

**Memorandum for the Commercial Properties Committee  
and Subsidised Housing Committee of  
the Hong Kong Housing Authority**

**Proposed Rehousing and Associated Arrangements  
for the Clearance of Wah On House and Wah Lok House  
at Wah Fu Estate, Southern District**

**PURPOSE**

This paper seeks Members' approval of the proposed rehousing and associated arrangements for the clearance of Wah Fu Estate (WFE) Phase 1a - Wah On House and Wah Lok House in Southern District.

**RECOMMENDATIONS**

2. Members are recommended to –
  - (a) note our plan to announce the clearance of Wah On House and Wah Lok House at WFE (site for Phase 1a of the redevelopment) in **March 2024** with a view to clearing the site in **July 2027** (paragraph 3);
  - (b) approve the proposed rehousing and associated arrangements for the affected domestic tenants, including the proposed revision of the Singleton Allowance (SA)/Doubleton Allowance (DA) and follow the established order of priority in flat selection for the Sale of Green Form Subsidised Home Ownership Scheme (GSH) Flats 2023 (GSH 2023) (paragraphs 5 to 10);
  - (c) approve the granting of Ex-gratia Allowance (EGA), restricted tender opportunity to lease the Housing Authority (HA) market shopstalls or Lump Sum Payment (LSP) for eligible commercial tenants (paragraph 11);

- (d) note the other associated arrangements for eligible commercial tenants (paragraph 12);
- (e) approve the establishment of an on-site Community Service Team (paragraph 13 to 14); and
- (f) approve declassification of this paper (paragraph 21).

## **BACKGROUND**

3. The Strategic Planning Committee (SPC) at its meeting held on 7 March 2024 approved the clearance of Wah On House and Wah Lok House at Wah Fu (I) Estate under Phase 1a as the initial phase and the use of the site at Wah King Street as reception estate. SPC also agreed to set **July 2027** as the target clearance date. Subject to Members' approval of the proposed rehousing arrangements detailed below, we will formally announce the clearance of Wah On House and Wah Lok House together with the rehousing arrangements in March 2024 and target to clear the site in July 2027. This should provide affected tenants a notification period of around 40 months. An estate plan showing the clearance boundary plan of WFE Phase 1a and the location of rehousing resources is at **Annex I**.

4. Located in Southern District, WFE comprises twelve old slab blocks of Wah Fu (I) Estate completed from 1967 to 1969 and six twin tower blocks of Wah Fu (II) Estate completed from 1970 to 1978. Built in 1967 and 1968 respectively, Wah On House and Wah Lok House at Wah Fu (I) Estate consist of 911 domestic units (currently occupied by 895 households). With no welfare facility in the concerned blocks, this clearance affects 23 commercial tenancies eligible for EGA, one LegCo Member's Office and one Neighbourhood Police Office located in Wah On House.

## **ARRANGEMENTS FOR DOMESTIC TENANTS**

### **(a) Rehousing to Public Rental Housing (PRH) units**

5. Adequate rehousing resources will be made available for the affected domestic tenants. Currently, there are 895 households living in Wah On House and Wah Lok House. As endorsed by SPC in March 2024, the Wah King Street

site (with a total of 1 208 units) expected to be ready for occupation in late 2026, will be used as reception estate for the affected tenants, who will also be allowed to move to refurbished flats in any district of their choice subject to availability of suitable refurbished flats.

**(b) Domestic Removal Allowance (DRA)**

6. Residents affected by HA or government clearance exercises will be paid DRA to help meet part of their moving expenses. Under the prevailing policy, affected domestic tenants who are given advance notification of more than 30 months will be offered normal DRA. Otherwise, they will be offered twice the amount of DRA to compensate for a shorter notification period. Since the current notification period for clearance of Wah On House and Wah Lok House is more than 30 months, normal DRA will be offered. The prevailing DRA rates as mentioned in Paper No. **SHC 3/2024** are –

Household size (No. of Persons)	DRA Rates (\$)
1	10,030
2-3	17,300
4-5	24,570
6 and above	31,910

**(c) Singleton Allowance/Doubleton Allowance (SA/DA)**

7. SA and DA aim at providing eligible one-person (1-P) and two-person (2-P) households affected by HA or government clearance exercises an option to choose cash allowance in lieu of PRH. Recipients of SA/DA will be debarred from further payment of the allowance and any further form of subsidised housing for two years from the collection date of SA/DA.

8. In accordance with the formula<sup>Note 1</sup> approved by the then Management Operations Committee (MOC) in 1997, the prevailing SA and DA rates, last revised in 2020 are \$79,310 and \$96,180 respectively. In accordance with the established formulae, we propose to revise SA and DA rates as set out below. Detailed calculation is at **Annex II**.

Household size (No. of persons)	Singleton and Doubleton Allowance		
	Existing Rates (\$)	Proposed Rates (\$)	Variation (\$)
1	79,310	78,530	-780 (-0.98%)
2	96,180	95,790	-390 (-0.41%)

9. We **propose** that the revised SA and DA rates will be applicable to all HA and government clearance exercises formally announced on or after the date of approval of this paper. For clearance exercises already announced, the SA/DA rates will remain unchanged at the then prevailing rates applicable to each individual project.

**(d) Purchase of Home Ownership Scheme (HOS)/GSH Flats**

10. Under the established practice in current redevelopment projects, apart from the above rehousing arrangement, affected tenants who would like to purchase HOS/GSH flats in lieu of PRH will be accorded priority in flat selection over other applicants to purchase subsidised sale flats (SSFs) in the subsequent sale exercise(s) of SSFs launched before the target clearance date. To this end, the Subsidised Housing Committee (SHC) endorsed on 11 January 2024 the sales arrangements for GSH 2023 (Paper No. **SHC 1/2024**). Application for GSH 2023 will be invited in late March 2024. In line with the established practice, we **propose** that eligible households of Wah On House and Wah Lok

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Note 1 Based on the formulae approved by the MOC in 1997, the rates are calculated as follows –

SA = Average private unit rent for all districts for 1-P x average flat size for 1-P x 12 months

DA = Average private unit rent for all districts for 2-P x average flat size for 2-P x 12 months

House of WFE would be given priority in flat selection over other applicants in GSH 2023 if they would like to purchase GSH flats in lieu of PRH rehousing<sup>Note 2</sup>.

## ARRANGEMENTS FOR COMMERCIAL TENANTS

11. Eligible commercial tenants under fixed term tenancies paying market rent will be offered EGA<sup>Note 3</sup> equivalent to 15 times of the monthly exclusive rent as specified in the tenancy agreement applicable on the date of formal announcement of clearance. They will also be given the opportunity to participate in restricted tender exercises for shopstalls in HA's markets. Successful bidders will be given a three-month rent free period for the new tenancy. If the eligible tenants give up the restricted tender opportunity, they will be granted a LSP<sup>Note 4</sup> in lieu. In line with the established practice, the provision of EGA arrangement and the restricted tender opportunity or LSP in lieu is not applicable to the LegCo Member's Office. One Neighbourhood Police Office located in Wah On House will be affected by the clearance. However, a new Police Office will be re-provided at the phase 1a reception site, namely Wah King Street. In line with previous practice, no EGA will be granted to Police Office and its rent will not be frozen and will be subject to rent review in the usual manner.

12. In line with the current practice for clearance projects, upon formal announcement of the clearance, the following will apply –

Note 2

Priority	Category of Applicants
1.	Family applicants who are affected by HA's announced clearance programme(s) and where the target clearance date(s) is/are after the launch date (application commencement date) of GSH 2023 (i.e. Wah On House and Wah Lok House of WFE)
2.	GF family applicants applying under the Priority Elderly Scheme
3.	Other GF family applicants
4.	One-person applicants who are affected by HA's announced clearance programme(s) and where the target clearance date(s) is/are after the launch date (application commencement date) of GSH 2023 (i.e. Wah On House and Wah Lok House of WFE)
5.	Other GF one-person applicants

Note 3 As approved by the Commercial Properties Committee (CPC) in December 2023 vide Paper No. CPC 14/2023.

Note 4 Currently fixed at \$125,000 as approved by CPC in December 2023 vide Paper No. CPC 14/2023.

- (a) all the existing commercial tenancies will not be renewed after expiry of the present term. Those intend to continue their business operation would be granted a monthly licence until two months before the target clearance date; and
- (b) the existing rents of all the commercial premises will be frozen, and their rents/licence fees will be reviewed at a six-month interval.

### **COMMUNITY SERVICE TEAM (CST)**

13. There are over 890 households in the affected blocks (i.e. Wah On House and Wah Lok House), among which about 180 are elderly ones (i.e. all family members are over the age of 60). In line with previous clearance projects, we propose to establish a CST on site to provide help to the affected residents. Experience in the past clearance projects indicates that the professional service of CST can help alleviate anxieties and adjustment problems of the affected households and is welcomed by the local community.

14. As in the past redevelopment exercises, the CST service will be tendered to a non-governmental organisation. The team, headed by a social worker, will offer services to affected households-in-need especially the elderlies, by assisting them in various matters relating to vacation of their existing flats and adaptation to their new living environment. The service team will coordinate with volunteers in providing assistance and liaise with local organisations for arranging social/recreational functions and community programmes for the affected households, etc. It will also help maintain effective communication between HA and the affected households, explaining to the latter the detailed rehousing arrangements and addressing their questions.

### **STAFF IMPLICATION**

15. The manpower required for setting up the on-site Rehousing Team to take up the clearance will be met through internal staff redeployment and no additional posts will be created.

## **FINANCIAL IMPLICATIONS**

16. On the assumption that all the commercial tenants will give up restricted tender opportunity and opt for lump sum payment, the total expenditure on various allowances (i.e. DRA, SA/DA, EGA) for domestic and commercial tenants is estimated at \$24.9M. The estimated expenditure required for 2024/25 is \$2.3M and funds have been provided in the 2024/25 Approved Budget. For requirement from 2025/26 onwards, funding will be sought in relevant budget exercises.

17. The procurement of CST is subject to tender and the estimated cost for engaging CST is \$4.7M. The estimated expenditure required for 2024/25 is \$0.8M and the cost will be absorbed in the 2024/25 Approved Budget. For requirement from 2025/26 onwards, funding will be sought in relevant budget exercises.

## **PUBLIC REACTION AND PUBLICITY**

18. The Southern District Council (SDC) has been requesting for early redevelopment of WFE over the past years. It is expected that majority of the affected domestic tenants of Wah On House and Wah Lok House would welcome the proposed rehousing and associated arrangements.

19. A press release to announce the clearance and the rehousing and associated arrangements will be issued after the joint CPC and SHC meeting. We shall also explain the detailed clearance arrangement to the District Council concerned. Staff from the on-site Redevelopment Team, Estate Management Office and CST will explain the details of the rehousing arrangement to the affected tenants and provide assistance to them as necessary.

20. The clearance of the two blocks in WFE may invite demands for redevelopment of other PRH estates, especially those built earlier. We will explain that HA considers redevelopment of individual estates with reference to four basic principles, viz. structural condition of the buildings, cost effectiveness of repair works, availability of suitable rehousing resources in the vicinity of the estates to be redeveloped, and build back potential upon redevelopment. HA will continue to consider redevelopment on an estate-by-estate basis in accordance with its policy and criteria.

## **DECLASSIFICATION**

21. We recommend this paper be declassified upon Members' approval of the recommendations in paragraph 2 above. The paper will be made available to the public at the HA website, the Department's Library and through the Departmental Access to Information Officer if it is declassified.

## **DISCUSSION**

22. At the joint meeting of CPC and SHC to be held on 14 March 2024, Members will be invited to approve the recommendations in **paragraph 2** above.

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(Strategy Division)  
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c.c. Members of the Finance Committee

### **List of Annexes**

**Annex I Clearance Boundary Plan of Wah Fu Estate Phase 1a and the Rehousing Resources**

**Annex II Calculation of the proposed Singleton/Doubleton Allowance**



### Calculation of the proposed Singleton/Doubleton Allowance

Household size	Average allocation area <sup>Note(1)</sup> (A)	Average rent for private units <sup>Note(2)</sup> (B)	Proposed rates <sup>Note(3)</sup> =(A) x (B) x 12
	(m <sup>2</sup> , IFA)	(\$/m <sup>2</sup> , IFA)	\$
1	16.04	408	78,530
2	21.75	367	95,790

#### Notes

- (1) “Average Allocation Area” refers to the average flat size of existing HA’s housing stock of 1-P and 2-P flats of 1997 Harmony and later block types as at 30 September 2023.
- (2) “Average rent for private units” refers to the average private unit rent for the household size concerned in all districts based on the statistics of the Rent Survey of the Census and Statistics Department for the 3<sup>rd</sup> quarter of 2023.
- (3) Proposed rates for the SA/DA are calculated as one year’s rent for a household to rent a private flat of comparable size to PRH. Recipients of SA/DA are debarred from further payment of the allowance and any further form of subsidised housing for two years. The amount is rounded to the nearest \$10.