

立法會
Legislative Council

LC Paper No. CB(1)1318/18-19
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Monday, 4 March 2019, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Wilson OR Chong-shing, MH (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 WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon WU Chi-wai, MH
Hon CHAN Chi-chuen
Hon CHAN Han-pan, BBS, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon SHIU Ka-fai
Hon YUNG Hoi-yan
Hon CHEUNG Kwok-kwan, JP
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai

Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon CHAN Hoi-yan

Members absent : Hon Starry LEE Wai-king, SBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Dr Hon Fernando CHEUNG Chiu-hung
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon SHIU Ka-chun
Hon Tony TSE Wai-chuen, BBS

Public Officers attending : Agenda Item IV

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

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

Miss Sandra LAM
Assistant Director (Strategic Planning)
Housing Department

Agenda Item V

Miss Rosaline WONG
Deputy Director of Housing (Estate Management)

Ms Josephine SHU
Assistant Director of Housing (Estate Management) 2

Ms LING Kuk-yi
Chief Estate Surveyor/Commercial Properties (Acting)
Housing Department

Ms Carol KONG
Chief Estate Surveyor/Commercial Properties (Acting)
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. Confirmation of minutes

(LC Paper No. CB(1)630/18-19 — Minutes of the meeting held
on 3 December 2018)

The minutes of the meeting held on 3 December 2018 were confirmed.

II. Information papers issued since last meeting

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

LC Paper Nos. CB(1)569/18-19(01) — Land Registry Statistics for
January 2019 provided by
the Administration (press
release)

III. Items for discussion at the next meeting

(LC Paper No. CB(1)634/18-19(01) — List of follow-up actions

(LC Paper No. CB(1)634/18-19(02) — List of outstanding items for
discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 1 April 2019, at 2:30 pm –

(a) Introduction of "Special Rates" on vacant first-hand private residential units by amending the Rating Ordinance (Cap. 116);
and

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- (b) Head 711 project no. B194TB — Transport infrastructure works for development at Diamond Hill.

4. Mrs Regina IP suggested that the Panel should discuss with the Administration and receive public views on Link Real Estate Investment Trust's disposal of properties divested by the Hong Kong Housing Authority ("HA"). Mr Andrew WAN and Ms Alice MAK agreed to the suggestion. The Chairman advised that a relevant item had been included in the Panel's list of outstanding items for discussion (i.e. item 19 of LC Paper No. CB(1)634/18-19(02)). He proposed and members agreed that the Clerk would request the Administration to provide a response to the suggestion.

(Post-meeting note: With the concurrence of the Chairman, "Link Real Estate Investment Trust's disposal of properties divested by the Hong Kong Housing Authority" had been added to the agenda of the meeting on 1 April 2019, and at the request of the Administration, "Head 711 project no. B194TB — Transport infrastructure works for development at Diamond Hill" had been postponed to the meeting on 6 May 2019. Members were informed of the meeting arrangements vide LC Papers No. CB(1)705/18-19 and CB(1)710/18-19.)

IV. Review of income and asset limits for public rental housing for 2019-20

(LC Paper No. CB(1)634/18-19(03) — Administration's paper on review of income and asset limits for public rental housing for 2019-20

LC Paper No. CB(1)634/18-19(04) — Paper on income and asset limits for public rental housing prepared by the Legislative Council Secretariat (updated background brief)

5. Permanent Secretary for Transport and Housing (Housing) ("PS(H)") briefed members on the background of the review of income and asset limits for public rental housing ("PRH") for 2019-2020. With the aid of PowerPoint, Assistant Director (Strategic Planning), Housing Department ("AD(SP), HD") briefed members on the review outcome, and advised that the proposed income and asset limits for 2019-2020 would increase by an average of 4.2% and 3.1% respectively over those for 2018-2019.

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(*Post-meeting note:* Presentation materials (LC Paper No. CB(1)662/18-19(01)) for the item were issued to members on 5 March 2019 in electronic form.)

[At 3:23 pm, the Chairman advised that he had received motions from members and would deal with them in due course.]

Adjustment mechanism of income and asset limits

6. Mr HO Kai-ming said that the monthly income of two-person households with both working members earning statutory minimum wage ("SMW") and working for 10 hours a day and 26 days a month was \$19,500 which was marginally below the proposed income limit of \$19,674 after taking into account the contribution under the Mandatory Provident Fund Scheme. As the household income would exceed the limit if a working member worked slightly overtime, some families might give up working for longer hours to meet the limit. He enquired whether HA would adjust the proposed income limits to higher levels so that households earning SMW would fall within the PRH eligibility net. Mr LAU Kwok-fan opined that despite the proposed adjustment, the income limit for two-person households would still be at low level, and this would continue to discourage one of the married couple in these households from joining the workforce. HA should study whether apart from the factors considered in deriving the income limits, the adjustment mechanism should also take into account other relevant factors.

7. Mr LEUNG Yiu-chung said that to meet the proposed income limit of two-person households, one of the family members might have to give up work, but in this way, the income earned by the other family member might not be adequate for the household to afford the cost of living. Three-person households faced a similar problem. HA should review the factors for deriving the income limits under the existing mechanism to ensure that needy households would not be excluded from the PRH eligibility net. Dr KWOK Ka-ki opined that the proposed income limit of \$29,240 for four-person households was low and households with such income level might not be able to afford renting an accommodation while also meeting other non-housing expenditure. He was concerned that most households who could not afford private flats would continue to fall outside the PRH eligibility net under the proposed limits, and asked whether HA would conduct a comprehensive review on the adjustment mechanism taking into account the high flat rents and prices.

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8. PS(H) replied that the actual income earned by individual households varied, depending on the number of working members as well as the working hours and days of each member, etc. For example, for a four-person household, while it might still meet the proposed PRH income limit if only two family members worked full time while one member worked part-time, the household income would exceed the proposed income limit if all the three family members were working for 12 hours a day and 26 days a month. Moreover, regardless of the level of the proposed income limit, there would always be households whose income would marginally exceed the limit.

9. Mr CHU Hoi-dick opined that to meet the PRH income limits, some people opted for "cash salaries" without documentary proof, hence affecting their labour protection. He asked whether this reflected that the limits were too low. He further enquired about the Administration/HA's position towards "cash salaries". PS(H) replied that "cash salaries" was an income that must be declared by PRH applicants/tenants. HA would follow up with any suspected or reported cases of concealment of income or assets in accordance with the Housing Ordinance (Cap. 283), and might take legal actions, cancel the PRH applications concerned or recover the relevant PRH units where appropriate.

10. Mr HO Kai-ming was concerned that as the proposed income limit for two-person households was much below the median income level of two-person households in Hong Kong, only a small proportion of two-person households would fall within the PRH eligibility net.

11. PS(H) said that income earned by individual households varied depending on the actual circumstances of their family members. For example, a two-person household with one family member working full time and the other member working part-time might still meet the proposed income limit. However, its household income might exceed the income limit if both family members worked for 12 hours a day and 26 days a month. The proposed income limit for two-person households was very close to the median income of non-owner occupier two-person households in Hong Kong. If the PRH income limits were to be further increased in order to cover more households, the priority to PRH allocation for households who earned even less might be adversely affected given the limited PRH resources.

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12. In view that the proposed income limits would increase by an average of 4.2% and the Administration had proposed to increase SMW rate by over 8% on 1 May 2019, Dr CHENG Chung-tai asked whether the average increase of income limits would lag behind the increase of SMW. PS(H) replied that the Administration revised the SMW rate on a biennial basis, whereas HA adjusted the income limits annually. It was therefore inappropriate to directly compare the change of SMW rate over a two-year period with the increase of PRH income limits over a one-year period.

Method for deriving contingency provision

13. In view that under the existing mechanism, the income limits for different household sizes were the respective sums of the housing and non-housing costs, plus a contingency provision of 5% of household expenditure, Mr KWOK Wai-keung was concerned that the contingency provision had not reflected the proportion of income a household actually set aside as "contingency money". He enquired whether HA would review the method of deriving contingency provision and increase the contingency provision, say 10% of the household expenditure. PS(H) replied that HA had adopted 5% of household expenditure as the contingency provision after detailed discussions in past reviews. The Administration would relay Mr KWOK's view to HA's Subsidised Housing Committee ("SHC") for consideration.

Measures to address housing difficulties of waiting list applicants

14. Mr KWOK Wai-keung opined that the additional households who would be eligible for PRH due to the proposed adjustments of income and asset limits would be placed at the end of the waiting queue, and their PRH waiting time might be more than a decade. He criticized that the current-term Government did not accept the suggestion of simultaneously providing rent subsidy, implementing tenancy control and introducing vacancy tax, and could not work out effective measures to assist inadequately housed households ("IHHs") and households facing high flat rentals when they were waiting for PRH. Mr LAU Kwok-fan opined that housing problems had become more acute since the promulgation of the Long Term Housing Strategy ("LTHS"), and the number of eligible PRH applicants would increase due to the proposed income and asset limits. He asked about the Administration's short-term measures to assist the households waiting for PRH, and whether the Administration would maintain its stance against provision of rent subsidy and implementation of tenancy control.

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15. PS(H) replied that HA adjusted the income and asset limits in accordance with the established mechanism based on objective data, regardless of the waiting time for PRH. As mentioned in LTHS, the housing challenge in Hong Kong was caused by the prolonged housing demand-supply imbalance, which should be addressed through a sustained increase in housing supply. Rent subsidies and tenancy control were not the fundamental solutions to address the housing problem. The Administration all along admitted that there was a gap between the estimated public housing production and the ten-year public housing supply target under LTHS, and was endeavouring to increase land supply and speed up housing production to address the shortfall. Apart from increasing supply of new housing, the Administration would continue with other measures such as rationalizing the use of existing public housing, facilitating the provision of more transitional housing, etc.

16. Mrs Regina IP enquired whether the Administration had studied the types of housing where PRH applicants were residing in order to understand their housing difficulties and work out appropriate measures to assist them. PS(H) replied that HA regularly conducted the PRH Applicants Survey to understand the socio-economic characteristics of PRH applicants, such as their age, educational background, living conditions, etc. In its annual update of the rolling ten-year housing supply target under LTHS, the Administration would take into account, among others, the housing demand of IHHs including those living in subdivided units and industrial buildings in its long term housing demand projection. Therefore, the housing supply target under LTHS had already covered the housing needs of PRH applicants residing in inadequate housing.

Transitional housing

17. Mr CHU Hoi-dick said that the Legislative Council had passed a motion on "Increasing transitional housing supply" in February 2019, and enquired about the Administration's position regarding the requests in the motion that transitional housing should be included in LTHS and the Administration should implement the transitional housing policy under its lead. PS(H) replied that as transitional housing was temporary in nature, it would not be appropriate to include it in the ten-year housing supply target under LTHS. In view of the current shortfall of public housing production against the supply target, the Administration believed that HA/the Housing Department ("HD") should focus their efforts on delivering new public housing projects. Apart from the 2019-2020 Budget initiative of setting aside \$2 billion to support non-governmental organizations ("NGOs") in

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constructing transitional housing, the Task Force on Transitional Housing would continue its co-ordinated support to facilitate the implementation of more community initiatives on transitional housing.

18. Mrs Regina IP enquired about the estimated number of households that could be accommodated by the transitional housing provided by NGOs under the support of the \$2 billion fund. PS(H) replied that the Finance Committee ("FC") of the Legislative Council approved the Administration's proposal in January 2019 to set up a \$1 billion fund to support NGOs in facilitating the gainful use of vacant government sites including the support to applicable transitional housing projects. For the \$2 billion fund, the Administration was preparing proposals to seek the FC's approval for setting up the fund.

Non-elderly one-person applicants

19. Mr LEUNG Yiu-chung expressed concern about the lengthening of PRH waiting time of non-elderly singletons after HA's endorsement of the proposed income limits. Ms Alice MAK opined that to meet the PRH eligibility, non-elderly singletons' monthly income could not be higher than the proposed income limit of \$12,453. She and Mr LEUNG opined that a singleton with such monthly income might not be able to afford a rental accommodation while also meeting other living expenses. In view that the PRH waiting time of non-elderly one-person applicants was long, Ms MAK asked about the Administration's measures to alleviate their difficulties.

20. PS(H) replied that to improve the housing conditions of the applicants as mentioned by Ms MAK, the fundamental solution was to produce more housing units. As regards those with financial difficulties, the Government had put in place various subsidies and assistance schemes to address their needs, such as the Working Family Allowance ("WFA") Scheme. Ms Alice MAK commented that increasing housing supply took time and hence could not address these applicants' imminent difficulties. The Administration had turned down the suggestions in society to assist these applicants, including her suggestion of simultaneously providing rent subsidy, implementing tenancy control and introducing vacancy tax, but had yet to formulate any effective measures to address the issue.

21. Mr WU Chi-wai opined that the PRH waiting time of non-elderly one-person applicants was long and the regular exercises conducted by HA to check their eligibility under the Quota and Points System ("QPS") had conveyed a message to society that HA intended to suppress instead of working out a better strategy to meet their PRH demand. PS(H) replied that

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as explained in LTHS, the purpose of the regular checking exercise of QPS applicants was not to suppress demand, but to enable the society and HA to better assess the actual demand for PRH among such applicants. HA would issue letters to all target QPS applicants by post, and only those who wished to withdraw their applications or did not respond would have their applications cancelled. Mr WU opined that the regular checking was unfair to QPS applicants, as HA required them to provide personal particulars for determining their PRH eligibility in the exercises but they might only be offered a PRH unit a few decades afterwards. The Chairman asked the Administration/HA to look into the matter raised by Mr WU.

Calculation of household income

22. Mr Andrew WAN enquired about HA's progress in considering his suggestion to exclude WFA from the calculation of income of PRH applicants, so that low-income families would not fall outside the PRH eligibility net as a result of applying for WFA. PS(H) replied that when SHC reviewed the proposed PRH income and asset limits, it would also consider the community's views on other issues relating to the review. The Administration would relay Mr WAN's view to SHC for consideration in its upcoming review.

23. Mr WU Chi-wai opined that dividends provided by insurance policies were not in form of cash and might not be disposable income and should be excluded from the calculation of income of PRH applicants/tenants. PS(H) replied that such issue might involve complicated scenarios of various insurance policies, and the Administration might explore Mr WU's suggestion at appropriate times.

Declaration of ownership of properties outside Hong Kong

24. Mr Gary FAN opined that there was a growing concern about the PRH applications from new arrivals who owned properties in the Mainland, and enquired whether the Administration/HA would strengthen its vetting of applicants' ownership of properties outside Hong Kong to verify their PRH eligibility. Mr LEUNG Yiu-chung raised similar question. He and Mr FAN enquired about the improvements that could be made by the Administration/HA to plug the relevant loopholes.

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25. PS(H) replied that PRH applicants could not use their domestic properties outside Hong Kong as their residence in Hong Kong. HA regarded properties owned by PRH applicants outside Hong Kong as their assets instead of their residences. PRH applicants must declare their income and assets including the properties owned by them in and outside Hong Kong in a true and accurate manner. By initiating random checks on PRH applications and receiving reports or complaints, HA constantly followed up suspected cases of applicants' concealment of information of property ownership outside Hong Kong, and there were some cases where the offenders had been convicted. The HA's practice of vetting PRH applications was similar to the Government's relevant vetting mechanism, and HA would keep under review such practice taking into account members' views. Mr Gary FAN asked whether apart from initiating random checks or receiving reports, HA would enhance the mechanism/arrangement for combating applicants/tenants' practices of concealing/furnishing false information in connection with ownership of properties outside Hong Kong. The Chairman requested the Administration to provide supplementary information to address Mr FAN's enquiry.

(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(1)766/18-19(01) on 22 March 2019.)

26. Mr CHAN Chi-chuen opined that HA should put in place an effective mechanism to verify the declarations made by PRH applicants regarding their income and assets. With respect to the Administration's reply to a question at the Council meeting of 20 February 2019 that in the previous three years, of the about 380 reports relating to PRH applicants' concealment of information and 1 800 PRH application cases randomly checked by HA, about 50 cases involved the concealment of ownership of properties outside Hong Kong and there were only four cases in which the offenders were successfully convicted, Mr CHAN enquired about how HA had followed up/dealt with the remaining about 46 cases. Mr CHU Hoi-dick asked whether most of the about 50 cases involved properties on the Mainland. In reply, PS(H) undertook to explore if the information requested by Mr CHU was available. He advised that whether to cancel the PRH applications or recover the PRH units concerned in these 50 cases were matters under the purview of HA, whereas it was the court to decide whether a suspect involving the concealment of ownership of properties was guilty of an offence. Mr CHAN Chi-chuen requested the Administration to provide supplementary information to address his enquiry.

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(*Post-meeting note*: The Administration's response was issued to members vide LC Paper No. CB(1)766/18-19(01) on 22 March 2019.)

27. In view that many PRH applicants might be new arrivals from the Mainland, Dr KWOK Ka-ki asked whether HA would put in place a mechanism specially for vetting the PRH applications involving property ownership in the Mainland. Mr CHAN Chi-chuen enquired whether the Administration had previously requested the relevant institution in the Mainland to provide information regarding the PRH applicants' property ownership in the Mainland for verifying their applications. PS(H) replied that the question applied not only to new arrivals from the Mainland, but also other categories of applicants who might have properties outside of Hong Kong. It was not practicable for the Administration to request information from all jurisdictions outside Hong Kong in order to find out a PRH applicant's property ownership situation. When vetting randomly selected PRH applications or upon receiving reports, HA would consider on an individual application basis the appropriate action that should be taken.

28. Mr Andrew WAN asked about the HD's manpower to conduct random checks on PRH applications and follow up reports relating to applicants' concealment of information. Mr CHAN Chi-chuen asked about the annual number of applications to be randomly selected. PS(H) replied that HD flexibly deployed manpower to cope with wide range of tasks, and the staff performing random checks on PRH applications or following up reports relating to PRH applicants' concealment of information had other duties such as tackling PRH tenancy abuse. Apart from verifying the asset declarations of PRH applicants, random checks on PRH applications also served other purposes, such as combating tenancy abuse. Although HA had not fixed the annual number of PRH applicants to be randomly checked, HD would continue to strive for new resources to perform more such checks.

29. Dr CHENG Chung-tai opined that the current penalties for PRH applicants/tenants' convicted of concealing/furnishing false information in connection with ownership of assets were light, and asked whether the Administration would propose legislative amendments to bring in higher penalties for these offences to increase the deterrent effect. PS(H) replied that to consider Dr CHENG's suggestion, the Administration needed to take into account the maximum penalties for similar offences in other legislation and the relevant sentencing guidelines provided to the court. The Administration would study the matter in light of Dr CHENG's view.

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Other issues

30. Mr Gary FAN enquired whether the Administration could estimate the number of additional households of different household sizes who would apply for PRH due to the proposed adjustments of income and asset limits as stated in paragraph 17 of LC Paper No. CB(1)634/18-19(03), and cast doubt on HA's capability to plan the flat mix of different sizes in its PRH production to meet the demand of different families without such estimate. PS(H) replied that it was not possible to accurately estimate the number of additional households of different household sizes which would apply for PRH in light of the proposed PRH income and asset limits. It was partly because households which were not eligible for PRH previously could apply for PRH by splitting into different household sizes. In terms of planning future PRH supply to meet the housing needs of applicants of different household sizes, while HA maintained flexibility in the flat mix of four different sizes in its new PRH developments, it also relied on the net recovery of PRH units from tenants, which amounted to over 7 000 units annually.

31. Mr KWOK Wai-keung asked whether households who were regarded as well-off under the Well-off Tenants Policies ("WTP") might no longer be so after the proposed income and asset limits came into effect. PS(H) replied that it was possible that certain households considered well-off under WTP at the moment would no longer be the case when the proposed income and asset limits came into effect. He explained that it was because the thresholds under WTP were linked to PRH income and asset limits, and supplemented that income/asset declarations under WTP were conducted in April and October every year.

Motions

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

Motion moved by Mr Andrew WAN –

"對於運輸及房屋局至今仍未跟進豁免在職家庭津貼金額計算申請公屋入息，本事務委員會表示失望，並促請運房局盡快採取措施，保障低收入家庭的住屋需要。"

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(Translation)

"This Panel expresses disappointment that the Transport and Housing Bureau ("THB") so far has not followed up on the exclusion of the Working Family Allowance from the calculation of the family incomes of public rental housing applicants, and urges THB to take measures expeditiously to safeguard the housing needs of low-income families."

33. The Chairman put to vote the motion moved by Mr Andrew WAN. 15 members voted in favour of the motion, no member voted against the motion, and no member abstained from voting. The Chairman declared that the motion was carried.

Motion moved by Mr LAU Kwok-fan and seconded by Dr Junius HO -

"房委會將修改 2019-20 年度公共租住房屋入息和資產限額，此舉定必令輪候公屋時間進一步延長；本事務委員會促請當局，除已公佈的九幅位於安達臣道及啟德發展區的用地外，繼續轉撥更多超出《長遠房屋策略》供應目標的私樓"熟地"作公營房屋發展，以彌補公營房屋土地供應不足的缺口；同時，本事務委員會促請當局就是否推行租務管制及租金津貼進行獨立諮詢。"

(Translation)

"Given that the Hong Kong Housing Authority's revision of the income and asset limits for public rental housing ("PRH") for 2019-20 will definitely further lengthen the waiting time for PRH, this Panel urges the authorities to, apart from the nine announced sites at Anderson Road and the Kai Tak Development Area, continue to re-allocate more "spade-ready" private housing sites that have exceeded the supply target under the Long Term Housing Strategy for public housing development, so as to fill the gap of insufficient land supply for public housing; meanwhile, this Panel calls on the authorities to conduct an independent consultation exercise on the introduction of tenancy control and rent subsidy."

34. The Chairman put to vote the motion moved by Mr LAU Kwok-fan. 10 members voted in favour of the motion, no member voted against the motion, and three members abstained from voting. The Chairman declared that the motion was carried.

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(Post-meeting note: The wording of the motions passed was issued to members vide LC Paper Nos. CB(1)671/18-19(01) to (02) on 6 March 2019. The Administration's response to the motions was issued to members vide CB(1)766/18-19(01) on 22 March 2019.

In its letter (issued to members vide LC Paper No. CB(1)766/18-19(01) on 22 March 2019), the Administration advised that members' views on the findings of the review of PRH income and asset limits for 2019-2020 and the motions passed at the meeting had been relayed to SHC. SHC endorsed on 15 March 2019 the new income and asset limits for 2019-2020, which came into effect on 1 April 2019.)

V. Use of non-domestic premises of the Hong Kong Housing Authority

(LC Paper No. CB(1)634/18-19(05) — Administration's paper on use of non-domestic premises of the Hong Kong Housing Authority

LC Paper No. CB(1)634/18-19(06) — Paper on use of non-domestic premises of the Hong Kong Housing Authority prepared by the Legislative Council Secretariat (updated background brief)

35. Deputy Director (Estate Management), Housing Department ("DD(EM), HD") briefed members on the latest situation of the use of non-domestic premises of HA. Assistant Director of Housing (Estate Management)² gave a PowerPoint presentation on the subject.

(Post-meeting note: Presentation materials (LC Paper No. CB(1)662/18-19(02)) for the item were issued to members on 5 March 2019 in electronic form.)

[At 3:58 pm, the Chairman directed that the meeting be extended for 15 minutes. At 4:23 pm, the Chairman advised that he had received motions from members and would deal with them in due course.]

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Retail facilities

36. Ms Alice MAK opined that the vacancy rate of HA's retail facilities was at a low level of 1.2% merely because HA had outsourced its markets to single operators and the figure might not reflect the stall vacancy situation in single-operator markets ("SOMs"). Mr Andrew WAN expressed similar views. Ms MAK said that the single-operator management mode had not been operating well, and asked whether HA would abolish the single-operator letting arrangement and managed these markets directly. In view that there were cases where a single operator who had failed to continue operating the SOM concerned and had requested for HA's early termination of the tenancy was later allowed to submit bids for the same market and was awarded a new tenancy, the Chairman was concerned about the transparency of the criteria and tender process for outsourcing such markets, and asked whether the Administration/HA had conducted a comprehensive review in this regard.

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37. DD(EM), HD replied that the Administration/HA appreciated public concerns about the single-operator letting arrangement for HA's markets. HA's Commercial Properties Committee ("CPC") had discussed the subject matter in March and August 2017, and had put in place measures to enhance the leasing arrangements for SOMs and the monitoring of single operators. HA would continue to adopt the single-operator letting arrangement for its newly completed markets, and keep in view closely the effectiveness of measures on monitoring single operators and protection of stall operators. Where necessary, HA would step up measures to ensure the effective operation of SOMs. The Chairman requested the Administration to provide supplementary information on when HA or its CPC had reviewed the mechanism/arrangement of outsourcing HA's markets; whether and how HA had in light of the review's results put in place improvement measures and introduced penalties on unsatisfactory performance of the markets' operators.

38. Mrs Regina IP opined that under the single-operator letting arrangement, single operators could be selective about their tenants and might control over the supply of goods or services and hence their prices. She was concerned that these single operators might possess substantial degree of market power and urged the Administration to consider and seek advice on whether there was a breach of the Second Conduct Rule under the Competition Ordinance (Cap. 619). She further asked whether SOMs under HA were currently operated by a few companies. DD(EM), HD replied that under the single-operator letting arrangement, HA invited operators on the Client List for SOM to tender for the leasing of SOMs. In the tender documents, HA had set out requirements on the operation of SOMs, including the proportion of the stalls that could be directly operated by the single

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Admin operator concerned. There were currently 12 SOMs under HA and they were operated by various operators. Mrs IP requested the Administration to provide a list of operators/contractors to which tenancies/contracts were awarded by HA for operating its SOMs, and relevant details including the SOM(s) operated by each of them, whether multiple tenancies/contracts were awarded to operators/contractors from the same company/same group of companies, etc.

39. Mr KWOK Wai-keung was concerned whether the retail facilities under HA which were currently left vacant were mainly small retail shops, and enquired whether the vacancy rate of HA's retail facilities provided in LC Paper No. CB(1)634/18-19(05), i.e. 1.2%, was a percentage of the total internal floor area of such facilities. DD(EM), HD replied in the affirmative, and further advised that the letting position of HA's small retail premises was generally satisfactory.

Provision and maintenance of non-domestic facilities in housing estates

40. The Chairman opined that it often took one to two years after the population intakes of new public housing estates for the Administration/HA to provide adequate community or retail facilities in the estates, and On Tai Estate in Kwun Tong was an example of such estates. He considered that this created much inconvenience to residents, and asked whether the provision of such facilities could tie in with population intakes in future. DD(EM), HD replied that in view of the public concern about the provision of welfare facilities in On Tat Estate, Kwun Tong, HD and the Social Welfare Department had put in place a mechanism under which the two departments would start to liaison about six to nine months before the anticipated population intake of an estate so that arrangements could be made for the relevant NGOs to start the fitting-out works as early as possible, enabling early operation of the planned welfare facilities. To facilitate early provision of retail facilities, HA would arrange letting of such facilities before the issue of occupation permits. The Chairman remained of the view that the arrangements mentioned by DD(EM), HD might not keep pace with public aspirations, and the Administration/HA should conduct a review on them.

41. Mr WU Chi-wai enquired whether HA would seek the relevant authorities' approval for relaxing the plot ratio restrictions for non-domestic areas of its projects in order to tie in with the Government's "single site, multiple use" principle in land use. DD(EM), HD replied that HD would study Mr WU's suggestion with respect to development sites where separate plot ratio restrictions were imposed on their domestic and non-domestic portions. Regarding a development on which the plot ratio restriction was

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imposed as a whole and there were no separate plot ratio restrictions on the domestic and non-domestic portions, HA would maximize the provision of domestic units as far as practicable.

42. Mr KWOK Wai-keung expressed concern about the lack of proper maintenance of facilities in Tenants Purchase Scheme ("TPS") Estates, such as the retail facilities in Fung Wah Estate, a play area outside a kindergarden in Tsui Wan Estate, etc. He opined that as HA still held a substantial number of ownership shares in TPS estates, HD should actively involve in improving these estates' facilities and perform a lead role in dealing with estates' matters. DD(EM), HD replied that HA would consider appropriate follow-up actions in relation to the issues mentioned by Mr KWOK. The day-to-day management matters in a TPS estate were under the purview of the owners' corporation ("OC") concerned, and HA, as the owner of unsold flats in such estates, would share the cost of the management and maintenance of common areas and facilities in the estates. As a member of the Management Committee of the OC, HA's representatives would offer suggestions/reflect tenants' views to the OC on matters about day-to-day management of the estate.

Conversion of vacant non-domestic premises to other uses

43. Ms Alice MAK expressed concern about the problem of inadequate welfare premises for community organizations to provide services in public housing estates, such as Shui Chuen O Estate. In view that only about 60% of the storerooms within domestic areas of public housing estates had been leased out, she enquired how HA would expedite the process of converting vacant storerooms to other uses to meet the demand. Mr Andrew WAN opined that HA should convert vacant storerooms to domestic units as far as practicable and should continue to explore ways to better utilize other vacant storage spaces in estates. DD(EM), HD replied that HA would continue to review the feasibility of converting vacant storerooms within domestic areas in estates into domestic units. Subject to demand and technical feasibility, HA would convert vacant storerooms outside domestic areas to welfare premises. As regards Shui Chuen O Estate, HA had converted some premises in the estate to other uses, and would continue such efforts in future.

44. Mr HO Kai-ming opined that HA should achieve better utilization of vacant bays in Home Ownership Scheme estates, taking into account the residents' demand. Mr Andrew WAN opined that apart from welfare facilities, HA might also consider converting vacant premises to ward offices to enable Members to better serve the residents. DD(EM), HD replied that there were more than 300 ward offices in HA's estates, and HA would continue to cope with the demand for such offices as far as practicable.

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45. Mr LAU Kwok-fan was concerned whether there were premises in public housing estates which had been used for welfare purposes in earlier years and were subsequently left vacant, similar to the premises previously used as children's hostel in Yung Shing Court. He asked about the number of vacant premises, including vacant storerooms, in HA's estates which had been converted to domestic units. DD(EM), HD replied that HA had recently converted the premises vacated by the Small Group Home in Yung Shing Court into domestic units, and would allocate these units to PRH applicants upon completion of the conversion works. There were currently a few vacant premises which had been leased out for use as Small Group Homes in earlier years, and HA was exploring the feasibility of converting them into domestic units.

46. In view that the Office of The Ombudsman had raised concern about the high vacancy rate of storerooms in public housing estates and HA had been reviewing their use, Mr Gary FAN was concerned about the progress of the review and whether HA would convert such storerooms into premises for NGOs to provide community services. DD(EM), HD replied that HA had been working in the direction as mentioned by Mr FAN. When considering the conversion of storerooms to other uses, HA would take into account residents' views, relevant statutory requirements, technical feasibility and if applicable, land lease restrictions. In response to Mr Gary FAN's enquiry about how land lease restrictions would affect the feasibility of converting vacant storerooms to other uses, DD(EM), HD advised that some estates provided with vacant storerooms were located on land lots subject to land leases and HA might need to obtain necessary consent for the conversion.

47. Mr WU Chi-wai asked whether land lease conditions would limit the use of non-domestic premises in estates located on land lots vested in HA by the Government under a vesting order. In view that in such estates, HA often could not provide covered walkway and covered seating for meeting residents' need owing to the gross floor area ("GFA") restrictions, he enquired whether the Administration and HA had explored how to address the issue. DD(EM), HD replied that for HA's estates located on land lots subject to land leases with restrictions on GFA, HA might need to obtain necessary consent or waiver from the Lands Department for the proposed works. For estates held under vesting order, HA would still need to comply with the GFA restrictions under the Buildings Ordinance (Cap. 123). Mr WU requested the Administration to provide supplementary information on the respective details about the restrictions (such as statutory, GFA and other planning restrictions, etc.) that the Administration/HA would take into account when planning/carrying out projects/works to provide/add facilities (such as covered

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walkway and covered seating) in these two types of estates and the exemptions from such restrictions that might be granted by relevant authorities.

Car parking facilities

48. Mr Andrew WAN highlighted the inadequate provision of car parking spaces in Ying Tung Estate in Tung Chung to meet the demand of residents, including those who were drivers of vehicles owned by their employers. He enquired whether HA would increase parking spaces in its estates, in particular new public housing developments, to the maximum number allowed under the Hong Kong Planning Standards and Guidelines ("HKPSG"). He further enquired whether HA would seek a relaxation of this upper limit in future. Mr LAU Kwok-fan opined that the relevant planning standards for car parking spaces in public housing estates might no longer adequately cater for the demand of such facilities, and asked whether the Administration/HA would provide more car parking spaces in new public housing developments. DD(EM), HD replied that in planning the provision of parking spaces for new public housing projects, HA would in general make reference to the requirements of HKPSG. Moreover, HA would provide parking spaces at the upper end of the standards stipulated in the HKPSG if technically feasible, and would liaise with the Transport Department to maximize the number of parking spaces on project basis. As regards the existing estates, HA would seek opportunities to create additional car parking spaces subject to technical feasibility and local demand.

49. Mr HO Kai-ming queried whether the Administration had started to implement the new approach as mentioned by DD(EM), HD to maximize the provision of parking spaces in public housing developments, in view that relevant government department had continued to plan the provision of parking spaces in two new public housing developments in Kwun Tong merely according to HKPSG. He said that although relevant District Council had raised concern about the inadequate number of car parking spaces in On Tai Estate in Kwun Tong, the Administration had yet to address the issue. He urged the Administration/HA to explore more effective solutions, such as providing more underground car parking facilities. DD(EM), HD replied that HA had provided underground car parks in some new public housing projects, and would continue to take into account relevant factors, such as impacts on the project programme and cost, when considering the provision of such underground facilities in individual projects

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Motions

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

Motion moved by Mr HO Kai-ming –

"鑑於公營房屋的土地及資源珍貴，本事務委員會建議房委會採取以下措施，增加及妥善管理屋邨內的非住宅物業，從而為居民提供各項所需服務，有關措施包括：

1. 研究加建或擴建公共屋邨的停車場，以增加泊車位數目；
2. 善用屋邨天台作社福或其他居民設施；
3. 妥善使用公共屋邨儲物室，包括將合適的儲物室改建為住宅單位，並開放閒置儲物室予社福單位或社區組織租用；
4. 在未來的公營房屋項目內加建地庫等地下空間作非住宅物業。"

(Translation)

"Given that the land and resources for public housing are precious, this Panel recommends that the Hong Kong Housing Authority should adopt various measures to increase and properly manage non-domestic premises in public housing estates for the purpose of providing various types of services required by residents. Such measures include:

1. examining the construction of additional carparks or expansion of existing carparks in public housing estates to increase the number of parking spaces;
2. making better use of the rooftops of building blocks in public housing estates for providing social welfare facilities or other facilities for residents;
3. properly utilizing the storerooms in public housing estates by, inter alia, converting storerooms into domestic units as appropriate and letting idle storerooms to social welfare units or community organizations;
4. planning for the provision of underground space (such as basements) in future public housing projects for use as non-domestic premises."

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51. The Chairman put to vote the motion moved by Mr HO Kai-ming. 11 members voted in favour of the motion, no member voted against the motion, and no member abstained from voting. The Chairman declared that the motion was carried.

Motion moved by Mrs Regina IP and seconded by Ms YUNG Hoi-yan -

"為防止公屋零售設施及停車場出現壟斷或其他影響公平競爭情況，本事務委員會促請房委會停止單一招標外判服務，並徵求競爭事務委員會意見，確保每個屋邨、屋苑零售設施及停車場的營運均有足夠競爭。"

(Translation)

"In order to prevent monopoly and other scenarios that might jeopardize fair competition from arising in the operation of retail facilities and car parks in public housing estates, this Panel urges the Hong Kong Housing Authority to stop outsourcing its services by way of single tender, and seek the views of the Competition Commission to ensure that there is sufficient competition in the operation of retail facilities and car parks in each estate/court."

52. The Chairman put to vote the motion moved by Mrs Regina IP. 11 members voted in favour of the motion, no member voted against the motion, and no member abstained from voting. The Chairman declared that the motion was carried.

(Post-meeting note: The wording of the motions passed was issued to members vide LC Paper No. CB(1)671/18-19(03) to (04) on 6 March 2019 and was provided to the Administration via the letter dated 6 March 2019.)

VI. Any other business

53. There being no other business, the meeting ended at 4:37 pm.