

**For discussion
on 5 July 2021**

Legislative Council Panel on Housing

**New Initiative on Lifetime Full Rent Exemption for
Elderly Under-occupation Households in Public Rental Housing Estates**

PURPOSE

This paper briefs Members of the new initiative on Lifetime Full Rent Exemption for Elderly Under-occupation Households in public rental housing (PRH) estates launched by the Hong Kong Housing Authority (HA) and its implementation.

BACKGROUND

The 2018 Policy Address

2. According to HA’s prevailing Under-occupation (UO) Policy, households with elderly members aged 70 or above are excluded from the UO list and are not required to move out of their flats ¹.

3. To better utilise PRH resources, the 2018 Policy Address suggested HA to launch a new initiative to allow UO households whose family members are all aged 70 or above (UO70+ households) to enjoy full rent exemption for life upon their transfer to smaller new or refurbished units.

¹ Under HA’s prevailing policy, if some family members of a household have moved out or passed away so that the remaining member(s) enjoy living space that exceeds the established allocation standards, they become an under-occupation household and should move to a PRH unit of an appropriate size as determined by HA. HA has adopted a phased approach to handle UO cases. The current UO standards and Prioritised Under-occupation (PUO) thresholds are as follows -

Household Size (no. of person)	1	2	3	4	5	6
UO Standards Internal Floor Area (IFA) (m²)	>25	>35	>44	>56	>62	>71
PUO Thresholds IFA (m²)	>30	>42	>53	>67	>74	>85

LIFETIME FULL RENT EXEMPTION SCHEME FOR ELDERLY UNDER-OCCUPATION HOUSEHOLDS (THE SCHEME)

4. Elderly UO households are generally reluctant to move out for various reasons. The proposed new initiative aims at giving an option to UO70+ households and at the same time increasing the supply of larger units for allocation to households of large family size who are awaiting PRH allocation.

5. In June 2019, HA endorsed the launch of a Trial Scheme on Lifetime Full Rent Exemption Scheme for Elderly Under-occupation Households, whereby UO70+ households are allowed to enjoy full rent exemption for life and are provided with Domestic Removal Allowance (DRA) upon their transfer to units of appropriate size. HA will allocate 300 units annually on a first-come-first-served basis. Eligible elderly UO households will be given a maximum of three housing offers in the residing estate or an estate in the same District Council (DC) district.

6. The Trial Scheme started accepting applications in December 2019. About 20 000 UO70+ households were invited to submit applications. HA conducted a review of the Trial Scheme in December 2020. Given the favourable response on the Trial Scheme received, HA endorsed regularising the Scheme and maintaining the prevailing annual quota of 300 units.

7. There have been views that HA should relax the eligibility criteria so that households whose family members are all aged 65 or above would also be eligible. However, for better utilisation of PRH resources, HA considers it more appropriate to give priority to the around 20 000 UO70+ households. To improve the effectiveness of the Scheme, HA has at the same time implemented enhancement measures as detailed below.

Enhancement Measures

Coverage extended to elderly households residing in Housing for Senior Citizens of Type I Design (HS1) and Non-self-contained Converted-one-person (C1P) Units

8. We encourage elderly households whose family members are all aged 70 or above residing in HS1 ² and non-self-contained C1P units ³ to join the

² Housing for Senior Citizens (HSC) was introduced in the 1990s as a hostel type of PRH accommodation with the provision of 24-hour welfare worker service for the elderly. HS1 is the earliest design of HSC through internal partitioning of a normal PRH flat into two to four smaller units with shared toilet and kitchen facilities. In 2006, HA endorsed the phasing-out programme of all HS1 blocks by converting HS1 units to normal PRH flats.

³ In order to increase the supply of small flats for one person, some PRH flats have been converted into 1P units through internal partitioning in the past. Households need to share toilets and kitchen facilities.

Scheme. Given their old age and their familiarity with the existing environment, these elderly households are less willing to move out of their flats. With a view to incentivising these tenants to move out so as to speed up the conversion of these units into their original PRH design for allocation, we have included these non-UO elderly households in the Scheme. We have proactively approached eligible elderly households to introduce the Scheme and encourage their participation.

Provision of a maximum of three housing offers in residing estate or an estate in the same PRH Application District

9. We note that some applicants requested to be allocated a flat in the estate where their children resided. To allow for better family support to the applicants, the district choice has been widened from the same DC district to the same PRH Application District, i.e. Urban, Extended Urban (including Tung Chung), New Territories and Islands (excluding Tung Chung), upon regularisation of the Scheme.

Other Incentives

10. We will continue to implement the following incentive measures –
- (a) waiving the Comprehensive Means Test and Domestic Property Test;
 - (b) providing DRA upon transfer to units of appropriate size; and
 - (c) offering new or refurbished units for the transfer.

Mechanism to Prevent Abuse

11. To prevent abuse, rent exemption will be withdrawn if a household subsequently fails to fulfil the eligibility criterion that all members of the household are aged 70 or above, or if additional housing resources are given to them under different housing policies, such as household splitting. However, rent-exempted households with subsequent deletion of family member(s) will not be affected, even though they become UO households as a result of the deletion.

LATEST POSITION

12. As at end-May 2021, some 21 000 UO70+ households were eligible for the Scheme, whereas about 350 and 140 elderly households whose family members are all aged 70 or above reside in HS1 and non-self-contained C1P units respectively.

13. The Scheme can effectively make use of existing public housing resources to increase the supply of larger units for households of larger family size who are awaiting PRH allocation. As at end-May 2021, we have approved 374 applications⁴, among which 77 households have accepted the allocations⁵. After the transfer of these 77 households, we have a net gain of about 1 320m² floor area for allocation to large family households⁶.

WAY FORWARD

14. HA will continue to adopt a reasonable and caring approach to proactively look into the reasons given by the elderly UO households who refused the allocation and handle their allocation requests on individual merits accordingly. Notification of allocation for the rest of the applicants will be issued as soon as possible.

15. HA will continue to publicise the Scheme through various channels, such as newspapers, estate newsletter, Housing Channel, HA/Housing Department website and social media platforms. A review of the Scheme will be conducted in 2023.

16. Members are invited to note the content of this paper.

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⁴ Out of the 374 approved applications, allocations had been made for 211 applications while the remaining ones are awaiting allocation of suitable flats.

⁵ Among the allocations for these 77 households, there were nine cases of cross District Council transfer. We believe that the nos. of successful cases will increase upon the utilisation of a maximum of three offers to the remaining applicants.

⁶ For instance, a one-person household which moved from a 2-bedroom flat of IFA 43m² at Sau Mau Ping Estate (Kwun Tong District) to a flat of IFA14m² at Yee Ming Estate (Tseung Kwan O District) saved expenses for monthly rent of \$3,400 subsequent to the enjoyment of lifetime full rent exemption. Moreover, HA could recover this 2-bedroom flat for allocation to a family of 5 to 6 persons.