

# **THE HONG KONG HOUSING AUTHORITY**

## **Memorandum for the Housing Authority**

### **Secretary's Report – Committee Work (March 1999 – June 1999)**

#### **Purpose**

This paper summarises the work of the Housing Authority's Committees for the period from 1 March 1999 to 30 June 1999.

#### **(1) BUILDING COMMITTEE**

##### **Housing Authority Contracts Approved**

2. During the period, 39 contracts were approved. The sum of the contracts approved totalled \$9,344,443,000.

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

(Papers Nos. BC 55/99, BC 54/99, BC 57/99, BC 73/99, BC 75/99, BC 74/99 and 113/99)

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 at Eastern Harbour Crossing Site Phases 1 to 3
- (b) Neighbourhood Community Centre Site at Tseung Kwan O Area 59 Phase 9

- (c) Public Rental and Home Ownership Scheme Housing Development at Tseung Kwan O Area 73A Phases 1 to 4
- (d) Neighbourhood Community Centre Site at Shek Lei Estate Phase 12
- (e) Redevelopment of Kwai Chung Estate Phases 2 & 7
- (f) Redevelopment of Tsing Yi Area 10 Phase 2
- (g) Public Rental Housing Development at Fanling Area 36 Phase 2

### **Others**

#### **Policy Review on Tender Restriction**

(Paper No. BC 53/99)

4. Members approved the recommended changes made to the policy on tender restriction.

#### **Site Safety**

(Paper No. BC 72/99)

5. Members approved the initiatives for site safety measures on Housing Authority construction sites.

#### **New Performance Assessment Scoring Systems (PASS) 2000 and Building Services PASS**

(Paper No. BC 89/99)

6. Members endorsed the implementation of the new Performance Assessment Scoring Systems (PASS) 2000 and Building Services PASS.

**Detailed Designs for New Harmony Blocks and New Harmony Annex 5 Block**

(Paper No. BC 90/99)

7. Members approved the detailed designs for the New Harmony 1, New Harmony 3 and New Harmony Annex Type 5.

**June 1999 Construction Cost Yardsticks**

(Paper No. BC 86/99)

8. Members approved the June 1999 Construction Cost Yardsticks.

**Review on Development Cost/Budget Preparation**

(Paper No. BC 87/99)

9. Members endorsed the modified system of development cost/budget preparation.

**Study on Bond Insurance for Construction Projects (Revised)**

(Paper No. BC 111/99)

10. Members endorsed the application of on-demand bonds to Building (New Works) 1 Contracts and Foundation Contracts.

**Preferential Tender Award System and Bonus Scheme**

(Paper No. BC 112/99)

11. Members approved the application of the Preferential Tender Award System and Bonus Scheme to Building (New Works) Contracts.

**(2) COMMERCIAL PROPERTIES COMMITTEE**

**Biennial Rent Review for Flatted Factories**

(Paper No. CPC 12/99)

12. Members approved the rent review as follows -
- (a) continue capping the scheduled rents at 80% of fair market value (FMV), hence factory units with existing rents in excess of 80% FMV will be given rent reduction; and
  - (b) freezing the rents payable for factory units with existing rents not exceeding 80% of FMV.

**Shopping Centres Scheduled for Completion in 1999/2000**

(Paper No. CPC 13/99)

13. Members noted the details of the following shopping centres scheduled for completion in 1999/2000 -

	<b>Name</b>	<b>Scheduled Completion Date</b>
(a)	Shek Lei Shopping Centre, Kwai Chung	April 1999
(b)	Retail Provision in Hung Hom Phase 1, Hung Hom	April 1999
(c)	Retail Provision in Tsz Ching Shopping Centre I, Tsz Wan Shan	May 1999
(d)	Kwai Shing East Shopping Centre, Kwai Chung	May 1999
(e)	Hing Wah Shopping Centre, Chai Wan	June 1999
(f)	Hoi Fu Shopping Centre, Mongkok	June 1999
(g)	Un Chau Shopping Centre, Shamshuipo	July 1999
(h)	Stanley Plaza, Stanley	September 1999

(i)	Chung Fu Shopping Centre (First Phase), Tin Shui Wai	September 1999
(j)	Retail Provision in Tin Wah Estate, Tin Shui Wai	October 1999
(k)	Tin Shing Shopping Centre, Tin Shui Wai	November 1999
(l)	Fanling Area 49A Shopping Centre, Fanling	November 1999
(m)	Shek Yam Shopping Centre, Kwai Chung	December 1999
(n)	Fortune Street Shopping Centre, Shamshuipo	February 2000
(o)	Tuen Mun Area 29 Shopping Centre, Tuen Mun	March 2000

**Improvement of Cheung Wah Shopping Centre**  
(Paper No. CPC 14/99)

14. Members noted the improvement proposals for Cheung Wah Shopping Centre.

**Improvement of Fu Shin Shopping Centre**  
(Paper No. CPC 15/99)

15. Members noted the improvement proposals for Fu Shin Shopping Centre.

**Statistics on the Letting of Commercial Premises in Public Housing Estates**  
(Paper No. CPC 16/99)

16. Members noted the latest statistics on the letting of commercial premises in public housing estates and the result of the extended rent re-assessment scheme.

**(3) FINANCE COMMITTEE**

**Audit Reports Discussed at the Housing Department Steering Committee on Management and Audit Studies Meeting held on 23 April 1999**

(Paper No. FC 24/99)

17. Members noted the audit reports by the Internal Audit Section, which were considered at the Steering Committee on Management and Audit Studies meeting on 23 April 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 discussed at previous Steering Committee and Finance Committee meetings.

**Review of the Strategic Audit Plan for the Internal Audit Section**

(Paper No. FC 25/99)

18. Members approved the proposed changes to the Strategic Audit Plan for the Internal Audit Section.

**Fund Management Report for the period from 1 January 1999 to 31 March 1999**

(Paper No. FC 26/99)

19. Members noted –

- (a) the results of the Authority's in-house managed investments for the period 1 January 1999 to 31 March 1999;
- (β) the major issues relating to funds management for the period  
1 January 1999 to 31 March 1999;
- (c) the results of the Authority's investments managed by fund managers and the performance of fund managers for the period ending 31 March 1999

20. Members also approved –
- (a) the purchase of fixed rate notes issued by Sun Hung Kai Properties Finance Cayman Ltd.; and
  - (b) the investment in fixed rates notes issued by approved local corporate' wholly owned subsidiaries with full guarantee of the parent company.

**Risk Management**

(Paper No. FC 27/99)

21. Members noted the sixth six-monthly progress report on risk management and also the Report to Hong Kong Housing Authority on Directors & Officers and Civil Liability Insurance Programme.

**Tackling the Year 2000 Challenge**

(Paper No. FC 28/99)

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

**(4) HOME OWNERSHIP COMMITTEE  
Tenants Purchase Scheme Three-year Rolling Programme**

(Paper No. HOC 22/99)

23. Members approved the selection of estates for Phase 5 of the Tenants Purchase Scheme.

## **Buy or Rent Option Phase 1**

(Paper No. HOC 38/99)

24. Members approved the following for Buy or Rent Option (BRO) Phase 1 –

- (1) the offer of Yung Shing Court and Tin Chung Court;
- (11) average sale prices as set out in the paper (45% discount);
- (111) application arrangements as summarized in the paper;
- (111) the decision on the number of blocks to be offered for sale under Phase 1 to be made by the Director of Housing after the closure of the application period;
- (111) applicants may participate in not more than two BRO phases;
- (1111) management arrangements as detailed in the paper, with Housing Authority (HA) undertaking to manage for a period of one year;
- (1111) appointment of property management agencies to be overseen by the Home Ownership Scheme Selection Panel;
- (11111) conveyancing solicitors to be appointed by tender, as for Tenants Purchase Scheme Phase 2; and
- (ix) a two-phase rolling programme to be initiated for BRO.



## **Flat Prices for Hoi Fu Court under the Mortgage Subsidy Scheme**

(Paper No. HOC 41/99)

25. Members approved the following -
- (t) the offer of Hoi Fu Court Mortgage Subsidy Scheme (MSS) project with two BRO projects for sale under Phase 1 of BRO;
  - (tt) average sale prices as set out in the paper (45% discount);
  - (ttt) application arrangements as summarized in the paper;
  - (ttt) the decision on the number of blocks to be offered to be made by the Director of Housing following the closure of the application period;
  - (ttt) management arrangements to be in line with those for BRO estates;
  - (ttt) conveyancing arrangements solicitors to be appointed by tender, as for Tenants Purchase Scheme Phase 2; and
  - (vii) release of owners of MSS flats sold previously from any obligation to repay mortgage subsidy on subsequent sale.

## **(5) HUMAN RESOURCES COMMITTEE**

### **Review of Employment and Management of Housing Authority Contract Staff**

(Paper No. HRC 21/99)

26. Members were briefed on the findings of a review of the employment and management of HA contract staff and endorsed the recommendations of the review.

### **Progress Report on Human Resource Management Plan Implementation**

(Paper No. HRC 20/99)

27. Members noted the progress of implementation of the programmes and initiatives included in the HA Human Resource Management Plan Update (1998/1999 to 1999/2000).

### **Year-end Performance Review for Corporate Services in 1998/99**

(Paper No. HRC 22/99)

28. Members noted the report of the year-end performance review for corporate services in 1998/99.

## **(6) RENTAL HOUSING COMMITTEE**

### **Rental Housing Allocation for 1999/2000**

(Paper No. RHC 40/99)

29. Members approved –

- (a) the allocation of public rental flats for various categories for 1999/2000 as proposed in the paper; and
- (b) the quota for junior civil servants and pensioners at 1 500 public rental housing (including BRO), 1 000 Home Ownership Scheme and 1 000 Home Purchase Loan Scheme for 2000/2001 as proposed in the paper.

### **Batching of Domestic Rent Review Exercise of Public Rental Housing Estates and Interim Housing**

(Paper No. RHC 41/99)

30. Members endorsed the proposal to simplify and streamline the rent/licence fee review exercises of all public rental housing estates and interim housing by conducting one single review exercise in December each year.

**Extension of Rent/Licence Fee Increase Waivers and Deferral of Rent Review Exercises**

(Paper No. RHC 42/99)

31. Members endorsed the proposals to –

- (α) extend for one more year the rent/licence fee increase waivers that were granted in the rent/licence fee reviews conducted between September and December 1998; and
- (b) defer until 1 December 2000 the rent review exercises for public housing flats that are due to take effect in September 1999 and December 1999.

**Setting of Domestic Rents for New Estates**

(Paper No. RHC 43/99)

32. Members approved the following –

- (a) that the rents of the new flats in Homantin South Phase 3, Homatin Redevelopment (Playground) Phase 1, Un Chau Phase 3, Hoi Fu (Mongkok West Phases 1 and 3) and Upper Wong Tai Sin Phase 1 be fixed at \$63.4/sq.m.;
- (b) that the rents for Kwai Shing East Phase 6, Shek Yam Phase 2, Kwai Chung (Tai Wo Hau Road Small Household Development) and Lei Muk Shue Phase 2 be fixed at \$61.2/sq.m.;
- (c) that the rents for Chung On Phase 6 be fixed at \$55.4/sq.m.;
- (d) that the rents for Yung Shing (Fanling Area 49A) be fixed at \$44.8/sq.m.;

- (e) that the rents for Tin Wah (Tin Shui Wai Area 30, Phase 1 and 2) be fixed at \$42.2/sq.m.;
- (f) that the rents for Tin Chung (Tin Shui Wai Area 31 Phase 3) be fixed at \$44.3/sq.m.; and that the rent set for Tin Chung should be treated differently and will have no effect on the district best rent for future rent fixing exercise;
- (g) that the best rent levels of all districts be maintained at the current level up to December 1999 as set out in the paper.

## **(7) STRATEGIC PLANNING COMMITTEE**

### **Master Programme for December 1998 and March 1999**

(Paper Nos. SPC 10/99 and SPC 18/99)

33. Members noted the Master Programme for December 1998 and March 1999.

### **Private Sector Participation Scheme in Shatin Area 11 (Shek Mun)**

(Paper No. SPC 11/99)

34. Members endorsed the inclusion of the proposed site at Shatin Area 11 into the Private Sector Participation Scheme.

### **Use of Sites Previously Reserved for Community Centres**

(Paper No. SPC 12/99)

35. Members noted the latest position of the 14 reserved community centre sites projects.

### **Progress Report on Government Planning and Transport Studies**

(Paper No. SPC 13/99)

36. Members noted the progress report.

### **Housing Authority Strategic Plan 2000/2001**

(Paper No. SPC 19/99)

37. Members endorsed the Housing Authority Strategic Plan for

2000/2001.

**Proposed Small Household Development at Lei Muk Shue Phase 4 Neighbourhood Community Centre Site**

(Paper No. SPC 20/99)

38. Members approved the inclusion of Lei Muk Shue Phase 4 Neighbourhood Community Centre site into the Public Housing Development Programme (PHDP) and endorsed their respective project development cost ceilings.

**Review on Development Cost/Budget Preparation**

(Paper No. SPC 21/99)

39. Members endorsed the proposed modified preparatory system of development cost/budget.

**June 1999 Development Cost Yardsticks**

(Paper No. SPC 22/99)

40. Members approved the June 1999 Development Cost Yardsticks for PHDP projects.

**Redevelopment of Flatted Factories at Shek Yip Mei, Wang Cheong, Cheung Sha Wan and Kwai Chung**

(Paper No. SPC 23/99)

41. Members supported in principle to redevelop four flatted factories at Shek Kip Mei, Wang Cheong, Cheung Sha Wan and Kwai Chung for public housing.

**Five-Year Redevelopment Programme (1999/00 - 2003/04)**

(Paper No. SPC 24/99)

42. Members endorsed the revised Five-Year Redevelopment Programme (1999/00 – 2003/04) for public announcement.

**Restructuring Studies**

(Paper No. SPC 25/99)

43. Members noted the progress of restructuring studies to be implemented for Ngau Tau Kok and Shek Kip Mei areas. Members also endorsed in principle the Department's submission to the Works Liaison Group for an allocation of \$16 million from the Development Fund to undertake additional restructuring studies for Cheung Sha Wan and Ho Man Tin areas.

**(8) VISIT**

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

- (a) a visit for the Building Committee Members on 17 April 1999 to the piling sites in Lei Yue Mun Phase 1 and Tseung Kwan O Area 74 Phase 3;
- (b) a visit for the Building Committee Members on 8 May 1999 to the Interim Housing at Long Bin Temporary Housing Area, Yuen Long.

**(9) MEETING WITH CONCERN GROUPS**

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

**(10) LIAISON WITH DISTRICT BOARDS**

46. 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 policy on Tenants Purchase Scheme, Buy or Rent Option, hawkers control, improvement of existing facilities.

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

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File Ref. : HA/COM/2/4

Date : 6 August 1999