

For discussion
on 5 May 2008

Legislative Council Panel on Housing

Rent Payment for Lower Income Public Housing Tenants

Purpose

This paper introduces to Members the details of the Government's proposal to pay one month's rent for the lower income families living in public rental housing flats and the related implementation arrangements.

The Proposal

2. To support the disadvantaged groups, the Financial Secretary (FS) proposed in his 2008-09 Budget Speech on 27 February 2008 that the Government will 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). As the proposal is intended to ease the burden of lower income families, it will not apply to HA tenants paying additional rents¹ and tenants of HS Group B estates².

3. It is noted, however, that there are some 300 Elderly Persons' Flats located in HS Group B estates. Having considered that the income limits applicable to them are lower than those applicable to the rental flats of HS Group B estates, the FS indicated, in his concluding remarks in the debate on the second reading of the Appropriation Bill 2008 on 23 April 2008, his agreement that the rent payment proposal should cover this particular group of flats located in HS Group B estates.

4. We estimate that about 660 000 households will be covered under this rent payment proposal. These include about 630 000 HA normal rent paying tenants and licensees³ and about 30 000 tenants of HS Group A estates and Elderly Persons' Flats located in Group B estates.

¹ 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 exceed two times the relevant Waiting List Income Limit at the time of income declaration.

² 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.

³ These refer to the households living in HA interim housing under licences.

5. Following the FS' announcement in the Budget Speech to waive the rates for 2008-09, both the HA and HS have decided to transfer the rate concessions to their tenants/licensees in the form of a corresponding reduction in their monthly rents/licence fees from April 2008 to March 2009⁴. Therefore, the Government's payment to the HA and the HS under this rent payment proposal would be the total amount of the reduced rents/licence fees exclusive of the amount of rate concessions of all eligible HA and HS tenants/licensees for the month of implementation of the proposal.

6. For tenants receiving rent allowance under the Comprehensive Social Security Assistance, the Social Welfare Department will withhold the rent allowance for the month of implementation of the proposal.

Financial implications

7. The estimated expenditure for implementing the rent payment proposal is \$840 million. About \$800 million and \$40 million will be paid to the HA and HS respectively.

Implementation

8. The proposal is administrative in nature and no legislative amendment is required. Subject to Members' views, we intend to seek the necessary funding approval from the Finance Committee (FC) of the Legislative Council in June 2008. Subject to the FC's approval, the HA and HS will proceed to undertake the necessary preparatory work, which includes confirming the list of the beneficiaries, informing the tenants/licensees concerned, notifying the banks concerned for altering the autopayment arrangements, computer system adjustments, etc. We expect that the rent payment proposal would be implemented in August 2008, i.e. eligible tenants/licensees would not be required to pay rents/licence fees for that month.

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⁴ In the case of the redevelopment blocks of HS' Kwun Lung Lau, the tenants pay rent and rates separately to the HS. From April 2008 to March 2009, the HS will not collect rates from the tenants.