

## **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 \$1,063 million under Head 62 Housing Department Subhead 700 General non-recurrent for the provision of one month’s rent for tenants/licencees living in the public rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society; and
- (b) a new non-recurrent commitment of \$2,674 million under Head 170 Social Welfare Department Subhead 700 General non-recurrent for the provision of an extra payment to Comprehensive Social Security Assistance (CSSA) recipients equal to one month of the CSSA standard rates, and an extra payment to Old Age Allowance (including those payable under the Guangdong Scheme), Old Age Living Allowance and Disability Allowance recipients equal to one month of the allowances.

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**PROBLEM**

We need to implement the package of one-off relief measures announced in the 2014-15 Budget.

**PROPOSAL**

2. We propose to provide –
- (a) necessary funding to the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS) so that their tenants/licencees<sup>1</sup> will not be required to pay all or part of the rent/licence fees for one month; and
  - (b) an extra allowance to Comprehensive Social Security Assistance (CSSA) recipients, equal to one month of the CSSA standard rates, and an extra allowance to Social Security Allowance (SSA) recipients, equal to one month of Old Age Allowance (OAA) (including those payable under the Guangdong Scheme hereafter), Old Age Living Allowance (OALA) or Disability Allowance (DA).

**JUSTIFICATION**

3. Having taken into account the series of recurrent measures introduced by the Government to help the grassroots, the economic outlook for 2014-15 and the financial position in 2013-14, the Financial Secretary (FS) proposed a number of one-off relief measures in the 2014-15 Budget. They include measures to help social security recipients and public housing tenants.

***One Month's Rent Payment for HA and HKHS Tenants/Licencees***

4. We propose to pay one month's rent in full for tenants/licencees of HA paying normal rent, tenants of HKHS Group A estates and tenants of Elderly Persons' Flats in HKHS Group B estates. To ensure the rational allocation of

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<sup>1</sup> Licencees include mainly those households living in HA's Interim Housing (IH). HA's IH is transit accommodation offered to people who are deprived of their living accommodation as a result of natural disasters, Government's clearance operations or enforcement actions, and who are not immediately eligible for public rental housing (PRH). Households paying market rent under the Policy of Safeguarding Rational Allocation of Public Housing Resources are also regarded as licencees of HA.

public housing resources, for those HA tenants/licencees paying additional rent<sup>2</sup>, we propose to pay on their behalf their net rent for one month. For the same consideration, we propose to pay on behalf of non-Elderly Persons' Flats tenants in HKHS Group B estates<sup>3</sup> two-thirds of their net rent for one month.

5. We propose to make the rent payment directly to HA and HKHS. If the Finance Committee (FC) approves the above proposal, 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 HA tenants/licencees and HKHS tenants will not be required to pay all or part of the rent/licence fees for the month of August 2014.

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 Payment for Social Security Recipients***

7. We propose to provide one-off payment to social security recipients which comprises one additional month of the CSSA standard rates for CSSA recipients and one additional month of OAA, 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. Taking into account the time required for the adjustment, which is about four weeks, we plan to effect such payment about one month as from the date of FC's approval of this funding proposal.

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<sup>2</sup> Under HA's "Well-off Tenants Policies", households living in 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 assets 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 for a licence from HA to temporarily stay in their PRH flats for a period of not more than 12 months, during which they need to pay a licence fee equivalent to the double net rent plus rates or market rent (whichever is the higher). Net rent refers to rent exclusive of rates. In terms of a PRH flat, additional rent refers to the portion of rent a "well-off tenant" has to pay in excess of what is required from a normal rent paying household.

<sup>3</sup> As compared to the Group A estates, Group B estates target at families of relatively higher income.

## FINANCIAL IMPLICATIONS

8. The one-month rent payment for public housing tenants and the extra one-month payment for CSSA recipients and OAA, OALA and DA recipients will entail one-off expenditure for the Government. The estimated expenditure in 2014-15 and number of beneficiaries for these measures is as follows –

Measures	Estimated one-off expenditure (\$ million)	Estimated number of beneficiaries
(a) One month's rent payment for the HA and HKHS tenants/licencees	1,063	About 730 000 HA tenants/licencees About 31 000 HKHS tenants
(b) One-off extra payment for social security recipients	2,674	About 430 000 CSSA recipients About 230 000 OAA recipients About 420 000 OALA recipients About 130 000 DA recipients
<b>Total :</b>	<b>3,737</b>	

## PUBLIC CONSULTATION

9. The one-off relief measures were announced in the 2014-15 Budget. On 7 April 2014, the Transport and Housing Bureau consulted the Panel on Housing on the rent payment proposal. On 12 May 2014, the Labour and Welfare Bureau briefed the Panel on Welfare Services on the additional provision for social security recipients. Members were generally supportive of the one-off relief measures.

## BACKGROUND

10. Having taken into account the series of recurrent measures introduced by the Government to help the grassroots, the economic outlook for 2014-15 and the financial position in 2013-14, FS proposed in the 2014-15 Budget to introduce, amongst others, a number of one-off relief measures.