

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 62 – HOUSING DEPARTMENT**

#### **Subhead 700 General non-recurrent**

#### **New Item “Special rent payment for public housing tenants”**

### **HEAD 170 – SOCIAL WELFARE DEPARTMENT**

#### **Subhead 700 General non-recurrent**

#### **New Item “Additional provision for social security recipients”**

Members are invited to approve –

- (a) a new non-recurrent commitment of \$1,146 million for providing one month’s rent for lower income tenants living in the public rental units of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS); and
- (b) a new non-recurrent commitment of \$5,543 million for providing a one-off extra payment to recipients of –
  - (i) Comprehensive Social Security Assistance (CSSA), equal to two months of the CSSA standard rates, and
  - (ii) Social Security Allowance (SSA), equal to two months of Old Age Allowance (OAA) (including those payable under the Guangdong (GD) Scheme), Old Age Living Allowance (OALA) and Disability Allowance (DA).

**/PROBLEM .....**

**PROBLEM**

We need to implement the package of one-off relief measures announced in the 2015-16 Budget.

**PROPOSAL**

2. We propose to provide –
  - (a) necessary funding to HA and HKHS so that their lower income tenants will not be required to pay rent for one month; and
  - (b) a one-off extra payment to social security recipients, equal to two months of the CSSA standard rates for CSSA recipients, and equal to two months of OAA (including those payable under the GD Scheme), OALA or DA for SSA recipients.

**JUSTIFICATION**

3. In view of the challenging international macroeconomic environment, the need to boost the local economy in the short term, and the Government's fiscal position in the short to medium term, the Financial Secretary (FS) proposed a number of one-off relief measures in the 2015-16 Budget.

***One Month's Rent Payment for the Lower Income Tenants of HA and HKHS***

4. We propose to pay one month's rent in full for tenants of HA paying normal rent<sup>1,2</sup>, tenants of HKHS Group A estates and tenants of Elderly Persons' Flats in HKHS Group B estates. The measure will not apply to tenants who are required to pay additional rent<sup>3</sup> to HA and tenants living in non-Elderly Persons' Flats of HKHS Group B estates<sup>4</sup>.

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<sup>1</sup> Including tenants of public rental units receiving rent reduction under HA's Rent Assistance Scheme.

<sup>2</sup> HA's tenants also include HA's licencees, who are mainly those living in HA's Interim Housing.

<sup>3</sup> Under HA's "Well-off Tenants Policies", households living in public rental housing (PRH) for ten years are required to declare their household income and thereafter biennially. Those with a household income exceeding the prescribed income limits are required to pay 1.5 times or double net rent plus rates as appropriate. PRH households with total household income and net asset value both exceeding the prescribed income and asset limits are required to vacate their PRH flats. If tenants have difficulties in moving out the flat by the specified date, they may apply to temporarily stay in their PRH flats for a period of not more than 12 months, during which they need to pay double net rent plus rates or market rent (whichever is the higher). Net rent refers to the amount of normal rent exclusive of rates. In terms of a PRH flat, additional rent refers to the portion of rent which a "well-off tenant" has to pay in excess of what is required from a normal rent paying household.

<sup>4</sup> As compared with the HKHS Group A estates, Group B estates target at households of relatively higher income.

5. We propose to make the rent payment directly to HA and HKHS. If the Finance Committee (FC) approves the above proposal in late June 2015, taking into account the fact that HA and HKHS require about one and a half month to conduct the preparatory work, including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks, etc., the concerned tenants of HA and HKHS will not be required to pay the rent for the month of August 2015. The effective rent-free month will be deferred if the proposal is approved by FC after late June 2015.

6. As in the past, CSSA recipients who do not have to bear public housing rents will not be able to obtain any pecuniary advantage from this proposal. They will, however, receive an extra payment along with other CSSA recipients as set out in paragraph 7 below.

#### *One-off Extra Payment for Social Security Recipients*

7. We propose to provide a one-off extra payment to social security recipients, set at two months of the CSSA standard rates for CSSA recipients and two months of OAA (including those payable under the GD Scheme), OALA or DA for SSA recipients. Subject to FC's approval, the Social Welfare Department will make necessary adjustments to its computer system to implement the proposal as soon as possible. With reference to the actual time required for the adjustment last year, we estimate that the extra payment could be effected four weeks after FC's approval of this funding proposal at the earliest.

#### **FINANCIAL IMPLICATIONS**

8. The one-month rent payment for the public housing tenants and the extra two-month payment for CSSA recipients and OAA, OALA and DA recipients will entail one-off expenditure for the Government. The estimated expenditure in 2015-16 and number of beneficiaries for these measures is as follows –

**/Measures .....**

Measures	Estimated one-off expenditure (\$ million)	Estimated number of beneficiaries
(a) One month's rent payment for lower income tenants of HA and HKHS	1,146	About 710 000 households living in HA's public rental flats and paying normal rent  About 30 000 households living in HKHS Group A estates and Elderly Persons' Flats in HKHS Group B estates
(b) One-off extra payment for social security recipients	5,543	About 390 000 CSSA recipients About 200 000 OAA recipients About 20 000 GD Scheme recipients About 440 000 OALA recipients About 130 000 DA recipients
<b>Total :</b>	<b>6,689</b>	

## PUBLIC CONSULTATION

9. The one-off relief measures were announced in the 2015-16 Budget. On 13 April 2015, the Labour and Welfare Bureau briefed the Panel on Welfare Services on the additional provision for social security recipients. On 14 April 2015, the Transport and Housing Bureau briefed the Panel on Housing on the rent payment proposal. Members were generally supportive of the one-off relief measures.

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Transport and Housing Bureau  
Labour and Welfare Bureau  
June 2015