

ITEM FOR FINANCE COMMITTEE

HEAD 62 – HOUSING DEPARTMENT

Subhead 700 General non-recurrent

New item “Rent payment for public housing tenants”

Members are invited to approve a new non-recurrent commitment of \$840 million for the provision of one month’s rent for the lower income families living in the rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society.

PROBLEM

We need to implement the Financial Secretary’s (FS) proposal in the 2008-09 Budget to pay one month’s rent for the lower income families living in the rental units of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS), and tenants of Elderly Persons’ Flats located in HS Group B estates¹.

PROPOSAL

2. We propose to provide the HA and the HS with the necessary funding so that their eligible tenants/licencees² will not be required to pay one month’s rent/licence fee. Eligible tenants/licencees will not include HA tenants paying

/additional

¹ HS Group B estates (namely Healthy Village Phase I (Redevelopment) in North Point, Prosperous Garden in Yau Ma Tei and Bo Shek Mansion in Tsuen Wan) are intended for families with relatively higher income. The income and asset limits for applicants for these estates are set at a higher level than those applicable to the other HS estates (i.e. Group A estates) and HA estates.

² These refer to the households living in HA interim housing under licences. HA interim housing is transit accommodation offered to people who are deprived of their living accommodation as a result of occurrence of natural disasters, Government clearance operations or enforcement actions, and are not immediately eligible for public rental housing.

additional rents³ and tenants of HS Group B estates, except for some 300 Elderly Persons' Flats located in HS Group B estates.

JUSTIFICATION

3 The proposed one-month rent payment for lower income families living in the rental units of the HA and the HS is one of the measures announced in the 2008-09 Budget to support the disadvantaged groups in Hong Kong. As the proposal is intended to ease the burden of lower income families, it will not apply to HA tenants paying additional rents (these tenants have income levels exceeding two times the HA's Waiting List income limits) and tenants of HS Group B estates (these estates are meant for families with a higher income level than HS Group A estates).

4. We note, however, that there are some 300 Elderly Persons' Flats located in HS Group B estates. As the applicable income limits in respect of these Elderly Persons' Flats are lower than those applicable to the rental flats of HS Group B estates, we consider that the rent payment proposal should cover this particular group of flats located in HS Group B estates. As the proposal is administrative in nature, no legislative amendment is necessary. Taking into account the necessary preparatory work by the HA and the HS, for example, computer system adjustment, verification of tenancy records and adjustment of autopayment with banks, we expect that eligible HA tenants/licencees and HS tenants will not be required to pay rents/licence fees for the month of August 2008 if Members approve the proposal.

FINANCIAL IMPLICATIONS

5. We estimate that about 660 000 households, which include about 630 000 HA normal rent paying tenants/licencees and about 30 000 tenants of HS Group A estates and Elderly Persons' Flats located in HS Group B estates will be covered under the proposal. The funding required is estimated to be \$840 million, with a breakdown as follows –

	\$ million
(a) one-month rent of eligible HA tenants	800
(b) one-month rent of eligible HS tenants	40
Total	840

/6.

³ Under the Housing Subsidy Policy and the Policy of Safeguarding Rational Allocation of Public Housing Resources, HA tenants are required to pay additional rents if their household income exceeds two times the relevant Waiting List Income Limit at the time of income declaration.

6. If Members approve the proposal, we will offset the supplementary provision required in 2008-09 by deleting an equivalent amount under Head 106 Miscellaneous Service Subhead 789 Additional commitments. The Government will make payment directly to the HA and the HS. Taking into account the rates reduction measure announced by the FS in the Budget, the amount of payment to be made will be equivalent to the amount of reduced rent/licence fees (discounting the rates concessions) payable by all eligible HA and HS tenants/licencees for the month concerned.

PUBLIC CONSULTATION

7. We briefed the Legislative Council Panel on Housing on the proposal on 5 May 2008. Members generally welcomed the proposal and urged that the proposal should be implemented as soon as practicable. Besides, the Panel passed two motions urging the Government to pay an additional month's rent and to extend the coverage of the proposal to include HA tenants paying additional rents and tenants of HS Group B estates. The FS has duly considered Members' views expressed at the Panel meeting on 5 May 2008 but is of the view that the present proposal is appropriate. Other than paying one month's rent for lower income families, the FS has included in the Budget a package of measures aimed at improving people's livelihood and supporting disadvantaged groups. Besides, we need to ensure that measures introduced are targeted so that those in genuine need will stand to benefit. Hence, the FS has already agreed to include in the proposal Elderly Persons' Flats in HS Group B estates.

BACKGROUND

8. There are about 650 000 and 33 000 households residing in rental units operated by the HA and the HS respectively, housing over two million people (about 30% of Hong Kong's population). Families with income falling below the HA's Waiting List income limit are considered to be unable to afford private rental accommodation and hence are eligible for allocation of its rental units. The HS operates rental units in both Group A estates and Group B estates. The former are for low income families and the latter are for families with relatively higher income. The one-month rent payment proposal will benefit about 630 000 HA normal rent paying tenants/licencees, and about 30 000 tenants of HS Group A estates and Elderly Persons' Flats located in Group B estates.
