

立法會
Legislative Council

LC Paper No. CB(1)529/17-18(06)

Ref. : CB1/PL/HG

Panel on Housing

Meeting on 5 February 2018

**Background brief prepared by the Legislative Council Secretariat
on Hong Kong Housing Authority's Well-off Tenants Policies**

Purpose

This paper provides background information on the Hong Kong Housing Authority ("HA")'s Well-off Tenants Policies and gives a summary of the views and concerns expressed by members of the Panel on Housing ("the Panel") on the subject.

Background

2. The Government's housing policy is to provide public rental housing ("PRH") for low income families who cannot afford private rental accommodation. To ensure rational allocation of limited public housing resources, HA encourages PRH households who have benefited from a steady improvement in their income and assets to return their PRH flats to HA for reallocation to families that are more in need. In 1987 and 1996, HA implemented the Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources respectively, collectively referred to as the Well-off Tenants Policies ("WTP"). The objective is to reduce the level of subsidy given to "comparatively well off" tenants, using the two factors of "income" and "assets" to determine the appropriate subsidized level for PRH.¹

¹ Under the Well-off Tenants Policies ("WTP"), after living in public rental housing ("PRH") for ten years, households are required to declare their income biennially. Those with household income equivalent to two to three times of the PRH income limits ("PRHILs") are required to pay 1.5 times net rent plus rates. Those with household income exceeding three times of the PRHILs are required to pay double net rent plus rates. Households paying double net rent plus rates have to declare their assets at the next declaration cycle and thereafter on a biennial basis. Households exceeding the prescribed income and asset limits (income exceeding three times of the PRHILs and asset exceeding 84 times of the PRHILs) are required to vacate their PRH units within 12 months, during which double net rent plus rates or market rent, whichever is the higher, is charged (LC Paper No. [CB\(1\)757/16-17\(01\)](#)).

Revision of Well-off Tenants Policies

3. In view that the demand for PRH far exceeds supply, HA considers that while best efforts have all along been made to increase PRH supply, it should at the same time examine ways to better utilize PRH resources to ensure that such resources will be focused towards allocating to those with more pressing housing needs.² The HA's Subsidised Housing Committee ("SHC") endorsed amendments to WTP and the implementation details of the revised policies in December 2016 and February 2017 respectively.³ The basic principles of the revised WTP are set out in **Appendix I**. In gist, under the revised WTP, PRH households with private domestic property ownership in Hong Kong, or whose family income exceeding five times the PRH income limits ("PRHILs"), or whose total net household assets exceeding 100 times the PRHILs, should vacate their PRH flats. Implementation of the revised WTP has commenced since the declaration cycle in October 2017.

Members' views and concerns

4. The Panel discussed with the Administration the revisions to WTP at its meeting on 9 January 2017, and hold a special meeting on 24 January 2017 to receive public views. The major views and concerns are summarized in the ensuing paragraphs.

Effectiveness of the revised Well-off Tenants Policies

5. While some members opined that it was appropriate for HA to maintain policies to ensure better utilization of PRH resources, some members considered that the effectiveness of the revised WTP in recovering more PRH flats for allocation to PRH applicants was doubtful, and it was more important for the Administration to maximize the production of new PRH units in order to address the long waiting time of PRH applicants.

² The [Administration's reply](#) to a question on "Impacts of the revised Well-off Tenants Policies" at the Council meeting of 25 October 2017.

³ According to the Administration, at its meeting of 9 December 2016, the HA's Subsidised Housing Committee ("SHC") endorsed amendments to WTP. In light of the comments from SHC and the Panel on Housing, HD had further examined the implementation details of WTP, and submitted specific proposals to SHC. SHC endorsed the implementation details of the revised WTP at its meeting of 14 February 2017.

6. The Administration advised that the supply-led principle under the Long Term Housing Strategy ("LTHS") remained the key to resolving the supply-demand problem of PRH. Relevant government bureaux/departments had made their best efforts to identify sites suitable for public housing. In light of the increasing demand for PRH, HA had to ensure the rational allocation of PRH resources. The revised WTP would convey a clear message to the community that PRH resources should be allocated to those with more pressing housing needs.

Implementation of the revised policies

7. Some members opined that the revisions to WTP lacked consultation, and should not be implemented hastily. A motion was passed at the Panel's special meeting on 24 January 2017 requesting HA, before deciding whether to implement the revised WTP, to conduct a territory-wide consultation exercise on the subject under one single topic.

8. The Administration advised that there had been repeated and thorough discussions on whether and how WTP should be revised in the past few years. In its Report No. 61 published in 2013, the Audit Commission had recommended HA to review WTP. During subsequent discussion, the Public Accounts Committee of the Legislative Council agreed that the Housing Department ("HD") should take a more proactive approach to recover PRH units from well-off tenants, in order to vacate more PRH units to families in need and to ensure that PRH resources were distributed in a fair manner. During the public consultation on LTHS in 2013, the LTHS Steering Committee had invited public views on whether and how WTP should be refined, and the consultation included public forums. To follow up with the Steering Committee's recommendations, SHC examined the policies in October 2014, and endorsed amendments to WTP in December 2016.

Impacts of the revised policies on tenants

9. In view that under the revised WTP, households with either income or assets exceeding the relevant limits would be required to vacate their PRH units, some members were concerned that the well-off tenants under the revised policies might have difficulties in purchasing a flat, as elderly tenants with assets exceeding the limits might not have regular income to pay the property mortgage repayments and younger tenants who had a job with income exceeding the prescribed limit might not have adequate savings to pay down payments.

10. The Administration advised that when revising the income limits under WTP, HA had noted that households with an income level reaching five times the PRHILs would belong to the top 7 per cent households in terms of income across different household sizes in Hong Kong. As for the asset limits, HA had taken into consideration the selling prices of flats in the Sale of Home Ownership Scheme Flats 2016 and the Green Form Subsidised Home Ownership Scheme pilot project at San Po Kong. HA considered that households with assets at 100 times the PRHILs should be able to purchase subsidized sale flats recently launched by HA. Households with income or assets exceeding the relevant limits should be relatively capable of taking care of their own housing needs without the need for HA to subsidize them with public resources.⁴

11. Some members pointed out that to avoid their family income exceeding the relevant limits, PRH households might need to make applications for the deletion of younger working household members from the tenancy, hence rendering young household members being unable to live with and take care of their senior household members. They queried whether the revised WTP was contrary to the spirit of inter-generational harmony.

12. The Administration advised that there were various reasons for deleting family members from the PRH tenancy, and it would be difficult to determine whether an increase in the number of deletion cases had any direct relationship with the revisions to WTP. Of the 21 800 deletion cases approved by HA for the first two quarters of 2017, about half of the deleted persons were children of the tenants. The number of cases fell under the categories of "no longer residing in the PRH flat" and "deceased members" were about 13 500 and 7 300 respectively, while the remaining cases involved admission to elderly home or having enjoyed other subsidized housing benefits, etc.⁵

Households with private domestic property ownership in Hong Kong

13. Some members opined that households which would be required under the revised WTP to vacate PRH units due to their private domestic property ownership in Hong Kong might consider the policies unfair to them, given that households which owned other forms of assets with equivalent value might not be required to vacate their PRH units. The Administration advised that domestic properties were different from other assets as they could be used for providing accommodations. As PRH should be provided to low-income

⁴ The [Administration's reply](#) to a question on "Impacts of the revised Well-off Tenants Policies" at the Council meeting of 25 October 2017.

⁵ The [Administration's reply](#) to a question on "Statistics relating to the revised Well-off Tenants Policies" at the Council meeting of 25 October 2017.

families who could not afford private rental housing, households with private domestic property ownership in Hong Kong in theory should no longer require HA to use public resources to meet their housing need.⁶

Declaration of income and assets

14. In view that under the revised WTP, households concerned would be required to declare their income, assets and whether they owned any private domestic property in Hong Kong concurrently, which might bring disturbances to the households, some members asked about how the Administration would improve the declaration arrangements.

15. The Administration advised that SHC had requested HD to examine the implementation details of the revised WTP, including how to simplify the income and asset declaration arrangements, and had endorsed the arrangements for completion of declaration forms and risk-based random checking conducted by HD on the information furnished by households. The Administration explained that at the stage of completing declaration forms, households would first declare if they owned any private domestic property in Hong Kong. If affirmative, they would no longer need to fill in their income details or declare their asset level. For households with no private domestic property in Hong Kong, they would be required to fill in their income details. Concerning assets, households would be required to declare whether or not their assets exceeded 100 times of the PRHILs, and neither detailed information nor supporting documents would be required at this stage.⁷

Calculation of total net household asset value

16. On the question of whether retirement benefits received by tenants would be included in the calculation of total household assets, the Administration advised that according to the revised WTP, lump-sum retirement benefits received under mandatory provident fund schemes, occupational retirement schemes and civil service pension schemes might be deducted from the calculation of total net household asset value. Such benefits might continue to be deductible in full in subsequent declaration cycles. If long service payment/severance payment had been offset during the withdrawal of retirement benefits, such long service payment/severance payment would be treated as part of the retirement benefits and might also be deducted from the calculation of total net household asset value.⁸

⁶ LC Paper No. [CB\(1\)757/16-17\(01\)](#)

⁷ LC Paper No. [CB\(1\)757/16-17\(01\)](#)

⁸ The [Administration's reply](#) to a question on "Declaration of income and assets under the revised Well-off Tenants Policies" at the Council meeting of 18 October 2017.

Latest development

17. On 19 October 2017, Hon KWOK Wai-keung wrote a letter to the Panel Chairman suggesting that a public hearing be held on the revised WTP. The Panel will receive public views on and discuss with the Administration the implementation of the revised WTP at the meeting on 5 February 2018.

Relevant papers

18. A list of relevant papers is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
1 February 2018

Basic Principles of the Revised Well-off Tenants Policies

1. public rental housing ("PRH") tenants with household income exceeding five times of PRH income limits ("PRHILs"), or with assets exceeding 100 times of PRHILs should vacate their flats;
2. tenants with private domestic property ownership in Hong Kong should vacate their flats, irrespective of their levels of income or assets;
3. for tenants who do not have private domestic property ownership in Hong Kong and whose household income and assets do not exceed the levels in (1) above, if their household income is equivalent to two to three times of the PRHILs, they will still be required to pay 1.5 times net rent plus rates. If their household income is equivalent to three to five times of the PRHILs, they will be required to pay double net rent plus rates. Households that are required to vacate their PRH units but have a temporary housing need may apply for a fixed-term licence to stay in PRH for a period of not more than 12 months, during which a licence fee equivalent to the double net rent plus rates or market rent, whichever is higher, will be charged;
4. after living in PRH for ten years, tenants will be required to declare both their income and assets in the biennial declarations, including whether they own any private domestic property in Hong Kong. If tenants choose not to declare their household income or assets, they will need to vacate their flats. Even though tenants with less than ten years' residence do not need to declare their income and assets, if Housing Department ("HD") receives complaints and found that they own private domestic property in Hong Kong, they are required to vacate their flats irrespective of their length of residence in PRH;
5. households whose members are all aged 60 or above; or with all members receiving Comprehensive Social Security Assistance; or are on shared tenancies will continue to be exempted from the Well-off Tenants Policies;
6. households with all member(s) receiving Social Welfare Department's Disability Allowance will also be exempted from the revised Well-off Tenants Policies. For households with member(s) (i.e. not all members) receiving Disability Allowance, they can continue to live in their PRH units even if their household income or assets exceed the relevant limits. However, they will need to pay the corresponding additional rent based on their income level. However, for households with private domestic property in Hong Kong, they will still be required to vacate their PRH units even if they have member(s) receiving Disability Allowance; and

7. the revised Well-off Tenants Policies will be implemented starting from the declaration cycle in October 2017.

Source: LC Paper No. [CB\(1\)757/16-17\(01\)](#)

Hong Kong Housing Authority's Well-off Tenants Policies

List of relevant papers

| Council/ Committee | Date of meeting | Papers |
|-----------------------|-----------------------|--|
| Council | 18 December 2013 | Council question on rational allocation of public rental housing resources |
| Panel on Housing | 7 July 2014 | Report of the Subcommittee on the Long Term Housing Strategy (LC Paper No. CB(1)1705/13-14) |
| Panel on Housing | 9 and 24 January 2017 | Administration's paper (LC Paper No. CB(1)371/16-17(01)) Minutes of meetings on 9 January 2017 (LC Paper No. CB(1)628/16-17) and 24 January 2017 (LC Paper No. CB(1)1386/16-17) Administration's supplementary paper (LC Paper No. CB(1)757/16-17(01)) |
| Council | 18 October 2017 | Council question on declaration of income and assets under the revised Well-off Tenants Policies |
| Council | 25 October 2017 | Council question on impacts of the revised Well-off Tenants Policies |
| Council | 25 October 2017 | Council question on statistics relating to the revised Well-off Tenants Policies |

Hong Kong Housing Authority's press release

| Date of issuance | Papers |
|------------------|---|
| 14 February 2017 | Implementation details of the revised "Well-off Tenants Policies" and the introduction of a frozen period for family applicants currently living in public rental housing |