

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

**Safeguarding the Rational Use of Public Rental Housing Resources**

**PURPOSE**

This paper sets out options to enhance efforts to combat tenancy abuse; enhance the “Well-off Tenants Policies” (WTP) and the “Addition Policy” with a view to safeguarding the rational use of public rental housing (PRH) resources for Members’ consideration.

**BACKGROUND**

2. Public housing is precious social resources, and should be used optimally and rationally allocated to those genuinely in need. As such, the Hong Kong Housing Authority (HA) has all along been committed to combating tenancy abuses through preventive detection, investigation, publicity and education, and rigorously pursue every tenancy abuse case. During the PRH application stage, we conduct vetting on applicants from time to time, including preliminary vetting upon receipt of applications; random checking on cases after preliminary vetting; detailed vetting, which includes interviews with the applicants and all family member(s) aged 18 or above listed on the application forms prior to making a formal allocation offer to ascertain applicants’ eligibility. Upon completion of the detailed vetting, we will also randomly select prospective tenants soon to be allocated PRH flats for in-depth investigations to ascertain their eligibility. In 2022/23 alone, the Housing Department (HD) processed around 40 000 cases of detailed vetting where interviews were needed.

3. For PRH tenants, detection efforts include but are not limited to routine home visits and in-depth investigations into suspected cases, etc. Between November 2020 and October 2022, HD conducted routine home visits to around 640 000 PRH tenants to verify their occupancy status. Tenants confirmed to have abused PRH resources will have their tenancies terminated;

and those who knowingly make false declarations may even be prosecuted. In 2022/23 (as at end-February 2023), around 11 000 PRH units were recovered due to various reasons (e.g. voluntary surrender by tenants, purchase of subsidised sale flats (SSFs) and issuance of Notices-to-Quit), over 1 900 of which were recovered due to tenancy abuse and/or breach of tenancy agreement or related policies, which was more than the 1 300 cases on average in the past three years.

4. Furthermore, to address the increasing demand for PRH, HA has been addressing the issue of well-off tenants through a series of measures. Under WTP, HD processes no less than 450 000 income and asset declaration forms in each two-year declaration cycle to determine whether PRH tenants have to pay extra rent or even vacate their flats. Depending on the nature of the case and the number of household members stated on declaration forms, HD would enquire relevant employers (if applicable) and a number of specified local banks/financial institutions about the key information and financial positions of tenants. Furthermore, HD would make enquiries to known government bureaux/departments (B/Ds) and organisations based on individual tenants' situations and information at hand. To enhance enforcement effectiveness, we have been stepping up the collaboration with different B/Ds and strived to apply new technologies to conduct investigations, gather evidence and take enforcement actions, so as to combat tenancy abuse and enforce WTP more effectively.

5. HD conducts in-depth investigations on no less than 10 000 cases each year. However, since there are over 800 000 PRH households, it would be difficult and not cost-effective to curb tenancy abuse simply by proactive inspections and checking mechanisms. Therefore, while proactively taking enforcement actions, HA educates the public that PRH resources are precious, and encourages whistleblowing. Since the implementation of the revised WTP in 2017, as at end-February 2023, more than 3 200 households surrendered their flats or had their flats recovered due to various reasons, which include household income or total net asset exceeding the prescribed limits, owning domestic property in Hong Kong, refusing to make declarations, as well as extra rent payers surrendering their flats after purchasing flats under subsidised sale flat schemes (such as Home Ownership Scheme, Tenants Purchase Scheme, Green Form Subsidised Home Ownership Scheme, etc.).

6. The Subsidised Housing Committee (SHC) has reviewed issues relating to the rational use of PRH resources in the past. On 31 October 2016, SHC examined a number of existing policies, including WTP, the "Policy on Grant of New Tenancy," the policy on allowing PRH tenants to apply for another

PRH unit and the “Under-occupation Policy”. SHC endorsed the revised WTP on 9 December 2016; and further endorsed the related implementation details on 14 February 2017. Implementation of the revised policies commenced on the declaration cycle in October 2017.

## **PROPOSALS FOR POLICY REVISION**

7. Recently, there have been discussion in the community on cases of tenancy abuse and well-off tenants, and there are views that HA should tighten the relevant policies and implementation arrangements. At the brainstorming session held on 4 May 2023, SHC explored the relevant issues and various proposals. Members at the brainstorming session agreed that HA had already put in place well-established policies and mechanisms and deployed substantial manpower to ensure that PRH resource allocation was targeted on those with more pressing housing needs. As PRH resources are scarce, a number of Members considered that PRH tenants should be responsible for the rational use of PRH resources, and opined that HA should consider implementing measures which make PRH tenants better acknowledge and assume responsibilities. However, Members were also concerned that overly harsh measures might backfire, such as creating unnecessary nuisances to PRH tenants, or even disrupting social harmony among PRH tenants. Members considered it necessary to balance the pros and cons and prudently implement the enhancement measures so as not to create other social problems. Taking into account Members’ views, we have formulated some recommendations regarding the aforementioned issues, for Members’ consideration. Details are set out in –

----- **Annex A – Proposals to enhance efforts in combat PRH abuse**

----- **Annex B – Proposals to enhance the “Well-off Tenants Policies”**

----- **Annex C – Proposals to enhance the “Addition Policy”**

8. Some issues set out in the Annexes are controversial. We must point out that increasing PRH supply remains the key to addressing PRH demand. However, we must also ensure at the same time that PRH resources are not abused and instead allocated to those with genuine need.

## **PUBLICITY ARRANGEMENTS**

9. If the proposals set out in the Annexes are endorsed by SHC, we will publicise the arrangements through press release. For sitting tenants, we will make use of various existing channels, including Estate Newsletter, Housing Channel and the HA/HD website, to inform them of the revised arrangements. In addition, we will distribute relevant materials to new tenants upon signing the tenancy agreements to remind them of the relevant details.

## **DECLASSIFICATION**

10. We recommend that this paper be declassified after the meeting. The paper will be made available to the public at the HA homepage, HD's library and through the Departmental Access to Information Officer if it is declassified.

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## **Proposals to enhance efforts in combating PRH abuse**

### **Current Policies**

Public Rental Housing (PRH) is precious social resources, which should be used optimally and be rationally allocated to those with genuine need. The Hong Kong Housing Authority (HA) has hence all along adopted multi-pronged and risk-based measures, including preventive detection, in-depth investigation, publicity and education, etc., to comprehensively combat tenancy abuse.

2. Common tenancy abuse behaviors include non-occupation or not retaining regular and continuous residence for over three months; subletting (with or without rental income); engaging in illegal activities (e.g. gambling, possession of drugs or illicit cigarettes, etc.); non-domestic usage (e.g. commercial activities, storage, etc.); false declaration of information such as income, assets, or household status, etc. If tenants are found to have abused PRH, breached the tenancy agreement or housing policies after investigation, the Housing Department (HD) will take appropriate tenancy management actions, including tenancy termination. Tenants knowingly give false statements when making declarations are liable to prosecution. If convicted, these tenants may be subject to fine and imprisonment.

### **Existing measures for combating tenancy abuse**

#### ***PRH application stage***

3. There are generally two phases for HA to process PRH applications, namely Preliminary Vetting (PV) and Detailed Vetting (DV). HD will vet the information of the applicants and his/her family members listed in the application, including their income, assets and property ownerships, etc., upon receipt of their PRH application forms. Applications having passed PV will be registered. During the application period, applicants must continue to fulfill all eligibility criteria. If there is any change to the information provided upon application, applicants must inform HD in writing. HD will interview the applicant and his/her family member(s) listed in the application for DV prior to flat allocation. They must provide all the necessary information during the detailed vetting interview for HD's vetting and verification. The applicant and his/her family member(s) must truthfully declare all their income, assets and other application particulars. HD will also conduct random checks on PRH applications by conducting in-depth investigations regarding their eligibility. For Quota and Points System (QPS) applicants, HD will additionally conduct regular checking for those who have waited for five years but are not yet due for DV within the next two years. Numbers of PRH applications rejected or cancelled at each stage of vetting in the past two years are tabulated below –

<b>Vetting Stage</b>	<b>2021/22</b>	<b>2022/23</b>
PV (applications failing to be registered due to ineligibility and rejected )	Around 7 400	Around 6 500
Checking of QPS non-elderly one-person during application stage (Cancelled applications )	Around 8 400	Around 5 100
DV (Cancelled applications )	Around 10 200	Around 12 800

### ***PRH Tenants***

#### Daily estate management and routine home visits

4. Estate management staff of HD survey the occupancy status of the over 800 000 PRH tenants<sup>Note</sup> through daily estate management and routine home visits. Routine home inspection is conducted biennially. Apart from verifying tenancy information and checking occupancy status, the staff will also observe whether the tenants have breached any term of the tenancy agreement or contravened the Marking Scheme for Estate Management Enforcement in Public Housing Estates (Marking Scheme) during home visits, with a view to effectively combating tenancy abuse and breaches of tenancy agreement.

5. Estate management staff would refer suspected tenancy abuse cases to the Central Dedicated Unit (CDU) for investigation. CDU conducts in-depth investigation on the referred cases, suspected abuse cases reported by the public and randomly selected cases (including cases related to occupation status and declaration of income and assets). CDU has all along been gathering intelligence through various channels such as free aerogrammes, emails, online forms and reporting hotlines to detect suspected tenancy abuse cases proactively. HA has also been enhancing the communications and collaboration with relevant government bureaux/departments (B/Ds). HA would liaise with other B/Ds for key information, with a view to accurately and effectively investigating tenancy abuse cases, so as to comprehensively combat tenancy abuse and safeguard precious PRH resources.

#### Intensified measures

6. HA will adjust its strategies and manpower deployment as appropriate to enhance the effectiveness of the investigative efforts. We will strengthen our manpower with personnel who has investigation and prosecution experience in order to step up enforcement. We have also enhanced the communications and collaboration with other B/Ds, and explore the application of information technology to facilitate the gathering of key information, with a view to gathering intelligence more promptly and effectively as well as boosting the detection rate.

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Note Including tenants in PRH and licensees in interim housing.

### Publicity and education

7. Continuously educating tenants and the public on the importance of the rational use of PRH resources is an important part of HA’s publicity efforts. Through various channels, including displaying advertisements on public transport and on large outdoor billboards at the entrances/exits of various tunnels; putting up online advertisements; releasing online games; producing animated videos for broadcasting on online digital platforms and public transport system (e.g. MTR compartments/stations); displaying posters and promotional banners at public estates; distributing aerogrammes for reporting tenancy abuse and calendar cards to all PRH tenants; and regularly disseminating relevant messages and broadcasting publicity videos through the “Estate Newsletter”, the HA/HD website, housing information platforms and radios, HA proactively promotes the message of combating tenancy abuse among tenants and encouraged them to report suspected cases.

### **Performance**

8. In 2021/22, about 1 300 flats were recovered due to tenancy abuse and breach of tenancy agreement or housing policies. Between April 2022 and February 2023, there were already more than 1 900 flats recovered due to the aforementioned reasons, which is more than the total flat number of two harmony PRH blocks. In the past four years, the average annual number of PRH flats recovered by HA due to various reasons was about 10 000. Details are tabulated below –

<b>Reason</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23 (as at end- February 2023)</b>
Voluntary surrender by tenants *	Around 4 500	Around 5 200	Around 5 300	Around 7 000
Purchase of subsidised sale flats	Around 5 400	Around 4 000	Around 3 200	Around 2 400
Issuance of Notices-to-Quit (NTQs)	Around 1 300	Around 1 200	Around 1 200	Around 1 700
<b>Total number of flats recovered</b>	<b>Around 11 200</b>	<b>Around 10 400</b>	<b>Around 9 700</b>	<b>Around 11 100</b>

\* Including flats surrendered voluntarily by tenants found to have abused PRH

### **Members’ initial views**

9. At the brainstorming session on 4 May 2023, some Members considered it necessary to raise PRH tenants’ awareness of the rational use of public housing resources and step up efforts in combatting PRH abuse. Some Members noted that PRH

applicants could re-apply for PRH immediately even though their applications were cancelled on grounds of making false statements. They considered such an arrangement unfair to other applicants. Some Members agreed that a debarment period should be imposed on relevant persons before they can re-apply for PRH in order to enhance the deterrent effect. Furthermore, some Members noted that according to current policies, tenants to whom HD issued NTQs under the Marking Scheme or for any other tenancy breach would be barred from registering and applying for PRH for two years from the date of tenancy termination. Even if their PRH applications were approved in the future, they would not be allocated units better than the previous ones in terms of geographical location, age of building and floor level. To enhance the deterrent effect against these infractions, some Members suggested that the two-year period mentioned above should be extended. Meanwhile, some Members were concerned that as the current average waiting time for PRH was over five years, if we introduced a debarment period for those whose applications were cancelled and extended the debarment period for those whose tenancies were terminated to re-apply PRH, some offenders with urgent housing needs might be forced to live in inadequate housing, and hence suggested the debarment periods be capped at most three years.

10. According to the terms of the tenancy agreement, tenants and their family members can only use the PRH units for residential purpose, and shall not assign, sublet, illegally use or part with the possession of the said premises or any part thereof. They should take up the tenancy of the said premise within one month after the commencement of the tenancy, and thereafter retain regular and continuous residence therein. If PRH tenants are found to have breached any terms of the tenancy agreements, HA can immediately terminate the relevant tenancies and recover the units. To further enhance the effectiveness of combatting tenancy abuse, some Members were of the view that tenants should be required to make declarations regularly so that they can better acknowledge and assume their responsibilities.

11. However, it would be onerous to distribute declaration forms to over 800 000 PRH tenants and verify their declared information, which would increase the workload of frontline staff. Tenants would also consider frequent declarations a nuisance. Some Members suggested that the content of the declaration should be kept as simple as possible and to ensure operational feasibility in order to minimise the inconvenience that might be caused to residents.

## **Proposals**

12. Having taken into account Members' initial views, below are feasible options for Members' further consideration.

*(a) Introducing a debarment period for applicants whose applications were cancelled before they can re-apply for PRH*

13. Currently, if PRH applicants are found to have made false declarations during the application stage, their applications would be cancelled, and the applicants may face criminal prosecution. To enhance the deterrent effect, we **propose** that applicants whose PRH applications are cancelled on grounds of making false declarations **should be barred from re-applying for PRH for a period of five years**. If there are special and extenuating circumstances, we will seek professional advice from the Social Welfare Department to consider if discretionary arrangement is warranted.

*(b) Tightening the restrictions for former PRH tenants whose tenancies were terminated due to PRH abuse*

14. Currently, former PRH tenants whose tenancies were terminated due to making false declarations, breaching any terms of the tenancy agreement (such as non-occupation, subletting, engaging in illegal activities or non-domestic usage), violating the Marking Scheme, etc., will not be eligible to apply for PRH for two years from the date of termination. To strengthen the deterrent effect, we **propose** to extend the debarment period to **five years**. If there are special and extenuating circumstances, we will seek professional advice from the Social Welfare Department to consider whether discretionary arrangement is warranted. This is in line with the restriction imposed on applicants whose PRH applications are cancelled on grounds of making false declarations as mentioned in paragraph 13 above.

15. We appreciate that persons mentioned in paragraphs 13 and 14 may have to wait for a long time before being allocated/re-allocated PRH. However, we must point out that the proposed restrictions only apply to those whose applications are cancelled on grounds of making false declarations and those whose tenancies are terminated due to PRH abuse. We believe that the debarment periods must be sufficiently long to achieve the intended deterrent effect if we are to rigorously combat these behaviors. Furthermore, as there are already compassionate arrangements to cater for extenuating circumstances, we believe the relevant proposals have struck a reasonable balance.

*(c) Requiring PRH tenants to make regular declarations*

16. To further strengthen the effectiveness of our efforts combating tenancy abuse. We **propose** to require PRH tenants to **make declarations every two years that they have continuously resided in the units and complied with the terms in the tenancy agreement regarding occupancy status** after admission to PRH (tenants are also required to declare if they own any domestic properties in Hong Kong in this declaration form. Please also see paragraph 12 of Annex B). Tenants who refuse to make declarations or fail to make declarations within the specified time may have their PRH tenancies terminated. Tenants are also required to authorise HA to check their information with relevant B/Ds and public/private organisations. Tenants are liable to

criminal prosecution if they are found to have provided false information. Furthermore, according to HA's prevailing policies, whether or not the persons concerned are prosecuted or convicted, HA can still terminate their tenancies by virtue of the power conferred by section 19(1)(b) of the Housing Ordinance. The proposed declaration mechanism will increase the deterrent effect, raise the awareness of cherishing PRH resources among tenants, and at the same time empower HD to verify tenants' information with the relevant B/Ds and public/private organisations.

17. To streamline the process and minimise inconvenience to tenants, the forms for the regular declarations proposed in paragraph 16 will be distributed at the same time with those under the Well-off Tenants Policies (WTP).

### **IMPLEMENTATION TIMETABLE AND PUBLICITY**

18. We recommend implementing the proposals in paragraphs 13 to 17 above starting from **1 October 2023**. As PRH tenants will be required to declare their occupation status and whether they own any domestic properties in Hong Kong biennially (paragraph 16 above refers), we will need to allow sufficient time for the revision of relevant documents (e.g. Declaration Guide and declaration form, etc.), and the preparation of manpower and other administrative support. As a matter of fact, as there are over 800 000 PRH tenants, it is necessary for us to conduct declarations in batches. Declarations under WTP are conducted in April and October each year (the declaration cycle for the majority of tenants commences in April while that for a small portion of tenants commences in October). With reference to past experience, we recommend that the new declaration requirements should be implemented **starting from the declaration cycle in October 2023 in five batches**: For tenants who have been living in PRH for less than ten years, they are only required to submit the newly introduced declaration. For tenants having lived in PRH for ten years, they should submit the newly introduced declaration as well as the declaration form required under the current WTP. Detailed schedules are tabulated below –

	<b>Declaration Cycle in October 2023</b>	<b>Declaration Cycle in April 2024</b>	<b>Declaration Cycle in October 2024</b>	<b>Declaration Cycle in April 2025</b>	<b>Declaration Cycle in October 2025</b>
For Estate Offices/ District Tenancy Management Offices to send declaration forms to tenants required to make declarations	End-September 2023	End-March 2024	End-September 2024	End-March 2025	End-September 2025
The deadline for tenants to return the duly completed forms	By 30 November 2023	By 31 May 2024	By 30 November 2024	By 31 May 2025	By 30 November 2025

**ADVICE SOUGHT**

19. Members are invited to comment on the proposal in paragraphs 13 to 18 above.

## **Proposals on enhancing the “Well-off Tenants Policies”**

### **Current policies**

The Hong Kong Housing Authority (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” (WTP). Under WTP, after living in public rental housing (PRH) for ten years, tenants will have to declare both their income, assets and whether they own private domestic properties in Hong Kong in the biennial declarations. If tenants choose not to make such declarations, they are required to vacate their flats. PRH households whose family income exceeds five times the prevailing PRH income limits (PRHILs) or whose total household net asset value exceeds 100 times the prevailing PRHILs are required to vacate their PRH flats. While tenants having lived in PRH units for less than ten years are not required to declare income and assets, they will still have to vacate their PRH units regardless of their length of PRH residency if the Housing Department (HD) receives complaints and confirmed that they own private domestic properties in Hong Kong.

2. Under WTP, households who are required to vacate their PRH flats but have temporary housing needs may apply for a Fixed-Term Licence to stay in their flats for a period of not more than 12 months counting from the date of tenancy termination, during which a licence fee equivalent to the double net rent plus rates or market rent is charged <sup>Note 1</sup>, whichever is higher.

3. For households who do not own domestic property in Hong Kong and whose household income and net asset value do not exceed the prescribed levels of income and asset, they may continue to live in their PRH flats. However, if their household income exceeds two times and not more than three times the prevailing PRHILs, they will be required to pay 1.5 times net rent/licence fee plus rates; if their household income exceeds three times and not more than five times the prevailing PRHILs, they will be required to pay double net rent/licence fee plus rates. WTP income and asset limits are set out in **Appendix**.

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Note 1 Market rent includes net market rent, management fees, and rates.

4. Households exempted from WTP include those with all members (i) aged 60 or above; (ii) receiving Comprehensive Social Security Assistance; (iii) eligible for/receiving the Social Welfare Department's Disability Allowance; (iv) on shared tenancies<sup>Note 2</sup>. The exemption covers households with all members in different combinations of (i), (ii) and (iii) above.

5. The principal tenant and all household member(s) aged 18 or above listed in the declaration form are required to sign the form to indicate their knowledge of, consent to and compliance with the terms and conditions of the declaration form. The declaration form requires households to declare that all particulars furnished are true and correct, and are reminded that it will be a criminal offence if one knowingly give false statements/refuses or neglects to furnish any necessary particulars.

### **Latest Statistics**

6. As at end-February 2023, 30 716 well-off households (i.e. 3.82%) were identified, among which 27 265 were paying 1.5 times net rent, 3 395 were paying double net rent, while 56 were paying market rent.

7. Since the implementation of the revised WTP in 2017, as at end-February 2023, over 3 200 households surrendered their flats or had their flats recovered due to various reasons, including household income or total net asset levels exceeding the prescribed limits, owning domestic properties in Hong Kong, refusing to make declarations, and extra rent payers surrendering PRH flats after purchasing flats under subsidised sale flat schemes (e.g. Home Ownership Scheme, Tenants Purchase Scheme, Green Form Subsidised Home Ownership Scheme, etc.).

### **Members' initial views**

8. At the brainstorming session on 4 May 2023, Members agreed that although WTP is a controversial subject, there is a need to review the policies to ensure that scarce PRH resources are allocated to those with genuine need. Some Members expressed that since there were restrictions on ownership of domestic property in Hong Kong for PRH tenants, tenants should be required to proactively make declarations before having lived in PRH for ten years. At the same time, some Members were concerned about how HD could handle tenants' properties outside Hong Kong.

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Note 2 Shared tenancy refers to co-renting a flat by tenants without direct family relationship. It is generally divided into two categories, namely involuntary shared tenancy and voluntary shared tenancy. (A) Involuntary shared tenancy refers to tenancy arranged by HD for tenants, such as carees and those affected by housing estate redevelopments. (B) Voluntary shared tenancy refers to co-renting a flat voluntarily by PRH applicants under HD's Elderly Persons Priority Scheme for mutual care in daily lives.

9. Currently, Fixed-Term Licencees are former PRH tenants whose family income exceeded five times the prevailing PRHILs or whose assets exceeded 100 times the prevailing PRHILs or who had domestic property ownership in Hong Kong. Some Members were of the view that the purpose of Fixed-Term Licences was mainly to allow former PRH tenants who needed to vacate their flats sufficient time to seek alternative accommodation. These households should be capable of meeting their own housing needs. The current maximum 12-month Fixed-Term Licence period was too long and well-off tenants could easily transfer their assets within the said period. Members hence considered it advisable to shorten the maximum Fixed-Term Licence period.

10. Some Members opined that those households who had lived in PRH for less than ten years and whose family income or assets had exceeded the specified limits under WTP should also vacate their PRH units. Some Members were of the view that consideration might be given to imposing income and asset restrictions on tenants having lived in PRH units for less than ten years. Furthermore, some Members considered the current level of additional rent paid by well-off tenants too low, which had limited deterrent effect.

### **Proposals**

11. Having taken into account Members' initial views, the following are feasible options for Members' further consideration.

#### **(a) Making declaration on domestic property ownership in Hong Kong**

12. Under the current WTP, we do not require PRH tenants to declare ownership of domestic properties in Hong Kong before they had lived in PRH for ten years. We understand that some tenants may consider making frequent declarations a nuisance. However, we must ensure the rational use of public housing resources and PRH tenants are all along responsible for the optimal use of public housing resources. To enhance the existing mechanism, we **propose** that PRH tenants should be required to **declare to HD every two years whether the principal tenants and all members of the household own any domestic property in Hong Kong since admission to PRH** (this declaration form is the one mentioned in paragraph 16 of Annex A. Principal tenants and all family members must declare in the same declaration form that they have continuously resided in the units, complied with the terms in the tenancy agreement regarding occupancy status, and whether they own domestic properties in Hong Kong). If tenants refuse to make declarations, their PRH tenancies will be terminated<sup>Note 3</sup>. In addition, in the declaration form, the tenants and all members of the household will be required to undertake to declare to HA within one month after having acquired a domestic property in Hong Kong (within one month of entering into any agreement, including provisional agreements). All household members aged 18 or above listed on

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Note 3 This declaration will not be applicable to households currently exempted from WTP (i.e. the exempted households set out in paragraph 4)

the declaration form must sign the form to indicate their knowledge of, consent to and compliance with the terms and conditions of the declaration form. The tenants must also authorise HA to check their information with relevant government bureaux/departments and public/private organisations; and are liable to criminal prosecution if they provide false information. Requiring PRH tenants to sign the declarations and statements can make them better aware of the requirement and responsibilities for residing in PRH units, which helps safeguard the rational allocation of PRH resources. At the same time, the relevant arrangement can pose deterrent effect.

### **(b) Shortening the maximum term of Fixed-Term Licence**

13. Since the implementation of the revised WTP in October 2017, HD has issued Fixed-Term Licences to around 820 well-off tenants, with more than half (around 460 households) eventually not having to move out of their flats as their income and asset levels fell below the prescribed levels under WTP again or due to other reasons. In order to reduce the chance of well-off tenants transferring their assets during the period of temporary residence in order to avoid having to surrender their PRH flats, we agree that a shorter maximum term of Fixed-Term Licence would be more in line with the society's expectation.

14. We **propose** to shorten the period of Fixed Term Licence to a maximum of four months. Whether during the four-month licence period or upon the expiry of the licence period, HD will not reassess the tenants' eligibility and they must move out. If there are extenuating circumstances (e.g. sudden loss of income), the tenants concerned may lodge an appeal with the Appeal Board (Housing) regarding the termination of tenancy under the established mechanism <sup>Note 4</sup>.

### **Implementation Timetable and Publicity**

15. Regarding the proposal of requiring PRH tenants to declare to HD whether they own any domestic properties in Hong Kong every two years after admission to PRH as mentioned in paragraph 12 above, the relevant declaration cycles (including the time of distributing and collecting declaration forms, etc.) will be the same as the declaration cycles of WTP. We will need to allow sufficient time for the revision of relevant documents (e.g. Declaration) Guide and declaration form, etc.), and prepare the manpower and other administrative support. Declarations under WTP are conducted in April and October each year (the declaration cycle for the majority of tenants commences in April while that for a portion of tenants commences in October). With reference to past experience, we **propose** that the new declaration requirements be

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Note 4 Under Section 20(1) of the Housing Ordinance, a tenant has the right to appeal in writing to the Appeal Panel (Housing) against the termination of the tenancy no later than 15 days after the date of the notice to quit. If necessary, the Appeal Panel (Housing) may amend, suspend or cancel the notice to quit. A tenant whose NTQ is cancelled by the Appeal Panel will be granted a new tenancy.

implemented starting from the declaration cycle in October 2023. Detailed schedules are tabulated below –

	<b>Declaration cycle of October 2023</b>	<b>Declaration cycle of April 2024</b>	<b>Declaration cycle of October 2024</b>	<b>Declaration cycle of April 2025</b>
Issue declaration forms to tenants who are required to make declarations by Estate offices/District Tenancy Management Offices	End-September 2023	End-March 2024	End-September 2024	End-March 2025
Deadline for tenants to return the completed forms	30 November 2023	31 May 2024	30 November 2024	31 May 2025

### **Alternatives considered**

#### ***Declaration of income or asset by households having lived in PRH for less than ten years***

16. Under prevailing policies, PRH households having lived in PRH for less than ten years are not required to declare their income or assets to HD. The policy intent of setting a ten-year threshold is to allow a reasonable period of time for PRH tenants to accumulate wealth for upward social mobility, so that they can save up and move on to higher rungs of the housing ladder eventually. Indeed, if the household income and assets exceed the prescribed limit under WTP within this ten-year period, the tenants concerned should be capable of taking care of their own housing needs. If they surrender their flats, the turnover of PRH flats can be expedited. However, while currently only tenants having lived in PRH for ten years or more are required to make declarations, well-off tenants only account for a small number. If all the PRH households having lived in PRH for less than ten years are also required to declare their income, it is believed that the financial situations of most households have yet to improve. Such an arrangement will not be cost-effective and will cause unnecessary inconvenience to the tenants.

***Handling of non-local properties***

17. Currently, non-local properties are counted as assets upon declarations. If households own assets such as lands/properties outside Hong Kong, they are required to include the income generated from such lands/properties and their net values in biennial declaration cycles for HD to assess whether their income and asset levels exceed the relevant limits. Households with income or net asset value exceeding the relevant limits will be required to vacate their PRH flats. Upon detection of suspected cases or receipt of complaints, HD will carry out investigations and contact the relevant agencies/organisations outside Hong Kong (such as banks, relevant government organisations etc.) where necessary. Tenants will be asked to provide the required information and documents if necessary for HD to assess and calculate the relevant income and net asset value of these non-local properties. Since these relevant organisations outside Hong Kong may not be keen to respond to our enquiries, there are difficulties in following up. Furthermore, at the brainstorming session, Members agreed that since non-local properties are different from local properties by nature, it is more appropriate to treat them the same as other categories of asset.

**Advice Sought**

18. Members are invited to comment on the proposals in paragraphs 12 to 17 above.

**Appendix**

**Income and Net Asset Limits under the “Well-off Tenants Policies”  
(Effective from 1 April 2023)**

Ordinary households

Household Size	Income Ranges (\$) (per month) <i>Exceeds 2 times and not more than 3 times 2023/2024 PRH Income Limits<sup>#</sup></i> Households are required to pay 1.5 times net rent/licence fee plus rates	Income Ranges (\$) (per month) <i>Exceeds 3 times and not more than 5 times 2023/2024 PRH Income Limits</i> Households are required to pay double net rent/licence fee plus rates	Income Limits (\$) (per month) <i>5 times 2023/2024 PRH Income Limits</i> Households with income exceeding the following limits are required to vacate their existing public housing flats	Net Asset Limits (\$) (per month) <i>100 times 2023/2024 PRH Income Limits</i> Households with net asset value exceeding the following limits are required to vacate their existing public housing flats
1	25,881 – 38,820	38,821 – 64,700	64,700	1,300,000
2	39,101 – 58,650	58,651 – 97,750	97,750	1,960,000
3	48,821 – 73,230	73,231 – 122,050	122,050	2,450,000
4	61,901 – 92,850	92,851 – 154,750	154,750	3,100,000
5	74,361 – 111,540	111,541 – 185,900	185,900	3,720,000
6	85,461 – 128,190	128,191 – 213,650	213,650	4,280,000
7	95,001 – 142,500	142,501 – 237,500	237,500	4,750,000
8	106,261 – 159,390	159,391 – 265,650	265,650	5,320,000
9	117,261 – 175,890	175,891 – 293,150	293,150	5,870,000
10+	127,981 – 191,970	191,971 – 319,950	319,950	6,400,000

## Proposals to enhance the “Addition Policy”

### Current policies

In order to foster harmonious families and strengthen the family-based support network, the Hong Kong Housing Authority (HA) has put in place the “Addition Policy”, allowing public rental housing (PRH) tenants to add persons under specified categories to the PRH tenancies. Under the current “Addition Policy”, for elderly tenants (i.e. either the principal tenant or his/her spouse is aged 60 or more) –

- (a) if there is **no** adult offspring in the tenancy, tenants may apply to add one adult offspring (whether married or not) and his/her family members (if applicable) to the tenancy;
- (b) if there is **already a single** adult offspring (unmarried/divorced) in the tenancy, tenants may apply to add at most one single adult offspring (unmarried/divorced) to the tenancy;
- (c) if there is **already a married** adult offspring in the tenancy, tenants cannot apply to add any adult offspring (whether married or not) to the tenancy.

2. Currently, when PRH tenants add adult offspring to the tenancy, the entire household (including the person(s) to be added to the tenancy) is only subject to the restrictions on income, assets, and domestic property ownership in Hong Kong under the “Well-off Tenants Policies” (WTP) and is not required to satisfy the seven-year Hong Kong residence rule. In the past five years, around 11 000 tenants were approved for the addition of adult offspring, among which around 800 are cases where there were already offspring in the tenancy.

### Members’ initial views

3. At the brainstorming session on 4 May 2023, some Members were of the view that adult offspring should not be allowed to be added to the tenancy through the “Addition Policy” as it enabled some people to have a shortcut to PRH, which was unfair to other PRH applicant. On the other hand, there were also views that imposing such restrictions would hamper the offspring’s willingness to take care of their elderly parents.

## Recommendations

4. Having struck a balance among different views, we **propose that if there is already adult offspring (irrespective of marital status) in the tenancy, the elderly tenants should not be allowed to apply for adding other adult offspring to the tenancy** (i.e. to cancel the arrangement in paragraph 1(b) above). If there is no adult offspring in the tenancy, elderly tenants may still apply to add at most one adult offspring (and his/her family members, if applicable) (i.e. the arrangement in paragraph 1(a) above remains valid). The rationale is that if there is already adult offspring in the tenancies, the relevant offspring should be able to take up the responsibility to take care of their elderly parents. Although there are views that tightening the arrangement may hamper the “late-coming” offspring’s willingness to take care of their elderly parents, those who have genuine need to do so can still apply for temporary stay to take care of their parents under the existing mechanism.

## Other relevant issues

5. The proposed revision to the “Addition Policy” above will not affect the current “Policy on Grant of New Tenancy”. According to the current “Policy on Grant of New Tenancy”, upon the death or moving out of a principal tenant of a PRH unit, the spouse listed in the tenancy may take over the tenancy unconditionally (i.e. without the need to pass any income or asset test). If there is no surviving spouse listed in the tenancy, one of the authorised family members currently living in the PRH unit (whether he/she is a “late-coming” adult offspring or not) may be granted a new tenancy, as long as the “Comprehensive Means Test” and “Domestic Property Test” set at the level comparable to WTP are passed. In the past five years, there were around 30 000 cases where new tenancies were granted under such situations<sup>Note</sup>.

## Implementation timetable

6. We need to allow sufficient time to revise the relevant documents (e.g. the application form, etc.) and prepare relevant manpower and other administrative support. In order to implement the recommendations of other policies in one go, we recommend implementing the new requirements for applications received after 1 October 2023.

## Advice Sought

7. Members are invited to comment on the proposal in paragraph 4 above.

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Note Since “Policy on Grant of New Tenancy” adopts the same implementation standard with WTP, if Members endorse the proposed shortening of the maximum term of Fixed-Term Licence under WTP in Annex B, the maximum term of Fixed-Term Licence under “Policy on Grant of New Tenancy” will also be revised accordingly.