

<b>Doc Type</b>	HA
<b>Paper No</b>	17/97
<b>Title</b>	Secretary's Report - Committee Work (September 1996 - November 1996)
<b>CONTENTS</b>	<p>THE HONG KONG HOUSING AUTHORITY</p> <p>Memorandum for the Housing Authority</p> <p>Secretary's Report - Committee Work (September 1996 - November 1996)</p> <p>Purpose</p> <p>This paper summarises the work of the Housing Authority's Committees for the period from 1 September 1996 to 30 November 1996.</p> <p>(1) BUILDING COMMITTEE</p> <p>Housing Authority Contracts Approved</p> <p>2. During the period, 39 contracts were approved. Contracts approved during this period totalled \$3,014,696,000.00.</p> <p>Client Briefs, Control Plans, Project Estimates, Scheme Designs and Project Budgets</p> <p>(Papers No. BC 145/96, BC 146/96, BC 161/96, BC 162/96, BC 163/96, BC 181/96, BC 182/96, BC 183/96)</p> <p>3. During the period, the Committee considered and approved the proposed/revised client briefs, control plans, project estimates, scheme designs and project budgets for -</p> <p>(a) Redevelopment of Kwai Fong Estate Phases 6 and 7</p> <p>(b) Development of Homantin South Phase 4</p> <p>(c) Rental estate &amp; Home Ownership Scheme (HOS) development at Tseung Kwan O Area 74</p> <p>(d) Phases 1, 2 and 3 of the public rental housing and HOS development at Fortune Street, Sham Shui Po</p> <p>(e) Aldrich Bay Phases 1, 2 and 3</p> <p>(f) Redevelopment of Yuen Long Flatted Factory</p> <p>(g) Redevelopment of Lam Tin Estate</p>

#### (h) Development of Tsing Yi Area 8

Monthly Progress Report - August 1996 to October 1996 (Papers No. BC 151/96, BC 168/96, BC 185/96)

4. As at 31 October 1996, a total of 151,441 rental and HOS flats were under construction; and a total of 3,384 rental and HOS flats were completed between April and October 1996.

Others

Review on the Engagement of Consultants for Maintenance Projects and Quantity Surveying Services (Paper No. BC 147/96)

5. Members approved the adoption of the two-envelope system for the selection of consultants to be engaged in maintenance and improvement projects and quantity surveying services.

Review of the Housing Authority Specification (Paper No. BC 148/96)

6. Members agreed that the new Housing Authority Specification Library be adopted for all new development contracts tendered out after 1 January 1997.

Access Facilities for Telecommunications and Broadcasting Services in New Public Housing Projects (Paper No. BC 149/96)

7. Members approved the provision of access facilities for telecommunications and broadcasting services as recommended by the Office of Telecommunications Authority. Members also noted the cost implications and the implementation programme.

Maintenance and Repair Works at Blocks 12, 14, 15 and 16, Shek Lei Estate and Blocks 7, 8 and 14, Lei Muk Shue Estate (Contract No. 23 of 1987) Disputes Referred to Arbitration (Paper No. BC 164/96)

8. Members approved the settlement of the dispute between Tai Hing (Engineers & Builders) Limited and the Housing Authority in the amount of \$4M.

New Strategy on Procurement Methods for Building Maintenance Works (Paper No. BC 165/96)

9. Members approved the application of a new procurement strategy for maintenance and improvement works in 1997/98 and beyond.

Repairs to Debonding of Internal Wall and Floor Tiling at Public Areas of Blocks 5, 6 of Tai Wo Estate, Block 8 of Po Nga Court and Recovery of Cost from Contractor (Paper No. BC 166/96)

10. Members accepted an offer of lump sum payment of \$1.7M from Hyundai Engineering & Construction Co. Ltd. as their share to the cost of tile repair estimated to-date.

Colour Choice of Decoration by Home Ownership Scheme Purchasers (Paper No. BC 167/96)

11. Members approved the colour package proposal and the implementation of the colour package proposal for Concord Blocks in the pilot project at Tin Shui Wai Area 3 Phase 4. Members agreed to include the modification works to the Lok Fu Home Ownership Centre in the building contract of the pilot project.

Term Geotechnical Advisory Service Consultancies Progress Report on Current Consultancies 1995-97 and Proposals for 1997-99 (Paper No. BC 184/96)

12. Members approved in principle to select six geotechnical consultants using the two-envelope system for providing new two-year term geotechnical advisory services for 1997-99 at an estimated total fees \$142.9M.

## (2) MANAGEMENT AND OPERATIONS COMMITTEE

Emergency Alarm System for the Elderly in Public Housing Estates (Paper No. MOC 82/96)

13. Members endorsed the proposal for financing the installation of Emergency Alarm System from the Housing Authority's Improvement Account in future for low-income elderly tenants who meet the following criteria -

(a) not receiving Comprehensive Social Security Assistance;

(b) living alone or in households with all members aged 60 and over;

(c) have an income not exceeding \$4,860 per month and do not possess asset of more than \$151,000; and

(d) for those who are between the ages of 60 to 69, they will also have to satisfy the same health conditions as set down in Social Welfare Department's eligibility criteria.

The allocation is one-off capital grant capped at \$2,500.

Review of the Rent Assistance Scheme (Paper No. MOC 76/96)

14. Members approved the following -

(a) an upper bound of 25% rent-to-income ratio (RIR) (irrespective of income) and lower bound of 50% Waiting List Income Limit (WLIL) (irrespective of RIR) should be introduced to the Rent Assistance Scheme to benefit more households with low non-housing expenditure;

(b) households with an income between 50% and 60% of the WLIL and RIR exceeding 15% will also benefit; and

(c) the removal requirement for households who have received rent assistance continuously for two years should remain. Elderly households and households with disabled members should continue to be exempted.

Rent Review for Harmony Blocks of Post - 1973 Estates (Paper No. MOC 78/96)

15. The following rent increases were approved -

District	\$ per sq. m.
Urban Area	10.9
Shatin/Tsuen Wan/Kwai Chung	10.1
Tsing Yi/Tai Po/Tseung Kwan O/Ma On Shan	9.1
Tin Shui Wai	7.3

16. It was also approved that the first rent review should take place two to three years from the time of first intake. Rent Review for Group B and Former Government Low Cost Housing Estates (Paper No. MOC 79/96)

17. Members endorsed the following rent increases -

Types Existing Typical Rents	Approved Increase \$/sq.m	Approved Increase \$/sq.m.
Mark III (Include Yuen Long Estate & San Fat Estate)	23.54	4.1
Mark IV - V	25.02	4.3
Former Government Low Cost Housing Estate (old)	28.01	4.8
Former Government Low Cost Housing Estate (New)	29.77	5.1

A 10% rent reduction is applied across-the-board to flats on 5th floor and above in free-standing domestic blocks without lift service.

Review of Permit Fees and Rents for Cottage Areas (Paper No. MOC 80/96)

18. Members approved an increase of 50% on permit fees of all cottages and rents of Government-owned cottages. Members also approved an increase of 30.9% on rents of primary housing units. Both increases are to be adopted with effect from 1 January 1997.

Review of ex-gratia Domestic Removal Allowance and Special Allowance (Paper No. FC 15/96; MOC 81/96)

19. Members endorsed that -

(a) the Domestic Removal Allowance (DRA) should be revised and effective for new tenancies commencing on or after 1 December 1995 and the approved rates are as follows -

Family New Rates for Approved Rates for Size Squatter & THA Redevelopment and Clearances Improvement Programmes

	No. of New Rate (\$)	Existing Approved Persons Rate (\$)	Rate (\$)
1	3,010	1,910	2,480
2-3	5,510	3,980	4,980
4-5	6,650	5,000	6,120
6 & above	8,140	6,230	7,610

(b) the Special Allowance (SA) should remain unchanged for all the on-going redevelopment and major improvement programmes; and

(c) SA will cease to be paid to tenants affected by redevelopment and major improvement programmes announced after 18 September 1996. In this case, the full rate of DRA would be paid to the tenants.

(3) DEVELOPMENT COMMITTEE

Optimisation of Land Use for Public Housing Development (Paper No. DC 26/96)

20. Members noted the Department's continuous effort in working towards optimising the land use for public housing such as exploring the feasibility of developing beyond currently permissible Development Ratios and Plot Ratios, searching for more sites for infill development, aiming to achieve for HOS/PSPS in Kowloon a maximum Plot Ratios 7.5 by providing car parking spaces at a ratio of 1 space per 4 flats and exploring ways to economise on the land requirements for recreational facilities.

Review of Public Housing Production for the Long Term Housing Strategy - Quarterly Progress Report (Position as at 30 September 1996) (Paper No. DC 27/96)

21. Members noted the changes in the Public Housing Development Programme, progress towards the achievement of Long Term Housing Strategy production targets, and the land supply situation.

(4) HOME OWNERSHIP COMMITTEE

Mode of Operation for Sale of HOS/PSPS Flats in the Proposed Secondary Market (Paper No. HOC 80/96)

22. Subject to the views of the Finance Committee on related financial implications, Members supported in principle the mode of operation, the setting up of a Support Unit and the administrative fees for issue of `Certificate of

Eligibility to Purchase', 'Certificate of Availability for Sale' and 'Letter of Nomination' as proposed in the Paper.

Prices of Flats in Phase 18C and Transfer of three rental blocks to the Home Ownership Scheme (Paper No. HOC 81/96)

23. Members endorsed the average prices for Phase 18C on the basis of a 45% discount to market value as follows -

Project - Saleable Area Gross Floor Area	\$/m <sup>2</sup>	\$/ft <sup>2</sup>
HOS Hing Tung Estate - Shaukeiwan	25,700	1,740
Kwong Ming Court - Tseung Kwan O	22,300	1,550
Tin Tsz Estate - Tin Shui Wai	13,600	940
Yu Tung Court - Tung Chung	15,100	1,050

Members also approved the transfer of Hing Tung Estate Phase 4, Blocks I and J, Shaukeiwan and Tin Tsz Estate Phase 2, Block 2, Tin Shui Wai from rental to HOS.

Review of the Home Purchase Loan Scheme (Paper No. HOC 82/96)

24. Subject to endorsement of the Finance Committee and the Housing Authority, Members supported the proposed quota, amount of loan and subsidy for the Home Purchase Loan Scheme (HPLS) for 1997/98 as follows -

(a) The Quota for 1997/98 for Green Form (GF) and White Form (WF) applicants is 3,000 and 1,500 respectively,

(b) The amount of loan and monthly subsidy would remain unchanged at \$600,000/\$5,100 for GF and \$400,000/\$3,400 for WF applicants and,

(c) The enhanced HPLS for GF should, for 1997/98, be financed from Housing Authority funds.

Application Statistics and Progress of Sale of Flats for Home Ownership Scheme Phase 18B (Paper No. HOC 83/96)

25. Members noted the application statistics and the progress of sale of flats under Phase 18B of the Home Ownership Scheme.

(5) COMMERCIAL PROPERTIES COMMITTEE

Carpark Charges for 1997 (Paper No. CPC 41/96)

26. Members approved the revised charges for carparks for the year commencing 1 January 1997.

Five-year Programme and Budget Forecast for Major Improvements to Shopping Centre (Paper No. CPC 43/96)

27. Members noted the progress of major improvements to Housing Authority shopping centres under the latest five-year programme (1996/97 to 2000/2001).

A Review of the Existing Operation of Tennis Courts in Public Rental Housing Estates (Paper No. CPC 44/96)

28. Members approved extension of the current contract, expiring 31 January 1998, to include the additional 10 tennis courts which would be completed by May 1997.

#### (6) HUMAN RESOURCES COMMITTEE

Terms of Reference, Overview of Human Resources Management Development and Schedule of Business (Paper No. HRC 4/96)

29. Members noted the rationale for the establishment of the Human Resources Committee, the terms of reference, the Human Resources Management development in the Department and the likely schedule of business for the next twelve months.

Five-year Establishment Forecast 1996/97 to 2000/01 (Paper No. HRC 10/96)

30. Members endorsed the revised establishment requirements for 1996/97, proposed establishment requirements for 1997/98 and the inclusion of the indicative staffing levels for 1998/99 - 2000/01 in the HA's Five -year Financial Forecast.

Staffing Proposals to Strengthen the Senior Directorate Structure of the Housing Department (Paper No. HRC 11/96)

31. Members endorsed the splitting of the Deputy Director/Housing Management and Works post into Deputy Director/Housing Management and Deputy Director/Works, upgrading of the Assistant Director/Finance post to Deputy Director/Finance and the creation of a Principal Executive Officer/Management Enhancement Programme post.

#### (7) FINANCE COMMITTEE

Funds Management Quarterly Report for the period 1 July to 30 September 1996 (Paper No. FC 24/96)

32. Members noted -

(a) the results of the Authority's in-house managed investments for the period 1 July 1996 to 30 September 1996;

(b) the major issues relating to funds management for the quarter ended 30 September 1996;

(c) the cash flow forecast for the next six months from 1 October 1996 to 31 March 1997 and the market outlook;

(d) the results of the Authority's investments managed by funds managers and the performance of fund managers for the period ended 30 September 1996; and

(e) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority.

Progress Report on Risk Management (Paper No. FC 25/96)

33. Members were informed of the progress in the implementation of a comprehensive Risk Management Framework.

Quarterly Internal Audit Report - August 1996 on Funds Management Operations (Paper No. FC 26/96)

34. Members were informed of the findings and recommendations of the quarterly report by Price Waterhouse, the contract internal auditors on the audit reviews performed on the funds management operations during the period 1 July to 31 August 1996.

Reporting Arrangements of the Internal Audit Agencies and the Audit on the Authority's Accounts (Paper No. FC 27/96)

35. Members were informed of the reporting arrangements of the internal audit agencies (Internal Audit Section and Technical Audit Unit) and the audit on the Authority's accounts to the Finance Committee.

Audit Reports discussed at the Housing Department Steering Committee on Management and Audit Studies Meeting held on 11 October 1996 (Paper No. FC 28/96)

36. Members noted the audit reports by the Internal Audit Section and the Technical Audit Unit which were considered at the Steering Committee meeting on 11 October 1996 and of the Steering Committee's comments/follow-up actions on each report.

#### (8) VISITS

37. During the period, the following visits were arranged for Housing Authority and Committee Members -

(a) a visit for the Housing Authority Members on 26 September 1996 to So Uk Estate to familiarize with the operations of the Estate Management Advisory Committee;

(b) a visit for the Housing Authority and Building Committee Members on 17 October 1996 to construction sites at Tung Chung Area 10 - Phases 1,2 and 3 to see the progress of the construction works of housing blocks and to view adjacent developments; and

(c) a visit for the Building Committee Members on 22 November 1996 to the Kowloon Bay Training Centre of the Construction Industry Training Authority to



familiarize with its operation and training facilities provided.

(9) MEETING WITH CONCERN GROUPS

38. During the period, the Chairman of the Housing Authority had one meeting with a concern group. Members of the Management and Operations Committee held four meetings with concern groups to discuss housing issues.

(10) LIAISON WITH DISTRICT BOARDS

39. 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 security provision, installation of emergency alarm system for the elderly, improvement of existing facilities, increase of rent and carpark fees, hawkers control, clearance of cottage areas and dog-keeping.

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

Information

41. This paper is issued for Members' information.

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Date : 24 March 1997