THE HONG KONG HOUSING AUTHORITY

Memorandum for the Management and Operations Committee


PURPOSE

To inform Members on the implementation progress of the Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA).

BACKGROUND

2. The Housing Authority endorsed the recommendations of the Ad Hoc Committee on Domestic Property Ownership by Public Rental Housing Tenants (CPPO) and the Policy on SRA was implemented on 1 June 1996.

3. Under the Policy, households with 10 or more years of residence in public rental housing (PRH) and are paying double rent (DR) under the Housing Subsidy Policy (HSP) are required to declare their household assets. Households with net asset value exceeding 110 times the 1995/96 Waiting List Income Limits relevant to their household sizes are required to pay market rent (MR).
IMPLEMENTATION PROGRESS

4. In the first year of our implementation of the Policy, **15,974 DR payers are required to declare their household assets as scheduled below -**

- 1.6.96 Notification letters and Declaration Forms (DF) issued to the affected tenants.
- 31.8.96 DFs returned to estates for assessment.
- 31.1.97 Issue notification letters to MR payers.
- 1.4.97 Screened households to pay MR.

5. At the end of December 1996, our assessments on these asset declarations were completed and the results are shown below -

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households required to pay MR</td>
<td>4,069</td>
<td>25.5%</td>
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<tr>
<td>(Including - 715 households with income and assets exceeding the prescribed limits; and 3354 households who have not declared their assets)</td>
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<tr>
<td>Households having surrendered their flats voluntarily</td>
<td>956</td>
<td>6.0%</td>
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<tr>
<td>Households continuing to pay double rent after assessment</td>
<td>6,787</td>
<td>42.5%</td>
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<tr>
<td>Households to pay 1.5 times or normal rent after assessment</td>
<td>4,162</td>
<td>26.0%</td>
</tr>
<tr>
<td>Total</td>
<td>15,974</td>
<td>100%</td>
</tr>
</tbody>
</table>
PRIORITY FOR HOS APPLICATIONS

6. Out of the 15,974 DR payers, 1,034 households had applied for purchase of flats under the Home Ownership Scheme with second priority in Phase 18B, 483 of them had purchased their flats.

RECOVERY OF FLATS

7. As illustrated in paragraph 5 above, a total of 956 flats have so far been recovered from households affected by the SRA Policy. In addition, 483 will be recovered from the successful HOS purchasers.

NOTIFICATION OF INVESTIGATION RESULTS

8. All tenants affected by the Policy had been informed of the results of our asset investigations. By 1 February 1997, those who are required to pay MR will be informed of the amount of MR which will, as approved in Paper No. MOC 104/96, include the following three components -

(a) Exclusive rents assessed by the Rating and Valuation Department (R&VD) which takes into account such factors as location, accessibility, age, design, facilities and standards of finishes of the buildings,

(b) the prevailing rates; and

(c) the direct management costs excluding maintenance and improvement expenditure. An illustration of two typical examples are at the Annex. The MRs range from three to five times the normal rents.
MACHINERY FOR COMPLAINTS

9. The SRA Policy provides that complaints against MR payment can be lodged with the Authority's Complaints Committee.

PUBLICITY

10. Press briefing on the implementation progress of the SRA Policy will be arranged after the MOC meeting on 30 January 1997.

INFORMATION

11. This paper is issued for Members’ information.

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File Ref. : HD(CSMP)2/17/30 III

Date : 29 January 1997
Example 1
Location : Tsuen Wan
Block Type : Old Slab
Flat type : 5-P
Floor Area : 21.65 m² Internal Floor Area (IFA)
Normal Rent : $745/month inclusive of rates
($34.41/m² exclusive of rates)

Unit Market Rent assessed by R&VD in December 1996 on IFA basis $92/m²

Exclusive market rent (21.65 m² x $92) $1,992 p. m.
Management fee (21.65 m² x $7.81) $ 169 p. m.
Rates $ 96 p. m.

Inclusive Market Rent $2,257 p. m.
Market Rent: Normal Rent = 3 : 1

Example 2
Location : Hong Kong East
Block Type : Harmony 3C
Flat type : 3 bedroom
Floor Area : 52.28 m² Internal Floor Area (IFA)
Normal Rent : $2,470/month inclusive of rates
($36.52/m² exclusive of rates)

Unit Market Rent assessed by R&VD in December 1996 on IFA basis $218/m²

Exclusive market rent (52.28 m² x $218) $11,397 p. m.
Management fee (52.28 m² x $7.81) $ 408 p. m.
Rates $ 550 p. m.

Inclusive Market Rent $12,355 p. m.
Market Rent: Normal Rent = 5 : 1