


THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

**Secretary  Report - Committee Work
(June - August 1998)**

Purpose

This paper summarises the work of the Housing Authority  Committees for the period from 1 June 1998 to 31 August 1998.

(1) BUILDING COMMITTEE

Housing Authority Contracts Approved

2. During the period, 38 contracts were approved. The sum of the contracts approved totalled \$10,495,297,000.00.

Client Briefs, Control Plans, Project Estimates, Scheme Designs and Project Budgets

(Papers Nos. BC 77/98, BC 93/98, BC 95/98, BC 96/98 and BC 113/98)

3. The Committee considered and approved the proposed/revised client briefs, control plans, project estimates, scheme designs and/or project budgets for -

- (a) Home Ownership Scheme Development of Shatin Area 31A, Hin Keng Street;
- (b) Redevelopment of Upper Ngau Tau Kok Phase 1;

- (c) Vertical Interim Housing at Tin Shui Wai Area 101 Phases 1, 2 and 3;
- (d) Ma Hang Village Phase 5 at Stanley; and
- (e) Public Rental Housing Development at Lei Yue Mun Housing Site - Phases 1 and 2.

Others

Proposed Relaxation of Windows Requirements for the Bathroom & Kitchen in Standard Domestic Blocks

(Paper No. BC 75/98)

4. Members approved the commissioning of a consultant to carry out a research as described in the paper. In addition, Members decided that the maintenance cost involved, the users' receptiveness of and adaptability to the mechanical system should be included in the scope of the research.

Strategy to Meet Manpower Requirements for New Development Projects

(Paper No. BC 76/98)

5. Members endorsed the strategy as described in the paper to meet the manpower requirements resulting from the intensified production programme from present to 2000/01.

Implementation of the List of Approved Suppliers for Off-Site Production of Precast Concrete Facade

(Paper No. BC 79/98)

6. Members noted the paper.

Shui On Building Contractors Limited 樓 Views regarding the Decision of the Building Committee on 30 April 1998 as a Result of the Incident of Fallen Glass Panel in Ping Tin Shopping Centre
(Paper No. BC 84/98)

7. Members noted the paper.

Revised Method for the Financial Evaluation of Tender B in Housing Authority Foundation Contracts
(Paper No. BC 92/98)

8. Members endorsed the revised method for the financial evaluation of Tender B in Housing Authority foundation contracts.

Report on Issues Related to Large Diameter Bored Piling Works Arising from Building Department 樓 Recent Foundation Investigation
(Paper No. BC 101/98)

9. Members noted the paper and agreed with the action proposed by the Department.

Site Safety Campaign
(Paper No. BC 111/98)

10. Members noted the theme of 1998 Site Safety Campaign and approved the proposed sum for the promotion of safety shoes.

(2) COMPLAINTS COMMITTEE

Case Heard
(Paper No. CC 16/98)

11. A complaint on the arrangement of maintenance works for Kwai Yan House, Kwai Fong Estate was heard at a panel meeting of the

Complaints Committee held on 5 August 1998. The panel decided that the Department's arrangement was proper.

(3) COMMERCIAL PROPERTIES COMMITTEE

Re-assessment of Rent Payable for Residual Term of Commercial Tenancies

(Paper No. CPC 42/98)

12. Members approved the proposal for re-assessment of the rent payable for the residual term of tenancies commenced or renewed between 1 January 1996 and 31 January 1998 upon tenants' application and payment of an administrative fee.

Renewal of Liquefied Petroleum Gas Supply Contract for Ching Lai Court

(Paper No. CPC 40/98)

13. Members approved the renewal of liquefied petroleum gas supply contract for Ching Lai Court with Shell Hong Kong Limited for a period of ten years at a premium of \$2,500,000. The premium would be distributed to the Home Ownership Scheme owners' management fund account after deduction for the Housing Authority's administration cost.

Promotion Programmes for Shopping Centres in 1997/98 and 1998/99

(Paper No. CPC 38/98)

14. Members noted the promotion programmes for shopping centres conducted in 1997/98 and those planned for 1998/99.

Statistics on the Letting of Commercial Premises on Public Housing Estates

(Paper No. CPC 37/98)

15. Members noted the latest details on the letting of commercial premises on public housing estates.

Financial Performance of Shopping Centres Completed in 1996/97
(Paper No. CPC 36/98)

16. Members noted the financial performance of new shopping centres completed in 1996/97.

(4) FINANCE COMMITTEE

Appointment of New Fund Manager(s)
(Paper No. FC 33/98)

17. Three tenderers : (i) Rothschild Asset Management Limited; (ii) Dresdner RCM Global Investors Limited; and (iii) Nicholas - applegate Capital Management had given presentations to the Finance Committee at its special meeting on 17 June 1998.

18. Members agreed to select Dresdner RCM Global Investors Limited to be a new fund manager managing a HK\$500 million portfolio for the Hong Kong Housing Authority.

Quarterly Internal Audit Report - July 1998 on Funds Management Operations
(Paper No. FC 40/98)

19. Members noted the findings and recommendations of this third quarterly report submitted by KPMG Peat Marwick.

Post-implementation Review of the Investment Quotation System
(Paper No. FC 41/98)

20. Members noted the paper.

Audit Reports Discussed at the Housing Department Steering Committee on Management and Audit Studies Meeting held on 24 July 1998

(Paper No. FC 42/98)

21. Members noted the paper.

Funds Management Report for the period 1 April 1998 to 30 June 1998

(Paper No. FC 43/98)

22. Members noted -
- (a) the results of the Authority's in-house managed investments for the period 1 April 1998 to 30 June 1998;
 - (b) the major issues relating to funds management for the period 1 April 1998 to 30 June 1998;
 - (c) the cashflow forecast for the period from 1 July 1998 to 31 March 2000;
 - (d) the market outlook;
 - (e) the results of the Authority's investments managed by fund managers, the performance of fund managers for the quarter ending 31 June 1998 and non-compliance of fund managers;
 - (f) the progress in the addition and deletion of fund management services;
 - (g) the progress in the establishment of an in-house trading portfolio;
 - (h) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority; and

- (i) the operational performance of counterparties.
23. Members approved -
- (a) the revision of global approved limits for Supranationals;
 - (b) the extension of the maximum maturity period of Bond/Certificates of Deposits issued by corporates, Hong Kong Note-issuing banks and Category 1 banks;
 - (c) the revision of the basis in calculating the portfolio returns for the measurement of performances of fund managers;
 - (d) the proposal that fund managers be authorised to select their own trading agents and banks/issuers; and
 - (e) the revision of the application of the Global Total Exposure Limit for funds managed in-house.

(5) HOME OWNERSHIP COMMITTEE

Resale Arrangements

(Paper No. HOC 42/98)

24. Members approved the following resale arrangements for flats under the Home Ownership Scheme (HOS) / Private Sector Participation Scheme -
- (a) flexible discount options will not be offered to purchasers of resale flats which were first sold before Phase 19C;
 - (b) for flats sold and rescinded within the same phase, resale will continue to be carried out when the sale exercise is in progress; and

- (c) for flats sold and rescinded after the completion of the sale exercise, they will be grouped for resale under another sale exercise when the flats have been completed or expected to be completed during this sale exercise.

Review of the Tenants Purchase Scheme

(Paper No. HOC 43/98)

25. Members approved the following recommendations -
- (a) continue the same operational procedures for Tenants Purchase Scheme (TPS) Phase 2 onwards as Phase 1 except where changes are indicated as necessary and the provision of a home visit team for future phases;
 - (b) waive the charge for preparation of assignment plans;
 - (c) the pricing formula for Phase 1 be applied in Phase 2;
 - (d) delegate authority to Assistant Director/Tenants Purchase Scheme to waive the requirement for seven years residence for a bereaved spouse;
 - (e) continue the prohibition on joint purchase by a non-resident family member;
 - (f) permit market rent payers to purchase TPS flats at a discounted price but without special credit;
 - (g) offer vacant flats up to 24 m² in TPS estates by ballot to singletons occupying flats of 24 m² or more;
 - (h) fix a cut-off date for reletting of three months before the scheduled date of invitation to purchase;
 - (i) collect the management fees for 1998/99 on the basis of \$10.5 per management share;

- (j) waive public consultation on Deed of Mutual Covenant;
- (k) continue to offer first year credit on purchase of vacant flats until HOS Phase 20A flat selection is completed; and
- (l) not proceed with group life assurance.

Review of the Home Purchase Loan Scheme

(Paper No. HOC 49/98)

26. Members approved the following -
- (a) increase of the quota from 4,500 to 10,000 for the 12 months from August 1998 to July 1999;
 - (b) introduction of new flexible loan options ranging from \$600,000 repayable over 20 years to \$800,000 repayable over 13 years for Green Form (GF) applicants, as well as from \$400,000 repayable over 20 years to \$500,000 repayable over 14 years for White Form (WF) applicants;
 - (c) a flexible quota split of 7:3 between GF and WF applicants initially and the delegation of the authority to Director of Housing so that GF quota could be transferred for use by WF applicants subject to actual demand;
 - (d) shortening of the validity period of approvals-in-principle from six months at present to four months; and
 - (e) allowing GF applicants to make use of the Home Purchase Loan Scheme for the purpose of purchasing secondary HOS flats.

Mortgage Subsidy Scheme for Tenants Affected by Comprehensive Redevelopment Programme

(Paper No. HOC 50/98)

27. Members approved the following -
- (a) introduction of the Mortgage Subsidy Scheme (MSS) to Comprehensive Redevelopment Programme (CRP) tenants to buy HOS flats from Phase 20A onwards;
 - (b) the following eligibility criteria -
 - (i) from the date of formal announcement of the MSS, eligible CRP tenants with first and second priority (i.e. tenants affected by CRP within three years) choosing to purchase HOS flats will be eligible for the monthly mortgage subsidy; and
 - (ii) those CRP tenants who are required to pay market rents are ineligible for the mortgage subsidy but they will be allowed to join HOS in the normal course;
 - (c) the proposed monthly mortgage subsidy rates in the paper;
 - (d) the refund of the full amount of subsidy should owners sell their flats during the six-year subsidy period;
 - (e) the rehousing arrangements for Valley Road Estate Phase I CRP tenants who opt to rent or buy be accommodated in Homantin South Phase I;
 - (f) invitation of applications from all tenants affected by the Valley Road Estate CRP Phase I to join the MSS for a clearer indication in determining the number of transfer blocks for sale;

- (g) the sale of flats remaining unsold in the transfer blocks in Homantin South Phase I to public rental housing tenants living in estates in the same district and are affected by CRP within three years, with payment of mortgage subsidy;
- (h) any unsold flats in Homantin South Phase 1 not purchased under arrangements proposed in (e) and (g) above will be put up for sale in the HOS exercise;
- (i) the application fee, related administrative charges and other eligibility remain the same as HOS other than the paper rules otherwise; and
- (j) virement of fund to meet the expenditure on mortgage subsidy pending the inclusion of funds in 1998/99 revised budget exercise.

Prices of Flats in Homantin South Phase 1 of the Mortgage Subsidy Scheme for Comprehensive Redevelopment Programme Tenants
(Paper No. HOC 51/98)

28. Members approved the average prices for flats in the pilot project of the MSS for CRP tenants as shown below -

**Average Selling Prices
at 50% Discount**

Block Type	\$/m² Saleable Area	\$/ft² Saleable Area
Harmony Rental	23,500	2,185
Small Household Block	21,500	2,000

(6) HUMAN RESOURCES COMMITTEE

Manpower Strategy for the Housing Authority

(Paper No. HRC 33/98)

29. Members endorsed the manpower strategy for the Housing Authority and the implementation framework.

Proposed Manpower Planning Parameters 1998/99 to 2002/03

(Paper No. HRC 34/98)

30. Members endorsed the revised manpower requirements for 1998/99 and the proposed requirements for 1999/00. They also noted the indicative manpower requirements for 2000/01 to 2002/03.

**Customer Service Enhancement Framework and Training Strategy
- An Update**

(Paper No. HRC 36/98)

31. Members noted the Customer Service Enhancement Pilot Scheme Report and endorsed the recommendations of the paper in extending the scheme.

Development of Human Resource Management Key Performance Indicators

(Paper No. HRC 35/98)

32. Members endorsed the key performance indicators developed for the Human Resource Management Plan Update for 1998/99 and 1999/2000.

(7) RENTAL HOUSING COMMITTEE

Rental Housing Allocation for 1998/99

(Paper No. RHC 41/98)

33. Members approved -
- (a) the allocation of public rental flats for various categories for 1998/99 as proposed in the paper; and
 - (b) the quota for junior civil servants and civil service pensioners at 2,675 (1,450 public rental housing, 775 Home Ownership Scheme and 450 Home Purchase Loan Scheme) for 1999/2000.

Review of Priority Schemes for Families with Elderly Members

(Paper No. RHC 43/98 HOC 39/98)

34. Members endorsed the enhancement of the allocation arrangements for the Families with Elderly Persons Priority Scheme and Special Scheme for Families with Elderly Persons.

Domestic Rents for New Estates

(Paper No. RHC 59/98)

35. Members approved that -
- (a) the rents for new flats in Homantin South Phase 1, Wan Tsui (Wan Tsui Infill Site), Ko Yee (Ko Chiu Road Infill Site Phase 4) and Sheung Lok (Sheung Shing Street Infill Site) be fixed at \$63.4/sq.m.;
 - (b) the rents for Kwai Fong Phase 5 and Lai Yiu (Lai Yiu Infill Sites) be fixed at \$61.2/sq.m.;
 - (c) the rents for Sheung Tak Phases 5 and 6 be fixed at \$55.4/sq.m.; and

- (d) Yuen Long/Tuen Mun should come under the same district as Tin Shui Wai while Tsing Yi under Shatin/Tsuen Wan/Kwai Chung for rent setting purpose in future.

Rent Review for Post-1973 Estates

(Paper No. RHC 60/98)

36. Members approved that -
- (a) the rents be increased in the range of \$3.9/sq.m. to \$7.8/sq.m. as set out in the paper;
 - (b) the rent increase be waived for one year from 1 September 1998 to 31 August 1999; and
 - (c) the waiver as mentioned in (b) above would not be applicable to tenants paying additional rents under the Housing Subsidy Policy.

Review of Licence Fees for Interim Housing at Block 12, Kwai Shing East Estate

(Paper No. RHC 58/98)

37. Members approved that -
- (a) the licence fees for Kwai Shing East Estate Block 12 be increased by 18.2%;
 - (b) the licence fee increase be waived for one year from 1 October 1998 to 30 September 1999; and
 - (c) the date of the next biennial licence fee review should fall on 1 October 2000.

Rent Review for Harmony Blocks of New Housing Authority Estates

(Paper No. RHC 61/98)

38. Members approved that -
- (a) the rents for 66 Harmony blocks be increased in the range of \$5.6/sq.m. to \$11.1/sq.m. as set out in the paper;
 - (b) the rent increase be waived for one year from 1 September 1998 to 31 August 1999; and
 - (c) the waiver as mentioned in (b) above would not be applicable to tenants paying additional rents under the Housing Subsidy Policy.

Option for Minor Refurbishment of Vacant Flats by Tenants
(Paper No. RHC 62/98)

39. Members approved that for vacant flats where only 搵ouching up works” were required, prospective tenants be allowed to choose either one of the following options -

- (a) the 搵ouching up works” be undertaken by the Department 僱 refurbishment contractors; or
- (b) to receive an ex gratia allowance known as Vacant Flat Refurbishment Allowance in the form of cash payment equivalent to three-months rent if they choose to refurbish their flats by themselves.

(8) STRATEGIC PLANNING COMMITTEE

Housing Authority Strategic Plan 1999/2000
(Paper No. SPC 33/98)

40. Members endorsed the Housing Authority Strategic Plan. The Department would follow the corporate planning cycle as approved.

Home Ownership Scheme Development at Eastern Harbour Crossing Site in Yau Tong

(Paper No. SPC 34/98)

41. Members endorsed the further extension of the scope of entrustment to the Mass Transit Railway Corporation to include other works such as the construction of retaining walls, piling and substructure works.

New Sites for Inclusion into the Public Housing Development Programme

(Paper No. SPC 35/98)

42. Members agreed to include four projects, namely, Mong Kok West Phase 4; On Yam Neighbourhood Community Centre (NCC) Site, Kwai Shing Estate NCC Site and Tsz On NCC Site into the Public Housing Development Programme.

(9) VISIT

43. During the period, two visits for Building Committee Members were arranged. They visited Homantin South Phase 1 & Tseung Kwan O Area 34/44 on 13 June 1998 and Tin Shui Wai Area 3 Phase 4 on 31 July 1998.

(10) MEETING WITH CONCERN GROUPS

44. Members of the Rental Housing Committee held six meetings with concern groups to discuss housing issues.

(11) LIAISON WITH DISTRICT BOARDS

45. During the period, housing issues which received most attention from District Boards included the progress and arrangements of redevelopment/clearance/rehousing, maintenance and housing management.

46. A list of housing matters discussed by each District Board and its committees during this period is at the **Annex**.

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Date : 29 September 1998