

**立法會**  
***Legislative Council***

LC Paper No. CB(1)1214/17-18  
(These minutes have been  
seen by the Administration)

Ref : CB1/PL/HG/1

**Panel on Housing**

**Minutes of meeting**  
**held on Monday, 5 March 2018, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Alice MAK Mei-kuen, BBS, JP (Chairman)  
Hon Andrew WAN Siu-kin (Deputy Chairman)  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon CHAN Kin-por, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon CHAN Chi-chuen  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHU Hoi-dick  
Hon HO Kai-ming  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan  
Hon Tanya CHAN  
Hon CHEUNG Kwok-kwan, JP  
Hon LUK Chung-hung  
Hon LAU Kwok-fan, MH

Dr Hon CHENG Chung-tai  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho

**Members absent** : Hon WONG Kwok-kin, SBS, JP  
Hon WU Chi-wai, MH  
Hon MA Fung-kwok, SBS, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Dr Hon Junius HO Kwan-yiu, JP

**Public Officers attending** : Agenda Item III

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

Ms Esther LEUNG, JP  
Deputy Secretary for Transport and Housing (Housing)

Mr Alfred LEE  
Assistant Director (Strategic Planning)  
Housing Department

Agenda Item IV

Mr Frank CHAN, JP  
Secretary for Transport and Housing

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

Ms Esther LEUNG, JP  
Deputy Secretary for Transport and Housing (Housing)

Mr Alfred LEE  
Assistant Director (Strategic Planning)  
Housing Department

Mr Alan HUI  
Assistant Director (Housing Subsidies)  
Housing Department

**Clerk in attendance** : Mr Derek LO  
Chief Council Secretary (1)5

**Staff in attendance** : Mr Fred PANG  
Senior Council Secretary (1)5

Ms Michelle NIEN  
Legislative Assistant (1)5

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

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

LC Paper No. CB(1)568/17-18(01) — Land Registry Statistics for January 2018 provided by the Administration (press release)

LC Paper No. CB(1)587/17-18(01) — Letter dated 8 February 2018 from Hon SHIU Ka-chun on the inadequacy of barrier-free access facilities for Hong Kong Sheng Kung Hui Wong Tai Sin District Elderly Community Centre (Chinese version only)

**II. Items for discussion at the next meeting**

(LC Paper No. CB(1)627/17-18(01) — List of follow-up actions

LC Paper No. CB(1)627/17-18(02) — List of outstanding items for discussion)

2. Members agreed to discuss the following items at the next regular meeting scheduled for Tuesday, 10 April 2017, at 4:30 pm –

- (a) implementation of the revised Well-off Tenants Policies of the Hong Kong Housing Authority ("HA"); and

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- (b) the work of the Sales of First-hand Residential Properties Authority.

*(Post-meeting note: The notice of meeting and agenda were issued to members vide LC Paper No. CB(1)669/17-18 on 7 March 2018.)*

**III. Review of income and asset limits for public rental housing for 2018 -19**

(LC Paper No. CB(1)627/17-18(03) — Administration's paper on review of income and asset limits for public rental housing for 2018-19

LC Paper No. CB(1)627/17-18(04) — Paper on income and asset limits for public rental housing prepared by the Legislative Council Secretariat (updated background brief))

3. With the aid of PowerPoint, Assistant Director (Strategic Planning), Housing Department ("AD(SP), HD") briefed members on the outcome of the review of the income and asset limits for public rental housing ("PRH"). He advised that the proposed income and asset limits for 2018-2019 would increase by an average of 2.6% and 1.6% respectively over those for 2017-2018.

*(Post-meeting note: Presentation materials (LC Paper No. CB(1)666/17-18(01)) for the item were issued to members on 6 March 2018 in electronic form.)*

Income and asset limits

4. Mr SHIU Ka-chun, Mr LAU Kwok-fan, Mr LUK Chung-hung and Mr Andrew WAN expressed concern that the mechanism for adjusting the income limits had not taken into account the PRH demand of those households with working members earning statutory minimum wage ("SMW"). In view that a two-person household with two working members each working with a pay at the SMW rate of \$34.5 per hour for 10 hours a day and 26 days a month would earn a monthly income of not lower than \$17,940, hence exceeding the proposed income limit, i.e. \$17,600, Mr LUK Chung-hung considered the proposed income limit unreasonable, and enquired whether HA would adopt a

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higher income limit. Mr SHIU Ka-chun asked whether HA had disregarded the motion moved by him and passed at the Panel meeting on 6 March 2017 urging the Administration to review the mechanism by incorporating the level of SMW into the mechanism as reference so that grass-roots people were eligible for PRH application. Mr Andrew WAN opined that HA should consider providing bigger buffers in the income limits concerned to cope with possible changes arising from the implementation of a new SMW rate in future.

5. Permanent Secretary for Transport and Housing (Housing) ("PS(H)") and AD(SP), HD replied that the Administration had relayed to the Subsidised Housing Committee ("SHC") of HA the motion mentioned by Mr SHIU. SHC considered that under the review mechanism, the income limits were derived using a household expenditure-based approach. As SMW only stipulated the minimum wage per hour, the actual income earned by individual households depended on various factors, such as the number of working members, and could not be generalized. It was not appropriate to compare the PRH income limits with any estimated household income based on SMW. AD(SP), HD advised that households with incomes above the proposed income limits concerned should be financially capable of renting a private accommodation comparable to PRH while also meeting other non-housing expenditure. Incidentally, given that a two-person household contributed 5% of their income under the statutory Mandatory Provident Fund ("MPF"), the effective income limit inclusive of the statutory MPF contribution was \$18,526 which was higher than \$17,940. PS(H) said that the Administration would relay members' views on this year's review findings to SHC, including the views about the proposed income limit for two-person households.

6. Mr SHIU Ka-fai declared that he was a member of HA. He enquired whether HA/the Administration would consider setting the income limits for 2018-2019 at levels higher than the proposed ones. He opined that low income limits might induce young PRH applicants to give up opportunities for jobs, pay rise or promotion, and this was not conducive to the talent development in Hong Kong. Mr LAU Kwok fan and Mr Andrew WAN expressed similar views. Mr LAU said that setting the income limits at low levels might discourage one of the married couple in a household from joining the workforce, whereas increasing the income limits might increase the number of eligible PRH applicants and lengthen the waiting time amidst the shortfall in PRH supply. PS(H) responded that to address the contradiction mentioned by Mr LAU, the fundamental solution was to increase housing supply. As stipulated in the Long Term Housing Strategy ("LTHS"), the Administration would continue to adopt the supply-led principle and increase public housing supply. In response to Mr LAU's enquiry on whether the average waiting time

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for PRH applicants would lengthen to five years after HA endorsed the proposed income and asset limits, PS(H) advised that it was not practicable for HA/the Administration to estimate the average waiting time for PRH in future.

7. The Chairman noted that compared with last year, fewer non-owner occupied households living in private housing would meet the proposed new income criterion this year and enquired whether the households ineligible for PRH needed the Administration's assistance in coping with the high private flat rentals. AD(SP), HD replied that the total number of non-owner occupier households living in private housing who could meet the PRH income limits proposed in the last year's review was based on the results of the General Household Survey ("GHS") conducted by the Census and Statistics Department ("C&SD") in the fourth quarter of 2016, whereas the relevant figure in this year's review was based on the results of C&SD's GHS in the fourth quarter of 2017. As the two figures reflected situations at different time points, they might not be directly comparable. Based on the GHS results in the fourth quarter of 2017, the total number of non-owner occupier households living in private housing who could meet the existing and proposed PRH income limits were 135 900 and 140 000 respectively. This showed an increase of 4 100 households.

8. Dr CHENG Chung-tai queried whether the Administration suppressed the income limits to reduce the number of eligible PRH applicants because PRH units were short in supply. He said there had been criticisms that as the income limits were adjusted with reference to the movements in the Consumer Price Index (A) ("CPI(A)") over the year, the assessment might underestimate the households' cost of living. AD(SP), HD replied that under the review mechanism, the income limits were derived using a household expenditure-based approach, which consisted of housing costs and non-housing costs. In earlier years, the non-housing costs were determined with reference to the average non-housing expenditure of the lower half expenditure group obtained from the latest Household Expenditure Survey ("HES") conducted by C&SD, with adjustments according to the latest movement in the CPI(A)(excluding housing cost). In view of the public concern about the impact of the implementation of SMW, SHC reviewed and refined the mechanism for adjusting the income limits in February 2013. Since 2013-2014, the non-housing costs had been determined with reference to the latest HES results, with adjustments according to the latest movement in the CPI(A)(excluding housing costs), or the change in the nominal wage index, whichever was higher.

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9. Mr Wilson OR declared that he was a member of HA's SHC. He said the public had an impression that the Administration proposed only a small increase in the income limits in order to minimize growth in the number of PRH applicants. Mr KWOK Wai-keung opined that grassroots households were paying high and increasing private flat rentals while waiting for PRH, and they considered that given their family income level remained no change, they should continue to be eligible for applying PRH and HA should not set the income limit concerned at a level lower than their income level. PS(H) replied that the review of the income and asset limits based on objective data was a long-established mechanism adopted by HA. The inadequacy of PRH supply was not a factor for determining the proposed limits.

10. Dr CHENG Chung-tai enquired about the reason that the income limit for three-person households was kept unchanged at \$22,390 for three consecutive years since 2016-2017. The Chairman was concerned about the impact of making no change to the income limit for three-person households over the past few years on these households' PRH eligibility. AD(SP), HD replied that in the reviews conducted from 2012-2013 to 2016-2017, the results of the 2009/2010 HES were used as the basis for calculating the non-housing costs. Since 2013-2014, the change in CPI(A)(excluding housing costs) or the change in the nominal wage index, whichever was higher, had been adopted for adjusting the non-housing costs. In the review for 2017-2018, the results of the 2014/2015 HES released in April 2016, which were the most updated data available, were adopted as the basis of calculation. With the lapse of time, the non-housing costs so calculated would inevitably deviate from the actual situation. The income limit derived for three-person households in 2017-2018 according to the above methodology was therefore lower than that in 2016-2017, and SHC agreed to freeze the income limit for three-person households at the 2016-2017 level. In this year's review, as the income limit for three-person households derived according to the established mechanism was slightly lower than the existing limit, the Administration proposed to continue freezing the income limit for three-person households at the existing level.

*(The Chairman left the meeting at 3:16 pm and Mr Andrew WAN, the Deputy Chairman, took over the chair.)*

11. Mr Andrew WAN opined that if in future years, the annual asset limits continued to increase by a lower rate than did income limits, households which were not eligible for PRH because their assets exceeded the asset limits were not necessarily financially capable of purchasing HA's subsidized housing such as the Green Form Subsidised Home Ownership Scheme flats. AD(SP), HD replied that under the established mechanism, the income and asset limits were annually reviewed and updated with reference to relevant data available at the

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time. As a point of reference, the income and asset limits for 2017-2018 had increased by an average of 3.9% and 1.1% respectively over the limits for 2016-2017. There was no evidence that the difference in the annual average increase between the income and asset limits had undermined PRH tenants' affordability for HA's subsidized sale flats ("SSFs").

*(The Chairman resumed the chair at 3:19 pm.)*

12. Mr SHIU Ka-fai enquired about the number of applicants on the PRH waiting list who were students. PS(H) replied that HA introduced the Quota and Point System ("QPS") in 2005 for non-elderly one-person applicants of PRH. Unlike family and elderly one-person applicants, the target of providing the first flat offer at around three years on average was not applicable to QPS applicants. Taking into account the recommendations of the LTHS Steering Committee, regular checking had been conducted to ascertain the eligibility of applicants under QPS. Applications from those who were no longer eligible for PRH had been cancelled, resulting in a reduction of the total number of QPS applicants at that time.

Calculation of job income of public rental housing applicants

13. Mr Jeremy TAM said that when considering an applicant's eligibility for PRH in a case where the applicant was working for ten days in a month and with a pay of \$500 a day, the Housing Department ("HD") had projected the applicant's income from the part-time work as a monthly salary on a pro-rata basis, i.e. \$15,000, which exceeded the prescribed income limit. He requested the Administration to provide supplementary information on how HA calculated the job income of an applicant who was a daily-paid casual employee earning irregular income. The Chairman said that HD should make clear to PRH applicants the method of calculating household income. AD(SP), HD replied that a person would be eligible for PRH if his/her average monthly household income did not exceed the income limit concerned, subject to his/her fulfilment of other eligibility criteria. The Administration would follow up the case mentioned by Mr TAM after the meeting. PS(H) advised that Mr TAM might liaise with him directly about the case, and HD would provide the supplementary information in light of Mr TAM's concerns.

*(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)731/17-18(01) on 23 March 2018.)*



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Housing supply

14. Mr LAU Kwok-fan enquired whether it was possible that in the next five years, the new supply of private housing would exceed that of the public housing making it impossible to maintain the public/private split of 60:40 for new housing supply as recommended in the LTHS. PS(H) replied that the public/private split of 60:40 was applicable to the total number of newly built housing units across the territory of Hong Kong in the next ten years. Yet, the ratio might not be exactly 60:40 for every development area and at different time points within the ten-year period.

15. Mr SHIU Ka-chun said that the Administration had identified land for the construction of about 237 000 public housing units in the next ten years, and there was a shortfall of 43 000 public housing units. He asked whether the Administration would adjust the public/private split for new housing supply to 70:30. Mr KWOK Wai-keung opined that to avoid giving the public an impression that the Administration suppressed the income limits because of the inadequate PRH supply, HA should produce 20 000 PRH units per year in the next five to 10 years. Given that the Housing Reserve stood at more than \$70 billion, HA/the Administration should make use of these financial resources to significantly increase the supply of public housing by all possible means, including providing public housing at the sites acquired by the Urban Renewal Authority, adjusting the public/private split for new housing supply to 70:30, etc. Mr LUK Chung-hung said that the Administration should enhance public confidence that it could secure the local communities' support for the implementation of public housing projects. Mr Wilson OR opined that the Administration should convert more private housing sites for public housing developments and put in place its plan in this regard.

16. PS(H) replied that to address the community's different housing needs, it was necessary for the Administration to ensure a steady supply of both public and private housing sites. The obstacle impeding the HA's progress of increasing PRH production was the shortage of housing land supply instead of financial resources, and the Administration had been exploring different land supply options. The relevant bureau had converted certain residential sites originally planned for private housing for development of public housing projects. Where appropriate, the Administration might adopt the same in future. In response to Mr Wilson OR's enquiry on whether the estimated PRH production for the next five years as mentioned in the 2018-19 Budget Speech, i.e. about 75 000 units, was higher than the PRH production in the five-year period from 2013-2014 to 2017-2018, PS(H) advised that the Administration would provide supplementary information in light of Mr OR's enquiry.

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Generally speaking, comparing the estimated total public housing production for the five-year period starting from 2017-2018 with that of the previous four five-year periods, there had been a steady increase.

(*Post-meeting note:* The Administration's supplementary information was issued to members vide LC Paper No. CB(1)731/17-18(01) on 23 March 2018.)

Review of the mechanism for adjusting the income and asset limits

17. Mr LAU Kwok fan said that HA should conduct a comprehensive review on the existing mechanism for adjusting the income and asset limits in light of the latest social developments. Mr Wilson OR expressed similar view. The Chairman enquired whether HA had plans to improve the review mechanism, including the calculation method. Mr LUK chung-hung enquired whether HA had not conducted a review on the mechanism for a long time. PS(H) and AD(SP), HD replied that HA reviewed the mechanism from time to time in light of the prevailing circumstances. In particular, HA refined the mechanism for adjusting the income limits in 2013 to cope with the possible changes arising from the implementation of SMW. PS(H) advised that the Administration would relay members' suggestion for conducting a review on the adjustment mechanism for income and asset limits to SHC for consideration. Mr Wilson OR remarked that the Administration should inform the Panel of the SHC's progress in considering the matter.

Motions

18. The Chairman referred members to the following motions, which she considered relevant to the agenda item –

*Motion moved by Mr Wilson OR and seconded by Mr LAU Kwok-fan –*

"房委會建議修改2018-19年度公共租住房屋入息和資產限額，將增加公屋申請數量，但公屋供應卻沒有增加，勢必令輪候公屋時間進一步延長。本委員會對新一份預算案內並沒有提出任何短期措施，以紓緩公屋輪候冊市民的租金壓力，表示失望；並重申在未來5年私人住宅供應遠超《長遠房屋策略》目標下，當局應將超出目標的私人住宅土地轉作公營房屋發展，以彌補公營房屋供應不足的缺口。"

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(Translation)

"The proposal of the Hong Kong Housing Authority to revise the income and asset limits for PRH for 2018-19 will increase the number of PRH applications while certainly further lengthening the waiting time for PRH as the supply of PRH has not been increased. This Panel expresses disappointment that the latest Budget has failed to propose any short-term measures to ease the rental pressure faced by members of the public on the PRH waiting list; and reiterates that under the situation where the supply of private residential flats in the next five years far exceeds the target under the Long Term Housing Strategy, the authorities should convert those lands for private residential developments outside the target into lands for public housing developments, so as to fill the gap arising from the inadequate supply of public housing."

19. The Chairman put to vote the motion moved by Mr Wilson OR. Nine members voted in favour of the motion, no members voted against the motion, and one member abstained from voting. The Chairman declared that the motion was carried.

*Motion moved by Mr HO Kai-ming and seconded by Mr LUK Chung-hung –*

"本委員會要求當局盡快檢討釐定公屋申請之入息及資產限額的機制，令公屋申請更為貼地及公道。"

(Translation)

"This Panel requests the authorities to expeditiously review the mechanism for determining the income and asset limits for PRH applications, so that the applications for PRH will be more "down-to-earth" and fair."

20. The Chairman put to vote the motion moved by Mr HO Kai-ming. 10 members voted in favour of the motion, no members voted against the motion, and no members abstained from voting. The Chairman declared that the motion was carried.

*(Post-meeting note: The wordings of the motions passed were issued to members vide LC Paper Nos. CB(1)676/17-18(01) and (02) on 7 March 2018 and were provided to the Administration via the letter dated 7 March 2018.*

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In its letter (issued to members vide LC Paper No. CB(1)731/17-18(01) on 23 March 2018), the Administration advised that members' views on the findings of the review of PRH income and asset limits for 2018-2019 (including the follow-up items requested by members) and the motion passed at the meeting had been relayed to SHC. SHC endorsed on 19 March 2018 the new income and asset limits for 2018-2019, which came into effect on 1 April 2018. )

**IV. Review of the Green Form Subsidised Home Ownership Scheme Pilot Project**

(LC Paper No. CB(1)627/17-18(05) — Administration's paper on review of the Green Form Subsidised Home Ownership Scheme Pilot Project

LC Paper No. CB(1)627/17-18(06) — Paper on Green Form Subsidised Home Ownership Scheme prepared by the Legislative Council Secretariat (background brief))

21. At the invitation of the Chairman, the Secretary for Transport and Housing ("STH") briefed members on the outcome of the review conducted by HA on the Green Form Subsidised Home Ownership Scheme ("GSH") pilot project, and the HA's decision to regularize GSH.

Impact of regularizing the Green Form Subsidised Home Ownership Scheme

22. Mr Wilson OR expressed concern that regularizing GSH would reduce the PRH supply and urged HA/the Administration not to use PRH developments for implementing new GSH projects. Mrs Regina IP said that the land earmarked for PRH developments should not be used for providing GSH. Dr CHENG Chung-tai expressed similar view and criticized the Administration for trying to shift public attention from inadequate supply of PRH units by regularizing GSH. He opined that HA should not act like a developer in promoting home ownership. Mr KWOK Wai-keung opined that HA/the Administration should set out a plan to increase PRH production to compensate for any possible reduction of PRH supply caused by the initiative of regularizing GSH. Mr CHAN Chi-chuen called on HA/the Administration to accord priority to the PRH supply over the provision of other housing units

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for meeting home ownership aspirations. Mr SHIU Ka-fai said that GSH would provide an avenue for better-off PRH tenants who could not afford private flats to buy their own homes. GSH buyers might mainly be the PRH households living in urban area, and the units recovered from them were suitable for allocating to the PRH applicants who wished to live in urban area.

23. Dr Fernando CHEUNG enquired about the respective annual numbers of PRH units newly completed and recovered from sitting PRH tenants in 2017. He opined that unlike PRH units allocated to the waiting list applicants, which would be recovered in future for re-allocation to other PRH applicants, housing units sold to GSH buyers would not be returned to HA. GSH would not only slow down the PRH circulation, but also reduce the PRH supply. Green Formers might not be able to afford the GSH flats even if they were sold by HA at a discount of the market price. Dr CHEUNG said that he opposed to the initiative of regularizing GSH.

24. STH undertook to provide supplementary information on the number of PRH units completed in 2017. PRH tenants vacated about 12 000 PRH units annually for different reasons and there was on average a net recovery of about 7 000 PRH units from tenants per year after deducting units recovered from transfer and other reasons for which there was no net gain in housing stock. Among the 857 buyers of King Tai Court, 800 were HA's PRH tenants, and a total of 804 units had been recovered from the buyers for allocation to PRH applicants. This showed that GSH could help promote PRH circulation. In response to Mr Jeremy TAM's enquiry on whether there were cases where the GSH flat buyers had not vacated their PRH units, STH advised in the negative. He supplemented that some families had surrendered to HA two PRH units where they were living, after purchasing a flat in King Tai Court.

*(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)1176/17-18(01) on 25 June 2018.)*

25. Mr LEUNG Yiu-chung expressed regret that the Administration had not conducted public consultation on the initiative of regularizing GSH, and opined that it should launch a consultation on the subject. Mrs Regina IP cast doubt that HA/the Administration refined the Well-off Tenants Policies and encouraged Green Formers to purchase GSH flats because they had no quick way to increase the PRH supply. She said that the Administration should not shift the policy focus from providing PRH to low-income families to encouraging home ownership, given the high flat prices and increasing risk in the property market. She was concerned that a home-ownership-oriented housing policy would encourage speculation of SSFs, and enquired why the

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Administration had not consulted the public on the policy. She further opined that the new GSH flats might not be well received by target applicants as they might not be provided in prime locations. She enquired whether HA should provide more Home Ownership Scheme ("HOS") instead of GSH flats.

26. STH replied that the Administration would consider the housing policy matters in future in light of Mrs IP's views. In line with the LTHS, apart from providing adequate and affordable housing such as PRH to families in need, the Administration should also provide SSFs to meet home ownership aspirations and maintain the development of the private housing market through securing a stable land supply and implementing demand-side management measures. HA/the Administration planned the production of PRHs and SSFs with a view to striking a balance among the housing needs of different categories of households. STH said that the average age of buyers of King Tai Court flats was 53 and their average length of residence in PRH was 22 years. According to the relevant HA's survey, about 74% of the unsuccessful GSH applicants indicated that they would apply again if new GSH project(s) would be launched, while 59% and 22% indicated that they would apply for new HOS flats and purchase flats in the HOS Secondary Market respectively. This indicated that GSH could meet the home ownership aspirations of certain Green Formers.

Circulation of public rental housing units

27. Mr SHIU Ka-fai enquired about the time taken between surrender of a PRH unit by a sitting PRH tenant and re-allocation of the unit to an applicant on the waiting list. STH replied that PRH units were recovered from buyers of King Tai Court flats with an average recovery period of around 70 days, and refurbishment works were completed at an average of around 48 days.

28. Mr SHIU Ka-chun noted that it was the HA's existing practice to terminate the tenancies of PRH units of GSH buyers within 60 days after they had taken over the GSH flats purchased, and according to HA's performance indicator, the average turnaround time for vacant flat refurbishment should take no more than 44 days. In view that HA had taken longer time to recover and refurbish the PRH units vacated by the buyers of King Tai Court flats, he enquired how HA would shorten the delay in these processes. Mr CHAN Chi-chuen and Mrs Regina IP opined that HA/the Administration should ensure that regularizing GSH would not lengthen the waiting time for PRH. Mr CHAN enquired about the time taken by HA to re-allocate a refurbished unit to a PRH applicant.

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29. STH replied that the time required for allocating a refurbished PRH unit was more or less the same as that for a new PRH unit. While it would take some time to recover and refurbish the PRH units for re-allocation, GSH served the dual functions of meeting the ownership aspirations of Green Form ("GF") buyers and addressing the needs of PRH applicants. PS(H) advised that according to the existing practice, there were no specific requirements on when buyers of HA's SSFs should take over the flats purchased after completion of assignment. As individual buyers had taken over their flats in King Tai Court after a considerable period of time had lapsed from the date of assignment, the recovery of PRH units had been delayed. To ensure timely recovery of PRH units, HA had endorsed that the 60-day period should count from the date that buyers took over their flats or the tenth working day from the date of assignment, whichever was earlier. The commencement of the 60-day period might be postponed under special circumstances which were beyond the buyers' control. HD would continue to explore ways to shorten the time for refurbishing a PRH unit. As there was a shortage of refurbishment workers, it might not be practicable to shorten the turnaround time significantly at this stage.

30. Mr Andrew WAN opined that the PRH units vacated by GSH buyers might mainly be those in aged PRH estates and as PRH applicants might not accept an offer of such units, the PRH circulation would be adversely affected. The Chairman requested the Administration to provide information on whether and how HA/the Administration would project/take into account the number and sizes of PRH units that would be recovered from GSH buyers in future when planning for the PRH production/the number of new PRH units of different sizes to be produced.

*(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)1176/17-18(01) on 25 June 2018.)*

31. Mr Jeremy TAM enquired about the cost for HA to refurbish a recovered PRH unit for re-allocation. Mr SHIU Ka-chun enquired about the HA's measures to contain the refurbishment cost which might be substantial if a large number of GSH flats would be provided in future. STH and PS(H) replied that HD would provide supplementary information to address Mr TAM's question. The refurbishment cost varied among different PRH units. The average cost for refurbishing a PRH unit in Pak Tin Estate which was an aged estate was about \$50,000. HD would continue to explore possible cost-saving measures.

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*(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)1176/17-18(01) on 25 June 2018.)*

Implementation of the initiative of regularizing the scheme

32. Mr CHAN Chi-chuen opined that to enable those who wished to buy GSH flats to make their home ownership plans, HA should work out more implementation details of the initiative of regularizing GSH, such as the number of GSH flats to be provided each year and their locations. Mr Jeremy TAM said that when planning the number of GSH flats to be sold in future, HA should take into account the number of Green Formers who could afford such flats. Dr KWOK Ka-ki opined that HA should make clear the number of GSH flats to be provided annually. He enquired whether the about 4 000 PRH units in Fo Tan would all be used for providing GSH flats. Dr CHENG Chung-tai asked whether HA would sell the PRH units in Fo Tan in one go or in several batches under GSH. Mr LAU Kwok-fan said that HA should continue to provide affordable housing to needy families and should be prudent in determining whether the Fo Tan's PRH units should be used for providing GSH flats. STH replied that the Chief Executive's 2017 Policy Address announced in October 2017 had set out a policy direction of helping better-off PRH tenants move up the housing ladder. The Administration considered that HA should provide more GSH flats if they were well received by target applicants. The first regularized GSH sale exercise was expected to be launched in around the end of 2018, and HA had yet to decide the location of the upcoming GSH project. HA/the Administration would continue to listen to public views on regularizing GSH.

33. The Chairman said that the Administration/HA should ensure that the initiative of regularizing GSH would not adversely affect the PRH supply as PRH applicants were paying high rentals while waiting for PRH. She requested the Administration to provide supplementary information on whether the Administration would give up or modify the policy outlined by the Chief Executive in her 2017 Policy Address that "future public housing developments should include more GSH units instead of PRH units", given that according to the Administration, HA considered it prudent to implement GSH at a more modest pace to gather experience, reduce risk of unsold flats and minimize impact on the waiting time for PRH applicants.

*(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)1176/17-18(01) on 25 June 2018.)*



Action

*(At 4:10 pm, the Chairman announced that the meeting be extended to 4:45 pm., and advised that she had received a motion proposed by Mr LUK Chung-hung in respect of the agenda item.)*

Price setting for Green Form Subsidised Home Ownership Scheme flats

34. Mr LAU Kwok-fan enquired whether HA would set the prices of GSH flats according to the Green Formers' ability to afford and the cost of providing such flats, instead of linking them to the market price. Mr HO Kai-ming, Mr KWOK Wai-keung and Mr Andrew WAN opined that the prices of GSH flats should not link to the market price. Mr HO asked whether HA would set the prices of new GSH flats at levels affordable to target applicants, including tenants who were required to move out from PRH under the HA's revised Well-off Tenant Policies. He enquired about the difference in the prices of new GSH flats and HOS flats in future, and whether GSH flats would be sold at price levels close to the cost, say about \$1,000 per square feet. Mr KWOK opined that as the residential prices were high and had been increasing, Green Formers including well-off PRH tenants might not be able to afford the GSH flats even if they were sold by HA at a discount of the market price in future. He said that according to a survey conducted by him, of the 1 200 survey respondents, about 65% considered that GSH flats should be sold at cost and their prices should be around \$1.5 million. Mr LUK Chung-hung opined that the prices of GSH flats sold by HA earlier on were much higher than their cost. He queried whether HA provided GSH flats for the purpose of generating surplus income. Dr KWOK Ka-ki raised a similar question and opined that it was unreasonable that the King Tai Court flats were sold at price levels as high as about four times the costs. He asked whether HA would sell the new GSH flats at cost in future. Mr SHIU Ka-fai opined that HA should pay heed to the public concern that the selling prices of GSH flats would be high if they were sold at the time when the residential property prices were still at high levels.

35. PS(H) said that as King Tai Court flats were designed and built to "no-frills" standards, their assessed market values were generally lower than those of private housing units. Further to this lower market value, HA added another discount of 40% to meet the affordability criteria. As flats provided at different districts or on different floors in the same building had different values, when setting the prices of individual GSH flats, reference had to be made to their respective market values. STH advised that according to the price setting mechanism endorsed by HA, the selling prices of GSH flats would in general not be lower than the costs. The flats would be sold at a discount, at 10% more than that for the latest HOS sale exercise, to the assessed market values. This would ensure that GSH flats would be more affordable to GF buyers than HOS flats offered for sale to GF (and White Form) buyers around the same time.

Action

36. Mr Jeremy TAM referred to the assumption under the price setting mechanism that the mortgage-to-income ratio was 40%, and opined that the Administration should make clear whether and how the mechanism would take into account the requirement for banks to perform stress testing of mortgage borrowers' repayment ability. In response to Mr TAM's enquiry on whether HA would adjust the prices of GSH flats immediately following a rise in interest rate, STH advised that the selling prices of each project would be approved by HA before inviting applications. Further adjustments might be considered in the context of discussions on arrangements for individual sale exercises.

37. Mr LUK Chung-hung opined that given the assumptions under the price setting mechanism, such as the mortgage-to-income ratio of 40%, based on which the discount would be set, the prices of GSH flats to be determined under the price setting mechanism might be higher than the price levels that Green Formers could afford. It was not appropriate to assume that the target applicants would have a household income at the eligibility limit for applying PRH for a four-person household, given that three-person households were more common in Hong Kong and some households with GF status might have an income lower than the PRH income limit for a four-person household. He enquired whether HA would conduct a review to improve the price setting mechanism. STH replied that the selling prices and sales arrangements for each GSH project would have to be approved by HA before inviting applications. After completing the first regularized GSH sale exercise in around the end of 2018, HA would look into the implementation arrangements of the scheme again in 2019, including the price setting mechanism.

38. Mrs Regina IP pointed out that under GSH, only those better-off PRH households might have opportunities to acquire a flat at a discount of the market price. Dr CHENG Chung-tai expressed similar concern. Mr SHIU Ka-fai said that HA should consider whether setting the prices of new GSH flats at too low levels would make other people who were not living in PRH and were not eligible for GSH feel unfair. Mr Andrew WAN said that to address the unfair situation, HA might consider imposing stringent restrictions on the resale of GSH flats. Mr LEUNG Yiu-chung opined that instead of allowing GSH owners to sell their flats in the HOS Secondary Market or open market as from the sixth year of the first assignment from HA, HA should allow them to sell their flats to the Government/HA only in order to avoid speculative trading of GSH flats and to ensure that such flats would not be sold to those who were not Green Formers. He said that similar arrangement should be applied to HOS flat owners.

Action

39. STH replied that it was not the Government policy to encourage purchase of HA's subsidized housing for speculative purpose. Among the PRH tenants who had purchased King Tai Court flats, only about 12% were "well-off tenants" paying additional rents. Under the resale restrictions endorsed by HA, with premium unpaid, GSH owners could only sell their flats to GF buyers as nominated by HA or in the Secondary Market. The Administration would consider the view that GSH or SSF owners should not be allowed to sell their flats in open market.

*(At 4:37 pm, the Chairman suggested and members agreed that the meeting be extended further for five minutes from 4:45 to 4:50 pm.)*

Sale of public rental housing units

40. Mr LAU Kwok-fan said that the prices of GSH flats might be higher than those of the PRH units sold under the Tenants Purchase Scheme ("TPS"). He enquired whether HA would resume the sale of PRH units or re-launch TPS. Mr Andrew WAN opined that HA should consider the suggestion of launching the sale of PRH units in estates other than the 39 TPS estates as this was in line with the policy direction of helping PRH households move up the housing ladder. STH replied that the sitting PRH tenants of the 39 TPS estates could opt to buy the PRH units they were living in. As the co-existence of flat owners and HA's tenants in TPS estates had created many problems in estate management and maintenance, HA currently had no plan to re-launch TPS.

41. Mr Wilson OR expressed disappointment that the Administration did not accept the suggestion of re-launching TPS or the sale of PRH units. He opined that taking forward the suggestion was the most straight forward way of meeting PRH tenants' home ownership aspirations whilst not affecting the new PRH supply. As regards the estate management and maintenance issues mentioned by STH, the Administration should study measures to deal with them. Mr Andrew WAN opined that HA/HD should be able to resolve the management and maintenance issues by participating more actively in the management of the estates concerned. STH replied that apart from TPS, GSH could also provide an avenue for Green Formers to achieve home ownership. Whether TPS or new GSH flats were better received by PRH tenants were not known at this stage. In light of the experience of implementing TPS in earlier years, HA/the Administration had reservations about the suggestion to re-launch the scheme. Where necessary, the Administration might brief the Panel on the problems arising from the implementation of the scheme.

Action

Motion

42. At 4:48 pm, at the invitation of the Chairman, Mr LUK Chung-hung moved a motion in respect of the agenda item. The Chairman said that as the meeting was nearing the end of its extended time and there was a lack of quorum, the voting of the motion would be deferred to the next regular meeting scheduled for 10 April 2018. There was no objection to the arrangement from members.

*(Post-meeting note: The wording of the motion moved by Mr LUK Chung-hung was issued to members vide LC Paper No. CB(1)699/17-18(01) on 7 March 2018.)*

**V. Any other business**

43. There being no other business, the meeting ended at 4:49 pm.

Council Business Division 1  
Legislative Council Secretariat  
3 July 2018