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Panel on Home Affairs

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 24 March 2016**

Youth Hostel Scheme

Purpose

This paper provides background information on the Youth Hostel Scheme ("YHS"), and summarizes the major concerns expressed by the Panel on Home Affairs ("the Panel") in its recent discussion on the youth hostel project in Ma Tin Pok in Yuen Long.

Background

YHS

2. The Government announced YHS in the 2011-2012 Policy Address with the aim to unleash the potential of under-utilized sites held by non-governmental organizations ("NGOs") and to meet the aspirations of some working youths in having their own living spaces. Under YHS, NGOs will be fully funded by the Government to construct youth hostels on sites that are in their hands. In turn, NGOs should set the rental at a level which does not exceed 60% of the market rent of flats with similar size in the nearby areas.

3. The target tenants of YHS are working youths (including self-employed) who are Hong Kong permanent residents aged 18 to 30. The income level of a one-person household applicant should not exceed the 75th percentile of the monthly earnings of employed persons aged 18 – 30 (\$17,000 in 2014), and the household income level of a two-person household applicant should not exceed twice the level of a one-person household. The total net asset limits of a one-person household and a two-person household should not exceed \$300,000 and \$600,000 respectively.

4. Five YHS projects are currently under planning, namely the project in Ma Tin Pok in Yuen Long, the Hong Kong Federation of Youth Groups' ("HKFYG") project in Tai Po, the Tung Wah Group of Hospitals' project in Sheung Wan, the Hong Kong Association of Youth Development's project in Mong Kok and the Hong Kong Girl Guides Association's project in Jordan. A list of YHS projects and progress updates on the projects are in **Appendix I**.

Panel's discussion on the pre-construction works for the youth hostel development by Po Leung Kuk ("PLK") in Yuen Long

5. At the Panel meeting on 22 December 2015, the Administration consulted members on the pre-construction works by PLK for the youth hostel project in Ma Tin Pok in Yuen Long. The major concerns expressed by members are set out below.

Eligibility criteria

6. The Administration advised that the eligibility criteria for YHS as set out in paragraph 3 above also applied in this project. The Administration further advised that the aggregate tenancy period for this project should not exceed five years, with the first tenancy term for two years, the second one for two years, and the last one for one year. A tenant aged above 30 upon completion of his/her current tenancy would not be allowed to renew his/her tenancy. However, PLK had the discretion to make exceptional arrangements taking into consideration the circumstances of individual tenants and 5% of the youth hostel units would be reserved for such purpose.

7. Some members were of the view that to ensure fair allocation of public resources and to facilitate the turnover of hostel units, the tenants should be required to undergo income and asset limit tests not only at the time of application, but also upon renewal of tenancy. The Administration explained that many young tenants should be developing their career and their income would likely increase during the tenancy period. Given that there was an upper limit to the tenancy period, the young people should be allowed to fully utilize their increased income during their tenancies to accumulate savings to prepare for their future developments. The Administration considered that the tenants should not be subject to the income and asset limit test again when applying for renewal of tenancy.

8. Some members opposed the requirement that youth hostel tenants would have to withdraw their applications from public rental housing upon acceptance of tenancy offered by youth hostels. The Administration explained that as

housing was a precious resource in Hong Kong, it was necessary to avoid double benefits and create unfairness to those who were not youth hostel tenants.

9. Members noted that the double units of the youth hostel would be open to application by two-person households (e.g. married couples, relatives and friends). Some members considered that YHS should target at singletons for the sake of simplicity of operation and ease of management. The Administration explained that YHS was launched with a view to meeting the aspirations of working youths in having their own living spaces, and any young person who met the eligibility criteria could apply irrespective of their marital status.

Rental level and disposal of surplus from hostel operation

10. Members stressed that the rental level of youth hostel units should be affordable to low-income youth and were concerned whether the rental level would be driven up by increases in the management cost. Representative of PLK advised that tenants would not be required to pay any management fee in addition to the rental charge. Besides, the rental charge would be set at a level not exceeding 50% of the market rent for flats of similar sizes in the district. It was estimated that the monthly rent of a single hostel unit would be approximately \$1,700 based on the current rental level of similar sizes in Yuen Long.

11. Some members expressed concern about the disposal of the surplus from the hostel operation. According to the Administration, PLK would be required to establish a "mandatory reserve" at a level sufficient to cover the cost of maintenance for the hostel during the lease term. With the prior approval from the Secretary for Home Affairs, PLK might transfer the operating surplus arising from the "mandatory reserve" to their other non-profitable use to benefit the wider community.

Operation and management of the youth hostel

12. The Panel noted that PLK planned to provide career and financial planning programme to the youth hostel tenants. While some members expressed support for provision of such programme which, in their view, would be beneficial to tenants' personal growth, some other members expressed reservations about the need given that tenants were all working adult and it might unnecessarily add to the operating cost. The Administration advised that participating NGOs might, according to their vision and mission, freely decide whether to provide extra youth development services as well as the

content of such services. Moreover, tenants' participation in such programme would be on a voluntary basis.

13. In response to members' enquiry on how the Administration would monitor the performance of PLK in the management and operation of the youth hostel, the Administration advised that the Government would enter into an agreement with PLK setting out the rights and obligations of both parties. In the unlikely event that PLK seriously violated the agreement, the Administration might terminate the agreement and request PLK to repay the construction cost to the Government.

Recent development

14. The Administration will consult the Panel on the construction works by HKFYG for the youth hostel project in Tai Po at the next meeting on 24 March 2016.

Relevant papers

15. A list of the relevant papers available at LegCo's website is in **Appendix II**.

Council Business Division 2
Legislative Council Secretariat
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Appendix I

Details of Yqwj 'HquvgrlSej go g Projects Under Planning

	Name of NGO	Site	Est. no. of units	Est. no. of hostel places
1	Tung Wah Group of Hospitals	No. 122A - 130 Hollywood Road, Sheung Wan / IL 338	210	302
2	The Hong Kong Federation of Youth Groups	2 Po Heung Street, Tai Po Market / Lot 1944 in DD 6	78	80
3	Hong Kong Association of Youth Development	9 Arran Street, Tai Kok Tsui / KIL 6223	72	90
4	The Hong Kong Girl Guides Association	Junction of Ferry Street and Jordan Road, West Kowloon / Proposed KIL 11128	534	534
5	Po Leung Kuk	Junction of Shap Pat Heung Road and Tai Shu Ha Road West in Ma Tin Pok, Yuen Long	1 248	1680
Total			2 142	2 686

Progress of the Youth Hostel Scheme Projects

	Participating Non-governmental organization	Location of the youth hostel	Progress
1.	Po Leung Kuk ("PLK")	Yuen Long	The Administration consulted the Panel on 22 December 2015 on the pre-construction works by PLK for the youth hostel project in Ma Tin Pok, Yuen Long. The project proposal will be discussed by the Public Works Subcommittee ("PWSC") in due course.
2.	The Hong Kong Federation of Youth Groups	Tai Po	The Administration will consult the Panel on 24 March 2016.
3.	Tung Wah Group of Hospitals ("TWGHs")	Sheung Wan	A technical feasibility statement ("TFS") has been completed and approved by the Government. As the site is next to Man Mo Temple, a declared monument, the Antiquities Advisory Board ("AAB") was consulted twice on 4 March and 4 June 2015. AAB endorsed the project, including its design, in June of the same year. TWGHs is now conducting some technical assessments and will submit a revised town planning application to the Town Planning Board ("TPB") for consideration. The project will proceed to detailed design stage subject to the approval of TPB.
4.	Hong Kong Association of Youth Development ("HKAYD")	Mong Kok	HKAYD is now finalizing the draft TFS, and planning to consult the Yau Tsim Mong District Council in the first half of 2016. Meanwhile, HKAYD is amending its development proposal for the site's proposed "Residential Institution" use for TPB's consideration.
5.	The Hong Kong Girl Guides Association ("HKGGA")	Jordan	Apart from the provision of a youth hostel, the proposed complex will house the new headquarters of HKGGA, the construction cost of which will be financed by the association itself. HKGGA is amending TFS in response to comments from relevant bureaux and departments. The Administration plans to consult the Yau Tsim Mong District Council about the relevant project in the first half of 2016.

Relevant papers on Youth Hostel Scheme

Committee	Date of meeting	Paper
Panel on Home Affairs	15.11.2011 (Item IV)	Agenda Minutes
	18.2.2013 (Item VI)	Agenda Minutes
	22.12.2015 (Item III)	Agenda Minutes

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