THE HONG KONG HOUSING AUTHORITY

Memorandum for the Management and Operations Committee

Long Term Housing Strategy Review

Uniform Application of Common Eligibility Criteria for Public Rental Housing

PURPOSE

This paper seeks Members’ views on the proposed uniform application of common eligibility criteria for public rental housing (PRH).

BACKGROUND

2. To qualify for PRH, applicants on the Waiting List (WL) must have income not exceeding the specified limits. They must not own private domestic property and the majority of family members must have lived in Hong Kong for seven years or above. However, for households displaced by various clearance programmes, neither income test nor residence rule is required. This is because they belong to the compulsory and emergency categories. If these households own any private domestic property, they will not be offered PRH but will be offered interim housing (IH) in case they are genuinely homeless.

3. Details of the different sets of the prevailing PRH eligibility criteria for WL applicants and households affected by clearance operations are at Annex.
LONG TERM HOUSING STRATEGY REVIEW PROPOSAL

4. The Long Term Housing Strategy (LTHS) Review noted that a large proportion of public rental flats available each year for allocation is now taken up by committed categories which are exempt from means testing to establish their criteria for public housing. It is considered that this exemption goes against the basic principle of allocating public housing subsidy on the basis of genuine need. The LTHS Review, therefore, proposes that the same eligibility criteria for PRH, including means testing should be applied to all prospective tenants including both WL applicants and families affected by clearance operations. For those families displaced by clearance operations who fail the means test, they will be offered interim housing for a limited period of, say, one year during which they will be given priority for the purchase of 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.

5. Members have been consulted vide MOC Paper No. 30/97 at the joint meeting of the Home Ownership Committee and the Management and Operations Committee held on 17 March 1997, the basic principles for the comprehensive means test proposed in the LTHS Review and the application of this proposed test to all public housing beneficiaries including PRH, HOS/PSPS, HPLS and Rent Assistance Scheme applicants. This paper considers the LTHS Review proposal to apply the same set of eligibility criteria for PRH, including the proposed means test, to all prospective tenants.

STATISTICS

6. From 1993/94 to 1995/96, a total of 26,162 PRH flats were allocated to families affected by clearance of squatter areas, Temporary Housing Areas (THAs) and Cottage Areas (CAs). Based on the available income data of squatters and THA residents, some 46% of squatters and 30% of THA residents have income above the Waiting List Income Limits (WLIL) and would have been disqualified for PRH. Assuming the same percentages of squatters and THA residents have income above the WLIL, it is estimated that some 6,300 squatters/THA residents would be disqualified for PRH with the application of WLIL from 1998/99 to 2001/02. It may be
assumed 5% more would be disqualified if the proposed net asset test were applied on top of the WLIL.

CONSIDERATIONS

7. In considering the LTHS Review proposal, Members may wish to take into account the following -

(a) **Equitable Allocation of Housing Subsidy**

To benefit from PRH subsidy, it is fair and reasonable that all prospective PRH tenants including those displaced by clearances should demonstrate that they do not have the means to other forms of housing by being subject to the same set of eligibility criteria, including means testing. The present exemption goes against the basic principle of allocating public housing subsidy on the basis of genuine need.

(b) **Rational Allocation of Public Housing Resources**

Clearees disqualified for PRH through the application of a set of common eligibility criteria including means testing, would enable more PRH flats to be released for allocation to the needy families on the WL.

(c) **Effects on the Clearees**

The proposed change will be seen by the clearees as setting a hurdle for them to obtain PRH. Clearees failing the means test may resist to vacate their present accommodation, and compulsory evictions would become necessary in order to avoid delay in completing the clearance programmes. This would make clearance operations more difficult to accomplish and any delay in clearance would have knock-on effects on future developments.
(d) **Demand for Interim Housing (IH)**

Our current projection shows that demand for IH between 1995/1996 to 2000/01 will be some 21,000 units. The adoption of the LTHS Review proposal would further increase IH demand. This demand could be met by the expansion of new IH development and assisted home ownership schemes which is, nevertheless, largely determined by resources and land availability.

**DISCUSSION**

8. At the next meeting of the Management and Operations Committee on 27 March 1997, Members will be asked to consider and give views on the LTHS Review proposal that a set of common eligibility criteria for PRH, including means testing should be applied to all prospective tenants including both WL applicants and families affected by clearance operations.