

**Memorandum for the Subsidised Housing Committee of
the Hong Kong Housing Authority**

Youth Hostel Scheme

PURPOSE

This paper briefs Members on the Home Affairs Bureau (HAB)'s initial ideas about the interface between the Youth Hostel Scheme (the Scheme) and the eligibility for public housing.

BACKGROUND

2. HAB announced to the public in February 2013 the details of the two pilot projects under the Scheme to be operated by non-governmental organisations. These include the basic eligibility criteria and other operating parameters of the Scheme. HAB expects that, if the projects would proceed smoothly, the construction of hostels will be completed by 2016. As the Housing Authority (HA) is an important provider of public housing and the implementation agent of the Government's public housing policy, HAB is invited to introduce the initial ideas about the Scheme and its interface with public housing to the Subsidised Housing Committee of HA.

3. The implementation details of the Scheme and the proposed interface between the Scheme and public housing are set out in HAB's paper at

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Youth Hostel Scheme - Interface with Public Housing

Purpose

This paper sets out the proposed implementation details and the interface between the Youth Hostel Scheme (YHS) and public housing.

Background

2. In July 2012, the Chief Executive announced that the Government would provide non-governmental organisations (NGOs) with the full capital cost for developing hostels and associated facilities under the YHS. NGOs participating in the YHS will make use of the private land they own or sites already granted to them by way of Private Treaty Grant. The Home Affairs Bureau (HAB) briefed the Legislative Council Home Affairs Panel on the latest developments in February 2013, and announced that to implement the YHS, the HAB will start with two relatively more mature projects on a pilot basis, namely the Tung Wah Group of Hospitals' project at Hollywood Road and the Hong Kong Federation of Youth Groups' project at Tai Po. Based on the progress made in the two pilot projects, HAB will work with other NGOs which have expressed interest to participate.

Objectives

3. The YHS aims to unleash the potential of under-utilised sites in the hands of NGOs and provide some relief to the current shortage of housing accommodation for young people who wish to live away from home. The scheme will also meet the aspirations of some working youths in having their own living spaces for a period of time. For many, like those with lesser means who may rent sub-divided units, this will also improve their living conditions. While the youth hostels are not meant to provide a permanent accommodation, the scheme will give these young tenants an opportunity to accumulate savings to meet their aspirations.

Parameters for NGOs to operate and maintain the youth hostel

4. In order to achieve the policy objectives, we will set parameters for participating NGOs to operate and maintain the hostels. The parameters now set for the two pilot projects are set out in paragraphs 5 to 11 below.

Rental and tenancy period

5. The NGOs shall charge an affordable rental for the hostels. The rental should not exceed 60% of the market rent of flats with similar size in the proximity. Such rental will cover all the on-going costs required in running, operating and maintaining the hostels, such as management fee, cleaning fee, utilities, government rents and rates, etc. The NGOs should have due regard to the income level of the working youths in setting the rental level of a particular YHS. To facilitate turnover of hostel units, the first tenancy should be at least two years, which can be renewed for an aggregate of no more than five years.

Age and Permanent Residence of Target Tenants

6. The target tenants should be working youths (including self-employed) who are Hong Kong permanent residents aged 18 – 30. Given the limited places available under the YHS, we find it advisable to require tenants to be permanent residents.

Income limits

7. The income level of a one-person household applicant should not exceed the 75th percentile of the monthly employment earnings of employed persons aged 18 – 30, and the household income level of a two-person household applicant should not exceed twice the level of a one-person household. The hostels are meant to provide a choice of temporary accommodation targeted not just at those who are eligible for public rental housing (PRH). Hence, an income level more lenient than that applicable to one-person household applicants of PRH is set. This limit will be reviewed and, if necessary, adjusted annually in accordance with the latest figures issued by the Census and Statistics Department.

Asset limits

8. The total net asset limit of a one-person household should not exceed HK\$300,000 and the total net asset limit for a two-person household should not exceed \$600,000. We consider that a more lenient asset limit may encourage savings by the young tenants to meet their aspirations. This limit will be adjusted regularly by HAB in light of the Consumer Price Index.

9. NGOs may choose to set lower limits on income and assets. Having regard to the unique objective of YHS to encourage saving, the tenants should only be subject to the income and asset limit tests at the time of application but not upon renewal of tenancy.

Property ownership

10. The applicants shall not 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 to the NGOs which would give reasonable time for the tenants to move out from the hostel.

Admission Flexibility

11. We note that NGOs may come across cases where admission of the applicant would be in the best interest of the youth even though he/she cannot comply with some of the eligibility criteria. We therefore consider that NGOs should be given some discretion to assist such youths in special circumstances. Therefore, a margin of 5% of the total number of tenants of its hostel would be allowed for the NGO to admit non-compliant cases.

Interface with public housing

12. Under the YHS, youths will be allowed to queue up for both PRH and youth hostels at the same time. But we are of the view that hostel tenants should not be allowed to continue queuing for PRH once allocated a hostel unit. Although queuing for PRH is strictly speaking not a housing benefit, allowing youths to queue for PRH while occupying a hostel unit, which is highly subsidised by the Government, should not be encouraged, including those who are applying under the Quota and Points System (QPS).

13. Therefore the following arrangement is proposed for the three types of youths upon allocation of a youth hostel unit, subject to the agreement of the Housing Authority (HA) –

- (a) those who are applying for PRH on a one-person household application under the QPS – to steer them away from applying for PRH under the QPS, upon acceptance of the tenancy offered by youth hostels, hostel tenants will be required to withdraw their application on the PRH Waiting List and would not be able to re-apply throughout their stay in the hostel;
- (b) those who are applying for PRH together with their family – the family application would not be affected when the application is on the Waiting List. This is consistent with the concept of YHS where independent living is facilitated and his choice should not affect the rest of the

household and vice versa, hence an individual means-test is proposed. If the youth member of the family has been admitted to the youth hostel by the time the family is allocated a PRH flat, paragraph (c) below would set in;

- (c) upon acceptance of the tenancy offered by youth hostels, hostel tenants would be required to notify Housing Department (HD), but their tenancies with the HA would not be deleted. They would be regarded as taking “temporary absence” from PRH, just like those who are having employment/medical treatment outside Hong Kong. Also, the youth hostel tenant's income would still be included in the declaration of income and asset under the “well-off tenants policy”.

Interface with subsidized sale flats

14. We have also considered whether hostel tenants should be allowed to buy future subsidized sale units such as Home Ownership Scheme (HOS) flats either during their stay or after their stay at the youth hostels. Under the existing policy, previous owners of subsidized sale units are not eligible for future housing subsidy for home ownership. As youth hostel is not for home ownership and hostel tenants are not owners, they would continue to be eligible for subsidized sale flats, and should also be permitted to do so under the YHS in order to encourage upward mobility. For existing household members of subsidized sale flats, they do not need to inform HD if they go abroad for employment or studies. If the youth hostel tenants who are PRH residents are allowed “temporary absence”, and since there is no such “temporary absence” mechanism for HOS, there should be no need for the youth hostel tenants who have been living in HOS to inform HD of their youth hostel tenancy. Such arrangement would also apply to Sandwich Class Housing Scheme flats and Flat-for-Sale Scheme flats under the Hong Kong Housing Society.

Advice Sought and Way Forward

15. Members’ views are sought on the proposed arrangements in paragraph 13 and 14 above. Subject to members’ agreement, we will work out with Housing Department how the arrangement can be cross-checked at the technical level with NGOs and the Housing Department.