

Panel on Housing
Subcommittee on the Long Term Housing Strategy

The Housing Authority's "Well-off Tenants Policies"

PURPOSE

This paper briefs Members on the Housing Authority (HA)'s "Well-off Tenants Policies" and the Long Term Housing Strategy (LTHS) Steering Committee's discussion on the matter.

THE "WELL-OFF TENANTS POLICIES"

2. The HA's Housing Subsidy Policy (HSP) and the Policy on Safeguarding Rational Allocation of Public Housing Resources (SRA) are commonly referred to as the "Well-off Tenants Policies". In gist, under the "Well-off Tenants Policies", households after 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 have to pay 1.5 times or double net rent plus rates as appropriate. PRH households with total household income and net assets value both exceeding the prescribed income and asset limits are required to vacate their PRH flats. Details on the HSP and the SRA are set out in the ensuing paragraphs.

HSP

3. Under the HSP, households living in PRH for ten years¹ or more are required to declare household income biennially. Those with a household income exceeding the corresponding Subsidy Income Limits (SILs) have to pay additional rent: (a) those with household income equivalent to two to three times of the Waiting List Income Limits (WLILs) are required to pay 1.5 times net rent plus rates; and (b) those with household income exceeding three times of the WLILs are required to pay double net rent plus rates. The WLILs are subject to annual review. The SILs effective from 1 April 2013 are as follows –

¹ The initial income review has been set at ten years of residence on the premise that it would take a household about ten years before the grown-up children are capable of contributing towards the common house-keeping expenditure.

Household Size	SIL (per month)	
	Households with income in the following ranges are required to pay 1.5 times net rent plus rates	Households with income exceeding the following limits are required to pay double net rent plus rates
1 person	\$17,760 - \$26,640	\$26,640
2 persons	\$27,500 - \$41,250	\$41,250
3 persons	\$36,620 - \$54,930	\$54,930
4 persons	\$44,280 - \$66,420	\$66,420
5 persons	\$50,720 - \$76,080	\$76,080
6 persons	\$56,800 - \$85,200	\$85,200
7 persons	\$63,260 - \$94,890	\$94,890
8 persons	\$67,620 - \$101,430	\$101,430
9 persons	\$75,700 - \$113,550	\$113,550
10 persons or more	\$79,480 - \$119,220	\$119,220

SRA

4. Under the SRA, households paying double net rent plus rates under the HSP have to declare their assets biennially. Those with total household income and net assets value both exceeding the prescribed Income and Net Assets Limits are required to vacate their PRH flats. The current Net Assets Limits are set at 84 times of the 2013-14 WLILs². The WLILs are reviewed annually. The prescribed Income and Net Assets Limits effective from 1 April 2013 are as follows –

² The level of 84 times of WLIL was set in 2002. The level was worked out by dividing the average discounted price of a three-bedroom (about 60 m² in salable area) Home Ownership Scheme (HOS) flat in the urban area prior to the termination of HOS in 2002 by the then WLIL of a four-person household.

Household Size	Income Limits (per month) (three times 2013-14 WLIL)	Net Assets Limits (84 times 2013-14 WLIL)
1 person	\$26,640	\$750,000*
2 persons	\$41,250	\$1,160,000*
3 persons	\$54,930	\$1,540,000*
4 persons	\$66,420	\$1,860,000
5 persons	\$76,080	\$2,140,000
6 persons	\$85,200	\$2,390,000
7 persons	\$94,890	\$2,660,000
8 persons	\$101,430	\$2,850,000
9 persons	\$113,550	\$3,180,000
10 persons or more	\$119,220	\$3,340,000

* The net assets limits for small households at sizes of one-person to three-person with all members aged over 55 are the same as that of a four-person household i.e. \$1,860,000.

5. Households who are required to vacate their PRH flats but have a temporary housing need may apply for a fixed-term licence to stay in the PRH for a period of not more than 12 months, during which time a licence fee equivalent to the double net rent plus rates or market rent, whichever is the higher, is charged.

6. Households (a) whose members are all aged 60 or above; or (b) with all members receiving Comprehensive Social Security Assistance; or (c) who are on shared tenancies are exempted from declaration of income and assets under the “Well-off Tenants Policies”.

Latest position

7. As at end-December 2012, among the total of 709 200 PRH households under the HA, 19 300 were paying 1.5 times rent, 2 600 were paying double rent, and 30 were paying market rent, accounting for a total of 3% of the total PRH households.

CONSIDERATIONS OF THE LTHS STEERING COMMITTEE

8. The LTHS Steering Committee note that there are divergent views on the “Well-off Tenants Policies” in the community. On the one hand, some call for scrapping of the “Well-off Tenants Policies” on grounds that –

- (a) the “Well-off Tenants Policies” may induce members of PRH households to split from their existing households in order to maintain the family’s PRH tenancy without paying additional rent. This may involve asking grown-up children to move out of PRH (or deleting their names from the household registration of the PRH tenants), while leaving the elderly members to stay in the PRH units. This is inconsistent with Government’s policy to encourage younger members of a family to look after the elderly; and
- (b) tightening up the “Well-off Tenants Policies” may further drive tenants to the private housing market, hence unnecessarily creating additional demand for the private rental housing.

9. On the other hand, in view of the long waiting list (WL) and the increasing average waiting time, many people in the community consider that the “Well-off Tenants Policies” is necessary and should be maintained, or even tightened up, in order to better utilize scarce PRH resources and to free up units from relatively better-off tenants for re-allocation to those in the WL who have greater need for PRH. For example, there are views that we should examine whether better-off tenants should move out of PRH only when both their income and asset levels exceed the limits, or when either their income or asset level exceeds the respective limits. There are also views that some of the existing arrangements, such as the initial income declaration period (currently ten years after in-take into PRH) and the subsequent income and asset declaration period (currently every two years after tenants are required to declare their income), may need to be reviewed.

10. The LTHS Steering Committee has taken note of these divergent views and accepted that there are arguments both for and against the “Well-off Tenants Policies”. Members feel that the HA should consider how the Policies may be updated.

FOR INFORMATION

11. Members are invited to note the HA’s “Well-off Tenants Policies” and the discussion of the LTHS Steering Committee on the matter. The public consultation document on LTHS will further invite public’s views on “Well-off Tenants Policies”. The views will be passed to the HA, which will make the final decision on any changes to the “Well-off Tenants Policies”.

**Transport and Housing Bureau
April 2013**