

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Secretary's Report – Committee Work (December 1998 – February 1999)

Purpose

This paper summarises the work of the Housing Authority's Committees for the period from 1 December 1998 to 28 February 1999.

(1) BUILDING COMMITTEE

Housing Authority Contracts Approved

2. During the period, 35 contracts were approved. The sum of the contracts approved totalled \$11,158,765,000.

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

(Papers Nos. BC 160/98, BC 13/99, BC 37/99 and 39/99)

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

- (a) Tin Shui Wai Area 101 Phase 3;
- (b) Aldrich Bay Phase 4 and Neighbouring Community Centre Site;
- (c) Neighbouring Community Centre Site at Kwai Shing East Estate; and
- (d) Mongkok West Area 20 Phase 4

Others

A Consolidated Paper on the Review of the Two-Envelope System for the Selection of Various Consultants

(Paper No. BC 158/98)

4. Members approved the Department's recommendations for the selection of the quantity surveying consultants, geotechnical engineering consultants, civil and associated engineering consultants, structural engineering consultants (direct appointment) and architectural, building surveying and associated consultants for maintenance and improvement projects.

Financial Viability Assessment, Clarification of Terminology, Establishment of Business Targets and Methodology for the Build-up of Development Cost

(Paper No. BC 159/98)

5. Members noted the terminology and methodology to be used in the establishment of business financial targets and development costs.

Report on Re-entry and Further Action for the Construction of Ma On Shan Area 90 Phase 6

(Paper No. BC 162/98)

6. Members noted the supplementary report and were agreeable for the Department to negotiate with the Provisional Liquidator for the novation of the contract subject to the comments made.

Review of Harmony Block Designs

(Paper No. BC 11/99)

7. Members endorsed the revised designs for the Harmony 1 and Harmony 3 Blocks and New Harmony Annex Blocks.

Appointment of Architectural and Associated Consultants for New Development Projects

(Paper No. BC 12/99)

8. Members approved the appointment of two architectural and associated consultants for two new development projects.

Report on Initiatives on Quality Public Housing Production

(Paper No. BC 15/99)

9. Members noted the paper.

Proposed Mock-Up Centre for Public Rental Housing & Home Ownership Scheme Modular Flats at Fat Kwong Street, Homantin (GLA-TK 389)

(Paper No. BC 32/99)

10. Members approved the proposals for constructing the mock-up flats of public rental housing and Home Ownership Scheme designs for design review, public consultation, research and development use.

Proposed Consultancy for Risk Assessment on Standard Elderly Housing Designs

(Paper No. BC 33/99)

11. Members noted the commissioning of a consultant to carry out a risk assessment on the various types of housing for the elderly.

Automated Refuse Collection System

(Paper No. BC 34/99)

12. Members approved the tender and contractual arrangements for the construction of Automated Refuse Collection System (ARCS) in public housing developments and the setting up of a list of ARCS contractors.

Proposed Consultancy for the Research on the Ready-mixed Concrete Supply in Hong Kong with respect to Its Effects on the Flat Production of the Housing Authority

(Paper No. BC 35/99)

13. Members noted the commissioning of a consultant to carry out the research.

Proposed Outsourcing of Commissions to Consultant Quantity Surveyors in 1999/2000

(Paper No. BC 36/99)

14. Members approved the outsourcing of those projects which could not be handled by in-house Quantity Surveying Sections to Consultant Quantity Surveyors in 1999/2000.

(2) FINANCE COMMITTEE

Quarterly Internal Audit Report – September 1998 on Funds Management Operations

(Paper No. FC 57/98)

15. Members noted the findings and recommendations of the quarterly report issued in September 1998 by KPMG Peat Marwick.

Audit Reports discussed at the Housing Department Steering Committee on Management and Audit Studies Meetings held on 16 October 1998 and 22 January 1999

(Paper Nos. FC 58/98 and FC 7/99)

16. Members noted the audit reports by the Internal Audit Section (IAS) and the Technical Audit Unit (TAU) which were considered at the Steering Committee meetings of 16 October 1998 and 22 January 1999 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.

Risk Management

(Paper No. FC 59/98)

17. Members noted the fifth six-monthly progress report on Risk Management and also endorsed the Risk Management Strategies review and follow-up initiatives to be taken.

Funds Management Report for the Period 1 July 1998 to 31 October 1998

(Paper No. FC 60/98)

18. Members noted –

- (a) the results of the Authority's in-house managed investments for the period 1 July 1998 to 31 October 1998;
- (b) the major issues relating to funds management for the period 1 July 1998 to 31 October 1998;
- (c) the cashflow forecast for the period from 1 November 1998 to 31 March 1999;
- (d) the market outlook;
- (e) the result of the Authority's investments managed by fund managers, the performance of fund managers for the period ending 31 October 1998 and non-compliance of fund managers;

- (f) the performance of the in-house trading portfolio;
- (g) treasury risk management employed by the Authority;
- (h) the progress in the Year 2000 Compliance of Counterparties;
- (i) the routine revisions and amendments to the list of approved counterparties and their limits under delegated authority; and
- (j) the operational performance of counterparties.

Members also approved the placing of three local banks under review.

Mid-term Review of Service Performance in 1998/99 – Finance and Accounting

(Paper No. FC 61/98)

19. Members noted the paper.

Service Plan 1999/2000 – Finance and Accounting

(Paper No. FC 62/98)

20. Members endorsed the 1999/2000 Service Plan of the Finance and Accounting Branch.

Housing Authority's Revised Budgets 1998/99, Proposed Budgets 1999/2000 and Financial Forecasts 2000/01 to 2002/03

(Paper No. FC 65/98)

21. Members endorsed the Housing Authority's Revised Budgets for 1998/99 and Proposed Budgets for 1999/2000 and noted the Financial Forecasts for 2000/2001 to 2002/03 of the Budgets and Forecasts Proposal.

Audit Plans for the Internal Audit Agencies for 1999/2000

(Paper No. FC 8/99)

22. Members were informed of the audit plans for the IAS and the TAU) for 1999/2000.

Tackling the Year 2000 Challenge

(Paper No. FC 9/99)

23. Members were updated on the current progress in dealing with the Year 2000 Challenge in Housing Department.

Funds Management Report for the Period from 1 November 1998 to 31 December 1998

(Paper No. FC 10/99)

24. Members noted –

- (a) the result of the Authority's in-house managed investment for the period 1 November 1998 to 31 December 1998;
- (b) the major issues relating to funds management for the period 1 November 1998 to 31 December 1998;
- (c) the market outlook;
- (d) the results of the Authority's investments managed by fund managers, the performance of fund managers for the period ending 31 December 1998 and non-compliance of fund managers;

- (e) the performance of the in-house trading portfolio;
- (f) interest rate risk management employed by the Authority;
- (g) the progress of cash and funds management system;
- (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.

Members also approved -

- (a) the investing of Certificate of Deposits with issuers' called option;
- (b) the endorsing of the guidelines, limits and admission criteria on investment in local corporate bonds; and
- (c) the taking of actions against non-Year 2000 compliant counterparties.

Annual Review of Housing Authority Accounting and Costing Policies

(Paper No. FC 11/99)

25. Members approved the proposed revisions to the Housing Authority Accounting Policies and Costing Policies.

(3) HOME OWNERSHIP COMMITTEE

Tenants Purchase Scheme Phase 2

(Paper No. HOC 5/99)

26. Members approved for Tenants Purchase Scheme Phase 2 -
- (a) sale prices as set out in the paper;
 - (b) adjustment of the maximum size for singleton purchase to 25 m² Saleable Area;
 - (c) Intention Money of \$2,500;
 - (d) management fees of \$8 per management share for accommodation in residential blocks and \$3 per management share for other accommodation;
 - (e) a contribution to the Maintenance Funds of \$14,000 per flat within 14 days of the date of registration of the Owners Corporation and in the event major maintenance works are required before the contribution is made the Authority to pay cost and reduce the eventual contribution accordingly;
 - (f) incorporation of requirements into the Deeds of Mutual Covenant to ensure proper supervision and use of Maintenance Funds; and
 - (g) reimbursement of the cost of reconnecting electrical supply to street lighting.

Appointment of Solicitors to Represent the Authority in the completion of sales under Tenants Purchase Scheme Phase 2
(Paper No. HOC 6/99)

27. Members endorsed the changes to the procedure in appointing solicitors for Tenants Purchase Scheme Phase 2 by -

- (a) endorsing the revised eligibility/selection criteria for solicitors in Annex B of the paper;
- (b) constituting a Selection Panel of five Members with its terms of reference as in Annex C of the paper; and
- (c) implementing the new arrangement for the appointment of solicitors for Tenants Purchase Scheme Phase 2 in accordance with the proposal in the paper.

Prices of Flats and Quota Allocation for Phase 20B of the Home Ownership Scheme and Transfer of 179 Flats to Home Ownership Scheme in Lung Hin Court, Tai O
(Paper No. HOC 7/99)

28. Members approved the following -

- (a) the transfer of 179 rental flats in Lung Hin Court, Tai O to Home Ownership Scheme;
- (b) the reversion to single discount rate for flat prices;
- (c) the average prices for flats in Phase 20B as shown in the paper; and
- (d) the quota allocation and relative priority of flat selection between Green Form and White Form applicants at 60:40 and 5:1 respectively for Phase 20B.

Relaxation of Resale Restrictions for the Home Ownership Scheme and Private Sector Participation Scheme
(Paper No. HOC 8/99)

29. Members approved -

- (a) applying the resale restrictions for Tenants Purchase Scheme flats to Home Ownership Scheme and Private Sector Participation Scheme flats; and
- (b) not buying back the flats after the five-year restriction period.

Annual Review of Management Fees for Home Ownership Scheme Estates

(Paper No. HOC 9/99)

30. Members approved the management fee levels for 102 Home Ownership Scheme estates as detailed at Annex B of the paper.

(4) HUMAN RESOURCES COMMITTEE

Opening Up of D3 and D2 Posts in the Four Business Branches

(Paper No. HRC 4/99)

31. Members endorsed the proposal of opening up the D3 and D2 posts in the four business branches of the Department and the promotion mechanism for the opened posts.

Evaluation of the Development of Human Resource Management Programmes

(Paper No. HRC 5/99)

32. Members noted the findings of an annual evaluation of the development of the Human Resource Management (HRM) programmes included in the Housing Authority HRM Plan Update (1998/1999 to 1999/2000).

Presentation on Housing Department Training & Development Intranet

33. Members were given a presentation on Housing Department Training & Development Intranet, which was designed to improve training and development services to staff and to provide training beyond the classrooms for human resources development.

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

Review of Waiting List Income and Asset Limits

(Paper No. HOC 12/99, RHC 15/99)

34. Members endorsed the freezing of the 1999/2000 Waiting List income and asset limits at the current levels and noted the implications of the freeze as detailed in paragraphs 12 to 14 of the paper.

Review of Home Ownership Scheme Income and Asset Limits

(Paper No. HOC 13/99, RHC 16/99)

35. Members endorsed the reduction of the Home Ownership Scheme income limit to \$31,000 and maintaining the asset limit at \$700,000 and noted the associated implications as outlined in paragraphs 9 to 11 of the paper.

(6) RENTAL HOUSING COMMITTEE

Letting of Vacant Flats in Urban District

(Paper No. RHC 3/99)

36. Members approved -

- (a) similar to the Elderly Persons Priority Scheme applicants, the Families with Elderly Priority Scheme (FEP) applicants would also be permitted to apply for rehousing in Urban District;
- (b) FEP applicants would be accorded with priority in the allocation of flats in the Urban District over other normal Waiting List (WL) applicants; and
- (c) to invite normal WL applicants registered before 1 April 1996 i.e. WL Number G957968/U65057 to change their district choices to Urban.

Review of Licence Fees for Interim Housing at Block 11, Shek Lei (II) Estate

(Paper No. RHC 4/99)

37. Members approved that -

- (a) the licence fees of Shek Lei (II) Estate Block 11 be increased from \$38.5/m² to \$40.4/m²;
- (b) the licence fee increase be waived for one year from 1 April 1999 to 31 March 2000; and
- (c) the licence fees of Shek Lei (II) Estate Block 11 be due for biennial review on 1 April 2001.

Rent Review of Four Former Housing Authority Estates

(Paper No. RHC 5/99)

38. Members approved -

- (a) the rent increases proposed in the paper;
- (b) to defer reviewing the rents of the flats on 5/F to 7/F of Azalea House, So Uk Estate for one year until 1 April 2000; and
- (c) the tenants concerned would have the additional rent payable waived for one year effective from 1 April 1999.

Measures for Enhancing Performance of Cleansing Service in Public Rental Housing Estates

(Paper No. RHC 6/99)

39. Members noted the paper.

Recovery of Public Rental Housing Flats under Various Home Ownership Schemes

(Paper No. RHC 7/99)

40. Members approved some measures to enhance the recovery of public rental housing flats under the Home Ownership Scheme, Private Sector Participation Scheme and Home Purchase Loan Scheme.

Tenant-to-pay Repair Service

(Paper No. RHC 8/99)

41. Members approved the discontinuation of the tenant-to-pay repair service to tenants other than elderly and the disabled households with effect from 1 April 1999.

Review of the Policies on Grant of New Tenancy and Safeguarding Rational Allocation of Public Housing Resources

(Paper No. RHC 11/99)

42. Members approved the recommendations set out in paragraphs 13 to 26 of the paper.

(7) STRATEGIC PLANNING COMMITTEE

Publication of Corporate Plan for 1999/2000

(Paper No. SPC 3/99)

43. Members noted the Corporate Plan for 1999/2000 and agreed to submit it to the Housing Authority for endorsement.

Housing Authority's Revised Budgets 1998/99, Proposed Budgets 1999/2000 and Financial Forecasts 2000/01 to 2002/03

(Paper Nos. SPC 4/99)

44. Members noted the Housing Authority's Revised Budgets for 1998/99, Proposed Budgets for 1999/2000 and Financial Forecasts for 2000/01 to 2002/03 as endorsed by the Finance Committee at its meeting on 7 January 1999.

Master Programme for September 1998

(Paper No. SPC 5/99)

45. Members noted the Master Programme for September 1998.

Kwai Chung Phase 8 Neighbourhood Community Centre Site

(Paper No. SPC 6/99)

46. Members approved the inclusion of the site into the Public Housing Development Programme (PHDP) and its related development

cost ceilings.

Kwai Shun Temporary Housing Area Site

(Paper No. SPC 7/99)

47. Members approved the inclusion of this site under the Private Sector Participation Scheme into the PHDP under the Government's Land Sale Programme.

(8) VISIT

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

- (a) a visit for Rental Housing Committee Members on 29 January 1999 to Sheung Tak Estate, Tseung Kwan O to familiarize Members with property management agency (PMA) management in public rental housing estates; and
- (b) a visit for Home Ownership Committee Members on 11 February 1999 to Yu Tung Court, Tung Chung to familiarize Members with PMA managed Home Ownership Scheme Estate and to meet with the management committee members of the owners' corporation.

(9) MEETING WITH CONCERN GROUPS

49. During the period, the Chairman of the Housing Authority had two meetings with concern groups. Members of the Rental Housing Committee held three meetings with concern groups to discuss housing issues.

(10) LIAISON WITH DISTRICT BOARDS

50. 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. Other issues of great concern included the policy on safeguarding rational allocation of public housing resources and grant of new tenancy to second generation upon tenant's death, security provision,

hawkers control and improvement of existing facilities.

51. 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 : 31 March 1999