

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Secretary知 Report - Committee Work (December 1997 to February 1998)

Purpose

This paper summarises the work of the Housing Authority知 Committees for the period from 1 December 1997 to 28 February 1998.

(1) BUILDING COMMITTEE

Housing Authority Contracts Approved

2. During the period, 58 contracts were approved. The amount of the contracts approved during this period totalled \$7,811,142,000.

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

3. During the period, the Committee considered and approved the revised client brief, control plan, scheme design and project budget for Home Ownership Scheme Development of Fung Cheung Road, Yuen Long (previously known as Redevelopment of Yuen Long Flatted Factory) (Paper No. BC 8/98).

Others

Proposed New Development Projects to be Outsourced to Architectural and Associated Consultants in 1998/99

(Paper No. BC 194/97)

4. Members approved the outsourcing of seven proposed new development projects to Architectural and Associated Consultants in 1998/99.

Proposed Changes to the Two-Envelope System for Appointment of Quantity Surveying Consultants

(Paper No. BC 177/97)

5. Members endorsed the proposed modifications to the Two-Envelope System for the appointment of Quantity Surveying Consultants for Housing Authority (HA) projects.

Increase in Number of Storey and Other Modifications to New Cruciform Block

(Paper No. BC 198/97)

6. Members endorsed the proposed increase in number of storey and other modifications to the New Cruciform Block.

Report on Accidental Rock Fall on 4 December 1997 Site Formation for Redevelopment of Sau Mau Ping Estate Phases 5 & 6 and Realignment of Sau Mau Ping Road

(Contract No. 72 of 1994)

(Paper No. BC 197/97)

7. Members noted the paper.

Report on the Failure of Glass Balustrade at Ping Tin Shopping Centre
(Paper Nos. CPC 2/98 and BC 2/98)

8. Members agreed to set up a panel to advise the Building Committee on any further action to be taken.

Proposed Modifications to Harmony Blocks to Enhance Buildability
(Paper No. BC 5/98)

9. Members approved the proposed modifications to construction details for the enhancement of buildability of Harmony Blocks which shortened the construction period by 60 days.

Interlocking Primary School for Public Housing Development
(Paper No. BC 6/98)

10. Members endorsed the adoption of the proposed Interlocking Primary School in public housing developments.

Housing Production and Labour Demand
(Paper No. BC 7/98)

11. Members noted the forecast of demand for labour on Housing Authority sites.

Proposed Outsourcing of Commissions to Consultant Quantity Surveyors in 1998/99
(Paper No. BC 24/98)

12. Members endorsed the proposal to outsource 22 projects including their subsequent rephasing, if any, to Consultant Quantity Surveyors.

Situation Report on the Ground Subsidence at Kam Fung Court and Chung On Estate

(paper No. BC 25/98)

13. Members noted the paper.

(2) RENTAL HOUSING COMMITTEE

Domestic Rents for New Estates

(Paper No. RHC 13/98)

14. Members approved the following proposals -
- (a) the rent for new flats in Homantin South Phase 1 be fixed at \$63.4/sq.m.;
 - (b) the rents for Kwai Shing East Phase 4 and Lei Muk Shue Phase 1 be fixed at \$61.2/sq.m.; and
 - (c) the rents for Po Lam (Po Lam Infill Site), Sheung Tak Phase 5 and Chung On Phase 6 be fixed at \$55.4/sq.m.

Improvement and Replacement of Metal Gatesets to Rental Harmony Blocks

(Paper No. RHC 12/98)

15. Members endorsed the recommendation to allow tenants of Harmony blocks built under the 1989 or 1995 Harmony versions to install sliding gatesets at their own cost subject to their making an application and strictly complying with a set of guidelines to be issued by the Department.

(3) JOINT MEETING OF THE HOME OWNERSHIP COMMITTEE AND RENTAL HOUSING COMMITTEE

Review of Waiting List Income Limits

(Paper No. HOC 9/98 RHC 9/98)

16. Members approved the following Waiting List Income Limits, which will take effect from 1 April 1998 -

Household Size (No. of persons)	Approved Income Limits (\$ per month)
1	6,600
2	11,900
3	14,800
4	17,700
5	19,200
6	20,700
7	23,500
8	26,200
9	28,700
10+	30,700

Review of Home Ownership Scheme Income Limit

(Paper No. HOC 10/98 RHC 10/98)

17. Members endorsed the proposal to set the income limit at \$33,000 per month for Home Ownership Scheme (HOS) and Private Sector Participation Scheme (PSPS) with effective from HOS Phase 19C and, for Home Purchase Loan Scheme (HPLS), from 1 April 1998.

(4) HOME OWNERSHIP COMMITTEE

Tenants Purchase Scheme (TPS) - Phase 1

(Paper No. HOC 80/97)

18. Members endorsed the arrangements outlined in the paper. In addition, to address the issue of overcrowded households, Members agreed that these households would be given priority in the purchase of vacant flats in the same estate.

Special Arrangements for Purchasers of Verbena Heights upon Rescission of Agreement for Sale and Purchase or Assignment

(Paper No. HOC 82/97)

19. Members decided that the White Form (WF) purchasers would be accorded Ordinary Green Form (GF) status and the ordinary Green Form purchasers would be accorded third priority GF status upon rescission of agreement for sale and purchase or assignment for purchasing flats in Verbena Heights.

Adjustment to the Discount Rate and Quota Allocation of Home Ownership Scheme Flats

(Paper No. HOC 15/98)

20. (a) Members generally agreed with the introduction of a flexible discount system.
- (b) The majority of Members considered that the flexible discount system should not be applied retrospectively to HOS and PSPS flats already sold but the assignments of which had not been executed.
- (c) The Department's proposal to set the flat quota allocation between GF and WF applicants at 60:40 for HOS Phase 19C was accepted by the majority of Members.

- (d) Regarding priority in flat selection, three options were proposed -
- (i) the flat selection priority between GF and WF applicants to be set at 4:1;
 - (ii) the flat selection priority between GF and WF applicants to be set at 3:1; and
 - (iii) the flat selection priority between GF and WF applicants for Phase 19C was 5:1 while this relative priority would be reviewed in each sale exercise.

The majority of Members chose option (iii).

Sale Price and Quota Allocation of Phase 19C of Home Ownership Scheme and Transfer of Two Rental Blocks to Home Ownership Scheme

(Paper No. HOC 16/98)

21. The Committee approved-
- (a) the transfer of 1,476 flats in Po Ming Court, Tseung Kwan O from rental to HOS;
 - (b) the recommended average prices for flats in Phase 19C as shown in Table 3 at paragraph 24 of the paper; and
 - (c) the revision of quota allocation between GF and WF applicants to 60:40 for Phase 19C.

Annual Review of Management Fees for Home Ownership Scheme Estates

(Paper No. HOC 12/98)

22. Members approved the proposed management fee levels for HOS estates for 1998/99 as detailed in Annex C of the paper.

Legal Costs and Conveyancing Arrangement for Home Ownership Scheme Conveyancing

(Paper No. HOC 13/98)

23. Members approved that -
- (a) the HA should be responsible for payment of its own legal costs for the sale of flats under HOS and TPS if the purchasers should have separate legal representation;
 - (b) purchasers of resale flats should not be required to pay HA's legal costs if they chose to have separate legal representation; and
 - (c) as an interim arrangement, the existing rate of charges at 50% of the scale costs be adopted for the sale of HOS and TPS flats.

(5) STRATEGIC PLANNING COMMITTEE

Master Programme for September 1997

(Paper No. SPC 1/98)

24. Members noted the Master Programme for September 1997.

New Sites for inclusion in the Public Housing Development Programme (PHDP)

(Paper No. SPC 4/98)

25. Members approved the inclusion of the Fung Wo Lane Site and Hin Keng Infill Site into the PHDP and their related development cost ceilings.

(6) COMMERCIAL PROPERTIES COMMITTEE

1998/99 Business Plan (Commercial)

(Paper No. CPC 67/97)

26. Members approved the 1998/99 Business Plan for Commercial Properties.

Review of Arrangements for Carpark Management Contracts

(Paper No. CPC 68/97)

27. Members decided the following arrangements for carpark management contracts:

- (a) the HA should be the only party having the right to early termination and that operators could not exercise early termination;
- (b) the existing practice of granting a fixed term of five years for carpark management contracts should remain unchanged; and
- (c) the requirement for Minimum Guaranteed Amount (MGA) should be retained for future contracts. The MGA should be fixed by individual operator and evaluated by the Department.

Charges for Radio Antennae and Base Stations

(Paper No. CPC 70/97)

28. Members approved the implementation of the charges for radio antennae and base stations effective from 1 April 1998.

Ex gratia Allowance for Commercial Tenants Affected by the Comprehensive Redevelopment Programme

(Paper No. CPC 71/97)

29. Members approved that -
- (a) the existing basic rates of ex gratia allowance for graded shop tenants be increased by 8.3%;
 - (b) the ex gratia allowance payable to commercial tenants paying market rents continues to be the equivalent of 15 times the exclusive rent stated in the tenancy agreement at the date of formal announcement or at the date of displacement if earlier;
 - (c) the lump sum payment in lieu of restricted tender be increased to \$89,000;
 - (d) the opportunity to acquire alternative commercial premises through restricted tender exercise be maintained and a three month rent-free period granted for premises so acquired;
 - (e) the revised rates of allowance and lump sum payment to be applicable to all tenants affected by the seven on-going redevelopment operations with target evacuation dates falling on or after 4 December 1997; and
 - (f) the early shop surrender tenants to join the restricted tender exercises for on-going Comprehensive Redevelopment Programme tenants four times a year.

**Liquefied Petroleum Gas Supply Contract Renewal
(Paper No. CPC 69/97, HOC 76/97)**

30. Members approved the following -
- (a) renewal of contract with existing supplier;
 - (b) re-tender of the contract failing renewal agreement;
 - (c) provision of a break clause in favour of the HA; and
 - (d) distribution of premium to HOS owners.

**(7) JOING MEETING OF THE BUILDING COMMITTEE
AND COMMERCIAL PROPERTIES COMMITTEE**

**Report on the Failure of Glass Balustrade at Ping Tin Shopping Centre
(Paper Nos. CPC 2/98, BC 2/98)**

31. Members noted the report of the Independent Investigation Team and agreed that further actions including disciplinary actions against the contractor, the single operator and the Housing Department staff should be considered by the Building Committee, Commercial Properties Committee and the Department separately. Members also noted the proposed way forward as follows -

- (a) detailed proposals for implementing the recommended improvements be considered by the Building Committee and Commercial Properties Committee; and
- (b) the issue of compensation related to the injured boy be settled by the relevant insurance companies.

(8) HUMAN RESOURCES COMMITTEE

First Progress Report on Human Resources Management Plan Implementation

(Paper No. HRC 6/98)

32. Members noted the progress of the implementation of the programmes and initiatives included in the HA 房屋 Human Resource Management Plan and endorsed the future priority of work having regard to the latest organisational development and external challenges.

Vocational Training Strategy for Junior Grades in the Housing Class (Other than the Housing Manager Grade)

(Paper No. HRC 5/98)

33. Members endorsed the vocational training strategy for junior grades in the Housing Class (other than the Housing Manager grade) to meet training needs identified in a recent training review.

Manpower Quota for 1997/98

(Paper No. HRC 7/98)

34. Members noted the updated position of the use of manpower quota for 1997/98.

(9) FINANCE COMMITTEE

Housing Authority 房屋 Revised Operating Account, Capital and Cash Budgets (1997/98), Proposed Budgets (1998/99) and Financial Forecasts 1999/2000 to 2001/02

(Paper No. FC 2/98)

35. Members endorsed the HA 房屋 Revised Budget for 1997/98 and Proposed Budget for 1998/99 and noted the Financial Forecasts for 1999/2000 to 2001/02.

Quarterly Internal Audit Report - January 1998 on Funds Management Operations

(Paper No. FC 11/98)

36. Members noted the findings and recommendations of the quarterly report issued in January 1998 by KPMG Peat Marwick, the contract internal auditors on the funds management operations. The report covers the monthly audits of the funds management operations for the period from 1 August to 30 September 1997.

Audit Plans for the Internal Audit Agencies for 1998/99

(Paper No. FC 10/98)

37. Members were informed of the audit plans for the internal audit agencies (Internal Audit Section (IAS) and Technical Audit Unit (TAU)) for 1998/99.

Audit Reports discussed at the Housing Department Steering Committee on Management and Audit Studies Meeting held on 6 February 1998

(Paper No. FC 9/98)

38. Members noted the audit reports by the IAS and TAU which were considered at the Steering Committee meeting of 6 February 1998 and the Steering Committee's comments/follow-up actions on each report. Members also noted the summary of follow-up actions on audit reports by the IAS and TAU discussed at previous Steering Committee and Finance Committee meetings.

Housing Authority Accounting Policies

(Paper No. FC 7/98)

39. Members approved the proposed revisions to the Housing Authority Accounting Policies.

Fund Management Report for the period 1 October 1997 to 31 December 1997

(Paper No. FC 8/98)

40. Members noted -
- (a) the results of the HA 癩 in-house managed investments for the period 1 October 1997 to 31 December 1997;
 - (b) the major issues relating to funds management for the period 1 October 1997 to 31 December 1997;
 - (c) the cashflow forecast for the period from 1 January 1998 to 31 March 2000;
 - (d) the market outlook;
 - (e) the results of the HA 癩 investments managed by fund managers and the performance of fund managers for the quarter ending 31 December 1997;
 - (f) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority; and
 - (g) the operational performance of counterparties.
41. Members approved the revised basis for the calculation of the maturity profile for the management of in-house funds.

(10) VISITS

42. During the period, Housing Authority and Rental Housing Committee Members visited Fu Tung Estate in Tung Chung on 13 January 1998 to familiarize themselves with the management of rental housing estates by property management agents.

(11) MEETING WITH CONCERN GROUPS

43. During the period, Members of the Rental Housing Committee held four meetings with concern groups to discuss housing issues.

(12) LIAISON WITH DISTRICT BOARDS

44. During the period under review, housing issues which received most attention from District Boards included the progress and arrangements of redevelopment/clearance/rehousing, maintenance and management. Other issues of great concern included the Tenants Purchase Scheme, site settlement, fire prevention measures, installation of air-conditioners, security provisions, hawker control and shop front obstruction.

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

Information

46. This paper is issued for Members' information.

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Date : 20 April 1998