

**Legco Panel on Housing Meeting on 4 January 2016****Hong Kong Housing Society – Rent Adjustment of Rental Estates, Senior Citizen Residences Scheme and Subsidized Sale Flats Project****1. Role and Positioning of the Housing Society**

- 1.1 The Hong Kong Housing Society (HKHS) was established in 1948 and incorporated as a body corporate in 1951 under the Hong Kong Housing Society Incorporation Ordinance. It is an independent and not-for-profit organisation governed by Members, aiming to serve the needs of the Hong Kong community in housing and related services.
- 1.2 In providing complementary housing services through strategic partnership with Government and the Urban Renewal Authority, HKHS aims to meet the needs of niche markets and support Government in fulfilling its housing objectives.
- 1.3 HKHS finances its housing projects and services with its own resources independently. We adopt prudent financial principles in operating our business so as to ensure long-term sustainability.

**2. Corporate Governance**

- 2.1 HKHS operates under a two-tier board governance structure comprising a Supervisory Board and an Executive Committee. The Supervisory Board determines the long-term mission and guiding principles of HKHS. The Executive Committee sets the strategies and policies to achieve the mission and objectives; and the Management accounts for the implementation of the strategies in the business operations.
- 2.2 The Supervisory Board includes four ex-officio members from Government, namely, the Permanent Secretary for Transport and Housing (Housing), Director of Planning, Director of Lands and Director of Buildings. The Permanent Secretary for Transport and Housing (Housing) also serves as an ex-officio member in the Executive Committee. Such arrangement enhances the communication between HKHS and Government to the benefit of HKHS in delivering its diversified services in housing.

**3. Operation of Rental Estates****3.1 Background information**

- 3.1.1 As indicated in **Appendix 1**, there are a total of 32,478 units in 20 rental estates under HKHS, housing around 87,000 residents.

- 3.1.2 Rental units fall into two groups, A and B. Group A caters for the lower-income families while Group B targets families of relatively higher income. Apart from the regular rental units, HKHS also provides some 900 Elderly Persons Flats in nine of its estates for the senior citizens at concessionary rents. Currently, the existing rental level of Group A estates is only about 24% of the market rates and that of the Group B estates is around 48%.
- 3.1.3 In recent years, the operating and repair costs of the rental estates keep increasing and the consumer price index is on the rise. The salary index has also gone up due to the minimum wage policy. Moreover, the ageing rental estates have necessitated mounting costs for maintenance and repairs. To improve the quality of living of the residents, substantial resources are required for extensive rehabilitation and improvement works on the estates. As eight of these rental estates are over 40 years old, it is also necessary to plan and prepare for redevelopment in the long run.
- 3.1.4 Currently, the rental income from the estates, just suffices to cover the day-to-day operating expenses and cost of facilities upgrading. The redevelopment of the estates in future requires an enormous budget. We must therefore be prudent in our financial management to ensure HKHS can sustain its development to continue serving the people of Hong Kong.

### 3.2 **Rent Adjustment**

- 3.2.1 Domestic rents will be reviewed every two years. Rent adjustment is mainly based on the operating costs which include the following factors:
- rental income must be sufficient to cover the recurrent management expenses, tenancy administration costs, Rates (if inclusive in rent) and Government Rents; and
  - provision for major improvement works, repair and maintenance
- 3.2.2 Besides, we also take reference of the changes of other economic indices such as the inflation rate and salary index. The affordability of tenants will also be taken into consideration.

### 3.3 **Assistance rendered to tenants with financial difficulty**

- 3.3.1 According to our record, some 10% of the tenants are Comprehensive Social Security Assistance Scheme (CSSA) recipients. As for the elderly households, about 23% of them are CSSA recipients. The rental allowance payable under CSSA already caters for the need of rental payment for these tenants. In case a tenant has long term financial

difficulties in paying rent, he/she can ask to be transferred to other estates with cheaper rent. For senior tenants, there is one more alternative for transfer to our Elderly Persons Flats which are charged at concessionary rent. Moreover, there are various resources available in the community that can render appropriate relief measures for families encountering financial difficulties in case of unexpected situations. We now have registered social workers (service coordinators) based at our estate office and they will follow up and provide assistance on individual cases.

3.3.2 Apart from giving counseling and referral services to tenants with family conflicts, health or mental problems, these service coordinators also attend to those with financial problems. We have dealt with cases where tenants have sudden difficulty in rent payment, expenses for decoration, purchase of furniture/electrical appliances and financial hardship. With proper referrals by our service coordinators, tenants of many cases were able to obtain assistance in cash or in kind from Government or other organizations.

#### **4. Progress of Development of Subsidized Sale Flats Project Since 2013**

- 4.1 At the invitation of Government, HKHS implemented the first Subsidized Sale Flats (SSF) project Greenview Villa of 988 flats in 2012. The project is similar to our past Flat-for-sale Scheme (FFSS) projects in terms of targeted customers, sale price/discount and resale restrictions. The project received overwhelming public response when it was launched for pre-sale in December 2012. It was completed in July 2015 as scheduled and all flats sold were handed over to the purchasers.
- 4.2 At the Policy Address 2013, the Chief Executive (CE) invited the HKHS to undertake another SSF project at Sha Tin Area 36C in Siu Lek Yuen, Shatin. After going through the essential local consultation, land grant and design processes, foundation works of the project have commenced in December 2014. The project will provide 1,020 flats, which will be launched for pre-sale together with two other Home Ownership scheme (HOS) projects developed by the Hong Kong Housing Authority in February 2016.
- 4.3 In view of the strong demand for SSF / HOS flats, at the Policy Address 2015, the CE further invited HKHS to take forward two SSF sites in Tseung Kwan O Area 73A and Tuen Mun Area 2, providing a total of 620 flats. These two projects were proceeding smoothly and are now under the land grant stage. Both projects are targeted for completion in 2019.
- 4.4 As Government's long term strategic partner with a mission to serve the people of Hong Kong on housing and related services, HKHS will exert its best effort to implement SSF projects in line with the direction of the Long Term Housing Strategy.

## **5. HKHS's Various Elderly Housing Schemes**

- 5.1 Over the past years, HKHS has been implementing various housing schemes with supporting facilities to serve the elderly of different affordability in the community. Focus has been placed on the elderly within the low and middle income groups.
- 5.2 For the elderly in the low income group, HKHS has provided 918 specially-design elderly flats in our rental estates built in 1970's and 1980's. As the ageing population in our rental estates is increasing, HKHS initiated the Ageing-in-Place (AIP) Scheme in 2012. The scheme aimed to integrate housing with social and health care services, so as to enable elderly tenants to stay in their own flats as they age. The aforesaid social and health care services are provided by the Non-government organization (NGOs), Hospital Authority, etc. under the coordination of HKHS to meet the changing needs of the elderly.
- 5.3 Regarding the elderly in the middle income group, HKHS completed two Senior Citizen Residence Scheme (SEN) pilot projects, Jolly Place in Tseung Kwan O and Cheerful Court in Jordan Valley in 2003 and 2004 respectively, providing a total of 576 units. These projects adopted the innovative concept of "lease for life" along with "one-stop" support care and medical services to enable the elderly residents to enjoy ageing in-place. As the sites for these projects were granted by Government at nominal land premium, applicants for these projects are subject to means test on their assets. At present, all flats within these two SEN projects are fully let and there are about 700 applicants on the waiting list. The average waiting time is nearly 5 years.
- 5.4 For those elderly with higher aspirations, HKHS undertook The Tanner Hill project in North Point, modeled on the successful projects in the developed countries for elderly with better means who do not need financial support from the Government. The project provides 588 elderly flats and a range of user-pays care and medical facilities (comprising Residential Care Home for the Elderly, Day Care Center for the Elderly, Rehabilitation Center) to serve not only its residents but also the local community.
- 5.5 Unlike SEN, The Tanner Hill is not subsidized by Government and full land premium was paid. Thus the elderly flats there are leased at market rate under the "lease for life" concept, and the tenants are not subject to any means test. The Tanner Hill was completed in October 2015 and leasing of the elderly flats is currently in progress.
- 5.6 Towards the elderly living in the community, our Elderly Resources Centre (ERC), which is staffed by occupational therapist and social worker, aims at promoting age-friendly housing to the public through education, training,

consultation, assessment and research. Over 30,000 participants joined either ERC's education or outreach programs each year. Moreover, in view of the service gap for the elderly home owners in the community, ERC launched the Elderly Safe Living Scheme (ESLS) in 2013, to provide free outreach home assessment and advice on assistive devices by our occupational therapists. The scheme has now covered five old urban districts, including, Eastern, Wan Chai, Sham Shui Po, Yau Tsim Mong and Tsuen Wan in order to facilitate eligible elderly private home owners to age-in-place.

- 5.7 In view of the fast-growing ageing population, HKHS commissioned the Centre of Urban Studies and Urban Planning of The University of Hong Kong in 2014 to conduct a study on elderly housing in Hong Kong. Based on the research findings and recommendations of the study, HKHS formulated the Medium Term Elderly Housing Strategy for steering our elderly housing provisions in the coming 5 years. Elderly within the low and middle income groups remain to be our strategic focus.
- 5.8 For the elderly within the low income group, we will progressively extend the well-received AIP scheme to all our 20 rental estates.
- 5.9 To cope with the strong housing demand of the middle income elderly, we will continue our endeavor to identify sites for new SEN projects. With the recent policy support from the Government, we will roll out the third SEN project to provide 300 odd flats at Lee Kung Street, Hung Hom. Statutory planning for this site is now progressing and tentatively to commence work in 2017, targeted for completion by 2020
- 5.10 On the other hand, we will seek ways to increase the SEN flats through the "mixed scheme" while proceeding with the redevelopment of our rental estates. Along this direction, we are now evaluating the feasibility to provide SEN flats in the Ming Wah Dai Ha redevelopment after satisfying all rehousing needs.

Encl. Appendix 1 – List of HKHS Rental Housing Estates

Hong Kong Housing Society  
24 December 2015

**香港房屋協會出租屋邨名單**  
**HKHS Rental Estates Portfolio**

甲類出租屋邨 Group A Rental Estates	地區 Location	單位數目 Number of Flats
1. 明華大廈 Ming Wah Dai Ha	筲箕灣 Shau Kei Wan	2,516
2. *健康村第三期 Healthy Village Ph. III	北角 North Point	763
3. 勵德邨 Lai Tak Tsuen	大坑 Tai Hang	2,675
4. 觀龍樓 Kwun Lung Lau	堅尼地城 Kennedy Town	2,334
5. 漁光村 Yue Kwong Chuen	香港仔 Aberdeen	1,144
6. 家維邨 Ka Wai Chuen	紅磡 Hung Hom	1,676
7. 樂民新村 Lok Man Sun Chuen	土瓜灣 To Kwa Wan	3,674
8. 真善美村 Chun Seen Mei Chuen	馬頭圍 Ma Tau Wai	1,027
9. 觀塘花園大廈 Kwun Tong Garden Estate	牛頭角 Ngau Tau Kok	4,921
10. 滿樂大廈 Moon Lok Dai Ha	荃灣 Tsuen Wan	947
11. 祈德尊新邨 Clague Garden Estate	荃灣 Tsuen Wan	553
12. 祖堯邨 Cho Yiu Chuen	葵涌 Kwai Chung	2,532
13. 偉景花園 Broadview Garden	青衣 Tsing Yi	448
14. 乙明邨 Jat Min Chuen	沙田 Sha Tin	3,740
15. 茵怡花園 Verbena Heights	將軍澳 Tseung Kwan O	971
16. 對面海邨 Tui Min Hoi Chuen	西貢 Sai Kung	302
17. 翠塘花園 Lakeside Garden	西貢 Sai Kung	234
18. 沙頭角邨 Sha Tau Kok Chuen	沙頭角 Sha Tau Kok	662
<b>小計 Sub-total</b>		<b>31,119</b>
乙類出租屋邨 Group B Rental Estates	地區 Location	單位數目 Number of Flats
19. *健康村第一期 Healthy Village Ph. I	北角 North Point	426
20. 駿發花園 Prosperous Garden	油麻地 Yau Ma Tei	665
21. 寶石大廈 Bo Shek Mansion	荃灣 Tsuen Wan	268
<b>小計 Sub-total</b>		<b>1,359</b>
<b>總數 Total</b>		<b>32,478</b>

備註 Remark: \*健康村(包括甲及乙類出租屋邨) Healthy Village(incl. Group A & B Rental Estates)