

## **LegCo Panel on Housing**

### **Hong Kong Housing Society's Senior Citizen Residence Scheme**

#### **PURPOSE**

The purpose of this paper is to brief Members of the preliminary proposals submitted by the Hong Kong Housing Society (HS) regarding the eligibility criteria, entry contributions and other details of the Senior Citizen Residence (SEN) Scheme which is to be operated on self-financing and user-pays principles. Taking into account the feedback from various sectors, the HS will refine and finalise the proposals before submission to the HS Executive Committee and to the Government for approval.

#### **BACKGROUND**

2. The Administration stated in the 1997 Policy Address that it would invite the HS to undertake a pilot SEN Scheme to offer an additional housing option to provide elderly people in the middle income group who are healthy and able to look after themselves and have the means to live in an independent life style with affordable and purpose built accommodation with integrated care and supportive services.

3. At present, this group of elderly people have limited choice in accommodation with care and supporting services to cater for their future needs when they become frail. With the means to support themselves, they may not prefer the subsidised institutional care and attention homes or elderly homes. Yet, the costs of quality private elderly homes, which could be as costly as \$20,000 to \$30,000 a month excluding medical expenses for a small dormitory-type accommodation, are not affordable to them in the long run. The SEN scheme is a housing initiative with integrated medical and supportive components tailor-made for this kind of elderly people to enable them to “age in place” and enjoy “healthy ageing”.

#### **Building Features**

4. Apart from self-contained residential units, recreational facilities will be provided at these developments. Building materials, interior designs and fittings are used to cater for the needs of the elderly. For example, kitchens, bathrooms and common corridors are specially designed to facilitate armchair movement while the

self-contained residential units are fitted with non-slip tiles, emergency alarm, sprinklers, hand-rails, heater lamp, and electric induction cook plate, etc.

### **The Pilot Projects**

5. Two sites, one in Ngau Tau Kok and another in Tseung Kwan O, have been granted to the HS at nominal premium for the construction of a total of 567 units. Under this pilot scheme, the HS takes up the role as the property developer while the Sheng Kung Hui Diocesan Welfare Council and the Haven of Hope Christian Service will be responsible for the building management and provision of health/medical care and supporting services for the tenants in the two projects respectively. The Scheme is to be run on a self-financing basis and the Housing Society and the operators will be required to plough back to the Scheme any surplus generated, after deduction of the administrative expenses.

### **PROPOSED DETAILS**

6. The HS has worked out the **proposed** eligibility criteria, the entry contribution and other details as set out at Annex. The main features of the proposals are set out in the following paragraphs.

#### **Eligibility Criteria**

##### Age

7. Only elderly people aged 60 or above are eligible to apply and be admitted as tenants.

##### Asset Limits

8. The asset limits are set having regard to the target tenants' ability to support themselves, need for a reasonable standard of living, life expectancy and individualised requirements for health/medical care services.

9. Depending on the age of the applicants, the asset limits will range from \$1 million to \$2.5 million for singletons and \$1.5 million to \$3.75 million for doubletons. The limits are derived from an expected monthly living cost of between \$6,000 and \$10,000.

10. To allow for flexibility, those not meeting the lower limits are eligible if they are supported by guarantors with monthly income of not less than \$25,000.

### Accommodation Status

11. In general, public housing tenants and owners of subsidised sale flats are eligible to apply provided that they surrender their existing tenancy or ownership. However, those who are enjoying other subsidised housing benefits by virtue of their 'elderly' status, e.g. those who gain priority access to public rental housing flats or other subsidised housing schemes, will not be eligible.

### **Proposed Entry Contributions and Refund**

12. The flats will be leased to tenants on a "lease-for-life" basis. The proposed entry contribution levels have taken into account the affordability of the target groups and the viability of the project. There are four-tier entry contribution levels varying with age. Depending on the location of the project and size of the flat, the average entry contribution levels range from \$290,000 to \$590,000.

13. The proposed entry contribution is more or less equivalent to the amount of rent for a comparable public rental housing unit leased for 20 years, or full market rent for seven years or 75% of the price of a Home Ownership Scheme flat.

14. Upon termination of the lease or death, tenants (or their beneficiaries) will be entitled to an entry contribution refund ranging from 10% to 70% of the entry contribution plus interest, decreasing with increased duration of occupation. This provides tenants with a safety exit in case of financial hardship or for other reasons.

### **Other Fees**

#### Proposed Monthly fees

15. To cover the management fees (excluding rates) and the basic care services, tenants will need to pay a monthly fee ranging from \$1,100 for a singleton studio flat to \$1,900 for a doubleton one-bedroom flat. Tenants may also choose to subscribe relevant health/medical care services provided by the operators according to their personal needs and preferences at their own costs.

### **WAY FORWARD**

16. Construction of the SEN units is in progress and is expected to be completed by the end of 2002. As required under the land grant conditions, the eligibility criteria and the entry contribution will have to be approved by the Government before the Scheme is launched. Upon the finalisation of all the details of the Scheme, the HS will submit the entire proposal to the Government for approval.

Afterwards, the HS will invite applications for the SEN units, tentatively in October 2001.

17. Members are invited to comment on the proposed eligibility criteria, entry contributions and other scheme details as outlined in paragraphs 7 to 15 before they are finalised.

Housing Bureau  
Government Secretariat  
July 2001

## Senior Citizen Residences Scheme

### Proposed Eligibility Criteria, Entry Contribution and Other Details

#### A. Eligibility Criteria

1. **Age :** All applicants must be at or above 60

2. **Residency :**

	<u>Singleton</u>		<u>Doubleton</u>
		<u>Couple</u>	<u>Non-couple</u>
	Must be H.K. Resident	One must be H.K. Resident	Both must be H.K. Residents

3. **Asset Limits :**

3.1 Applicants with Asset

	<u>Singleton</u>	<u>Doubleton</u> (1.5 times that of singleton)
<b>Age</b>		
60-69	\$1.5M - \$2.5M	\$2.25M - \$3.75M
70 and above <sup>Note</sup>	\$1.0M - \$2.5M	\$1.50M - \$3.75M

<sup>Note</sup> *This limit is also applicable to mixed group applicants, i.e., one at age 60-69 and the other at 70 and above.*

3.2 Applicants without Sufficient Asset

Guarantee from third parties would be accepted for applicants not meeting the lower asset limits. The monthly income of any one or two of the guarantor(s) must not be less than \$25,000.

4. **Public Housing Tenants and Owners of Subsidized Sale Flats :**

Applicants within this category are eligible to apply for SEN provided that they would give up their existing accommodation if their applications are approved. Those who have obtained their public housing benefits through various Elderly Priority Schemes by virtue of their elderly status are not eligible.

## B. Proposed Entry Contributions

### 1. Average entry contribution levels

Entry Age*	Average Entry Contribution			
	Ngau Tau Kok		Tseung Kwan O	
	Studio flat (22m <sup>2</sup> SFA)	1-bedroom flat (34m <sup>2</sup> SFA)	Studio flat (25m <sup>2</sup> SFA)	1-bedroom flat (37m <sup>2</sup> SFA)
60-64	\$0.38M	\$0.59M	\$0.36M	\$0.54M
65-69	\$0.34M	\$0.53M	\$0.33M	\$0.48M
70-74	\$0.32M	\$0.50M	\$0.31M	\$0.46M
75 and above	\$0.30M	\$0.47M	\$0.29M	\$0.43M

\* In case of doubleton, the age of the younger tenant will be taken as the entry age for determining the entry contribution

SFA – Saleable floor area

### 2. Proposed Entry Contribution Refund

Years of Residences	Percentage of Entry Contribution
1	70.00%
2	65.71%
3	61.43%
4	57.14%
5	52.86%
6	48.57%
7	44.29%
8	40.00%
9	35.71%
10	31.43%
11	27.14%
12	22.86%
13	18.57%
14	14.29%
15 and above	10.00%

To hedge against inflation, the Housing Society will refund the entry contribution with interest.

## C. Other Fees

### 1. Monthly Charges

Studio Flat		1-Bedroom Flat	
<u>Singleton</u>	<u>Doubleton</u>	<u>Singleton</u>	<u>Doubleton</u>
<u>\$1,070</u>	<u>\$1,370</u>	<u>\$1,590</u>	<u>\$1,890</u>

*The monthly fee cover the followings:*

- *management fees*
- *24-hour on-call alarm attended by nursing / caring staff*
- *leisure and recreational programmes*
- *individualised care plan*
- *health and healthy life style talk or counselling*
- *quarterly health check*
- *annual medical consultation, assessment and medical check-up*
- *community programme*
- *guidance, information, advice and referrals*