

立法會
Legislative Council

LC Paper No. CB(1)925/19-20
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of the meeting
held on Monday, 1 June 2020, 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
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon WU Chi-wai, MH
Hon CHAN Chi-chuen
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHU Hoi-dick
Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon SHIU Ka-chun
Hon YUNG Hoi-yan, JP
Hon CHEUNG Kwok-kwan, JP
Hon LAU Kwok-fan, MH

Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS
Hon CHAN Hoi-yan

Member attending : Hon KWONG Chun-yu

Member absent : Hon Abraham SHEK Lai-him, GBS, JP

**Public Officers
attending**

Agenda Item IV

Dr Raymond SO, BBS, JP
Under Secretary for Transport and Housing

Ms Cindy LEE
Senior Project Manager 3
Transport and Housing Bureau

Agenda Item V

Mrs Alice CHEUNG, JP
Deputy Secretary for Transport & Housing (Housing)/
Deputy Director of Housing (Strategy)
Housing Department

Miss Joyce KOK
Principal Assistant Secretary (Housing)(Private Housing)
/ Assistant Director (Private Housing)
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

Action

I. Confirmation of minutes

(LC Paper No. CB(1)679/19-20 — Minutes of the meeting held on 9 March 2020)

The minutes of the meeting held on 9 March 2020 were confirmed.

II. Information papers issued since last meeting

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

LC Paper No. CB(1)588/19-20(01) — Letter dated 29 April 2020 from Hon Andrew WAN Siu-kin regarding the 2020 Rent review of public rental housing (Chinese version only)

LC Paper No. CB(1)596/19-20(01) — Land Registry Statistics for April 2020 provided by the Administration (press release)

LC Paper No. CB(1)627/19-20(01) — Letter dated 8 May 2020 from Hon Andrew WAN Siu-kin regarding transitional housing (Chinese version only)

LC Paper No. CB(1)653/19-20(01) — Administration's response to the joint letter dated 27 April 2020 from Hon Alice MAK Mei-kuen, Hon KWOK Wai-keung and Hon HO Kai-ming regarding relaxation of eligibility criteria of Hong Kong Housing Authority's Rent Assistance Scheme (LC Paper No. CB(1)570/19-20(01))

Action

- LC Paper No. CB(1)659/19-20(01) — Administration's response to the letter dated 8 May 2020 from Hon Andrew WAN Siu-kin regarding transitional housing (LC Paper No. CB(1)627/19-20(01))
- LC Paper No. CB(1)669/19-20(01) — Hong Kong Housing Society's response to the letter dated 8 May 2020 from Hon Andrew WAN Siu-kin regarding transitional housing (LC Paper No. CB(1)627/19-20(01))

III. Items for discussion at the next meeting

- (LC Paper No. CB(1)678/19-20(01) — List of follow-up actions
- LC Paper No. CB(1)678/19-20(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 6 July 2020, at 2:30 pm –

- (a) 2020 Rent review of public rental housing ("PRH"); and
- (b) Use of non-domestic premises of the Hong Kong Housing Authority ("HA").

(Post-meeting note: The notice of meeting and agenda were issued to members vide LC Paper No. CB(1)699/19-20 on 2 June 2020).

4. Members agreed to the proposal in Note (1) of the Panel's list of outstanding items for discussion (LC Paper No. CB(1)678/19-20(02)) ("the list") that item 7 (i.e. Resale restrictions for subsidized sale flats) and item 8 (i.e. Buy or Rent Option Scheme) would be deleted from the list, and the Chairman's suggestion that item 10 (i.e. Maintenance of gas facilities in Tenants Purchase Scheme Estates) would be retained in the list.

Action

IV. Study on tenancy control of subdivided units

- (LC Paper No. CB(1)678/19-20(03) — Administration's paper on study on tenancy control of subdivided units
- LC Paper No. CB(1)678/19-20(04) — Paper on tenancy control prepared by the Legislative Council Secretariat (background brief))

Relevant papers

- (LC Paper No. CB(1)508/19-20(01) — Submission from Hong Kong Subdivided Flats Concerning Platform dated 27 March 2020 expressing views on tenancy control and inadequate housing (Chinese version only)
- LC Paper No. CB(1)558/19-20(01) — Letter dated 22 April 2020 from Hon Vincent CHENG Wing-shun regarding tenancy control on subdivided units (Chinese version only)
- LC Paper No. CB(1)578/19-20(01) — Administration's response to the submission from Hong Kong Subdivided Flats Concerning Platform dated 27 March 2020 regarding tenancy control and inadequate housing as set out in LC Paper No. CB(1)508/19-20(01)
- LC Paper No. CB(1)587/19-20(01) — Letter dated 28 April 2020 from Hon Mrs Regina IP LAU Suk-yee regarding the Task Force for the Study on Tenancy Control of Subdivided Units (Chinese version only))

Action

5. At the invitation of the Chairman, the Under Secretary for Transport and Housing ("USTH") briefed members on the latest progress of the study on tenancy control of subdivided units ("SDUs").

Purpose of the study

6. In view that numerous discussions had been held in society on whether tenancy control should be implemented and the Panel had repeatedly requested the Administration to implement tenancy control of SDUs, Mr Vincent CHENG opined that the Task Force for the Study on Tenancy Control of Subdivided Units ("Task Force") should examine the feasible options for implementing tenancy control of SDUs, instead of whether to implement the measure. Ms YUNG Hoi-yan and Mr CHAN Chi-chuen expressed similar views. Mr CHAN Chi-chuen opined that the Administration should make clear to the public its position regarding the implementation of tenancy control of SDUs.

7. Ms Alice MAK was concerned that the Administration would not implement tenancy control of SDUs upon the Task Force's completion of the study and asked whether the Administration had a timetable for implementing the measure. She opined that the Panel had discussed tenancy control for many years, and her political affiliation had suggested for more than a decade the introduction of tenancy control on inadequate housing to protect tenants' interest. If the Administration had determination to address the housing difficulties faced by inadequately housed households, instead of taking time to commission a new study, the Administration should introduce the tenancy control measure and supported Members' proposed legislative amendments in relation to restrictions on resale of water and electricity.

8. Mr KWOK Wai-keung opined that the Administration's plan to launch a study on tenancy control of SDUs and the long timeframe for the Task Force to carry out its work had given an impression that the Administration intended to defer and shift the burden of making the decision of whether to implement the measure. He expressed concern that the Administration would not take any follow up actions after the study.

9. Ms YUNG Hoi-yan questioned whether the Task Force would produce concrete results under the study, such as some innovative solutions to address the problems of SDUs, including structures in rooftops of buildings, which had remained unresolved under the existing policies. She opined that the Administration had discussed with the Panel on tenancy control over years and had all along taken a stance of not supporting the implementation of the

Action

measure. She questioned whether the Administration would maintain the same stance after the study. Mr KWONG Chun-yu opined that many grass-roots households resided in SDUs because of the inadequate supply of PRH to meet the demand. The Administration needed to tackle the imminent difficulties faced by these households, including landlords' frequent rent increases, overcharging of water and electricity tariffs, etc. The study would be useless if it merely aimed at finding out the problems of SDUs.

10. USTH replied that the Task Force would submit a report to the Administration after completing the study, and the Administration would consider the way forward having regard to the study outcomes. The Administration had conducted a study on SDUs in 2013 under the work of the Long Term Housing Strategy, and the results of the study showed that there were diverse views on tenancy control and its consequences. The Administration considered it necessary to set up a task force to carry out a comprehensive study with a view to examining the feasibility and feasible options for tenancy control of SDUs. The Task Force's membership did not comprise officials from the Administration. Relevant government bureaux would send representatives to attend the meetings of the Task Force to provide advice and information to members of the Task Force. This arrangement might help foster an environment conducive to innovation.

Time taken for the study

11. Dr Fernando CHEUNG opined that there were more than 100 000 households living in inadequate housing with poor living environment, including some units where there was no partition between kitchen and toilet facilities, and they were facing uncertainties caused by landlords' arbitrary evictions and rent increases, overcharging of water and electricity tariffs, etc. The Administration should address these livelihood issues and implement tenancy control measures, including the measure to ensure that the obligations of landlords and tenants would be specified in a proper tenancy agreement. He was concerned that the implementation of tenancy control of SDUs would be delayed by the study and the work to follow up the study recommendations, such as the required legislative amendments. Mr KWOK Wai-keung expressed a similar concern.

12. Mr SHIU Ka-chun said that SDU tenants had been waiting for the implementation of tenancy control for a long time. Noting that the term of office of the Task Force was 18 months, he enquired why the Task Force needed to take such a long time to complete its work. Mr Vincent CHENG opined that the Task Force should aim at formulating concrete proposals and should complete its work in a shorter timeframe. He said that the LegCo

Action

Secretariat was able to complete a research on rent subsidy and rent control in selected places in just one to two months. USTH replied that the Administration had appointed the Task Force for a term of 18 months till October 2021, but the Task Force targeted to complete the study by the first half of 2021. The scope of the study carried out by the Task Force was much wider than that of a desktop research. One part of the study was fact finding work which would take time. The Task Force would conduct focus group interviews to gather information from the interviewees, and each such interview would take several hours to complete. In preparing and finalizing its report, the Task Force needed to conduct detailed discussions which would take time.

Scope of the study

13. In view that the Administration had provided the estimated number of SDU households in paragraph 2 of LC Paper No. CB(1)678/19-20(03), Mr Michael TIEN enquired whether such estimate was made based on a definition of SDUs, and why the Task Force still needed to work out a definition of SDUs under its study. USTH replied that the Administration had adopted different definitions of SDUs in its previous studies or surveys, such as the study on SDUs conducted in 2013 under the work of the Long Term Housing Strategy, the Thematic Report on Persons Living in SDUs as compiled under the 2016 Population By-census, etc. The Task Force would make available an updated definition of SDUs taking into account the latest changes in society.

14. Mr Andrew WAN said that in working out the definition of SDUs, the Task Force should make reference to local circumstances and information from overseas sources, such as the definition of "Houses in multiple occupation" under the Housing Act 2004 of the United Kingdom, which included number of occupants, area and facilities, etc. Mr SHIU Ka-chun said that the Administration had not conducted studies about SDUs since 2016, and suggested that to facilitate discussion in future, the Administration should conduct afresh a statistical survey on SDUs, including those in residential and industrial buildings, rooftops and squatter structures, etc. in order to update the data in respect of the number, area and geographical distribution of such units, their rent levels, household situation and building conditions, etc.

Action

15. USTH replied that different countries might adopt different definitions for SDUs or similar housing units. As mentioned in paragraph 8 of the Administration's paper, the fact finding task of the Task Force would facilitate a better understanding of the situation of the SDU market in Hong Kong and the residents living in SDUs. The Task Force would liaise with the consultant about the definition of SDUs and the associated legal issues.

16. Mr Michael TIEN referred to the Administration's advice on the possible consequences of tenancy control, and enquired whether to mitigate some of these consequences including reduction in the supply of rented accommodations and landlords' withholding of their properties from letting, the Task Force would study the introduction of tax incentive measures and vacancy tax to complement the tenancy control measure. USTH replied that the study included updated local analyses of the economic aspects and impacts of tenancy control. The Administration would relay Mr TIEN's suggestion to the Task Force.

17. Noting that the Administration had stated in LC Paper No. CB(1)678/19-20(03) that "in previous debates over tenancy control, the negative economic impacts of tenancy control are often cited and discussed", Mr Andrew WAN expressed concern whether this reflected that the Administration/Task Force had a predetermined position on tenancy control of SDUs. Mr CHAN Chi-chuen said that members of the public were well aware of the possible impacts of the tenancy control on landlords and tenants. He enquired about how the Task Force would conduct local analyses of the economic aspects and impacts and whether the Task Force would conduct focus group interviews with landlords in order to make such analyses.

18. USTH replied that updated local analyses of the economic aspects and impacts were needed for a comprehensive study of tenancy control of SDUs before making any policy suggestions to the Administration. Under the study, the Task Force would not only make reference to the results of the studies previously conducted by the Administration, but would also compile the views received from relevant stakeholders in the community as part of the report to be submitted to the Administration.

19. Ms YUNG Hoi-yan opined that the rent per square foot of SDUs was higher than the rent of some flats at mid-levels, such as Bonham Road. She enquired whether the study would include proposals to address such problem. Prof Joseph LEE opined that apart from the issues of study set out in the Administration's paper, the Task Force should also study how rent control and other tenancy control measures would ensure that a SDU tenant who had

Action

paid the controlled rent for the unit in future would be provided a safe, healthy and quality living environment. Mr LEUNG Yiu-chung expressed the same view. USTH replied that the Administration would relay Prof LEE's view to the Task Force. The Administration was aware of the rent situation of SDUs and how it compared with luxurious flats. Apart from the rent issue, the Task Force would also study other matters related to tenancy control of SDUs, such as problem of water and electricity tariffs, building safety, living condition, tenancy agreements, etc.

Work of the Task Force

20. Mr Vincent CHENG, Prof Joseph LEE and Ms Alice MAK expressed concern about the Task Force's plan to make overseas visits and its objectives. Mr CHENG opined that problems similar to those relating to SDUs in Hong Kong might not be found outside Hong Kong, and making overseas visits might not help the Task Force in conducting the study. The Chairman questioned whether it was practicable for the Task Force to make overseas visits, in view of the length of appointment of the Task Force's members and the impact of the pandemic. He enquired whether the Task Force should focus its time and efforts more on its consultation work. Ms YUNG Hoi-yan asked about the Task Force's purpose of considering experiences outside Hong Kong in its review on measures relating to tenancy control of SDUs.

21. USTH replied that a review of the experiences outside Hong Kong with respect to relevant measures would help the Task Force understand the strengths and weaknesses of different implementation options. Through overseas visits, the Task Force would understand the implementation situation of tenancy control at places outside Hong Kong. The Administration and the Task Force were aware of the possible impacts of the pandemic on the plan to make overseas visits, and would continue to monitor the situation in order to consider the feasibility of the plan. Regardless of whether such overseas visits could be made, the Task Force would step up its efforts in communicating with the community as far as practicable.

22. Mr Andrew WAN opined that SDUs included not only those provided in residential and industrial buildings, but also structures in rooftops of building blocks, etc. He queried whether the Task Force could deal with all issues relating to SDUs under the study given the limited number of meetings scheduled to be held by the Task Force. He asked about the channels for the Task Force to receive public views and whether public fora would be one of the channels. USTH replied that the Task Force planned to convene at least eleven meetings, each representing a stage of its work. For examples, the Task Force would make multiple visits to SDU households in various districts in the third stage of meetings with a view to comprehensively

Action

appraising the actual situation of SDUs, and would meet various concern groups to gauge their views in the fourth stage.

23. Dr CHENG Chung-tai opined that the Task Force should not rely on the findings of the Government's previous studies/surveys because such studies/surveys had been conducted a long time ago and some of the study results had been subject to queries. He enquired about the resources allocated to the Task Force to enable it to carry out and complete the study, including the financial provision for the Task Force for its work and how the provision would be used. USTH replied that the Administration had proposed an increase of four time-limited posts (including two Executive Officers I and two Assistant Clerical Officers) which would provide secretariat and administrative support to the Task Force. This emolument expenditure which was estimated to be \$2.9 million and the estimated expenditure of \$8.6 million for the consultancy studies commissioned by the Task Force had been included in the Appropriation Bill 2020, which was passed by the Legislative Council in May 2020. As regards the Government's previous studies and surveys on SDUs, a review on them would facilitate the Task Force to consider whether the survey methodologies previously adopted had deficiencies and would also help the Task Force to formulate the scope and framework for its consultant to take forward the fact-finding work and study the social aspects of tenancy control of SDUs. The Chairman requested the Administration to provide supplementary information to address Dr CHENG's enquiry.

(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)882/19-20(01) on 17 July 2020.)

Membership of the Task Force

24. Mr KWOK Wai-keung said that the Task Force's membership mainly comprised professionals, and expressed concern whether the Task Force would work out any practical proposals to address the SDU problems. He opined that the demand for SDUs would continue to exist given the shortfall of public housing, limited supply of transitional housing and increasing number of PRH applicants. The difficulties faced by SDU families were mainly high rent per square foot and landlords' overcharging of water and electricity tariffs, and the Administration should not wait until the completion of the study to work out measures to address them. USTH replied that members of the Task Force included professors of real estate, public policy, Hong Kong studies and social work, and representatives from community groups/organizations, etc. They possessed in-depth knowledge on issues relevant to the study.

Action

25. Mr LEUNG Yiu-chung said that many members of the Task Force were professors, and enquired whether the Administration expected the Task Force to conduct an academic research or work out feasible proposals to deal with the problems faced by SDU households. He expressed regrets in respect of the membership of the Task Force, which did not comprise stakeholders but included some who had previously stated opposition to the implementation of tenancy control, and suggested that the Administration should consider changing the membership. Mr Andrew WAN expressed concern that the membership of the Task Force comprised a representative of property owners, but did not include any representatives of SDU tenants. Dr Fernando CHEUNG raised a similar concern.

26. USTH replied that the Administration set up the Task Force to carry out a comprehensive study with a view to examining the feasibility and options for tenancy control of SDUs. Members of the Task Force included a director of a non-government organization which provided assistance to SDU tenants, a representative of a concern group on grass-roots housing which supported tenancy control, and academia participating in the operation of social welfare organizations. The Task Force therefore comprised members who opposed tenancy control of SDUs and those supporting it.

Transparency and communications

27. Dr Fernando CHEUNG expressed concern on the transparency of the Task Force's work, including the public access to its meeting papers. Mr SHIU Ka-chun enquired whether the public could access information about the Task Force's meetings, including the subject matters discussed at such meetings. USTH replied that to enhance transparency of the Task Force's work, the Administration would upload the summary of each meeting of the Task Force to the relevant webpage upon the confirmation of the relevant minutes of meeting. The summary of the first meeting would be uploaded soon.

28. In view that the Chairman of Task Force had not attended the meeting to discuss the item with members, Mr SHIU Ka-chun queried about the validity of the Administration's claim in its paper that the Task Force would maintain a dialogue with the relevant stakeholders including the Legislative Council and listen to their views. He requested that the Administration and the Task Force should brief members on the study at the Panel's meetings on a regular basis, and representatives of the Task Force including the Chairman must attend the meetings. USTH replied that the Administration would relay Mr SHIU's views and concerns to the Chairman and members of the Task Force.

Action

29. Mr Andrew WAN was disappointed that representatives of the Task Force did not attend the discussion at this meeting, and queried about their willingness to receive public views on the study. The Chairman advised that in light of the suggestion from members earlier on and on his instruction, the Clerk had written a letter to the Administration on 5 May 2020 inviting the Secretary for Transport and Housing ("STH") and the Chairman of the Task Force to attend this meeting. The Administration had replied to the Clerk that STH and the Chairman of the Task Force would not attend this meeting taking into consideration that the study was in an early beginning stage. The Chairman said that he did not subscribe to the reason given by the Administration. On Mr Vincent CHENG's suggestion that the Panel might invite the Chairman of the Task Force again to attend a meeting so that members might express their views on the study to the Task Force, the Chairman advised that he would instruct the Clerk to convey to the Administration members' request for attendance of the Chairman of the Task Force to receive members' views on future occasions, such as the Panel's meetings. He said that Mrs Regina IP and Mr Vincent CHENG had earlier on suggested in their respective letters (LC Papers No. CB(1)587/19-20(01) and CB(1)558/19-20(01)) that the Task Force should conduct more consultations and the Panel should hold a public hearing on the study. He would liaise with the Deputy Chairman and the Clerk to consider these suggestions, taking into account the circumstances such as the remaining time of this session and the impact of the pandemic. If there were decisions on the matters and relevant arrangements could be made, he would inform members accordingly.

Public engagement

30. Mr SHIU Ka-chun enquired about the public engagement plan under the study, and opined that the Administration/Task Force should consult the district councils of the districts where SDUs were commonly found, such as Sham Shui Po District Council, Yau Tsim Mong District Council, etc. USTH replied that the Administration had taken note of Mr SHIU's view. The Task Force would keep close contact with relevant stakeholders when carrying out the study.

31. Mr Andrew WAN asked whether the Task Force would step up its efforts in consulting SDU households. The Chairman said that the Administration should pay heed to the concerns raised by members at the meeting, including the membership of the Task Force and its work priorities. He asked whether the Task Force would make reference to the public engagement activities of the Task Force on Land Supply, and conduct a comprehensive consultation under various public engagement formats,

Action

including roadshows, public fora, visits to households living in various types of inadequate housing, etc. USTH replied that engaging the public in informed discussions on relevant issues relating to tenancy control of SDUs was a major part of the Task Force's scope of work. Apart from making visits to SDU households in various districts in June 2020, the Task Force would also interview various concern groups in July 2020. The Task Force would also organize public forums to gauge views of the community. The Chairman remained of the view that to meet the aspirations of the public and households of inadequate housing, apart from the consultation work mentioned by USTH and set out in the Administration's paper, the Task Force needed to conduct more consultations. This would also facilitate the Task Force to gain a more complete picture regarding the subject matters under its study.

Motions

32. At 3:48 pm, the Chairman referred members to the following motions, which he considered relevant to the agenda item –

Motion moved by Mr Michael TIEN –

"本事務委員會促請"劏房"租務管制研究工作小組同時研究配合租務管制的稅務措施，例如以空置稅減低供應減少的機會，以及其他財務鼓勵措施，以紓減租務管制對業主的負面影響。"

(Translation)

"This Panel urges the Task Force for the Study on Tenancy Control of Subdivided Units to concurrently study taxation measures which complement tenancy control, such as introducing vacancy tax to minimize the chance of reduction in supply, as well as other financial incentive measures, with a view to mitigating the negative impacts of tenancy control on landlords."

33. The Chairman ordered that the voting bell be rung for five minutes. The Chairman put to vote the motion moved by Mr Michael TIEN. 16 members voted in favour of the motion, one member voted against and one member abstained from voting. The Chairman declared that the motion was carried.

Action

Motion moved by Mr Andrew WAN –

"鑒於現時劏房住戶承擔沉重租金和其他不利的租務安排，政府已為劏房戶提供租金津貼，然而，在未有實施劏房租務管制下，單純提供租金津貼將會使劏房租金上升。另外，"劏房"租務管制研究工作小組("工作小組")的組成亦欠缺劏房戶代表。

故此，本人動議工作小組必須增加向劏房戶的諮詢工作，全面準確了解香港劏房戶的情況，以獲取的質性研究和量化研究數據作為制訂租管的基礎，在工作小組完成有關報告後，政府必須盡快落實劏房租務管制，以紓民困。"

(Translation)

"At present, as subdivided unit ("SDU") households bear hefty rents and other unfavourable tenancy arrangements, the Government has provided SDU households with rent allowances. However, without implementing tenancy control of SDUs, mere provision of rent allowances will result in soaring rents of SDUs. Separately, representatives of SDU households are not found in the composition of the Task Force for the Study on Tenancy Control of Subdivided Units ("the Task Force").

In this connection, I move that the Task Force should step up its efforts in consulting SDU households to accurately gain a comprehensive understanding of the situation of SDU households in Hong Kong, so that the qualitative and quantitative research data obtained can be used as the basis for the formulation of tenancy control measures. Following the completion of the relevant report by the Task Force, the Government must expeditiously implement tenancy control of SDUs, so as to alleviate people's hardship."

34. The Chairman put to vote the motion moved by Mr Andrew WAN. 17 members voted in favour of the motion, one member voted against and no member abstained from voting. The Chairman declared that the motion was carried.

Action

Motion moved by Mr SHIU Ka-chun –

"鑒於現時"劏房"租務管制研究工作小組成員欠缺基層劏房戶代表及關注基層住屋的團體代表，本事務委員會促請政府盡快安排基層代表及相關社福機構成員加入小組，協助完成研究。"

(Translation)

"Given that currently the Task Force for the Study on Tenancy Control of Subdivided Units does not comprise representatives of grass-roots households of subdivided units and concern groups on grass-roots housing, this Panel urges the Government to expeditiously make arrangements for grass-roots representatives and members of relevant social welfare organizations to join the Task Force, so as to assist in completion of the study."

35. The Chairman put to vote the motion moved by Mr SHIU Ka-chun. 17 members voted in favour of the motion, no member voted against and one member abstained from voting. The Chairman declared that the motion was carried.

Motion moved by Mr Vincent CHENG and seconded by Mr Wilson OR–

"鑒於社會已就是否應該推行租務管制進行多次的討論，而本事務委員會亦多次要求當局重推"劏房"租務管制，故本事務委員會促請"劏房"租務管制研究工作小組集中研究推行租務管制的可行方案，而非應否就"劏房"進行租務管制。同時，本事務委員會促請小組在研究"劏房"租務管制時，一併研究如何防止業主濫收水電及雜費等，以保障基層租戶。"

(Translation)

"Given that numerous discussions have been held in society on whether tenancy control should be implemented, and this Panel has repeatedly requested the authorities to reintroduce tenancy control of subdivided units ("SDUs"), this Panel urges the Task Force for the Study on Tenancy Control of Subdivided Units to focus on examining the feasible options for implementing tenancy control, instead of whether to implement tenancy control of SDUs. Meanwhile, this Panel

Action

calls on the Task Force, when examining the issue of tenancy control of SDUs, to study in parallel ways to prevent overcharging of water and electricity tariffs and miscellaneous charges, etc. by landlords, with a view to protecting grass-roots tenants."

36. The Chairman put to vote the motion moved by Mr Vincent CHENG. 16 members voted in favour of the motion, no member voted against and two members 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 Nos. CB(1)715/19-20(01) to (04) on 2 June 2020, , and the Administration's response to the motions was issued to members vide LC Paper No. CB(1)882/19-20(01) on 17 July 2020.)

V. "Starter Homes" Pilot Projects for Hong Kong residents

(LC Paper No. CB(1)678/19-20(05) — Administration's paper on "Starter Homes" Pilot Projects for Hong Kong Residents

LC Paper No. CB(1)678/19-20(06) — Paper on "Starter Homes" pilot projects for Hong Kong residents prepared by the Legislative Council Secretariat (background brief))

37. At the invitation of the Chairman, Deputy Secretary for Transport & Housing (Housing)/Deputy Director of Housing (Strategy), Housing Department ("DS(H)) briefed members on the latest progress of the Starter Homes ("SH") pilot projects for Hong Kong residents.

[At 4:13 pm, the Chairman directed that the meeting be extended for 15 minutes to 4:45 pm.]

Way forward of Starter Homes

38. Mr Andrew WAN and Mr KWONG Chun-yu enquired whether apart from the units provided in the the first SH pilot project at Ma Tau Wai Road ("MTWR project") and the second SH pilot project at Anderson Road

Action

("Anderson Road project"), the Administration had any plans to provide more SH units in future. Mr KWONG opined that the number of SH units in the two pilot projects was limited, and asked whether the Administration would implement SH as a regular programme.

39. Mr Vincent CHENG declared that he was a non-executive director of the Urban Renewal Authority ("URA"). He said that the URA's MTRW project had been well received by eligible applicants, including young families, and there might be sustained demand for SH units in future. In view that apart from URA, the Administration had also enlisted a private developer to build and sell SH units, he enquired about the organizations that would be entrusted by the Government to undertake SH projects in future.

40. DS(H) replied that the Administration had launched the two SH pilot projects with a view to testing out the SH concept and the arrangements of enlisting private developers to build and sell SH units. As mentioned in the 2019 Policy Address, the Government would entrust URA with a new mission to actively provide more SH or other types of subsidized sale flats ("SSFs") in its redevelopment projects in light of the successful implementation of the MTWR project. The Administration would continue to communicate with URA in this regard.

41. Ms Alice MAK declared that she was a non-executive director of URA. She said that the Government should be committed to providing adequate financial support for URA to provide more SSFs, including SH units, so that the URA's financial position would not be adversely affected. Mr Vincent CHENG opined that the URA's mission was to regenerate the older urban areas of Hong Kong, and it might not be practicable for URA to build SH units using its own resources. To enable URA to develop more SH projects without affecting its original work, the Government should provide sufficient support to URA. DS(H) replied that the redevelopment project at Ma Tau Wai Road was part of URA's urban renewal work. To test out the SH concept earlier, the Government had invited URA to assign some units in the project for sale as SH units. This arrangement had not affected the objective and positioning of URA.

42. Mr Vincent CHENG noted that the tender for the Anderson Road site had been awarded to the highest tenderer at a premium of \$4,951 million, and asked whether the successful tenderer would have submitted a higher bid price for the site if there was no requirement to include SH units in the development project. Mr KWONG Chun-yu expressed concern about the level of premium for the land on which SH units would be built and sold by developers. DS(H) replied that in line with the Government's existing

Action

mechanism in disposing private residential sites on the Land Sale Programme, the Government put up the Anderson Road site for sale by open tender, and the tender was awarded to the developer who offered the highest bid. Since the Administration had put in place various requirements in the land sale conditions of the Anderson Road site, including the requirement to offer about 1 000 units for sale as SH units, etc., the relevant costs involved in meeting such requirements should have been reflected in the bids submitted by the tenderers.

43. Mr CHAN Chi-chuen opined that the Government should focus its resources on assisting households to solve their housing problems, rather than taking specific measures to meet the demand for home ownership. Given the impacts of the National People's Congress's decision regarding the enactment of a national security law for Hong Kong and the risk in the property market, it might not be appropriate for the Administration to encourage members of the public to buy flats. In view that SH applicants had to be Hong Kong residents who had lived in Hong Kong for seven years, he enquired whether the Administration would not relax this eligibility requirement even if many SH units would remain unsold in future due to property market downturn. Mr KWONG Chun-yu expressed concern about the public housing supply in the coming five years, and opined that the Administration should significantly increase the supply of PRH and Home Ownership Scheme ("HOS") flats. DS(H) replied that SH units would only be provided on the premise that the existing supply of public housing would not be affected, hence the implementation of SH projects would not affect the supply of PRH and HOS. Similar to other SSFs, in considering whether and how many SH units would be provided in future, the Administration would take into account the prevailing economic and market situation.

Alienation restriction

44. In view that the Administration had imposed a five-year alienation restriction for the units of the two SH pilot projects, Mr CHAN Chi-chuen enquired about the "exit mechanism", if any, for SH owners during the first five years of purchase if their economic conditions had changed. DS(H) replied that SH owners who encountered economic hardships or family changes under special circumstances could seek approval of the URA/Administration (as the case may be) to sell their SH units during the first five years of purchase in the open market after payment of premium to the URA/Government (as the case may be).

Action

45. The Chairman opined that SH units were subsidized housing, The Administration should further consider the alienation restriction suitable for SH projects to ensure that such units would be provided to meet the need of home ownership under the prevention of double benefits rule. Ms Alice MAK opined that it would be desirable if the property market for investors/speculators was separate from that for members of the public who had genuine housing needs. She had earlier on suggested that instead of following the alienation restriction adopted in the MTWR project, the Administration should consider a longer period of alienation restriction for the units in subsequent SH projects, including the Anderson Road project. Ms MAK and Mr Andrew WAN opined that as HA had tightened the alienation restriction for HOS flats by increasing the period in which HOS owners could not sell in the open market to 10 years, the Administration should also impose a 10-year alienation restriction on the units in new SH projects in order to step up prevention of speculative trading of subsidized housing. Mr SHIU Ka-chun opined that the Administration should impose appropriate alienation restrictions to help address the problem of high selling prices of SSFs, and the alienation restriction period of SH units should be lengthened to 10 years.

46. DS(H) replied that the five-year alienation restriction was put in place to prevent SH owners from selling the flats, which were subsidized by public funds, in the open market shortly after purchase. The Administration considered that a 10-year alienation restriction might be too stringent having regard to the fact that unlike HOS units, there was at present no captive secondary market on which SH owners could sell their flats without payment of premium. The Administration would take into account members' views on the subject matter and review the alienation restrictions for future SH projects where necessary. Mr Andrew WAN cast doubt on the need to take into account the availability of secondary market when determining the appropriate alienation restriction period for SH units.

47. Ms Alice MAK opined that SH units should be provided for eligible buyers who needed a long-term accommodation to form their own family and imposing a stringent alienation restriction would help deter the practice of using SH units as a tool for speculation. In view that about half of the SH units in the Anderson Road project were studio and 1-bedroom units, she expressed concern that owners might be forced to sell such small units and buy larger flats due to changes in family size in future and this might create more opportunities for speculation. In response to Ms MAK's enquiry on whether the Administration would consider providing more larger units in future SH projects, DS(H) advised that the studio units of the MTWR project

Action

were quite well-received, and that studio units would be provided in the Anderson Road project. According to the land sale conditions under the Anderson Road site, the saleable area of studio, 1-bedroom and 2-bedroom units would range from around 250 square feet to 500 square feet.

Management fees

48. The Chairman opined that the management fee level of the MTWR project, i.e. eResidence, amounted to \$4.3 per square foot, which was higher than that of the recently completed SSF project of the Hong Kong Housing Society, Greenhill Villa. Such exorbitant management fees had not been made known to potential buyers of SH flats in advance, and might cause much financial burden on the SH owners. He asked about the Administration's monitoring role in respect of management fees of SH units, and how the Administration would prevent the occurrence of the same problem in future SH projects. DS(H) replied that the Administration did not specify requirements regarding the management fee levels of the two SH pilot projects. In considering whether restrictions should be set regarding the management fee levels of SH pilot projects, the Administration might need to consider whether it would result in developers making trade-offs on other areas under the development project (e.g. facilities and ancillary infrastructures). The Chairman remained of the view that the Administration had a role to play in respect of the management fees of SH projects.

Pricing mechanism

49. In view that there was a notable difference in the pricing levels of the respective SH units provided in the MTWR project and the Anderson Road project, the Chairman, Mr SHIU Ka-chun and Mr Vincent CHENG enquired about the reasons for the difference. The Chairman said that the Administration should explain more clearly to the public how the discounted selling prices for SH units would take into account the SH applicants' ability to afford. Mr Andrew WAN opined that to facilitate public understanding, the Administration should consider giving a better presentation of the bases for the pricing levels of the two pilot projects. He suggested that for future SH projects, the Administration should consider concurrently lower the selling prices of SH units and impose a more stringent alienation restriction for them. Mr SHIU Ka-chun enquired whether the SH units in the Anderson Road project undertaken by a private developer were sold at higher prices than those in the MTWR project because the Administration allowed the private developer to earn higher profits. He further asked about the discounted selling prices of SH units in future and whether the Administration would set a ceiling/floor for them.

Action

50. DS(H) replied that the objective of SH projects was to enrich the housing ladder by adding a rung below private housing and above HOS. The SH units in the MTWR project were sold in June 2019 at 62% of the assessed market values, i.e. a discount rate of 38%, which was 10% less than the 48% discount for the 2018 HOS sale exercise. Considering that it would take several years before the SH units of the Anderson Road project could be put up for sale and the discount rate of HOS by then would not be known at the time when the site was tendered, in determining the discount rate of these SH units, reference was made to the general principle that the discount rate of HOS would not be lower than 30%. She explained that the same approach might be adopted again in future if the discount rate of SH units to be provided in a private development had to be determined and specified in the relevant land sale conditions certain time before the completion of the project and sale of the SH units. The Administration would take into account the prevailing market circumstances in making adjustments to the pricing mechanism of SH where appropriate.

VI. Any other business

51. There being no other business, the meeting ended at 4:40 pm.

Council Business Division 1
Legislative Council Secretariat
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