

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

Estimated Public Rental Housing Allocation for 2022-23

PURPOSE

This paper informs Members of the actual allocation of public rental housing (PRH) flats in 2021-22 and seeks Members' approval of the estimated PRH allocation for 2022-23.

RECOMMENDATIONS

2. Members are recommended to approve –
 - (a) the estimated PRH Allocation for 2022-23 (paragraph 30); and
 - (b) the declassification of this paper (paragraph 34).

BACKGROUND

3. The Hong Kong Housing Authority (HA) allocates new and refurbished PRH flats to meet the demands of different categories of applicants based on the established allocation policies and programmes. In line with the existing practice, it also makes projections of the supply of PRH flats that can be allocated in the coming year and how such flats may be allocated to the different categories of demands.

4. A general overview of estimated PRH allocation is provided below for Members' reference –

- (a) Most of the estimations of flat allocation are not numerical limits but are estimated figures to facilitate planning. For example, flats will be allocated to all the approved cases under the category

of Compassionate Rehousing (CR). Allocation under the Quota and Points System (QPS)^{Note 1} is one of those few examples of categories with a built-in numerical limit.

- (b) The actual allocation for a financial year refers to the number of flats intake made on or before 31 March of the financial year. In other words, if an offer has been made but flat intake cannot be completed on or before 31 March, the case will not be counted towards the allocation of that year. Estimated allocation will usually be different from the actual situation at the end of the year. The main reasons for such a difference include: (a) for some estimations used for designated purposes such as CR, there is no limit to the allocation of flats and the actual allocation is subject to the demands in the relevant rehousing programmes; (b) PRH applicants are currently entitled to three PRH offers, PRH flats, particularly recovered flats, may only be accepted by applicants following repeated offers; and (c) even if an applicant has accepted an advance offer, he may change his mind before flat intake and reject the offer. If the flat cannot be offered expeditiously to another applicant and taken up on or before 31 March, the case will not be counted into the allocation in the year.

ACTUAL ALLOCATION IN 2021-22

----- 5. The actual allocation in 2021-22 is summarised at **Annex**. We originally estimated that **31 000** flats could be allocated in 2021-22. The actual allocation turned out to be **25 955** flats, representing 83.7% of the original estimate. The major reason for the difference was that more community isolation facilities were required in view of the severity of the fifth wave of the COVID-19 epidemic. The Chief Executive announced on 15 February 2022 that the Government would use Block 1 and Block 7 of Queens Hill Estate (QHE), Fanling and Heng King House of Lai King Estate (LKE), Kwai Chung (a total of 3 098 flats) as community isolation facilities. Since the actual intake date would be delayed by a few months to May or June 2022, the flats concerned were not reflected in the allocation of this year. Besides, the severity of the COVID-19

Note 1 On 14 October 2014, Members decided to increase the annual allocation quota for QPS from 8% to 10% of the number of flats to be allocated to PRH applicants, subject to a cap to be increased from 2 000 to 2 200 units (Paper No. SHC 58/2014 refers).

epidemic has affected the progress of allocation ^{Note 2}. Details of the allocation for each category of applicants are set out in paragraphs 6 to 17 below.

(a) PRH Applicants

6. In 2021-22, there were **18 856** flats ^{Note 3} accepted and taken up by PRH applicants, comprising **16 912** flats for general applicants (i.e. family and elderly one-person applicants) and **1 944** flats for non-elderly one-person applicants under the QPS. Given that the three residential blocks used as isolation facilities (see paragraph 5 above) were not ready for intake by the end of March 2022 and the severe epidemic situation has affected the allocation progress, the number of flats allocated represented only 84.9% of the original estimation of 22 200 flats.

(b) Clearance Rehousing

7. In 2021-22, a total of **288** flats were allocated under the category of Clearance Rehousing, which were less than the original estimation of 440 flats. A breakdown of the clearance projects is as follows –

(i) Government Clearance Projects

8. Of the flats reserved for Government clearance projects, **187** were allocated, representing 64.5% of the original estimation of 290 flats. This was because some development and clearance exercises, including the Public Housing Developments at Kam Tin South, Yuen Long and the Kwu Tung North/Fanling North New Development Areas Project, did not proceed on schedule and some clearerees did not meet the PRH eligibility criteria. Hence, the number of clearerees eligible for PRH allocation was less than the estimated figure.

Note 2 For example, for the PRH applicants who had accepted advance allocation of flats in Block 1 of QHE or Heng King House of LKE, additional resources were mobilised between February and March 2022 to identify for them other flats available for allocation.

Note 3 For the 18 856 flats successfully allocated and taken up by applicants, we have made about 42 000 housing offers in actual terms, i.e. on average each PRH flat was only accepted by applicant upon the second offer.

(ii) Clearance Projects by the Urban Renewal Authority

9. In 2021-22, **150** flats were reserved for rehousing the clearerees of the Urban Renewal Authority (URA)^{Note 4} and eventually **101** flats, i.e. 67.3% of the figure originally estimated, were allocated. The difference was due to the serious impact caused by the fifth wave of the epidemic on the acquisition, resumption and clearance progress of URA's redevelopment projects.

(c) HA's Estate Clearance and Major Repairs

10. In 2021-22, a total of **1 792** flats (comprising 1 716 flats and 76 flats allocated for the clearance exercises of Pak Tin Estate and Shek Lei Interim Housing (SLIH) respectively) were allocated under the category of estate clearance, which accounted for 99.6% of the original estimation of 1 800 flats.

(d) Compassionate Rehousing

11. In 2021-22, **617** flats were allocated to CR cases upon recommendation by the Social Welfare Department (SWD), which were less than the estimation of 1 500 flats. The number of flats allocated reflected the number of cases recommended by SWD. We have not rejected any such cases.

(e) Transfers

12. In 2021-22, a total of **3 648** flats were allocated for various transfers, which were less than the original estimation of 4 060 flats. This was mainly because the flat selection procedure under the Territory-wide Overcrowding Relief Exercise (TWOR) and the Living Space Improvement Transfer Scheme (LSITS)^{Note 5} (hereinafter referred to as "the Transfer Scheme for Improving the Living Environment") did not proceed as scheduled in 2021-22 due to the severe epidemic situation, resulting in a decrease in the number of flats allocated. The breakdown of transfers by category is as follows –

Note 4 Under the Memorandum of Understanding entered between HA and URA in June 2002 and revised in July 2017, URA shall pay HA reservation fees equivalent to the amount of monthly rent payable for the reserved flats.

Note 5 Members endorsed on 31 October 2016 the merging of TWOR and LSITS from 2017-18 onwards. PRH tenants with an internal floor area below seven square metres per person may apply for transfer through the schemes to improve their living environment (Paper No. **SHC 53/2016** refers).

(i) *Transfer of under-occupation PRH households*

13. To ensure the rational use of PRH resources, we arranged transfer of under-occupation PRH households to flats of appropriate sizes. In 2021-22, the total actual allocation figure was **1 112**, similar to the quota of 1 100 flats.

(ii) *Transfer Scheme for Improving the Living Environment*

14. In 2021-22, a total of **584** households were transferred to larger flats under the Transfer Scheme for Improving the Living Environment (547 households) and through the arrangements of estate offices (37 overcrowded households). The number of flats allocated was less than the quota of 1 000 flats because the flat selection procedures under the Transfer Scheme for Improving the Living Environment were not conducted within the year as scheduled in view of the severe epidemic situation.

(iii) *Other transfer cases*

15. The number of allocation for other transfers was **1 952** flats, which was more or less the same as the original estimation of 1 960 flats, i.e. 99.6%. The allocation comprised 1 594 flats allocated through Special Transfer^{Note 6}, 270 flats allocated under the Harmonious Families Transfer Scheme (HFTS)^{Note 7}, 85 flats allocated for transfer under the Full Rent Exemption for Elderly Under-occupation Households and 3 flats allocated through Management Transfer^{Note 8}.

(f) *Emergency Rehousing*

16. There was no application for emergency rehousing in 2021-22 and hence no allocation was made under this category.

Note 6 Special Transfer is an arrangement for sitting PRH tenants to transfer within the estate or to another estate due to medical and/or social grounds.

Note 7 The HFTS provides opportunities for PRH tenants to apply for transfer to the same estate in which their elderly parents or young generations are currently living in for mutual care.

Note 8 Management Transfer aims at recovering particular flats to meet special management needs, such as arranging transfer of “C1P units” or “Housing for Senior Citizens” to facilitate conversion of the recovered flats into normal PRH flats.

(g) Junior Civil Servants and Pensioners

17. Allocation of flats under the Civil Service Public Housing Quota (CSPHQ) Scheme is made in accordance with the procedures and guidelines stipulated by the Civil Service Bureau. Each year, HA will set aside flats for the CSPHQ Scheme subject to the availability of resources and demands from various categories of PRH applicants. The quota under this category for 2021-22 was 1 000 flats and the actual allocation in the year was **754** flats. The difference existed mainly because 200 flats in Block 1 and Block 7 of QHE, Fanling were temporarily used as community isolation facilities by the Government amid the epidemic and hence were not included in this year's allocation as scheduled.

ESTIMATED ALLOCATION FOR 2022-23

18. The number of flats available for allocation includes newly completed flats and refurbished recovered flats. It is estimated that there will be a total of about **27 600** flats (comprising about 12 500 new flats and about 15 100 refurbished flats) available for allocation in 2022-23. The final number of flats allocated depends on whether the new flats can be completed and ready for intake as scheduled, the actual number of flats recovered and whether the scheduled refurbishment works of the recovered flats can be completed on time. Details of the estimated allocation are set out in the ensuing paragraphs and at Annex.

New Flats Available for Allocation (12 500 flats)

19. It takes times for the issuance of an occupation permit after the completion of a PRH project and arrangements have to be made for applicants who have accepted the housing offers to complete the intake formalities by batches. Therefore, in line with the established practice, the estimated number of new flats available for allocation in 2022-23 only includes the flats completed between January and December 2022.

20. It is estimated that the supply of new flats for allocation in 2022-23 will be about **12 500**, including a total of **3 098** flats in Block 1 and Block 7 of QHE, Fanling and Heng King House of LKE, Kwai Chung (as mentioned in paragraph 5 above), which were handed over to HA by the Government in end-April, as well as about **9 400** flats tabulated below which are estimated to be completed between January and December 2022 and available for

allocation according to HA's Housing Construction Programme (HCP)^{Note 9} as at 31 March 2022 –

Project	Estimated Date of Completion	Number of Flats
(a) Tuen Mun Area 54 Sites 1 & 1A, Blocks 1 to 4 (Wo Tin Estate)	March 2022	4 232
(b) Tuen Mun Area 54 Sites 3 & 4 (East), Blocks 2 to 5 (Ching Tin Estate)	March 2022	4 326
(c) Tuen Mun Area 54 Sites 3 & 4 (East), Block 1 (Ching Tin Estate)	June 2022	857
	Total	9 415 (about 9 400)

Refurbished Flats Available for Allocation (15 100 flats)

21. The sources of supply of refurbished flats mainly come from flats voluntarily surrendered by sitting tenants; passing away of tenants; termination of tenancy; tenants transferring to other flats; surrendering of PRH flats by tenants upon purchase of flats under Subsidised Sale Flats Schemes (SSFS). As it is expected that the number of SSFS flats to be taken up in 2022 will be more than that of last year, the number of households who have to surrender their PRH flats upon purchase of these flats will also increase correspondingly. In addition, with reference to the number of flats surrendered by PRH households in the past due to various reasons, we estimate that there will be about **15 100** refurbished flats available for allocation in 2022-23.

ESTIMATED ALLOCATION FOR DIFFERENT CATEGORIES OF APPLICANTS

(a) PRH Applicants (20 200 flats)

22. As always, we propose to allocate the largest portion of flats to PRH applicants in the year. In 2022-23, we estimate that a total of **20 200** flats

Note 9 HA's HCP shows the estimated public housing production in each financial year (i.e. from April each year to March of the following year).

will be allocated to PRH applicants, including general applicants and non-elderly one-person applicants under the QPS. This amounts to 73.2% of the overall estimated allocation for the year, which is higher than that of 71.6% in 2021-22. This estimation is not an upper limit. We would endeavour to allocate more than the estimated number of flats to PRH applicants within the year if possible, e.g. in the event that any new PRH estate is completed ahead of schedule. We will also closely monitor the actual allocation figures of other categories to ensure any surplus of demanded flats could be allocated to PRH applicants before the end of the year.

23. As stated in paragraph 4(a) above, the annual allocation quota for non-elderly one-person applicants under the QPS is set at 10% of the total number of flats to be allocated to PRH applicants with an upper limit of 2 200 flats, and therefore the allocation quota for QPS applicants in 2022-23 is **2 020** flats. If the actual supply of flats turns out to be less than our estimate, we will keep the number of flats for allocation to QPS applicants to not more than 10% of the total number of flats to be allocated to PRH applicants.

24. We will continue to launch the Express Flat Allocation Scheme in 2022-23 to provide PRH applicants with an extra opportunity to gain earlier access to PRH.

(b) Clearance Rehousing (470 flats)

25. In view of the take-up rate of clearance rehousing in 2021-22, and upon discussions with the departments and organisations concerned, we estimate that the number of flats to be allocated under this category is **470** in total, of which –

- (i) **350** flats ^{Note 10} will be set aside for rehousing residents affected by clearance projects planned by different departments, including the Kwu Tung North/Fanling North New Development Areas Project, Public Housing Developments at Kam Tin South, Yuen Long, as well as other Government's squatter clearances, emergency clearances, unauthorised rooftop structure clearances and so forth; and

Note 10 In deriving the number of flats required, we have taken into consideration the demand for PRH resources that may arise from the ex-gratia compensation and rehousing arrangements for Government's development clearance exercises announced by the Development Bureau on 10 May 2018.

- (ii) **120** flats will be set aside for rehousing residents affected by URA's redevelopment projects scheduled for 2022-23.

(c) HA's Estates Clearance and Major Repairs (20 flats)

26. As estates clearance projects have yet to commence, it is not necessary to reserve any flat under this category in 2022-23. For the clearance rehousing of SLIH, a few households who have been exempted from Comprehensive Means Test and are eligible for direct PRH allocation will be granted admission to PRH with their "direct offer" status. Therefore, we propose to reserve 20 flats under this category for rehousing.

(d) Compassionate Rehousing (1 500 flats)

27. We propose to continue to reserve **1 500** flats under this category in 2022-23. This figure is not an upper limit. We will follow the established policy to handle all the demands for CR as recommended by SWD.

(e) Transfers (4 410 flats)

28. We estimate that **4 410** flats will be used for various transfer purposes in 2022-23, among which **1 100** flats (accounting for 25% of the total estimates of transfer) will be used for the Transfer of Under-occupation Households so that more large flats can be recovered for easing the pressing demand of applicants with four or more household members. Besides, as with last year, we suggest reserving around **1 000** flats for applicants under Transfer Scheme for Improving the Living Environment in 2022-23. The remaining **2 310** flats will be flexibly deployed for other transfer purposes (including Special Transfer, HFTS, Full Rent Exemption for Elderly Under-occupation Transfer, Management Transfer, etc.).

(f) Junior Civil Servants and Pensioners (1 000 flats)

29. We will reserve **1 000** flats under this category in 2022-23 as in 2021-22.

30. On the whole, the estimated PRH allocation for 2022-23 is summarised at Annex and tabulated as follows –

Allocation Categories	Estimated Allocation for 2022-23	
	Number of Flats	%
1. PRH APPLICANTS	20 200	73.2
(a) General Applicants	18 180	65.9
(b) Non-elderly One-person Applicants under the QPS	2 020	7.3
2. CLEARANCE REHOUSING	470	1.7
(a) Clearance Projects	350	1.3
(b) Urban Renewal Authority	120	0.4
3. ESTATE CLEARANCE AND MAJOR REPAIRS	20	0.1
4. COMPASSIONATE REHOUSING	1 500	5.4
5. TRANSFERS	4 410	16.0
6. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	3.6
Total	27 600	100

PUBLICITY

31. We will closely monitor any changes in circumstances and will maintain flexibility in allocation to ensure optimisation of resources. The estimated PRH allocation for 2022-23 and the actual allocation for 2021-22 will be announced vide a press release.

RESTRICTION ON THE CHOICE OF URBAN DISTRICT

32. Newly registered PRH applicants are currently not allowed to choose flats in the Urban (UB) district. According to the established mechanism^{Note 11}, we will review the demand-supply situation for UB flats from time to time and give permission to some registered applicants on a one-off basis

Note 11 On 17 April 2018, following our review of the restriction on choice of UB district by PRH applicants, the Subsidised Housing Committee approved that applicants registered on or before 30 September 2013 may choose to switch their choice of district to UB (Paper No. SHC 26/2018 refers). In view of the established and routine nature of such relaxation exercises, to streamline the procedure in future, Members also noted that we would proceed with such relaxations where justified without first referring the matter to Members.

to change their choice of district to UB where justified (i.e. an increase in PRH supply in the UB district). We will inform Members of such relaxations, including in the discussion paper on the “Estimated Public Rental Housing Allocation” submitted annually.

33. In July 2021, we reviewed the demand-supply situation for UB flats. In view of the increase in newly completed PRH flats in the UB district, we decided that starting from 12 July 2021, PRH applicants with date of registration (or a G-number equivalent date) on or before **30 September 2015 are permitted to** change their choice of district to UB (including Hong Kong Island and Kowloon) if they so wish. Members are invited to note that all the PRH applicants concerned have been informed of such arrangement.

DECLASSIFICATION

34. We will declassify the paper, which will be made available to the public at HA homepage, the Department’s library and through the Departmental Access to Information Officer.

FOR DISCUSSION

35. At the meeting of the Subsidised Housing Committee to be held on 20 June 2022, Members will be invited to approve the recommendations in paragraph 2 above.

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Estimated and Actual Allocation in 2021-22 and Estimated Allocation for 2022-23

Allocation Categories		Estimated Allocation for 2021-22		Actual Allocation in 2021-22				Estimated Allocation for 2022-23		
		No. of Flats (a)	Quota Distribution %	Total No. of Flats (b)	No. of New Flats	No. of Refurbished Flats	Quota Distribution %	Rate of Original Estimates % (b)/(a)	No. of Flats	Quota Distribution %
1.	PRH APPLICANTS	22 200	71.6	18 856	9 472	9 384	72.6	84.9	20 200	73.2
	(a) General Applicants	20 000	64.5	16 912	8 873	8 039	65.2	84.6	18 180	65.9
	(b) Non-elderly One-person Applicants under the QPS	2 200	7.1	1 944	599	1 345	7.5	88.4	2 020	7.3
2.	CLEARANCE REHOUSING	440	1.4	288	159	129	1.1	65.5	470	1.7
	(a) Government Clearance Projects	290	0.9	187	69	118	0.7	64.5	350	1.3
	(b) Urban Renewal Authority	150	0.5	101	90	11	0.4	67.3	120	0.4
3.	ESTATE CLEARANCE AND MAJOR REPAIRS	1 800	5.8	1 792	1 697	95	6.9	99.6	20	0.1
4.	COMPASSIONATE REHOUSING	1 500	4.8	617	0	617	2.4	41.1	1 500	5.4
5.	TRANSFERS	4 060	13.1	3 648	613	3 035	14.1	89.9	4 410	16.0
6.	EMERGENCY REHOUSING	0	0	0	0	0	0	0	0	0
7.	JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	3.2	754	519	235	2.9	75.4	1 000	3.6
	Total	31 000	100*	25 955	12 460	13 495	100	83.7	27 600	100

* Figures may not add up to the total due to rounding.