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

Special Analysis of the Situation of Housing General Applicants for Public Rental Housing as at end-June 2020

PURPOSE

This paper sets out a special analysis of the situation of housing general applicants for public rental housing (PRH) as at end-June 2020.

BACKGROUND

2. It is the Government and the Hong Kong Housing Authority (HA)'s objective to provide PRH to low-income families who cannot afford private rental accommodation, with the target of providing the first flat offer to the general applicants (i.e. family and elderly one-person applicants) at around three years on average. The average waiting time (AWT) ^{Note 1} target of around three years is not applicable to non-elderly one-person applicants under the Quota and Points System (QPS) ^{Note 2}. In view of public concern over the waiting time of PRH applicants, we analyse the housing situation of PRH applicants as at end-June every year since 2011. Only general applicants are covered in the analysis. As the AWT target of around three years is not applicable to non-elderly one-person applicable to non-elderly one-person applicable to non-elderly one-person applicants are covered in the analysis.

Note 1 Waiting time refers to the time taken between registration for PRH and the first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). The AWT for general applicants refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

Note 2 QPS was introduced in September 2005 to rationalise and re-prioritise PRH allocation to non-elderly one-person applicants. Under QPS, the relative priorities for PRH allocation to applicants are determined by their points received.

transfer of existing tenants, compassionate rehousing and clearance for redevelopment), these categories are not covered in this analysis.

OVERALL SITUATION

3. As at end-June 2020, there were about 155 800 general applications. The tables below show the number of general applications in the past few years –

	As at	As at	As at	As at	As at	As at	As at
	end-June	end-June	end-June	end-June	end-June	end-June	end-June
	2014	2015	2016	2017	2018	2019	2020
Number of general applications (change over previous year)	125 400	140 200 (+12%)	153 000 (+9%)	150 200 (-2%)	150 600 (+0.3%)	147 900 (-2%)	155 800 (+5%)

<u>Table 1</u> Number of general applications as at end-June each year

Table 2 Number of newly registered general applications in the year

	From July	From July	From July	From July	From July	From July
	2014 to	2015 to	2016 to	2017 to	2018 to	2019 to
	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Number of newly registered general applications (change over previous year)	25 500	23 600 (-8%)	19 800 (-16%)	20 400 (+3%)	20 600 (+0.9%)	18 300 (-11%)

AVERAGE WAITING TIME

Methodology in deriving AWT

4. Under the established methodology, waiting time is the time taken between registration for PRH and the first flat offer, excluding any intervening frozen period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). AWT is calculated as the average of the waiting time of those general applicants who were <u>housed to PRH in the past 12 months</u>, and should not be taken as the expected waiting time for applicants who are still on the queue.

5. Some PRH applicants may have their applications cancelled for different reasons, such as failure to meet the income or asset requirements at the detailed vetting stage, failure to attend interviews, etc. To provide flexibility to applicants whose circumstances might change thereafter, HA's policy is that they may apply for reinstatement of their applications if they fulfill the eligibility criteria again within a specific timeframe ^{Note 3}. Strictly speaking, if an applicant's application is cancelled, the period prior to reinstatement of his/her application should be excluded from calculating the waiting time. However, owing to limitations in the computer system, such periods could not be excluded from the calculation of AWT in the past. We have enhanced the computer system to exclude such cancellation periods from the calculation of AWT starting from 2020.

AWT

6. As at end December 2020, the AWT for general applicants was 5.7 years. Among them, the AWT for elderly one-person applicants was 3.4 years. The AWT has been trending upwards over the past few years, as shown in the table below $^{Note 4}$ –

Note 3 For an application which is cancelled because the applicant's income or asset has exceeded the prescribed limit, if the applicant subsequently becomes eligible again, he/she can request for reinstatement of the original application not earlier than six months and not later than two years after the date of the first cancellation of the application.

Note 4 As the special analysis is based on the end-June position and to facilitate comparison with past special analyses, the end-June figures are adopted in this analysis.

	As at end-June 2014	As at end-June 2015	As at end-June 2016	As at end- June 2017	As at end- June 2018	As at end- June 2019	As at end- June 2020
AWT for general applicants	3.0 years	3.4 years	4.1 years	4.7 years	5.3 years	5.4 years	5.5 years
AWT for elderly one-person applicants	1.7 years	1.9 years	2.4 years	2.6 years	2.9 years	2.9 years	3.0 years

<u>Table 3</u> AWT as at end-June in recent years

7. We cannot predict AWT in the future, since this is affected by various factors, including the number of PRH applicants; the number of units recovered from tenants; district choices of applicants and whether such choices match with the supply of PRH units available for allocation (including newly built and recovered units), etc. Despite the best efforts of the Government and HA in boosting public housing supply in recent years, the increase in PRH supply has yet to be able to completely absorb the accumulated demand for PRH in the short term. Both the Government and HA will continue with the efforts to increase PRH supply with a view to shortening the waiting time for PRH.

Waiting time of applicants

8. As AWT is an average, we have conducted special studies on the following two groups of applicants to examine the distribution of their waiting time and identify the major reasons for cases with longer waiting time –

- (a) the 10 400 general applicants who were housed between July 2019 and June 2020; and
- (b) the 155 800 general applicants who were still waiting as at end-June 2020.

DETAILS OF THE ANALYSIS

(a) General applicants housed between July 2019 and June 2020

9. Between July 2019 and June 2020, 10 400 general applicants accepted flat offers and were housed into PRH. The distribution of their waiting time by district housed is shown in Table 4 below. Although some of them might

have accepted their second or third offer instead of the first offer, in accordance with the established methodology, the waiting time is counted up to the first offer only as the opportunity for housing has already been provided at the first offer.

District	XX/ ·/· · · ·		Tetel				
housed	Waiting Time	1-P	2-P	3-P	4-P	5-P+	Total
	≤3 year	350	170	120	40	20	710
	>3 - ≤ 4 years	700	50	40	20	10	810
TTI	>4 - ≤ 5 years	130	40	110	90	30	390
Urban	>5 - ≤ 6 years	40	480	200	100	70	880
	>6 years	20	850	830	1 400	390	3 400
	Subtotal	1 200	1 600	1 300	1 600	520	6 200
	≤3 year	90	70	30	20	30	240
	>3 - ≤ 4 years	190	10	10	10	20	250
Extended	>4 - ≤ 5 years	40	80	20	30	50	220
Urban	>5 - ≤ 6 years	10	370	110	190	90	770
	>6 years	10	190	130	370	130	830
	Subtotal	350	720	290	630	320	2 300
	≤3 year	60	30	20	10	10	140
	>3 - ≤ 4 years	30	10	10	0	20	60
New	>4 - ≤ 5 years	60	40	10	<5	20	130
Territories	>5 - ≤ 6 years	20	260	80	10	20	390
	>6 years	<5	150	410	360	150	1 100
	Subtotal	170	490	530	380	220	1 800
	≤3 year	10	<5	<5	10	<5	20
	>3 - ≤ 4 years	<5	10	10	<5	<5	20
Islands	>4 - ≤ 5 years	0	10	10	<5	0	20
Istanus	>5 - ≤ 6 years	0	10	<5	0	0	10
	>6 years	0	<5	0	<5	<5	10
	Subtotal	10	40	20	10	10	80
	≤3 year	510	280	170	70	70	1 100
	>3 - ≤ 4 years	930	70	60	30	50	1 100
Overall	>4 - ≤ 5 years	230	180	150	120	100	770
Overail	>5 - ≤ 6 years	70	1 100	390	300	170	2 000
	>6 years	40	1 200	1 400	2 100	680	5 400
	Total	1 800	2 800	2 100	2 600	1 100	10 400

<u>Table 4</u> Distribution of waiting time of general applicants who were housed to PRH between July 2019 and June 2020

Remark: Figures may not add up to total due to rounding. Values of one thousand or above are rounded to the nearest hundred and values below one thousand are rounded to the nearest ten.

10. We have the following observations on the waiting time of these 10 400 housed general applicants –

- (a) 11% (about 1 100 applicants) had waited for three years or below and 89% (about 9 300 applicants) had waited for over three years;
- (b) of the 9 300 applicants who had waited for over three years, 59% were housed to flats in the Urban District, 22% were housed to flats in the Extended Urban District, 18% were housed to flats in the New Territories District and 1% were housed to flats in the Islands District;
- (c) among the 9 300 housed applicants who had waited for over three years, 12% had waited for over three years but less than four years, 8% had waited for over four years but less than five years, 22% had waited for over five years but less than six years, and 58% had waited for over six years; and
- (d) we have further analysed the major reasons for those housed applicants with a waiting time of over six years. Our findings suggest that a certain proportion of these cases involved circumstances ^{Note 5} that might affect their waiting time, including change of district choice (70%); change of household particulars ^{Note 6} (62%); and location preference on social/medical grounds (11%), etc.

(b) General applicants who were still waiting as at end-June 2020

11. Among the 155 800 general applicants who were still waiting as at end-June 2020, 48% (about 74 300 applicants) had a waiting time of over three years and without any flat offer as at end-June 2020. As these applicants have yet to receive any flat offer, their waiting time is counted from the date of registration up to end-June 2020, excluding frozen periods. Earlier in 2020, Chun Yeung Estate in Fo Tan was used as a quarantine centre and Fai Ming Estate

Note 5 Some cases involve two or more circumstances. Hence, the percentage breakdown does not add up to the total.

Note 6 Experience shows that many applicants requesting change of household particulars fail to provide supporting documents over an extended period of time, thus affecting the processing of their applications and lengthening their waiting time. For example, many applicants who requested to add household member(s) to their applications failed to provide relevant documents (e.g. proofs for their income and net asset value) in time for HA to process their applications.

in Fanling was seriously vandalised and damaged, which had affected the waiting time of applicants in general since flat allocation for these two estates (involving over 5 000 units) could not be conducted as scheduled.

<u>Table 5</u>
Distribution of waiting time of general applicants who had waited
for PRH for over three years and without any flat offer as at end-June 2020

District	Waiting Time		T ()				
choice Note 7		1-P ^{Note 8}	2-P	3-P	4-P	5-P+	Total
	>3 - ≤ 4 years	1 900	1 200	410	190	120	3 800
	>4 - ≤ 5 years	180	1 300	510	290	170	2 500
Urban	>5 - ≤ 6 years	40	1 700	1 000	630	230	3 600
	>6 years	20	1 100	1 700	2 100	440	5 400
	Subtotal	2 200	5 300	3 700	3 200	950	15 200
	>3 - ≤ 4 years	740	4 700	3 500	2 000	460	11 400
E-td-d	>4 - ≤ 5 years	230	5 000	4 000	2 600	530	12 400
Extended Urban	>5 - ≤ 6 years	40	4 600	3 900	2 700	500	11 800
Orban	>6 years	20	940	1 400	1 600	320	4 200
	Subtotal	1 000	15 300	12 800	8 900	1 800	39 900
	>3 - ≤ 4 years	560	1 900	1 400	770	180	4 800
New	>4 - ≤ 5 years	430	2 200	1 600	970	220	5 500
Territories	>5 - ≤ 6 years	120	1 800	1 400	970	170	4 400
10111001105	>6 years	20	770	1 400	1 800	390	4 400
	Subtotal	1 100	6 700	5 900	4 500	950	19 100
	>3 - ≤ 4 years	10	20	20	<5	0	40
	>4 - ≤ 5 years	<5	30	10	<5	0	40
Islands	>5 - ≤ 6 years	0	20	10	10	<5	30
	>6 years	0	0	0	<5	0	<5
	Subtotal	10	60	40	20	<5	120
	>3 - ≤ 4 years	3 200	7 900	5 400	3 000	750	20 100
	>4 - ≤ 5 years	840	8 600	6 200	3 800	910	20 400
Overall	>5 - ≤ 6 years	190	8 100	6 300	4 300	900	19 800
	>6 years	50	2 800	4 500	5 500	1 100	14 000
	Total	4 300	27 300	22 400	16 600	3 700	74 300

Remark: Figures may not add up to total due to rounding. Values of one thousand or above are rounded to the nearest hundred and values below one thousand are rounded to the nearest ten.

Note 7 Refers to the district choice of applicants as at end-June 2020.

Note 8 Mainly elderly one-person applicants.

12. Specifically, among the 74 300 general applicants who had waited for over three years and without any flat offer as at end-June 2020 -

- (a) 12% of them (about 9 100 applicants) had reached the detailed vetting stage as at end-June 2020. Flat allocation will follow if they are found eligible;
- (b) 54% of them had chosen the Extended Urban District, while 26% and 21% of them had chosen the New Territories and the Urban District respectively. Less than 1% had chosen Islands;
- (c) 27% of them had waited for over three years but less than four years, 27% had waited for over four years but less than five years, 27% had waited for over five years but less than six years and 19% had waited for over six years; and
- (d) we have further analysed the major reasons for those applicants with a waiting time of over six years. Our findings suggest that, apart from the delay in flat allocation for Chun Yeung Estate and Fai Ming Estate as mentioned in paragraph 11 above, a certain proportion of these cases involved other circumstances that might also affect their waiting time, including change of household particulars (58%); change of district choice (49%); location preference on social/medical grounds (2%), etc.

FROZEN PERIOD

13. As at end-June 2020, among the 155 800 general applications who were waiting for PRH, about 7% (some 10 900 cases) were frozen owing to the following reasons –

Reason	Frozen cases as at end-June 2020		
Failure to meet residence requirement Note 9	10 800		
Institutional care (e.g. imprisonment)	60		
In relation to misdeed in previous PRH tenancy (e.g. rent in arrears and violation of marking scheme)	60		
Total	10 900		

Remark: Figures do not add up to total due to rounding. Values of one thousand or above are rounded to the nearest hundred and values below one thousand are rounded to the nearest ten.

14. Applicants are allowed to continue to wait even though their applications are frozen. This means that their priority in the queue will be retained, although they have not yet fulfilled all criteria for flat allocation or have requested the processing of their applications during the frozen period to be withheld. In reality, the applicants are likely to perceive this frozen period as part of their waiting time.

SUPPLY OF FLATS

15. Identifying land to increase PRH supply remains the fundamental solution to shorten AWT. As announced in the 2020 Policy Address, the Government has identified the 330 hectares of land required for providing 316 000 public housing units in the ten-year period from 2021-22 to 2030-31, to meet the demand for about 301 000 public housing units in the same ten-year period, among which the target for PRH/Green Form Subsidised Home Ownership Scheme (GSH) is 210 000 units. This production estimate is contingent upon the smooth completion of all relevant procedures such that all sites identified can be delivered on time for housing construction. The Government and HA will forge ahead with the relevant work with a view to achieving the production estimate.

Note 9 At the time of allocation, at least half of the family members included in the PRH application must have lived in Hong Kong for seven years and all family members must be still living in Hong Kong. Under the following circumstances, all children under the age of 18 are deemed to have fulfilled the seven-year residence rule: (a) one of the parents, regardless of the children's place of birth, has lived in Hong Kong for seven years; or (b) the children were born in Hong Kong with established permanent resident status.

16. In the shorter term, according to HA's Housing Construction Programme as at December 2020, about 67 100 PRH/GSH units ^{Note 10} will be completed from 2020-21 to 2024-25. About 27% of these units will be located in the Urban District, 26% in the Extended Urban District, and 47% in the New Territories. In terms of flat types, about 15% will be Type A units (for one/two persons), 37% as Type B units (for two/three persons), 30% as Type C units (for three/four persons) and 18% as Type D units (for four/five persons).

17. In addition to building PRH units, recovery of flats is another important source of PRH supply. In the past five years, HA has a net recovery of about 9 000 flats ^{Note 11} from tenants on average every year. With the completion and implementation of more subsidised sale flat projects, the net recovery from PRH tenants reached 10 900 units in 2019/20.

18. At the same time, the Housing Department (HD) will continue to ensure the rational use of PRH resources, so that efforts can be focused on allocating PRH resources to those with more pressing housing needs. HD will continue to conduct stringent vetting of PRH applicants' eligibility, step up efforts in combating tenancy abuse, conduct publicity programme to promote the importance of safeguarding PRH resources, and encourage tenants and members of the public to report tenancy abuse.

INFORMATION

19. This paper is issued for Members' information.

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File Ref. : HD CR 4-4/SP/10-10/1 (Strategy Division) Date of Issue : 9 February 2021

Note 11 Excluding those flats recovered from PRH transferees. As PRH flats have to be offered to transferees, there will not be net gain of flats.

Note 10 Including the GSH projects at Chai Wan Road and Tsing Hung Road (about 3 700 units in total).