

**For discussion  
on 10 April 2018**

**Legislative Council Panel on Housing**

**Implementation of the Revised “Well-off Tenants Policies”  
of the Hong Kong Housing Authority**

**PURPOSE**

This paper informs Members of the implementation of the revised “Well-off Tenants Policies”<sup>1</sup> of the Hong Kong Housing Authority (HA) and measures to further enhance implementation arrangements of the Policies as endorsed by HA.

**BACKGROUND**

2. In light of the persistent demand for public rental housing (PRH), HA endorsed a number of measures in late 2016 / early 2017 with a view to allocating PRH resources to those with more pressing housing needs, including the revisions to the “Well-off Tenants Policies”. The revised “Well-off Tenants Policies” have been implemented from the declaration cycle in October 2017. The revisions and implementation details are at  
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<sup>1</sup> HA’s Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources are commonly referred to as the “Well-off Tenants Policies”. Households who have been living in PRH for ten years are required to make biennial declarations. In addition, households who are granted new tenancy under the Policy on Grant of New Tenancy or households with their applications under the Tenancy Management Policies for PRH approved are also required to make a declaration biennially, irrespective of their length of residence. In gist, under the “Well-off Tenants Policies”, 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 units.

## **IMPLEMENTATION OF THE REVISED “WELL-OFF TENANTS POLICIES”**

### **Publicity arrangement**

3. To facilitate the implementation of the revised “Well-off Tenants Policies”, HA has stepped up publicity to enhance PRH households’ awareness of the revisions and to help the concerned households in making the necessary declarations.

4. In July 2017, HA launched an extensive programme to publicise the revised Policies, including displaying posters at all PRH estates and distributing leaflets to all PRH households. The leaflets are also available at the Home Affairs Enquiry Centres under the 18 District Offices. Details of the revised Policies, Frequently Asked Questions, sample declaration forms, promotional videos, etc. have been uploaded to HA’s website. The promotional videos are also broadcasted at the Housing Channel of every PRH estate.

5. In September 2017, HA issued notification letters regarding the revised Policies to all PRH households, and declaration forms and relevant guidelines to households who are required to make declaration in the October 2017 cycle. In addition, HA disseminated information to Estate Management Advisory Committees’ (EMAC) members and PRH households at EMAC meetings in October to November 2017, and set out the details of the revised Policies at the Estate Newsletters published in November 2017.

6. Apart from the regular 24-hour HA hotline, a dedicated enquiry hotline for the revised Policies has been set up. Roadshows have also been conducted in PRH estates to answer households’ enquiries on the revised Policies. PRH households may also approach respective estate offices / district tenancy management offices should they have any enquiries. In addition, HA distributes information on the revised Policies to new tenants when they sign the tenancy agreement and explain details about the Policies to them as necessary.

## **Declaration cycle in October 2017**

7. Some 1 100 PRH households fall under the declaration cycle in October 2017. The Housing Department (HD) issued declaration forms to the concerned households in September 2017. As of end-January 2018, over 97% of declaration forms have been returned<sup>2</sup>. Vetting of the declaration forms is underway.

## **VIEWS ON IMPLEMENTATION OF THE POLICIES**

### **Enquiries received through enquiry hotline**

8. As stated in paragraph 6 above, HA has set up a dedicated enquiry hotline to handle enquiries relating to the revised Policies. As of end-January 2017, the hotline received around 3 750 enquiries, or on average around 40 enquiries per day. The enquiries were mainly about the declaration arrangements and implementation details of the Policies, including the calculation of individual income/asset items and deductible items. There were also enquiries on other operational details such as arrangements on grant of new tenancies, rent reversion, etc. HA has also been handling public enquiries on the revised Policies and their implementation details from time to time.

### **Views Expressed at the Legislative Council (LegCo) Panel on Housing**

9. The LegCo Panel on Housing received deputations to hear their views on the implementation of the revised “Well-off Tenants Policies” at its meeting on 5 February 2018. Views/suggestions raised at that meeting and HD’s response are summarised at **Annex B**.

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<sup>2</sup> PRH households who choose not to make declaration will need to vacate their flats. However, from past experience, some households may return the declaration forms after the specified deadline due to practical difficulties.

## **ENHANCEMENT MEASURES ON IMPLEMENTATION OF THE “WELL-OFF TENANTS POLICIES”**

10. HA’s Subsidised Housing Committee (SHC) discussed the implementation of the revised “Well-off Tenants Policies” at its meeting on 14 February 2018 and noted the views of the community on the implementation of policies and HD’s response. SHC observed that deputations expressed both supporting and opposing views on the revised “Well-off Tenants Policies”, and that their concerns were mainly on the supply of PRH and the effectiveness of the revised Policies. Their views were generally similar to those raised in the community in the past few years on the subject.

11. SHC considers it necessary to continue to implement the “Well-off Tenants Policies” to ensure the rational use of precious PRH resources. On the other hand, despite implementation of the revised Policies has largely been in order, SHC has identified a number of areas which may warrant further enhancements and endorsed the following measures.

### **(a) Exemptions under the Policies**

12. Under the “Well-off Tenants Policies”, households whose members are **all** (a) aged 60 or above; or (b) receiving CSSA; or (c) receiving SWD's Disability Allowance (DA) are exempted. However, a household with all members in different combinations of (a), (b) and (c) above is not exempted. Taking a two-person household as an example, if one member is an elderly member while the other is receiving CSSA/DA, such a household is not exempted.

13. The above arrangement is in line with that under the previous “Well-off Tenants Policies”. SHC considers that a more lenient approach should be adopted for such households, and has endorsed extending the exemption to such households.

### **(b) Deductions from net asset value**

14. Under the “Well-off Tenants Policies”, lump-sum insurance claims and statutory compensations received due to death of family members in the tenancy may be deducted in calculating total asset value. However, it

is possible that a PRH household may receive non-statutory compensations or other forms of special financial assistance due to death of family members in the tenancy<sup>3</sup>. SHC considers that a more lenient approach should be adopted, and has endorsed allowing households to deduct such lump-sum non-statutory compensations or special financial assistance in calculating total asset value, subject to provision of relevant documentary proof for approval of a Senior Housing Manager.

### **Consequential amendments to other relevant Policies**

15. At present, the Policy on Grant of New Tenancy (GNT)<sup>4</sup>, tenancy management arrangements<sup>5</sup> and arrangements involving additional PRH resources<sup>6</sup> and applications for addition of household members adopt the same income/asset limits and relevant criteria as the “Well-off Tenants Policies”. SHC endorsed continuing with the existing practice to extend the above enhancement measures to cover the abovementioned Policies/arrangements. For approved cases, households will be required to make biennial income and asset declaration pursuant to the “Well-off Tenants Policies” in future.

### **WAY FORWARD**

16. The above enhancement measures have been implemented from the declaration cycle in April 2018. HD will work out the implementation details and publicity arrangements. For those PRH households that have already submitted their declarations in the October 2017 cycle, if they will be subject to a lower rent or will be able to retain their

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<sup>3</sup> For example, ex-gratia compensation provided by the deceased’s employer, financial assistance received from charitable organisations or Government schemes such as the “Financial Assistance Scheme for Family Members of Those Who Sacrifice Their Lives to Save Others”, etc.

<sup>4</sup> According to the GNT policy, upon the death or moving out of a principal tenant, if there is no surviving spouse, a new tenancy may be granted to other authorised family members living in the PRH unit, provided that the prescribed limits and “no-domestic-property” requirement under the “Well-off Tenants Policies” can be met.

<sup>5</sup> Including the Territory-wide Overcrowding Relief Exercise and Living Space Improvement Transfer Scheme and transfer of tenants occupying converted one-person flats. The households concerned have to comply with the “no-domestic-property” requirement and the income and asset limits under the “Well-off Tenants Policies”.

<sup>6</sup> Including household splitting and divorce cases. The households concerned have to comply with the “no-domestic-property” requirement and the PRH income and asset limits. The households concerned will also be required to make biennial declaration pursuant to the “Well-off Tenants Policies” in future irrespective of their length of residence in PRH.

tenancies as a result of the above refinements, they may apply for rent reversion / grant of tenancies in accordance with established procedures.

17. HA will continue to closely monitor the implementation of the revised “Well-off Tenants Policies” to ensure rational allocation of PRH resources.

**Transport and Housing Bureau**  
**March 2018**

**Basic Principles and Implementation Details of the Revised “Well-off Tenants Policies” Implemented Starting From the Declaration Cycle in October 2017**

**I. Basic Principles**

- (a) Public rental housing (PRH) households with household income exceeding five times of PRH income limits (PRHILs), or with assets exceeding 100 times of PRHILs should vacate their flats;
- (b) households with private domestic property ownership in Hong Kong should vacate their flats, irrespective of their levels of household income or assets;
- (c) for households who do not have private domestic property ownership in Hong Kong and whose household income and assets do not exceed the levels in (a) 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 flats 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, is charged;
- (d) after living in PRH for ten years, households will have to declare both their income and assets in the biennial declarations, and whether they own any private domestic property in Hong Kong. If households choose not to declare their household income or assets, they will need to vacate their flats. Even though households with less than ten years’ residence do not need to declare their income and assets, HD will carry out investigation upon receipt of complaints. Those found to own private domestic property in Hong Kong will need to vacate their flats, irrespective of their length of residence in PRH;

- (e) households whose members are all aged 60 or above, or with all members receiving CSSA, or who are on shared tenancies will continue to be exempted from the “Well-off Tenants Policies”; and
- (f) households with all member(s) receiving Social Welfare Department’s Disability Allowance will also be exempted from the “Well-off Tenants Policies”. For households with some member(s) (i.e. not all members of the household) 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. 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.

## **II. Implementation Details**

- (a) Arrangements concerning income and asset declaration –
  - (i) simplify the arrangements for completion of declaration forms; and
  - (ii) conduct risk-based random checking on the information furnished by households.
- (b) In calculating total asset value –
  - (i) deduct lump-sum retirement benefits received under mandatory provident fund schemes, occupational retirement schemes and civil service pension schemes from the calculation; and
  - (ii) deduct lump-sum insurance claims and statutory compensations received due to death of family members in the tenancy, and claims under critical illness insurance policies received by family members under the tenancy from the calculation.
- (c) An Assistant Director of HD can exempt households from the “no-domestic-property” requirement on a discretionary basis if they fulfill the following conditions –



- (i) acquired interest in private domestic properties through operation of law but are not in a position to dispose of such interest; and
  - (ii) unable to reside in the premises.
- (d) Allowing households which have purchased subsidised sale flats using Green Form status to stay in their PRH units until they take over the property purchased, and can continue to pay the prevailing level of rent during the interim period. For households which have purchased subsidised sale flats using White Form status or purchased private domestic property, HD will issue Notice-to-Quit to the households concerned, requiring them to return their PRH units irrespective of whether the property purchased has been completed.

2. Consequential amendments will also be made to other arrangements which currently adopt the same income/asset limits and relevant criteria as the “Well-off Tenants Policies”, including the Policy on Grant of New Tenancy, tenancy management arrangements and arrangements involving additional PRH resources, as well as arrangements in handling applications for addition of household members. Regarding application for addition of household members, in future, for addition of a tenant’s spouse, or the spouse and children under the age of 18 of a married offspring of the tenant (provided that the married offspring is an authorised member under the tenancy), the arrangement will be aligned such that the households concerned will be required to comply with both the “no-domestic-property” requirement and the income and asset limits under the refined “Well-off Tenants Policies”.

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**Major Views/Suggestions of Members of the  
Legislative Council (LegCo) Panel on Housing  
and deputations on the revised “Well-off Tenants Policies”  
and the Response of the Housing Department (HD)**

Views/Suggestions	HD’s Response
<p>1. HA should build more PRH units to address the needs of those who are awaiting for PRH allocation, instead of tightening up the “Well-off Tenants Policies” and vacating existing PRH tenants</p>	<ul style="list-style-type: none"> <li>● The Chief Executive has announced in the Policy Address that the Government would focus on supply and step up effort in increasing the supply of housing units based on the Long Term Housing Strategy (LTHS).</li> <li>● Based on the latest projection, the total housing supply target for the ten-year period from 2018-19 to 2027-28 is 460 000 units. With the 60:40 split between public and private housing supply, the public housing supply target will be 280 000 units, including 200 000 PRH units. Based on the figures as at end-December 2017, the estimated total public housing production of HA and the Hong Kong Housing Society in the five-year period from 2017-18 to 2021-22 is about 99 700 units, comprising about 74 600 PRH units and about 25 100 subsidised sale flats.</li> <li>● However, in light of the persistent demand for PRH, HA has to ensure that we can better allocate resources to applicants with more pressing need and also make the relevant policies more equitable.</li> </ul>

Views/Suggestions	HD's Response
<p>2. Revisions to the “Well-off Tenants Policies” lack public consultation</p>	<ul style="list-style-type: none"> <li>● There have been repeated and thorough public discussions on whether and how the “Well-off Tenants Policies” should be refined in the past few years.</li> <li>● In gist, during the public consultation on the LTHS in 2013, the LTHS Steering Committee had invited public views on whether and how should the “Well-off Tenants Policies” be updated. The LegCo Subcommittee on LTHS also had discussion on the “Well-off Tenants Policies” and arranged meeting with deputations.</li> <li>● The Audit Commission and LegCo Public Accounts Committee both recommended HA to refine the policies to vacate more PRH units to applicants with more pressing housing needs.</li> <li>● SHC also had in-depth discussion on whether and how the “Well-off Tenants Policies” should be refined since October 2014, before endorsement of the latest revisions in late 2016 / early 2017.</li> <li>● The latest revisions to the “Well-off Tenants Policies” essentially conclude the discussions over the past few years.</li> </ul>

<b>Views/Suggestions</b>	<b>HD's Response</b>
<p>3. The effectiveness of the revised “Well-off Tenants Policies” in recovering more PRH units for allocation to PRH applicants is doubtful, given the limited number of additional rent paying households.</p>	<ul style="list-style-type: none"> <li>● It is too early to conclude that the number of PRH units recovered through the revised “Well-off Tenants Policies” will be limited. The income and asset limits under the revised “Well-off Tenants Policies” are different from the previous ones. Furthermore, under the previous policies, not all households are required to declare private domestic property ownership in Hong Kong. It is therefore difficult for HD to estimate the number of PRH units that may be recovered as a result of the revisions to the Policies.</li> <li>● Only some 1 100 PRH households fall under the declaration cycle in October 2017. Vetting of the declaration forms is underway and households concerned will only receive Notice-to-Quit by end-August 2018 (if applicable). In addition, some 200 000 households will be covered in the declaration cycle in April 2018. HD will continue to closely monitor the implementation of the revised Policies at the upcoming declaration cycles.</li> </ul>
<p>4. HA should review the effectiveness of the revisions to the “Well-off Tenants Policies” in a timely manner</p>	<ul style="list-style-type: none"> <li>● The revised Policies are still at the initial stage of implementation. HA will closely monitor the operation of the revised Policies, and further refine the implementation details if necessary for smoother operation.</li> </ul>

<b>Views/Suggestions</b>	<b>HD's Response</b>
5. HA should step up publicity for the revised "Well-off Tenants Policies"	<ul style="list-style-type: none"> <li>● HA launched an extensive programme to enhance PRH households' awareness of the revisions to the "Well-off Tenants Policies" and to help households in making the necessary declaration. Details are set out at paragraphs 3 to 6 of this paper.</li> </ul>
6. The "Well-off Tenants Policies" have labeling effect on better-off PRH tenants.	<ul style="list-style-type: none"> <li>● HA should seek to ensure the rational allocation of PRH resources, regardless of the supply situation of PRH units. This move does not seek to label any particular groups of PRH tenants.</li> </ul>
7. Revisions to the "Well-off Tenants Policies" have brought about increase in number of deletion cases in the first three quarters of 2017. Younger family members were forced to remove themselves from the tenancy.	<ul style="list-style-type: none"> <li>● Households with private domestic property ownership in Hong Kong / income exceeding five times the PHRILs / asset exceeding 100 times the PRHILs, who are required to vacate from their PRH units, should be able to take care of their own housing needs.</li> <li>● There are numerous reasons for deleting family members from the tenancy, such as individual household members moving out of the PRH unit concerned due to various reasons, death, emigration, etc.</li> <li>● Figures in the past ten years indicate that the number of deletions only represent a small share of the total PRH population (average of about 1.8%) and tend to fluctuate from year to year. Even within the year 2017, figures fluctuated across quarters</li> </ul>

Views/Suggestions	HD's Response
	<p>with a decline in the last quarter after implementation of the revised “Well-off Tenants Policies”. There is yet to be any clear evidence that the revisions to the “Well-off Tenants Policies” have given rise to a significant increase in the number of deletion cases.</p> <ul style="list-style-type: none"> <li>● In any event, whether to delete individual family members from the tenancy is a personal decision of the household and the family members concerned.</li> </ul>
<p>8. HA should provide further incentives to encourage “well-off” tenants to surrender their PRH units</p>	<ul style="list-style-type: none"> <li>● In the past few years, HA has provided ample opportunities for home ownership for Green Form buyers, through the Home Ownership Scheme (HOS) and the Green Form Subsidised Home Ownership Scheme (GSH) pilot project.</li> <li>● Pre-sale of the next batch of some 4 400 HOS flats will be launched in the first quarter of 2018. In addition, SHC endorsed the regularisation of the GSH in January 2018, and the next GSH project will be launched for sale in around the end of 2018. This should provide an alternative avenue for GF buyers to achieve home ownership.</li> <li>● PRH tenants may also purchase subsidised sale flats with premium unpaid in the HOS Secondary Market.</li> </ul>

<b>Views/Suggestions</b>	<b>HD's Response</b>
<p>9. The asset limits under the revised “Well-off Tenants Policies” are insufficient for “well-off” tenants to achieve home ownership.</p>	<ul style="list-style-type: none"> <li>● SHC has taken into consideration the selling prices of flats in the Sale of HOS Flats 2016 and the GSH pilot project King Tai Court in deriving the asset limits under the revised “Well-off Tenants Policies”. Households with assets at 100 times of the PRHILs should be able to take care of their own housing needs.</li> <li>● As the revised Policies are still at the initial stage of implementation, it is difficult for HD to estimate the number of “well-off” tenants under the revised Policies. Nonetheless, as noted from recent sale exercises of HOS and the GSH pilot, a majority of the buyers were normal rent paying households who should theoretically be financially less capable than “well-off” tenants. Yet, such normal rent paying households who also found the prices of GSH flats affordable. There is no evidence to suggest that “well-off” tenants under the revised Policies cannot take care of their housing needs.</li> </ul>
<p>10. Families with members who operate transportation businesses with taxi/public light bus licences may need to vacate their PRH units under the revised “Well-off Tenants Policies”. While their assets may exceed the prescribed asset limits, their income may be far below the prescribed limits.</p>	<ul style="list-style-type: none"> <li>● The calculation of total asset value under the “Well-off Tenants Policies” is consistent with that for PRH application and purchase of HOS flats using WF status. The value of vehicles should be covered in the total assets, calculated by the purchase price of vehicles net of the outstanding hire purchase repayments and depreciation.</li> </ul>

Views/Suggestions	HD's Response
	<p>As for the net value of licences, it is determined by the market price net of the outstanding hire purchase repayments.</p> <ul style="list-style-type: none"> <li>● As the outstanding hire purchase repayments and depreciation of such asset items have been taken into consideration during calculation of total asset value, the current calculation method is a fair and reasonable way in assessing households' total asset value. Concessionary arrangements for households with certain kinds of businesses / assets would be unfair to households with other forms of businesses / assets.</li> </ul>
<p>11. Households' period of stay in Interim Housing (IH) should be excluded from the counting of the ten-year residence period for making declaration under the "Well-off Tenants Policies"</p>	<ul style="list-style-type: none"> <li>● The "Well-off Tenants Policies" have been extended to households in IH since 1997. Hence, households' period of stay in IH would be carried forward to PRH as part of the initial ten-year residence period.</li> <li>● HA considered back then that the facilities in new types of IH were comparable to those in PRH. Hence, it would be reasonable to extend the "Well-off Tenants Policies" to all IH licensees.</li> </ul>
<p>12. The staffing resources required for implementing the revisions to the "Well-off Tenants Policies" outweigh the benefits of the revisions</p>	<ul style="list-style-type: none"> <li>● HD has all along been handling some 200 000 declarations made by PRH households annually under the "Well-off Tenants Policies". In addition, under the revised Policies, HD has simplified the declaration procedures and will conduct</li> </ul>



<b>Views/Suggestions</b>	<b>HD's Response</b>
	<p>risk-based random checking on information furnished by households. These measures have helped reduce the need for additional staffing resources.</p> <ul style="list-style-type: none"> <li>● As the declaration cycle in October 2017 only involved some 1 100 households, the relevant work has been absorbed through existing resources. As for the declaration cycle in April 2018 involving over 200 000 households, there may be additional workload arising from detailed checking of declaration forms and subsequent follow-up work such as further investigation and flat recovery. Additional manpower may be sought if necessary in accordance with the established procedures.</li> <li>● On the other hand, HD has engaged body-shopped personnel to assist in carrying out the publicity for the revised Policies.</li> </ul>

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