

PAPER NO.	<u>HA</u>	<u>7/2022</u>
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**Memorandum for the Hong Kong Housing Authority  
and its Committees/Sub-Committees**

**Reports from Chairmen of Committees**

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Please find enclosed the reports from Chairmen of the following  
Committees for Members' information –

- (a) Building Committee;
- (b) Commercial Properties Committee;
- (c) Finance Committee;
- (d) Subsidised Housing Committee; and
- (e) Tender Committee.

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(Corporate Services Division)  
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# **Report by the Chairman of the Building Committee for 2021/22**

## **INTRODUCTION**

Under the COVID-19 epidemic throughout the year of 2021/22, in particular the outbreak of the fifth wave of the epidemic in early 2022, the Building Committee (BC) still made a commendable effort in advancing the planning, design and construction of public housing. Members held six regular meetings and conducted one site visit. Altogether, BC processed 23 discussion papers, three presumption papers and 26 information papers.

## **ISSUES DISCUSSED**

2. The work of BC covers the Hong Kong Housing Authority (HA)'s policies relating to the implementation of the construction and major improvement, renovation and rehabilitation programmes, and the monitoring of progress of these programmes, which are grouped in the following categories –

- (a) endorse programme of activities including new initiatives, monitor their performance and approve the financial targets, service standards and performance measures; and
- (b) approve project budget, master layout plans and scheme designs for public housing projects.

## **PUBLIC HOUSING PRODUCTION**

### **Production in 2021/22**

3. We completed about 25 800 flats, including around 22 600 public rental housing (PRH)/Green Form Subsidised Home Ownership Scheme (GSH) units and around 3 200 other subsidised sale flats (SSFs) in 14 projects<sup>Note 1</sup> in 2021/22. We also completed about 29 800 m<sup>2</sup> gross floor area of retail

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Note 1 The 14 projects include 13 PRH/GSH projects (Chung Nga Road East – Block 1 (Fu Tip Estate), Diamond Hill Phase 1 – Blocks 1 and 2 (Kai Chuen Court), Pak Tin Phase 11 – Blocks 6 and 7 (Pak Tin Estate), Queen's Hill Phase 1 – Blocks 2, 5 and 6 (Queens Hill Estate), Queen's Hill Phase 5 – Block 4 (Queens Hill Estate), Near Lai King Hill Road – Block 1 (Lai King Estate), Northwest Kowloon Reclamation (NWKR) Site 6 Phase 3 – Block 4 (Hoi Tat Estate), Queen's Hill Phase 2 – Block 3 (Queens Hill Estate), Queen's Hill Phase 1 – Block 1 (Queens Hill Estate), Queen's Hill Phase 1 – Block 7 (Queens Hill Estate), Chai Wan Road – Block 1 (Dip Tsui Court), Tuen Mun Area 54 Sites 1 and 1A – Blocks 1 to 4 (Wo Tin Estate), Tuen Mun Area 54 Sites 3 and 4 (East) – Blocks 2 to 5 (Ching Tin Estate)), and one other SSFs project (Queen's Hill Phase 3 – Blocks A to F (Shan Lai Court)). Flat numbers are rounded to the nearest hundred and may not add up to the total due to rounding.

facilities <sup>Note 2</sup> and about 950 parking spaces <sup>Note 3</sup>. Compared with the forecast production as at March 2021 benchmark, the completion of one other SSFs project <sup>Note 4</sup> had slipped to 2022/23 due to the extensive basement requiring deep excavation, slow progress of contractors and the outbreak of COVID-19 affecting supply of building material and labour resources. We continue to be vigilant towards the risks which our high construction volume is exposed to in the current operating environment and implement the strategies and initiatives we have put in place to mitigate them, including the use of labour-saving design and efficient construction methods, innovative technologies, various training and recruitment schemes for workers.

4. Members visited the construction site of Kai Cheung Court on 23 December 2021. Members were briefed the design challenges of the development and the innovative technology such as building information modelling and construction robots extensively adopted to enhance the efficiency at the planning and construction stages.

### **Commitment of Capital Works**

5. Last year, we endorsed the Scheme Design and Project Budget of ten projects producing about 22 000 PRH/GSH units and other SSFs <sup>Note 5</sup> with the commitment of capital expenditure of about \$22.347 billion. These projects are scheduled to be completed between the financial years of 2026/27 to 2027/28, and will contribute to meeting the public housing supply target of 210 000 PRH/GSH units and 91 000 other SSFs for the ten-year period from 2022/23 to 2031/32 stated in the Long Term Housing Strategy Annual Progress Report 2021.

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Note 2 In Chung Nga Road East, Diamond Hill Phase 1, Pak Tin Phase 11, Queen's Hill Phases 1 and 2, NWKR Site 6 Phase 3, Chai Wan Road, Tuen Mun Area 54 Sites 1 and 1A, and Tuen Mun Area 54 Sites 3 and 4 (East). Figure is rounded to the nearest hundred.

Note 3 In Chung Nga Road East, Diamond Hill Phase 1, Pak Tin Phase 11, Queen's Hill Phases 1, 2, 3 and 5, Near Lai King Hill Road, Chai Wan Road, Tuen Mun Area 54 Sites 1 and 1A, and Tuen Mun Area 54 Sites 3 and 4 (East). Figure is rounded to the nearest ten.

Note 4 Tung Chung Area 54 – Blocks A to F.

Note 5 Kwu Tung North Area 19 Phases 1A, 1B and 2 (Paper No. **BC 45/2021**), Fanling North Area 15 East Phases 1 and 2 (Paper No. **BC 46/2021**), Kai Tak Sites 2B3 and 2B4 (Paper No. **BC 50/2021**), and Wah King Street, Wah Fu North, Wah Lok Path (Paper No. **BC 55/2021**).

## **PROGRAMME OF ACTIVITIES 2022/23**

6. Following the brainstorming session and discussion session on 5 November 2021, Members endorsed the 2022/23 Programme of Activities for Development and Construction (Paper No. **BC 59/2021** refers) and 2022/23 Programme of Activities for Building Control (Paper No. **BC 58/2021** refers), with an estimated construction expenditure of about \$22,100 million including direct costs and overheads. While new initiatives were introduced in the past few years in response to Government Policy to expedite the development of housing units, the programmed activities in 2022/23 are primarily the continuation of current efforts in meeting the long term planned goals.

7. For the year 2021/22, we have met the majority of the targets and Key Performance Indicators set out in last year's Programme of Activities. These programmed activities are grouped into three themes: Providing Quality Homes, Promoting Sustainable Living, and Optimising and Rationalising the Use of Public Resources. The progress of some of the major activities have been reported and discussed in details at BC.

## **PROVIDING QUALITY HOMES**

### **Expediting the Development of Housing Units**

8. Despite the increasing challenges and difficulties ahead (Paper No. **BC 1/2021** refers), we continued to take forward public housing developments. The Department held regular meetings with the Government bureaux and departments concerned to identify potential sites suitable for public housing development in an effort to increase and expedite the supply of housing units. In collaboration with concerned departments, we sought to advance the availability of suitable sites for development, optimise the development potential, increase the plot ratios and relax the building height of suitable sites (Paper No. **BC 59/2021** refers).

9. HA endeavors to provide more parking facilities by referring to the revised parking standards as promulgated in the Hong Kong Planning Standards and Guidelines in August 2021. Meanwhile, we continue to set aside about 5% of the total domestic gross floor area for welfare purposes as set out in the 2020 Policy Address. With keen competition among parking facilities and various community and welfare facilities in particular at the lower floor areas, projects with site constraints will necessitate the construction of multi-storey podium or basement to house the above facilities before residential blocks can be built on top, and this will inevitably lengthen the lead time for

construction works. Depending on individual site conditions, the HA will adopt the most suitable planning, design and construction measures to expedite construction and facilitate phased completion of the projects and residential blocks as far as practicable.

10. HA will adopt Modular Integrated Construction (MiC) and innovative construction technology more widely to speed up public housing construction. HA will adopt MiC in a domestic block at Tung Chung Area 99, a domestic block at Tak Tin Street, Kwun Tong and three domestic blocks at Anderson Road Quarry Sites R2-6 and R2-7. HA has also identified additional projects suitable for MiC application. According to preliminary estimation, about 20 000 units can be provided. HA actively adopts technologies to enhance efficiency in construction, including extending the application of Building Information Modelling (BIM) and other innovative technologies such as laser scanning and unmanned aerial systems in the planning, design and construction stages; utilising mobile devices and mobile applications for site supervision to streamline on-site communication and workflow; using construction robotics to address labour shortage; making use of technologies to improve site safety management; and applying and actively exploring MultiTrade Integrated Mechanical, Electrical and Plumbing (MiMEP) for building services installation. (Paper No. **BC 28/2021** refers).

11. In March 2022, Members approved the governance model for public housing developments using Design-and-Build (D&B) approach and noted the tendering arrangement and evaluation mechanism for the D&B contracts at a joint meeting for both BC and the Tender Committee. This new procurement model can leverage on resources and expertise of the construction industry to further enhance the entire construction workflow to cope with the increasing housing production (Paper Nos. **BC 6/2022** and **TC 16/2022** refer).

### **Promoting Green and Healthy Living**

12. We continue to promote passive design with energy-saving practices, use of renewable energy, water conservation and other resource saving measures for a sustainable living environment (Paper Nos. **BC 95/2016** and **QH 5/2016** refer). In support of Government's initiatives to promote wider use of electric vehicles, we have made provisions for medium chargers and charging-enabling facilities for indoor private car parking spaces in new carparks of public housing developments (Paper No. **BC 82/2020** refers). Since 2011, we have been installing grid-connected photovoltaic (PV) systems in new PRH projects and joined the feed-in tariff schemes launched by electricity supply companies. In 2021/22, the Department continued to register new projects with the Hong Kong Green Building Council for assessment under the

Building Environmental Assessment Method (BEAM) Plus to foster a quality and sustainable built environment as well as to gain up to 10% Gross Floor Area concession in relevant projects under the Buildings Department (BD)'s Sustainable Building Design Guidelines. The BEAM Plus Certification for New Buildings obtained during the year are shown at **Annex A**.

### **Quality Management System**

13. The Department obtains and maintains certification to standards published by the International Organization for Standardization (ISO) in a number of areas, including quality, environment, energy, and safety and health, which have assured its management systems and processes being implemented at high, internationally recognised standards for efficient and effective delivery of quality services. It also allows the Department, through regular internal and external audits necessary for obtaining and renewing certification, to identify areas and opportunities for continual improvement vital in the increasingly demanding operating environment. The Department has successfully transited to the 2015 edition of ISO 9001 and ISO 14001, and to the 2018 edition of ISO 50001. Occupational Health and Safety Assessment Series (OHSAS) 18001 Occupational Health and Safety Management System (OHSMS) for the Development and Construction Division (DCD) and Estate Management Division (EMD) have been successfully migrated to ISO 45001:2018 OHSMS. Standards to which the Department is certified are listed in **Annex B**.

14. In addition to certifiable standards, the Department keeps applying other quality schemes and standards in its work to assure a high level of performance. This is the tenth consecutive year and eighth consecutive year for DCD and EMD respectively to have achieved the full score of 5.0 in the third party measurement on its performance under the Hong Kong Quality Assurance Agency (HKQAA) Corporate Social Responsibility (CSR) Advocate Index. Various other quality schemes and standards the Department applies in its operations are listed in **Annex B**.

## **PROMOTING SUSTAINABLE LIVING**

### **Energy Saving Measures**

15. To maintain our new buildings fulfilling the requirements of the Building Energy Code issued by the Electrical and Mechanical Services Department as an on-going initiative, we implemented various energy saving measures (Paper No. **BC 104/2017** refers). We have been adopting Light

Emitting Diode (LED) bulkhead in the communal areas of the new developments. To further reduce energy consumption, the Department has adopted LED exit signs and directional signs in new developments for tenders issued since 2019.

16. In our existing PRH estates, we continue to implement ISO 50001 Energy Management Systems (EnMS) for the communal areas of the domestic blocks and to adopt energy efficient equipment for our building services installations, such as –

- (a) adopting the variable speed drive controlled booster pumps for replacement of booster pumps which are approaching the end of service life;
- (b) the Implementation of Lift Modernisation Programme to replace aged lift cars, machinery and control systems, which are able to reduce electricity consumption up to 30% as compared with old ones; and
- (c) use of LED luminaires to replace existing compact fluorescent lamp bulkhead light fittings, exit signs and directional signs during breakdown maintenance.

### **Carbon Emission Estimation for Projects under Design**

17. The assessment of projects under design using “Carbon Emission Estimation” (CEE) was an on-going initiative (Paper No. **BC 104/2017** refers). CEE was conducted for nine new development projects at detailed design stage during the year. Since the roll-out of CEE, we have achieved an average of about 16.55% reduction in estimated carbon emission in terms of Construction Floor Area for the designed whole life cycle of domestic blocks as compared with the baseline figure.

### **Carbon Audits and Carbon Reduction in Existing Estates**

18. The Department has been conducting Carbon Audits in existing estates since 2012/13. We continue the carbon emission monitoring through the Carbon Audit exercise in 14 selected domestic blocks of 14 typical PRH block types covering the majority of HA block type designs. This audit process is conducted in accordance to the relevant Guidelines issued by the Environmental Protection Department (Paper No. **HA 14/2020** refers).

## Site Safety

19. The Department continuously implements its Site Safety Strategy in New Works construction contracts, Maintenance and Improvement (M&I) Works contracts, property services agents and cleansing and security service contracts (Paper No. **BC 32/2021** refers). We set goals at an accident rate of no more than nine accidents per 1 000 workers and zero industrial fatal accident. We achieved accident rates of 5.2 per 1 000 workers for New Works contracts and 0.7 per 1 000 workers for Maintenance Works contracts in 2021, which are lower than the average industry accident rate of 29.5 per 1 000 workers. Two industrial fatal accidents occurred in HA works contracts in 2021. The Department continues to put emphasis on site safety to drive contractors for better site safety standard.

20. During the year, the Department has taken steps to strengthen the safety management systems to further improve safety performance of both New Works and M&I Works sites, including –

- (a) Site Safety Manual for New Works Contracts was compiled to cover a number of Development and Construction Management Board Instructions about site safety and health management tools and procedures/useful information;
- (b) the Housing Authority Safety Auditing System (HASAS) & Housing Authority Lift and Escalator Nominated Subcontracts Safety Auditing System (HALENSAS) and the Surprise Safety Inspection Programme (SSIP) were under review to fine tune audit questions/assessment criteria and add new clause for Modular Integrated Construction. The proposed new revision will be promulgated in October 2022;
- (c) Integrated Pay for Safety, Environment and Hygiene Scheme for New Works contracts was reviewed with more resources on safety training, greater flexibility in modes of safety innovation and more pay for achieving the goal in accident statistics. The enhanced scheme was promulgated in new contracts in May 2021;
- (d) the mechanism of the accident and incident reporting system in New Works contracts was streamlined and enhanced in July 2021 requiring submission of root cause analysis for serious accidents;

- (e) HASAS (Maintenance & Improvement) and caring measures were reviewed to increase motivation for enhancing the safety performance. The proposed new revision will be promulgated in December 2022. Induction training materials of accident sharing was reviewed annually; and
- (f) annual safety forum, seminars, workshops and meetings were held to keep the works contractors, property management contractors and frontline staff updated about safety legislation, contract requirements and innovative safety measures.

## **OPTIMISING AND RATIONALISING THE USE OF PUBLIC RESOURCES**

### **Prolonging the Useful Life of Aged Estates**

21. For aged PRH estates, we continue to implement various programmes and measures to upkeep or improve the building conditions and provide residents with a safe and suitable living environment. These include the Comprehensive Structural Investigation Programme (CSIP), the Estate Improvement Programme (EIP), the Total Maintenance Scheme (TMS) and Responsive In-flat Maintenance Services (RIMS). CSIP aims to ascertain structural safety and financial sustainability to maintain aged PRH estates for the next 15 years. Under EIP, while preserving a familiar and harmonious environment, we inject new facilities and provisions in phases to enable aged estates to better serve the residents' needs. Regarding the in-flat areas, HA has been proactively providing tenants with in-flat inspections and necessary maintenance services through TMS. In parallel, HA has implemented RIMS, by setting up a dedicated in-flat technical team to promptly respond to tenants' works requests, closely liaise with tenants and provide in-flat minor maintenance services to tenants.

### **Utilisation of Land Resources of Aged Estates**

22. In the 2014 Policy Address, the Chief Executive announced the partial lifting of the Pok Fu Lam Moratorium to release six Government sites for public housing development, including the existing Wah Fu Estate (WFE) and five Pok Fu Lam South (PFLS) sites. The public housing development in the five PFLS sites will serve as major reception resources for the redevelopment of WFE. The proposed scheme design and project budget of three of the PFLS reception estates had been processed and approved in November 2021 (Paper No. **BC 55/2021** refers).

## **Redevelopment of HA's Factory Estates**

23. HA announced the feasibility study results of the redevelopment of the HA's factory estates on 24 May 2021 (Paper No. **HA 9/2021** refers). The sites namely, Sui Fai Factory Estate in Fo Tan, Yip On Factory Estate in Kowloon Bay, Wang Cheong Factory Estate in Cheung Sha Wan and Kwai On Factory Estate in Kwai Chung, are technically feasible for public housing. Rezoning of Sui Fai Factory Estate, Yip On Factory Estate and Wang Cheong Factory Estate for residential use has commenced progressively from Q4 2021. For the site at Kwai On Factory Estate, we are working with relevant Government departments and will initiate the rezoning process around Q3/Q4 2022. Subject to completion of the necessary rezoning process, these sites are capable of producing about 4 800 units in 2031 and beyond.

## **Cost Yardsticks and Project Budgets**

24. Construction Cost Yardsticks (CCY) are updated annually in June to serve as a reference for preparing Project Construction Cost Ceilings, project budgets, and five-year construction expenditure budgets and forecasts for projects under planning. Half-yearly review is also carried out to track cost trends with better accuracy. The June 2021 CCY for the superstructure of HA's PRH/GSH and other SSFs domestic buildings were on average \$10,163/m<sup>2</sup> and \$10,648/m<sup>2</sup> construction floor area respectively (Paper No. **BC 27/2021** refers). The increase of +0.4% (PRH/GSH) and +0.7% (other SSFs) to the superstructure construction cost over the June 2020 CCY is mainly due to the revisions to some client's requirements for domestic block since June 2020. The half-yearly review conducted in December 2021 (Paper No. **BC 7/2022** refers) indicated there was a rise in tender price level of +5.0% to the superstructure construction cost of both PRH/GSH and other SSFs domestic buildings as compared with those of the June 2021 CCY. The increase is mainly attributed to increase in the cost of materials.

25. We have closely monitored the adequacy of project budgets. During the year, no project required Members' approval for increase of project budget. We shall closely monitor cost trends and manage our project budgets in a timely manner to ensure smooth delivery of the public housing programme.

## **Bench-marking of Construction Cost**

26. The average construction cost of the superstructure of HA's rental domestic buildings is about 42% <sup>Note 6</sup> lower than that of high rise residential buildings of "average standard" in the private sector. This is attributed to economies of scale, mechanised construction methods, optimised structural design and a lean specification on finishes and fittings with emphasis on quality being fitness for purpose. Quality of design and construction, however, is strictly maintained for long term durability.

## **Building Control**

27. Since the Independent Checking Unit (ICU) was detached from the Department in 2015 and placed under the Office of the Permanent Secretary for Transport and Housing (Housing) (currently the Office of the Permanent Secretary for Housing), there is evident increase in public awareness of its independent and enforcement role. In this year, ICU continues to exercise dual building control functions on new public housing development projects and existing buildings developed by HA, including –

- (a) administrative building control to new public housing development projects, and existing buildings in PRH estates without any part sold or divested, which are not subject to the Buildings Ordinance (BO), by applying standards and practices parallel to that of BD. A Memorandum of Understanding had been formalised between HA/Housing Department and BD stressing the alignment of practices between ICU and BD. Administrative building control is funded by HA; and
- (b) statutory building control under delegated authority from the Building Authority (i.e. the Director of Buildings) for those properties which are subject to BO, including properties in PRH estates with retail and car parking facilities divested to Link or their subsequent private owners, and Courts and Estates with subsidised sale flats sold by HA under various subsidised home ownership schemes. Statutory building control is funded by the Government.

28. Besides, the Lift Inspection Focus Team continues to monitor the use and operation of HA's lifts and escalators for risk management and enhancing the compliance with the Lifts and Escalators Ordinance (Cap. 618).

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Note 6 The comparison is based on the construction cost data published by our consultant for Q2 2021 for high rise residential buildings of "average standard" in private housing estates at the time of preparing the mid-year performance review of the Programme of Activities for Development & Construction in 2021/22 (Paper No. **BC 56/2021**).

29. ICU continues to operate and enhance its electronic submission and processing system, namely the “Housing Electronic Plan Submission System”, in handling building and structural plans and exercising building control in HA’s new development projects and existing buildings. To facilitate electronic submission and processing of plans, ICU has also developed the technology for the production of 2-dimensional plans from 3-dimensional Building Information Modelling models in meeting the statutory submissions requirements. Moreover, ICU has developed a “Housing Electronic Checking System for Test Reports” (HeCheck) <sup>Note 7</sup> to enhance the efficiency and accuracy of checking any non-compliance in test reports of concrete and reinforcement. The trial use of HeCheck was completed in March 2022 and the project was completed in April 2022.

## **AWARDS RECEIVED**

30. In 2021/22, HA was honoured to receive a number of awards and corporate environmental, safety awards and labels. The details are summarised in **Annex C**.

## **FINANCIAL PERFORMANCE**

### **Construction Expenditure**

31. The provisional construction expenditure for the year ended 31 March 2022 amounted to \$19,430 million, which was lower than the revised budget of \$20,367 million by \$937 million, mainly due to construction programme adjustments under some projects.

### **Building Control (by Independent Checking Unit)**

32. The 2021/22 provisional expenditure for Building Control was \$207 million, which was \$12 million lower than the revised budget of \$219 million. The variance was mainly due to the lower than budgeted spending in personal emoluments.

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Note 7 The development of the technology is funded by the TechConnect (Block Vote) Fund under the Innovation and Technology Bureau.

## **WAY FORWARD**

33. We will continue to review and improve our quality assurance systems, and to develop sustainable and innovative solutions for the delivery of quality housing, management and maintenance services to our tenants.

34. To address the high demand for PRH, the Government must deliver land to the HA in a timely manner for the construction of PRH units. The Long Term Housing Strategy Annual Progress Report 2021 indicates the need to construct 210 000 PRH/GSH units and 91 000 other SSFs for the ten-year period from 2022/23 to 2031/32. To meet this public housing supply target, we will continue working closely with Development Bureau, Civil Engineering and Development Department and relevant government departments to secure suitable land as early as possible. We are also carrying out part of the preparatory work for public housing development during the “land production” stage by the Government such that the construction works can commence as soon as the sites are handed over to the HA. Besides, depending on individual site conditions, HA will adopt the most suitable planning, design and construction measures to expedite construction and facilitate phased completion of the projects and residential blocks as far as practicable. Moreover, we will continue to seek ways to enhance productivity by collaborating with stakeholders in the building industry to devise innovative, streamlined, labour-saving construction methods for the downstream construction stages of foundation and superstructure works.

35. To better sustain our ageing housing stock, we will continue to implement our sustainability-focused maintenance strategy, emphasising preventive maintenance, people-based and customer-oriented approaches for the implementation of maintenance and improvement programmes and energy-saving initiatives.

## **CONCLUSION**

36. As demonstrated by the awards and labels we received during the year, our Programme of Activities is effective in providing green, healthy and affordable quality housing. We will continue to collaborate with stakeholders on all fronts to further enhance the delivery process of public housing. In meeting the housing production target in the coming years, we will continue to uphold HA’s core values of caring, committed, customer-focused and creative in serving the community, striving for innovations and making effective use of resources in an environment-friendly manner.

37. I thank all BC Members and staff of the Department for their valuable contributions and unfailing support to the work of BC during the past year.

Johnnie Casire CHAN Chi-kau  
Chairman, Building Committee

**Achievement in BEAM Plus Certification for New Buildings in 2021/22**

<b>Rating</b>	<b>Scheme</b>	<b>Project</b>
Gold Rating in the Provisional Assessment	BEAM Plus Version 1.2 for New Buildings	Public Housing Development at Tung Chung Area 100, Tung Chung
		Public Housing Development at Tung Chung Area 99, Tung Chung
		Public Housing Development at Kai Tak Site 2B2, Kowloon City
		Public Housing Development at Hin Fat Lane, Tuen Mun
		Public Housing Development at Hang Fu Street, Tuen Mun
		Public Housing Development at Long Bin Phase 1, Yuen Long
		Public Housing Development at Chiu Shun Road, Tseung Kwan O
		Public Housing Development at Sheung Shui Areas 4 and 30 Site 2
		Public Housing Development at Anderson Road Quarry Site R2-8
Platinum Rating in the Provisional Assessment	BEAM Plus Version 2.0 Pilot	Ching Fu Court, Tsing Yi
Platinum Rating in the Final Assessment	BEAM Plus Version 1.2 for New Buildings	Yuk Wo Court, Sha Tin
Gold Rating in the Final Assessment	BEAM Plus Version 1.2 for New Buildings	King Tai Court, San Po Kong
		Yan Tin Estate, Tuen Mun
		Lai Tsui Court, Cheung Sha Wan
		Wui Chi House, Tung Wui Estate
		Sheung Man Court, Kwai Chung
		Kam Fai Court, Ma On Shan

**Certified Standards**

<b>Certified Standard</b>	<b>Scope</b>	<b>Certified Since</b>
<b>Development and Construction Division</b>		
ISO 9001: Quality Management	Planning, design, project management and contract administration for the construction of public housing.	1993
ISO 14001: Environmental Management	Planning, design, project management, contract administration and materials testing for the construction of public housing.	2009
ISO 50001: Energy Management	Planning, design, project management and contract administration for the construction of public housing.	2012
ISO 45001: Occupational Health and Safety Management System	Materials testing for the construction of public housing.	2020
<b>Estate Management Division</b>		
ISO 9001: Quality Management	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	1993
ISO 14001: Environmental Management	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing. Provision of property management services (including cleansing, security, landscaping and office administration) in public housing estate.	2011
ISO 50001: Energy Management	Planning, design, operation, project management and contract administration for facility management and improvement works of the communal areas of public rental housing domestic blocks.	2013
ISO 45001: Occupational Health and Safety Management System	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2019
<b>Independent Checking Unit</b>		
ISO 9001: Quality Management	Building Control for Public Housing	2014
ISO 14001: Environmental Management	Building Control for Public Housing	2014

## Other Quality Schemes and Standards

Scheme/Standard	Scope	Adopted Since	Remarks
<b>Development and Construction Division</b>			
ISO 26000: Social Responsibility	Planning, design, project management and contract administration for the construction of public housing.	2010	Integrated with other management systems of DCD. A non-certifiable standard, but measured through HKQAA CSR Advocate Index. For the tenth consecutive year since 2012, DCD achieved the full score of 5.0.
ISO 31000: Risk Management	Planning, design, project management and contract administration for the construction of public housing.	2010	Integrated with other management systems of DCD.
European Foundation for Quality Management (EFQM) Excellence Model	Planning, design, project management and contract administration for the construction of public housing.	2010	Integrated with other management systems in DCD.
<b>Estate Management Division</b>			
ISO 19011: Auditing Management System	Internal audit for planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2012	Integrated with other management systems of EMD. A non-certifiable standard, but verified through HKQAA with Verification Statement obtained in 2013.
ISO 26000: Social Responsibility	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2012	Integrated with other management systems of EMD. A non-certifiable standard, but measured through HKQAA CSR Advocate Index. For the eighth consecutive year since 2014, EMD achieved the full score of 5.0.

<b>Scheme/Standard</b>	<b>Scope</b>	<b>Adopted Since</b>	<b>Remarks</b>
ISO 31000: Risk Management	Planning, design, project management and contract administration for the planned maintenance and improvement of public housing.	2012	Integrated with other management systems of EMD. A non-certifiable standard, but verified through HKQAA with Verification Statement obtained in 2013.
HKQAA Sustainable Building Index (SBI) Scheme	Sustainability performance on environmental, social and economic aspects of domestic blocks in ten estates with major block types.	2012	A non-certifiable standard, but verified through HKQAA SBI Scheme. HA became the first organisation obtained the HKQAA SBI Verified Mark in 2012.

**Project Related Local Awards**

<b>Organiser/Award Title</b>	<b>Project/Research Topic</b>	<b>Category and Level Attained</b>
<b>Development and Construction Division</b>		
Environmental Campaign Committee – Hong Kong Green Organisation Certification	HKHA Waste Reduction Performance	Wastewi\$e Certificate – Basic Level
Hong Kong Quality Assurance Agency (HKQAA) – HKQAA Corporate Social Responsibility (CSR) Index – Advocate Mark	The performance of social responsibility practices in Development and Construction Division	ISO – HKQAA CSR Advocate Mark
Hong Kong Institute of Project Management – Project Management Achievement Awards 2020	Public Housing Development at Tung Tau Estate Phase 8 (Wui Chi House, Tung Wui Estate)	Sustainable Project – Winner
Co-organised by nine professional organisations – Quality Building Award 2020	On Tai Estate – Public Rental Housing at Anderson Road Sites A & B	Hong Kong Residential (Multiple Buildings) – Grand Award
Development Bureau, Construction Industry Council – 27th Considerate Contractors Site Award Scheme	Construction of Public Housing Development at Tuen Mun Area 54 Sites 1 & 1A	Considerate Contractors Site Award (Non-Public Works – New Works – Group A) – Gold Award
Development Bureau, Construction Industry Council – 27th Considerate Contractors Site Award Scheme	Construction of Public Housing Development at Tuen Mun Area 54 Sites 1 & 1A	Outstanding Environmental Management & Performance Awards (Non-Public Works – New Works – Group A) – Bronze
Autodesk Far East Limited – Autodesk Hong Kong BIM Awards 2021	Innovative Use of Computational Design – A Public Housing Design Perspective	Building Design – Honourable Mention
The Hong Kong Institute of Landscape Architects – HKILA Professional Awards 2021	Design and Construction for Public Rental Housing Development at Fanling Area 49	Landscape Design – Professional Awards
The Chartered Institution of Building Services Engineers Hong Kong Region – CIBSE Hong Kong Awards 2021	Wah Ha Estate	Residential Building – Winner – Project of the Year Award

<b>Organiser/Award Title</b>	<b>Project/Research Topic</b>	<b>Category and Level Attained</b>
The Association of Consulting Engineers of Hong Kong – ACEHK Annual Awards 2021	Public Rental Housing Development at North West Kowloon Reclamation Site 6 (Hoi Tat Estate)	ACEHK Annual Awards 2021 – Overall Best Award
The Hong Kong Council for Testing and Certification – Testing and Certification Manpower Development Award Scheme	Housing Department Materials Testing Laboratory	Corporate Award – Corporate Award
<b>Contractor</b>		
Environmental Campaign Committee – Hong Kong Green Organisation Certification	Construction of Subsidised Sale Flats Development at On Muk Street Phase 1, Shek Mun, Sha Tin	Residential (Hong Kong) – Excellent Level
The Hong Kong Institute of Building Information Modelling – HKIBIM AWARD 2020	Construction of Subsidised Sale Flats Development at On Muk Street Phase 1, Shek Mun, Sha Tin	Government Project – Honourable Mention
Occupational Safety and Health Council – Occupational Health Award 2020-21	Construction of Public Housing Development at Tsing Hung Road, Tsing Yi (by China State Construction Engineering (HK) Ltd)	HA Project – Joyful@Healthy Workplace Best Practices Award (Enterprise/Organisation Category) (Outstanding Award)
Occupational Safety and Health Council – Occupational Health Award 2020-21	Construction of Public Housing Development at Tsing Hung Road, Tsing Yi (by China State Construction Engineering (HK) Ltd)	HA Project – Joyful@Healthy Workplace Innovative Improvement Award (Merit Award)
Occupational Safety and Health Council – Occupational Health Award 2020-21	Foundation for Public Housing Development at Kai Tak Site 2B2 Contract No.: 20190190 (by Kin Wing Engineering Co., Ltd)	HA Project – Joyful@Healthy Workplace Best Practices Award (Enterprise/Organisation Category) (Merit Award)
Occupational Safety and Health Council – Occupational Health Award 2020-21	Construction of Public Housing Development at Hiu Ming Street (by Chun Wo Construction & Engineering Co., Ltd)	HA Project – Joyful@Healthy Workplace Innovative Improvement Award (Merit Award)

<b>Organiser/Award Title</b>	<b>Project/Research Topic</b>	<b>Category and Level Attained</b>
Development Bureau and Construction Industry Council – 27th Considerate Contractors Site Award Scheme	Ground Investigation Term Contract C (2019-2021) (by Gammon Building Construction Limited)	Non-public Works Site – The Considerate Contractors Site Award (Bronze Award); The Outstanding Environmental Management & Performance Award (Merit Award)
Development Bureau and Construction Industry Council – 27th Considerate Contractors Site Award Scheme	Construction of Public Housing Development at Tuen Mun Area 54 Site 1&1A (by Able Engineering Company Limited)	HA Project – Non-Public Works – New Works – Group A (CCSA – Gold Award, OEMPA – Bronze Award)
Development Bureau and Construction Industry Council – 27th Considerate Contractors Site Award Scheme	Construction of Public Housing Development at Tuen Mun Area 54 Site 1&1A (by Wai Yip Electrical Mechanical Engineering Limited)	HA Project – Non-Public Works – Model Subcontractor (Bronze Award)
Environmental Campaign Committee – Environmental Excellence and Hong Kong Green Organisation Certification	Construction of Public Rental Housing Development Phases 1 & 2 and Subsidised Sale Flats Development at Diamond Hill CDA (Contract No.: 20170225) (by Sun Fook Kong Construction Limited)	HA Project – Construction Industry – Certificate of Merit
Occupational Safety and Health Council – 22nd Construction Safety Award	Foundation for Public Housing Development at Tung Chung Area 99 (Contract No.: 20190274) (by Chun Wo Foundations Limited)	Best Safety Enhancement Program for Working at Height – Silver
Occupational Safety and Health Council – 22nd Construction Safety Award	Construction of Public Housing Development at Chai Wan Road, Chai Wan (Contract No.: 20180295) (by Shui On Building Contractors )	Best Safety Enhancement Program for Lifting Operation – Gold Award

<b>Organiser/Award Title</b>	<b>Project/Research Topic</b>	<b>Category and Level Attained</b>
Occupational Safety and Health Council – 22nd Construction Safety Award	Construction of Public Rental Housing Development Phases 1 & 2 and Subsidised Sale Flats Development at Diamond Hill Comprehensive Development Area (Contract No.: 20170225) (by Sun Fook Kong Construction Limited)	Best Safety Enhancement Program for Lifting Operation – Bronze Award
Occupational Safety and Health Council – 22nd Construction Safety Award	Construction of Public Housing Redevelopment at Pak Tin Estate Phase 10 (Contract No.: 20190141) (by Aggressive Construction Co., Ltd)	Competition on Safety Culture – Best Safety Culture Site – Silver Award
Occupational Safety and Health Council – 22nd Construction Safety Award	Construction of Public Housing Development at Chai Wan Road, Chai Wan (Contract No.: 20180295) (by Shui On Building Contractors)	Competition on Safety Culture – Best Safety Culture Site – Silver Award
Occupational Safety and Health Council – 22nd Construction Safety Award	Risk Management Team at Chai Wan Road Project (Contract No.: 20180295)	Competition on Safety Culture – Best Safety Activity Team – Gold Award
Occupational Safety and Health Council and Labour Department together with government departments, unions and associations – 22nd Construction Safety Award	Construction of Public Housing Development at Lei Yue Mun Phase 4 (by China State Construction Engineering (HK) Ltd)	HA Project – Best Safety Culture Project Manager/Site Agent (Silver Award)  Competition on Safety Culture – Best Safety Activity Team (Silver Award)  Competition on Safety Culture – Best Safety Culture Site (Merit Award)  Best Safety Enhancement Program for Lifting Operation (Merit Award)

<b>Organiser/Award Title</b>	<b>Project/Research Topic</b>	<b>Category and Level Attained</b>
Occupational Safety and Health Council – 22nd Construction Safety Award	Construction of Public Housing Redevelopment at Pak Tin Estate Phase 10 (Contract No.: 20190141) (by Aggressive Construction Co., Ltd)  MAK Kim Leung	Competition on Safety Culture – Best Safety Culture Site – Silver Award
Hong Kong Housing Authority – Quality Public Housing Construction and Maintenance Awards 2021	Construction of Public Rental Housing Development Phase 1 & 2 and Subsidised Sale Flats Development at Diamond Hill CDA (Contract No.: 20170225) (by Sun Fook Kong Construction Limited)	HA Project – New Works Projects – Outstanding Site Foreman
Hong Kong Housing Authority – Quality Public Housing Construction and Maintenance Awards 2021	Construction of Public Rental Housing Development Phase 1 & 2 and Subsidised Sale Flats Development at Diamond Hill CDA (Contract No.: 20170225) (by Sun Fook Kong Construction Limited)	HA Project – New Works Projects – Outstanding Workers Lifting Supervisor
Hong Kong Housing Authority – Quality Public Housing Construction and Maintenance Awards 2021	Construction of Public Rental Housing at Fanling Area 49 (Contract No.: 20160355) (by Yau Lee Construction Company Limited)	New Works Project – Best Site Safety – Timely Report of Near Miss Incident (Building)
Hong Kong Construction Association – HKCA Construction Safety Award	Construction of Subsidised Sale Flats Development at Diamond Hill Comprehensive Development Area (Contract No.: 20190090) (by Yau Lee Construction Company Limited)	HA Project – Proactive Safety Contractor Award, Safe Supervisors Award & Safe Person-in-Charge Award
Green Council – Hong Kong Green Award 2021 – Green Management Award	Construction of Public Housing Development at Hiu Ming Street (by Chun Wo Construction & Engineering Co., Ltd)	HA Project – Gold Award + sustained performance 3 yrs+

<b>Organiser/Award Title</b>	<b>Project/Research Topic</b>	<b>Category and Level Attained</b>
Environmental Campaign Committee – Hong Kong Awards for Environmental Excellence 2020	Construction of Public Housing Development at Hiu Ming Street (by Chun Wo Construction & Engineering Co., Ltd)	HA Project – Merit Award
Occupational Safety and Health Council – 20th Hong Kong Occupational Safety & Health Award	Construction of Public Housing Development at Chai Wan Road, Chai Wan (Contract No.: 20180295) (by Shui On Building Contractors )	Safety Management System Award (Construction) – Silver Award
Occupational Safety and Health Council – 20th Hong Kong Occupational Safety & Health Award	Construction of Public Housing Development at Chai Wan Road, Chai Wan (Contract No.: 20180295) (by Shui On Building Contractors)	Safety Management System Award (Construction) 5S Good Housekeeping Best Practices Award – Merit Award
Occupational Safety and Health Council – 20th Hong Kong Occupational Safety & Health Award	Construction of Public Housing Development at Chai Wan Road, Chai Wan (Contract No.: 20180295) (by Shui On Building Contractors)	Safety Performance System Award (Construction Industries) – Rookie Safety Performance Award – Excellence Award
Construction Industry Council – Hong Kong openBIM/openGIS Award 2022	Public Rental Housing Development at North West Kowloon Reclamation Site 6 (Contract No.: 20150547) (by Yau Lee Construction Co., Ltd)	Project Category – Honourable Mention

## **Report by the Chairman of the Commercial Properties Committee for 2021/22**

### **INTRODUCTION**

The Commercial Properties Committee (CPC) held three meetings during the year. In June 2021, Members also paid a visit to two Hong Kong Housing Authority (HA)'s shopping centres and one public housing estate (PHE) to view a new shopping centre, an existing shopping centre with asset enhancement works completed as well as some domestic flats converted from vacant non-domestic premises. Under continuous impact of the COVID-19 epidemic and the challenging economic conditions over the year, HA continued to provide rent concessions for its eligible non-domestic tenants and implement various leasing and promotion activities to enhance the business environment of its retail facilities. The Department also continued to identify enhancement opportunities and undertake feasibility studies and improvement works under the five-year rolling programme for asset enhancement of HA's retail and car parking (RC) facilities.

### **HA's RETAIL FACILITIES**

#### **New Developments**

2. New retail facilities in Kai Chuen Shopping Centre, Queens Hill Shopping Centre, Pak Tin Estate (Phases 7, 8 and 11), Fu Tip Estate, and Hoi Tat Estate (Phase 3) were completed during the year. As at the end of March 2022, the total internal floor area (IFA) of HA's retail portfolio was about 293 000 m<sup>2</sup>.

#### ***Leasing Strategies***

3. We continued to adopt strategic planning and arrange early marketing and leasing of new retail facilities well in advance before completion of the public housing developments to address residents' basic needs upon intake. To maintain the balance between residents' needs and shop tenants' business viability, we have also adopted flexible leasing and intake arrangements. Furthermore, we continued to maintain a balanced and diversified trade mix in our shopping centres according to local situation such that sufficient variety of trades and services were provided for our residents and the local community in line with market trend.

## **Existing Retail Facilities**

### ***Enhancement of Trade Mix***

4. During the year, we continued to adopt a strategic and market-oriented approach in arranging leasing of our existing retail facilities and seek opportunities to enhance the trade mix of our shopping centres in response to market demand.

5. For Domain, HA's flagship shopping centre, we continued our efforts in improving its trade and tenant mix by way of well-planned and proactive strategies in tenancy renewals with a view to maintaining its popularity and competitiveness. In November 2021, the Letting Panel of CPC endorsed the non-renewal of existing tenancies of Domain if there was opportunity for enhancing the trade and tenant mix. Upon tenancy expiry of the anchor tenant "SU-PA-DE-PA" in July 2021, we successfully introduced a new anchor department store/superstore "AEON STYLE" at Domain and a new department store "I-Cook" at the Shopping Spine, bringing a fresh new look and new shopping excitement to enhance Domain's attractiveness. Apart from the new department stores, several new businesses were also introduced in Domain during the year, including two new furniture shops, one sweet refreshments shop and one fashion shop, providing more shopping choices and attracting patronage from a wider catchment area. All these new shops were well received by tenants and customers. Apart from the tenant mix, we also commenced improvement works for the toilet facilities in Domain in order to enhance operational efficiency, upgrade the facilities in line with market trend and improve the business environment of Domain.

6. To meet residents' need for convenient banking services, we had been maintaining close collaboration with major banks to facilitate them in setting up bank branches, self-service banks or Automatic Teller Machines in PHEs. We had also been liaising with major banks for expansion of mobile banking service in PHEs. As at the end of March 2022, 30 HA's public rental housing (PRH) estates have been covered by mobile banking service.

7. In response to the growing popularity of online purchase and the associated demand for logistics services, especially amidst the COVID-19 epidemic, we continued to arrange letting of shops and suitable spaces in our shopping centres and estates for express delivery services and setting up of parcel lockers. As at the end of March 2022, a total of 89 parcel lockers had been set up in HA's PRH estates and shopping centres.

### *Vacancy*

8. Through well-planned leasing arrangements and promotion strategies together with the rent concession measures which provided certain assistance to HA's commercial tenants to tide over the difficult business environment, the vacancy rate of retail premises (excluding ward offices) as at the end of March 2022 was maintained at a low rate of 1.2%.

### *Rent Arrears*

9. The rent arrears rate as at the end of March 2022 was 2%, which met the performance target of less than 2.5%.

## **ISSUES DISCUSSED**

### **Asset Enhancement of HA's Retail and Car Parking Facilities**

10. Since 2011, the Department has formulated a five-year rolling programme for prioritising asset enhancement of HA's RC facilities with a view to enhancing their potential and business environment as well as to meet residents' needs. Based on the Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis for HA's commercial portfolio, a number of suitable RC facilities have been identified for further feasibility studies and asset enhancement through major improvement works, re-designation of trade mix and conversion of usage according to the priority set.

11. To roll forward the programme, the Department continued to identify asset enhancement opportunities and implement the earmarked projects. Having regard to the results of the SWOT analyses conducted by the Department, we endorsed in August 2021 to earmark Shui Pin Wai Estate and Choi Wan (II) Estate for inclusion under the rolling programme. The Department would conduct further studies to explore the feasibility of additional retail provisions in these two estates to meet residents' needs. Besides, improvement works in Shek Kip Mei Market were completed during the year while those for Yau Lai and Mei Tin Shopping Centres, Choi Ying Place, Tin Ching Estate, Upper Ngau Tau Kok Estate as well as Pok Hong Market were in good progress.

## **Carparks**

### ***Management Services of Carparks***

12. HA had a portfolio of 189 carparks providing about 33 500 parking spaces as at the end of March 2022. Management contracts have been procured for the management of 108 carparks by carpark operators, and the rest are under the management of the Department's staff and other property management agents. Carpark automation and electronic payment system by Octopus have been in place in most of the carparks to enhance cost effectiveness and users' convenience. In support of Government's promotion of efficient and safe instant payment services on a round-the-clock basis, Faster Payment System services for collection of carpark monthly fees was launched in March 2022.

### ***Carpark Charges***

13. HA charges fees at market level for its parking spaces, and the fees are reviewed annually and will take effect on 1 January of the following year. In reviewing the charges, reference is made to the carpark charges of other public bodies and comparable private sector. Having regard to the trend of market charges according to the result of market research, we approved maintaining the existing monthly carpark charges for all types of parking spaces at the 2021 level and slightly increasing the hourly charges (including Day Pass and 24-hour Pass charges for private car parking spaces) for all types of parking spaces with effect from 1 January 2022. Taking into consideration the growing popularity of electric vehicles (EVs) and the Government's plan to impose EV charging fees in government carparks from around 2025, we endorsed the discontinuation of free parking during electricity charging at HA's hourly parking spaces for 2022, in line with the current practice of government carparks and most private carparks.

### ***Maximising the Usage of Carparks and Addition of Parking Spaces***

14. The Department continued to implement various measures to maximise the usage of HA's car parking facilities, including re-designation of surplus parking spaces for a particular type of vehicle to other types of vehicle in demand, conversion of surplus monthly parking spaces for hourly parking to meet the demand, adopting floating parking system in some HA carparks with hourly parking to enable the sale of more monthly tickets and letting surplus parking spaces to non-residents upon obtaining necessary permissions, etc. Through the implementation of such measures coupled with the increasing demand for parking spaces, the overall occupancy rate of HA's parking spaces has been maintained at a high level of around 98% as at the end of March 2022.

15. In view of the keen demand for car parking spaces, the Department has been seeking opportunities for creating additional parking spaces in HA's existing car parks subject to technical feasibility and necessary approvals. As at March 2022, a total of 225 additional parking spaces had been created in 26 estates by making use of open spaces, realignment of parking spaces, re-designation of spaces for the parking of other types of vehicles, etc. The Department was working on the further creation of 49 additional parking spaces in another three estates, and would continue to implement various measures to maximise the usage of HA's car parking facilities as well as seek opportunities to add more car parking spaces to meet the demand. For new public housing development projects, HA will provide car parking spaces in accordance with the latest standards stipulated in the Hong Kong Planning Standards and Guidelines (HKPSG) and in consultation with the Transport Department.

### ***Provision of Electric Vehicle Charging Facilities***

16. In support of Government's policy to promote the wider use of EVs, HA has since 2011 been providing EV charging facilities in its car parks. In some HA's existing car parks, EV charging facilities had been installed at hourly private car (PC) parking spaces in collaboration with power companies. We approved to continue the charge of a nominal licence fee of \$1 per annum for the EV charging facilities installed by utility companies at HA's car parks for 2022.

17. Since 2013, HA has been providing EV charging facilities in the car parks in new public housing developments in accordance with the HKPSG. At least 30% of the PC parking spaces in new car parks have been installed with standard chargers (SCs), with the remaining 70% EV charging-enabling (i.e. with final circuit cables laid for future installation of EV chargers when needed).

18. To meet the demand from carpark users, HA has also been installing SCs at monthly PC parking spaces in its existing car parks on need basis and subject to technical feasibility. In recent years, to complement Government's initiative to further enhance the EV charging network, HA has been providing additional medium chargers (MCs) at hourly PC parking spaces in its existing car parks where there is demand and technically feasible with available electricity loading capacity.

19. The Environmental Protection Department has been coordinating with relevant government departments to update the HKPSG and relevant technical guidelines on EV charging facilities, including requirements for the provision of MCs in new developments. Notwithstanding that the relevant updates of HKPSG and government technical guidelines are still under review by relevant bureaux and departments and yet to be issued, the Department will install MCs and its

charging-enabling facilities instead of SCs in new public housing projects under planning and in early design stages. For projects at advanced design and tender stages or under construction, the Department will review the feasibility of providing MCs with due diligence on a case by case basis taking into consideration the time and cost implications as well as other technical and spatial requirements.

20. As at the end of March 2022, HA has provided EV charging facilities at about 480 hourly parking spaces and about 1 280 monthly PC parking spaces in about 70 car parks.

### **Factory Estates**

21. In the 2019 Policy Address, the Chief Executive invited HA to explore the feasibility of redeveloping its factory estates for public housing use. Upon completion of the feasibility study, HA announced on 24 May 2021 the study results and the clearance and redevelopment of four of its factory estates, viz. Yip On, Sui Fai, Wang Cheong and Kwai On Factory Estates.

22. HA's factory estates are operated on commercial principles and HA has the right under the tenancy agreement to terminate the tenancies by giving due notice. Tenants are not legally or contractually entitled to relocation or any form of compensation. However, in addition to giving affected tenants an 18-month notice for them to vacate their premises by 30 November 2022, HA has provided a series of helping measures to assist tenants' removal. The measures included an ex-gratia allowance (EGA) at 15 months' rent/licence fee; restricted tender opportunities to bid for vacant factory units in HA's two remaining factory estates (i.e. Chun Shing and Hoi Tai Factory Estates) with a three-month rent-free period; and a cash sum of \$25,400 per standard unit of 25 m<sup>2</sup> IFA for affected tenants/licensees who did not lease units in Chun Shing and Hoi Tai Factory Estates. A special arrangement of an Early Bird Payment was also made for the first time, whereby an additional cash sum of \$100,000 per tenancy/licence would be provided for tenants/licensees who did not lease units in Chun Shing and Hoi Tai Factory Estates and vacated their premises within nine months from the date of announcement of clearance (i.e. on or before 28 February 2022).

23. To address tenants' requests for more time to arrange for alternative accommodation and removal due to the Chinese New Year, we approved in January 2022 the extension of the deadline so that affected tenants could move out by 31 July 2022 while remain eligible for the Early Bird Payment. The Department had also completed the restricted tender exercise for affected tenants to lease vacant factory units in Chun Shing and Hoi Tai Factory Estates in September 2021. A total of 91 vacant standard units (each of 25 m<sup>2</sup> IFA),

packaged as 40 sets of units with IFAs ranging from 25 m<sup>2</sup> to 150 m<sup>2</sup>, were let to affected tenants.

24. As at end July 2022, around 1 820 affected tenants (involving around 93% of the tenancies) had surrendered their premises to HA. Around 30 tenants (involving around 2% of the tenancies) had committed to vacate their premises by serving notice to surrender their premises or applying for advance payment of 70% EGA. In other words, a total of around 1 850 affected tenants (involving around 95% of the tenancies) had either vacated or committed to vacate their premises.

25. The Department will continue to maintain close liaison with the remaining tenants for their timely removal with a view to meeting the target clearance date and commencing the redevelopment programme as early as possible.

### **Telecommunications Installations**

26. According to established policy, the charges for telecommunications installations at HA's properties are set at market level and reviewed annually. The reviewed charges take effect from 1 April of each year. With reference to the latest market data gathered from the operators and the Rating and Valuation Department for the letting of various telecommunications sites in private properties and taking account of the economic conditions, we approved to maintain the existing charges for different types of telecommunications installations with effect from 1 April 2022.

27. In support of Government's initiatives to promote the development of fifth generation (5G) mobile communications technology in Hong Kong, we approved in August 2021 the revised charging arrangements for telecommunications installations at HA's properties by offering a 50% reduction in the standard charging rate with effect from 1 September 2021.

### **Rent Concession Measures for HA's Non-domestic Tenants**

28. In line with the Government's relief measures to support enterprises and relieve people's financial burden, HA granted eligible retail and factory tenants rent concessions at 50% from 1 October 2019 to 31 March 2020. The rent concessions for these tenants were subsequently extended several rounds from 1 April 2020 to 30 September 2021, totaling 18 months, and increased to 75%. The coverage of the 75% rent concessions was also extended to include tenants/licensees of bus kiosks and most advertising signboards, as well as carpark users for the monthly parking of commercial vehicles. Also, eligible

tenants/licensees of HA's non-domestic premises such as beauty parlours, children game centres, etc. could apply for 100% rent concession for the period during which their operation at the premises concerned was required to be closed under anti-epidemic regulations or directions of the Government. In support of Government's further helping measures, we approved on 3 September 2021 further extension of the 75% rent concessions for six months up to the end of March 2022. For prudent use of HA's resources, the grant of rent concession for supermarkets/superstores was subject to tenants' application and production of proof of sales drop starting from this round. In March 2022, to tie in with the Government's latest relief measures, we approved further extension of the 75% rent concession period up to 30 September 2022. The total rent foregone for rent concessions granted by HA for the 36-month period from 1 October 2019 to 30 September 2022 was estimated to be around \$3,650 million.

### **Rates Concession Exercise for Non-domestic Premises**

29. To align with Government's measures to waive rates for the financial year of 2022/23, we approved the arrangements to pass on the rates concession to eligible non-domestic tenants/licensees on a "no-loss-no-gain" principle subject to a ceiling of \$5,000 per quarter in the first two quarters and a ceiling of \$2,000 per quarter in the remaining two quarters for each rateable non-domestic property.

### **Review of Ex-gratia Allowance for Commercial Tenants Affected by Redevelopment/Clearance**

30. To ease the impact on commercial tenants affected by HA's redevelopment/clearance of PRH estates and to facilitate the smooth implementation of the redevelopment/clearance exercises, it has been the established practice to offer an EGA and restricted tender opportunity to lease shopstalls in HA's markets or a lump sum payment (LSP) in lieu to them. The EGA and LSP are reviewed biennially.

31. In December 2021, we approved to maintain the rate of EGA at 15 times the monthly exclusive rent specified in the tenancy agreement on the date of formal announcement of the clearance exercise and to fix the amount of LSP at \$125,000. The approved rates will be payable to eligible commercial tenants paying market rent under fixed term tenancies affected by redevelopment/clearance, if any, announced or to be announced within the two-year period commencing from 1 January 2022.

## **Review of Concessionary Rent for Welfare Premises**

32. Since 1 April 1983, concessionary rent has been charged for the leasing of welfare premises at HA's properties to eligible non-governmental organisations (NGOs) providing direct services of welfare or community nature to residents in PHEs. The concessionary rent is set at a uniform rate irrespective of location, orientation or other market factors and at a level generally adequate to cover the management and maintenance as well as other recurrent expenses for the welfare premises on average. According to established arrangement, the concessionary rent is reviewed every three years with reference to the movement of Consumer Price Index (A). In March 2022, we approved an adjustment of the concessionary rent from \$59/m<sup>2</sup> to \$62/m<sup>2</sup> per month exclusive of rates and government rent (if any) for the period from 1 April 2022 to 31 March 2025.

## **Letting Arrangements for Ward Offices Arising from the Changes in the Composition of the Legislative Council**

33. In support of district administration and constitutional development of Hong Kong, HA has been leasing, as far as practicable, suitable non-domestic premises in PHEs to District Councillors (DCs) and Legislative Councillors (LCs) as ward offices to facilitate them to serve and to keep in touch with their constituents during their term of offices.

34. Due to the changes in the composition of Legislative Council (LegCo) under the Improving Electoral System (Consolidated Amendments) Ordinance 2021, we approved in November 2021 the arrangements to include LCs returned by the new Election Committee under the same priority category as LCs returned by Functional Constituencies for the letting of ward offices. The approved arrangements took effect after the 2021 LegCo General Election on 19 December 2021. Besides, due to disqualification and resignation of some LCs and DCs since November 2020, their ward offices have been vacated and returned to HA. For District Council constituencies in which the DC seats remained vacant, one vacant ward office within each of such constituencies has been withheld from normal letting in order to cater for the need of the elected DC when the vacant seats are filled. To make the best use of resources, short-term lettings of such vacant ward offices to LCs and DCs have been arranged by way of monthly licences up to the time when the vacant DC seats concerned are filled.

## **ANTI-EPIDEMIC MEASURES**

35. To combat the COVID-19 epidemic, the Department has been implementing various anti-epidemic measures at HA's shopping centres and markets. These measures included strengthening the daily cleansing and disinfection of common areas in HA's shopping centres and markets (including escalators, lifts, passages, toilets and drainage facilities, etc.), conducting temperature screening at the entrances to shopping centres and markets, reminding the public to wear masks by putting up posters and notices, providing hand sanitisers at various locations for public use, etc. Additional manpower has also been employed for the work, including the employment of anti-epidemic ambassadors to monitor the implementation of various measures.

36. In response to the severe outbreak of the fifth wave of the COVID-19 epidemic in early 2022, the Government tightened various social distancing measures to contain the spread of the disease. With effect from 24 February 2022, people entering all scheduled premises under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F), including shopping malls, department stores, supermarkets, markets and barber shops/hair salons, etc., are required to use the "LeaveHomeSafe" mobile application and comply with relevant "Vaccine Pass" requirements in accordance with the Prevention and Control of Disease (Vaccine Pass) Regulation (Cap. 599L). In support of the Government's measures, the Department employed additional anti-epidemic ambassadors to remind visitors of HA's shopping centres and markets to comply with relevant "Vaccine Pass" requirements and to continue monitoring the implementation of various anti-epidemic measures.

### **Promotion of Contactless Payment in HA's markets**

37. To promote contactless payment in markets as a means to reduce the risk of COVID-19 transmission in the market setting, the Government launched the second round of the subsidy scheme under the Anti-epidemic Fund from April to June 2021. Under the subsidy scheme, stall tenants of markets and cooked food stalls under the Food and Environmental Hygiene Department and HA providing at least one contactless payment means for market patrons received a one-off subsidy at \$5,000 per stall.

## **PROMOTION ACTIVITIES**

38. Over the past two years, amidst the challenges brought about by the COVID-19 epidemic, we maintained promotion programmes to upkeep the popularity and attractiveness of our shopping centres. Due to the need to maintain social distancing, the promotion strategy had been adjusted by replacing large scale promotional events with small scale consumption stimulating activities such as festive decorations, gift redemption programmes and lucky draws. In line with the market trend of using electronic platform for promotion, we launched a mobile application for Domain Club in August 2021 to expand our customer base and to promote consumer loyalty through gift redemptions. Over 10 000 new members had been recruited through the Domain Club Mobile Application promotion scheme in just one-month's time. In October 2021, to tie in with Government's launch of the Phase 2 Consumption Voucher Scheme, we launched the "Fall Autumn Lucky Draw" with a very attractive grand prize of a sedan car in order to stimulate customer spending in Domain. The grand lucky draw was welcomed by shoppers and had successfully generated additional footfall and boosted consumption. In December 2021, we arranged Christmas decoration and the "Jingle Bell Christmas Market" trade fair in Domain and rolled out the Domain Cash Coupon promotion programme. Such promotion programme by way of offering cash coupons to customers who fulfilled prescribed spending requirements had successfully encouraged repeated visits and purchases in Domain. To enrich the choices for customers and enhance shopping ambience, we also arranged trade fairs, short-term lettings of kiosks and roadshows from time to time in partnership with popular brands, which had boosted footfall and sales in Domain.

39. For other shopping centres, we continued to arrange promotional activities and festive decorations centrally during major festivals in order to enhance the shopping ambience in a cost-effective manner.

## **Community Services**

40. We continued the collaboration with various NGOs, government departments and institutions to hold civic, cultural and community building events or activities in Domain and other shopping centres. A number of events such as "Into the World of Cantonese Opera", "Green Living@Lantau Roving Exhibition", "AFCD Geo Park Roving Exhibition" and "Open Day and Interest Class Promotion for Ho Shun Primary School" were held during the year.

## **WAY FORWARD**

41. In the past year, Hong Kong has experienced difficult economic conditions due to the impact of the COVID-19 epidemic. The outbreak of the fifth wave of COVID-19 in early 2022, with an unprecedented severity and magnitude, considerably dampened consumption in the traditionally peak season of Chinese New Year and dealt a hard blow to various sectors of the economy. In line with Government's anti-epidemic and relief measures, HA has implemented various measures to fight against the epidemic and assist its commercial tenants to tide over the difficult times. In particular, the rent concession measures have assisted tenants to maintain their business viability, enabled the continued provision of retail services to meet the needs of our residents, as well as helped maintain a low vacancy rate of our commercial properties.

42. We have endorsed the 2022/23 Programme of Activities focusing on the theme of enhancing the attractiveness of commercial properties. In order to fulfill the objective of enhancing the potential of HA's commercial properties, the Department will closely monitor the letting of our retail facilities and continue to adopt flexible marketing and leasing strategies so as to diversify the trade mix. The Department will also continue to keep pace with the market trend and explore more shopping avenues for our residents, such as setting up more parcel lockers to meet community needs arising from the increasing popularity of online shopping.

43. To optimise utilisation and enhance the business potential of HA's retail facilities, we will continue to roll forward the five-year rolling programme for asset enhancement and identify new enhancement opportunities. Given the declining stock available for large scale improvement, we will focus on smaller scale works or enhancement of trade mix for further implementation to meet the needs of the residents. As an ongoing measure, the Department will continue to explore ways to optimise the use of non-domestic premises and other spaces, such as conversion to domestic or other uses.

44. With a view to reinforcing the position of Domain as a regional shopping mall as well as to enhance the business environment of HA's shopping centres, the Department will keep in view the epidemic development and consider to launch promotional activities and events in a flexible manner. If situation permits, we will consider arranging large scale or themed promotional activities, in particular for celebration of Domain's 10th anniversary in 2022. Meanwhile, the Department will continue to launch small scale activities such as grand lucky draws and cash coupon redemption programmes in order to boost sales and footfall.

45. We will also continue to support the Government's initiatives in environmental protection such as collaborating with NGOs to launch environmental protection programmes/activities in HA's shopping centres, encouraging tenants to participate in food waste reduction and recycling programmes and avoid the use of disposable plastic tableware, etc. Furthermore, we will continue to implement various green measures for reduction in energy consumption and provide EV charging facilities in HA's new and existing carparks.

## **CONCLUSION**

46. Despite the epidemic in the past two years, the Department continued to implement improvement/conversion programmes, arrange strategic marketing and leasing for new and existing retail facilities, implement asset enhancement studies and works, identify new enhancement opportunities, as well as arrange continuous promotional activities to enhance business environment and boost sales for our tenants. The total retail floor space under HA has increased as a result of new production and improvement works for existing facilities, and the overall vacancy rate of retail premises has been maintained at a low level. We also saw the Department's great efforts in introducing new trades and enhancing tenants' profile, which have maintained Domain's attractiveness, competitiveness and its position as HA's regional shopping centre.

47. As the Chairman of CPC, I would take this opportunity to express my sincere gratitude to all Members, including the outgoing ones, for their valuable contributions. I count on all Members for their continued support and advice in the years to come. Finally, my deepest appreciation also goes to the staff of the Department for their contribution and unfailing support to the work of CPC.

Serena LAU Sze-wan  
Chairman, Commercial Properties Committee

# **Report by the Chairman of the Finance Committee for 2021/22**

## **INTRODUCTION**

The main responsibilities of the Finance Committee (FC), include review and examination of the Hong Kong Housing Authority (HA)'s financial performance and budgets and forecasts, provision of advice on HA's financial and investment policies, as well as overseeing the funds management, human resources and information technology (IT) functions.

## **FINANCE COMMITTEE MEETINGS**

2. FC met three times in 2021/22.

## **SUMMARY**

### **Finance and Funds Management**

#### **Financial Planning and Management**

3. In 2021/22, the Housing Department (HD) issued an updated Financial Instruction promulgating the main budgetary process and promoting cost consciousness. In January 2022, FC reviewed and endorsed HA's Budgets and Forecasts for 2021/22 to 2025/26, which was subsequently endorsed by HA and approved by the Chief Executive in accordance with section 4(3) of the Housing Ordinance (Cap. 283).

#### **Budgets and Forecasts**

4. Under HA's Budgets and Forecasts for 2021/22 to 2025/26, the cash and investment balance of HA is projected to maintain at around \$57 billion, which can meet its recurrent expenditure and implementing its current public housing construction programme and maintenance programme in the coming five-year period. This includes the construction expenditure for the provision of about 100 000 public housing units.

5. As announced in the 2021 Policy Address and estimated in the Long Term Housing Strategy Annual Progress Report 2021, HA will provide 330 000 public housing units in the ten-year period from 2022/23 to 2031/32, of which a large portion will be completed in the later stage. HA envisages that its

construction expenditure for the second five-year period will be more than double of the estimate in the current forecasts.

6. The Government has earmarked \$82.4 billion (the balance of the previous Housing Reserve as at 31 December 2018) in the fiscal reserves for the development of public housing and related infrastructure, thereby demonstrating the Government's commitment in this regard. Under the established mechanism, HA will conduct the annual rolling five-year budgeting exercise to monitor its funding position and will discuss with the Government on funding injection arrangement (such as the quantum and timing of funding injection) when the need arises.

### **Investment Strategy**

7. The aim of HA's investment strategy is to ensure sufficient liquidity to meet the operational needs of HA, and in a prudent and diversified manner, put the rest of HA's funds into longer-term investments to enhance long term returns.

8. According to HA's Statement of Investment Policies and Objectives, an overall Strategic Asset Allocation (SAA) review should be conducted every three years with annual risk budgeting health check in between, taking into account the latest financial market situation and risks. An overall review on the SAA was conducted in 2021/22, with the assistance of an independent investment consultant. Taking into account the advice of the Funds Management Sub-Committee (FMSC), FC accepted the consultant's recommendations to revise the SAA, i.e. to allocate around 76% of HA's funds to principal protection placements with the Exchange Fund, 16% to equities and 8% to HKD/USD deposits and bonds. The portfolio comprises mainly investments with relatively stable return.

### **Human Resources**

#### **Staffing increase**

9. In 2021/22, HA secured a total of 86 time-limited new civil service posts funded by the Government for implementing the Cash Allowance Trial Scheme.

#### **Recruitment and Promotion**

10. HA continued to conduct recruitment and promotion exercises to fill new posts and vacancies. In 2021/22, 46 recruitment and 46 promotion exercises were conducted. Around 900 new colleagues were recruited successfully and 570 serving staff were recommended for promotion/acting in higher ranks in accordance with the established mechanisms.

## **Flexible Use of Supplementary Workforce**

11. HA continued to make flexible use of its supplementary workforce, comprising body-shopped personnel, HA term staff and staff employed under the Government's Post-retirement Service Contract (PRSC) Scheme to meet special and temporary operational needs. As of 31 March 2022, 1 450 body-shopped personnel, 148 term staff and 16 PRSC staff were engaged.

## **2021/22 Annual Salary Review of HA Contract Staff**

12. In August 2021, after considering the latest situation of Hong Kong and the views of the staff side, FC decided that the salary for HA contract staff would be frozen for 2021/22.

## **Staff Training and Staff Engagement Initiatives**

13. HA continued to provide comprehensive training for different grades and levels of staff to build a competent, engaged and motivated workforce. In 2021/22, about 34 800 trainees attended around 870 training programmes provided by the Department. Due to the local epidemic situation, some face-to-face training courses were postponed or converted to webinars. Since early 2020, HA has been making wider use of webinars, video-on-demand and other e-learning resources via the HA e-learning portal (HAELP) as alternative to face-to-face training. Around 310 webinars were arranged involving more than 8 200 participants in 2021/22.

14. In 2021/22, HA continued to adopt a flexible approach in organising staff engagement activities such as holding staff recognition activities through webcasting. In addition, on-line learning resources such as short videos were produced to reinforce HA's core values, viz. caring, customer-focused, creative and committed.

## **Information Technology**

15. Over the years, HA has been implementing IT initiatives to meet business needs, improve operational efficiency and enhance various services provided to tenants and the public at large. At present, over 100 IT systems/services are in operation to support the day-to-day business of HA.

## **IT Strategy Plan**

16. The Study on IT Strategy Plan commenced in November 2021 and is scheduled to complete by November 2022. The consultant has put up more than 30 initial recommendations covering areas to introduce new customer

services, enhance collaboration among stakeholders, improve services in various areas. Further work is being carried out to formulate IT projects.

### **Enhancing Public Services**

17. HA is implementing a wide range of e-Services under the “Streamlining of Government Services” (SGS) Programme. E-submission has already been supported for 85 services by June 2022.

18. Introduced in 2019, the e-submission service for Subsidised Sale Flats Scheme is well received by the public. The percentage of the applications submitted online in Home Ownership Scheme (HOS) 2022 and White Form Secondary Market Scheme (WSM) 2022 remains high at above 85%.

19. HA continues to enrich the iHousing mobile app to bring convenience to our clients. iHousing app has been published to Huawei AppGallery in addition to App Store and Google Play. In the past year, the overall download rate grew from 162 000 (as at May 2021) to 215 000 (as at May 2022). HA also plans to introduce Simplified Chinese and languages for ethnic minority in iHousing app by phases.

20. A new Housing Smart Intake System is being developed to support electronic reporting of defects by public rental housing (PRH) tenants during new intake. By July 2022 when the system is ready for use, tenants can submit defect reports using mobile devices, enquire the progress of defect rectification and receive message notification on completion of defect rectification. It will improve the service to new PRH tenants and enhance the efficiency for progress monitoring of defects rectifications.

21. Implementation is also underway to provide an electronic means for submission of building plans to HA under the Buildings Ordinance (Cap. 123). The service will support counterparties to use Faster Payment System (FPS) for payment of submission fee and iAM Smart for digital signature. It is scheduled to launch this new service by December 2022.

22. Apart from the above electronic submission of building plan, FPS was/will be accepted in the following types of payments –

- (a) domestic tenants to pay rents through iHousing mobile app since March 2022;
- (b) non-domestic tenants to pay rents by scanning an FPS QR Code printed on the bills since March 2022;

- (c) licensees of HA's carpark to pay monthly fee by scanning FPS QR Code at the carpark shroff offices since March 2022 and through iHousing mobile app by September 2022; and
- (d) applicants to pay application fee for the next exercise of the sale of HOS flats, WSM or the sale of Green Form Subsidised Home Ownership Scheme flats.

### **Improving HA's Operating Efficiency**

23. The Redeveloped Cash and Funds Management System (CFMS) was launched in October 2021 to support day-to-day treasury operations of HA more effectively, including cashflow planning, investment quotations from bank counterparties, investment transactions and management reporting. It provides workflow process to improve the daily business operation and the daily operation processing time is estimated to be shortened by around 10%. Under CFMS, the new web application for investment quotation facilitates online collection of quotations from various bank counterparties with user-friendly features instead of using telephone calls and enhances the operational effectiveness.

### **IT Infrastructure Support**

24. The HA-Cloud Infrastructure established in December 2018. The programme for migration of 70 systems to HA-Cloud was completed in March 2022. All new IT systems will be developed on the HA-Cloud as the default platform.

25. To ensure business continuity of HA's operation under the COVID-19 epidemic, additional IT facilities and support have been implemented complying with the government security requirements while working from home. The number of staff with remote access facilities increased from 1 300 in early 2020 to about 5 800 currently. Since the fifth wave of the epidemic, there has been more extensive use of online meetings including Committee meetings and press briefing sessions.

### **Publicity and Promotion**

26. HA has all along been taking various initiatives to publicise and promote the work of HA/HD to foster a positive image of HA/HD among the general public. HA has engaged a public relations (PR) company in early 2022 to strengthen its PR work, including social platform.

## FINANCIAL PERFORMANCE

27. The key figures for HA's 2021/22 financial performance are summarised below –

	<b>2021/22 Provisional Result</b> <small>Note</small> <b>&lt;A&gt;</b> <b>\$M</b>	<b>2021/22 Revised Budget</b> <b>&lt;B&gt;</b> <b>\$M</b>	<b>Variance</b> <b>&lt;A&gt; - &lt;B&gt;</b> <b>\$M</b>
Total Operating Income	34,061	33,290	771
Total Operating Expenditure	(25,925)	(26,508)	583
<b>Operating Surplus</b>	<b>8,136</b>	<b>6,782</b>	<b>1,354</b>
<i>Including Surplus/(Deficit) as follow:</i>			
<i>Rental Housing</i>	191	(400)	591
<i>Commercial</i>	457	199	258
<i>Home Ownership Assistance</i>	7,488	6,983	505
Funds Management Account Surplus	1,596	2,776	(1,180)
Agency Account Surplus	64	41	23
Others	(12)	24	(36)
<b>Total Surplus before Appropriation</b>	<b>9,784</b>	<b>9,623</b>	<b>161</b>
Appropriation to the Government	(229)	(100)	(129)
<b>Net Surplus after Appropriation</b>	<b>9,555</b>	<b>9,523</b>	<b>32</b>
<b>Capital Expenditure</b>	<b>20,104</b>	<b>21,090</b>	<b>(986)</b>
<b>Cash and Investment Balance at year-end</b>	<b>58,916</b>	<b>57,076</b>	<b>1,840</b>

28. The provisional operating surplus in 2021/22 was higher than the Revised Budget by \$1,354 million, mainly due to the provisional total operating income was higher than the Revised Budget by \$771 million, while the provisional total operating expenditure was lower than the Revised Budget by \$583 million. The provisional operating surplus of Rental Housing Operations was \$191 million, whereas the Revised Budget was a deficit of \$400 million, mainly due to the lower than budgeted other recurrent expenditure and personal emoluments. The provisional operating surplus for the Commercial Operations was higher than the Revised Budget by \$258 million, mainly due to rent concession adjustments. The provisional operating surplus for the Home Ownership Assistance Operations was higher than the Revised Budget by \$505 million, mainly due to higher income from more subsidised sale flats sold. The provisional surplus for the Funds Management Account was lower than the Revised Budget by \$1,180 million, mainly due to the lower than budgeted

Note These are provisional figures which may be subject to year-end and audit adjustments upon finalisation of the 2021/22 annual accounts.

return on investment. Taking into account the Agency Account result and the appropriation to the Government, the provisional net surplus of HA in 2021/22 was \$9,555 million.

29. On the other hand, the provisional capital expenditure of the year was \$20,104 million, and as at 31 March 2022, HA had a provisional consolidated cash and investment balance of \$58,916 million.

## **WAY FORWARD**

30. In 2022/23, FC will continue with the ongoing work to review and examine HA's financial performance, and budgets and forecasts. FMSC will continue to monitor closely the performance of HA's fund managers and review HA's investment strategy, taking into account the latest financial market situation and risks, and HA's liquidity requirements.

31. In addition, FC will continue to provide policy steer to enable the Department to maintain and enhance human resources management services, including annual salary review.

32. HA will carry out by phases the relevant projects under the initiatives reported in the IT Strategy Study. We expect, using advanced technologies, the associated benefits on various business facilitation and operational improvement will be realised progressively upon completion of the individual projects in the coming years.

## **CONCLUSION**

33. Finally, I would like to express my gratitude to all Members of FC and FMSC for their invaluable advice and my appreciation to the staff of the Department for their unfailing support during the past year. I am confident that Members of FC will continue to contribute positively and effectively to the mission and goals of HA.

CHAN Ka-lok  
Chairman, Finance Committee

## **Report by the Chairman of the Subsidised Housing Committee for 2021/22**

### **INTRODUCTION**

Insofar as the Subsidised Housing operation is concerned, our work and efforts concentrate mainly on the themes of “Providing Quality Home”, “Promoting Sustainable Living” and “Optimising and Rationalising the Use of Public Resources”. The Subsidised Housing operation continues to focus on the allocation, management and maintenance of the public rental housing (PRH) stock of the Hong Kong Housing Authority (HA) to address the needs of the public. We also strive to enhance community bonding and family cohesion and safeguard the rational and efficient use of public resources, put in much efforts in assisting families with limited financial means to achieve their wish to own their homes, as well as striving to meet the home ownership aspirations of PRH tenants.

2. In 2021/22, the Subsidised Housing Committee (SHC) held four meetings, one separate meeting with concern groups and issued 40 papers.

### **OPTIMISING AND RATIONALISING THE USE OF PUBLIC RESOURCES**

#### **Implementation of “Well-off Tenants Policies”**

3. With a view to allocating PRH resources to those with more pressing housing needs, the revised “Well-off Tenants Policies” (WTP) have been implemented since the declaration cycle in October 2017. In 2021/22, some 250 000 income and assets declarations were vetted. As at 31 March 2022, there are some 29 600 households paying additional rent under WTP.

#### **Curbing Tenancy Abuse/Investigations Made by Dedicated Central Team/ Publicity Programmes**

4. HA has adopted a three-pronged approach to curb tenancy abuse, which includes carrying out daily estate management measures and biennial flat inspections by estate staff to detect tenancy abuse; conducting in-depth investigation by the central dedicated team on randomly selected cases, suspected abuse cases referred by frontline management and those reported by the public; and launching a series of publicity and educational programmes to raise public awareness on the rational use of public rental housing resources.

5. In 2021/22, intensive checking on some 6 800 occupancy-related cases and some 6 300 income and assets declarations were completed. A series of publicity programmes through various channels, such as distribution of aerogrammes, display of posters/banners in estates, and new animated videos and rolling text broadcast on Housing Channel, outdoor billboard advertisements at various tunnels, online advertisements as well as production of WhatsApp stickers, were launched throughout the year. Green mini-bus and bus body advertisements and advertisements at MTR compartments were also implemented.

### **Allowing Owners of Subsidised Sale Flats Launched by HA to Join the Hong Kong Housing Society's Enhanced Letting Scheme for Subsidised Sale Developments with Premium Unpaid**

6. On 29 July 2019, SHC endorsed HA's joining of the Hong Kong Housing Society (HKHS)'s enhanced Letting Scheme for Subsidised Sale Developments with Premium Unpaid (Letting Scheme) on a trial basis. Under the enhanced scheme, owners of HA's subsidised sale flats (SSFs) who have owned their flats for ten years or more with premium unpaid may let their flats to eligible PRH applicants.

7. Taking into account HKHS's review results and having assessed the effectiveness of HA's participation in the enhanced Letting Scheme, SHC endorsed at its meeting on 21 June 2021 that HA should continue to join the scheme on a regular basis. As at end-March 2022, around 790 applications from eligible owners and around 500 applications from eligible tenants were approved, with around 120 tenancy agreements signed.

### **Facilitating the Flat for Flat Pilot Scheme for Elderly Owners of the Hong Kong Housing Society**

8. To facilitate HKHS's Flat for Flat Pilot Scheme for Elderly Owners, SHC approved at its meeting on 21 June 2019 to allow eligible elderly owners of HKHS's SSFs who have sold their original flats without payment of premium to buy a smaller one in the Secondary Market of HA. HKHS has started receiving applications under the Pilot Scheme since 14 October 2019. As at 31 March 2022, HKHS received 23 applications from owners, among which 19 eligible applications were approved with "Trade Down Permit" issued while the other four were ineligible. Among the 19 approved applications, six sales of the original SSFs without payment of premium were recorded and one purchase of a smaller SSF (in the secondary market of HA) was recorded.

## **E-submission Services for Applications of Public Rental Housing and Subsidised Sale Flats**

9. HA launched “Quick Updating of PRH Application” (Quick Updating) for applicants to submit online requests for updating of application details in June 2020. This new e-service enables applicants to submit change of household particulars, choice of district and date of detailed vetting interview in a fast and effective way. Applicants can also make use of this “Quick Updating” to check the status of their PRH applications. For PRH applicants whose PRH applications have been cancelled, they can make requests for reinstatement or review with ease. In addition, HA launched e-service for submission of applications under Express Flat Allocation Scheme in July 2021 to provide a fast and convenient way for applicants to submit applications.

10. HA continued to provide e-services for submission of applications for the Sale of Home Ownership Scheme (HOS) Flats 2022 (HOS 2022) and White Form Secondary Market Scheme (WSM) 2022 in February 2022, to provide applicants with a fast and secure way to submit applications and make payments online via computers or mobile phones. The e-services for the sale exercises ran smoothly. Applicants could complete their application forms within an average of about ten minutes. For HOS 2022 and WSM 2022, around 330 000 applications were received online, accounting for about 90% of the total applications, showing that the service was well received by the applicants. E-services for submission of applications will be provided for the Sale of Green Form Subsidised Home Ownership Scheme (GSH) Flats 2022 (GSH 2022) which is scheduled for launch in the third to fourth quarter of 2022.

## **Review of Under-occupation Policy cum Trial Scheme on Full Rent Exemption for Elderly Under-occupation Households in Public Rental Housing Estates**

11. In December 2020, HA approved the continuation of the current Under-occupation Policy and the regularisation of the Scheme on Full Rent Exemption for Elderly Households (the Scheme) with enhancement measures, viz. (i) extending the coverage of the Scheme to elderly households residing in Housing for Senior Citizens of Type I Design and non-self-contained Converted-one-person units; and (ii) widening the district choice from the same District Council district to the same PRH Application District. As at end-March 2022, about 490 applications were approved with 152 households successfully transferred to flats of suitable sizes. After the transfer of these 152 households, we have a net gain of about 2 700 m<sup>2</sup> of internal floor area in total for allocation.

## **Rehousing and Associated Arrangements for Clearance of Shek Lei Interim Housing**

12. The clearance of Shek Lei Interim Housing involving about 585 persons from 329 households and its related rehousing arrangements were announced on 8 December 2020. The notification period for clearance is 24 months with the target clearance date of the entire Shek Lei Interim Housing scheduled for December 2022.

## **Arrangement to Relax the Terms and Conditions of the Deeds of Guarantee between HA and Financial Institutions Providing Mortgage Finance to Purchasers of Subsidised Sale Flats Scheme**

13. In order to enable banks and authorised financial institutions participating in the provision of mortgage finance for the Subsidised Sale Flats Scheme (SSFS) (participating financial institutions) to allow owners of SSFS flats to defer repayment of the mortgage principal, Members were informed that HA issued a letter in April 2020 to the participating financial institutions confirming and agreeing that they might offer a mortgage principal moratorium plan (moratorium plan) under which SSFS flat mortgagors might defer repayment of the principal for a maximum of 12 months and the repayment period of the mortgage loan might be extended correspondingly by a maximum of 12 months. The commencement date of the moratorium period should start no later than 31 December 2020. In light of the ongoing impact of the COVID-19 epidemic on the economy, Members were further informed that HA subsequently issued two additional letters in November 2020 and June 2021 to the participating financial institutions to extend the then time-limited arrangement for six months on each occasion, allowing the commencement date of the moratorium period to start no later than 31 December 2021.

## **Tightening the Alienation Restrictions of Subsidised Sale Flats**

14. In order to effectively curb short-term speculative activities, SHC endorsed on 6 January 2022 to tighten the alienation restrictions of HOS and GSH flats, starting from HOS 2022 and GSH 2022. The period during which the owners can only sell at not more than the original price in the Secondary Market with premium unpaid has been lengthened from the first two years since the first assignment to the first five years since the first assignment; while the restriction period for sale in the open market with premium paid has been lengthened from the first 10 years since first assignment to the first 15 years since first assignment.

## **Alternative E-Payment Methods for Rent Collection – Faster Payment System**

15. In line with the Government's promotion on e-Payment options, HA launched Faster Payment System (FPS) e-Payment Service in mid-March 2022. Public rental housing tenants only need a mobile phone that can support FPS e-Payment service to make instant transfer of rent payment anytime anywhere.

## **PROVIDING QUALITY HOMES**

### **Green Form Subsidised Home Ownership Scheme**

16. SHC regularised GSH in January 2018. GSH flats are sold at a discount of 10% more than the discount adopted for the preceding HOS sale exercise.

17. On 14 December 2021, the Strategic Planning Committee endorsed converting the PRH developments at Yau Tong, Ma On Shan and Fanling, involving 4 693 flats, for sale as GSH. SHC endorsed the provisional average selling prices (at a provisional discount of 59% from the assessed market values) and the sales arrangements for GSH 2022 at its meeting on 6 January 2022. The average selling prices and discount rate will be finalised before invitation for applications which is expected to take place in the third to the fourth quarter of 2022.

### **White Form Secondary Market Scheme**

18. SHC regularised WSM in November 2017. In view of the persistently strong response to WSM, SHC endorsed at its meeting on 6 January 2022 to maintain the quota for WSM 2022 at 4 500 (same as WSM 2020). WSM 2022 was launched together with HOS 2022 in February 2022. Balloting was held in June 2022 and Approval Letters to successful applicants are expected to be issued in the fourth quarter of the same year.

### **Sale of New Home Ownership Scheme Flats**

19. At the meeting on 6 January 2022, Members approved the provisional average selling prices and sales arrangements for HOS 2022. At the same meeting, SHC endorsed the income and asset limits for White Form (WF) family applicants under HOS 2022 and WSM 2022, at \$66,000 per month and \$1,850,000 respectively. According to the established practice, the income and asset limits for WF one-person applicants are set at half of the limits for family applicants, at \$33,000 per month and \$925,000 respectively.

20. In accordance with the established pricing mechanism, and based on the median monthly household income of non-owner occupier households for the third quarter of 2021, the average selling prices of the flats to be sold under HOS 2022 have been finalised at 49% discount from the assessed market values.

21. A total of 8 926 flats in seven new developments were put up for sale in February 2022 with about 252 000 applications received. Balloting was held in June 2022 and flat selection is expected to start from the fourth quarter of the same year.

### **Sale of Recovered Flats from Estates under the Tenants Purchase Scheme**

22. Although no new Tenants Purchase Scheme (TPS) estates were launched after 2005, sitting tenants in TPS estates can still opt to purchase the rental flats in which they reside. As at end-March 2022, around 18% of the TPS flats in the 39 TPS estates (i.e. around 33 000 units) remained unsold. In order to accelerate the sale of unsold TPS flats to further meet the aspirations of PRH tenants to own their homes, SHC endorsed in July 2020 putting up recovered TPS flats for sale to eligible Green Form applicants in the HOS and GSH sale exercises and adopting the existing TPS pricing mechanism and alienation restrictions. Additional incentives would also be provided to encourage sitting TPS tenants to purchase the flats in which they reside. In March 2021, SHC endorsed putting up the first batch of around 800 recovered TPS flats for sale under GSH 2020/21 and the related sales arrangements. In January 2022, HA further endorsed putting up the second batch of recovered TPS flats for sale under HOS 2022.

### **Maintenance for Sustainability – Sustainable Building Index**

23. Ten selected PRH estates, which could give a good representation of typical block types, were fully verified under HA's Building Sustainability Verification System and awarded the Hong Kong Quality Assurance Agency Sustainable Building Index Verified Mark in July 2021. The verifications enabled HA to better gauge the sustainability performance of PRH blocks and to formulate an effective long-term maintenance and improvement (M&I) strategy for its portfolio.

### **Improvement Works for Fire Safety**

24. The Fire Safety (Buildings) Ordinance (FS(B)O) requires the improvement of fire safety provisions to specified standards for domestic and composite buildings constructed on or before 1 March 1987. We had submitted fire safety improvement proposals for the related 64 PRH estates to

the enforcement authorities for consideration. We are revising the proposals based on the requirements and comments from the enforcement authorities for individual estates. We will implement the required fire safety improvement works after the proposals are accepted. The present fire safety condition of the estates covered by the FS(B)O is satisfactory through regular maintenance.

### **Total Maintenance Scheme**

25. In early 2006, HA launched the Total Maintenance Scheme under which HA proactively inspects the in-flat conditions and provides comprehensive repair services for PRH units aged ten years or above. Under this proactive scheme, In-flat Inspection Ambassadors carry out inspections in PRH units, arrange one-stop repair services, and promote maintenance education. Minor repairs are arranged by In-flat Inspection Ambassadors on the spot. For more complicated cases, In-flat Inspection Ambassadors will issue works orders immediately to maintenance contractors for follow up actions. In view of the severity of the epidemic situation and to reduce social contacts, it was necessary for HA to suspend the Scheme from time to time in 2021/22.

### **Responsive In-flat Maintenance Services**

26. As an on-going service, the Responsive In-flat Maintenance Services have provided quality indoor minor maintenance services to the tenants of HA through prompt response to tenants' requests, close liaison with tenants and proper control of works quality.

### **Mandatory Window Inspection Scheme**

27. The Mandatory Window Inspection Scheme (MWIS) is one of the Government's initiatives to improve building safety in Hong Kong. With the delegated authority from the Building Authority, the Independent Checking Unit under the Office of the Permanent Secretary for Housing may issue MWIS statutory notices to HA properties over ten years old. HA engaged Qualified Persons registered with the Buildings Department (BD) to carry out the prescribed inspection and supervision of the prescribed repair for windows upon receiving the MWIS statutory notices. In 2021/22, MWIS had been implemented in ten PRH estates.

## **Comprehensive Structural Investigation Programme in Aged Public Rental Housing Estates**

28. The second cycle of the Comprehensive Structural Investigation Programme (CSIP) was launched in 2018 to ascertain the structural safety and cost effectiveness of the repair works of aged PRH estates. Up to March 2022, we had completed the investigation of 11 out of the 71 PRH estates included in the second cycle of CSIP and attained satisfactory progress in the investigation programme.

## **Estate Improvement Programme**

29. In order to ensure the sustainability of the PRH estates retained after CSIP assessment, HA continued to implement the Estate Improvement Programme to these estates in phases to upgrade the recreational facilities, renovate the building exteriors and common areas as well as enhance the landscaping and greening coverage.

## **Lift Modernisation Programme**

30. HA continued to implement the Lift Modernisation Programme in PRH estates, in which conditions of all lifts in operation over 25 years would be evaluated. Modernisation of the lifts will be made according to an order based on the assessment report, the condition of the lifts and the availability of resources. In 2021/22, 61 lifts were modernised and six tenders for modernisation of 76 lifts in six PRH estates were issued.

## **ISO 45001 – Occupational Health and Safety Management System**

31. To enhance HA's occupational health and safety performance and to demonstrate our commitment to caring for our staff and stakeholders, we continued to implement the ISO 45001: 2018 Occupational Health and Safety Management System (OHSMS) for M&I works for public housing. In May 2021, we successfully maintained the certification status of ISO 45001: 2018 OHSMS, which enabled us to assess occupational health and safety risks in our M&I works more systematically and efficiently, and allocate our resources more cost-effectively. The system enhanced effectively the awareness of frontline staff on various risks associated with their works.

## **Quality Water Supply Scheme for Buildings – Fresh Water (Management System)**

32. To echo the Government's Action Plan for Enhancing Drinking Water Safety in Hong Kong and take further steps to safeguard drinking water quality, HA has been progressively implementing Water Safety Plan for Buildings (WSPB) in PRH estates and participating in the "Quality Water Supply Scheme for Buildings-Fresh Water (Management System)" (QMS) administered by the Water Supplies Department (WSD) since 2018.

33. As at end of March 2022, 136 estates had implemented WSPB and obtained the QMS certificates from WSD to recognise HA's efforts in the proper maintenance of internal plumbing systems. HA will continue to implement WSPB in the remaining PRH estates.

## **Drainage Inspection Programme and Drainage Enhancement Programme for Public Rental Housing Flats**

### *Drainage Inspection Programme*

34. HA launched the 18-month Drainage Inspection Programme in October 2020 to proactively inspect and repair drainage pipes. The Programme was completed in April 2022. Inspection of all external communal drainage pipes was completed and visits to about 800 000 PRH flats were attempted by the inspection teams, with about 470 000 flats successfully accessed and inspected. All defects found in the course of inspection had been repaired immediately where possible or planned for repair work. For those flats which could not be inspected during the Programme, we had left notices to the tenants concerned to facilitate prior appointments for inspection. We will also gain access to these flats for drainage inspection under other established programmes.

### *Drainage Enhancement Programme*

35. In light of the enhanced above-ground drainage design standards promulgated by BD in 2021, HA will implement the Drainage Enhancement Programme for our existing PRH buildings. The enhancement works include –

- (a) improvement to the locations of the open ends of vent pipes on roofs in about 1 300 blocks to address any possible building wake effect;
- (b) addition of connecting branch pipes to collect used water from wash hand basins to replenish the water inside the traps of floor drains to prevent loss of water seal in about 400 blocks; and

- (c) addition of independent U-trap to the toilet floor drains in adjacent flats which have been connected to a common U-trap in about 240 blocks so as to prevent gas and odours from passing from one flat to its adjacent flat.

36. The enhancement works will be launched concurrently in phases starting from August 2022 and will take about 2.5 years to complete.

### **Rewiring inside Domestic Flats Programme**

37. HA launched the Rewiring inside Domestic Flats (RDF) Programme in 2005 to maintain a high electrical standard and to upgrade the electrical provision for PRH flats of aged buildings. The RDF Programme includes the replacement of aged surface wirings and associated accessories including consumer units, lighting switches and socket outlets within PRH flats. In 2021/22, RDF works were carried out for PRH flats in 19 PRH/TPS estates.

### **Provision of Visual Fire Alarm System inside Public Rental Housing Units**

38. To further address the needs of hearing-impaired (HI) residents, HA has implemented a new scheme to install the Visual Fire Alarm (VFA) system inside PRH units with HI residents since March 2020, even though the system is not a statutory requirement. VFA system within the domestic unit will flash simultaneously with the communal fire alarm bells to alert the HI residents. The installation of VFA system will be arranged upon tenant's application and is free of charge. As at March 2022, VFA system was installed inside 72 PRH units.

## **PROMOTING SUSTAINABLE LIVING**

### **Review of Income and Asset Limits for Public Rental Housing for 2022/23**

39. SHC endorsed the income and asset limits for PRH for 2022/23 on 14 March 2022. Review of the income and asset limits for PRH is conducted annually based on the established mechanism. Under the mechanism, the income limits for PRH are derived using a household expenditure approach, which consists of housing costs and non-housing costs, plus a 5% contingency provision; while the asset limits are adjusted with reference to movements in the Consumer Price Index (A) (CPI(A)) over the year. If an adjustment was to be made strictly in accordance with the established formula, the PRH income limits for 2022/23 for all household sizes would decrease. However, taking into consideration the unprecedented COVID-19 epidemic and the economic impact

it brought, in particular on the livelihood of low-income families, who were target groups for PRH, SHC considered that exceptional treatment was warranted. With reference to past experience, SHC endorsed freezing the income limits for all household sizes. In addition, SHC also endorsed the adjustment to the PRH asset limits by 2.5% increase in accordance with the change in CPI(A) over the year. The revised income and asset limits came into effect on 1 April 2022.

### **Implementing the Government's Initiative to Assist Lower Income Families**

40. To help ease the community burden amid the impact of the COVID-19 epidemic on the overall socio-economic environment, the Government announced to provide rates concession for the four quarters of 2021/22, subject to a ceiling of \$1,500 per quarter in the first two quarters and a ceiling of \$1,000 per quarter in the remaining two quarters for each rateable property. On a no-loss-no-gain principle, HA passed on the amount of the concession to tenants/licensees on a monthly basis by offsetting an equivalent amount from the monthly rent/licence fees payable by them.

41. To further offset the financial burden of PRH tenants arising from the upward rent adjustment of 9.66% with effect from 1 September 2020, HA decided to provide a two-month rent waiver for PRH tenants, i.e. one-month rent waiver in September 2020 and the other in September 2021.

### **Temporary Measure to Withhold Issuance of Departmental Notice-to-quit**

42. To help those tenants having financial problems get through the hardship during the epidemic, HA had implemented a temporary relief measure to withhold the issuance of Notice-to-quit (NTQ) between May and October 2020, and successively extended the measure three times to March 2022.

43. Under this measure, eligible tenants may submit one-off applications to HA and NTQ against them would be withheld up to March 2022 upon approval of their applications. As at March 2022, 1 665 applications were approved.

### **Rent Assistance Scheme**

44. HA operates the Rent Assistance Scheme (RAS) to assist PRH tenants with temporary financial difficulties to pay their rent. Under RAS, eligible applicants will be granted a rent reduction of either 25% or 50%. As at end of March 2022, 25 000 families were receiving assistance under the scheme.

## **Marking Scheme for Estate Management Enforcement**

45. In 2003, HA implemented the Marking Scheme for Estate Management Enforcement in Public Housing Estates (MS) to strengthen control against hygiene-related misconduct in PRH estates, and to promote civic responsibility among PRH households. Currently, MS covers 28 misdeeds affecting environmental hygiene and estate management. Up to December 2021, there were recorded accumulatively some 40 500 point-allotment cases with 94 tenants having been served with NTQ because they had been allotted 16 valid points.

46. To facilitate HA or persons authorised by HA to inspect or carry out repair, maintenance or enhancement programme efficiently, with effect from 14 March 2022, the misdeed item C5 under the MS has been amended from “Denying HD staff or staff representing HD entry for repairs responsible by HD” to “Not allowing Housing Authority (HA) or persons authorised by HA to inspect or carry out inside the leased premises or at any area pertaining to the leased premises (including but not limited to the exterior wall, corridor wall, ventilation window, metal gate) works for which HA is responsible or for compliance with statutory requirements or for implementation of HA’s repair, maintenance or enhancement programme covering the building of which the leased premises form part”.

47. HA will continue to implement proactive measures to deter the misdeeds through intensified patrols and enforcement actions by staff at estate level and the Special Operation Teams at regional level. Simultaneously, we will continue to enhance the publicity to promote tenants’ civic responsibility and to maintain a decent living environment in PRH estates.

## **Partnering for Better Estate Management/Partnering with Non-Governmental Organisations to Deliver Outreaching Services to Elderly Tenants**

48. Community building is of prime importance for better neighbourhood. HA has all along partnered with non-governmental organisations (NGOs) on holding various functions to foster community bonding, green living and environmental protection. Following the increasingly elderly population in the community, “Caring for the Elderly” has long been a core theme to be promoted in functions partnered with NGOs so as to provide caring, outreaching services and support to the elderly in the public housing estates. In 2021/22, most functions partnered with NGOs had been suspended amid COVID-19 or the scale of such functions was trimmed down to minimise the risk of spread and cross infection of the disease in the community.

## **Schemes for Fostering Harmonious Families**

49. To strengthen the family-based support network for fostering harmonious families, HA has put in place a series of schemes, namely the Harmonious Families Priority Scheme, Harmonious Families Transfer Scheme, Harmonious Families Amalgamation Scheme and Harmonious Families Addition Scheme, to encourage the younger generation to take care of and live together with their elderly parents/relatives and further establish the concept of “Ageing in Place”. HA will continue to implement these schemes for fostering harmonious families.

## **Municipal Solid Waste Charging Scheme**

50. With a view to arousing the awareness of PRH tenants on waste reduction and separation at source and to get them better prepared for the implementation of the Municipal Solid Waste (MSW) charging, HA had collaborated with the Environmental Protection Department (EPD) to carry out various trial projects in PRH estates. The Phase 2 MSW charging trial in nine PRH estates covering 50 domestic blocks was carried out from May to December 2021. PRH tenants were encouraged to participate in the trial to gain first-hand experience and customised on-site advice on the use of free mock designated garbage bags. Drawing on the experience of the trial, we continued to collaborate with EPD to conduct the Phase 3 MSW charging trial in early January 2022.

51. In collaboration with EPD, food waste collection trial has been launched in 18 shopping centres and wet markets of HA by phases since July 2018 and a four-month trial of using smart recycling bin to collect food waste at Lin Tsui Estate was launched in early December 2021. Through participation in the trial of food waste recycling, both commercial and PRH tenants’ awareness on waste reduction and separation at source could be enhanced.

52. To support EPD’s pilot scheme to promote public awareness on recycling of plastic beverage containers, reverse vending machines (RVMs) have been placed at three PRH estates since February 2021 and RVMs were welcomed by the residents with positive responses. The pilot scheme will be extended to cover some 15 PRH estates in 2022. Moreover, we continued to join EPD’s trial to implement collection and recycling services of plastic recyclable materials in three districts (i.e. Eastern, Kwun Tong and Shatin Districts) covering 63 PRH estates. We will continue to work in close collaboration with EPD, green groups and relevant stakeholders on promotion of waste reduction and separation at source in order to drive behavioural changes of PRH tenants in waste generation in their daily life.

## **Waste Reduction Activities**

53. To raise the awareness of PRH tenants on waste reduction and recycling, we had carried out publicity and public education through various channels, such as videos broadcasted via social media, display of promotion banners and posters in PRH estates and publication of promotional articles in May and November 2021 estate newsletters.

54. Recycling stations have been set up in public areas of PRH estates to collect different recyclables. In 2021/22, we recovered around 28 440 tonnes of waste paper, 2 390 tonnes of aluminium cans and 3 040 tonnes of plastic bottles in PRH estates. Moreover, some 43 240 moon cakes boxes were collected for recycling after the Mid-Autumn Festival, and about 4 130 potted citrus plants were also recovered for replanting after the Lunar New Year.

## **Implementation of ISO 50001 Energy Management System**

55. The Estate Management Division (EMD) has been certified to meet ISO 50001 standard in energy management since 2013 with its scope covering the planning, design, operation, project management and contract administration for facilities management and improvement works at communal areas of PRH domestic blocks. We will continue to implement the energy management system in accordance with ISO 50001 standard.

## **Energy Conservation/Carbon Emission Monitoring**

56. HA has been constantly looking for new energy-saving initiatives that can be applied effectively in PRH estates, and adopting more energy efficient equipment when carrying out refurbishment works for building services installations. Recent energy saving measures include the use of Light Emitting Diode (LED) luminaires to replace existing Compact Fluorescent Lamp bulkhead light fittings, exit signs and directional signs during breakdown maintenance.

57. We place importance on both energy efficiency enhancement and renewable energy development. In addition to solar photovoltaic (PV) installations in new PRH estates, EMD also installed solar PV systems on the rooftops of residential buildings in some existing PRH estates. To address the constraints of existing buildings, we have explored and completed the trial project of retrofitting grid-connected flexible type solar PV system at Kwai Shing West Estate in December 2021. Following that, we plan to extend the trial to retrofit 14 other blocks with flexible type solar PV systems in 2022/23. We will continue to explore new technologies and products available in the market to expand the viability of retrofitting solar PV systems in existing PRH estates.

58. We continued to conduct Carbon Audits to monitor the carbon emission in 14 selected PRH domestic blocks, which could represent the majority of the domestic block types in HA's housing stock.

### **ISO 14001 Environmental Management System Certification**

59. To upkeep the certificate, a surveillance audit was conducted by the certification body for ISO 14001 Environmental Management System on planned maintenance and property management. The work was accomplished in May 2021 with relevant certification obtained.

### **Tree Management/Tree Ambassadors/Planting Days**

60. We have established a centralised electronic tree database operated on Geographic Information System to upload and update the latest tree data. We have also introduced a computerised Enterprise Tree Management System since early 2016 by using a web-based platform and mobile device application to assist in keeping tree inventory and conducting tree risk assessment. In 2021/22, we continued to conduct tree inspections and carry out required remedial works. As at March 2022, we have enrolled some 680 Estate Tree Ambassadors from tenants to help in surveillance of trees, and organised tree planting days in ten PRH estates.

### **Horticulture/Landscape Improvement Works/Community Greening Activities**

61. In the year, we enhanced the existing greenery and planted more flowers and trees at 20 PRH estates by introducing new varieties of plants to match the local landscape and conditions. We also organised greening activities for residents at 20 estates to promote community participation in greening of PRH estates.

### **Efforts in Fighting against COVID-19**

62. To reduce the spread of the virus, HA stepped up anti-epidemic measures in all PRH estates, including intensifying the cleansing and disinfection work at common areas. When a COVID-19 case was confirmed in PRH estate, cleansing staff with protective gears would carry out thorough cleansing and disinfection work of the affected buildings. Temporary staff were also employed to implement anti-epidemic measures in estates such as assisting residents the use of "LeaveHomeSafe" mobile app, implementing Vaccine Pass, monitoring body temperature checking and ensuring residents' wearing of face masks, etc.

63. We tied in with the Government's efforts to implement "restriction-testing declaration" (RTD) operations. Apart from arranging the affected residents to undergo compulsory testing, starting from early March 2022, we distributed Isolation Orders direct to each confirmed resident before the revocation of RTD, and arranged confirmed residents to go to community isolation facilities, etc. Up to June 2022, we coordinated and conducted a total of about 120 RTD operations, involving more than 200 000 residents, including the unprecedented five to seven-day consecutive operations at three domestic blocks of Kwai Chung Estate.

64. We assisted the home quarantine/isolation households in delivery of necessity items/food and collection of domestic waste at their door or referring their requests to other departments/organisations for assistance if they encountered difficulties on basic daily necessities. We further stepped up efforts to contact families of all elderly members and needy households, providing supportive care especially when they were under the home quarantine/isolation, such as assisted in providing information on anti-epidemic and treatment arrangements, making referrals to other departments, etc. In cases of emergency, we took actions to call tenants' emergency contact persons/relatives or non-governmental organisations, for rendering necessary assistance.

65. To facilitate residents aged 60 or above to get vaccinated early to strengthen their personal protection, we coordinated with relevant government departments to set up mobile vaccination stations (MVS) and arranged free shuttle bus services to take the elderly to nearby vaccination centers for the vaccinations starting from December 2021. Up to March 2022, MVS had been arranged to conduct 44 visits covering 25 PRH estates. We also assisted to refer eligible residents identified during the RTD operations to the Home Vaccination Service Team for their arrangement of the home vaccination. In addition, we also mobilised over 5 000 staff in different ranks to assist to distribute around 800 000 Government's anti-epidemic service bags to all households in PRH estates, including direct delivery to 170 000 families of all elderly members through door-to-door visits.

## **WAY FORWARD**

66. The Housing Ordinance provides that HA shall conduct a rent review every two years and vary the PRH rent according to the change in the income index between the first and second periods covered by the review, with any increase capped at 10%. The last review was in 2020 and hence the next review will be conducted in 2022. The outcome of the review will be submitted to SHC for endorsement.

## **CONCLUSION**

67. We are committed to improving the quality of homes for our public housing tenants and continue to collaborate with stakeholders at all levels in delivery of housing management and related services in a proactive and caring manner. In this endeavour, we strive for innovations and effective use of resources in an environment-friendly manner to promote sustainable living, and ensure optimising and rationalising the use of public resources. I would like to express my gratitude to all Members for their contribution to the work of SHC. I would also like to thank staff of all ranks of the Housing Department for their active cooperation and support in accomplishing the tasks of SHC.

Cleresa WONG Pie-yue  
Chairman, Subsidised Housing Committee

## **Report by the Chairman of the Tender Committee for 2021/22**

### **INTRODUCTION**

I have pleasure in presenting this year's report of the Tender Committee (TC).

2. In 2021/22, TC held 11 regular meetings. Altogether, TC processed 56 discussion papers, 24 presumption papers and five information papers.

### **ISSUES DISCUSSED**

3. The work of TC covers a comprehensive range of activities relating to the Hong Kong Housing Authority (HA)'s procurement, tenders and quotations exceeding the limits of delegated financial authority of the Chairman of the Housing Department Tender Board<sup>Note</sup> as well as HA's list management regime, which is an integrated part of HA's procurement policy. In 2021/22, the following major issues had been discussed by TC –

- (a) scrutinising tender reports being submitted and awarding contracts;
- (b) reviewing and enhancing tender guidelines, procurement strategies and policies, and contract provisions;
- (c) reviewing regulatory actions against services providers;
- (d) endorsing relief measures to support HA's business partners; and
- (e) endorsing Programmes of Activities.

4. During the year, Members discussed and endorsed various topics which have substantial impact on the industry, e.g. enhancements to tender evaluation mechanism of Capital Works New Works foundation contracts, Design-and-Build (D&B) approach to public housing developments and the extension of interim relief measures to support HA's business partners.

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Note The delegated financial authority covers all works and works related services contracts, information technology (IT) and related purchases/services, property services contracts, goods and general services contracts over \$50 million and all Consultancy or Professional Advisory Services Contracts over \$25 million.

## **SCRUTINISING TENDER REPORTS BEING SUBMITTED AND AWARDING CONTRACTS**

5. In 2021/22, Members approved the award of a total of 62 contracts with a total contract value of \$30.9 billion, including 15 building (new works) contracts, four foundation contracts, ten building services (new works) contracts, four building services (maintenance works) contracts, seven building maintenance district term contracts, 17 property services/management agency contracts, two security service contracts, two cleansing service contracts and one non-works services contract.

## **REVIEWING AND ENHANCING TENDER GUIDELINES, PROCUREMENT STRATEGIES AND POLICIES, AND CONTRACT PROVISIONS**

6. While adhering to the Agreement on Government Procurement of the World Trade Organization, Government and HA's procurement policies and instructions, the Department has continued to review and enhance the procurement system to maintain a fair, open and equitable policy to ensure that we can procure products with best value for money. In May 2021, Members were informed of the annual update on HA's tendering procedures and tender evaluation (Paper No. **TC 32/2021** refers).

### **Premier League Status (New Works Category)**

7. Premier League Status (PLS) is an HA's Quality Initiative to secure competent building contractors (New Works Category) for strategic partnership. In October 2021, Members approved the admission of one building contractor to the PLS for the period from 1 October 2021 to 30 September 2023 (Paper No. **TC 67/2021** refers).

### **Revised On-demand Bond Requirements and Extension of Wage Monitoring System to Maintenance Period of HA Capital Works New Works Contracts**

8. In November 2021, Members approved the revised on-demand bond requirements under HA Capital Works New Works building contracts. Members also noted the extension of wage monitoring system to maintenance period of all HA Capital Works New Works building contracts and foundation contracts. The objective of the revisions above is to enhance the protection to workers against wage in arrears during maintenance period (Paper No. **TC 73/2021** refers).

## **Enhancements to Tender Evaluation Mechanism of Capital Works New Works Foundation Contracts**

9. In November 2021, Members approved to enhance the tender evaluation mechanism of HA Capital Works New Works foundation contracts for foundation tenders issued in or after March 2022. The enhancements in the tender evaluation include the revision of the components and weightings for derivation of Combined Scores by introducing new components of Piling Contractor Performance Assessment Scoring System (PilingPASS) and Conviction Records, and fine-tuning of the weightings on technical proposal. In addition, Contractor Sore-PilingPASS would be allocated for wildcard piling contractors on HA List of Piling Contractors and score deduction mechanism due to consecutive adverse performance reports received in the past 12 months in an HA project would be introduced (Paper No. **TC 79/2021** refers).

## **Quality Maintenance Contractors under the HA List of Building Contractors (Maintenance Works Category)**

10. Quality Maintenance Contractor (QMC) is an HA's Quality Initiative for building contractors of Maintenance Works Category (Group M2). In December 2021, Members approved the application of nine maintenance works building contractors for QMC status for the year of 2022 (Paper No. **TC 85/2021** refers).

## **Design-and-Build Approach to Public Housing Developments**

11. In March 2022, Members approved the tendering arrangement and evaluation mechanism for the D&B contracts at a joint meeting for both TC and the Building Committee. This new procurement model can leverage on resources and expertise of the construction industry to further enhance the entire construction workflow to cope with the increasing housing production (Paper No. **TC 16/2022** refers).

## **REVIEWING REGULATORY ACTIONS AGAINST SERVICES PROVIDERS**

### **Appeals on Regulatory Action Lodged by Two Cleansing Service Contractors due to Suspected Misconduct**

12. In December 2021, the Department's Procurement Review and List Management Board (PRLMB) placed two Cleansing Service Contractors (CSCs) under "Suspension from Tendering" due to their suspected misconduct

in respect of the legal proceedings taken by the Competition Commission. These two CSCs separately lodged appeals against the regulatory actions imposed and TC subsequently approved on 25 March 2022 the setting up of a Review Panel (RP) to handle the appeals (Paper No. **TC 17/2022** refers).

### **ENDORISING RELIEF MEASURES TO SUPPORT HA's BUSINESS PARTNERS**

13. HA adopts partnering approach to help alleviating HA's business partners of their burden on cash flow during difficult economic times due to the outbreak of the COVID-19 epidemic in 2021/22.

#### **Interim Measures to Support Small and Medium Sized Contractors in Participating in HA's Works Contracts**

14. The Department has continued to implement the interim measures approved by Members in October 2020 for a period of 24 months, to support small and medium sized contractors in participating in HA's Works Contracts, by inviting eligible lower group contractors to submit tender for higher group of contracts with estimated contract value not exceeding 10% of the tender limit set for the lower group contracts, and by avoiding unnecessary bundling of projects with similar nature but at distinct locations as far as practicable (Paper No. **TC 104/2020** refers).

#### **Advance Payment under Capital Works New Works Contracts**

15. In July 2021, Members approved the extension of interim relief measure on advance payment by one year, from 1 October 2021 to 30 September 2022, to improve the cash flow of contractors of HA Capital Works New Works contracts (Paper No. **TC 43/2021** refers).

#### **Advance Payment under Works-related Professional Services and Consultancy Agreements**

16. In August 2021, Members approved the extension of interim relief measure on advance payment to enhance the cash flow of the HA Works-related Professional Services Providers and Consultants. This interim relief measure will expire after 31 August 2022 for both consultancy agreements remunerated on the basis of lump sum fee and percentage fee (Paper No. **TC 50/2021** refers).

## **SUMMARY OF CONTRACTS AWARDED, SYSTEM ENHANCEMENT, REGULATORY ACTIONS AND RELIEF MEASURES ENDORSED BY TC**

17. A summary of the number of contracts awarded, system enhancement, regulatory actions and relief measures endorsed by TC for 2021/22 is shown in **Annex**.

## **ENDORISING PROGRAMME OF ACTIVITIES**

18. The 2022/23 Programme of Activities planned to roll out the Key Activities for taking forward the main work directions and themes of HA (Paper No. **TC 86/2021** refers), which are –

- (a) to leverage private sector expertise by adopting a D&B procurement model and to improve the standard design and material standards to further improve the efficiency of the construction of public housing;
- (b) to review and enhance the quality management system and specifications in respect of assuring quality for all critical site works and installations for Capital Works New Works projects;
- (c) to adopt environmentally responsive planning and design, optimise greening in housing estates to promote a green and healthy environment, and promote and streamline “green procurement”;
- (d) to improve building standards, quality and productivity in construction by conducting research on building design and construction, implementing a quality management system and product certification, as well as liaising with industry stakeholders;
- (e) to enhance the service standards, strengthen monitoring of our business partners, raise their awareness of corporate social responsibility, and promote partnering with them;
- (f) to monitor and enhance the quality of development and environment, as well as health and safety at HA’s development and construction workplaces, and improve the environmental, social and economic aspects of sustainability;
- (g) to maintain an open, fair, transparent and cost-effective procurement environment and enhance value-for-money through procurement practices for works, services and goods; and

- (h) to implement or enhance IT systems to support the evolving business requirements, and to improve the overall operational efficiency and IT security.

## **WAY FORWARD**

19. We will continue to uphold the highest standard of integrity for all contractors, sub-contractors, suppliers and services providers for HA. We shall closely monitor their performance so that any necessary actions shall be undertaken in good time to ensure smooth delivery of our service and operation. With the concerted effort of Members and colleagues, we have met all targets and key performance indicators of the Programme of Activities. We shall keep up the momentum in the coming year.

## **CONCLUSION**

20. Finally, I would like to express my sincere thanks to all Members of TC and staff of the Housing Department for their valuable contributions and uncompromising determination to accomplish the various tasks of TC during the year under review.

Melissa Kaye PANG  
Chairman, Tender Committee

**Summary of Contracts Awarded, System Enhancement, Regulatory Actions and Relief Measures Endorsed by Tender Committee**

(a) Contracts Awarded

	<b>Subject</b>	<b>No. of Contracts Awarded</b>
1.	Building (New Works) Contract	15
2.	Foundation Contract	4
3.	Building Services (New Works) Contract	10
4.	Building Services (Maintenance Works) Contract	4
5.	Building Maintenance District Term Contract	7
6.	Property Services/Management Agency Contract	17
7.	Security Service Contract	2
8.	Cleansing Service Contract	2
9.	Carpark Management Contract	1
	<b>Total =</b>	<b>62</b>

(b) System Enhancement

	<b>Subject</b>	<b>Paper No.</b>
1.	Retention/Admission of Building Contractors to the Premier League Status under the Housing Authority List of Building Contractors (New Works Category)	TC 67/2021
2.	Revised On-demand Bond Requirements and Extension of Wage Monitoring System to Maintenance Period of Housing Authority Capital Works New Works Contracts	TC 73/2021
3.	Enhancements to Tender Evaluation Mechanism of Capital Works New Works Foundation Contracts	TC 79/2021
4.	Quality Maintenance Contractors under the Housing Authority List of Building Contractors (Maintenance Works Category)	TC 85/2021
5.	Design-and-Build Approach to Public Housing Developments	TC 16/2022

(c) Regulatory Actions

	<b>Subject</b>	<b>Paper No.</b>
1.	Review Panel for Appeals against Regulatory Actions Lodged by Two Cleansing Service Contractors	TC 17/2022

(d) Relief Measures

	<b>Subject</b>	<b>Paper No.</b>
1.	Interim Measures to Support Small and Medium Sized Contractors in Participating in Housing Authority's Works Contracts	TC 104/2020
2.	Extension of Interim Relief Measures to Assist the Construction Industry – Advance Payment under Capital Works New Works Contracts	TC 43/2021
3.	Extension of Interim Relief Measure to Assist the Construction Industry – Advance Payment under Works-related Professional Services and Consultancy Agreements	TC 50/2021

(e) Miscellaneous

	<b>Subject</b>	<b>Paper No.</b>
1.	Tendering Procedures and Tender Evaluation (Annual Update)	TC 32/2021
2.	Year-end Performance Review of 2020/21 Programme of Activities for Procurement	TC 59/2021
3.	Mid-year Performance Review of 2021/22 Programme of Activities for Procurement	TC 81/2021
4.	2022/23 Programme of Activities for Procurement	TC 86/2021