

Recovery of Public Rental Flats upon Allocation of Subsidized Home Ownership Flats

Purpose

This paper informs Members of the policy and arrangement about the time-frame for the surrender of public rental housing (PRH) flats upon tenants' successful purchase of flats under various subsidized home ownership schemes.

Background

2. On 14 January 1999, the Housing Authority (HA) endorsed the revised policy on recovery of PRH flats under various subsidized home ownership schemes. Under the revised policy, PRH tenants who purchase a flat under the Home Ownership Scheme (HOS)/Private Sector Participation Scheme (PSPS)/Home Purchase Loan Scheme (HPLS) through the Green Form and Secondary Market Scheme (SMS) are required to tender self Notice-to-quit (NTQ) to terminate their tenancies and to surrender their flats to the HA **within one calendar month** subsequent to taking over their HOS/PSPS flats or effecting the assignment of the flats purchased under HPLS/SMS.

3. PRH tenants are allowed to apply for extension of stay for a maximum period of two months after expiry of the NTQ, subject to the payment of an occupation fee equivalent to three times net rent plus rates.^(Note) The maximum time allowed for PRH tenants to surrender their flats is **three months**. Any application for further extension will normally not be considered, except on strong compassionate grounds.

4. The purpose of introducing a maximum time-frame of three months is to ensure the timely recovery of PRH flats so that public housing resources could be put to the best use; and to prevent tenants' prolonged stay in PRH even after the purchase of flats under various subsidized home ownership schemes.

^(Note) For market-rent-paying tenants at the time of termination, the market rent or three times net rent plus rates, whichever is the higher, should be paid.

Observations

5. As both public rental housing and HOS/PSPS/HPLS/SMS are subsidized housing schemes, it is inequitable to allow PRH tenants who are already in possession of subsidized home ownership flats to enjoy double housing benefits through any prolonged stay in PRH flats. PRH subsidy to the tenants concerned should cease immediately upon the start of any extended stay after expiry of the NTQ. For the sake of fairness, it is necessary to uphold the principle of disallowing PRH tenants to enjoy double housing benefits for any prolonged period, and to maintain the maximum time-frame of three months for the surrender of their PRH flats.

6. So far, the new measures introduced since January 1999 has served as an effective deterrent to discourage the abuse of heavily subsidized and scarce public housing resources.

Housing Department
December 1999