

S C M P

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15,000 families can afford higher rents

By CHIU KIT-YING

About 15,000 families in public housing estates could pay double their current rents, according to a Housing Authority committee yesterday.

The committee met to discuss new proposals to raise the rents. Each family will have to pay an average of \$280 more per month, if the authority approves the committee's proposals later this year.

The affected families represent about five per cent of the 290,000 families who have lived in public housing for more than 10 years.

The increase could bring the Housing Authority an extra \$50 million a year, against \$6 million in administrative costs.

The proposals are being studied by the Committee on Housing Subsidy to Tenants of Public Housing to reduce Government aid to better-off tenants. The committee is chaired by Legislative Councillor Mr F. K. Hu.

At the meeting, it revised major recommendations in the Green Paper on Housing Subsidy to Tenants of Public Housing, after considering public opinion. The paper was published last August.

Members yesterday decided that families who have been living in public housing estates for over 10 years and whose incomes are more than

double the limits set for those on the waiting list should pay the higher rents.

Two major changes were made in the Green Paper:

- The paper originally proposed that the calculation of the family income should take into account the total earnings of the tenancy holder and spouse, as well as 60 per cent of what the rest of the family's earnings.

The committee said yesterday all family earnings should be counted, which currently applies to those on the waiting list.

- The paper originally proposed the subsidy ceiling for these families should be 1½ times the income limit (for public housing) set for those on the waiting list. But the committee yesterday revised the subsidy ceiling to twice the income limit.

The committee estimated the number of families affected by double rent will drop from 10 to five per cent of the 290,000 living in public housing for more than 10 years, if the new proposal is approved.

Mr Hu said the proposed rent increase for the better-off tenants would be lower than market rates and said it would be subject to review.

The new measure will be phased in over a five-year period, he said. The Housing Department will process about 30,000 families in the first year, of which about 1,500 will have to pay double rent.



Mr Hu

In the fifth year, the Housing Authority will gain an extra \$50 million in rental income but have to foot \$6 million in administrative costs.

Mr Hu said yesterday the measure, in its first year, will generate enough revenue to cover administrative costs.

The projected increase in income will, however, be lower if some of the tenants move into Home Ownership Scheme flats, he added.

But "this will still serve our ultimate purpose of reducing Government subsidies to families who can afford higher rents," Mr Hu said.

Mr Hu said statistics

showed that, after 10 years, children in families living in public housing would be old enough to provide partial financial support.

He added statistics showed that these families averaged a seven per cent growth in real income per year.

The committee also learned the 15,000 families affected by double rent have incomes that put them among the top 20 per cent of all families in Hongkong.

The original proposals in the Green Paper would affect families whose household income put them among the top 30 per cent.

Mr Hu also said statistics showed that those affected in newer estate blocks are paying three per cent of their incomes as rent and those in older estates are paying only two per cent.

"So the new proposal will mean these families have to pay only six and four per cent respectively of their incomes as rent," Mr Hu said.

He also said the better-off tenants will have to pay double rent once the proposal is implemented and there will be sufficient notification time.

The committee will compile its final recommendations in about July. In coming meetings, the committee will consider a controversial proposal for certification for exemption from paying the higher rents.