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民政事務局

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9 April 2018

Ms Joanne MAK
Clerk to Panel on Home Affairs
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Mak,

**Legislative Council
Panel on Home Affairs**

**Youth Hostel Scheme (YHS) – Construction works by Po Leung Kuk
(PLK) for the youth hostel project in Ma Tin Pok, Yuen Long**

During discussion of the captioned subject at the meeting of the Panel on Home Affairs of the Legislative Council (LegCo) on 22 January 2018, Members requested supplementary information on the progress of five other YHS projects under planning/construction, as well as details of the Grant and Operation Agreement to be signed between the Government and PLK. I am now writing to provide the required information, as follows.

Progress of youth hostel projects

2. Apart from the PLK project, five other youth hostel projects are currently under planning. The progress of the projects is summarised as follows –

- (a) **The Hong Kong Federation of Youth Groups (Tai Po):** Apart from a youth hostel, the proposed complex will include a youth centre, the construction of which will be funded by the Lotteries Fund. Funding approval for the main construction works was granted by the LegCo Finance Committee on 3 June 2016. The hostel is expected to be completed by the first half of 2019.
- (b) **Tung Wah Group of Hospitals (TWGHs) (Sheung Wan):** The project's 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 has been consulted and it has endorsed the project, including its design. The TWGHs is undertaking the relevant town planning procedures and will commence detailed design once approval from the Town Planning Board is secured.
- (c) **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 the HKGGA, the construction cost of which will be financed by the association itself. The project's TFS was completed and approved by the Government. The Yau Tsim Mong District Council was consulted and members showed strong support for the project. HKGGA will commence pre-construction works after securing funding approval.
- (d) **The Hong Kong Association of Youth Development (HKAYD) (Mong Kok):** The HKAYD consulted the Yau Tsim Mong District Council and received support for the project. Meanwhile, the HKAYD is preparing the project's TFS.
- (e) **Hong Kong Sheng Kung Hui Welfare Council Limited (SKH) (Yuen Long):** A site in Yuen Long was donated by a private

developer for SKH to construct a Social Service Building containing a youth hostel and other social welfare facilities. SKH is conducting the project's TFS.

Grant and Operation Agreement

3. Under the YHS, to ensure that its youth hostel is developed and operated in accordance with the policy objectives of the scheme, the operating agency (i.e. PLK in the present project) will be governed by a Grant and Operation Agreement (GOA) and the land lease. If PLK fails to operate the youth hostel in accordance with the GOA and land lease, the Government has the right to re-enter the site and take possession of the entire building. The Government and PLK will sign the GOA before commencement of the main construction works. Key features to be included in the GOA are summarised as follows –

Rental level and tenancy period

4. PLK shall charge a rent not exceeding 60% of the market rent for comparable flats in the nearby area. The reference market rental level will be approved by the Government. The rent shall cover all on-going costs required in managing, operating and maintaining the hostels, but PLK may additionally charge for electricity and water consumed within each youth hostel unit. Each tenancy period shall be no less than two years and can be renewed for an aggregate of no more than five years.

General eligibility criteria of target tenants

5. The target tenants must be working youth (including those who are self-employed) who are Hong Kong permanent residents aged 18 to 30.

Income and asset limits

6. The income level of a one-person applicant shall not exceed the 75th percentile (\$20,000 in 2017) of the monthly employment earnings of

employed persons aged 18 to 30, while the total income of a two-person applicant shall not exceed twice the level of a one-person applicant. The relevant income levels are determined in accordance with the latest statistics published by the Census and Statistics Department. The total net asset of a one-person and two-person applicant shall not exceed HK\$350,000 and HK\$700,000 respectively. Regular adjustments to the asset limits will be made according to the appropriate consumer price indices. Tenants shall be subject to income and asset limit tests only at the time of application but not during a tenancy renewal.

Property ownership

7. Tenants shall not solely or jointly own any domestic properties in Hong Kong or hold any domestic properties in Hong Kong in the name of a company. Each tenant shall undertake that if he or she subsequently becomes the owner of a domestic property, he or she shall declare the interest immediately to PLK. In this case, PLK shall give the tenant reasonable time to move out of the youth hostel unit.

Eligibility criteria regarding public housing

8. For those who are applicants of public rental housing (PRH), upon allocation of youth hostel units, the following arrangements will be made –

- (a) Non-elderly one-person applicants for PRH – upon acceptance of the tenancy offered by a youth hostel, the hostel tenants must withdraw their applications from the PRH Waiting List and may not re-apply for PRH throughout their tenancies in the hostels;
- (b) Two-person household applicants for PRH who are both allocated youth hostel units – having both accepted a tenancy offered by a youth hostel, the hostel tenants must withdraw their applications from the PRH Waiting List and may not re-apply for PRH throughout their tenancies in the hostels;
- (c) A member of a family applying for PRH – a PRH family application made by the family of a hostel applicant will not be

affected by the applicant's decision to accept the tenancy offered by a youth hostel¹. If an applicant is admitted to a youth hostel by the time his or her family is allocated a PRH flat, he or she must notify the Housing Department (HD). He or she will be regarded as taking "temporary absence" from the PRH, as with those who take up employment or receive medical treatment outside Hong Kong. Meanwhile, the income of the youth hostel tenants concerned will be subject to the requirement of income and assets declarations under the "Well-off Tenants Policy".

9. Hostel tenants may continue to apply for subsidised sale flats, but in case a tenant acquires ownership of a domestic property (including a subsidised sale flat) in Hong Kong, he or she must immediately declare the interest to PLK and move out within a reasonable amount of time. Those who have been living in Home Ownership Scheme flats are not required to notify the HD of their youth hostel tenancy.

Use of operating surplus from hostel operations

10. PLK should set up a mandatory reserve with the hostel's operating surplus, at a level sufficient to cover the cost of maintenance for the hostel during the lease term. In the event PLK would like to deploy any operating surplus from the mandatory reserve to support their other worthwhile services for the benefit of the community, prior approval from the Secretary for Home Affairs (SHA) shall be required. SHA shall have the final discretion to reject any requests from PLK to deploy surplus for other uses.

Other operating conditions

11. PLK will be required to submit an operation plan for SHA's approval prior to the commencement of operation of the youth hostel. The operation plan shall be published online for public information.

¹ This arrangement ensures that a youth hostel applicant's decision to experience independent living will not affect his or her family's PRH application, thus causing family disputes.

12. PLK will be required to submit to the Government an annual report, including financial statements vetted by an auditor, an overview of the hostel operation and any deployment of operating surplus to other uses over the past financial year. Such information will be published online for public information.

13. Thank you for Members' interest in the youth hostel policy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sammy Leung', with a stylized, cursive script.

(Sammy Leung)
for Secretary for Home Affairs

c.c.

Financial Services and the Treasury Bureau (Attn.: Ms Margaret Hsia)

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