

**Minutes of the Regular Open Meeting of the HONG KONG HOUSING AUTHORITY Held on Thursday, 27 June 2013 in the Housing Authority Chamber, 10<sup>th</sup> Floor, Block 2, Housing Authority Headquarters**

**PRESENT**

Prof the Hon Anthony CHEUNG Bing-leung, GBS, JP	Secretary for Transport and Housing ( <b>Chairman</b> )
Mr D. W. PESCOD, JP	Director of Housing ( <b>Vice-chairman</b> )
Ms Angela LEE Wai-yin, BBS, JP	
Ms YEUNG Sin-hung, MH	
Prof Raymond SO Wai-man	
Mr Michael CHOI Ngai-min, JP	
The Hon Vincent FANG Kang, SBS, JP	
The Hon IP Kwok-him, GBS, JP	
The Hon WONG Kwok-kin, BBS	
Mr Albert AU Siu-cheung	
Ms Christine FANG Meng-sang, BBS, JP	
Ms Julia LAU Man-kwan	
Mr WONG Sing-chi	
Mr LEE Ping-kuen, JP	
Mr Winfield WONG Wing-cheung	
Miss Anita FUNG Yuen-mei	
Ms Virginia CHOI Wai-kam, JP	
Ms Tennessy HUI Mei-sheung, JP	
Dr LAU Kwok-yu, JP	
Mr Stanley WONG Yuen-fai, JP	
Ms Serena LAU Sze-wan	
Mr WAN Man-yee, BBS, JP	
Mr Edmond CHU Ching-ching	Principal Assistant Secretary for Financial Services and the Treasury (Treasury)(Management Accounting)(Acting)
Mr Jeff LAM Yun-tong, JP	Deputy Director of Lands (General)
Ms Annie TANG Hoi-ye, JP	Deputy Director (Corporate Services) ( <b>Secretary</b> )

## **ABSENT WITH APOLOGIES**

The Hon Alan LEONG Kah-kit, SC	
Mr Leo KUNG Lin-cheng, BBS, JP	(Out of Hong Kong)
Prof Edwin CHAN Hon-wan	(Out of Hong Kong)
Mr Barrie HO Chow-lai, MH	(Out of Hong Kong)
Prof Bernard Vincent LIM Wan-fung, JP	(Out of Hong Kong)

## **IN ATTENDANCE**

Miss Agnes WONG Tin-yu, JP	Deputy Director (Strategy)
Ms Ada FUNG Yin-suen, JP	Deputy Director (Development and Construction)
Mr Albert LEE Kwok-wing, JP	Deputy Director (Estate Management)
Mrs Kitty YAN LAM Kit-yi	Assistant Director (Legal Service)
Ms Kitty KOAH Siu-fung	Committees' Secretary (Acting) <b>(Meeting Secretary)</b>

## **OPENING ADDRESS**

**The Chairman** declared the meeting open at 2:36 p.m.

### **AGENDA ITEM 1**

#### **Confirmation of the Minutes of the Regular Open Meeting Held on 24 January 2013**

(Paper No. HA 10/2013)

2. The minutes of the meeting held on 24 January 2013 were **confirmed** and signed.

### **AGENDA ITEM 2**

#### **Confirmation of the Minutes of the Annual Special Open Meeting Held on 6 June 2013**

(Paper No. HA 13/2013)

3. The minutes of the meeting held on 6 June 2013 were **confirmed** and signed.

### **AGENDA ITEM 3**

#### **Response to Members' Addresses Made at Annual Special Open Meeting Held on 6 June 2013 by Mr D. W. PESCOD, JP, Director of Housing**

4. **Mr D. W. PESCOD**, Director of Housing (D of H), delivered his speech as follows:

“Chairman, Members and colleagues,

#### **Introduction**

This is the fourth occasion on which I have had the honour to respond to Members' comments made at the Annual Special Open Meeting of the Housing Authority.

2013 is a special year in the history of Hong Kong's housing policy. It is the 60th anniversary of public housing development in Hong Kong and the 40th anniversary of the establishment of the Housing Authority. Some people have asked why we need to acknowledge history when there are so many

problems facing us on housing today. Well, I am often reminded of the comment by George SANTAYANA, who said “Those who cannot learn from history are doomed to repeat it.” To my mind, we have a lot to learn from history that will directly benefit us today. I also feel that we should acknowledge the successes of our predecessors whose wisdom and foresight has allowed Hong Kong to develop one of the most outstanding public housing programmes in the world. For this reason, we are celebrating the 60th anniversary in a manner befitting the occasion and in keeping with our core values.

### ***The 40th Anniversary of the Housing Authority***

Of course, the other big anniversary this year is the Housing Authority’s 40th birthday. The Housing Authority has developed into a financially autonomous body, taking forward both Public Rental Housing and now again Home Ownership Scheme developments with its own funds. Today, the Housing Authority is by far the largest home builder in Hong Kong. We already produce an average of 15 000 flats every year. The figure will rise to some 20 000 when the new Home Ownership Scheme flats come into play in 2016/17. The production target will further increase to 25 000 starting from 2018 when we plan to build an average of about 20 000 Public Rental Housing flats and 5 000 Home Ownership Scheme flats each year in support of the Chief Executive’s commitment to increase the overall production of housing. And this represents just the current targets: I would not be surprised if we are asked to further increase production in future. I want to assure colleagues and members that we will take timely steps to be prepared for whatever is required of us.

One of the things from which we can all take pleasure is that throughout the 40 years since its establishment, the Housing Authority has been single minded in its focus on the development and implementation of Hong Kong’s public housing programme.

In this special year for both the Housing Authority and public housing, a Chinese idiom occurred to me: “承先啓後、再創輝煌”. We are building on the excellent foundations that our predecessors have laid and in our turn paving the way for our next generation. I am very fortunate to regularly receive advice from Members and of course from our Chairman and I rely heavily on the support of my colleagues in the Housing Department. Indeed, it is fair to say that without you and them, the department could not have faced up to so many obstacles and challenges over the years, and still be able to continue delivering quality homes to our tenants.

I would like to take this opportunity to express my appreciation to the Members who shared their views at the Annual Special Meeting three weeks ago and my gratitude to all Members for your support to the Housing Department's work in the past year.

### ***Public Rental Housing - Past and Present***

It is worthwhile to look back and see how far we have come over the years. I am sure everyone knows that a fire broke out in Shek Kip Mei on Christmas Day in 1953, leaving some 50 000 people homeless overnight. Out of this tragedy came the decision by the then Government to embark upon an ambitious rehousing programme, starting with the building of resettlement blocks to rehouse the fire victims. The resettlement blocks were simple six or seven storeys high and had no lifts. The units were tiny without partitions or any facilities. Residents had to cook in the corridors and share toilets, bathrooms and water taps in the middle section of each floor. Those blocks indeed could only be described as providing basic shelters to the people most in need.

With 60 years of development, the public housing today is of course much more sophisticated. Kitchens and bathrooms became standard provisions in each unit by the end of the 1960s and we started installing lifts in the 1970s. Nowadays public housing is built using "non-standard" site-specific designs to maximise the potential of individual sites. We have adopted environment-friendly features and barrier-free designs and of course we provide a full range of services and facilities wherever we can.

We have received numerous awards for both the design and the innovative features in our housing blocks. They are popular with tenants and have longer anticipated lifespans and as well as cheaper maintenance costs than housing blocks from previous generations.

I believe we can be justifiably proud of what we build. Not luxury by any standards but safe, decent housing for those most in need in our community. I was therefore a bit surprised when, at the meeting on 6 June, there was a suggestion that the standards we now achieve are too good and we should be building less sophisticated Public Rental Housing! Indeed, I have been asking myself over the last few weeks: Why should people living in public housing not benefit from improvements in design? Why shouldn't we provide quality buildings with simple fixtures that are safe and secure? Why would we not try to contain our costs by using modern building techniques, appropriate materials and energy-saving features? Why wouldn't we design flexibility

into our buildings so that when circumstances change, we can complete units to Public Rental Housing or Home Ownership Scheme standards at little additional cost? Why not adopt building techniques that allow us to build units as quick if not quicker than most private sector developers? Most important of all: Why are we being challenged because we provide decent housing for those most in need?

Today, the Housing Authority provides homes that are safe, stable and decent to over 2 million people, or about one-third of the population in Hong Kong. Housing is of course the most fundamental need of everyone and with Public Rental Housing addressing this need, people who would not be able to afford a shelter otherwise are empowered to pursue their “Hong Kong dream” and write their own success stories. I believe you will agree with me when I say that the Public Rental Housing programme has been the cornerstone on which we have built the stability and prosperity of Hong Kong. This is why we celebrate our achievements. This is also why I believe the answers to all my questions are self-evident.

## **The Principal Role of Housing Authority as the Provider of Public Rental Housing**

### ***The Waiting List***

As at the end of March 2013, as Members know, there were 116 900 general applications and about 111 500 non-elderly one-person applications under the Quota and Points System on the Waiting List. When compared to the position last year, the number of general applications and applications under the Quota and Points System has increased by 15 per cent and 27 per cent respectively. But if we go even further to compare the figures with the position three years ago when I joined the department, numbers have increased by an astounding 50 per cent and 117 per cent respectively. So I ask myself what is it beyond the numbers; what is more important to understand is the changes in the profile of applicants.

We have been monitoring the waiting list situation very closely and have noticed that there have been significant changes in the profile of Waiting List applicants in recent years, particularly as a result of the increase in the number of Public Rental Housing applications from singletons and young people. Most startling is that among the 111 500 non-elderly one-person applicants on the Quota and Points System list, 67 per cent, i.e. 74 800, are aged 35 or below.

As at the end of March 2013, the Average Waiting Time for general applicants and elderly one-person applicants were 2.7 years and 1.5 years respectively. These are below our target of three years and two years. So far the Average Waiting Time for general applicants has been maintained within the policy target, which is below three years. However, I am increasingly worried about our ability to achieve this target going forward. The fact is that with limited Public Rental Housing resources, we must ensure that Public Rental Housing flats are allocated in a fair and rational manner, we need to strike a balance when meeting the housing needs of different categories of applicants (including both families and singletons) and we have to prioritise the allocation of Public Rental Housing flats in order to help those with genuine and most pressing needs.

It is against this background that I really have to be blunt - there is no realistic prospect for us to relax the three-year waiting period nor is it possible to extend this commitment to those on the Quota and Points System List at this time. I will say that this matter must be kept under constant review and when circumstances change, in particular when the supply of Public Rental Housing and Home Ownership Scheme increases, we must take steps to adjust our targets and progressively introduce the three years commitment to those on the Quota and Points Scheme list. Unfortunately and inevitably, this will take some time.

### ***Providing Rent Allowance to Waiting List Applicants***

I note that some Members have raised the idea that the Government or the Housing Authority should provide rent allowances to those who have been on the Waiting List for say more than three years. I am not in favour of such a measure. This is because I believe the main beneficiaries will be the landlords, who are likely to put up prices or may even take their units off the market; the result will only be higher rents and fewer units available for renting. This is exactly what has happened elsewhere, it is not something I dreamt up, it has happened where rent subsidies have been introduced.

I have said this before but it bears repeating: the problem facing people in private tenancies needs to be resolved properly by steadily increasing the housing supply.

### **Home Ownership Scheme**

The response to the recent sale of surplus Home Ownership Scheme units demonstrates that people in Hong Kong aspire to home ownership not just to become a Public Rental Housing tenant. They recognise that being

a tenant is very different to and much less secure than being an owner. The fact is Public Rental Housing tenants have to face regular checks on their eligibility. We require those that are over accommodated to move to more suitably sized flats. We have a well-off tenant policy to encourage those that exceed income and asset limits to move out. We have a demerit point system to deal with anti-social behaviour. We also manage our estates and redevelop sites that are old and where we can increase the number of units on the site. All of these measures mean that there is always going to be uncertainty over retention of Public Rental Housing. I would suggest that we as a community need to consider what is the appropriate mix between Public Rental Housing, Home Ownership Scheme housing and, of course, private housing.

### ***Construction of Public Housing***

I am sure some of you, if not all of you, will recall the outcry when I said in my speech before you a couple of years ago that it took us on average seven years to complete a Public Rental Housing development project. Well, I am pleased to be able to report, as a result of extremely hard work by all colleagues, we have been able to fast-track our preliminary work and shorten this from three years down to one year on the Home Ownership Scheme projects. The key to this achievement is to get spade-ready development sites, support from the local community and, of course, the hard work of my team and our contractors. The result is that, where possible, we will now work to a five-year cycle for all of our housing production. I mention this because I must not only thank colleagues in the department but all our partners for their efforts to make this possible.

We have put in place a 10-year Public Housing Production Programme to address the demand for Public Rental Housing. For the first five years from 2012/13 to 2016/17, by fast-tracking two Public Rental Housing projects with about 3 400 flats we have been able to increase the total Public Rental Housing production from the target of 75 000 to about 79 000 flats. For the second five years from 2017/18 to 2021/22, we have identified sufficient land to produce more than 100 000 flats.

Some of you have pointed out that we need more land to build more Public Rental Housing flats. I agree land supply is indeed a practical issue and a major challenge. The Housing Department has in the past had to overcome some serious difficulties in securing land for Public Rental Housing developments, even when the Government has earmarked it for this purpose. District Councils often express concerns over proposed Public Rental Housing developments in their districts, citing reasons such as that the new Public Rental Housing developments would over-burden the roads and other community

facilities. I do recognise such concerns exist. But honestly we cannot afford to lose any site, and we have to work hard to come up with acceptable compromises to meet the District Councils' concerns. Indeed, we very much see District Councils as our partners in taking forward Public Rental Housing projects. We value their views on how to improve the projects including location and development density. We trust that if we can satisfactorily address their concerns, District Councils will in turn support our efforts to deliver Public Rental Housing flats. In this regard, may I enlist the support of all Members to convey the importance of Public Rental Housing to your community contacts and members? I appeal especially to those of you who are also District Councillors to help convince your fellow District Council members of the need for the Housing Authority to get sufficient land for Public Rental Housing development in all areas. The Housing Authority will of course carefully plan for the new Public Rental Housing developments so as not to compromise the living environment of surrounding residents. In this regard, I must pay special tribute to Mr IP Kwok-him, for his important offer to help enlist the support of District Councils for new Public Rental Housing developments. Thank you.

### *Site Safety*

Mr IP Kwok-him and Mr LEE Ping-kuen have pointed out that while we endeavour to expedite the Public Rental Housing production, we must not compromise on site safety. I fully share these views and want to stress our firm commitment to the safety of all workers on our sites. While there is a pressing need to build more Public Rental Housing flats, I have made it very clear to our staff, contractors and agents that we mean business when we say we expect zero accidents on our sites. Yes, we are trying to expedite our construction programme. However, given that the time we save is mainly from the shortening of the preparatory works rather than through compressing the actual construction time, I believe we should not be increasing the risks for our workers. Nevertheless, I want to state here very clearly that we will take strong action against any safety violations on our sites. To my mind any accident on one of our sites is a cause for concern. I would much rather take more time to complete a project safely and properly than rush it and end up with accidents and mistakes. A few days' delay is nothing when compared to a worker's life.

To this end, we have put in place a prudent system to procure competent and capable contractors in order to ensure timely completion of public housing projects whilst maintaining the necessary standards of safety and quality. The well-established procurement system covers the entire procurement cycle from list management, selection of tenderers, tender

evaluation, performance monitoring of course to performance assessment. We also carry out regular audits on every project with random checks on the compliance with site safety requirements, procedures and quality control of materials and workmanship. With these systems in place we have achieved better than industry standards but I still feel we can do more. The recent review of safety in maintenance and lift projects is part of our ongoing efforts.

### ***Redevelopment of Aged Public Rental Housing Estates***

Of course, Hong Kong is a metropolitan city with very limited land supply and we must utilise each acre of our land wisely. This does not mean exploiting new land such as that formed from resumptions or reclamations. I believe that careful consideration must also be given to the redevelopment of old urban areas. As many of our aged Public Rental Housing estates are located in areas with established community facilities and traffic networks, the Housing Authority has an important role to play in the urban regeneration process and we should grasp the opportunity to redevelop aged estates where we can secure a significant increase in the number of Public Rental Housing flats.

In 2011, with Members' support, we introduced the "Refined Policy on Redevelopment of Aged Public Rental Housing Estates". This policy strikes a good balance between recognising the sustainability of existing buildings and exploiting the redevelopment potential of older estates. Under the policy, there are four pillars: the availability of suitable rehousing resources, the build-back potential, the structural safety and of course the economic repair of the buildings. To ensure that we have considered the potential of all such estates, the department has formed a special task force to study old estates and to draw up a comprehensive programme. We will carry out full and proper consultation on individual redevelopment projects at the appropriate time. And of course, we will consult Members and keep you informed of developments.

The Pak Tin Estate Redevelopment is the first project announced under the Aged Public Rental Housing Estates Redevelopment Programme. We anticipate a net redevelopment gain of 2 150 flats upon completion of this project. I am happy to inform Members that the Pak Tin redevelopment has made good progress so far. With the earlier phases targeted for clearance in early 2014, over 90 per cent of the affected domestic tenants have already accepted the reception offers and are moving out to new homes. In response to local aspirations, we are positively examining redevelopment and reception options that could further speed up the redevelopment as well as allow opportunities for local rehousing within Pak Tin.

However, before I move on, I feel I should say something more on this topic. Winston CHURCHILL, who is one of my heroes, said, “There is no doubt that it is around the family and the home that all the greatest virtues, the most dominating virtues of human society, are created, strengthened and maintained.” While the benefits of redevelopment are well known, we must still be careful how we do it. We must understand that redevelopment is not just about pulling down old buildings and then erecting new ones. We are actually taking away people’s home and breaking up established communities. We must give due recognition to the aspirations and concerns of the residents who are being affected by our redevelopment projects. Hence, we must continue to adopt a “people oriented” approach in putting forward phased clearance and reprovisioning arrangements. We will plan forward carefully and adopt adequate measures to mitigate nuisance and minimise disruption of facilities and services during the redevelopment process. We will listen to the views of the local community in rejuvenating our estates.

I must also point out that redevelopment of old estates is not a quick solution to increasing the number of Public Rental Housing units. Each project requires several years’ notice to allow tenants sufficient time to move out, a few more years for demolition and site levelling, and finally three or four years for building new blocks. For a sizeable estate of a few thousand households, even the quickest project will take many years to complete. As I said before, we are working to a five-year cycle. Now we are talking about a cycle for each stage of decanting, demolition and building. For the early phases of redevelopment, the majority of the new flats will be used as rehousing resources for those cleared to make way for the project, while only a very small number of flats will be allocated to the Waiting List applicants. Indeed, we do not get the redevelopment gains until the end of the process. The fact is that redevelopment is a process that requires careful planning in order to maximise the gains over time.

### **Progress on the Home Ownership Scheme**

Two years ago, the Government announced the resumption of the Home Ownership Scheme. Since then, we have been working very hard on the preparatory work for the programme of 17 000 units in the first tranche. We expect that the first batch of the new Home Ownership Scheme units will be completed in 2016/17 and the pre-sale will take place in end-2014 to address the home ownership dreams of many low- to middle-income Hong Kong people.

Last September, the Subsidised Housing Committee agreed that we will follow in full the implementation arrangements that have traditionally been

used for the sale of Home Ownership Scheme projects, including those relating to the setting of price and premium payments as these arrangements have been working effectively and are well known to the public.

I note that several Members have suggested to extend the pre-sale period of the new Home Ownership Scheme projects. I can say that we have indeed considered the feasibility of doing so. As mentioned above, the first batch of 2 100 new Home Ownership Scheme units are expected to be completed in 2016/17. We have carefully considered the pre-sale date. Taking into account the current private market situation, buyers' aspirations, as well as our staffing and IT capacity, our current plan is to schedule the pre-sale for end-2014. But in any case, we will continue to monitor the situation.

### **Resources Implications**

As I have indicated, we are building more Public Rental Housing flats and building them faster and, on the other hand, we are also building Home Ownership Scheme flats. This is putting a considerable strain on our resources and, indeed, is coming at a time when the construction industry is also struggling to find sufficient manpower. I am thankful to Mr LEE Ping-kuen who suggested that we should employ more engineers and maintenance professionals to cope with the ever-increasing workload. I can report that, for the new Home Ownership Scheme projects alone, we have created over 300 new posts in the last year and a half. I want to assure Members that we will be seeking additional posts in the next Resource Allocation Exercise and will seek to have them created in a timely manner to facilitate our expanding construction programme. I should add that we will not only be looking for staff for the development and construction programme but also for the maintenance and management units as well as the checking unit.

While on the subject of resources, Members may recall that this time last year I said that the Housing Authority is in a steady financial position and will remain so in the short to medium term. Rising construction costs, the availability of land as well as the volatility in the financial markets are all challenges that pose high uncertainty to the Housing Authority's financial position. In this respect, it is worth noting that according to the Financial Agreement between the Government and the Housing Authority, subject to need and affordability remaining the guiding principles in the provision of, and charging for, public housing, the Government will continue to support the public housing programme. The Housing Authority must remain vigilant, take steps to contain costs and improve efficiency to ensure full value for money. We will maintain a close dialogue with the Government to ensure that timely action can be taken should the financial position change significantly.

## **Housing Authority to Continue to Create a Good Living Environment for Tenants**

I spent quite some time on the construction and development of Public Rental Housing and Home Ownership Scheme flats. I want to turn now to our existing estates. It is the mission of the Housing Authority to create a good living environment for our tenants. As we all know, even though we finish our public flats to basic standards they are well built. This is to our advantage, since we are responsible for the maintenance and management of the finished products to ensure that the buildings can stand the test of time. I believe Members will agree with me when I say that we have been doing well over the years and actually have been gradually improving our standards.

### ***Total Maintenance Scheme and Responsive In-flat Maintenance Service***

A good example of where we have been able to upgrade our standards is the successful implementation of the five-year cycles of the Total Maintenance Scheme which features proactive in-flat inspections with one-stop customer-oriented repair services. Given the success and favourable response to the first cycle, with Members' support we made the Total Maintenance Scheme a regular programme. We have now entered into the second cycle. By the end of last month, the Total Maintenance Scheme has been successfully rolled out in 62 estates with the overall customer satisfaction rate maintained at a very high level.

To supplement the Total Maintenance Scheme, we have also introduced the Responsive In-flat Maintenance Service, covering all 205 estates and courts, including the 13 new estates. Under Responsive In-flat Maintenance Service, front-line staff members are required to respond to individual tenants' requests for maintenance work, making it quicker and easier for them to sort out the building defects, thus preventing minor problems from developing into serious ones. That is the spirit of traditional Chinese wisdom “預防勝於治療”, in other words it is always better to prevent a problem than to treat it when it arises.

### ***Estate Improvement Programme***

The Total Maintenance Scheme together with Responsive In-flat Maintenance Service work in concert with the maintenance, improvement and revitalisation programmes of individual estates. Aged estates of about 40 years old which are found to be structurally sound, economically sustainable and not the target for redevelopment within the next 10 years or so, will be

revitalised under the Estate Improvement Programme. This aims to bring the older estates' amenities and facilities closer to the current standards, befitting tenants in a holistic, people-oriented and cost effective manner. The Estate Improvement Programmes for Ping Shek Estate and Kwai Shing West Estate are in the pipeline.

### ***Barrier-Free Access***

Barrier-Free Access is a relatively new concept being implemented in all new projects. However, the provision of relevant measures was simply not a requirement or the importance of them even understood when we designed our older estates. To improve the access for our tenants, we are upgrading all our existing properties (including Public Rental Housing estates, commercial centres and car parks), to meet, as far as possible the standards stipulated under the Design Manual: Barrier Free Access 2008. I am pleased to be able to report that the majority of the improvement works were completed by the middle of last year. Those requiring structural alterations are scheduled for completion by June next year while a small proportion of the improvement works requiring major alteration and lift modification works will be completed in 2016/17.

Talking of lift addition works, I can also report that we are making good progress in our lift addition programme launched in 2008 to bring lifts to some aged Public Rental Housing estates. A total of 66 lifts, six escalators and 16 external footbridges have been installed in 26 Public Rental Housing estates by early this year. To continue the programme to enhance pedestrian access for our tenants, the lift addition programme has become a rolling programme. The next stage of the three-year programme was launched in April this year.

### **Housing Authority to Provide Enhanced Retail and Commercial Facilities to Tenants**

#### ***Domain***

So far in my remarks, I have rather inevitably focused on the creation and maintenance of a good living environment for our tenants. Let me now brief you about something a bit different. What you see on the screen is our brand-new flagship shopping mall - Domain, 大本型 - which opened at the end of last year. I hope that you have all had an opportunity to visit the mall. Most importantly spend some money there! The instruction is done on request.

Domain is the Housing Authority's largest shopping centre. It is designed as an integrated retail, lifestyle and entertainment venue for people of all ages, particularly the young, the young-at-heart and young families. Spanning a total floor area of 45 000 square metres on eight storeys with about 150 shops, Domain is deliberately intended to be one of the most eye-catching buildings in the district. Advantageously located next to the Yau Tong MTR station and at the hub of East Kowloon, Domain serves a population of more than 100 000 in Yau Tong, and has attracted residents from Kwun Tong and Tseung Kwan O as well as other districts, and those living along the MTR line. With the assistance of two experienced leasing agents, about 99 per cent of the commercial space in Domain was let at the Grand Opening Stage with some 80 per cent of tenants being first entrants to the Housing Authority's shopping centres. I must pay tribute here to the invaluable advice we have received from members of the Commercial Properties Committee and in particular the Steering Group of Domain. You have undoubtedly contributed to the success of Domain's operation. I trust we can continue to draw on your advice as this flagship project moves forward. Thank you.

If you think that Domain is just another large shopping centre under the Housing Authority, you are mistaken. Domain is a significant departure from the traditional estate shopping centres. It is meticulously designed to include a number of creative ideas, such as providing a small retail zone on its second floor for small operators and social enterprises to run their businesses. It also features green design such as the various systems for hybrid ventilation, solar hot water, LED lighting, natural light capture, reclaimed water, food-waste pulping and so on and so forth. With these facilities, Domain can fully utilise natural resources and also provide nearby residents a truly green shopping environment.

To attract visitors and boost footfall, we have launched a series of promotional activities since Domain's opening last year. As a result, the average daily footfall has increased significantly from about 40 000 at the end of last year to 55 000 last month. What is more encouraging is we have seen a record high visitation of over 90 000 on a Sunday in the middle of this month. It is pretty good going. So, we can say Domain has got off to a good start. The challenge now is that we need to consolidate our gains and move forward positively.

We can also learn from our experience with Domain as we move ahead with new Public Rental Housing projects that will require development of supporting commercial facilities. Our objective, as always, will be to provide a suitable range of shops, restaurants and other outlets to serve the community.

### ***Asset Enhancement Project for Existing Commercial Facilities***

Of course, while we are naturally pleased with the progress of Domain, we are also working hard to enhance the attractiveness and competitiveness of our other existing retail premises. To set priorities for our asset enhancement projects, we have conducted an analysis to assess the respective strengths and weaknesses of our retail facilities. Following on from the analysis, we have earmarked a number of projects for asset enhancement through major improvement works and re-designation of trade mix. They are undergoing different stages of improvement or study in accordance with their relative priorities. Major improvement and upgrading works for retail facilities in On Kay and Lung Poon Courts as well as Ping Shek Estate are under way. Kwai Shing West Shopping Centre and the retail facilities in Mei Tung Estate have also been identified for possible asset enhancement after completion of relevant feasibility studies to be conducted this year.

Through these renovation programmes, the outlook, overall setting and internal circulation of the concerned retail facilities will be strengthened. Coupled with the re-designation of trade mix and suitable promotional activities, we expect the footfall and shopping ambience would increase and achieve our aim of enhancing their attractiveness and strengthening their competitive edges, while not forgetting that this will also provide better business for our commercial tenants.

### **Housing Authority to Maintain “People-Oriented” Approach in Estate and Tenancy Management**

#### ***Building Community***

I hope that Members will agree with me that we are not only building flats for Hong Kong people but building homes for our tenants. Henrik IBSEN, the Norwegian playwright, once wrote, “A community is like a ship; everyone ought to be prepared to take the helm.” Apart from providing all necessary complementary commercial and car parking facilities which are essentially “hardware”, we must also provide corresponding “software” to make our flats into homes. Our approach is characterised as a “people-oriented approach in estate and tenancy management”.

What distinguishes homes from mere residences is the sense of belonging. Sense of belonging is built by tenants’ active participation in the management of the estates. To build up that sense of belonging among tenants, the Housing Authority has, since 1995, implemented the Estate Management Advisory Committees (EMACs) in Public Rental Housing estates. The

EMACs provide a dedicated and representative forum for the Housing Authority to communicate with and consult tenants on estate management matters, so as to reinforce the partnering relationship between the management and tenants. In addition, it encourages tenants' support for the implementation of management policies. EMAC members also play a role in assessing the performance of cleansing and security contractors and advise on the award or renewal of service contracts.

To promote neighbourliness and strengthen community building in Public Rental Housing estates, since 2009 the Housing Authority has invited non-governmental organisations to organise partnering functions with EMACs. Through collaboration with the EMACs, this initiative facilitates non-governmental organisations to identify the target tenants and families in need and to reach out to them more effectively. Under the arrangements, each estate will hold two to four functions each year covering themes such as care for the elderly, promotion of family cohesion as well as healthy living, environmental protection and green lifestyle. In the last year, some 400 different types of partnering functions were held.

Another area of work that requires support from our tenants is in respect of our efforts to be green and clean. As Members are no doubt aware, we adopt a number of green initiatives in our estates, from replacing old lighting systems with modern energy-efficient ones, to installing photovoltaic cells to generate electricity to help power common areas. We also collect and harvest rainwater for uses such as watering green areas. We have encouraged tenants to recycle paper, plastics and metal waste. Most recently we have been working with the Environmental Protection Department and non-governmental organisations to trial food waste recycling. There have been two trials of on-site composting for a while now and an off-site collection and composting trial has also started recently. Through all of these initiatives we do our part to reduce our carbon footprint, involve our tenants and set an example for others in Hong Kong.

### ***Promoting Clean, Harmonious and Tranquil Living Environment***

I mentioned earlier that we positively manage our estates for the benefit of all tenants. One of the key measures has been the introduction of the Marking Scheme some 10 years ago. The Scheme covers misdeeds relating to environmental hygiene and civic responsibility such as littering, throwing objects from height, as well as reckless conduct and breaches of the tenancy agreement which include causing noise nuisance, and using leased premises for illegal purposes. Tenants who are found to have committed misdeeds in their estates will be allotted penalty points. We will issue a

Notice-to-Quit to terminate the subject tenancy if the tenant accrues 16 penalty points or above within two years.

I can say this scheme has been well received and accepted by our tenants since its implementation. Up to the end of March 2013, we recorded some 20 700 point-allotted cases. As indicated in the Public Housing Recurrent Survey of last year, about 96 per cent of our tenants were aware of the Marking Scheme. Seventy-one per cent of the respondents considered that it has helped to improve cleanliness in the estates.

### ***Appeal Against Notice-to-Quit***

In parallel to the Marking Scheme, for any tenant who seriously breaches our lease conditions or management policies such as those relating to tenancy abuse, we will issue a Notice-to-Quit to the concerned tenant requiring him or her to vacate the flat. Issuing a Notice-to-Quit is, of course, a major move which will result in the tenants concerned being rendered homeless. Naturally, we must ensure that the tenants have a chance to object to the Notice-to-Quit and to explain their circumstances and for their cases to be considered objectively and fairly. To this end, we put in place an appeal mechanism pursuant to the Housing Ordinance.

I know some Members are concerned about how this system works.

Under the appeal mechanism, the concerned tenant may lodge an appeal in writing to the Appeal Panel (Housing), not later than 15 days after the issue of the Notice-to-Quit. The Appeal Panel will then arrange an appeal hearing in about three to four months. The Appeal Panel will give 14-day notice to the appellant and make a decision on the appeal against termination of tenancy within another 14 days. If the Appeal Panel decides to confirm the Notice-to-Quit, the management will serve a notice to the occupant advising him/her to deliver vacant possession of the flat in seven days. If he or she refuses to move after expiry of the seven-day notice, we will serve an Eviction Notice and that has a period of 21 days. Eviction action will be taken to recover the flat after the expiry of the Eviction Notice.

As you can see, the whole appeal process and mechanism is based on due process in which the tenant has adequate opportunity to state his or her case. I note that Ms Tennessy HUI, who has considerable experience with the Appeal Panel System, has suggested that this appeal mechanism encourages tenants to appeal against the issue of Notice-to-Quit whether or not they have good reasons. I actually fully appreciate Ms HUI's point. However, during

the appeal process, the tenants can continue to stay in their Public Rental Housing flats and pay the equivalent of the appropriate rent. I guess it is an incentive to make an appeal. But I must stress that the appeal mechanism is a vital channel through which tenants present their cases to a third-party adjudicator. The statistics show that out of some 3 900 appeal cases received from January 2010 to March 2013, some 1 250 cases were heard by the Appeal Panel and 570 appeals or 46 per cent of the total number of cases heard were successful. In other words, the appeal was upheld. I agree that we should look at the appeal mechanism to see whether any improvement or refinement is needed. However, in doing this, we must not limit tenants' right of appeal and we must not undermine the objective and fair nature of the appeal process.

### ***Tackling Tenancy Abuse***

At the Annual Special Meeting three weeks ago, some Members including Mr Winfield WONG and Ms Tennessy HUI expressed concern about tenancy abuse and sought information on the Housing Department's enforcement actions against this. I must admit that despite our best efforts, with over 2 million tenants living in over 730 000 Public Rental Housing flats, abuses will happen. Let's be realistic. On the other hand, I do feel over the years we have put in place effective measures to detect suspected tenancy abuse cases, including non-occupation, unauthorised occupation and illegal use of premises. Our front-line staff are the main channels through which we detect tenancy abuse cases through their day-to-day management duties as well as biennial flat inspections. Any suspected cases will be referred to a dedicated Central Team for in-depth investigations. In addition, the Central Team will carry out rigorous checks on all complaint cases as well as randomly selected cases.

As for Members' concern about the level of enforcement for tenancy abuse, I would like to report that in 2013/14, we will implement additional measures to allow us promptly and effectively to tackle tenancy abuses. First, we will redeploy 30 experienced estate staff to the Central Team to allow them to step up in-depth checking of income and assets declarations and suspected tenancy abuse cases. Second, we will carry out a two-week special Inspection Operation in 32 selected blocks in the middle of this year to understand tenants' occupancy conditions and detect suspected tenancy abuse cases. Third, we will conduct intensive patrols in older Public Rental Housing estates which are more prone to tenancy abuse. We are also aware that there have been occasional cases of subletting of Public Rental Housing flats through the Internet. To step up our efforts, we will carry out web trawling exercises to detect such cases.

## **Well-Off Tenants Policy**

I note that some Members are of the view that the current “two pillar” system whereby we assess the continuing entitlement for Public Rental Housing under the well-off tenants policy should be reviewed. They suggested if a Public Rental Housing tenant has an income grossly in excess of the prescribed limits, he or she should be asked to vacate his or her Public Rental Housing flat no matter his or her asset position. We will consider this suggestion as we consider ways to enhance the well-off tenants policy.

### ***Allocating Vacant Flats***

I note also that in the context of the discussion on tackling tenancy abuse, some Members have urged us to reduce the vacancy rate of Public Rental Housing so that more families can get access to Public Rental Housing flats earlier. I fully agree that this is a priority. Indeed, we uphold the principle of optimisation of resources. As soon as newly completed units or refurbished units become available, we will promptly allocate the units to applicants on the Waiting List.

For less popular units and units that have been left vacant for a comparatively long period, we have taken measures to expedite their leasing out, including providing rent reduction for units left vacant for 12 months or above and letting out those less popular units through the Express Flat Allocation Scheme. Through these measures, the current vacancy rate has fallen and is now at an historic low at 0.5 per cent, which is far below our tolerable level of 1.5 per cent. Indeed, or be honest, I am worried that at this level, perhaps we have reached the point that leaves us very little flexibility to respond to unexpected and sudden demands on our housing stock.

## **Private Housing**

### ***The Residential Properties (First-hand Sales) Ordinance and Home Ownership Scheme***

I have spent quite a lot of time today setting out the work of Housing Authority and our achievements. I don't apologise for that. I think we have done very well. However, as we approach the end of my speech, I feel obliged to inform Members of some related developments arising from the Government's housing policy and their relevance to the Housing Authority. Earlier this year, the Residential Properties (First-hand Sales) Ordinance came into full effect. The Housing Authority, as the biggest developer in Hong Kong, has all along been supportive of the Government's efforts to enhance the

transparency and fairness of the sales of first-hand residential properties, and in strengthening protection to purchasers.

Before the enactment of the Ordinance in June 2012, the Housing Authority complied with the administrative regulatory measures formerly applicable to the sale of uncompleted first-hand residential properties when we sold Home Ownership Scheme flats. Now, although strictly speaking the Housing Authority is subject only to the requirements on advertisements and offences relating to misrepresentation and the dissemination of false and misleading information in the sale of flats under the Ordinance, as a responsible developer which cherishes the values of transparency, fairness and consumer protection, the Housing Authority will follow the requirements of the Ordinance on sales brochures as appropriate on a voluntary basis for the sale of Home Ownership Scheme flats.

### ***Demand Side Management Measures***

As Members are aware, the private residential property market has been exuberant, and that may be an understatement, in recent years as a result of the tight supply situation, the low-interest rates and abundant liquidity. This has forced the Government to introduce demand-side management measures, including the enhanced Special Stamp Duty, the Buyer's Stamp Duty, and the doubling of the ad valorem stamp duty in a targeted attempt to cool down the overheated private residential property market.

As a result of these measures, the private residential property market has shown signs of cooling down in recent months. That said, as the low interest rate and abundant liquidity environment persists, the risk of a property bubble remains high. While the Government has shown its determination to continue to increase the housing land supply to tackle the problem at source, the causes of the current market condition may persist for some time.

### **Long Term Housing Strategy**

The Government is conducting the Long Term Housing Strategy review. The review aims to ensure optimal use of the existing land and housing resources to meet the housing needs of the community in the medium and long term.

The Long Term Housing Strategy Steering Committee is looking into a wide range of issues, including the housing needs of specific groups such as the elderly, non-elderly singletons, youngsters and first-time home buyers in

the community. In respect of issues under the purview of the Housing Authority, the Steering Committee is examining the Waiting List position and measures to rationalise the use of public housing resources. It is also considering the Housing Authority's role in the provision of housing as part of an overall review of the housing supply process in Hong Kong. But I want to repeat my assurance that any recommendations arising from the Long Term Housing Strategy exercise will be referred to the Housing Authority for consideration and decision by the Housing Authority.

In this context, I would also like to thank Mr Stanley WONG, Ms Angela LEE and Ms Julia LAU for proposing some long-term reform directions including raising the idea of providing incentives to encourage tenants and Waiting List applicants to move to Public Rental Housing in the New Territories. My colleagues and I need time to consider these suggestions in detail. When we come up with more concrete proposals, we will of course seek Members' views.

I feel that it would be appropriate at this stage to comment here on another issue arising from the survey of sub-divided units commissioned by the Long Term Housing Strategy Steering Committee. There have been a number of suggestions that temporary or interim type housing be built to provide short-term alternatives for those living in sub-divided units. Be honest, I am very cautious about such a move. To my mind, the most urgent need is to ensure that sub-divided units are safe today, not in some weeks or months; must be done now, must be Government's priority. Beyond this, we should work urgently to provide a permanent solution through the provision of Public Rental Housing to those who are eligible. Any temporary housing solution that is not coupled to an effective mechanism to close down sub-divided units from which people are rehoused to that accommodation will simply mean that we simply release the sub-divided unit for the next client and the problem does not go away. The building of temporary accommodation on urban sites is not a solution. It may actually exacerbate the problem. And I would suggest that such ideas need very careful consideration.

### **Some Final Words**

Finally, I note that some Members have urged us to learn from the Singapore housing programme. I would like to say a few words about the excellent work of the Housing and Development Board. Indeed, I admire what Singapore has achieved. Over the last few decades it has developed a truly impressive housing programme that provides public housing for the majority of the population in self-owned housing.

Let me point out, the housing policies in Hong Kong and Singapore have developed in different circumstances and for different policy reasons. Each is suited to the relevant circumstances. We can both learn from each other but I would suggest it is not necessarily appropriate for Hong Kong simply to copy all aspects of the Singapore model or vice versa. I can assure you that we regularly carry out exchanges with Housing and Development Board and share our respective experiences with the provision of public housing so that we can learn from them and, of course, we are very happy for them to learn from us.

Let me conclude my speech with an observation from Jim COLLINS, a renowned American writer. Mr COLLINS reminds us that “Good is the enemy of great.” What he means is that when we feel we are doing a good job, we must not feel complacent. If we are satisfied with what we have, we forget that we can do better. While the public housing programme pursued by the Housing Authority has certainly earned much praise, we cannot relax but continue to improve. Leonard BERNSTEIN, the composer, neatly described the situation when he said, “To achieve great things, two things are needed; a plan, and not quite enough time.” We have our plans. But let’s be honest they will take time to bear fruit to deliver the housing that so many people need. The Housing Department and I am sure Members of the Housing Authority are well aware of this and we all share a great sense of urgency to deliver quality housing quickly and safely. I trust that Members will join hands with us as we move ahead to the next stage in the public housing programme for the people of Hong Kong. Thank you very much.”

5. **The Chairman** thanked D of H for his speech. He continued by saying that this year was the 60th anniversary of public housing development in Hong Kong and the 40th anniversary of the establishment of the Hong Kong Housing Authority. This year could be termed as “the year of housing”. Housing was the “top priority” issue of the current-term government. The Chairman then indicated that a 3-month consultation on the review of long term housing policy would be rolled out commencing September this year. There would be in-depth discussions on the long term housing policy of Hong Kong, including the supply, management and allocation of public housing. The subject matter would also be discussed at the coming meetings of the Housing Authority or its Committees. The Chairman referred to D of H’s earlier remarks that the Housing Authority would adopt a large scale and proactive construction programme for public housing in the long run in future. Such a plan would need support from various sectors of the community, including the District Councils, and as such the partnership between the Housing Authority and District Councils would have to be strengthened. Referring to D of H’s views on the housing policies in Hong Kong and Singapore, the Chairman

recalled that during a recent exchange with the government officials of Singapore, he noted that citizens of Singapore had shown appreciation to the housing policy in Hong Kong. It was evident that both Hong Kong and Singapore could learn from each other on housing policies.

**AGENDA ITEM 4**  
**Any Other Business**

6. There was no other matter for discussion.

**DATE OF NEXT MEETING**

7. Members would be advised of the date of the next meeting in due course.

**CLOSURE OF MEETING**

8. The meeting closed at 3:40 p. m.

**CONFIRMED on**

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Anthony CHEUNG Bing-leung  
Chairman

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Annie TANG  
Secretary

File Ref. : HD 1-7/COMM1/HA-2  
Date of Issue : 3 October 2013