has issued the Code on Real Estate Investment Trusts (REIT Code) to regulate REITs as a kind of publicly offered investment product for the purposes of market development and investor protection. Currently, there are 11 REITs authorised by the SFC.
5. Specifically, the REIT Code imposes requirements on product structure (such as key operators and investment scope, etc.) and substantial transactions and disclosure (including making disclosures to investors when selling properties) for the purpose of protection of investors' interests. The requirements in the REIT Code are not meant to tailor to an individual REIT, but must cover and cater for the entire REIT market.
6. The SFC amended the REIT Code in August 2014 after public consultation. The purpose of the amendment was to be in line with international regulatory and local market developments. The amendments to the REIT Code should not have a material effect on the modus operandi of REITs (including whether they sell their properties). Prior to the amendments to the REIT Code, REITs could already sell their assets. After the REIT Code was amended, investment in property development is capped at 10% of a REIT's gross asset value. At least 75% of a REIT's gross asset value must remain invested in real estate that generates recurrent rental income. We note that before the REIT Code was amended, REITs could already adjust their investment portfolios, such as through selling their assets, in accordance with their investment strategies. The SFC is not in a position to interfere with a REIT's commercial decisions provided that the REIT is compliant with the REIT Code requirements.
7. In other words, REITs have the rights to sell their assets both before and after the amendments to the REIT Code. As to the potential impact on the community that may arise from a REIT's property disposal, these are beyond the regulatory scope of the SFC and/or the REIT Code. The Government has no plan to conduct a topical study on the influence of the aforesaid amendments to the REIT Code on the community and public housing residents. The above amendments to the REIT Code has no

direct relationship to the Subcommittee's terms on reference concerning the service provision and operation modes of shopping centres, markets and carparks in public housing.

8. As indicated by the Government in its paper to the Subcommittee in February 2018 (LC Paper No. CB(4)634/17-18(01)), public housing residents have their needs, as part of the general public, for shopping, community services and carparking met by different means according to the actual circumstances, including the facilities and services provided by various public and private organisations. The Chief Executive's 2017 Policy Address clearly states that the Government will, based on the new thinking of focusing on bringing convenience and benefits to the public, make available resources for building new public markets to offer wider choices of fresh food provisions to the public, including the construction of new public markets in Tung Chung, Tin Shui Wai and Hung Shui Kiu. The Government will also study the need and feasibility of providing new public markets in districts where relevant facilities are alleged to be insufficient.

Motion moved by Hon SHIU Ka-chun and Dr Hon Fernando CHEUNG Chiu-hung

Planning of Social Welfare Services in New Public Housing under HA

9. Under the existing mechanism, various relevant Government departments maintain close liaison when planning for public housing development projects. As indicated by the Government in its paper to the Subcommittee in March 2018 (LC Paper No. CB(4)800/17-18(01)), when a development area or site is identified as having the potential for public housing developments, various Government departments will, having regard to the community views, co-ordinate the provision of non-domestic facilities (including recreational, educational and welfare facilities, etc.) within the developments and the communities concerned. This arrangement enables the Social Welfare Department (SWD) to explore the provision of suitable welfare facilities in a comprehensive manner at the early planning stage. In drawing up an appropriate mix of proposed welfare facilities, SWD will generally take into account the needs of the local community, the overall demand for welfare services, the floor area requirements of different welfare facilities, the location and transport

accessibility of the site for the public housing development, as well as the advice from the Planning Department and HA on site constraints, development parameters and limitations (including environmental issues such as noise and air quality). This serves to address the service demand arising from the public housing developments and to cater for the community's demand at large.

10. When considering whether the proposed welfare facilities could be incorporated into a new public housing development, HA will consider factors such as individual site constraints, feasibility and suitability of the required facilities, demands for various community facilities, funding arrangements for the facilities, as well as relevant ordinances, rules and regulations (such as the Hong Kong Planning Standards and Guidelines, Town Planning Ordinance, the Building (Planning) Regulations and the relevant Practice Notes). The collaboration between HA and SWD in this regard enables the optimal use of the site to meet the society's demand for PRH and various community facilities.
11. If the feasibility of certain proposed welfare facilities is ascertained in the preliminary assessment, they will be included in the planning brief of the public housing development concerned. When considering the exact location of the proposed welfare facilities within a particular development, HA will take into account relevant factors such as the individual site conditions, as well as the design and operational requirements. In general, for the ease of access, welfare facilities will be provided either on the ground or lower floor(s) or the podium of the domestic blocks, or co-located with other facilities (such as kindergartens, carparks and retail facilities) in an ancillary facilities block to enhance the integration of these facilities with the community. In some public housing developments where a relatively large number of welfare facilities are involved, HA will accommodate some or all of the proposed welfare facilities in a dedicated welfare block in order to enhance their accessibility and user-friendliness.

Support Provided by SWD and non-governmental organisations (NGOs) for Residents of Newly Completed PRH

12. The Government always pays attention to the needs of the residents of newly completed PRH. SWD will provide suitable support services to assist residents in adapting to the new living environment at the early

stage of resident intake of individual newly completed PRH developments. The District Social Welfare Offices of SWD assess on an ongoing basis the needs for welfare services at district level having regard to the population growth and demographic changes in their respective districts. Through collaboration with Government departments, NGOs and stakeholders concerned, they will deploy community resources to plan for appropriate support services and identify residents with service needs at an early stage for referral to relevant services. Also, where there are newly completed PRH, the Integrated Family Service Centres and/or Integrated Services Centres (Service Centres) operated by SWD or subvented NGOs located within their relevant service boundaries will collaborate with other government departments/district organisations, including the neighbourhood network building projects funded by the Community Investment and Inclusion Fund (CIIF) under the Labour and Welfare Bureau or by the Hong Kong Jockey Club Charities Trust, in providing services to facilitate the newly moved-in residents and families to integrate into the community. The Service Centres will promote the services by means of pamphlets, posters, newsletters, road shows, outreaching, and collaboration with other Government departments, service units in the district and resident organisations, with a view to identifying the families in need for referral to the relevant services, enhancing the understanding of newly moved-in residents and families about community resources, and encouraging the families in need to seek help at an early stage. The Service Centres will also maintain close contact with the estate offices concerned to brief the staff on the types of services available and the means of case referral to establish partnership and referral network with them.

13. Since 2015, the CIIF has been providing resources to fund many new community support network projects to assist the residents in newly completed PRH estates in building mutual help networks. Up to the 27th batch of applications in 2017, the CIIF has approved a total of 21 projects to support residents of new PRH estates. Among them, 20 projects have commenced while the remaining one newly approved projects are expected to commence in June this year, involving a total allocation of about \$48.71 million. In order to launch CIIF-funded projects in new PRH estates in a more proactive and timely manner, the CIIF will study how to collaborate with SWD, so that there will be suitable CIIF-funded projects in the new PRH estates concerned providing services and

assisting residents to adapt and get involved in the new community as soon as possible during the resident intakes of these new estates.

14. To facilitate the provision of services at the intake stage, HA has recently approved the leasing of suitable non-domestic premises not yet in use (such as Mutual Aid Committee offices) to relevant NGOs at concessionary rent as temporary work bases for the provision of support services.

Extending the funding duration of CIIF-funded projects

15. Based on the past experience of the CIIF-funded projects, NGOs receiving the funding were able to assist residents in developing mutual help networks and cross-sectoral collaboration platforms in the community in accordance to the project objectives within three years, so as to gather the residents and promote the culture and atmosphere of mutual help in the neighbourhood. If the NGOs discover new needs in the community during or after the project, they may consider applying to the CIIF for the second phase of the projects. If the project commencement and/or its projected deliverables is/are adversely affected by unforeseen factors during the project funding period (such as a delay in the intake of residents which will affect the NGOs' getting in touch with the residents to provide them relevant activities and services), the NGOs may apply for an extension of funding duration. Moreover, NGOs may also apply for funding and implementation by stages depending on the needs and characteristics of the area where the project is being implemented (e.g. residents moving into the estate in different years). In this regard, the CIIF will continue to maintain communication with stakeholders and study how to assist NGOs in providing suitable services to residents in a more flexible manner, taking into account the circumstances in individual new PRH estates.

Transport and Housing Bureau
Financial Services and the Treasury Bureau
Labour and Welfare Bureau
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