

長者住屋新思維

Rethinking HOUSING for the Elderly



知
B

智經研究中心
Bauhinia Foundation Research Centre

2010年4月
April 2010

RETHINKING HOUSING FOR THE ELDERLY

Table of Contents

	Page No.	
1	An Emerging Social Condition	4
2	Current Policies and Provisions	5
3	Current Gaps	7
3.1	Some Basic Facts and Trends	7
3.1.a	<i>Ageing at a Higher Rate</i>	7
3.1.b	<i>Change in Dependence</i>	9
3.1.c	<i>Change in Socio-economic Profile</i>	10
3.1.d	<i>Change in Living Pattern</i>	12
3.1.e	<i>Change in Ability to Live Independently</i>	13
3.2	Need for a Strategic Direction	14
3.3	Principles behind Housing for the Elderly	14
3.4	Best Practices	15
3.5	A Review of Existing Elderly Housing Policies, Provisions and Support Services	16
3.5.a	<i>Demand Assessment</i>	16
3.5.b	<i>Planning and Land Disposal</i>	16
3.5.c	<i>Choices for Elderly outside the 'Welfare Net'</i>	17
3.5.d	<i>Support Services</i>	18
3.5.e	<i>Branding of Services</i>	20
3.6	Senior Citizen Residences Scheme (SEN)	20
3.7	Other Housing Hardware Initiatives	22
3.8	Housing Software Initiative	23
4	Proposed Policy Direction and Recommendations	24
4.1	Assessment of Housing Supply and Demand	25
4.2	Planning Provision for Elderly Housing	27
4.3	Land Policy for Sites Earmarked for Elderly Housing	28
4.4	Lease Modifications for Elderly Housing	28

4.5	Underwriting the Contingent Liability of Old Tenement Buildings	29
4.5.a	<i>Home Mortgage Products for Elderly Owners</i>	30
4.5.a.i	<i>Mortgage Loan</i>	31
4.5.a.ii	<i>Reverse Mortgage</i>	34
4.5.b	<i>Outright Disposal of Property</i>	37
4.6	Insurance Plan for Elderly Housing	38
4.6.a	<i>Investment Plan for SEN Type of Accommodation</i>	39
4.6.b	<i>Policy and Incentives</i>	40
4.6.c	<i>Bundle with Medical Insurance Plans</i>	41
4.6.d	<i>Withdrawal of MPF Benefits</i>	41
4.7	Coordination of Support Services	42
4.8	Public Education on Home Safety and Convenience	42
4.9	Creating a Market for Furnishings and Fittings for Elderly Households	43
5	Concluding Remarks	44

FIGURES

1	Projected Proportion of Hong Kong's Elderly Population (in %)	8
2	Projected Number of Hong Kong's Elderly Population (in million)	8
3	Projected Change in Elderly Dependency Ratio	9
4	Working Older Persons by Occupation	10
5	Managers, Administrators and Professionals by Age Category	11
6	Older Persons by Monthly Personal Income	11
7	Older Persons by Value of Assets Owned	12
8	Older Persons Living in Domestic Households by Living Arrangement	12
9	Older Persons by Type of Housing	14

APPENDICES

1	Government's Support for Elders in the Community	45
2	Provision of Elderly Care by the Hong Kong Housing Society	49
3	Sample Schemes in Operation Overseas	51
4	Design Features and Facilities of SEN Projects	53
5	Home Adaptations in HKHS Elderly Resources Centre	60

Rethinking Housing for the Elderly¹

1. An Emerging Social Condition

Like many other developed economic entities, Hong Kong shares the challenge of having a progressively larger elderly population. Our elderly population, i.e. those aged 60 and above, is projected to rise from 15.9% of the whole population in 2006 to 32.0% by 2036. In 2009, we had 1,222,500 people at 60 and above, rising to 2,040,100 by 2021 and over 2,739,500 by 2036.

As in 2008, 143,500 older persons were living alone (12.7%), and 278,800 were with spouse only (24.7%) whereas 707,600 were living with spouse and their children or others (62.7%) in domestic households. In time, as children grow up or get married, more and more older persons will be living on their own or with spouse only. And again, over time, there will be more single person elderly households as the spouse passes away or the child(ren) move out.

As a result of rapid economic growth and better education opportunities, those in their late 40s and 50s are much better educated, well travelled and financially more secure than their parents. They have naturally higher expectations about how they plan their life as they move into the golden age.

More importantly, all elders have special housing needs and demands that need to be catered for irrespective of their economic backgrounds. The community on the whole does not seem to fully appreciate the magnitude of this social condition, its implications and the business opportunities.

This report proposes a future direction and a number of recommendations to meet the perceived demands and expectations of Hong Kong's fast ageing population for housing accommodation.

¹ In this report, housing for the elderly means providing accommodation for persons aged 60 or above (which is also the eligibility criterion for applying for housing units designated for this age group). We do not cover residence and infirmary places for elderly persons since these provisions are not housing units as such. The Hong Kong census and thematic household survey reports describe persons aged 60 or above as 'older persons'.

2. Current Policies and Provisions

Hong Kong takes pride in having a very sizeable public housing programme that takes care of those inside the ‘welfare net’.

Since 2002, Government has concluded that its future focus for subsidized housing is to continue to provide rental housing to those in greatest need of subsidy. It has stopped new production of home ownership flats and has withdrawn from home ownership programmes on the basis that Government should give up the home ownership rate target driven approach and minimize intervention of the private residential market.

In the realm of subsidized housing, provision for elderly households has not featured in the early years of the housing programme. Housing for the elderly has been tackled through allocation policies, and it still is, in order to maximize the utilization of limited housing resources and enhance cross-generation co-residence. Housing for the elderly became an issue when the Comprehensive Redevelopment Programme started, during which the re-housing of one-person and two person households, mostly elderly tenants, was a major hurdle. Temporary stop-gap measures and purpose-built units have been developed to take care of these problems over the past twenty years.

The current principles and provision of housing and support services for elderly persons by the Government and the Hong Kong Housing Society (HKHS) are summed up at **Appendices 1 and 2** respectively.

In 2003, a HKU-led research team commissioned by the HKHS completed a “comprehensive study on the housing needs of the elderly in Hong Kong”.

In 2007, the HKHS further commissioned the team to update the 2003 study to take stock of changing Government policies, provisions and social environment, and to make recommendations in the light of a series of housing preference surveys. The study team completed its updating work in June 2008.

The HKU-led research team has concluded in its Update Study that overall, elderly persons living in **assisted housing accommodation** are not encountering any significant problems in their existing provision in terms of allocation standard, requests for transfer under the various policies designed to facilitate their living with or close to their children. This seems to suggest that while we may quibble over the numbers achieved, the policies and mechanisms are nonetheless in place to facilitate or improve family integration.

On support services, both the Housing Authority (HA) and the HKHS have extensive plans to upgrade and modify housing units for elderly persons, either in response to individual request or in the context of their respective rehabilitation and redevelopment programmes.

In the private sector, most public attention for housing for the elderly has focused on elderly persons in old private tenement buildings, as rentees or owner-occupiers.

In 2007, Government has set aside \$200 million in the budget for the Social Welfare Department to implement refitting of older tenement private buildings, at \$5,000 per elderly household. This additional funding will benefit 4,000 households in the next few years.

In recent years, there have been many calls for a change to the Government's elderly housing policies and provisions in anticipation of the ageing issue that will have a significant impact on nearly all households having elderly persons in the family, irrespective of their economic background. ²

² See for example the LegCo Motion Debate on 9 April 2008.

3. Current Gaps

Hitherto, there has been little focus on **elderly households** outside the welfare net. These households also need the community's attention and support, **not** necessarily in subsidy terms, but in terms of advice on accommodation modifications and a range of services that are necessary as they become less able to move around conveniently (but not frail enough to need infirmary care).

In early July 2008, Bauhinia Foundation Research Centre (BFRC) commissioned K & M Consultancy Co. Ltd. to draw on the study team findings against a broader policy perspective across different economic strata with a view to proposing a future policy direction and recommendations.

3.1 Some Basic Facts and Trends

Several significant features of our demographic and economic profile relating to the ageing population are relevant.

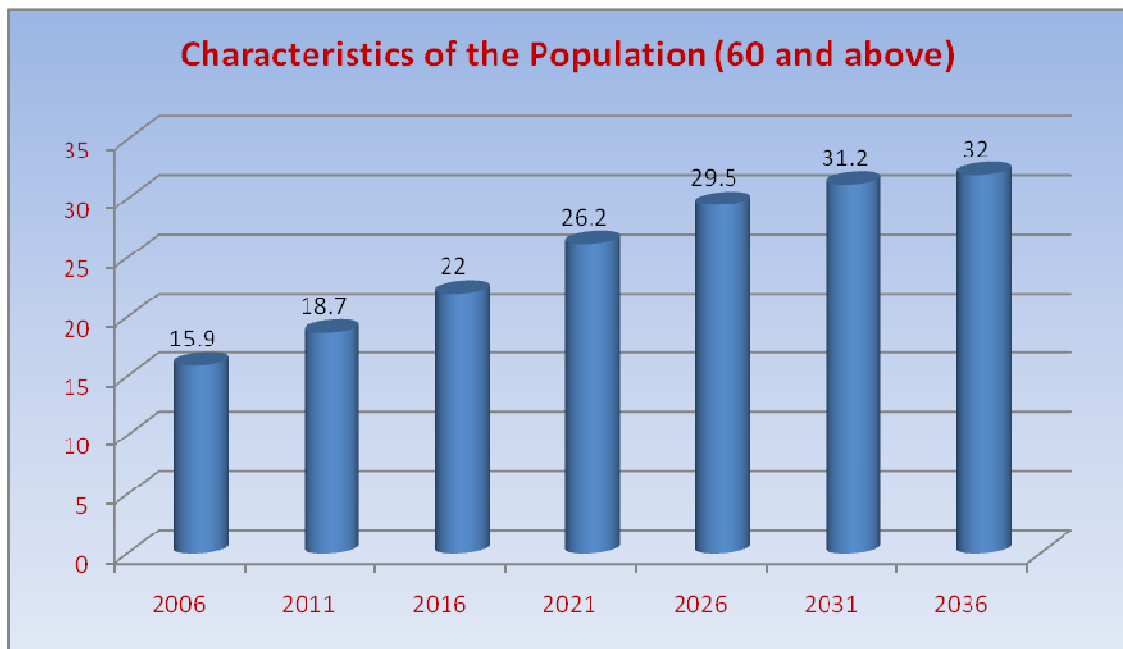
3.1.a Ageing at a Higher Rate

Many of us are not fully aware that the **WHOLE POPULATION IS AGEING AT A HIGHER RATE.**

This could be the result of a combination of factors at work, such as the baby boom (1946 – 1964), lower fertility rate, better medical and social support services, socio-economic growth as well as greater awareness of health and wellness.

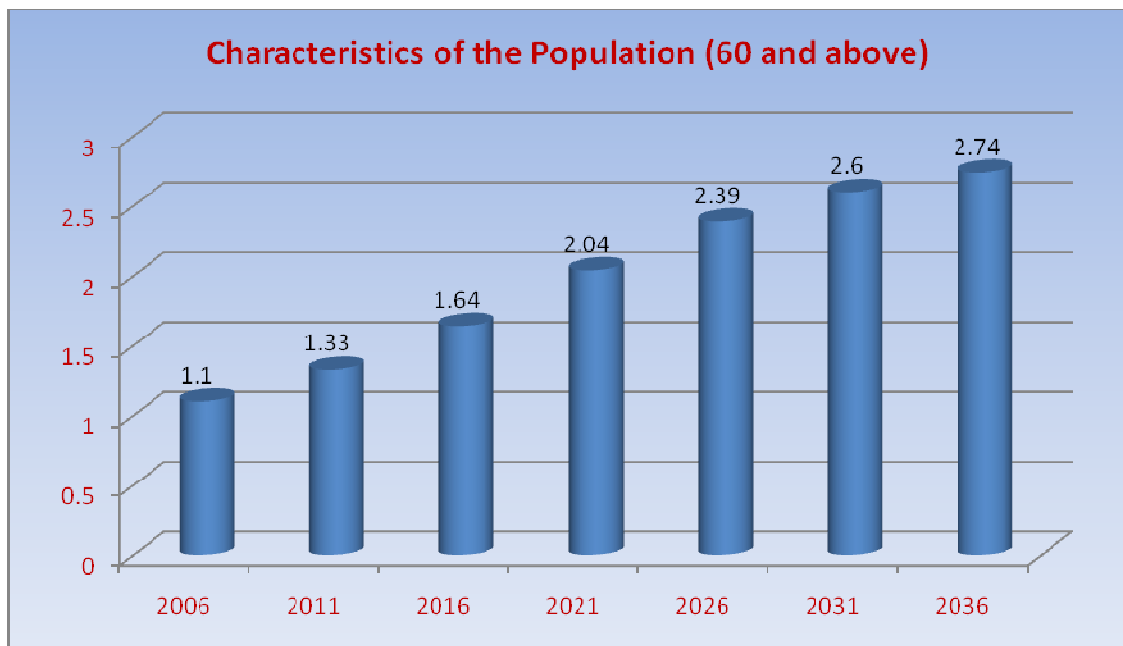
Based on our population projection, the rate of increase will accelerate over the next 30 years, as shown in Fig 1 below –

Fig. 1: Projected Proportion of HK's Elderly Population (in %)



Source: Hong Kong Population Projection 2007-2036 (excluding foreign domestic helpers)

Fig. 2: Projected Number of HK's Elderly Population (in million)



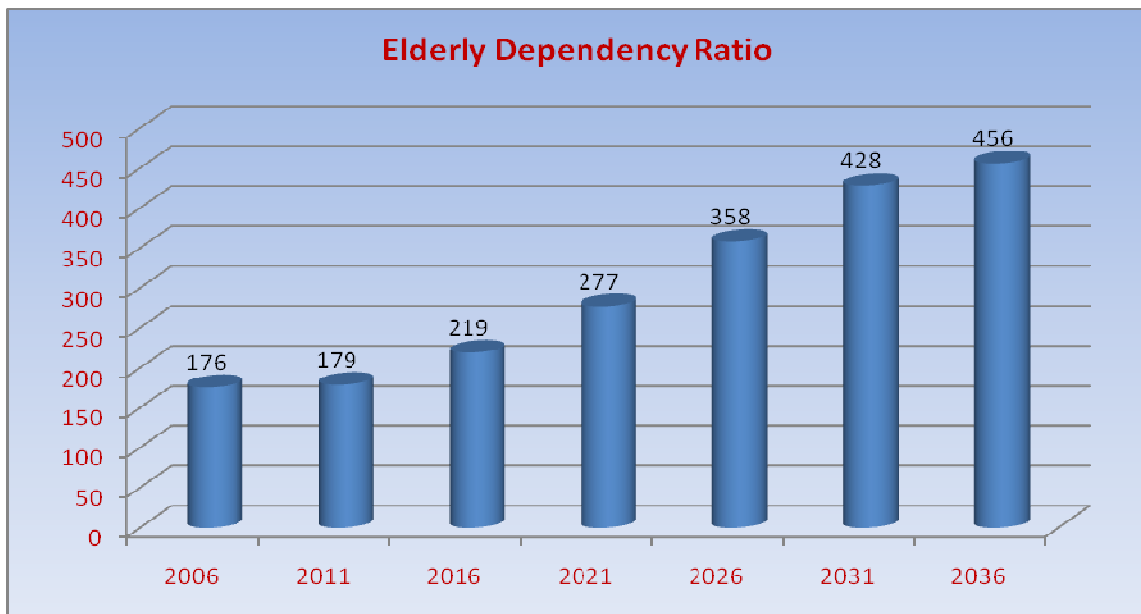
Source: Hong Kong Population Projection 2007-2036 (excluding foreign domestic helpers)

According to the Immigration Department’s Annual Reports, there has been a steady drop in the number of Mainland immigrants coming to Hong Kong for settlement under the One-way Permit Scheme. In 2008-2009, the daily average was 108 as opposed to the quota of 150. If this trend continues, the Territory will have a higher ageing population sooner than previous projections which were based on full utilization of this quota.

3.1.b Change in Dependence

As a result of the growth in ageing population, we have to support a higher proportion of people who will cease to be economically active as they retire. This is reflected in the projected CHANGE IN DEPENDENCE in the elderly population, as shown below:

Fig. 3: Projected Change in Elderly Dependency Ratio³



Source: Hong Kong Population Projections 2007-2036 (excluding foreign domestic helpers)

As old age sets in and as people become frail, most will end up requiring institutional care, which is expensive to run.

It is reported that in Hong Kong, elderly persons eligible for infirmary type of care in Hong Kong die within three years. No wonder this type of institution, as it is run here, has been perceived by many elderly persons as their FINAL accommodation.

Strategically, any measures that can DELAY that process, i.e. from living in a home environment (with or without family) to institutional care, will be desirable. It would thus be helpful for society to devote more attention and resources to

³ Elderly dependency ratio refers to the number of person aged 65 and over per 1,000 persons aged between 15 and 64.

enable elderly persons to be integrated with their family and neighborhood as long as possible.

Social inclusion and ageing in place are possible if the housing design and support services dove-tail the changing health conditions of elderly households, in ANY type of housing.

3.1.c Change in Socio-economic Profile

As shown in the Census and the Thematic Household Survey by the Census & Statistics Department, a substantial proportion of older persons are **better educated** and **financially better off**. This proportion will grow as the ‘baby boom’ effect becomes more pronounced in the next two decades, as shown in the rising number of working older persons having jobs requiring higher education and skills.

Fig. 4: Working Older Persons by Occupation

Occupation	2001*		2008	
	Working Older Persons	Whole Working Population	Working Older Persons**	Whole Working Population***
	Number (percentage)			
Managers & administrators	8,417 (15.9)	349,637 (10.7)	21,500 (15.5)	358,000 (10.1)
Professionals & Associate professionals	4,175 (7.9)	678,496 (20.8)	12,500 (9.0)	931,800 (26.3)
Total (%)	12,592 (23.8)	1,028,133 (31.5)	34,000 (24.5)	1,289,800 (36.4)

* 2006 Population By-census – Thematic Report Older Persons

** Thematic Household Survey Report No. 40 (2008 data)

*** Quarterly Report on General Household Survey (Q3 – 2008)

Fig 5: Managers, Administrators and Professionals by Age Category

Managers, Administrators & Professionals			
Age category	% of total	No.	All Age Groups
40 – 49	32.7%	202,300	617,700
50 – 59	17.7%	109,400	617,700

Source : Quarterly Report on General Household Survey (Q3 -2008)

According to the General Household Survey (Q3 - 2008), of a total of 617,700 in the managers, administrators and professional categories, 311,700 (50.4%) were aged 40 to 59. In another 10 years, many of them will be retiring or will have retired.

As of 2006, only 10% and 11% of population in the age groups of 55 -59 and 60 – 64 received post-secondary education, but by 2036, at least 39% and 44% respectively of the same will have received this level of education.

The above statistics and trends show that there will be **more and more better educated and better off older persons in the next 30 years.**

As a result of rapid economic growth over the past four decades, **the value of assets among this group has also gone up.**

The increasing number of better off older persons has a direct bearing on housing options for this particular group since their expectations and affordability will be significantly different from those in the earlier generations. The following table shows that in 2008, over one million older persons (95% of the total) had some monthly personal income, with 99,400 (9.2%) having income of \$10,000 or above –

Fig. 6: Older Persons by Monthly Personal Income

Whether they had monthly income	%	No.
Yes	95.2%	1,076,000
< \$3,000	(45.2%)	486,600
\$3,000 - \$4,999	(25.2%)	271,000
\$5,000 - \$9,999	(20.4%)	219,000
\$10,000 – \$19,999	(6.4%)	68,800
> or = \$20,000	(2.8%)	30,600
No	4.8%	54,000

Source: Thematic Household Survey Report No.40 (2008 data)

Fig. 7: Older Persons by Value of Assets Owned
(excluding value of owner-occupier properties)

	Value of assets (HK\$)	No. of persons	%
1	< 10,000	372,900	33.0
2	10,000 - <50,000	257,300	22.8
3	50,000 - <250,000	182,900	16.2
4	250,000 – <500,000	47,400	4.2
5	500,000 - <1,000,000	38,300	3.4
6	>1,000,000	61,800	5.5
7	Not disclosed/did not know	169,400	15.0
	Total:	1,130,000	100.0

Source: Thematic Household Survey Report No.40 (2008 data)

It is worth pointing out that the asset value and incomes reported are most likely to be **under-reported** (which is understandable).

3.1.d Change in Living Pattern

Interestingly, 37.4% of the older persons are living on their own or with spouse only. As the ageing process continues, more of these will inevitably change from two person households to single person households, and more older persons will cease to live with their children.

Fig. 8: Older Persons Living in Domestic Households
by Living Arrangement

Living arrangement	%	No.
Living alone or with spouse only	37.4	422,300 (143,500+278,800)
Living with spouse and children	39.3	443,600
Living with child(ren) only	19.8	223,700
Living with other persons	3.6	40,300
Total	100	1,129,900

Source: Thematic Household Survey Report No. 40 (2008 data)

In a well-planned support system, housing accommodation should also change in anticipation of this process such as accessibility, fitting out, equipment and adaptability. This should apply basically to ALL households having elderly persons.

Figure 8 above shows that **about 1,129,900 older persons** living in domestic households in Hong Kong **should be** anticipating some change relating to their accommodation to fit in with forthcoming changes to their mobility, agility and mental abilities.

There has been a constant drift towards smaller households, from 3.1 persons per household in 2001 to 2.9 in 2009, reflecting **the general trend of younger couples preferring to live on their own, with one child rather than with any one of their elderly parents.**

The 2007 Update Survey by the HKU team also showed that **elderly persons preferred to live on their own, if they can afford to do so, as long as they are healthy, financially independent, and reasonably accessible to their children living apart.**

As a result, over the past 5 years, one-person households and two-person households have increased at an average growth rate of 2.9% and 3.9% respectively. A substantial proportion of these are elderly households.

This trend is likely to continue, gradually impacting our household living pattern and in turn the type of accommodation appropriate with this emerging cohort.

3.1.e Change in Ability to Live Independently

The 2008 Thematic Household Survey (Report No. 40) shows that 93.1% of the older persons did not have impairment in 'Activities of Daily Living', which means they could basically take care of themselves living with family members **or** on their own.

As a matter of fact, 77.2% were able to perform day-to-day tasks including meal preparation, ordinary housework, managing finance, managing medication, phone use, shopping and transportation.

Also, 96.3% of them were able to make decisions on their own affairs in daily living completely, and 75.2% indicated that they did not need assistance from others in their daily living.

Health-wise, the same Survey shows that 70.4% of the older persons reported to have chronic diseases (including diseases that did not require regular medical treatment).

This RATE points to the growing NEED for support services as the ageing process takes its toll. As at 2008, a total of 522,800 older persons were living in private permanent housing, as shown in Fig. 9 below.

Fig 9: Older Persons by Type of Housing

Housing Type	%	No.
Private permanent housing	46.3	522,800
Public rental housing	37.7	426,300
Subsidized sale flats	15.9	179,200
Temporary housing	0.1	1,600
Total	100	1,129,900

Source: Thematic Household Survey Report No. 40 (2008 data)

If we are not ready, in terms of policies and provisions, we will have to bear a considerable SOCIAL AND EMOTIONAL COST as elderly persons living on their own are hurt **due to lack of attention or suitable fittings inside the housing unit**. As a matter of fact, few families in Hong Kong ANTICIPATE the ageing process until frailty or household accidents TRIGGER OFF the alarm signals. Often, this is too late.

So, based on the above facts and figures, what inferences we can draw when looking at this issue?

3.2 Need for a Strategic Direction

For Hong Kong to remain competitive, a socially vibrant support system is vital, starting from children being educated about the relevant issues right through to taking care of the elderly person's final stages of life.

The social and economic arguments are obvious: we should be creating QUALITY LIVING AND A SUPPORT SYSTEM that is comparable to our neighboring cities by making the best use of our human, land and infrastructure capital.

A good support system goes beyond welfare. It is about offering choices. The same principle must also apply to planning and designing housing for the elderly.

3.3 Principles behind Housing for the Elderly

Going back to basics, the United Nations (UN) Principles for Older Persons championed five directions in serving elderly persons. These are:

- ◆ Independence
- ◆ Participation
- ◆ Care
- ◆ Dignity
- ◆ Self fulfillment

Translated into the housing context, they mean:

- ◆ Ageing in place
- ◆ Social inclusion
- ◆ Quality with choice
- ◆ Elderly friendly environment
- ◆ Continuum of care

As we consider options suitable and affordable to Hong Kong, we should, as far as it is reasonably practicable, try to find solutions that are conducive to creating such a condition.

3.4 Best Practices

Looking at international experience and best practices, Hong Kong has actually developed similar solutions in its public housing programmes and allocation policies. For ageing in place and social inclusion, we have promoted the extended family concept (including the ‘Harmonious Families Addition Scheme’, the ‘Harmonious Families Amalgamation Scheme’, the ‘Harmonious Families Transfer Scheme’ and the ‘Harmonious Families Priority Scheme’) similar to the mixed development adopted in Singapore (with financial incentive), Israel (multi-generational housing complex), Australia and North Europe (co-housing model).

Singapore and Japan developed elderly housing along the mass transit network to facilitate elderly travel and interaction, which in Hong Kong is largely achieved through our extensive transport infrastructure although accessibility outside the stations is an issue for the less able bodied.

Our universal design and assistive technology in newer housing designs are similar to the codes or guidelines but clearly, there is still a long way to go to getting to health sensors, digital houses and tele-care on a wide scale.

On providing community support care, Hong Kong has a wide regional and district based network from the welfare and healthcare agencies. We are however some distance away from a comprehensive programme due to various coordination issues. Best practices elsewhere include ‘Program for All Inclusive Care for the Elderly’ in USA, ‘Community Aged Care Packages’ in Australia, ‘System of Integrated Care for the Frail Elderly’ in Canada, ‘Integrated Social and Medical Care and Case Management’ in Italy, ‘In-kind and/or in-cash support for community living elderly persons’ in Germany, ‘mobile service in home’ in Denmark, ‘Gold Plans and Silver Housing’ in Japan and ‘community care and support services to elderly persons in studio apartments’ in Singapore. A brief description of the various sample schemes in operation overseas is at **Appendix 3**.

Due to different cultural and social background, Hong Kong has developed its own unique solutions in line with some of the international best practices, with varying degrees of depth, coverage and success.

There are however still areas that are of concern, as explained in the next section.

3.5 A Review of Existing Elderly Housing Policies, Provisions and Support Services

Government plans its land use in a macro manner to meet policy objectives and development needs. There is currently no policy in reserving land for elderly housing in the Government's zoning plans, not to mention tallying such land use with demographic profile of each district. As a result, the Lands Department faces a problem when it comes to assessing premium for such land use, while policy support for such use is considered on an ad hoc basis. For example, the policy support for the HKHS Tanner Hill project came from the Transport and Housing Bureau whereas that for its Tin Shui Wai project came from the Development Bureau.

3.5.a Demand Assessment

Anyone familiar with the housing provision in Hong Kong will say that we have done well with subsidized housing after four decades of hard work. Currently, Government makes regular assessments of the demand and supply position of the public housing provision. This is done through an analysis of a host of relevant population data, including population growth rate, household formation rate, etc. The assessment has taken into account the emergence of an ageing population in Hong Kong.

However, apart from a macro analysis of the overall situation, we do also see a need to tackle housing for the elderly with a long term vision that values quality living and choices.

3.5.b Planning and Land Disposal

In planning terms, there is no land designated in the outline zoning plans for this particular purpose, be it for private or public. Such zoning is not featured in the Hong Kong Planning Standards and Guidelines.

In the private sector, for example, sites in the Land Disposal Programme will not be earmarked by this type of designation. Private developers are of course free to purchase any residential site, build and market them for elderly households. They can also seek Town Planning Board's approval to rezone sites earmarked for other uses but it will be a lengthy and difficult process.

So far, the property market is apparently not ready to design and sell private residential developments with built-in facilities targeted at elderly households in the 'high' or 'medium' end.

There is probably a good reason behind: it is inconceivable for private developers to limit their sales target to one group after paying full market value in the open market unless they are confident of the demand for such design features. So far, home purchasers buy flats 'as is' and do whatever they wish to do on them afterwards subject to the building regulations.

Given the way the property market operates, we are not too sure if private developers will be interested in **building service apartments for life-long lease by paying a lump sum or debenture** since such an arrangement will adversely affect their cash flow and will require a long payback period.

In the foreseeable future, at current land prices, **it is most unlikely that the private sector would actively seek to build for this sector of the market without clear knowledge of demand or the land policy on housing for the elderly.**

If the numbers do not add up, private developers will naturally stay away from this unfathomed area.

The HKU research team, in its 2007 Update Study, has identified quite a number of policies and options for taking care of housing for the elderly, with different derivatives to fit in with the social context of different countries. It has been pointed out that some countries do not champion subsidized housing but their policies and markets are MATURE enough to facilitate the provision of purpose-built housing developments for elderly persons.

But in Hong Kong, we have yet to develop a zoning or land disposal programme that supports housing for the elderly in the open market. This is an issue that needs to be addressed in the long run.

For example, the Lands Department may not be able to deal with applications for a site where the developer seeks to reflect restricted use (for elderly households) or a different manner of disposal (lifelong lease instead of straight sale) since there is no established land policy in the premium assessment or conditions of grant. Each case will have to be considered separately as an application is received.

3.5.c Choices for Elderly outside the 'Welfare Net'

As mentioned earlier, Hong Kong has a clear policy to take care of the housing needs of elderly households inside the 'welfare net', via accelerated allocation for those on the

waiting list, rent assistance, universal design for new and redeveloped estates and modifications to existing units.⁴

Since 2002, Government has discontinued all programmes for meeting the housing needs of those outside the ‘welfare net’ (e.g. ‘Home Ownership Scheme’, ‘Private Sector Participation Scheme’, ‘flat-for-sale scheme’, sandwich class housing etc.) and decided to meet ONLY the housing needs of those **inside** the net, including elderly households.

This difference in treatment between those inside and outside the ‘welfare net’ could ultimately erode our competitiveness in the Region in terms of housing choices and quality living.

3.5.d Support Services

On the software side, there is clear evidence that points to the need for more coordination of **the support services for elderly households in view of the very significant investment of public resources in the various programmes.**

The Transport and Housing Bureau, the Development Bureau, the Labour and Welfare Bureau and the Food and Health Bureau have their respective planning guidelines, policies and provisions to cover support services, of one kind or another, for elderly households.

For example, while we conditionally allow the elderly to live in Guangdong and Fujian, with continued Comprehensive Social Security Assistance (CSSA) and continued access to medical service, Government has no declared policy, objective or provision to address this particular issue.

If the cost of living, appreciation of the RMB, sense of security or need for expensive medical attention become unbearable, it will be more than likely that we see ‘returned’ welfare beneficiaries from the Mainland rejoining the housing queue in Hong Kong.

In respect of the better off households who have moved across to the Mainland, it is totally conceivable that some will want to return as they become less able-bodied and need better community/medical care, some years from now. According to the 2007 Thematic Household Survey (Report No. 38), 51,700 persons aged 55 or above had taken up residence in the Mainland. If they do return to Hong Kong, some may return

⁴ There are currently some 5,500 elderly one-person applicants on the waiting list. The average waiting time for these applicants upon rehousing to public rental housing is about 14 months as opposed to 23 months for the other categories of applicants. The latest flat transfer and addition policies are also aimed at social inclusion, family care that are estate or district-based. As at 30 June 2008, there were 1,497 cases of additions and 112 cases of moving into larger units. As at 31 March 2009, 2,989 elderly tenants have added their adult offspring to their public housing units and 186 families have merged their tenancies (forming 93 households) under the Harmonious Families Policies.

to their children's house, probably unwelcome due to the inevitable disruption to their children's livelihood. Some will rejoin the subsidized housing queue, and for those who are better off but no longer owning a flat, there will be practically NO CHOICES for them if they are looking for both quality and affordable housing, with purpose-built units and support services.

The same applies to Hong Kong older people returning from overseas after a long period of emigration due to changes to family conditions. Most of them will find Hong Kong's private housing not too affordable while they are not eligible to public housing.

In addition, as decent hotels and guest houses in Hong Kong are expensive, elderly people returning from the Mainland or overseas countries will face problems finding decent temporary accommodation or boarding houses, for medical or other reasons, at 'affordable' cost.

Hitherto, our society has not taken these demands for accommodation very seriously.

We should thus move progressively towards policy objectives based on reasonable assumptions of supply and demand for housing the elderly in accordance with the UN principles.

We all know there is an acute shortage of places for Residential Care Home for the Elderly, hence a 32-month long queue by 17,000 applicants for subsidized places.⁵ In the 2010 Budget, Government has proposed to increase the recurrent funding for subsidized nursing home places by about \$160 million to provide over 1,000 additional places in addition to various other measures to support ageing in the community.

As mobility for elderly persons is vital (for medical consultations, shopping and socializing), our private and public housing provisions have a long way to go to meeting the Buildings Department's revised 'Design Manual: Barrier Free Access'(enforced from December 2008 in respect of new buildings only) and the HKHS's 'Universal Design Guidebook'.

As our support services are 'district-based', the facilities that support elderly needs are inevitably scattered rather than planned and built round a congregation of elderly households. As a result, caregivers have to travel to visit the elderly households (which will not be cost-effective), or elderly persons are being moved around on wheelchair or by rehabilitation van, which too is an expensive service.

While it is not feasible to provide ALL support services for elderly persons UNDER ONE ROOF, we do see the need to better coordinate efforts in the strategic planning of services.

⁵ But if the same elderly households decide to seek a place under the 'Enhanced Bought Place Scheme', the waiting time is considerably shorter (9 months).

Up to now, we have not seen much private sector initiative to make support services for the elderly a 'big business'. For example, most of the newer residential developments are targeting at younger families or yuppies, with self-contained posh clubhouse and outdoor facilities. Few of these have dedicated facilities for elderly persons, particularly in terms of medical and nursing care services. Our developers and architects do not seem to have given too much attention to providing such support services in their conceptual design. If these are well and properly thought through, and provided, elderly persons can enjoy ageing in place.

3.5.e Branding of Services

For many years now, nearly all our elderly support services are run with a strong 'welfare' flavor. This may be fine for those without a choice and economically deprived. It has been said that better off and better educated elderly persons are often put off by the way these facilities are run. We should thus address the issue of 'stigmatization' of our social services.

In recent years, arising from the lump sum grant policy, NGOs have to look for self-financing programmes that target at the better off groups. The Society for the Aged, for example, has moved 'up-market' by providing centre services that aim to attract retired, better off and better educated elderly persons, on a non-profit basis. It also organizes able bodied elderly persons to do volunteer work and organize activities for their fellow members. Similarly, the Senior Citizen Home Safety Association has introduced new services that are profitable and fulfilling a social purpose. This is a welcome sign.

3.6 Senior Citizen Residences Scheme (SEN)

In 2002, Government granted two sites at nominal premium to the HKHS to build two comprehensive developments specifically for the better off elderly households. The objective of running the two experimental projects, namely Cheerful Court (彩頤居) in Jordan Valley (333 units) and Jolly Place (樂頤居) in Tseung Kwan O (243 units) under the 'Senior Citizen Residences Scheme (SEN)' (長者安居樂) was to provide an additional housing option for elderly people in the middle-income group who are healthy and able to look after themselves. They have the means to live an independent lifestyle in purpose-built accommodation with integrated care and support service that are affordable to them.

The SEN scheme is intended to fill a market niche for elderly persons who do not need to live in subsidized institutional care and attention homes, and yet do not wish to bear the high cost of quality private elderly homes.

Indeed, in Hong Kong, due to cost consideration and space constraints, institutional homes run by the private or public sector have limited recreational and social facilities, and accordingly have limited appeal to better off elderly persons.

A condition of such a grant by private treaty is that the development will embrace a comprehensive range of services that are designed to meet the housing and support service needs of affordable elderly households, from able-bodied with a wide range of social and recreational facilities to clinic and Residential Care Home for the Elderly.

Under this Scheme, the HKHS meets the development costs and collects from the tenants a lump sum payment in one go or by installment within two years. The unused part of the lump sum will be returned if the lease is terminated at the rentee's initiative.

The operation of the two developments is entrusted to NGOs (The Haven of Hope Christian Service for Jolly Place and Sheng Kung Hui Welfare Council for Cheerful Court) under a 10-year service agreement, including estate management. It is operated on self-financing and user-pays principles.

The planning and design of these two developments follow the best practice to meet the housing, community care, social, recreational and healthcare needs of the elderly persons. Its operation is designed to facilitate visits by the family and friends, caregivers (e.g. family members or domestic helpers) and networking with peer groups of similar age and economic background.

Both developments are built to a high standard, similar to multi-functional retirement homes found overseas. The purpose-built accommodation is barrier free, fitted with non-slip tiles, emergency alarms, handrails etc. whereas the recreational facilities include hydro-pool, swimming pool, gymnasium, reading room, library, indoor activity room, pottery room, restaurant etc. Both developments house a rehabilitation and care centre built to a high standard (See [Appendix 4](#)).

Without too much publicity, the two residences with a total of 576 units are now fully occupied, with a waiting list of some 150 applicants.

This one-stop comprehensive development model has proved to work as feedback from the tenants, operators and families linked to the tenants has been positive.

The financial viability of running a life-long lease hinges on the life expectancy of the tenants in estimating the lump-sum rent. For example, the life expectancy of male and female, since 2002, has gone up to 79.4 and 85.5 respectively today. Based on the 2007-2036 Population Projections, the respective figures will rise to 85.6 and 88.3 by 2036, which are amongst the highest in the world.

Construction and other costs too have gone up since 2002, so it is easy to lock up capital over a long period before the HKHS can recoup its development costs, even at nominal premium.

In return for nominal premium, the HKHS has to impose income and asset criteria (below \$4.95 million) on the tenants and not-for-sale restrictions.

In the 2007 Policy Address, the Chief Executive had reaffirmed the success of these two pilot projects and undertook to examine a further site on the Hong Kong Island side.

3.7 Other Housing Hardware Initiatives

Riding on the positive feedback of the two SEN projects, the HKHS has obtained the green light for at least two other schemes that are intended to meet the housing needs of the better off households, with the same objective of offering ‘ageing in place’ and ‘healthy ageing’.

The first of such schemes is the redevelopment of its own site at Tanner Hill in North Point. The plan, endorsed by Government in September 2008, proposes a large scale Elderly Hub to provide some 500 flats for the elderly, with a full range of healthcare, recreational, medical and support facilities to meet a gap in quality homes for the affordable elderly households.

The HKHS would be paying full market value for the elderly accommodation that should reflect two restrictions (namely, minimum age of tenants must be 60 or above; and non-assignment of ownership).

The second item which was endorsed by the Government also in September 2008, is an innovative **integrated elderly community project** on a government site in Tin Shui Wai located in Area 115 next to the Hong Kong Wetland Park (zoned ‘Comprehensive Development Area’ in the Draft Tin Shui Wai Outline Zoning Plan). This interesting project incorporates several development objectives: quality homes for the affordable elderly households, a wellness centre (including a clinic, a residential care home for the elderly, a day care centre and a rehabilitation centre), a hotel/guesthouse with ancillary resort type facilities, a day nursery and kindergarten and a whole range of comprehensive recreational, education and training facilities.

The project is intended not only to provide quality elderly accommodation but also to add colour, variety and life to the Tin Shui Wai community.

The HKHS will again be paying full market value under the current land policies but in respect of the elderly housing accommodation portion, since it does not want to impose

any income or asset ceiling on the applicants, its final premium will reflect the restricted use similar to the Tanner Hill project.

The extension of the two SEN schemes to two more projects is a sign of Government being more amenable to allowing sites for such use provided full market premium is paid. However, we do see the need to develop a comprehensive programme backed by a clear-cut policy for elderly outside the ‘welfare net’ instead of letting the market decide.

If, on the other hand, the market understands better the potential demand, it would be more willing to move in by providing this type of ‘one-stop’ development.

3.8 Housing Software Initiative

On the software side, while there is already ‘universal design’ for all newly constructed developments for subsidized housing, private sector development is not obligated to comply in full. New developments boast super deluxe clubhouses and posh designs but few are designed to meet the ageing needs of elderly households. As a result, private owners have to introduce extensive modifications to make a unit ‘livable’ to older persons. Even in the open market, interior designers and decoration contractors are often not familiar with what are the standards and possibilities in such associated works.

In the public sector, the HA’s modifications to existing rental estates tackle the basic needs of elderly tenants in view of the large numbers involved (such as wider doors, socket positions and rails but not much more).

In recognition of the rapid growth in elderly population (2.04 million by 2021 and over 2.74 million by 2036), the HKHS saw the need to educate the general public as well as social workers and caregivers on the needs of elderly persons at home, such as the basic concepts of home safety, refitting the unit and testing of physical impairments. In 2006, an Elderly Resources Centre was opened in Yau Ma Tei that provides a multi-functional setting for understanding the support services for elderly persons.

This resources centre is the first of its kind in Hong Kong. It is also quite unique in the region, but it has not been widely promoted since its commissioning.

Photos of the special features in this Resources Centre are at **Appendix 5**.

4. Proposed Policy Direction and Recommendations

Housing for the elderly is not a Government problem. It is a problem that we share. It does not need to be a problem if we tackle it with imagination and innovation through concerted efforts of the Government as a facilitator and provider, through NGOs as a strong resource base and also through the private sector that should be given the business incentive to create the hardware and software on a scale hitherto untried.

Government should take the lead in setting a clear direction. The NGOs, the academia, the media and the community should play their respective advocacy roles whereas the business sector should also be exploring the vast business potential, not just for the Hong Kong market but also beyond.

We believe that a tripartite partnership involving community groups/corporate bodies, the Government and the private sector can be developed to contribute towards tackling this emerging social condition under a common direction.

The policy direction we propose tries **to redefine the different roles of the three major players (Government, NGOs and the business sector).**

There are resource implications but there are also opportunities **to better utilize our existing resources and create business opportunities.** We also propose to better utilize the **resources of the financial services sector.**

Hong Kong is, by regional standards, an affluent society. Ageing affects both the better off and the not so better off.

As a responsible society, we have to create quality living and offer choices, but we must also respect choices people make for themselves, including that of the less privileged. Where there is little choice, for example, arising from redevelopment, then the future replacement flats should be equipped with adequate amenities for ageing.

The recommendations proposed in this part of the report are intended to serve as a basis for discussion. There should be a public engagement process leading hopefully to some consensus for action.

The relative weight and priority for action should come out of this engagement process.

Our underlying approach is to embrace a strong element of forward planning and sustainable development, not patchwork. These proposals will take time to thrash out and develop, and some are necessarily long-term, but it is important for the community to focus and respond promptly to a fast-changing social condition.

4.1 Assessment of Housing Supply and Demand

Since Government's announcement of the new focus on subsidized housing, the current efforts are directed at re-vitalizing the older public housing estates according to the demographic profile of the tenants, in addition to the supply of new rental units by the HA. Meanwhile, for many years, the HKHS has not been given new land for the flat-for-sale scheme or rental estates.

Housing for the elderly is a continuous issue as HA has almost completed its Comprehensive Redevelopment Programme (thus possibly missing some of the opportunities to reconstruct or refit the estates by introducing more design features for elderly households). While the HA's current Estate Improvement Programme helps retain the community and social bonding of the older estates, the number of additional features that can be incorporated to prepare for an ageing population will be far less than the freedom afforded by redevelopment.

With the publication of 2006 By-Census data and various other more recent thematic surveys, it is high time for Government to realistically look at the supply and demand of our housing provision, both in terms of hardware and software, with a view to mapping out an action plan and the action parties.

The demand side of the equation will have to look at preferences and intentions to move or not move from households in **different** economic strata, not only from existing and prospective public housing tenants. For example, there is likely to be a substantial demand from retiring civil servants, employees in middle ranks of NGOs, large companies etc. All of them are financially quite secure as they come off work. They will be looking for housing options and services that match their expectations as they grow older.

By the same token, the supply side of the equation should look **beyond** new supply for the least affordable. It should also seek to examine what more can and should be done to increase the supply and choices for elderly households outside the 'welfare net'.

In line with the '**mixed development**' concept that enables co-residence of younger members of a family and older couples to live close to their children, it would be desirable to design and fit out housing blocks to enable this to occur. For example, the lower floors are built for self-contained one-person and two-person units whereas the upper floors are for other flat sizes.

This can apply to both PRIVATE and PUBLIC housing, with space reserved for support services built to different standards to match the expectations and service needs of elderly households. This could relieve the accessibility of care issue. Government's Long Term Housing Supply computer model should be able to generate both demand and supply figures if more selective data, including housing preference results, are fed

into the model. The results can be analyzed in overall terms as well as by district to match the demographic spread of elderly households.

The HKHS's latest SEN type of 'lease for life' accommodation at Tanner Hill and Tin Shui Wai shows its efforts to move upstream to meet the perceived demand from the better off (as shown in its removal of asset restrictions). This is an effort in the right direction to offer choices even though the total stock, upon project completion, is still very small compared to the very substantial ageing numbers.

So unless we take urgent steps to address the shortfall in a bold way, the overall picture is unlikely to change very much, and **the shortfall will still be there.**

Hong Kong should tackle this 'supply' issue and see if it could look at larger scale opportunities. In line with the general spirit of social inclusion, it would be justified to look at **the redevelopment of entire areas or estates by the HA, the HKHS and the Urban Renewal Authority (URA) and redefine the respective roles of each, with a view to providing 'not-for-profit', purpose-built accommodation for elderly households outside the 'welfare net', with a full range of support services similar to the SEN approach.** It could be a mixed development in the redeveloped estate, combining a mix of subsidized public rental housing (PRH), less subsidized housing (i.e. above the income limits of PRH applicants) and 'lease for life' SEN accommodation (for mid-income) in the same project. The financial viability of such a concept should be much better than any one of these being built as a single type since the recurrent income and front-end lump sum payments would give these housing agents a better financial return.

The above approach departs from the existing redevelopment philosophies. It is however a bold vision to create the numbers without adversely impacting on the financial position, since a mix will generate more income and places for a hitherto unmet demand. It does not even involve new urban land, but the decanting and reallocation for these redevelopment exercises will require inter-agency cooperation in meeting demand under a new elderly housing policy direction.

As necessary, the HKHS, URA or other NGOs **can partner with private developers in joint ventures** to build such type of accommodation on a grand scale.

Redevelopment provides the land in prime areas, which is always attractive to better off elderly households.

If raising finance is an issue, the joint venture can offer securitizing the entire building programme by offering shares in the capital market. In addition, Government could consider some capital injection at the development stage. This concept can be further developed when there is sufficient Government and community support.

4.2 Planning Provision for Elderly Housing

Unlike other more advanced cities, housing for the elderly does not feature in Hong Kong's master zoning plans or district plans. Our macro land use concept does not distinguish this 'subcategory' as such. There is accordingly no land designated for such use, irrespective of what the provider will be.

Our ageing population is a fact and an issue looming not far in the horizon. Planning of land use should thus reflect this demographic change.

To avoid tackling the 'land shortage' issue that is the biggest argument for 'do nothing', our planners should **revisit the existing plans and identify opportunities for rezoning.**

For example, green belts, corners in country parks and the hinterlands of Northeast and northwest New Territories are suitable for building low-rise retirement villages. Within large parks in the urban areas, it should be feasible to set aside pocket areas for building elderly multi-functional activity centres to make better use of the recreational area during the long hot summer months. More Comprehensive Development Areas can accept multi-functional developments that incorporate housing or support provisions for the better off elderly households. Conceptually, it is similar to creating satellite developments that encourage a particular mode of community (such as Yoho MidTown for the 'yuppies').

All these can be done in the **continuous revision exercises** provided there is a policy directive. Our first option will set the scene for taking a macro view of our housing and support service needs in terms of land reservation for the elderly.

The proposed rezoning exercise would not necessarily result in a significant loss of revenue as **affordable housing for the elderly can fetch full market value that reflects restrictions on use.** As pointed out earlier, the issue is whether some 'compromise' of our 'greenery' and 'recreational' use is tolerable against a rising accommodation need.

At the fringes of existing private and public housing estates, it would be not only desirable but also necessary to set aside sites for building support services that help realize the vision of ageing in place. In the context of sites for private residential development, if home buyers express a clear preference for **integrated** support services, we would, in time to come, see more and more of such estates in the market. We believe the private sector and corporate bodies would soon be looking at these opportunities on their own merits, and respond accordingly.

4.3 Land Policy for Sites Earmarked for Elderly Housing

Once we have a clear idea of the demand and supply scenarios and production targets, the next hurdle is to determine the land policy for disposing of sites earmarked for elderly housing.

The land policies for granting public rental and home ownership sites to the HA are well established. So is the policy in dealing with sites to be granted to the HKHS for rental or for sale developments. There is no need to change these in the context of looking at housing for the elderly WHERE THE EXISTING INCOME AND ASSET CRITERIA ARE APPLICABLE.

What is apparently not clear, at present, is the land grant policy for such housing sites under the concept of active ageing and ageing in place without the income and asset ceilings. **This policy will need to be set, once and for all, so as to speed up the processing lead time.**

As and when suitable sites become available, these can be put out to **restricted tender** or through the **expression of interest** route. Interested parties such as the HKHS and NGOs can put forward their bids and development proposals in accordance with the policy objectives and relevant conditions. The final premium payable will naturally reflect the conditions of the land grant.

If Government so wishes, it could also invite **private developers** to bid for such sites with **appropriate incentives** such as density bonus to reflect the restrictions and conditions subject to obtaining public consensus. As a matter of policy, there is no reason why more residential sites (RA and RB) are not disposed of with a requirement to build a certain number of specially designed flats for elderly households.

Once the policy for incentives and concessions are clear, the Real Estates Developers Association and relevant professional bodies should be consulted on the implementation details.

4.4 Lease Modifications for Elderly Housing

The HKHS experimental projects at Tseung Kwan O and Jordon Valley were granted at nil premium, which is fair since it reflected two important restrictions, 'lease for life' and income and asset ceiling. Its Tanner Hill project seeks to remove the income and asset limits so as to attract a wider clientele of better off households who have the means but not the choice to lead a different lifestyle.

As explained earlier, we do not think 'lease for life' would have much appeal to Hong Kong's **private developers** as a business proposition unless that part of development

comes out of its **‘trust fund’** or **‘foundation’** for **‘charitable work’**, in which case the developers concerned need not be answerable to the shareholders.

However, Hong Kong has many reputable **NGOs** that have both **the land and the resource to provide elderly housing** with support services such as the Tung Wah Group, Po Leung Kuk, Yan Oi Tong, Sheng Kung Hui, Caritas, etc. They all have the administrative infrastructure and expertise in project development and management. These NGOs are also some of the largest land title owners in the Territory. Many of their existing developments are **‘under-utilized’**. They are all experienced in capital project developments of different sizes.

If Hong Kong’s elderly housing demand and supply picture is clear, and there is a call for all to contribute, it should be feasible to attract these NGOs to move into the market of providing comprehensive elderly housing cum support services.

The HKHS having the estate management expertise and infrastructure may partner with them in joint ventures.

To venture into this new frontier, the Government has to establish a transparent land policy in dealing with lease modification applications, including valuation principles and premium setting, to reflect appropriate restrictions etc. and the social purpose. If necessary, this can be done through surrender and re-grant, but NGOs would be most apprehensive if Government takes this as an opportunity to re-enter and take over the site for its own purposes.

As the two HKHS pilot projects show, there is market demand for affordable elderly housing cum support service developments in Hong Kong. These can be run on a self-financing and user-pays basis.

Setting appropriate land zoning and land grant policies should be one of the key missions of our Government in meeting the diversity of needs from a growing elderly population.

4.5 Underwriting the Contingent Liability of Old Tenement Buildings

One of the obstacles to improving the housing conditions of elderly households is the inherent accessibility problem with private tenement buildings in the older districts, some without lift service, or lifts not big enough for wheelchairs, or stairs before the lift lobby, coupled with all kinds of barriers to access etc. inside and outside the building. In the longer term, we believe a more specific set of building guidelines that specify the modification standards for these older buildings should be in place to enhance the mobility of the ageing population.

As many survey results show, many owner-occupiers are elderly households, single or living with spouse. Their flats depreciate over time due to ageing effects and lack of proper maintenance. So it is difficult for these low asset and low income elderly persons to move into the SEN type of one-stop housing accommodation because many of them no doubt would be reluctant to part with their only asset.

It would thus be a great pity if there is nothing this society can do to help these elderly owner-occupiers who will probably rot away until they are one day committed to institutional care or hospital.

As an option to help this target group, we will assess whether it is feasible for Government to provide a contingent liability guarantee in case of default in mortgage if the owner-occupiers are willing to take out a mortgage against their flats to move into the SEN type of accommodation (by paying a lump sum and still gets the recurrent rental income by continuing to own the flat). If Government were able to underwrite this contingent liability, then the financial institutions might be more willing to arrange a mortgage for these older tenement flats.

Our focus therefore is to explore how we could enable elderly homeowners to a) draw benefits from their asset, and b) improve upon their living conditions as they age.

To begin with, we will look at the practical issues of arranging a special mortgage loan to elderly flat-owners. We then re-visit the issue of 'reverse mortgage' by looking at home equity release products elsewhere and reassess its likely marketability in Hong Kong. Finally, we will examine what are the benefits and implications if the same flat-owner simply disposes of his property in the open market.

4.5.a Home Mortgage Products for Elderly Owners

It is a common phenomenon in many developed countries that increased longevity, higher expectations for post-retirement living, and the general tendency to shift state benefits to private provision (for policy and fiscal reasons) have created a need for elderly homeowners to look at 'equity release' as a means to address their problem of sitting on a substantial frozen asset (e.g. a mortgage-free property) and inadequate cash/income to sustain quality living. According to 'The Equity Release Report 2005' published by the Equity Profession in the UK, 45% of the retired population, or 4.3 million people, were homeowners with inadequate retirement income whereas at the same time, the aggregate housing wealth owned by people over 65 was estimated to be 1,000 billion pounds sterling.

In Hong Kong, a Hang Seng Bank-commissioned survey on *Preparations for Retirement* (香港人退休準備調查研究報告) in June 2008 showed that 65% of those interviewed expressed concern about the high cost of living and not having adequate savings or income to maintain their future living.

(i) Mortgage Loan

a) A perfect formula?

One possible option is for an elderly homeowner in an old tenement building to take out a loan against his property. He can use the lump sum to purchase a 'lease for life' type of flat under a SEN scheme.

He then leases out his own flat and uses the rental income to repay the lending institution. If the numbers on each side of the equation are good, this 'bridging' arrangement should work out.

b) Negative factors

However, the size and tenure of the mortgage loan will be adversely affected by the following factors –

- The recurrent rental income is likely to be small because old tenement buildings tend to attract the least affordable tenants (such as new immigrant families not yet eligible for public housing);
- This already small rental income will be further 'discounted' by the lending institute (e.g. banks) in calculating the loan amount to be granted;
- The ageing owner;
- The age and condition of the old tenement building;
- In case of default, it is common bank policy not to retain or maintain any default properties or manage properties on their client's behalf. The normal practice is to quickly dispose of it through open auction or estate agent. Some banks do have a property management arm that manages their own leased properties, but it is unlikely that financial institutions will be keen to offer straight mortgage loans to ageing homeowners because it involves far more administrative work and too high a capital risk to bear on such low-end properties.

As a result, it has been pointed out that few lending institutions in Hong Kong would be prepared to go into this end of the market even if there is such demand. The 'norm' in the marketplace is not to exceed the so-called '100' threshold, i.e. the age of building (say, 40) plus the age of borrower (say, 60). In this connection, it is worth noting that based on Rating and Valuation Department's statistics, 35.6% of private buildings are already 29 years' old.

We have taken two examples of old tenement buildings in the older districts of Hong Kong and assessed the likely viability of a mortgage loan to elderly flat owners. These examples are drawn from property agency and mortgage policies applicable in the first half of 2009.

Case 1:

Property characteristics (27 years old, 11-storeyed residential building in Tai Po Road, Cheung Sha Wan, Kowloon; GFA 360 sq.ft.; long flight of steps before lift lobby; sold for \$890,000 in March 2009)

Mortgage terms: loan-to-value ratio at 50% of property value (i.e. \$445,000); interest at 2.75% (i.e. p – 2.5% for investment property); loan tenure = 5 years.

Assumes borrower's age is 60.

The monthly repayment amount is \$7,947.

Case 2:

Property characteristics (a 32-year old residential building in slopy Third Street, Sai Ying Poon, Hong Kong Island; GFA 462 sq.ft.; asking price \$1,400,000 in May 2009)

Mortgage terms: loan-to-value ratio at 50% of property value (i.e. \$700,000); interest at 2.75% (i.e. p – 2.5% for investment property); loan tenure = 5 years.

Assumes borrower's age is 60.

The monthly repayment amount is \$12,500.

In both cases, the rental income of these two properties, estimated to be \$5,500 and \$7,200 respectively, will fall short of the repayment amount required by a certain margin. However, if the lending institutions are willing to extend the loan tenure to 10 years, the monthly repayment amounts under Cases 1 and 2 will then become \$4,246 and \$6,679 respectively, thus falling well within their respective rental income. The difficulty though is to ensure uninterrupted and at least the same level of rentals throughout the repayment period.

It is worth pointing out that banks are generally unwilling to offer a mortgage loan to an elderly applicant in his or her own name if that person is no longer in active employment or without proven regular income. In such cases, the banks will require a younger guarantor, normally the applicant's children, to ensure that the mortgage will continue in the event of default.

This guarantor arrangement inevitably makes it difficult for the elderly flat-owner to come forward to apply for such a mortgage. Equally, the guarantor might have second thoughts about carrying an obligation to repay the remaining balance of the mortgage should anything happen to the applicant.

In other words, a guarantor arrangement, for the purpose of obtaining a loan to buy a 'lease for life' entitlement, could create a lot of agony on the part of flat-owner while he moves into better quality accommodation.

Furthermore, banks would normally charge a higher interest if the property is leased out on the understanding that the rents will be used to finance the mortgage repayment. Naturally, a shorter mortgage period is offered to elderly applicants having regard to possible changes to their health conditions and financial stability.

c) Government backing

Would the lending institutions take a different view if the Government were willing to underwrite the contingent liability of such a mortgage loan in case of default? Similarly, if the lending institutions can offload the risks and overcome the cash flow locking issues, would they be more inclined to lend the homeowners a larger amount and for a longer period than they otherwise would without any such guarantee?

In this context, the Hong Kong Mortgage Corporation Limited (HKMC), a wholly Government-owned body, is a liquidity provider to the banking community. It also operates a Mortgage Insurance Programme (MIP) on owner-occupied as well as non owner-occupied residential properties to help foster wider home ownership. However, the general policy is to focus on owner-occupied properties only.

We have explored whether there is scope for the HKMC to design a special MIP for the elderly homeowners in old tenement buildings if Government sees good policy reasons to offer such coverage to those who meet certain prescribed eligibility criteria. Our understanding is that the HKMC would not normally exceed what the banks are prepared to offer.

d) Contingent liability

To ensure that the HKMC is not unduly exposed to high default rates, it would seem to be justified for the cost of the Government guarantee to be borne collectively by the homeowners who pay an insurance premium to the HKMC. In turn, the HKMC may hedge the exposure of the mortgage insurance by taking out reinsurance with approved re-insurers in the market. Notwithstanding this, the next obstacle might be the re-insurers' reluctance to accept such cases (for fear of the political difficulty with gaining repossession or lack of certainty that the loan amount will not exceed its depreciating value over time) no matter how conservative the assessment is.

Since the MIP is designed to be at least self-financing, the contingent liability thus arising in case of default in repayment should be acceptable. The reality, or the more likely scenario, is that it would be very difficult to work out a special loan package for elderly flat-owners due to the small size of the market and the associated risks involved.

Looking ahead in the mid-term, some fifteen to twenty years down the road, many of the current old tenement buildings will be torn down and redeveloped. So the problems we describe will have hopefully gone away. However, if we look at the next generation of older private housing estates such as Mei Foo Sun Chuen (1965), Baguio Villa (1975), Whampoa Estate (1977), Tai Koo Shing (1977) or City One Shatin (1981), their population will more than likely have a much higher concentration of elderly persons, and they will probably encounter similar problems. There is thus a case for Government to consider underwriting any excess risks which would otherwise be borne by the HKMC, or ask the HKMC to absorb a pre-defined amount of risks from its reserve funds.

e) Support service

Assuming that the eligibility for getting a mortgage loan (with HKMC underwriting) is limited to those moving into 'approved' SEN type of purpose-built units, the elderly flat-owners would still require some support service to oversee the lease of the flat under their name and to attend to the proper maintenance of the flat.

We envisage that not-for-profit organizations such as the Senior Citizen Home Safety Association would be well poised to offer such service for an administrative fee. Such service could also be offered by the HKHS that admits the applicant, or a commercial entity (e.g. a trustee company) or an umbrella service corporation serving mature persons.

(ii) Reverse Mortgage

a) Description

Under a **Reverse Mortgage**, the homeowner borrows money against the equity against his home and the principal and interest is not repaid until the home is sold (usually when the borrower dies or voluntarily vacates the home). Typically, the borrower gets the benefit of a lump sum, a regular stream of payments or both.

A common feature of this type of arrangement is that the homeowner retains title to the flat and continues to live in the property but grants the provider a

mortgage to secure repayment of principal and interest under the loan. The outstanding balance of the loan grows over time as the interest is capitalized (rather than repaid), but the homeowner is usually not compelled to make any repayments until he dies or otherwise voluntarily vacates the property.

The loan features, interest and fees for reverse mortgage appear in many forms and may vary significantly between lending institutions and markets.

Under a **Home Reversion** scheme, in Australia, for example, the homeowner sells part or all of his flat to a reversion company. The home is sold for less than its market price (typically between 35% and 60%), but the homeowner can remain in the flat until he dies or voluntarily vacates the flat. There could be a sale and lease model and a sale and mortgage model under this kind of scheme. In addition, there are **Shared Appreciation Mortgages** whereby the homeowner gives up the right to some of the capital gain on the property in return for paying reduced or no interest on that part of his borrowing.

The above variations are normally described as 'equity release' products.

b) Acceptability of Reverse Mortgage in Hong Kong

As a loan product, reverse mortgage has yet to be introduced in Hong Kong but it has been launched for some years in the US, UK, Canada, Australia, New Zealand and Singapore. It is however worth noting that these products have never been very successful and popular with consumers and lending institutions elsewhere in the world.

A study published in 2008 estimated a very substantial size in the potential reverse mortgage market for income-poor owners (from 50 years of age and above), including those in private residential whole flats and Home Ownership Scheme flats.⁶ The estimate was that there were 120,918 such households as at 2006. After computing a rising annualized growth rate, the number was projected to rise to 167,477 by 2016, to 217,999 by 2026 and 257,826 by 2036.

We have interviewed senior executives of several banks, insurance companies and real estate agency companies to seek their views on the commercial viability of reverse mortgage as a loan product in Hong Kong. Most of them have cast doubt on its acceptability in Hong Kong, having regard to the following factors:

⁶ Business and Professionals Federation of Hong Kong, *Asset Rich? Income Poor? Is Reverse Mortgage a Solution?* (Hong Kong: Business and Professionals Federation of Hong Kong, 2008).

- small size of the market as it is a Chinese cultural ‘norm’ for elderly people to leave their properties to their children (although this may change over time and with more public understanding of the reverse mortgage concept);
- low recurrent income under an annuity arrangement – assuming a \$1 million flat and initial payout at the age of 65, the recurrent income would only be about \$1,000 to \$2,000 a month;
- liquidity issue for the lender as the homeowner is not required to make any repayments until he dies or otherwise voluntarily vacates the property. This means the lenders will have to lock up their mortgage funds over an indefinite period;
- unlike detached houses overseas, most of the properties in Hong Kong are flats within buildings which have common areas. The future value of the flats will be affected by continued maintenance of such common areas which is outside the control of individual flat-owners. This presents another area of uncertainty for lenders; and
- more importantly, overseas experience has shown that operators of reverse mortgage are mainly government departments or quasi-government agencies with minimal participation by the private sector. These plans have been brought to the market, for public policy reasons, to offload government’s commitment in housing provision for lower income families. This is because older properties are getting more expensive to maintain. If the elderly flat-owners cannot take out a reverse mortgage, some of them would be forced to dispose of their existing flat and then apply for subsidized housing. This is why some governments, such as the UK, have encouraged these households to take out reverse mortgage to contain government’s limited subsidized housing programmes.

If introduced in Hong Kong at all, reverse mortgage, by definition, is not an option for financing the acquisition of a life-long lease under the SEN scheme because it presupposes that the homeowner will continue to live in his home. However, reverse mortgage can definitely serve as a source of funding for a home improvement programme or satisfying other day-to-day needs of the elderly homeowners.

c) Government backing

Our research has shown that the launch of reverse mortgage in the US, UK, Canada, Australia and Singapore was all government-led. To help promote reverse mortgage in Hong Kong, we believe there is scope for the HKSAR Government to provide a guarantee on reverse mortgage by adopting something similar to the US model. In the US, the Federal Housing Administration (FHA) insures Home Equity Conversion Mortgage (HECM) loans originated by FHA-approved lenders to protect the lenders against loss if

the amounts withdrawn exceed the ultimate equity when the property is sold. The FHA insurance also protects borrowers with a guarantee to make any payments that lenders fail to make to the borrower. The FHA then collects insurance premiums from the borrowers via the US Department of Housing and Urban Development (HUD). The number of cases under this kind of mortgage loan rose from 157 in 1990 to 112,154 in 2008.

In Hong Kong, the role played by the FHA and HUD may be assumed by the HKMC. Overseas experience also shows that, apart from providing financial backing, government's supervision and support in areas such as application counseling, consumer education, outreaching for potential borrowers and special regulations for reverse mortgage, are some of the critical success factors.

d) Contingent liability

In the US, the results of an independent actuarial analysis aimed at assessing the adequacy of the HECM insurance premium and risk exposure for HUD indicate positive net worth for the present value of HECM insurance premiums paid. If the same model is adopted in Hong Kong, the contingent liability for underwriting the MIP on reverse mortgage, which is again designed to be at least self-financing, should be, in theory at least, acceptable.

4.5.b Outright Disposal of Property

The recommendations put forward under 4.5.a above assume securing cash (in lump sum or as a regular stream of income) through some kind of mortgage arrangement. Based on overseas experience, this type of arrangement could be expensive and cumbersome. It will also require intense public education, substantial marketing efforts and counseling to attract homeowners to turn to this type of financial instrument.

It would thus not be easy to create a critical mass even though, as mentioned under 4.5.a (ii) (b) above, the potential market could be significant.

While we would advocate that all the industry players as well as prospective consumers should seriously look into the 'equity release' models, there is always the traditional route of an outright sale. This means simply disposing of a flat in the open market, get the lump sum, purchase a 'lease for life' type of quality, purpose-built accommodation and use any remaining balance to meet the recurrent expenditure of day-to-day living through some form of prudent investment.

In this connection, NGOs that have earned the trust of elderly households, such as the Senior Citizen Home Safety Association, can have a role to play by assisting in the property disposal and providing advice and assistance on different options. This might

be the most immediate and fair method of switching to SEN type of accommodation, without changing any existing policies or creating new mortgage products in the market.

As mentioned earlier, income-poor elderly homeowners can apply, under current housing policy, to live in a public housing unit on condition that he disposes of his flat within two years of admission. This is also another route for improving his living conditions should he decide not to go for the 'lease for life' type of SEN accommodation.

4.6 Insurance Plan for Elderly Housing

The 2008 Thematic Survey showed that nearly half (47.3%) of the older persons had not made any arrangement to meet their future financial need.

In June 2008, Hang Seng Insurance published a study report on retirement preparedness of the Hong Kong people (香港人退休準備調查研究報告). It showed that as many as 50% had never seriously made financial plans for their retirement and taken any concrete actions. Another 18% had seriously thought about it but never taken any actions. On average, people started to plan for retirement at 47.

At about the same time, HSBC Insurance published a similar report entitled 'Investing in Later Life' that showed a high proportion of Hong Kong people expressing concern over the post-retirement life: 65% of pre-retirees (40 – 59 years) and 61% of post-retirees (60 - 79 years) fear illness or disability in old age. Commenting on the report findings, Jason Sadler of HSBC Insurance was quoted as saying: "There remains an 'ill-prepared' generation, the so-called 'IP' generation, of pragmatic pre-retirees whose expectations of retirement are in danger of not being met unless they make concrete plans to support the second half of their lives. The need to shift from 'ill-prepared' to 'well-prepared' for retirement is pressing. Early and strategic wealth management planning is the key to achieving financial security and physical well-being in old age".

As our Mandatory Provident Fund (MPF) only has a short history, the average employee by the time he or she retires will not be collecting a sufficient sum to ensure a secure living standard if the elderly household is in private rental housing and unassisted.

Unlike other more mature countries that have tackled the ageing issue, Hong Kong has hitherto looked at housing for the elderly as a 'welfare' issue.

Planning for quality accommodation that is suitable for ageing should form part of our retirement planning. The gap from living with children to institutional care can be quite long.

Since ‘lease for life’ is still a new type of arrangement to Hong Kong, naturally there is nothing currently in the insurance market to purchase plans that can cover this type of accommodation arrangement whereby **the policy holder is guaranteed a place by the time he needs it.**

We would strongly recommend the insurance industry should study the financial viability of developing plans for the middle-aged groups, including those in lower income brackets, to purchase such policies at a modest cost because some of them would not be eligible for subsidized housing in the remaining part of their lives.

In other countries, some insurance companies are big enough to be the ‘developers’ themselves for this type of ‘lease for life’ that administer the policy in tandem with the accommodation entitlement. It seems that Hong Kong’s conditions are also ripe for this type of development concept as an option. In other words, planning for the future accommodation could include options such as insurance policies from middle age on if not earlier.

In recent years, the major banks and insurance companies have been introducing plans to cater for different financial needs of mature persons for their post-retirement life. These are mainly like a savings policy, on fixed installment terms such as the HSBC’s *Retire Income Annuity Plan*, Hang Seng’s *Step-up Income Life Insurance Plan*, BOC’s *Joyful Life Annuity Plan*, Manulife’s *Premier Lifestyle Protector* and Zurich’s *Senior Protector Plan* etc. They all bear features that can be modified to help the individual get an income or for the children to buy a plan for their parents’ protection.

No matter how the plan is packaged, there is normally no restriction on the use of funds. Some plans do however provide a destination for the funds (such as an education trust for children).

As a result of the financial tsunami, the insurance and banking industries have been undergoing very tough times. There is now much greater incentive to develop ‘traditional’ and less risky plans for those who need to plan for the latter part of their lives.

Against this background, the ‘silver hair market’ has certain attractions to the industries since the plans and policies proposed below are relatively straightforward. They should have a certain appeal to the better off and better educated. The plan can provide such options as partial withdrawal to meet the cost of refitting a flat to meet the ageing needs of the policy holder.

4.6.a Investment Plan for SEN Type of Accommodation

Assuming the supply for ‘lease for life’ is significantly increased by different providers other than the HKHS, as per the recommendations discussed in Section 4.1, there

would then be a critical mass big enough to attract the development of savings plans by the banks and insurance companies that stipulate a designated use such as a 'guaranteed place' for 'lease for life' of specified minimum standards.

A pre-requisite for this is the size of the available stock rather like hotel or airline booking. The match-making of insurance/investment plans and the provider of such accommodation can work out the terms and conditions where both sides see commercial benefits to enter into such a contract. In this context, only very sizeable housing providers such as the HA and the HKHS would be able to enter into the market as a sideline to their mainstream business.

In housing terms, there is nothing to stop these big players from 'selling' SEN type of flats to these plan/policy holders when they collect the lump sum at the end of the term. There are cash flow benefits in outright purchase to the providers concerned.

Hong Kong is quick to develop solutions. We believe that the insurance companies would be prepared to conduct market research and product development when there is adequate community interest in this direction, particularly among the prospective consumers. Similarly, under current market conditions, banks are more willing to invest in developing products that are based on existing models that have gone through the risk acceptance tests, and are least likely to cause concerns to the regulatory authorities.

4.6.b Policy and Incentives

In housing policy terms, is there a case for Government to intervene and facilitate the provision of such insurance plans for elderly housing?

It has been argued that if affordable households can get quality accommodation with support services, the Government will stand to gain as these households will be less reliant on public health and welfare services as they age (and progressively lose their savings or family contribution).

It is a known fact that the earlier one starts a savings or insurance plan, the cheaper is the monthly due and the larger will be the final lump sum. If Government sees policy justification to assist ageing households in getting quality accommodation that fits in with the ailing physical conditions, then it makes economic sense to positively facilitate the early entry into such insurance plans. This is similar to the provision of MPF where Government, by legislation, provides a system of employment-related saving and the various elements in the proposed medical reforms whereby the private sector plays an increasingly important role.

As an option to encourage this part of market development, Government can consider offering **tax incentives** for those taking part in purchasing insurance and savings plans that are linked to the provision of a permanent, quality accommodation for the ageing

plan holder. Since plans aiming to achieve a lump sum payout of, say, \$2 million, over a long period, should be quite affordable, the corresponding tax incentive should not be causing the public purse a lot of money.

The potential loss of tax receipts for Government depends on a number of factors, such as the relative attraction of such a plan, take-up rate and the tax deductible formula, but the political mileage of such a positive gesture to help people plan for ageing, though a small gesture, will be considerable.

For policy holders with only a little recurrent income, they might even get their grown-up children to pay for such a modest insurance or savings plan that guarantees quality and suitable accommodation for the rest of their lives. Here caring children can make a conscious effort to support their parent(s)' ageing by meeting the cost of such plans if the tax incentive can be extended to them as well.

4.6.c Bundle with Medical Insurance Plans

Government has put forward options to reform its healthcare financing arrangements, including voluntary and mandatory private health insurance, for public consultation. At some point, if the private health insurance concept is better recognized and supported, it would make policy sense for Government to encourage the purchase of SEN or similar type of accommodation with medical insurance plans in a package. This could be packaged as a twin product that takes care of two major spenders (and worries) in the ageing process: medical and housing costs (for those outside the 'welfare net'). This could mean a modest increase in the monthly insurance cost but the reassurance will be immense. For those who still pay tax, some tax cut or rebate could be considered as a gesture of supporting the development of these private sector markets.

Again, Government does not need to incur a huge public expenditure to do this. It does however require consultation with the industry players, the regulatory bodies and the public if it endorses this general direction.

4.6.d Withdrawal of MPF Benefits

We observe that Singapore allows the withdrawal of its Central Provident Fund for home purchase whereas there is no such provision in the Hong Kong Mandatory Provident Fund Ordinance for early withdrawal for similar purpose. If Government is keen to facilitate the purchase of quality accommodation such as a SEN scheme (provided by designated NGO such as the HKHS), then it could consider allowing the MPF holder to borrow a loan against his or her own accrued benefits for those who continue to work after 60. It could also consider preserving a portion of the MPF benefits for annuity payments after retirement instead of a one-off lump sum payment. The annuity payments can go into meeting the recurrent cost of a 'lease for life' flat.

The above relaxation of MPF withdrawal rules will require legislative change, and again, should not result in impacting the public purse in a significant way. It can however facilitate decisions by individuals to plan for their future accommodation needs as opposed to their current accommodation that might be less and less suitable as they age.

It is worth pointing out that Hong Kong's mandatory contribution rate is most likely unable to support purchase of a decent private flat upon retirement. It would however probably be adequate for a 'lease for life' type of accommodation if the MPF withdrawal rule is relaxed.

4.7 Coordination of Support Services

Currently, support services to elderly households are split across different bureaux each being responsible for different aspects of 'community support', resulting in **accessibility issues** and **duplication of efforts** in case management.

It is high time to really take stock of what is happening in different programme areas and what type of streamlining or rationalization can be achieved, including planning coverage, service locations and boundaries, programme contents and target groups within the elderly clientele.

If Government takes on board the concept of **family integration**, its future direction should focus on how support services and housing could be better coordinated, for both the private and public sectors.

Another aspect of coordination is **volunteer work**. It is not unusual to find the same private tenement building dweller or elderly home getting visits from school volunteers, different NGOs in the district, volunteers from professional bodies and staff clubs etc. Some have become a chore. While each visit is – or should be – a warm gesture, most of these trips do not result in material improvement of the dwellers' future conditions.

Volunteer work cannot be 'monopolized' or 'controlled', but it can be coordinated. In the short term, the **Elderly Commission or a similar body** should be tasked to advise Government and NGOs how they could better coordinate their services and at the district level, advise various volunteer bodies, including schools and professional bodies, what are the service gaps and how best they could assist in offering their respective service to the community.

4.8 Public Education on Home Safety and Convenience

The HKHS's Elderly Resources Centre provides a good repository of knowledge, training ground for care-givers and an exhibition gallery for fittings and furnishings suitable for use by elderly households. Its utilization is however limited.

Since so much ground work has already been done on the software side, the Government should take on board the base work and mount a **massive and continuous publicity programme on home safety and convenience, on a scale similar to the ‘Fight Crime Campaign’**. This campaign should address the lifestyle and different levels of impairments experienced in most Hong Kong households having elderly persons at home.

Another message worth putting across in this sustained campaign is **social inclusion** so that children will find it not so stressful living with elderly parents who will be assisted by these aids.

The benefits of refitting a housing unit should also be heavily promoted (see also 4.9). The refitting cost, by different standards and packages, could be met by caring, better off children or by the elderly themselves.

4.9 Creating a Market for Furnishings and Fittings for Elderly Households

In 2008, Hong Kong had about 1,129,900 older persons living in domestic households, including about 278,800 living with their spouse and not with child(ren) (Fig. 8). To date, only a small proportion of our public housing units are fitted with furnishings and fittings suitable for elderly persons. In the private sector, most families are not aware of the problems until an injury or mishap occurs.

The current efforts by the HA and the HKHS to tackle the refitting of units are far from large-scale.

If Government is keen to see early implementation of refitting these households, it **should commit a significantly larger amount of resources, with a specially designed package, to take on the preventive programme for the greater safety and protection of the elderly tenants in subsidized housing.**

On the private sector side, market forces can take care of this if Government **plays a strong facilitator role**, by a dedicated campaign of actions and advice. To work towards universal design and implement fitting out guidelines as recommended by the HKHS, it will require concerted efforts for all providers of housing units and home owners.

This will also **open up a very large market for interior designers and small-time home fitters** as the works involved are small-scale but the quantum is very significant. Relevant professional bodies, such as the **Hong Kong Institute of Architects**, could be commissioned to study the related design and refitting issues and come up with different packages of solutions for reference of different affordability groups.

This option involves big money across different sectors and offers long-term business prospects. For private residential properties now over 40 years' old, it would be advisable for the Owners Incorporated to incorporate such features in their next major building renovation, and to assist individual flat owners with elderly persons to refit their own units with a master contract to get their economy of scale and save the trouble of going through the due process.

5. Concluding Remarks

This report outlines a policy direction based on drawing on the whole society's resources in tackling an emerging social condition with some forward planning and imagination. The situation is fluid but the issues are dynamic. In particular, Hong Kong should also be addressing the issue of an ageing population, its housing and related services, from a cross-boundary perspective. The development and vast resources in the Greater Pearl River Delta offer new dimensions, in terms of both supply of SEN type of accommodation as well as Guangdong mid-age, mid-income people wanting to retire or age in Hong Kong under various immigration plans.

We believe that if Hong Kong is able to demonstrate its ability to implement many of the recommendations set out in this report, its experience would be an excellent model for the Mainland and the other countries in the Region. We should look beyond our immediate boundaries and learn from valuable experiences of other places having gone through the same journey.

This report can be seen as a starting point in addressing Hong Kong's elderly housing issues. More needs to be done to look at other aspects of elderly housing, particularly the needs of those inside the 'welfare net'.

The time to act is now, not tomorrow.

Government's Support for Elders in the Community

- Promoting 'aging in place' is one of the underlying principles of Government's policy for the care of the elders. The objective is to let elders continue to live in a community where they are familiar with, which is also the wish of most elders. Community-based welfare, long-term care, medical and recreational community services ensure that needy elders have easy access to services they require regardless of where they live.
- The majority of elders are living in domestic homes. About 57% of our elderly population (aged 60 and above) is living in various types of subsidized housing (including public rental housing (PRH) and Home Ownership Scheme flats). Subsidized home-based care and support services are available to needy elders living in the community, regardless of the types of housing they are living in.

Public rental housing for needy elders

- The Government provides low-income families who cannot afford private rental housing, including elders, with subsidized PRH flats. As at December 2009, there were about 7,800 elderly applicants on the waiting list and their average waiting time was about 1.2 years, which was lower than the average of about 1.9 year for general family applicants.
- The Hong Kong Housing Authority (HA) will continue to actively coordinate with policy bureaux and departments concerned to identify suitable sites for PRH development in different districts to meet the needs of the community, including the elders.
- While it is not the policy of HA to provide elderly-only PRH, HA is committed to providing elderly PRH tenants with a safe and convenient living environment and making PRH a suitable place for needy elders to live. HA has since 2002 adopted 'universal design' in all of its new projects. The objective of 'universal design' is to provide a living environment suitable for tenants of all ages. Under this concept, HA has introduced various types of elderly-friendly designs, such as lever type door handles, and has enhanced the design of the passageways of PRH estates. In 2006, HA implemented the 'provision of barrier-free access' to enhance facilities such as ramps, handrails and voice synthesizers in lifts, to make it more convenient for needy elders and the disabled.
- Also, HA implemented the 'Estate Improvement Programme' to renovate and add recreational and leisure facilities suitable for elders, and provide lifts in some of the PRH estates to enhance the accessibility for elders. The implementation of the

aforementioned measures has enhanced the living environment of PRH to further cope with the need of elders. HA will continue to explore possible means to further enhance the facilities in PRH estates.

- Besides, HA has put in place a series of enhanced housing arrangements for fostering harmonious families so as to encourage harmony and mutual support among generations. Elders may apply together with their young offspring for PRH under the 'Harmonious Families Priority Scheme' and enjoy a credit waiting time of six months, irrespective of their choice of living under one roof or separately in two nearby PRH units.
- For those opting for living under one roof, they may also opt for PRH flats in the Urban District. Existing elderly PRH tenants may apply for transfer to estates near to that of their offspring through the 'Harmonious Families Transfer Scheme', or apply for amalgamation of tenancies with that of their offspring and be transferred to a PRH unit of suitable size under the 'Harmonious Families Amalgamation Scheme'. To encourage inter-generational support, HA has also implemented the 'Harmonious Families Addition Scheme' to allow elderly tenants to add adult offspring into their tenancies. HA will continue to implement the above schemes to benefit more elders in need.
- Also, HA has, where possible, leased non-residential units to social service agencies for the provision of elderly services in the community. Attempts have been made to convert elderly housing with high vacancy rate into other community or welfare uses according to local needs.
- HA encourages Estate Management Advisory Committees to work with the Social Welfare Department (SWD) and non-governmental organizations (NGOs) to provide support services for elders in PRH estates to meet local needs, and to organize community and recreational activities to strengthen neighbourhood relationship and community support for elders in the estates.
- Elderly households enjoy additional preferential treatment than ordinary households, including —
 - ◆ relaxed eligibility criteria for the 'Rent Assistance Scheme' for temporary relief of financial difficulty;
 - ◆ exemption from declaring their income and assets on a regular basis so that they do not have to pay additional rent or surrender their flats even when their income and assets reach a certain level;
 - ◆ allowances from the SWD and the Housing Department for the Personal Emergency Link service (平安鐘).

Home care and community support

- To assist needy elders in the community, the Government provides subsidized community care services through NGOs, including home-based care services and day care services in Day Care Centres for the Elderly. The scope of services includes personal care, nursing care, rehabilitation exercise, meal and escort service. At present, about 25,000 elders in the community are users of these services.
- The 41 District Elderly Community Centres, 117 Neighbourhood Elderly Centres and 53 Social Centres for the Elderly provide a territory-wide social support network for elders at the district level. The support services include counselling, referral and assistance in processing applications for long-term care service, emotional support, community and health education, outreaching support, development of volunteer service, social and recreational activities, and meal service.
- The Hospital Authority and the Department of Health (DH) provide medical and clinical services for elders through public hospitals, general out-patient clinics and specialist out-patient clinics in the districts. The Hospital Authority has enhanced its community and day care services in recent years.
- Support services for discharged elderly patients have been enhanced by the Hospital Authority through the community nursing service, community geriatric assessment teams and geriatric day hospitals. The Labour and Welfare Bureau, in collaboration with the Hospital Authority, implemented the 'Integrated Discharge Support Trial Programme for Elderly Patients' in 2008 to provide discharge support services to elderly hospital discharges, including pre-discharge planning, transitional rehabilitation services and home care services. The programme comprises a total of three pilots in Kwun Tong, Kwai Tsing and Tuen Mun.
- DH's Elderly Health Centres provide primary health care services such as health assessment, physical examination, counselling, health education and general out-patient clinic service for elders, with a view to improving elders' self-care skills and encouraging them to develop a healthy lifestyle.
- The Leisure and Cultural Services Department (LCSD) provides a wide range of recreational facilities to elders. Apart from traditional sitting-out areas, LCSD has provided a number of additional fitness facilities for elders in parks and playgrounds in recent years.

Improving building access and home environments for needy elders

- The Buildings Department has published the ‘Design Manual: Barrier Free Access’, stipulating the requirements on proper access and facilities to facilitate the free access of the disabled in and out of buildings. Elders also benefit from barrier-free design.
- To assist elders who are living in dilapidated homes and do not have the financial means to improve their home environment, the Government implemented the ‘five-year Home Environment Improvement Scheme for the Elderly’ in 2008. The scheme covers items which are essential in improving the home environment and safety for the elders, such as the installation of additional handrails in toilets and bathrooms. It also provides needy elders with basic electrical appliances such as electric fans and heaters.

Elderly flats with integrated services

- With the Government’s granting of two pieces of land at nominal premium, the Jolly Place in Tseung Kwan O and the Cheerful Court in Jordan Valley of the Hong Kong Housing Society’s (HKHS) ‘Senior Citizens Residence Scheme’ provide leased accommodation, recreational and medical/care services for eligible elders under a lease-for-life arrangement. There are altogether 576 elderly flats in the two developments. The Government is currently following up with HKHS on another two elderly housing projects in the former Tanner Hill Estate in Tanner Road, North Point, and Tin Shui Wai Area 115 respectively.

Provision of Elderly Care by the Hong Kong Housing Society

- The Hong Kong Housing Society (HKHS) has provided 919 self-contained Elderly Persons Flats in 9 estates in different locations across the territory which can accommodate around 1,800 elderly over the age of 60. Rents are comparatively cheaper than that of normal domestic rental units.
- Casual vacancies of the elderly person flats are open for application by elderly applicants meeting the income and asset criteria.
- In anticipation of the growing ageing situation in Hong Kong, the HKHS has conducted extensive rehabilitation works at Moon Lok Dai Ha, Ming Wah Dai Ha and Kwun Lung Lau etc to install lifts and elevators to facilitate the elderly' daily movement. In Moon Lok Dai Ha, barrier-free access environment has been incorporated in the design of the rehabilitation works. Ramps, handrails and voice synthesizers in lift cars etc have been provided to cater for the needs of the elderly and the disabled.
- In addition to providing housing hardware tailored-made to meet the needs of the elderly, the HKHS also cares about their physical and mental health. Through the Housing Society Community, activities are regularly organized for the elderly. For example, the athletic gala for the elderly, birthday parties, outings, educational talks, interest classes and visits etc. We encourage the elderly to do volunteer work and help them integrate with the community as far as possible.
- The HKHS volunteers team will visit the elderly and present gift packs to them.
- Some estates are equipped with elderly lounge in which the elderly can gather together for chatting and mingle with each others. We employ welfare workers to provide recreational and cultural activities and engage non-government organizations such as the Salvation Army and the Neighbourhood Advice-Action Council to provide round-the-clock service to the elderly.
- HKHS provides a monthly subsidy of personal emergency link service (careline service) to all the elderly living in elderly person flats. The elderly, who have reached 65 years old, living alone or living with family members, all of whom have reached the age of 60 or above, could also receive the monthly subsidy upon request.
- Facilities like sitting out areas and pebble walk trails are installed in the open areas for the elderly.
- 'Cares for the Silver-hair' training sessions are organized for officers to understand the various needs of the elderly so as to enhance the communication skills with the elderly.
- To encourage the young family members to live with their elderly parents, the HKHS has introduced the Ageless Community Policy in 2006. Families having 3-generation living together can apply to have one more flat under one tenancy under the same estate for mutual support.

- ‘Home Renovation Loan Scheme’:
 - ◆ Subsidies amounting to 50% of the loan or \$10,000, whichever is the lower, would be granted to the loan applicant aged 60 or above who is the recipient of Comprehensive Social Security Assistance (CSSA) or medical fee waiver.
- ‘Building Maintenance Incentive Scheme’:
 - ◆ Grant at \$10,000 or 50% of building maintenance contribution, whichever is the lower, to elderly owners receiving CSSA or medical fee waiver to facilitate building maintenance works in the common areas.
- ‘SEN’ Scheme for middle income elderly at user-pays principle.
- ‘ERC’ to promote home safety & aging in place at the community.

The Hong Kong Housing Society

Sample Schemes in Operation Overseas⁷

<u>Countries</u>	<u>Policies / Organization</u>	<u>Remarks</u>
USA	Social Health Maintenance Organization and Program for All Inclusive Care for the Elderly	Demonstrated successful experiences and accomplishments in providing community-based in-home services for the elderly in general ⁸ and those marginally housed elderly in the US. ⁹
Australia	Community Aged Care Packages	Enabling elderly people to remain living in the community instead of being institutionalized.
Canada	System of Integrated Care for the Frail Elderly	A program of integrated care for vulnerable community-dwelling elderly persons and has resulted in a 50% reduction in hospital alternate level inpatient stays. ¹⁰
Italy	Integrated social and medical care and case management	Provided in home-care services have improved elderly service users physical function and reduced decline of cognitive status. ¹¹
Germany	1. Care-in-kind at home; 2. Smaller cash payment to pay for non-professional care; or 3. Combination of care-in-kind and cash payment with limited professional help	Different types of service are offered: 1. general care, supervision and guidance; 2. actual care on body; and 3. medical care
Denmark	‘Mobile services in home’	Home help manning is 1 full-time staff for every 10 persons aged 75 and over and, there are ‘mobile services’ for community living elderly people.

⁷ Extracted from the 2007 HKHS- commissioned study

⁸ Eleazer, P., and Fretwell, M. (1999). The PACE Model (Program for All Inclusive Care of the Elderly): A review. In Katz, P. Kane, R. & Mezey, M. (Eds.), *Emerging systems in long-term care*(88-117). NY: Springer Publishing Co.

⁹ Mai, L, and Eng, J. (2007). Community-Based Elder Care: A Model for Working With the Marginally Housed Elderly. *Care Management Journals*, 8(2), 96-99.

¹⁰ Beland et al. (2006). A system of integrated care for older persons with disabilities in Canada: results from a randomized controlled trial. *Journal of Gerontology Series A: Biological Sciences and Medical Sciences*, 61, 367-373.

¹¹ Bemabei et al. (1998). Management of pain in elderly patients with cancer. *Journal of the American Medical Association*, 279 (23), 1877-1882.

Japan	'Gold Plan' and 'Silver Housing'	<p>'Gold Plan' targeted to increase the quantities of home-visit long-term care, home help service, home-visit nursing care and home-visit nursing care stations so as to enhance home care service.</p> <p>'Silver housing' is a rental housing scheme, has been developed with supplying 'life support adviser' for daily support. The ratio between LSA and elderly residents is 1 to 60-100 so as to provide sufficient daily support.</p>
Singapore	Community-based care and support services	Target to the elderly residents living in Services apartments.

Design Features and Facilities of SEN projects

(I) Cheerful Court in Jordon Valley



Studio sitting



Studio kitchen



Studio bathroom



Slimming



Swimming pool



Hydro pool



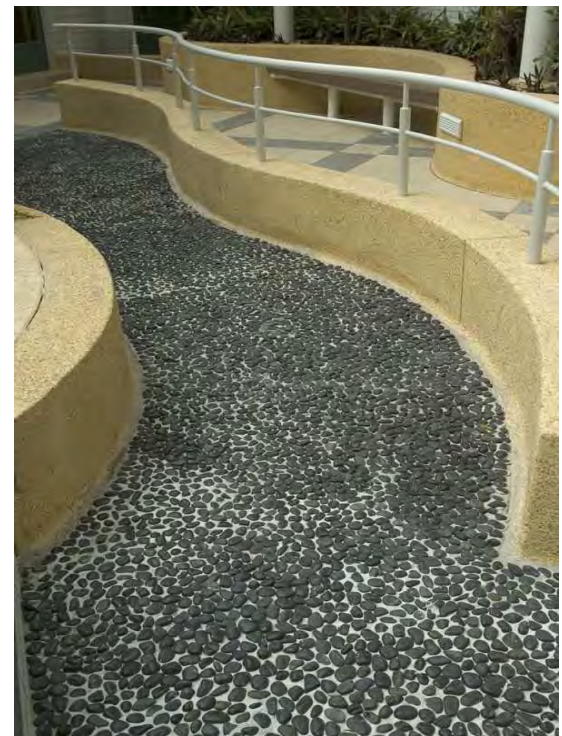
Pottery



Music room



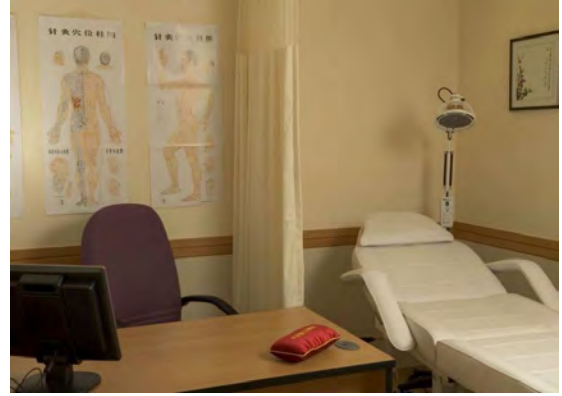
Residential corridor



Pebble walk trails



Single bedroom



Massage



Library



Grooming room



Single kitchen



Dental care



Multi-purpose hall



Gym room



Care and attention bed



Court yard



Double swing door



Handfree doorphone

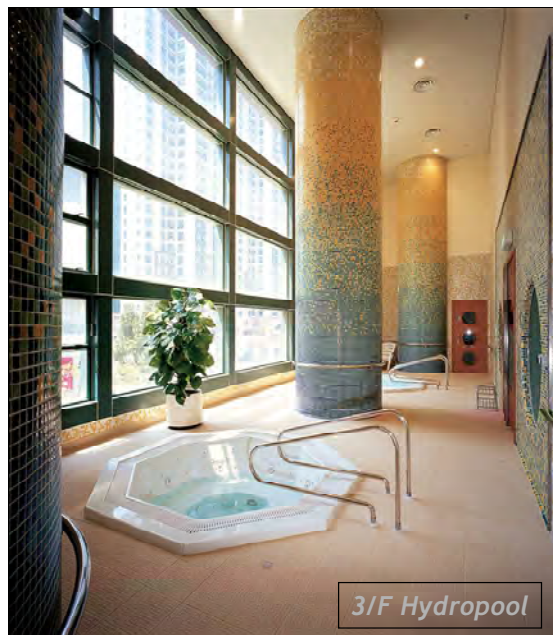


Smoke detector



Chinese herbalist

(II) Jolly Place in Tseung Kwan O





Single sitting room



Show flat-living room



1/F Care & Attention Home



Studio Unit



Lift with foldable chair

Home Adaptations in HKHS Elderly Resources Centre



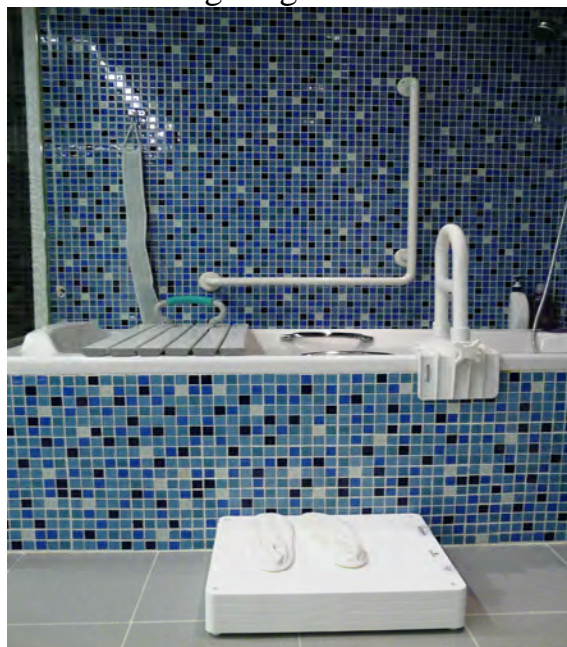
Home phone (large buttons)



Lighting feature



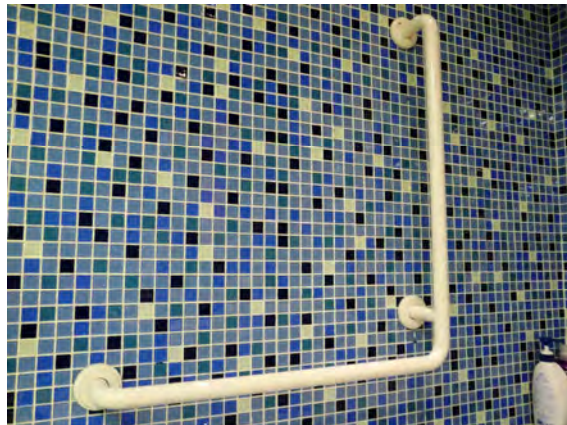
Bath tub



Hand rails



Toilet



Hand rails



Bath tub



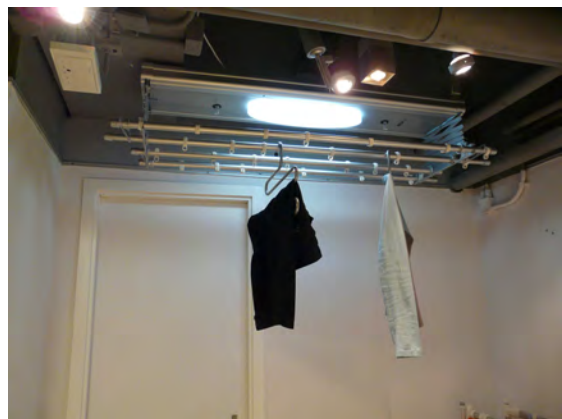
Hand rails



Hand rails



Hand rails



Hanger



Hanger



Hanger



Hanger



Light switches



Timer



Outdoor test