

HB 9/2/1/118

2509 0343
2509 9988

23 March 2002

Miss Becky YU
Clerk to Panel
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Miss Yu,

**LegCo Panel on Housing
Follow up to Special Meeting on 18 January 2002**

Thank you for your letter of 18 January seeking the Administration's response on the counterproposals raised by Members on the proposed relief measures for hardship cases under the Home Starter Loan Scheme (HSLs) and the Sandwich Class Housing Loan Scheme (SCHLS). The Administration's response is set out in the following paragraphs:

- (a) To raise the asset limits for eligibility for the proposed relief measures from \$50,000 to \$150,000

The Administration has revisited the asset limits for eligibility for the proposed relief measures by drawing reference to the 1999/2000 Household Expenditure Survey. According to the Survey, the average monthly household expenditure at the price level of the fourth quarter of 2001 is \$12,779 for one-person families and \$20,091 for three-person families (88% of the HSLs family loan recipients and SCHLS loan recipients are two or three-person families). In this connection, the Administration proposes that the asset limits for singleton and family loan recipients should be pitched at \$80,000 and \$120,000 respectively, which should be sufficient for them to support their household expenditure for six months.

(b) To extend the suspension period for loan repayment from 12 to 24 months

The proposed relief measure of allowing suspension of HSLs or SCHLS loan repayment for 12 months is intended to relieve eligible loan recipients from their temporary financial difficulties. 12 months should be reasonably sufficient for loan recipients to recover from their short-term hardship. The Administration, however, agrees that in exceptional circumstances, loan recipients suffering continuing genuine financial hardship may apply for an extension of the loan repayment suspension period from 12 to 24 months. Applicants for further extension will be subject to the same eligibility test for their first suspension application and interest will continue to accrue on their outstanding loan during the suspension period at the rate stated in the loan agreement.

(c) To extend the loan repayment period from 13 to 14 years

As explained in the above paragraph, the proposed suspension of repayment is intended to tide loan recipients over short-term financial hardship. Automatic extension of loan repayment period from 13 to 14 years for all loan recipients who are granted repayment suspension will entail further subsidy, including those who have regained financial capability during the suspension period. Therefore, the Administration concurs that only loan recipients still in proven financial difficulty at the end of repayment suspension, will be eligible for an extension of repayment period from 13 to 14 years. In practice, loan recipients granted repayment suspension have to pass the eligibility test for relief measures again at the end of repayment suspension before they can enjoy an extension in loan repayment to 14 years.

We intend to implement the proposed relief measures as quickly as possible so as to offer timely assistance to the HSLs and SCHLS loan recipients in genuine financial difficulties. We will issue an information paper to the Legislative Council Finance Committee shortly.

Yours sincerely,

(Ms Ophelia Tsang)
for Secretary for Housing

c.c.

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