

Doc Type	DC
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Title	Long Term Housing Strategy Review Providing Public Rental Housing for Those in Genuine Need
CONTENTS	<p>DC 5/97 LTHS 9/97</p> <p>THE HONG KONG HOUSING AUTHORITY</p> <p>Memorandum for the Development Committee</p> <p>Long Term Housing Strategy Review</p> <p>Providing Public Rental Housing for Those in Genuine Need</p> <p>PURPOSE</p> <p>This paper informs Members of the Housing Authority's (HA) existing efforts in providing public rental housing (PRH) for those in genuine need, and sets out the related proposals in the Long Term Housing Strategy (LTHS) Review.</p> <p>EXISTING EFFORTS</p> <p>Provision of Rental Housing</p> <p>2. Throughout the years, the HA builds and provides PRH to those families who cannot afford to rent adequate accommodation in the private sector. Eligible applicants, who do not own domestic properties, fulfilling the residence rule (i.e. the majority of household members must have been living in Hong Kong for seven years or above) and having household income below the prescribed limits, can apply for PRH through the Waiting List (WL). So far, we have provided 660,000 PRH flats for some 2.3 million people, or 35% of the total number of households in Hong Kong.</p> <p>3. There are currently about 150,000 applicants on the WL. The average waiting time for PRH is about 6.5 years. We shall further build a total of 120,000 PRH flats by 2001, with a view to reducing the average waiting time to 5 years.</p> <p>4. On the other hand, the HA has been redeveloping the PRH estates since 1972 to improve the living standard of sitting tenants. So far, 454 blocks have been demolished and 165,000 families have been rehoused. In the current Comprehensive Redevelopment Programme (CRP) (1995/96- 2000/01), we shall clear a total of 209 blocks and rehouse 67,000 families.</p> <p>5. HA also acts as the government agent in clearing squatter areas and Cottage Areas for development and safety purposes. We have reduced the squatter population from 430,000 to 240,000 over the past ten years. Only 5 Cottage Areas now remain, with a total population of some 3,500. Squatters and Cottage Area residents are offered PRH or interim housing, depending on their eligibility.</p> <p>Provision of Emergency Housing</p> <p>6. HA is now running 7 transit centres which provide free emergency accommodation for people rendered homeless as a result of natural disasters, clearances, redevelopment, squatter demolitions and the eviction of unauthorised persons from public housing units, pending assessment of their eligibility for rehousing to permanent or interim housing. The 7 transit centres altogether have a capacity of 1,000 person spaces.</p> <p>Provision of Interim Housing</p> <p>7. HA also provides interim housing for the homeless and those people affected by e.g. clearances and natural disasters but not eligible for PRH. In the past, Temporary Housing Areas (THA) were the main form of interim housing and they consist of single- or two-storeyed temporary structures with basic facilities. To improve the standard of interim housing, we are now phasing out the traditional THA and replacing them by refurbished rental blocks and low-rise prefabricated interim housing blocks. There are now about 13,000 persons living in various types of interim housing.</p>

Provision of Housing for Those with Special Needs

8. We recognize that some groups in the community do require our special attention. Families which experience hardships due to serious illness, disability, social problem and financial difficulty may apply for PRH under the Compassionate Rehousing Scheme on the recommendation of the Social Welfare Department. Eligible families will be accorded absolute priority in the allocation of PRH flats to meet their housing needs. In 1996/97, 2,000 PRH flats are reserved for this scheme.

9. HA also administers a number of 'Priority Schemes for the Elderly' which enable the elderly to apply for PRH either singly, or jointly with another related or unrelated elderly or his/her families. The average waiting time under these schemes are shortened by 2 to 3 years. We shall build a total of 22,300 flats for the elderly by 1999, the majority of which will be located in the urban area. So far, 5,000 flats have already been built.

Affordable Rents

10. PRH rents are determined on the basis of tenants' ability to pay. In rent settings and rent reviews, the HA takes into account tenants' affordability, inflation, its own operating costs and the relative value of the estates. The target median rent-to-income ratios (MRIR) for tenants are 15% (for a minimum space allocation standard of 5.5m²) and 18.5% (for a minimum space allocation standard of 7m²). Currently, the MRIR for HA tenants as a whole is only 9%. PRH rents now represent, on average, about 27% of the market rent for comparable flats in the private sector. Furthermore, we also provides half-rent reduction under the Rent Assistance Scheme (RAS) to tenants who face temporary financial hardship for up to two years.

11. As PRH is heavily subsidized, the HA introduced the Housing Subsidy Policy (HSP) in 1989 and the Safeguarding Rational Allocation of Public Housing Resources (SRA) policy in 1996 to ensure that housing subsidy is given in relation to tenants' needs. Under the HSP, tenants with 10 years of residence in PRH are required to declare household income. Households with income exceeding two times the Waiting List Income Limits (WLIL) will have to pay 1.5 times net rent plus rates. Those with income exceeding three times the WLIL or who choose not to declare income, have to pay double net rent plus rates. From June 1996 onwards, double-rent paying households are required to declare their assets and those with assets exceeding the prescribed limits are required to pay market rents. The two policies aim to reduce our subsidy to those well-off tenants and encourage them to release their flats to those who have greater needs.

LTHS REVIEW PROPOSALS

12. The LTHS Review recognizes the HA's achievements in the public housing programme and re-affirms the HA's efforts to ensure a more equitable allocation of limited public housing resources. It proposes that further measures should be taken in the following directions -

- (a) The allocation of PRH is based on genuine need;
- (b) Public housing rents should reflect tenants' ability to pay; and
- (c) PRH is provided to those who are most in need of assistance.

13. To ensure that PRH is provided to those in genuine need, the LTHS Review has made the following specific proposals -

- (a) HA is invited to work out the details for arrangements -
 - (i) to require all prospective tenants (excluding the compassionate rehousing, emergency rehousing and junior civil service categories) to undergo a comprehensive means test, covering both income and net assets, before entry. Income limits should continue to be derived according to current formula. Net asset limits would need to be set at appropriate levels;
 - (ii) to offer interim housing to families displaced by clearance operations who fail the means test but their length of stay be restricted to a limited period of, say, one year. During this period, they will be given priority for the purchase of the Home Ownership Scheme (HOS)/Private Sector Participation Scheme (PSPS) flats or the grant of Home Purchase Loan Scheme (HPLS) loans, subject to meeting the normal eligibility criteria; and
 - (iii) to require, upon the death of the principal tenant, the adult members (with the exception of the surviving spouse) to undergo a comprehensive means test, covering both income and net assets, before the grant of a new tenancy and where necessary, to pay extra rent. Those who fail in the means test should pay market rent and be allowed to stay in PRH for a limited period of, say, one year;
- (b) In order to minimise the pre-emption of supply of PRH, the HA should consider -
 - (i) to confine any further redevelopment of HA estates to selected blocks determined by need after the completion of the CRP in 2005;
 - (ii) to make no further change to the current space allocation standards for PRH until outstanding demand on the

WL has been substantially met; and

(iii) to require eligible households living in interim housing and applications for transfer involving the allocation of additional flats be registered on and made through the WL respectively;

(c) HA should consider to set and maintain rents for new estates at a level to achieve MRIR of 15% or 18.5% (for the relevant space allocation standard). Rents for existing estates should be increased progressively to achieve MRIR of 15% or 18.5% (for the relevant space allocation standard), having regard to relative estate values over the period to 2006. The RAS should be reviewed as necessary to ensure that adequate assistance continues to be available to those families facing genuine hardship;

(d) Support is given to the measures being taken by the HA to increase the supply of small PRH flats for allocation to eligible single persons;

(e) The Housing Society is to be provided with some suitable small sites for the construction of affordable housing for sale or rent to eligible elderly persons;

(f) HA should consider the feasibility of clearing all squatter areas on mixed lots in urban areas and all remaining Cottage Areas, subject to the availability of rehousing resources;

(g) HA should continue to encourage squatters and roof-top dwellers who are eligible for PRH to register on the WL; and

(h) Support is given to the HA's initiatives -

(i) to provide interim housing through the use of older PRH blocks on the fringe of the urban area and to examine the feasibility of other forms of interim housing; and

(ii) to phase out existing, traditional THA as soon as possible but improve their standards in the interim period.

14. As indicated in DC Paper No. 3/97, the Department (HD) will make submissions to the relevant Committees to facilitate their deliberation of the above proposals which are related to the HA, with a view to formulating a consolidated HA/HD response to the LTHS Review by mid-May 1997.

DISCUSSION

15. At the next meeting of the Development Committee to be held on 24 March 1997, Members will be asked to note our current efforts as well as the LTHS Review proposals to provide public rental housing for those in genuine need, and to advise whether any other initiatives should be considered in response to these proposals.

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