

Doc Type	HA
Paper No	30/96
Title	"Safeguarding Rational Allocation of Public Housing Resources" Report on Final Recommendations by the Ad Hoc Committee on Private Domestic Property Ownership by Public Rental Housing Tenants
CONTENTS	<p>HA 30/96</p> <p>THE HONG KONG HOUSING AUTHORITY</p> <p>Memorandum for the Housing Authority</p> <p>"Safeguarding Rational Allocation of Public Housing Resources" Report on Final Recommendations by the Ad Hoc Committee on Private Domestic Property Ownership by Public Rental Housing Tenants</p> <p>PURPOSE</p> <p>To present the Report on Final Recommendations by the Ad Hoc Committee on Private Domestic Property Ownership by Public Rental Housing Tenants (the Ad Hoc Committee) and seek Members' endorsement of the recommendations therein.</p> <p>BACKGROUND</p> <p>2. As part of the mid-term review of the Long Term Housing Strategy in 1993, a survey was conducted to find out the extent of property ownership by public rental housing (PRH) tenants. The finding that 13% of PRH households owned private domestic properties aroused strong public reactions. The public view was that the Housing Authority (HA) should review its policy to redress the inequitable situation of allowing these households to continue to enjoy PRH. Vide Paper No. HA 43/94, an Ad Hoc Committee was set up in August 1994 to examine the issue.</p> <p>3. After several meetings, the Ad Hoc Committee came to a view that it would neither be fair nor effectual to tackle domestic property ownership alone, which is but only one form of assets. In March 1995, vide Paper No. HA 16/95, the HA approved expansion of the Ad Hoc Committee's terms of reference to cover other forms of assets.</p> <p>POLICY REVIEW AND PUBLIC CONSULTATION</p> <p>4. After months of deliberations, the Ad Hoc Committee published a document entitled 'Safeguarding Rational Allocation of Public Housing Resources' (Annex A) for public consultation between 6 December 1995 and 6 March 1996. The consultation document reasserted two basic principles. First, public housing is a public asset; and second, it should be allocated in relation to need. With a view to safeguarding rational allocation</p>

of limited PRH resources, the Ad Hoc Committee recommended, amongst other things, that better-off PRH households who enjoy a high level of income (exceeding three times the Waiting List Income Limits (WLIL)) and assets (net worth exceeding 110 times the WLIL) should cease to receive PRH subsidy. They should either move out or, if they wish to remain in PRH, they would be required to pay market rent. The major proposals were summarized in the summary chapter (pages 1 to 3) of the consultation document.

5. Public views collected during the consultation period, including those gathered in the two independent opinion surveys conducted in November 1995 and February 1996 respectively (circulated to Members vide Papers No. HA 5/96 and HA 20/96), were generally in support of the principles underlying the Ad Hoc Committee's proposals. Different views however were expressed on the detailed proposals, particularly in regard to the implementation aspects. The Ad Hoc Committee has prepared a Report on Public Consultation (Annex B) and a Compendium of Public Views collected. Copy of the latter is kept in the Policy Division of the Housing Department and can be made available for public inspection on request.

FINAL PACKAGE OF PROPOSALS

6. Taking into account public opinions expressed, the Ad Hoc Committee has made some modifications to original proposals, as follows -

- (a) relax the net asset limit for 1-person, 2-person and 3-person households, whose members are all of an age exceeding 55 years, to a level on a par with that of a 4-person household;
- (b) require double rent (DR) payers only to make simple asset declaration, subject to a full declaration to be made upon investigation in case of doubt;
- (c) allow household members to submit separate asset declarations if they so request, but calculation of net asset worth will be done on a household basis; and
- (d) exclude from asset declaration disability compensation received due to industrial, traffic or other accidents .

7. The Ad Hoc Committee's Report on Final Recommendations is at Annex C.

IMPLEMENTATION

8. Subject to Member's endorsement, the Ad Hoc Committee's Report on Final Recommendations will be submitted to the Government for approval for implementation. If approved, DR payers who are due to declare income again in 1996 under the current Housing Subsidy Policy (HSP) will be required to declare assets in addition. If their income and net asset worth exceed the specified limits, and if they choose to remain in PRH , they will be required to pay market rent from 1 April 1997. About 27,000 current DR payers will be required to declare assets in 1996.

FINANCIAL AND STAFFING IMPLICATIONS

9. It is difficult to estimate whether and if so, how much additional rental income would arise under the new policy. If the new policy is successful in encouraging DR payers to buy Home Ownership Scheme flats, the rental income might even decrease. Nevertheless, the purpose of the policy is not to increase revenue, but to encourage turnover of PRH flats for re-circulation to those in need.

10. As the nature of work is similar, the Department will amalgamate the existing Housing Subsidy Unit and the four Special Investigation Teams to form a new Central Investigation Team (CIT) which will undertake all investigations in regard to income declarations under the HSP, asset declarations under the new policy and all tenancy abuse cases. With improved flexibility in staff deployment in the CIT, creation of only two clerical and one secretarial posts at an annual staff cost of \$0.6 Million will be required. Together with the cost on checking on asset declarations and other administrative cost, the total additional cost for implementing the Ad Hoc Committee's recommendations is estimated at \$3.0 Million per annum.

PUBLIC REACTIONS AND PUBLICITY

11. As reflected in public views expressed during the consultation period, the Ad Hoc Committee's recommendations received a large measure of support in the community. The modifications to the Ad Hoc Committee's recommendations are made taking into account public opinions expressed and should be welcomed by tenants and the general public. There will be a press release following this meeting to announce Members' decision.

DISCUSSION

12. At the HA's meeting on 25 April 1996, Members are invited to discuss the Ad Hoc Committee's Report on Final Recommendations (Annex C) and to endorse the recommendations as summarized in Chapter 7 therein for submission to the Government for approval.

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