

**For discussion
on 7 December 2020**

Legislative Council Panel on Housing

Cash Allowance Trial Scheme

Purpose

This paper briefs Members on the proposed Cash Allowance Trial Scheme (the Scheme).

Background

2. The Chief Executive announced on 14 January this year that the Government will provide cash allowance on a trial basis to eligible General Applicant (GA) households not living in public housing, not receiving the Comprehensive Social Security Assistance (CSSA) and who have waited for public rental housing (PRH) for more than three years, until they are offered the first PRH allocation. The rate of cash allowance under the Scheme would be determined by making reference to the level at about half of the CSSA rent allowance ceiling (i.e. half of the maximum rent allowance (MRA)). A review of this trial scheme will be conducted three years after implementation.

3. The policy objective of the Scheme is to alleviate the difficulties on livelihood faced by grassroots families who have been waiting for PRH for a prolonged period of time. The proposed cash allowance is not a “rental subsidy”. The Housing Department (HD) has been preparing for the launch of the Scheme, and aims to start receiving applications in mid-2021 and disbursing cash allowance from July 2021 onwards as announced in the 2020 Policy Address.

Eligibility

4. We propose that the target beneficiaries of the Scheme must meet all the following criteria throughout the period of receiving the cash allowance –

- (a) are GA households¹ who have **fulfilled the general eligibility criteria for PRH allocation** (e.g. within income and asset limits, with no domestic property in Hong Kong, meeting residence requirement, etc.);
- (b) are living in Hong Kong but **not living in public housing** (*see paragraph 6*);
- (c) are **not receiving CSSA**;
- (d) have been **waiting for PRH for more than three years** (*see paragraph 7*);
- (e) have **not requested, on their own volition, for putting on hold their PRH application**;
- (f) are **not holding a valid Green Form Certificate** for purchase of a subsidised sale flat (SSF) in lieu of PRH allocation²; and
- (g) have **not yet been provided the first PRH flat offer**³.

Payable to Some Household Members Under Certain Circumstances

5. Of the eligibility criteria mentioned above, it is possible that some members of a GA household are living in public housing (paragraph 4(b)) and/or receiving CSSA (paragraph 4(c)). In such cases, we propose that instead of rendering the whole household ineligible for the Scheme, only those who are living in public housing and/or receiving CSSA will be considered ineligible. In other words, only those member(s) meeting all the eligibility criteria will be counted as eligible household members for the purpose of determining the level of cash allowance (see paragraph 8 below for details). Separately, individual members of the GA households who are being detained in prison are not eligible to receive cash allowance under the Scheme, given its policy objective aims to

¹ GA households are those applications with two persons and above, as well as those under the single elderly persons priority scheme. Non-elderly one-person PRH applicants are not eligible for the Scheme.

² PRH applicants who have gone through detailed vetting and whose eligibility for PRH allocation have been confirmed may apply for a Green Form Certificate for purchase of an SSF in lieu of PRH allocation. The Green Form Certificate is valid for one year, during which HD will withhold PRH allocation for the Certificate holder. PRH allocation will only be resumed when (a) the applicant surrenders the Certificate; or (b) the Certificate expires. If the Certificate holder successfully purchases an SSF, his/her PRH application will be cancelled.

³ Save for cases of “reasonable refusal” as determined by HD under the existing policy.

alleviate the difficulties on livelihood faced by the grassroots who have been waiting for PRH for a prolonged period of time.

Coverage of Public Housing

6. One of the eligibility criteria (see paragraph 4(b) above) is that beneficiaries of the Scheme must not be living in public housing. The following persons⁴ are regarded as living in public housing and hence are **not eligible** for the Scheme –

- (a) tenant(s) and/or authorised occupant(s) of rental units provided by the Hong Kong Housing Authority (HKHA)/ Hong Kong Housing Society (HKHS)⁵; or
- (b) persons living in interim housing provided by HKHA.

Counting of Waiting Time

7. In determining whether a GA household has been waiting for PRH for more than three years, we will use the same mechanism that is used to determine the relative position of GA households on the PRH waiting list for PRH allocation, which is also currently being used to determine the PRH average waiting time for GA households as announced by HKHA from time to time. A GA household will be considered as having met the “more than three years” requirement from the first date of the calendar month in which the household has waited for PRH for more than three years⁶.

Level of Cash Allowance

8. The level of cash allowance to be disbursed under the Scheme will depend on the number of eligible members under the concerned GA households.

⁴ Owners/joint owners, ex-owners/ex-joint owners, former recipients, their spouses and their family members of various SSF schemes are ineligible to apply for PRH under the existing policy (save for those who purchased these units with premium paid in the open market). Hence they are not the target beneficiaries under the Scheme.

⁵ “Authorised occupant(s)” refers to a person listed on the tenancy agreement of the rental units provided by HKHA/HKHS.

⁶ To illustrate, if a GA household has waited for PRH for more than three years on 25 July 2021, it will be considered as having met the “more than three years” requirement from 1 July 2021.

Making reference to the CSSA MRA effective from 1 July 2020, the proposed cash allowance levels under the Scheme⁷ by halving the MRA are set out below –

Number of Eligible Household Members	CSSA MRA (effective from 1 July 2020)	Proposed Cash Allowance (rounded up to the nearest \$50)
1	\$2,475	\$1,250
2	\$4,370	\$2,200
3	\$5,245	\$2,650
4	\$5,910	\$3,000
5	\$6,590	\$3,300
6 or above	\$7,675	\$3,850

Implementation

9. The procedures for application and approval will be streamlined as far as possible. The information and supporting documents to be provided will also be kept to a minimum bearing in mind the GA households have already provided detailed information in connection with their PRH applications submitted quite some time ago though some updating may be required. HD intends to issue notification letters about the Scheme and application forms in the second half of June 2021 to all GA households who will have waited for PRH for more than three years by July 2021, and issue notification letters and application forms in the second half of July 2021 to all those who will have waited for more than three years by August 2021, etc. Those who are eligible and wish to apply for cash allowance under the Scheme should submit completed application forms to HD for processing.

10. In order to process applications under the Scheme efficiently so that eligible applicants can receive the cash allowance as soon as possible, apart from ascertaining that the applicants are not receiving CSSA and not living in public housing, HD will rely on the preliminary vetting already conducted before their PRH application was registered⁸, as well as the self-declaration to be made by the

⁷ The actual cash allowance levels upon the launch of the Scheme may be subject to further adjustment(s), if any, of the MRA before mid-2021.

⁸ Documents checked during preliminary vetting include copies of HKID card, birth certificates (for persons aged below 11), certificate of marriage (if applicable), medical proof (if applicable), and proof of residential address. Depending on the types of income(s) and asset(s), PRH applicants are required to submit declaration form and/or supporting documents accordingly. For example, persons who have fixed employer are required

applicants on continuing to meet the income and asset limits, etc. for PRH application. HD will conduct random checks on applications in order to guard against abuse. We will specify in the application form that the making of false statement/declaration or furnishing of false documents is a criminal offence subject to the Police's investigation and might render the applicant liable to prosecution. Also, the Government reserves the right to claw back the amount of cash allowance disbursed to the applicant who is found guilty of committing criminal offence in relation to the Scheme.

11. The cash allowance for approved applications will be disbursed on a monthly basis to the applicant/associated member(s) of the GA household concerned via bank transfer. Generally speaking, the start month for calculating cash allowance of each approved application will be determined by the date that the GA household has met all eligibility criteria, or the submission date of the completed application forms (as indicated on the postal stamp if submitted by post or as indicated on the HD stamp if submitted in person), whichever is later⁹, with 1 July 2021 being the earliest start date for calculating cash allowance. The estimated lead time of processing straightforward cases would be about one to three months before cash allowance disbursement by bank(s). HD aims to start disbursing cash allowance from July 2021 onwards.

12. It is estimated that upon launch of the Scheme in mid-2021, around 90 000 GA households may be eligible. Additional GA households will become eligible once they have waited for PRH for more than three years (provided that they also meet other eligibility criteria), while some GA households will cease to receive cash allowance under the Scheme once they are no longer eligible for the Scheme (e.g. having been provided with the first PRH flat offer). Disbursement of cash allowance will cease for all when this three-year trial scheme has ended in mid-2024 unless the Government makes a decision and secures the necessary funding beforehand to extend or regularize the trial scheme.

to submit the original Employer Certificate certified by the employer; and persons who own vehicle are required to submit completed declaration form on the net asset value of the vehicle, together with a copy of Vehicle Registration Document.

⁹ GA household adding family member(s) on top of those already included in the PRH application (for both the Scheme and the PRH application) will need to provide supporting document(s). The cash allowance level for the household concerned may only be adjusted accordingly starting from the month in which the GA household has submitted all necessary supporting document(s) to HD. Any GA households with subsequent removal of household members must also inform HD to adjust the cash allowance level accordingly.

Financial Implications

13. The disbursement of cash allowance under the Scheme entails an estimated **non-recurrent expenditure of some \$8 billion** covering the financial years from 2021-22 to 2024-25. We will seek the Legislative Council's approval of the required funding for the cash allowance under the Scheme in the context of the Appropriation Bill.

Advice Sought

14. Members are invited to provide their views on the proposed Scheme and the funding proposal.

Transport and Housing Bureau
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