

**Minutes of the Open Meeting of the HONG KONG HOUSING  
AUTHORITY held on Thursday, 13 April 2000**

**PRESENT**

Dr the Hon Rosanna WONG Yick-ming, JP (Chairman)  
Mr J A MILLER, JP (Director of Housing) (Vice-chairman)  
Mr Daniel LAM Chun, JP  
Mr YEUNG Ka-sing, JP  
Mr Anthony WONG Luen-kin, JP  
Mr Eddy FONG Ching, JP  
Ms SIU Yuen-sheung, JP  
Mr Walter CHAN Kar-lok, JP  
Mr WAN Man-yee, JP  
Mr CHAN Bing-woon, SBS, JP  
Hon CHENG Kai-nam, JP  
Hon NG Leung-sing  
Mr NG Shui-lai, JP  
Ms Iris TAM Siu-ying  
Mr WONG Kwun  
Mr Philip Trevor NUNN  
Hon CHUNG Shui-ming, JP  
Mr Michael CHOI Ngai-min  
Mr Alex CHOY Kan-pui, BBS, JP  
Hon HO Sai-chu, SBS, JP  
Mr IP Kwok-him, JP  
Mr George NG Sze-fuk, BBS, JP  
Mr CHENG Yan-kee  
Hon LAW Chi-kwong, JP  
Miss Denise YUE, JP (Secretary for the Treasury)  
Miss CHUNG Lai-kok, JP (Deputy Secretary for Housing 1)  
Mr R D POPE, JP (Director of Lands)  
Miss Jennifer MAK Yee-ming, JP (Director Corporate Services)  
(Secretary of the Authority)

## ABSENT WITH APOLOGIES

Mr Raymond CHOW Wai-kam, JP (Out of Hong Kong)  
Dr Anthony CHEUNG Bing-leung, JP (Out of Hong Kong)  
Dr LAU Kwok-yu, JP (Out of Hong Kong)  
Mr Peter WONG Hong-yuen, GBS, JP (Out of Hong Kong)  
Prof Richard WONG Yue-chim, SBS

## IN ATTENDANCE

Mr Marco M H WU, JP (Deputy Director/Management)  
Mr Raymond A BATES, JP (Deputy Director/Works)  
Mr T C YUEN, JP (Business Director/Development)  
Mr Vincent W S TONG, JP (Business Director/Management)  
Mr Joseph K C LEE (Business Director/Commercial & Business Development) (Acting)  
Mr Y K CHENG (Business Director/Allocation & Marketing) (Acting)  
Ms Cindy K K SHIH (Finance Director) (Acting)  
Mr H T FUNG (Assistant Director/Management (3))  
Mr Simon P S LEE (Assistant Director/Legal Advice)  
Mr Andrew C W LAI (Head of Corporate Strategy Unit)  
Mr Joseph C F KONG (Project Director/Central)  
Mr John Y N CHIU (Project Director/East)  
Ms Ada Y S FUNG (Assistant Director/Quality Task Force)  
Mr K N CHEUNG (Assistant Director/Operations and Redevelopment)  
Mr Andrew S K KWOK (Assistant Director/Management (1))  
Mr Bay WONG (Assistant Director/Management (2)) (Acting)  
Mr S H HO (Project Director/West) (Acting)  
Mr Lawrence Y L CHOW (Committees' Secretary) (**Meeting Secretary**)  
Mr Dennis C H MAK (Senior Assistant Committees' Secretary 2) (**Assistant Meeting Secretary**)

## Opening Address

The **Chairman** opened the meeting at 8:45 a.m. She welcomed Mr CHENG Yan-kee and Dr LAW Chi-kwong, new Members of the Housing Authority, and Miss D YUE to the meeting. On behalf of the Authority, she extended her gratitude to Mr LEE Wing-tat and Dr Joseph CHOW Ming-kuen who retired on 1 April.

### **AGENDA ITEM 1**

#### **Confirmation of the minutes of the open meeting held on 27 January 2000** (Paper No. HA 17/2000)

2. The minutes of the open meeting held on 27 January 2000 were confirmed and signed.

### **AGENDA ITEM 2**

#### **Matters arising from the minutes of the previous meeting held on 27 January 2000** (Paper No. HA 21/2000)

3. Members noted the Paper No. HA 21/2000 submitted by the Department.

### **AGENDA ITEM 3**

#### **Enhancing Public Housing Quality - Implementation Plan** (Paper No. HA 24/2000)

4. A written representation made by **Mr Peter WONG Hong-yuen** before the meeting was submitted to Members for information (**Annex I**).

5. The **Chairman** and the **Director** spoke on the enhancement of public housing quality. Their speeches are at **Annex II** and **Annex III**. **Ms Ada FUNG** then presented the paper.

6. **Mr YEUNG Ka-sing** suggested that reference be made to the practices of those organisations with a higher standard of customer service in setting up the intake hotline. For example, dedicated staff should be assigned to directly answer and respond to tenants' and owners' enquiries. The Customer Service Team should also provide 'one-stop service' so as to solve problems speedily for tenants and owners.

7. **Mr Michael CHOI Ngai-min** supported the establishment of internal building control units to ensure that public housing met the acceptance standard of private housing. However, he pointed out that the Department should set up an independent handover inspection unit under the charge of higher-ranking officers before public housing was put under the control of the Buildings Ordinance. The unit should be completely separated from the construction sections to ensure that it performed the function of independent monitoring.

8. **Mr Walter CHAN Kar-lok** said that the public, particularly the HA's customers, would attach great importance to the effectiveness of the reform. The reform should therefore be seen by the public to have effectively achieved the target. He further said that from the experience of TPS the Department received a good many requests for maintenance every year. He was therefore concerned that the provision of structural guarantee might bring great workload to the Department. He said that the Department could consider a phased approach in implementing the recommendation on structural guarantee. He also suggested that the scope of structural guarantee be clearly defined and an arbitrary mechanism be put in place. The disputes arisen from different interpretations of building structure and quality of HOS flats could then be resolved in an objective, fair, efficient and cost-effective manner.

9. **Mr NG Leung-sing** supported the provision of induction training for site staff. However, he hoped that plans would also be developed to educate the construction industry in honesty and integrity in order to change the culture of the industry and rectify the malpractices of industry players. He further said that the proposed 2000 PASS should be authoritative, professional, objective and open in order to be effective in assessing contractors.

10. **Mr Eddy FONG Ching** noted that the reform aimed to enhance customer service and uplift housing quality, but these had actually been included in the long-term objectives of the HA. He did not want to see the Department increase manpower and expenditure on the grounds of reform. He hoped that the Department would enhance the cost-effectiveness of its operation so as not to affect the finances of the HA.

11. **Mr Anthony WONG Luen-kin** hoped that the Department could respond quickly to the feedback from tenants and owners and provide good intake and post-sale service.

12. **Mr Daniel LAM Chun** said that it was opportune to review the structure and operation of the Building Committee (BC), but stressed that there was nothing wrong with the current operation of the Committee. However, reform on building quality was a mammoth task. Its success not only depended on the re-engineering of departmental operations but also on the review of the BC's operation to better align it to the operation of the Department after re-engineering. Given that the capital put in advanced construction technology by the industry in Hong Kong in the past decades was far less than that in other developed countries, he welcomed the establishment of the HA Research Fund to take the lead in improving housing production techniques.

13. Mr LAM further said that the construction industry was not forthcoming in making recommendations to enhance housing quality. He hoped that more recommendations would be put forward later to move the reform forward and that the reform could stay away from accusations and buck-passing. He called for Members' support of the recommendations set out in the document and encouraged the Departmental staff to implement the reform with an all-out effort.

14. **Mr WAN Man-ye**e was gratified to see the development of 50 practical and effective improvement initiatives to address the string of problems related to public housing quality. He also took the opportunity to thank Ms Ada FUNG, Mr Andrew LAI and all the HD staff involved in the task for their efforts. Expressing full support for the move towards more non-standard design in the production of PRH as mentioned by the Director in his speech, he hoped that relevant performance indicators would be worked out. He would be happy to see a variety of designs for PRH blocks scheduled for intake in 2004 and was sure that it would be well received by the public.

15. As for the 'partners' with whom the HA and HD had to establish partnership, Mr WAN suggested that the term should be defined as the directors or principal shareholders of the relevant organisations. He reminded the Department of the need to identify good partners before starting the partnership. He further said that it was often rather difficult to define the roles and responsibilities of the architect, project manager, contractor and its staff involved in a project. What the Department could do was to try its best to establish a good partnership. To promote the partnership culture, the Department could strengthen business ties with those contractors who demonstrated commitments in improving the construction techniques and management practices and were willing to invest in mechanical equipment.

16. Mr WAN did not agree with Mr Peter WONG Hong-yuen's remarks on the lowest bids in tender evaluation. Since the HA had its own listing and tendering practices, unqualified contractors could hardly join the bidding exercise. He saw no reason why the contract should be awarded to a higher bidder when a qualified contractor could make a successful bid with the lowest price. He considered it not inappropriate to contract out projects on a lowest-bid basis as contractors participating in the HA projects managed to yield great profits every year despite higher construction costs in Hong Kong compared with other regions. He said that high quality public housing could be produced at low cost if reform was successfully implemented to tighten up control on sub-contracting activities and solve problems arising from the establishment of trade league to control prices.

17. **Dr LAW Chi-kwong** said that the HA would ultimately be held responsible for any defects found in its buildings after the outsourcing of handover inspection work and there might still be a problem of accountability. He wondered why the inspection work was not transferred to the Buildings Department.

18. **Ms TAM Siu-ying** hoped that the Department could report the progress of reform initiatives and the difficulties encountered to Members one year later, including those activities which were not undertaken by the HA alone. She continued to say that if good business ties could be secured at the partnership level, both the Departmental professionals who supervised the consultants and the staff of consultant firms would have great satisfaction. However, the Departmental staff should be well-experienced in this field and preferably be given an opportunity to work in the consultant firms for a certain period. It would help foster the partnership culture if they could draw experience during the attachment and learn about the operation of consultants and the mindset of their counterparts. She supported the further delegation of authority to the Departmental staff as this would help them understand their roles and responsibilities better. They would also have a better chance of being recognized for their performance.

19. **Mr NG Shui-lai** supported the recommendations set out in the paper. He pointed out that the establishment of the partnership culture was the fundamental pillar as well as the most difficult part of the reform. In promoting such culture, the Department should not limit its efforts to holding workshops and developing a partnering charter. It should go further to turn concepts into practicable initiatives and devise measurable performance indicators. Once indicators were set, the effectiveness of an activity should not be assessed merely by figures such as the number of workshops held or enquiries and complaints received through hotline. Substantial changes should be indicated so as to truly reflect the improvement of building quality and the HD's service.

20. **Mr WONG Kwun** supported the vision and strategies outlined in the document to enhance building quality. He considered that the provision of quality products and services to customers was the most important of the 6 priority issues and should be implemented as soon as possible. He said that the outsourcing of final inspection work to consultants was inevitable during production peaks. However, he hoped that PMAs managing the PRH estates could play a more active role, such as participating in the final inspection work, since the acceptance of poor quality buildings might affect housing management.

21. Mr WONG objected to the use of videorecorders to monitor site staff as if treating the front-line staff like thieves. He worried that negative effects might be resulted as this would cause dissatisfaction among workers and hamper the establishment of partnership. Besides, jerry building could not be prevented just by videotaping site activities. He also considered that there would be overlapping and wastage of resources if specialist consultants were directly engaged to revamp piling process while efforts had to be made to monitor consultants' work.

22. Mr WONG said that apart from the structure and operation of the BC, the structure of some other Committees such as the Home Ownership Committee should also be reviewed since the main business of these Committees had great bearing on the quality of public housing.

23. Mr WONG continued to say that the team-based accountability approach should be supplemented with well-defined responsibilities of individual officers lest they needed not be held responsible for mistakes under the collective responsibility system. This was unacceptable to the public.

24. **Mr NG Sze-fuk** supported the recommendations set out in the paper. However, he considered the provision of a 10-year structural guarantee for all HA's new and existing developments not adequate. A guarantee for at least 20 to 30 years should be provided. He also said that building quality incidents which had come to light should be dealt with as soon as possible while responsibilities be ascertained afterwards to regain the trust of the community.

25. **Miss CHUNG Lai-kwok** said that the Government fully supported the HA's reform on public housing quality. She considered that the 50 recommendations in the paper offered the right solutions to the problems. This served to show that the HA was receptive to good advice and willing to carry out comprehensive and thorough reform. In embarking on reform to improve the quality of public housing, co-ordination from the Government was required since many reform initiatives involved the operation of the whole construction industry. In this connection, the Chief Secretary for Administration informed the Legislative Council on 5 April that a Construction Industry Review Committee would be established to make recommendations to the Chief Executive within 9 months on how to improve the efficiency and practices of the industry, including the multi-layered subcontracting system. She appealed to the industry to support the HA in enhancing the building quality. She was delighted to hear from the Director that HD staff participated actively in the reform. She also hoped that the construction industry of Hong Kong could soon regain the good reputation it used to enjoy.

26. **Mr Philip NUNN** supported all the recommendations set out in the paper saying that they were comprehensive and well-thought-out. He said the public must be made aware that the structural guarantee provided by the HA and the general defects liability were different things and that the guarantee was limited to the responsibilities to be borne by the HA when there were structural problems. Otherwise, the Department would be inundated with defects complaints not covered by the structural guarantee.

27. Mr NUNN said that generally contractors had to bear risks when they bid for a contract. Piling contractors had to bear even more risks. They had a design and build obligation, a tight programme and quite heavy liquidated damages, and most importantly a risk of unfavorable ground conditions of individual sites. He said that if a site had geotechnical problems, generally the HA would not extend the contract period or make any financial compensation. If the HA wanted to revamp the piling process, it needed to look closely at how the risks could be more equitably shared. This would lead to better quality contractors putting in more competitive bids for HA contracts and taking up more public housing projects.

28. In response to Mr Peter WONG Hong-yuen's dissent from the practice of "awarding contracts to the lowest bidder", Mr NUNN believed that the HA could accept the lowest bidder provided that the tenders were put forward on a sensible basis and they did price for equitable risks. Also, he did not think that the problems could be completely solved by merely reducing the level of liquidated damages of piling and building contracts. The most important thing was to help the contractors to undertake the risks and solve the difficulties caused by various kinds of risks.

29. **Mr Alex CHOY Kan-pui** supported the Department's recommendations. Referring to the survey results which showed that 56% of the respondents rated the recommendations as very effective or effective, he asked whether the remaining 44% rated the recommendations as not effective. He also wished to know who rated the recommendations as effective. He asked about the followings :

- (a) the operation period of the in-take hotline;
- (b) when Customer Service Teams would be set up after the commencement of in-take and the operation period of these teams;
- (c) when the study of revamping the piling process would be completed;
- (d) whether the Department would hold forums regularly.



30. **Mr CHENG Kai-nam** said he supported in principle the suggestion of putting public housing under the control of the Buildings Department. He pointed out that this arrangement would have legal and other implications and involve several Government departments. For example, the Buildings Department would be responsible for building supervision while the Home Affairs Department took care of matters concerning Owners' Corporation. He noted that the HD had made transitional arrangements, but the introduction of an objective third-party scrutiny in the Implementation Plan Phase II without fixing a timeframe for implementation needed further deliberation.

31. Noting that the industry and the public generally expressed support for reform and 10 recommendations were added to the reform initiatives following the extensive consultation exercise, **Mr IP Kwok-him** supported the recommendations and the implementation plan as outlined in the paper. He considered that the recommendations of Phase I which focused on improving project design and management were effective in monitoring the construction of public housing and could produce immediate results. He therefore called for the early implementation of the recommendations. He agreed with the recommendation to uplift the industry's professional status. The HA should take the lead and make an all-out effort to change the industry's culture.

32. **Ms SIU Yuen-sheung** supported the Department's recommendations, saying that the initiatives were practical and effective. She agreed with some Member's view that the scope of structural guarantee had to be defined clearly to avoid any misunderstanding. She hoped that the staff who answered incoming calls of the In-take Hotline would do their best to serve the tenants and owners so as to attain the desired results of improving the after-intake service. She believed that defects after intake could be handled speedily as the Customer Service Teams comprised Defect Coordinators from building contractors.

33. In response to Mr WONG Kwun's query if the staff posting policy which was tailored to match individual staff expertise with the needs of particular jobs and the team-based accountability approach would end up in professionals being led by laymen and facilitate the shirking of responsibility by officers when mistakes were found out, **Ms Ada FUNG** said that the policy aimed to promote team spirit and encourage staff to undertake the responsibility for the success and failure of the projects. It did not wish to see that staff slavishly followed procedural manuals and shifted the blame to others when problems surfaced.

34. She said 56% of the respondents of the public opinion survey rated the recommendations as very effective or effective, 29% rated them as not effective

and 15% made no comment. Overall results showed that 80% of the respondents indicated there was a need to reform and 70% supported the recommendations. In response to the suggestions by some respondents that certain areas needed to be addressed in order to facilitate the implementation of the reform, the Department introduced 10 more recommendations to ensure a smoother reform.

35. In reply to the question on the timetable of the implementation plan by Mr Anthony WONG Luen-kin, Ms Iris TAM Siu-ying and Mr CHENG Kai-nam, **Ms FUNG** said that some initiatives, such as providing structural guarantee and building up partnership, would be on-going. The Department would review the performance of the reform initiatives regularly and submit progress reports to the Building Committee every three months. It would also submit reports to the HA.

36. In response to Dr LAW Chi-kwong's question on how to ensure the consistency of building quality if final inspection work was taken up by different consultants, Ms Ada FUNG said that final inspection work was outsourced because additional manpower was needed to cope with the bunching of production. They would mainly assist a Chief Architect of the Department in carrying out final inspection work. The Departmental staff should still commit themselves to monitoring the consultants' staff to ensure the consistency of acceptance standard. The outsourcing scheme had been put on a trial run and considered practicable by the Department. As such, no resources would be wasted.

37. In conclusion, the **Chairman** said she was glad that the recommendations for reform were supported by Members. She noted that it was no easy task to implement the reform, but the HA had no alternative. Reform was the only way out. With determination and sincerity, the HA would make it a success. As the most important part of the reform process was to implement and take forward various initiatives, she called on all HD staff to actively participate in the reform under the leadership of the Director of Housing. She also hoped that Members would give full support to the Department and continue to provide advice on the enhancement of housing quality.

#### **AGENDA Item 4**

#### **Rehousing Arrangements in Urban Renewal**

(Paper No. : HA 9/2000)

38. **Mr Andrew LAI** presented the paper. He said that the paper put forward a broad framework for the HA to assist the Urban Renewal Authority (URA) in rehousing tenants to be affected by urban renewal. Detailed arrangements were yet to be discussed with the URA after its establishment. The finalized arrangements would be submitted to Members for consideration.

39. **Mr NG Shui-lai** said that the HA should contribute to and support urban redevelopments if resources permitted. However, while providing support to the URA, the HA should meet its commitments to shortening PRH waiting time and rehousing overcrowded PRH households. It should also insist that the URA adopt the same vetting criteria in allocating PRH flats. Affected tenants should be clearly informed that they would not be offered local rehousing and their requests for rehousing should be made to the URA.

40. **Mr Michael CHOI Ngai-min** supported the HA's efforts to assist tenants affected by urban renewal. He said that there would be a stringent supply of PRH for a period of time despite the Government's additional grant of land for the production of PRH. He hoped that the impact would be kept to the minimum. Noting that the PRH flats assigned for allocation purpose were mainly the old ones, he asked about the calculation method for the costs of PRH development to be borne by the URA. He said consideration should be given to charging the URA an appropriate level of rents to recover the loss if the rents collected from tenants could not offset the day-to-day maintenance and management costs. He also asked if the affected tenants who met the eligibility criteria would be given additional assistance in their application for HPLS.

41. As far as the financial arrangement was concerned, **Mr Andrew LAI** said though affected tenants might be rehoused in renovated flats, the URA would still be responsible for the development costs involved in the HA's production of additional new PRH flats to meet the rehousing needs which was an additional housing demand. He pointed out that tenants who gained access to PRH through redevelopment or other channels would enjoy the same rights and benefits once they had become PRH tenants. Based on this principle, and taking into account that the development costs of flats were already paid by the URA and the ownership of these flats went to the HA, he deemed it not necessary to consider another rental calculation method for tenants affected by urban renewal. As for the provision of subsidies or assistance for affected

tenants to purchase HOS flats or apply for other home ownership schemes, Mr LAI said that details could be submitted to the relevant Committees for consideration.

42. **Mr Walter CHAN Kar-lok** said that the proposed framework outlined in the paper could serve to balance the demands of all parties. The 6 principles proposed would also facilitate negotiation with the URA on details of cooperation. As for the provision of land for the HA, he hoped that the Government, apart from the number of flats, should also consider the locations where affected tenants were rehoused. Mr CHAN also asked whether the deduction of 5% from the development costs as described in (E)(i) of the Annex to the paper was a reasonable arrangement.

43. **Dr LAW Chi-kwong** said the HA's annual quota of 1 000 flats might be on the low side and suggested that there should be greater flexibility in setting the quota. Noting that a total of 200 priority areas had been identified in the Urban Renewal Strategy Study, he asked if there was information about the population in these areas and the number of tenants having registered on the Waiting List. Such information would be helpful in deciding whether the quota was reasonable. As the majority of new arrivals in Hong Kong might not be eligible for PRH, he asked how the HA would assist in rehousing them.

44. In response to Mr Walter CHAN Kar-lok's question, **Mr Andrew LAI** explained that the HD and the Planning and Lands Bureau in their discussion had taken into consideration the fact that some rehoused tenants might move out when they purchased HOS flats or for some other reasons and the flats vacated could be reallocated. On the other hand, additional resources might be required for the splitting of tenancy. To avoid administrative work of ascertaining individual tenant's case, it was tentatively agreed that 5% of the annual actual quota would be deducted from the calculation of the total development costs for public housing payable by the URA. In reply to Mr LAW Chi-kwong's question, Mr Andrew LAI said that the HA had many commitments to fulfill, such as shortening the waiting time for PRH. After detailed study, it was believed that an annual quota of 1 000 units was appropriate and practicable. There were other organisations, such as the Hong Kong Housing Society, which would assist in rehousing tenants. Mr LAI added that the HA had not conducted a survey on the profile of the residents in the priority areas, such as the number of new arrivals. The new arrivals and others who were not eligible for PRH would be rehoused in interim housing (IH). He added that the interim housing in Tuen Mun would be completed in the middle of this year. This, coupled with the relaxation of the majority 7-year residence rule for applying PRH last November, would increase the new arrivals'

opportunities to be rehoused in PRH. The **Chairman** added that the HA was not the sole organisation providing rehousing assistance. She believed that the URA would conduct a survey to identify the rehousing needs of the displaced tenants.

45. **Mr IP Kwok-him** welcomed the HA's initiative of offering assistance to the URA in urban redevelopments. He hoped that the proposed annual quota of 1 000 units could be increased. Provided that the waiting time for PRH would not be affected, he considered that the HA should help rehouse the displaced residents and provide local rehousing as far as possible. He understood that local rehousing was not quite feasible in some areas, say Central and Sheung Wan, but efforts should be made to rehouse the affected tenants on Hong Kong Island. He asked whether newly built flats would be allocated to the displaced tenants so that their living environment would be improved. He also asked whether the daily management costs could be covered by the rents.

46. **Mr WONG Kwun** and **Ms TAM Siu-ying** both agreed that the HA should not be the sole organisation to provide rehousing assistance. Ms TAM said urban renewal should be marked with diversity and creativity. She believed that there were many new arrivals and singletons in the areas to be redeveloped and that IH or PRH units should be provided for them as far as possible when planning for urban renewal.

47. **Mr WONG Kwun** supported the allocation of PRH units to the URA in batches. He noticed that it was stated in item F(ii) of the Annex that the HA reserved the right to audit the allocations made by the URA. He opined that there might be difficulties in rehousing displaced tenants and the HA should trust the URA and give it a free hand in flat allocation.

48. **Mr WAN Man-ye** said that the HA was not forthcoming enough in assisting the URA. He considered that not quite many understood clearly the prevailing allocation criteria of PRH of the HA and it could hardly expect the URA to make allocation without a hitch. He said there was no need to pay so much attention to the details of financial arrangement for the rehousing programme. He hoped that the HA would contribute positively to urban renewal by increasing the rehousing quota. Also, the Government might consider redeveloping the aging factory areas in urban areas so as to increase the opportunities of local rehousing.

49. **Ms SIU Yuen-sheung** supported the proposal to assist the URA in rehousing the affected tenants. She hoped that efforts would be made to increase the annual allocation quota as long as the waiting time for PRH was not

affected. She held that the URA should follow the HA's criteria in assessing the rehousing eligibility of tenants and bear the additional staff and administrative costs thus incurred. She supported the provision of concessions to help tenants apply for the home ownership schemes if resources permitted.

50. **Mr CHENG Kai-nam** held that urban renewal should not create a new category of PRH rehousing cases. He said that the ownership of these PRH flats, the development costs of which were borne by the URA, should be clearly defined. The rehousing eligibility of tenants should also be carefully defined such as whether they should be of the same status as those affected by squatter clearance.

51. **Mr CHUNG Shui-ming** expressed support for the proposal set out in the paper. He appreciated the efforts made by the Department in putting forward such constructive proposal amid many other pressing concerns. He said it was understandable that tenants would put in requests for local rehousing, but in most circumstances local rehousing was not possible and did not fit in with the overall development of the areas in many instances. He therefore agreed that the HA and URA should not committed themselves to local rehousing. As a professional accountant, he considered the proposed financial arrangement a good one as far as the HA was concerned. However, continuous efforts should be made by the HA to enhance its cost-effectiveness in order to reduce the deficit in rental housing. He shared Mr WONG Kwun's view that it was not possible for the rehousing eligibility for displaced tenants to be exactly the same as that for Waiting List applicants. The principles and arrangements of the whole rehousing exercise should be at the absolute discretion of the URA.

52. In response to Members' questions, **Mr Andrew LAI** said:

- It was the HA's wish to build up partnership with the URA in a pro-active manner to facilitate urban renewal.
- The HA could not guarantee local rehousing due to resources consideration. In certain areas, such as Sai Wan or Tsim Sha Tsui, local rehousing was impossible. The HA also needed to address the aspirations for local rehousing of tenants affected by other rehousing exercises in progress, such as the Comprehensive Redevelopment Programme.
- Same as the applicants on the Waiting List, displaced tenants might be allocated newly built or refurbished units. All flats would be up to the prescribed standard.

- The operating account of the PRH was in deficit for the time being. The proposed financial arrangement to be made with the URA aimed to secure sufficient resources for the HA to achieve better housing for all.
- The URA would allocate the PRH flats according to the criteria set by the HA. The displaced tenants would become the HA's customers when they moved in these flats. To safeguard rational allocation of public housing resources, the URA had to adopt the same allocation criteria as the HA.
- The eligibility criteria for PRH of displaced tenants would be similar to those on the waiting list.

53. The **Chairman** said that there was a great demand for PRH, including the demand from the clearerees of rooftop structures, the new arrivals from China and the Vietnamese residing in Hong Kong, but the HA would try its best to support and actively respond to the urban renewal programme. However, the assistance provided to the URA would be limited due to scarcity of resources.

54. With the above comments, Members **endorsed** the proposed framework to assist the URA in rehousing tenants to be affected by urban renewal.

### **Closure of Meeting**

55. There being no other business, the meeting closed at 11:15 a.m.

### **Date of the Next Meeting**

56. The next meeting would be held at 8:45 a.m. on 1 June 2000.

CONFIRMED on

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(Dr the Hon Rosanna WONG Yick-ming, JP)  
Chairman

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(Lawrence CHOW)  
Meeting Secretary