

立法會

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Panel on Home Affairs

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 22 January 2018

Youth Hostel Scheme

Purpose

This paper provides background information on the Youth Hostel Scheme ("YHS"), and summarizes the major concerns expressed by the Panel on Home Affairs ("the Panel") in its past discussion on the proposed pre-construction works for the youth hostel development by Po Leung Kuk ("PLK") in Yuen Long and the proposed capital works project for The Hong Kong Federation of Youth Groups ("HKFYG") to construct a youth hostel in Tai Po under YHS.

Background

Youth Hostel Scheme

2. The Government announced YHS in the 2011-2012 Policy Address with the aims to (a) unleash the potential of underutilized sites held by non-governmental organizations ("NGOs"); (b) meet the aspirations of some working youths in having their own living spaces; and (c) enable the young tenants to accumulate savings to pursue their medium term aspirations. Under YHS, NGOs will be fully funded by the Government to construct youth hostels on sites that are in their hands. In turn, NGOs should set the rental at a level which does not exceed 60% of the market rent of flats with similar size in the nearby areas.

3. The target tenants of YHS are working youths (including self-employed) who are Hong Kong permanent residents aged 18 to 30. The income level of a one-person household applicant should not exceed the 75th percentile of the monthly earnings of employed persons aged 18 – 30 (\$17,000 in 2014), and the household income level of a two-person household applicant should not exceed twice the level of a one-person household. The total net asset limits of a

one-person household and a two-person household should not exceed \$300,000 and \$600,000 respectively. In addition, the applicant shall not own solely or jointly any residential property in Hong Kong, or hold any residential property in Hong Kong through a company.

Progress of implementation

4. As informed by the Administration at the policy briefing cum meeting on 23 October 2017, the following six projects under YHS were underway:

- (a) the three projects in Tai Po, Yuen Long and Sheung Wan were in a more advanced stage with the technical feasibility studies completed and various statutory and administrative procedures, such as lease modification, land exchange and town planning applications, being undertaken. For the HKFYG's project in Tai Po and the PLK's project in Yuen Long, funding approval had been obtained from the Legislative Council and main construction works and detailed design had commenced respectively. The Tung Wah Group of Hospitals' project in Sheung Wan was expected to commence detailed design in 2018;
- (b) for the two projects in Mongkok and Jordan, the pre-construction consultancy studies were at the final stage and they had both secured support from the Yau Tsim Mong District Council; and
- (c) another project developed by the Hong Kong Sheng Kung Hui Welfare Council Limited in Yuen Long was under planning.

Panel's discussion

5. At the meeting on 22 December 2015, the Administration consulted members on the pre-construction works by PLK for the youth hostel project in Ma Tin Pok in Yuen Long. At the meeting on 24 March 2016, the Administration consulted members on the the proposed capital works project for HKFYG to construct a youth hostel in Tai Po. The major concerns expressed by members are set out below.

Eligibility criteria

6. Some members were of the view that to ensure fair allocation of public resources and to facilitate the turnover of hostel units, the tenants should be required to undergo income and asset limit tests not only at the time of application, but also upon renewal of tenancy. The Administration explained

that many young tenants should be developing their career and their income would likely increase during the tenancy period. Given that there was an upper limit to the tenancy period, the young people should be allowed to fully utilize their increased income during their tenancies to accumulate savings to prepare for their future developments. The Administration considered that the tenants should not be subject to the income and asset limit test again when applying for renewal of tenancy.

7. Some members opposed the requirement that youth hostel tenants would have to withdraw their applications from public rental housing ("PRH") upon acceptance of tenancy offered by youth hostels. They considered that this might pose difficulties to low-income youths given that the aggregate tenancy period under YHS was limited to five years. The Administration explained that as housing was a precious resource in Hong Kong, it was necessary to avoid double benefits and create unfairness to those who were not youth hostel tenants. In response to members' request for further information on the youth hostel policy, particularly the arrangements made for young applicants who were applicants for PRH and were allocated youth hostel units, the Administration provided detailed information (see **Appendix I**) on 26 January 2016.

8. Members noted that the double units of the youth hostel would be open to application by two-person households (e.g. married couples, relatives and friends). Some members considered that YHS should target at singletons for the sake of simplicity of operation and ease of management. The Administration explained that YHS was launched with a view to meeting the aspirations of working youths in having their own living spaces, and any young person who met the eligibility criteria could apply irrespective of their marital status.

Rental level and disposal of surplus from hostel operation

9. During discussion of the HKFYG's project on 24 March 2016, some members stressed that the rental level of youth hostel units should be affordable to low-income youth and expressed concern whether the rental level would be driven up by increases in the management cost. The representative of HKFYG advised that the rental already included management fees but tenants would be required to pay water charges for their individual hostel units. Based on the current rental level for flats of similar sizes in the nearby area in 2015, the rental level for a single hostel unit would be approximately \$2,300 per month for the HKFYG's project. For the youth hostel development by PLK in Yuen Long, members noted that the rental level for a single unit would be approximately \$1,700 per month.

10. Some members expressed concern about the disposal of the surplus from the hostel operation and suggested that the NGOs should be required to allocate a certain percentage of the surplus from the hostel operation to cover the maintenance cost of the hostel. They also enquired whether the Administration would monitor the salaries of hostel management staff, and the income and expenses of the hostel in future.

11. The Administration advised that under YHS, all participating NGOs would be required to meet the maintenance costs for the hostels concerned, and a mechanism would be put in place to monitor the income and expenses of the hostels. The Administration further explained that to ensure that each youth hostel was developed and operated in accordance with the policy objectives, NGOs would be governed by a Grant and Operation Agreement ("GOA") and land leases. GOA would set out the parameters under which NGOs would manage and maintain the youth hostels. For example, NGOs would be required to establish a mandatory reserve at a level sufficient to cover the maintenance cost for the hostels during the lease term. NGOs would have to seek prior approval from the Secretary for Home Affairs if they wished to transfer some of the extra operating surplus, after fulfilling the mandatory reserve requirement, to support other non-profitable services.

Programme organized for tenants

12. Members noted that both PLK and HKFYG planned to provide programme and activities to the youth hostel tenants. While some members expressed support for provision of such programme which, in their view, would be beneficial to tenants' personal growth and enhance their social life, some other members expressed reservations about the need given that tenants were all working adults and it might unnecessarily add to the operating cost. The Administration advised that participating NGOs might, according to their vision and mission, freely decide whether to provide extra youth development services as well as the content of such services. Moreover, tenants' participation in such programme would be on a voluntary basis.

Transport arrangement of the youth hostel developed by Po Leung Kuk

13. Some members enquired about the transport arrangement of the youth hostel to be developed by PLK in Ma Tin Pok in Yuen Long. The representative of PLK advised that consideration would be given to providing shuttle services for tenants during peak hours in the morning and in the evening. Parking spaces for bicycles would be provided for tenants, while car parking spaces would be mainly reserved for visitors and staff of the hostel.

Recent development

14. The Administration will consult the Panel on a funding proposal for the construction works of the youth hostel project by PLK at the next meeting on 22 January 2018.

Relevant papers

15. A list of the relevant papers available at LegCo's website is in **Appendix II**.

Council Business Division 2
Legislative Council Secretariat
18 January 2018

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26 January 2016

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,

**Panel on Home Affairs
Youth Hostel Scheme –
Pre-construction works by Po Leung Kuk
for the youth hostel project in Ma Tin Pok, Yuen Long**

The Legislative Council Panel on Home Affairs discussed in its meeting on 22 December 2015 the “Youth Hostel Scheme (YHS) – Pre-construction works by Po Leung Kuk (PLK) for the youth hostel project in Ma Tin Pok, Yuen Long”. Members requested us to provide further information on the youth hostel policy. The information is consolidated below.

Updates on Youth Hostel Projects

2. Apart from the PLK project, four youth hostel projects are currently

underway and their progress are as follows:

- (a) **Tung Wah Group of Hospitals (TWGHs) (Sheung Wan):** A 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 (AAB) was consulted twice on 4 March and 4 June 2015. The AAB endorsed the project, including its design, in June of the same year. The TWGHs is now conducting some technical assessments and will submit a revised town planning application to the Town Planning Board (TPB) for consideration. The project will proceed to detailed design stage subject to the approval of the TPB.
- (b) **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. We are now processing the project's detailed design, which is in its final stage. We plan to consult the Legislative Council Panel on Home Affairs in the first half of 2016, and then seek funding approval for the main works from the Public Works Subcommittee.
- (c) **Hong Kong Association of Youth Development (HKAYD) (Mongkok):** The HKAYD is now finalising the draft TFS, and planning to consult the Yau Tsim Mong District Council in the first half of 2016. Meanwhile, the HKAYD is amending its development proposal for the site's proposed "Residential Institution" use for the TPB's consideration.
- (d) **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 HKGGA is amending the TFS in response to comments from relevant bureaux and departments. We plan to consult the Yau Tsim Mong District Council about the relevant project in the first half of 2016.

Services provided by non-governmental organisations (NGOs)

- 3. The introduction of the YHS is intended to provide a feasible alternative

to meet the aspirations of some working youths in having their own living spaces. Therefore, under the framework of the Scheme, participating NGOs may, according to their vision and mission, freely decide whether to provide extra youth development services and if so, the content of the relevant services.

Eligibility criteria for public rental housing (PRH) applications

4. The YHS and other government-subsidised housing schemes serve different purposes with different target groups. As housing is a precious resource in our community, it is necessary to avoid double benefits and create unfairness to non-youth-hostel tenants. As such, the following arrangements will be made for young people in three categories who are allocated youth hostel units:

- (a) single youth applicants for PRH – upon acceptance of tenancy offered by youth hostels, youth hostel tenants are required to withdraw their applications from the PRH Waiting List and are not allowed to re-apply for PRH throughout their tenancies;
- (b) two-person household applicants who are both allocated youth hostel units – upon acceptance of tenancy offered by youth hostels, the youth hostel tenants concerned are required to withdraw their applications from the PRH Waiting List and are not allowed to re-apply for PRH throughout their tenancies;
- (c) those who are applying for PRH together with their family – in order to prevent the personal decision of a YHS applicant affecting his or her family and to avoid family disputes, if a PRH application made by a family is already on the Waiting List, such an application will not be affected. If the young person concerned has moved in to youth hostels by the time his or her family is allocated a PRH flat, he or she would be required to notify the Housing Department. Their names will not be deleted from PRH tenancies. Instead, they will be regarded as taking “temporary absence” from the PRH, just as those who are having employment or medical treatment outside Hong Kong. Also, the income of the youth hostel tenants concerned will still be subject to the requirement of income and assets declarations under the “Well-off Tenants Policy”.

Income and Asset Tests

5. The requirement for NGOs to provide hostel units at relatively lower rental is to encourage young people to save for their future development. As many young tenants should be developing their career, their income will likely increase during the tenancy period. To encourage the youth to aim high, and given there is an upper limit to the tenancy period, we should allow young people to fully utilise their increased income during their tenancies to accumulate savings, in order to fully prepare for future developments. Therefore, tenants are only required to undergo income and asset tests at the time of application, and not upon renewal of their tenancies. We endeavour to avoid seeing young people giving up on opportunities to advance for the sake of keeping their tenancies, as it is contrary to our policy intention.

6. However, given that housing is a precious resource in our community, we require applicants not to solely or jointly own any residential property in Hong Kong, or hold any residential property in Hong Kong through a company. If tenants subsequently become owners of residential properties, they are required to declare immediately to the NGOs concerned. In that case, the tenants will be given reasonable time to move out from the hostel units, so that other eligible youths can move in.

Disposal of the Surplus from Hostel Operation

7. NGOs should establish a "mandatory reserve" at a level sufficient to cover the cost of maintenance for the hostel during the lease term. With prior approval from the Secretary for Home Affairs, NGOs are allowed to transfer the operating surplus arising from the "mandatory reserve" to their other non-profitable use(s). This enables NGOs to benefit more members of the community through the operation of youth hostels, instead of limiting their work to the young tenants living in the hostels. In addition, under this arrangement, NGOs will be encouraged to try their utmost to operate the hostels in a more cost-effective way and to avoid excessive enhancement of hostel services and amenities. If too many restrictions are imposed under the policy framework, the interested NGOs may be discouraged from joining the YHS, resulting in ineffective use of land resources. Young people would also lose the opportunity to have their own living space.

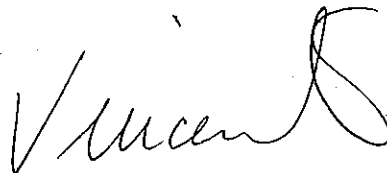
8. The Home Affairs Bureau reserves the final discretion to refuse participating NGOs to transfer any surplus from the operation of youth hostels to other uses.

Rental Level

9. Under the YHS, we require that the rental level should not exceed 60% of the market rent of flats of similar sizes in nearby areas. As for the youth hostel at Ma Tin Pok, Yuen Long, we note that PLK will set the rental at a level not exceeding 50% of the relevant market rent after taking reference from the rental of flats of similar sizes in the district. We are discussing in detail with PLK the mechanism to determine and adjust the rent.

10. May I take this opportunity to express our gratitude to Members for their concern over the youth hostel policy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Vincent', followed by a large, stylized flourish.

(Vincent FUNG)
for Secretary for Home Affairs

c.c.

Financial Services and the Treasury Bureau (Attn.: Ms Jasmine Choi) Fax:
2523 5722

Appendix II

Relevant papers on Youth Hostel Scheme

Committee	Date of meeting	Paper
Panel on Home Affairs ("HA Panel")	15.11.2011 (Item IV)	Agenda Minutes
	18.2.2013 (Item VI)	Agenda Minutes
	22.12.2015 (Item III)	Agenda Minutes
Legislative Council	24.2.2016	Official Record of Proceedings Pages 90 to 95
HA Panel	24.3.2016 (Item V)	Agenda Minutes

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