



The Panel on Housing, Legislative Council Meeting on 7 May 2001

Rent Allowance for the Elderly Scheme

PURPOSE



- to seek Members' views on the proposed pilot scheme for Rent Allowance for the Elderly

BACKGROUND



Statistics on elderly applicants on the Waiting List

- no. of applications on the Waiting List (as at 31.3.2001)

elderly singletons	5 974
2-person elderly households	3 456
> 2-person elderly households	51
Total	9 481



Statistics on elderly applicants on the Waiting List

- distribution of applications by waiting time:

less than 1 year	5 685
1-2 years	2 161
more than 2 years	1 635
Total	9 481

- the current average waiting time for elderly applicants is **3 years**. **85%** of the applicants who have waited for more than 2 years prefer **urban** and **extended urban** flats



Housing aspirations of the elderly

Survey of Housing Aspirations of Households (1999)

- for **elderly households/families**, **80%** of them prefer to **rent flats**
- **10%** of them prefer to rent **private self-contained flats**
- for elderly households/families preferring renting private flats, the **affordable monthly rent** for the majority of them is **less than \$2,000**
- elderly households/families prefer to live in their **original district of residence**



Progress on policy commitment

- October 2000 Policy Address: HB and HA were invited to explore the feasibility of providing rental subsidies in lieu of public rental housing to eligible elderly applicants on the Waiting List
- LegCo motion debate (Nov 2000): S for H explained that consideration would be given to providing rental subsidies to eligible elderly applicants **who were due for flat allocation**. The objective was to give them **a choice to live in districts of their own choice or where no PRH flat was available**
- HB considered the feasibility of the proposal from the policy angle and studied relevant international experience
- HD set up a task force to study the feasibility of the proposal and details of implementation



VIEWS AND COMMENTS

- bodies consulted by HB and HD: members of the HA, members of the Elderly Commission, academics, professionals and social workers

On the concept

- generally supported the additional choice given to elderly applicants through the provision of rental subsidies
- agreed that rental subsidies were an alternative means of public housing assistance, but not a complete substitute



VIEWS AND COMMENTS

On the details

- the scheme should be able to improve the living environment of the elderly
- there should be mechanism in place to prevent possible abuses
- the scheme should be user-friendly to elderly persons
- the scheme should serve all eligible elderly applicants on the Waiting List who are due for flat allocation (including applicants who are already receiving CSSA)

THE PILOT SCHEME - PRELIMINARY PROPOSALS



Objective

- to allow eligible elderly households on the Waiting List, who are due for flat allocation, an additional choice so they can live in districts of their choice or where no PRH flat is available

Target groups

- eligible elderly applicants on the Waiting List (registered on the Waiting List for at least 2 years and are due for allocation)
- eligible elderly households due to be rehoused under the development clearance, redevelopment and compassionate rehousing categories

THE PILOT SCHEME - PRELIMINARY PROPOSALS



Eligibility criteria

- applicants must meet the eligibility criteria set out for PRH Waiting List applicants

Quota

- 500 opportunities will be provided under the pilot scheme in which:

Waiting List applicants	250
Committed and compassionate rehousing categories	250
Total	500

- if need arises, HA will review whether there is a need to provide more opportunities and transfer the unused quota between the above categories
- the same priority will be given to households of different sizes



Rate of the Allowance

- elderly households will be given a monthly allowance (subject to maximum limits) that help them pay the monthly rents for the private flats
- the household has to pay its own contribution to the rent
- sharing of rent

applicants	40%
HA	60%



Rate of the Allowance

- the maximum rent allowances for households of different sizes are:

No. of H/H member(s)	Size of the unit that can be rented (sq.m)	Private Rental	Rent to be contributed by the recipient (40%)	Proposed maximum rent allowance (60%)
1	16	\$2,500	\$1,000	\$1,500
2	24	\$4,000	\$1,600	\$2,400
3	30	\$5,000	\$2,000	\$3,000



Rate of the Allowance

- the rate of allowance will be reviewed at the beginning of each year
- new rate will be applicable to new tenancy agreements
- for CSSA recipients, the portion of rent to be contributed by the recipients will be covered by the CSSA
- rent allowance granted under the CSSA

1-p household	\$1,505
2-p household	\$3,030
3-p household	\$3,955



Conditions of granting rental allowance

Premises

- self-contained flats (except rooftop or squatter structures)
- rooms with appropriate partitioning
- in Hong Kong only
- sharing allowed (up to 3 households in a unit)
- not applicable to hostels or care and attention homes
- Assistant Director of Housing has the discretionary authority to approve applications



Conditions of granting rental allowance

Lease arrangement

- recipients have to rent premises direct from the owners
- they cannot rent self-owned premises or from direct relatives
- for recipients going for sharing, separate leases must be arranged with the owners
- the recipients should live in the units they rent
- subletting of the rental units is not allowed



Conditions of granting rental allowance

Administrative arrangement

- the recipients should provide property particulars for verification of ownership and building conditions

Condition of renewing rent allowance

- subject to the income and asset test every two years and no domestic property ownership



Transfer arrangement

Public rental housing flats

- if needed, recipients who have joined the scheme for at least 2 years can switch to PRH flats
- 6 months' notice is required
- should fulfill the then prevailing WL eligibility criteria

Subsidized home ownership flats

- recipients can apply for subsidized home ownership flats with a green form status



Monitoring and Checking Mechanism

- biennial declaration of occupancy position
- production of rent receipts every 3 months
- random checks by HD's Central Investigation Team
- to stop rent allowance if irregularity is detected
- to prosecute those who provide false information or resort to fraudulent practices

Review

- to conduct a review one year after implementation of the pilot scheme



IMPACT ASSESSMENT

Private Rental Market

- insignificant impact
- about 221,000 flats smaller than 40m² in urban area
- majority of applicants are currently living in private housing

PRH Waiting Time

- no adverse impact on waiting time
- more choice for eligible applicants

Financial Implications

- \$13M in the first year (including rent allowance and administrative fees)



WAY FORWARD

- to continue to listen to views
- to consider the following in devising implementation details
 - affordability of applicants
 - availability of suitable flats
 - simple and effective monitoring mechanism
- to submit formal proposals to HA for approval in the latter part of 2001
- to introduce the pilot scheme later this year