

**THE HONG KONG HOUSING AUTHORITY****Memorandum for the Housing Authority****Secretary's Report - Committee Work  
(1 March to 31 May 1997)****Purpose**

This paper summarises the work of the Housing Authority's Committees for the period from 1 March to 31 May 1997.

**(1) BUILDING COMMITTEE****Housing Authority Contracts Approved**

2. During the period, 53 contracts were approved. Contracts approved during this period totalled \$ 8,989,865,000.

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

(Papers No. BC 47/97, BC 59/97, BC 60/97, BC 61/97, BC 81/97, BC 82/97, BC 83/97, BC 84/97)

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

(a) Development of Lai Chi Kok Phases 1 and 2

(b) Development of Sha Tin Area 4C & 38A Phase 1, 2, 3 &

4

(c) Home Ownership Scheme (HOS) Development of Sha Tin Area 36C

- (d) Phases 1, 2 and 3 of the Public Rental Housing and HOS Development at Aldrich Bay
- (e) Redevelopment of Ko Chiu Road, Yau Tong Estates and Yau Tong Estate Phase 1
- (f) Redevelopment of Sau Mau Ping Estate
- (g) Redevelopment of Sau Mau Ping Phase 7
- (h) Redevelopment of Lam Tin Estate Phase 5

**Monthly Progress Report - March 1997 to May 1997**

(Papers No. BC 48/97, BC 62/97, BC 86/97)

4. As at 31 May 1997, a total of 130,240 rental and HOS flats were under construction; and a total of 759 rental flats were completed between April and May 1997.

**Others**

**Contract Status and Options of Remedies for Peng Chau Rural Public Housing Estate (Contract No. 172 of 1992) and Redevelopment of Kwai Shing East Estate Phase 3 (Contract No. 18 of 1994)**

(Paper No. BC 50/97)

5. Members endorsed the recommendation of the paper to re-enter the sites and employ another contractor to complete the outstanding works in accordance with GCC Clause 81(1)(e).

**Tender Costs for Concord Block**

6. Members noted the paper.

**Proposed Changes to the Project Approval Process**

(Paper No. BC 76/97)

7. Members endorsed in principle the proposed project approval procedures relating to the Building Committee as described in the paper.

### **The Further Use of uPVC Windows in Domestic Blocks**

(Paper No. BC 77/97)

8. Members approved that an approved list of uPVC window suppliers would be formulated and included in building contracts, in parallel with the list of approved aluminum window suppliers, for contractors' selection to use in living rooms and bedrooms of standard domestic blocks.

### **June 1997 Cost Yardsticks**

(Paper No. BC 79/97)

9. Members endorsed the Cost Yardsticks at June 1997 tender price levels as set out in Appendices A, B and C of the paper and an allowance at the rate of 7.5% per annum continued to be made for tender price inflation to the yardsticks when preparing project and annual budgets and forecasts during the financial year 1997/98.

### **Phased Implementation of the Use of Hydraulic Hammers for Percussive Piling Work in the Housing Authority Contracts**

(Paper No. BC 80/97)

10. Members approved the phased implementation of the use of hydraulic hammers in Housing Authority contracts.

## **(2) MANAGEMENT AND OPERATIONS COMMITTEE**

### **Long Term Housing Strategy Review Proposals**

11. Members discussed various Long Term Housing Strategy Review proposals at the Management and Operations Committee (MOC) meeting on 27 March 1997. The views of the Committee are as follows -

- (a) **To introduce a comprehensive means test upon entry to Public Rental Housing (PRH)**

Support introduction of a comprehensive means test, comprising both income and net assets, for all those who

apply for PRH. To take the proposal one step forward, the test should also apply to other prospective public housing beneficiaries including Home Ownership Scheme (HOS) or Private Sector Participation Scheme (PSPS) applicants. This is in line with the Safeguarding Rational Allocation of Housing Resources Policy introduced in 1996.

**(b) To apply common eligibility criteria to all prospective tenants**

Agree that all prospective tenants, including families displaced by clearance operations, should be required to undergo a comprehensive means test, covering both income and net assets, before they are admitted into PRH. Nevertheless, it is noted that this could affect the smooth running of the clearance programmes and that the demand for interim housing may increase because of the need to accommodate those who fail the means test.

**(c) To restrict the grant of new tenancy in PRH**

Agree that granting of new tenancy on death of principal tenants should be justified on the basis of genuine need. Basically, the surviving spouse of the principal tenant can be granted a new tenancy unconditionally while the other adult members should be required to go through a comprehensive means test, covering both income and net assets, to determine whether they are eligible for the grant of a new tenancy and, where necessary, to pay extra rents.

**(d) To increase PRH rents to realistic but affordable levels**

Accept the general principle of setting target median rent-to-income-ratios (MRIRs), however, achievement of these targets must be subject to the overriding principle of affordability. Setting a target date may therefore not be desirable. HA should be cautious about any sharp rent increase which would cause far-reaching impact. Indeed, with the clearance of old estates under the Comprehensive Redevelopment Programme (CRP), the

overall MRIR for PRH tenants will increase and should reflect a more realistic affordability picture.

- (e) **To make no further change to the current space allocation standards for PRH**The space allocation standards should make reference to the availability of housing resources and the community's aspirations. A more flexible approach should be adopted though it is not intended to improve the standards in the near future.

**Rental Housing Allocation for 1997/98**(Paper No. MOC 62/97)

12. Members approved -

- (a) the allocation of public rental flats for various categories for 1997/98 as detailed in paragraph 13 of the paper;
- (b) the quota for Junior Civil Servants and Pensioners at 2,300 (1,250 PRH, 600 HOS and 450 Home Purchase Loan Scheme (HPLS)) for 1998/99 (paragraph 17 of the paper); and
- (c) retiring single officers at the age of 60 and over not occupying departmental quarters be allowed to apply for Housing for Senior Citizens through Civil Service Public Housing Quota.

**Management Proposals for Interim Housing**

(Paper No. MOC 63/97)

13. Members endorsed the package of management proposals for Interim Housing as set out in paragraph 10 to 13 of the paper.(3) **DEVELOPMENT COMMITTEE****Development of Future Interim Housing**(Paper No. DC 15/97)14.

Members endorsed the following subject to the approval of the Housing Authority -

- (a) clearance of the remaining 13 temporary housing areas by March 2000;
- (b) the demand for interim housing based on current policies, and to note alternative demand scenarios based on proposals in the LTHS Review;
- (c) the proposed building of the high-rise New Vertical Interim Housing (NVIH) as long term supply of interim housing at Tuen Mun Area 29 and Tin Shui Wai Area 101; and
- (d) inclusion of the permanent NVIH provision into the Public Housing Development Programme as a new type of public rental housing.

**Review of Public Housing Production for the 1994 Long Term Housing Strategy - Quarterly Progress Report (Position as at 31 December 1996)**(Paper No. DC 10/97)15.

Members noted the changes in the Public Housing Development Programme and progress towards the achievement of the 1994 Long Term Housing Strategy production target.**Proposed Elderly Housing at Tai Hang Tung No. 1 Playground**(Paper No. DC 9/97)16.

Members endorsed at the meeting held on 24 March 1997-

- (a) in-principle the site swap proposal and Urban Council's (UC) conditions with the exception of HA paying for the schools' hiring charge. Users of the soccer pitch should be responsible for the cost; and
- (b) the proposal for the Department to liaise with the Urban Services Department/UC to retain Phase 2 for the Home Ownership Scheme development.

17. Members agreed at the meeting held on 8 May 1997 that HA would bear the hiring charge at \$1.2 in order to ensure early implementation of the project.

### **Long Term Housing Strategy Review Proposals**

18. Members discussed various Long Term Housing Strategy Review proposals at the Development Committee meeting on 24 March 1997. The views of the Committee are as follows - (a)

#### **Providing a steady and sufficient land supply**

Suggest to explore the feasibility of instituting a 'Service agreement' with Government to help ensure a steady and sufficient land supply for housing production. The 'Service agreement' should aim to -

- (i) ensure a sufficient and even provision of land for public housing development on a yearly basis, with a safety margin to cater for possible slippage;
  - (ii) establish a land reserve for allocation to make up for any slippage and shortfall; and
  - (iii) establish a Ten-year Rolling Public Housing Programme which will require annual updating and rolling forward of the housing demand assessment in order to ensure that housing supply is matching demand.
- (b) **Increasing the supply of serviced land** There is a continual need to bring forward more serviced land for public housing. To this end, the development of new strategic growth areas identified in the Territorial Development Study Review should be pursued vigorously. New and sufficient infrastructure should be planned well ahead for these sites with a view to maximizing their development potential. Consideration should be given to re-zoning the land which is now being used for agricultural or industrial purposes to residential use as far as practicable. HA will actively look into the feasibility of turning its old flatted factories into residential use.
- (c) **Streamlining the approval process for public housing projects** There is a pressing need for those involved in the delivery of public housing projects to streamline their operations and approval process. To further enhance the co-ordination of Government departments in the public housing development process and to ensure that

problems arising from planning and production are tackled promptly, a high level central co-ordination unit should be set up to oversee the provision and production of land and housing.

- (d) **Maximizing the development density of public housing development** Suggest to solicit other Government departments' assistance in providing the necessary infrastructure in a timely manner and to apply their planning and buildings standards flexibly so as to enable the HA to fully utilize the permitted development density of sites allocated to it.
- (e) **Monitoring the labour supply** The Government should monitor the labour supply situation closely in order to tie in with the increase in housing production.
- (f) **Introducing the Fixed development' approach** Support the utilization of private sector's expertise and resources in the delivery of public housing programme by way of the Fixed development' approach. The approach may help to facilitate the redevelopment of older public housing estates. HA has had previous experience with mixed development in the Private Sector Participation Scheme development in Kornhill and is just as appropriate a body to implement this initiative, apart from the Housing Society.

- (g) **Redevelopment of older Public Rental Housing (PRH) estates** Agree that any further redevelopment of HA estates after the completion of the Comprehensive Redevelopment Programme in 2005 should be determined by need, having regard to the structural conditions of the blocks involved and their build-back potential.
- (h) **Supply of small PRH flats** Support the Department's initiatives to explore the feasibility of increasing the supply of small rental flats, especially those for the elderly.
- (i) **Improving the quality of interim housing** Support the Department's initiatives to develop a new form of vertical interim housing, being self-contained flats which will be of a higher standard than the traditional Temporary Housing Areas in space allocation, finishes and fittings.
- (j) **Clearance of squatter areas on mixed lots in urban areas** Support in principle the clearance of squatter areas on mixed lots in urban areas subject to the Government taking the initiatives to redevelop the sites for public purposes, and availability of rehousing resources.

### **Progress Report on Strategic Planning Issues**

(Paper No. DC 22/97)

19. Members noted the progress of Government strategic studies, planning standards and proposed legislation which may have implications on public housing development.

**Review of Public Housing Production for the 1994 Long Term Housing Strategy Quarterly Progress Report (Position as at 31 March 1997)**(Paper No. DC 23/97)20.

Members noted the changes in the Public Housing Development Programme and progress towards the achievement of the 1994 Long Term Housing Strategy production target.**Five - Year Redevelopment Programme (1997/98 - 2001/02)**(Paper No. DC 24/97)21.

Members endorsed the revised Five Year Redevelopment Programme (1997/98 to 2001/02).**Proposed Changes in Programme Management**(Paper No. DC 25/97)22.

Members endorsed the proposed changes in programme management involving the Development Committee.**Proposed Changes to the Site Acceptance Procedures**(Paper No. DC 26/97)23.

Members endorsed the changes in site acceptance procedures involving the Development Committee.**Lai Chi Kok Comprehensive Development**(Paper No. DC 27/97)24.

Members noted the revised form of public housing development in Lai Chi Kok.

(4) **JOINT MEETING OF THE HOME OWNERSHIP COMMITTEE AND MANAGEMENT AND OPERATIONS COMMITTEE**

**Long Term Housing Strategy Review Promotion of Home Ownership among Comprehensive Redevelopment Programme (CRP) Tenants**(Paper Nos. HOC 22/97, MOC 36/97 and LTHS 4/97)25. Members supported the introduction of a mortgage subsidy scheme to help CRP tenants to buy flats in reception estates.

**Long Term Housing Strategy Review Expansion of Transfer Block' Scheme**(Paper Nos. HOC 23/97, MOC 37/97 and LTHS 5/97)26. Members supported that the transfer block' scheme should be expanded to provide more home ownership opportunities for sitting tenants. This will increase their mobility which will in turn help to recover more rental flats for re-allocation to those in need.

**Long Term Housing Strategy Review Sale of Rental Flats to Public Housing Tenants**(Paper Nos. HOC 21/97, MOC 32/97 and LTHS 3/97)27. Members supported the scheme in principle as it should provide a practical and attainable means for sitting tenants to become home owners. There are, however, reservations and concerns over the choice of flats, the impact on other housing policies, and the potential management and maintenance problems that may arise from the mixed tenure situation. These operational details should be considered in greater details before the scheme is launched. Besides, the proposed prices of the flats should be affordable to tenants on the one hand and fair to the community on the other. The replacement cost approach should be the pricing basis while adjustments should be made to reflect the variation in the location, facilities and the age of the flats. However, the price must be within the means of the sitting tenants. Flexible repayment terms should also be explored to assist tenants

in their mortgage payments.

(5) **HOME OWNERSHIP COMMITTEE** Long Term Housing Strategy Review-Home Purchase Loan Scheme(Paper Nos. HOC 24/97 and LTHS 6/97)28. Members agreed that the Home Purchase Loan Scheme (HPLS) should be expanded in the long run as it is a cost-effective means of encouraging home ownership. Other factors that would need to be considered included the demand for this scheme and the supply of flats in the private sector.**Prices of Flats in Phase 19A of the Home Ownership Scheme**(Paper No. HOC 42/97)29. Members approved the average prices for Phase 19A on the basis of a 50% discount to market value as follows -

<b>Estate</b>	<b>\$/m<sup>2</sup> Saleable Area</b>	<b>\$/ft<sup>2</sup> Gross Floor Area</b>
<b>HOS</b>		
Yuet Chui Court Chai Wan	30,000	2,230
Yi Fung Court Shek Lei	26,000	1,950
Tong Ming Court Tseung Kwan O	25,500	1,770
<b>PSPS</b>		
Charming Garden I Mongkok	40,000	3,170
Beverley Garden I Tseung Kwan O	28,000	2,225
Lung Mun Oasis Tuen Mun	19,000	1,495

(6) **COMMERCIAL PROPERTIES COMMITTEE**

**Shopping Centres Scheduled for Completion in 1997/98**

(Paper No. CPC 12/97)

30. Members noted the details of the following shopping centres scheduled for completion in 1997/98 -

<b>Date</b>	<b>Name</b>	<b>Scheduled Completion</b>
	(a) Fu Tung Shopping Centre, Tung Chung	6/97
	(b) Convenience Store at Kwai Chung Estate Redevelopment, Phase 1, Kwai Chung	9/97
	(c) Tin Wan Shopping Centre, Aberdeen	10/97
1/98	(d) Sheung Tak Shopping Centre, Tseung Kwan O	
	(e) Kai Tin Shopping Centre, Lam Tin, First Phase	2/98
	(f) Retail Provision in Shui Pin Wai Estate Infill Site Development, Yuen Long	2/98
	(g) Convenience Store at Cheung Chak Estate, Cheung Chau	3/98

**Improvement of Leung King Shopping Centre, Tuen Mun**

(Paper No. CPC 13/97)

31. Members approved the proposal for the improvement of Leung King Shopping Centre.

**Biennial Rent Review for Flatted Factories**

(Paper No. CPC 14/97)

32. Members endorsed the revision of scheduled rents for factory tenants with effect from 1 August 1997.



**Progress Report on the Work of the Letting Panel**

**January - December 1996**

(Paper No. CPC 15/97)

33. Members noted the report on lettings by negotiation overseen by the Letting Panel during 1996.

**(7) HUMAN RESOURCES COMMITTEE**

**A Competency Framework for Human Resources Management in Housing Authority**

(Paper No. HRC 18/97)

34. Members endorsed the competency framework for human resources management in the Housing Authority and noted the progress of development and applications to-date.

**Vocational Training Strategy for New Development and Maintenance Staff**

(Paper No. HRC 19/97)

35. Members endorsed the vocational training strategy for New Development and Maintenance staff, which is part of the Housing Authority's overall training and development strategy under the Human Resources Management Plan.

**Re-structuring of the Senior Directorate Structure**

36. Members endorsed in principle the re-structuring of the Senior Directorate structure.(8) **FINANCE**

**COMMITTEE Quarterly Internal Audit Report - January 1997 on Funds Management Operations**(Paper No. FC 9/97)37.

Members noted the content of the paper.

**Audit Plans for the Internal Audit Agencies for 1997/98**(Paper No. FC 10/97)38. Members noted the content of the

**Audit Reports discussed at the Housing Department Steering Committee on Management and Audit Studies Meetings held on 15 November 1996 and 17 January 1997**(Paper No. FC 11/97)39. Members noted and

discussed the paper.**Financial Objectives and Financial Management Framework**(Paper No. FC 12/97)40.

Members endorsed -

(a) the financial objectives as detailed in paragraph 7 of the paper; and

(b) in principle the approach to the revised Financial Management Framework and processes as outlined in paragraphs 8-12 of the paper.

**Funds Management Report for the period 1 October 1996 to 31 January 1997**(Paper No. FC 13/97)41. Members noted -

(a) the results of the Authority's in-house managed investments for the period 1 October 1996 to 31 January 1997 (paragraph 3 to 4 and 6 to 7 of the paper);

(b) the major issues relating to funds management for the period 1 October 1996 to 31 January 1997 (paragraph 5 of the paper);

(c) the cashflow forecast for the next 14 months from 1 February 1997 to 31 March 1998 and the market outlook (paragraphs 8 to 9 of the paper);

- (d) the results of the Authority's investments managed by fund managers and the performance of fund managers for the period from 1 October 1996 to 31 January 1997 (paragraphs 10 to 13 of the paper); and
  - (e) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority (paragraph 14 of the paper).
42. Members approved -
- (i) the discontinuation of the use of the Financial Times Composite Index (FTCI) Rating (paragraph 15 of the paper);
  - (ii) the use of risk factor of 100% for a 類AA' sovereign issuers (paragraph 16 of the paper); and
  - (iii) the revision of the maximum Capital Adequacy Ratio (CAR) from 6% to 9% recognised for the determination of Global Exposure limits (paragraphs 17 to 18 of the paper).

**Housing Authority Accounting Policies**(Paper No. FC 14/97)43.

Members approved the proposed revisions to the Housing Authority Accounting Policies in paragraph 3 and Annex A of the paper.**Information Technology Strategy in Housing Department**(Paper No. FC 15/97)44. Members noted the

content of the paper.**Quarterly Internal Audit Report - April 1997 on Funds Management Operations**(Paper No. FC 26/97)45.

Members noted the content of the paper.

**Funds Management Report for the period 1 February 1997 to 31 March 1997 (including brief presentations by the Master Custodian and four Fund Managers)(Paper No. FC 27/97)46.**

Members noted -

- (a) the results of the Authority's in-house managed investments for the period 1 February 1997 to 31 March 1997 (paragraphs 2 to 3 and 5 to 6 of the paper);
- (b) the major issues relating to funds management for the period 1 February 1997 to 31 March 1997 (paragraph 4 of the paper);
- (c) the in-house market valuation of EFNs and CDs (paragraph 7 of the paper);
- (d) the market outlook (paragraph 8 of the paper);
- (e) the results of the Authority's investments managed by fund managers (paragraphs 9 to 13 of the paper); and
- (f) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority (paragraph 14 of the paper).

47. Moreover, Members approved the present strategies for the investment of the Authority's funds in fixed term bank deposits, Exchange Fund Notes and capital market instruments.**Costing Policies for the Housing Authority**(Paper No. FC 28/97)48.

Members approved the Housing Authority - Costing Policies at the Annex to the paper.

**Maintenance Fund**(Paper No. FC 29/97)49. Members approved the establishment of a Maintenance Fund as outlined in the paper and the Accounting Policy at Annex VI to the paper.**Risk Management**(Paper No. FC 30/97)50. Members endorsed the Risk Management Objective as detailed at paragraph 7 of the paper and the Policies and Strategies as detailed at paragraph 8 and Annex C of the paper.(9) **COMPLAINTS COMMITTEE**51.

Members noted the revised terms of reference and the handling procedure for complaints arising from the implementation of the policy on Safeguarding Rational Allocation of Public Housing Resources (SRA). Members also noted the information on income and asset assessment under the policy of SRA.

**(10) SPECIAL COMMITTEE ON CLEARANCE OF KOWLOON WALLED CITY**

52. Members agreed to the request for enlargement of time and leave for the review of assessment of compensation offered to four former residents of Kowloon Walled City by Hobson & Ma Solicitors & Notaries, and forwarded the cases to the Assessment Review Board for consideration.53. Members agreed to grant permission for a review of compensation offered to the operator of the Fuk Tak Temple according to the established procedures, but rejected his request for allocation of a new slot of land.

(11) **VISITS**<sup>54</sup>. During the period, the following visits were arranged for Housing Authority and Committee Members -

- (a) a visit for the Housing Authority and Building Committee Members on 20 March 1997 to Shek Yam East Estate Phase 1 to see the alternative automated Refuse Collection System; and
- (b) a visit for the Complaints Committee Members on 29 March 1997 to Kwai Shing West Estate and Lei Muk Shue Estate which received the most and the least complaints respectively in the third and the fourth quarters of 1996.

(12) **MEETINGS WITH CONCERN GROUPS**<sup>55</sup>.

During the period, the Chairman of the Housing Authority had five meetings with concern groups.

(13) **LIAISON WITH DISTRICT BOARDS**<sup>56</sup>.

During the period under review, housing issues which received most attention from Districts Boards included the progress and arrangements of redevelopment/clearance/rehousing, maintenance and management. Other issues of great concern included Long Term Housing Strategy Review, security provision, interim housing, noise nuisance, dog keeping and fire prevention.<sup>57</sup>

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

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**Information**

58. This paper is issued for Members' information.

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Date : 4 September 1997