

Legislative Council Panel on Housing

Rehousing Policy for Residents Affected by Squatter Clearances

Purpose

This paper sets out the current rehousing arrangements for residents affected by squatter clearances.

Background

2. It is established Government policy to ensure that nobody will become homeless as a result of squatter clearance. Before actual clearance, squatters are offered different rehousing arrangements according to their eligibility. These arrangements, together with the relevant eligibility criteria, are described in detail at **Annex**. In gist, the current rehousing eligibility criteria are aimed to :

- (a) freeze the growth of squatter structures with a view to containing the squatting problem in Hong Kong, through registration in the 1982 Squatter Control Survey;
- (b) prevent imposters from taking advantage of the clearance to obtain public housing allocation out of normal turn, through registration in the 1984/85 Squatter Occupancy Survey; and
- (c) ensure rational allocation of scarce public housing resources to those who are in genuine need, through the application of the Comprehensive Means Test.

Application of Means Eligibility Criteria to Squatter Clearances

3. Prior to September 1998, all households affected by squatter clearances and land resumption were rehoused to public rental housing without assessment of their means. As a result, some comparatively well-off clearances were given access to public rental housing, despite that they had no genuine

need for housing assistance. This is undesirable. Public rental housing is heavily subsidised on a continuing basis. Hence, it should only be provided to those who cannot afford other types of accommodation, as defined by the income and assets eligibility criteria which are derived from a carefully devised and widely agreed mechanism.

4. The Long Term Housing Strategy Review consultative document published in January 1997 proposed introduction of the Comprehensive Means Test to all prospective public housing tenants, including clearances displaced by Government clearance operations. This proposal went through extensive consultation at the time, including the Legislative Council and all District Councils (formerly District Boards), and was generally supported as a positive step to ensure that scarce public housing resources are allocated only to those in genuine need of housing assistance. It was subsequently endorsed by the Housing Authority in September 1998 for implementation in clearances or land resumption announced after 11 September 1998.

5. Since its introduction, some 1 230 clearance operations have been carried out with the same policy applied to them. In these clearances, over 80% of households met the means eligibility criteria for public rental housing. Those who did not pass Comprehensive Means Test were offered alternative rehousing arrangements, such as the Housing Society's rental flats (which have higher income eligibility limits) and priority through Green Form status to purchase flats under the Home Ownership Scheme or apply for the Home Purchase Loan Scheme (subject to their meeting the income and assets limits for White Form applicants). Interim Housing was provided at a market-level fee as transitional housing arrangement if necessary.

6. Some clearances have contended that since they are displaced involuntarily as a result of clearance or land resumption operations, they should be exempt from the Comprehensive Means Test. However, public housing should not be considered as a compensation for the clearances. Moreover, in fairness to applicants on the Waiting List for public rental housing and others who have exceeded the means eligibility criteria, the Comprehensive Means Test must be consistently applied as a matter of principle. Any mid-stream deviation would be inequitable to past clearances and those who could not gain access to public rental housing on means ground.

Implications of Relaxing the Rehousing Criteria

7. There are about 780 squatter areas in the territory accommodating some 45 000 households, including 3 400 households in the urban area. Besides, in accordance with the Buildings Department's enforcement programme, illegal rooftop structures involving 1 100 families in about 700 buildings have to be cleared annually. Any relaxation of the rehousing criteria will also affect these squatters and occupants.

Continued Application of Comprehensive Means Test to Clearees

8. In the interest of rational allocation of scarce public housing resources, continued and consistent application of the Compensation Means Test to clearees is necessary. This issue was briefly discussed at the meeting of the Housing Authority's Rental Housing Committee on 1 November 2001. The Committee affirmed the rationale of applying the Comprehensive Means Test to clearees.

Housing Bureau
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Rehousing Arrangements for Squatter Clearances

To ensure that no one will become homeless as a result of clearance programmes, the following rehousing arrangements are on offer to squatter clearances depending on their individual circumstances, eligibility and preferences. Sufficient time (at least 12 months after announcement of clearance) would be allowed to enable Housing Department to liaise intensively with individual households so as to match their circumstances and housing needs with available public housing resources.

(a) Public Rental Housing operated by Housing Authority

- (i) Persons must be genuine residents in a 1982 surveyed domestic structure and covered by the pre-clearance survey;
- (ii) Persons must be covered by the 1984/85 Squatter Occupancy Survey;
- (iii) At least half of the family members must have lived in Hong Kong without any conditions of stay for seven years and are still living in Hong Kong. Regardless of their place of birth, children under the age of 18 who are residing in Hong Kong are deemed as having satisfied the 7-year residence rule if at least one of their parents has lived in Hong Kong without any conditions of stay for seven years;
- (iv) Since the date of the pre-clearance survey and until the date of intake, the applicant or his/her family members must not :
 - own or co-own any domestic property; or
 - have disposed of any domestic property; or
 - have entered into any agreement to purchase domestic property; or
 - own more than 50% share in a company which owns domestic property.

(Domestic property includes any post-war domestic property; uncompleted private domestic property, uncontrolled or self-occupied pre-war domestic property, roof top structure approved by the Buildings Authority, building lots and Small House Grants.) ; and
- (v) Applicant and his/her family members must satisfy a comprehensive means test covering both income and net assets.

(b) Public Rental Housing Operated by Housing Society

- (i) Persons must be genuine residents of a 1982 surveyed domestic structure and covered by the pre-clearance survey;
- (ii) They must fulfill the 'No Domestic Property' criterion as detailed in paragraph (a)(iv) above; and
- (iii) Applicant and his/her family members must satisfy Housing Society's means test covering both income and net assets

(c) Home Ownership Scheme (HOS)

Persons having satisfied rules (a)(i) - (v) above are eligible for HOS flats with "2nd priority green form" status. Persons who are only eligible for PRH under rules (a)(i),(ii),(iv) and (v) but not (iii) or eligible for Interim Housing (IH) may apply for HOS flats with "ordinary green form" provided the following criteria are met :-

- (i) The applicant and his/her family members are genuine residents of a 1982 surveyed domestic structure;
- (ii) The applicant or one of the family members has been residing in Hong Kong for at least seven years without any conditions of stay;
- (iii) The applicant must be at least 18 years of age; and
- (iv) The applicant and his/her family members must fulfill the "No Domestic Property" criterion.

Those who are not eligible for PRH/IH because of their failing the income-cum-asset test only but refuse to accept IH offers of staying in IH for one year during which they have to pay licence fee at market level may be given "ordinary green form" status in applying for HOS flats subject to their meeting the normal eligibility criteria required for the white form applicants.

Families affected by clearance with public rental housing eligibility which have successfully acquired the HOS flats through "Green Form" will be granted monthly mortgage subsidy to repay their mortgage payment of the HOS property. Details may be obtained from any Clearance Unit on request.

(d) Home Purchase Loan Scheme (HPLS)

Families who are eligible for HOS may use "green form" to apply for HPLS loan or monthly subsidy in lieu of rehousing. Details of the scheme may be obtained from any Clearance Unit on request.

(e) Buy-or-Rent Option (BRO)

Families whose PRH eligibility has been established may apply for purchase of public housing flats under the BRO. However, the BRO is only applicable to those clearerees who can fend for themselves if the intake date of the flats so purchased is beyond the clearance date.

(f) Cash Allowance for Single Persons/Two-person Families

Eligible single persons and two-person families may, in lieu of rehousing, opt for cash allowance of which the current rates may be obtained from any Clearance Unit on request. Such rates are subject to change without prior notice. Recipients of this allowance are ineligible for further payments of the allowance or for any form of public housing for the subsequent 2 years.

(g) Rent Allowance for Elderly Scheme

Those Singleton occupants aged 60 or above or families with all members aged 60 or above and with public rental housing eligibility ascertained may, in lieu of rehousing, opt to join the "Rent Allowance for Elderly Scheme" to utilize the rent allowance in taking up rented accommodation in the private sector. The quota and rates of allowance payable under the scheme are to be reviewed annually. Details and availability of quota may be obtained from any Clearance Unit on request.

(h) Anticipatory Housing Scheme

Clearerees who are eligible for rehousing and satisfy the Waiting List eligibility criteria and their Waiting List applications are due for allocation within 12 months may be offered advanced allocation under the Anticipatory Housing Scheme.

(i) Interim Housing (IH)

- (i) Persons must be genuine residents of a 1982 surveyed domestic structure and covered by the pre-clearance survey;
- (ii) They must fulfill the 'No Domestic Property' criterion as detailed in subparagraph (a)(iv) above; and
- (iii) Applicant and his/her family members must satisfy a comprehensive means test covering both income and net asset

Any persons who are not eligible for other rehousing arrangements but have temporary housing needs will also be offered Interim Housing.

(j) Compassionate Rehousing

Any households who has housing need on social or medical ground will be referred to the Social Welfare Department for consideration for compassionate rehousing. Elderly households are included in this category.

Explanatory Notes on Income and Asset Limits

(a) *Income and Asset Limits*

Family Size (person)	Income Limit (per month *)	Asset Limit
1	\$6,200	\$210,000
2	\$11,000	\$310,000
3	\$13,700	\$360,000
4	\$16,400	\$440,000
5	\$17,800	\$500,000
6	\$19,200	\$560,000
7	\$21,800	\$610,000
8	\$24,300	\$630,000
9	\$26,600	\$660,000
10+	\$28,400	\$680,000

* With effect from 1.4.2001

(b) *Declarable Asset Items*

The declarable assets include the following: -

- (1) cash in hand, bank savings and fixed deposits;
- (2) landed properties, including both domestic and non-domestic properties in respect of which sale and purchase agreements have been concluded;
- (3) land, including lease agreements and Letters A or B entitlements;
- (4) vehicles, including private and commercial vehicles etc.;
- (5) transferable vehicle licences, including taxi and public light bus licences etc.;
- (6) other investment assets, including mutual funds, unit trust funds, listed shares, deposits with brokers, commodities futures, paper gold, certificates of deposits and bonds; and
- (7) for those engaged in business, all categories of asset owned by the companies will need to be declared.

Apart from local assets, overseas assets and assets in the Mainland of China are also required to be declared. However, outstanding mortgage loans, personal loans, overdrafts from approved financial institutions, compensation or ex-gratia allowance for industrial or traffic accidents, etc. are excluded.

(c) *Elderly Households*

The asset limit for small nuclear households of three persons or less whose members are all aged over 60 are raised to the same level as that of a 4-person household.