

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

**Estimated Public Rental Housing Allocation for 2016-17**

**PURPOSE**

This paper informs Members of the actual result of public rental housing (PRH) allocation in 2015-16, and seeks Members' approval of the estimated PRH Allocation for 2016-17 and the proposal to allow another batch of PRH applicants to switch their choice of district to the Urban district.

**GENERAL ALLOCATION PRINCIPLES AND OVERVIEW**

2. New and refurbished PRH flats are allocated in accordance with the established policies and plans. We will project the number of flats required for various categories of applicants in the coming year. Flats will be allocated to each category of applicants in accordance with relevant policies, and the actual number of flats allocated will depend on the supply and demand for flats under each category. There may be difference between the estimated supply and demand and the actual supply and demand at the end of the year. For instance, slippage of individual new projects may occur due to various reasons such as inclement weather, hence resulting in a decrease in the number of new flats available for allocation. Besides, since the actual allocation refers to the number of applicants who accepted the housing offers and completed flat intake on or before 31 March each year, if the completion date of a project is deferred to a date which is close to March, flat intake of an applicant may be arranged after March and this case will not count towards the allocation figures in the year. On the demand side, an applicant who has accepted the provisional offer may change his/her mind before flat intake and reject the offer. If the flat cannot be offered to another applicant in time for flat intake before 31 March, this case will not count towards the allocation figures in the year. In drawing up the estimated allocation for the coming year, we will report the actual allocation result of the preceding year.

## ACTUAL ALLOCATION IN 2015-16

----- 3. The actual allocation in 2015-16 is summarised at **Annex**. We originally estimated that 34 700 flats could be allocated in 2015-16, and the actual allocation (i.e. the number of housing offers accepted and flats taken up by applicants in or before March 2016) turned out to be 22 396 flats. One of the reasons for the discrepancy was the slippage of a total of 11 061 flats in four new housing estates<sup>Note 1</sup>. Among them, advance allocation of 6 783 flats have been provisionally accepted by applicants (including 513 non-elderly one-person applicants under the Quota and Points System (QPS)). However, tenancy agreements of these applicants will not be signed until 2016-17. According to the current definition, these prospective tenants will only count towards the actual allocation in 2016-17. Details of the allocation for each category of applicants are set out in paragraphs 4 to 17 below.

### (a) PRH Applicants

4. In 2015-16, a total of 14 282 flats were allocated to PRH applicants, comprising 12 659 flats for general applicants (i.e. family and elderly one-person applicants) and 1 623 flats for non-elderly one-person applicants under QPS.

5. The actual allocation to QPS applicants was less than the original estimation of 2 200 flats. The main reasons are : (a) completion date of 513 flats under advance allocation and provisionally accepted by applicants was delayed, hence these cases cannot count towards the actual allocation in 2015-16; (b) some applicants who have accepted the provisional offer rejected the offer when the flats were ready for intake and we could not allocate these flats to other applicants in time for flat intake before year end; (c) some housing offers were not accepted by applicants by the close of the year; and (d) some housing offers were accepted by applicants upon reaching the age of 60, and are counted towards the category of elderly one-person applicants.

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Note 1 A total number of 2 917 flats in Blocks 1, 2, 3, 4, 5 and 6 of So Uk Estate Phase 1; a total number of 5 082 flats in Blocks 5, 6 and 7 of Phase 1 and Blocks 8, 9 and 10 of Phase 2, Anderson Road Site E (On Tat Estate); a total number of 2 624 flats in Blocks 3, 4 and 5 of Phase 2 and Block 18 of Phase 4, Shatin Area 52 (Shui Chuen O Estate); and a total number of 438 flats in Blocks 1 and 2 of Ex-Yuen Long Estate (Long Ching Estate).

**(b) Clearance Rehousing**

6. In 2015-16, a total of 227 flats were allocated under the category of Clearance Rehousing, 113 flats less than the original estimation. Breakdown of the clearance projects are as follows –

**(i) Government Clearance Projects**

7. Of the flats reserved for Government clearance projects, 66 flats were actually allocated, which is less than the original estimation of 100 flats. One of the reasons for the discrepancy is that the number of clearerees eligible for PRH allocation is less than the original estimation.

**(ii) Clearance by Urban Renewal Authority**

8. In 2015-16, 240 flats were reserved for clearerees of the Urban Renewal Authority (URA) in accordance with the Memorandum of Understanding<sup>Note 2</sup> entered between the Housing Authority (HA) and the URA in June 2002 and revised in June 2012. 161 flats were eventually allocated. The discrepancy is mainly due to the following reasons –

- (a) the Government's resumption procedures for the Tung Chau Street/Kweilin Street Demand-led Redevelopment Project and the Reclamation Street/Shantung Street Project were activated in March and October 2015 respectively. As it took five to six months for the Government to gazette the two projects and offer proposed rehousing arrangements to affected occupiers, the rehousing exercise was deferred accordingly; and
- (b) on 16 January 2015, a freezing survey was conducted for the Chun Tin Street/Sung Chi Street Development Project. As the actual implementation of the project is pending approval, the tenants could not be rehoused according to the original schedule<sup>Note 3</sup>.

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Note 2 Under the Memorandum of Understanding, the URA shall pay the HA reservation fees equivalent to the amount of monthly rent payable for the flats reserved.

Note 3 On 6 May 2016, the URA announced its decision to withdraw and immediately discontinue with the Chun Tin Street/Sung Chi Street Development Project (KC-008), and the commencement of the Chun Tin Street/Sung Chi Street Development Scheme (KC-008(A)) in Kowloon City on the same day in accordance with the Urban Renewal Authority Ordinance.

**(c) Estate Clearance and Major Repairs**

9. In 2015-16, the estimated allocation under this category was 10 flats. A total of seven flats were actually allocated, all to clearers of Long Bin Interim Housing (IH). As at end March 2016, only two cases remained unsettled in the clearance of Long Bin IH. Flats were allocated to these two cases in May 2016, and will count towards the actual allocation in 2016-17.

**(d) Compassionate Rehousing**

10. Compassionate rehousing is not subject to any quota under existing policy. For the purpose of working out the estimated allocation, we estimated that this would take up 2 000 flats. During the year, 1 458 flats were allocated to cases recommended by the Social Welfare Department (SWD). Pursuant to the above policy, we have not rejected any compassionate rehousing cases recommended by the SWD.

**(e) Transfer**

11. In 2015-16, a total of 5 643 flats were allocated under this category. The breakdown is as follows –

***(i) Overcrowding Relief/Living Space Improvement Transfer Scheme***

12. In 2015-16, transfers were arranged for a total of 2 099 tenants under the Territory-wide Overcrowding Relief Exercise (TWOR)<sup>Note 4</sup>, the Living Space Improvement Transfer Scheme (LSITS)<sup>Note 4</sup>, and through estate offices on grounds of overcrowding.

***(ii) Transfer of under-occupied households***

13. To ensure the rational use of public housing resources, we will arrange transfer of under-occupied PRH households to flats of appropriate sizes. In 2015-16, a total of 1 053 flats were allocated under this category.

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Note 4 Eligible PRH tenants with an internal floor area (IFA) below 5.5 square metres per person may apply for transfer to flats of a larger size through the TWOR. Eligible PRH tenants with an IFA below 7 square metres per person may apply through the LSITS to improve their living environment.

**(iii) Other transfer cases**

14. The total allocation under other transfer cases was 2 491 flats, comprising 2 177 flats allocated through Special Transfer <sup>Note 5</sup> and 314 flats allocated under the Harmonious Families Transfer Scheme (HFTS).

15. The total number of actual allocation under the category of Transfers (5 643 flats) is less than the original estimation (6 500 flats), mainly because flat intake of some new flats reserved for the transfer schemes was not on schedule owing to various factors.

**(f) Emergency Rehousing**

16. During the year, there was no allocation under this category.

**(g) Junior Civil Servants and Pensioners**

17. Allocation of flats under the Civil Service Public Housing Quota Scheme (CSPHQ) is made in accordance with the procedures and guidelines stipulated by the Civil Service Bureau, which includes the distribution of quota places, eligibility criteria of civil servants, and the priority setting mechanism for individual applicants. Each year, the HA will set aside flats for the CSPHQ subject to the availability of resources and taking into account demands from various categories of PRH applicants. Housing Department is responsible for vetting eligibility of CSPHQ applicants and making housing offers according to the relative priority of those who obtain a quota place. A total of 779 flats were allocated under this category in 2015-16. The actual allocation is less than the planned allocation of 1 100 flats, mainly because by following the above procedures, housing offers must be made in accordance with the district choices of applicants, relative priority of the applicants, and resources in the housing estates/districts available for allocation. Some applications are still under processing within the year. Furthermore, 254 new flats originally earmarked for CSPHQ in So Uk Estate and Shui Chuen O Estate are not yet ready for intake in 2015-16. We will continue to arrange allocation for the remaining quota places in the coming year.

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Note 5 Special Transfer is the transfer arranged for sitting PRH tenants on medical and/ or social grounds within the estate or to another estate.

## ESTIMATED ALLOCATION FOR 2016-17

18. In estimating the number of flats available for allocation in 2016-17, we follow the established practice to take into account new flats projected to be completed from January to December 2016; new flats which are completed but not yet let out; and refurbished flats. Based on the above, we estimate that there will be a total of about 33 800 flats (comprising about 21 800 new flats and about 12 000 refurbished flats) made available for allocation in 2016-17. Details of the estimated allocation are set out in the ensuing paragraphs.

### New Flats Available for Allocation

19. According to the schedule for completion of new PRH flats in the Public Housing Construction Programme (March 2016), we estimate that new flats which can be completed and made available for allocation from January to December 2016 are as follows <sup>Note 6</sup> –

- (i) Blocks 1, 2, 3, 4, 5 and 6, So Uk Phase 1 <sup>Note 7</sup> (2 917 flats);
- (ii) Blocks 5, 6 and 7, Phase 1; and Blocks 8, 9 and 10, Phase 2, Anderson Road Site E (On Tat Estate) <sup>Note 7</sup> (5 082 flats);
- (iii) Blocks 3, 4 and 5, Phase 2; and Block 18, Phase 4, Shatin Area 52 (Shui Chuen O Estate) <sup>Note 7</sup> (2 624 flats);
- (iv) Blocks 1 and 2, Ex-Yuen Long Estate (Long Ching Estate) <sup>Note 7</sup> (438 flats);
- (v) Block 5, Lei Yue Mun Phase 3 (Lei Wong House, Lei Yue Mun Estate) (443 flats);

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Note 6 According to past experience, Tung Chung Area 56 (total 3 580 flats) is scheduled for completion in November 2016. However due to various reasons such as inclement weather, it may not be completed and ready for allocation at the end of December 2016. The project is hence excluded from the estimated supply of flats.

Note 7 The newly-completed flats in these housing estates are originally scheduled for allocation in 2015-16 but due to deferral of the completion date, allocation is postponed to 2016-17.

- (vi) Blocks 1 and 2, Po Heung Street (Po Heung Estate) (483 flats).
- (vii) Conversion of Chai Wan Factory Estate to PRH (Wah Yan House, Wah Ha Estate) (187 flats);
- (viii) Blocks 1, 2, 3 and 4, Anderson Road Site D (On Tat Estate) (3 494 flats);
- (ix) Blocks 1, 2 and 3, Au Tau Departmental Quarters (Long Shin Estate) (1 203 flats);
- (x) Blocks 11, 12, 13 and 14, Phase 3; and Blocks 15, 16 and 17, Phase 4, Shatin Area 52 (Shui Chuen O Estate) (4 104 flats); and
- (xi) Block 11, Anderson Road Site E Phase 2 (On Tat Estate) (780 flats).

20. An estimated total of about 21 800 new flats can be provided in the above projects.

### **Refurbished Flats Available for Re-allocation**

21. The sources of supply of refurbished flats are mainly from flats voluntarily surrendered by sitting tenants; passing away of tenants; termination of tenancy; tenants transferring to new flats; surrendering of PRH flats by tenants upon purchase of a flat under the Home Ownership Scheme (HOS) or the HOS Secondary Market. We estimate that about 12 000 refurbished flats can be made available for re-allocation in 2016-17, which is similar to the estimated number of 12 400 flats in 2015-16.

22. Taking new and refurbished flats together, we estimate that there will be a total of about **33 800** (21 800 + 12 000) **flats available for allocation in 2016-17**. For the various reasons explained above, the actual allocation as at year end may deviate from the estimated number. The actual allocation of 2016-17 will be reported next year when we work out the estimated allocation for next year.

## **Estimated allocation for different categories**

### **(a) PRH Applicants**

23. In 2016-17, we estimate that a total of 23 870 flats will be allocated to PRH applicants, including general applicants and non-elderly one-person applicants under the QPS. This accounts for 70.6% of the overall estimated allocation for the year, which is similar to that (i.e. 71.3%) in 2015-16.

24. With respect to QPS applicants, Members agreed in 2014 (Paper No. SHC 58/2014 refers) to increase the annual allocation quota for QPS applicants from 8% to 10% of the total number of flats to be allocated to PRH applicants, subject to a cap of 2 200 flats. Accordingly, we estimate that 2 200 flats will be allocated to QPS applicants in 2016-17.

25. However, if the actual supply of flats turns out to be less than our estimation, allocating 2 200 flats to QPS applicants will exceed 10% of the total number of flats to be allocated to PRH applicants and hence deviates from the policy as detailed in paragraph 24 above. We will closely monitor the actual supply of flats during the allocation process, and strive to keep the number of flats allocated to QPS applicants to not more than 10% of the total number of flats to be allocated to PRH applicants.

26. We will continue to launch a new phase of the Express Flat Allocation Scheme exercise in 2016-17 to increase the letting rate of PRH flats.

### **(b) Clearance Rehousing**

27. In view of the take-up rate of clearance rehousing in 2015-16, we have discussed with departments/organisations concerned in order to derive a more reasonable demand for PRH resources under this category. Accordingly, we estimate a total of 230 flats for this category, of which –

- (a) 150 flats will be set aside for rehousing residents displaced by URA's redevelopment projects scheduled for 2016-17. As redevelopment projects are subject to changes from time to time, this estimate is derived based on actual allocation in the preceding year; and

- (b) 80 flats will be set aside for Government's clearance projects, including those earmarked for meeting the rehousing needs arising from clearance operations by the Lands Department and enforcement actions by the Buildings Department against illegal rooftop structures in both single staircase and non-single staircase buildings.

**(c) Estate Clearance and Major Repairs**

28. As there will not be any estate clearance project in 2016-17, it is not necessary to reserve any flat under this category.

**(d) Compassionate Rehousing**

29. We propose to continue to reserve 2 000 flats under this category in 2016-17. This figure is not an upper limit. Resources permitting, we will follow the established policy to address all demands for compassionate rehousing as recommended by SWD.

**(e) Overcrowding Relief, Living Space Improvement and Other Transfer cases**

30. An estimation of 6 500 flats in total will be set aside for various transfer purposes in 2016-17. Among them, 1 000 flats will be used for transfer of under-occupation households since large flats thus recovered can be deployed for easing the pressing demand of applicants with four or more household members. The remaining flats will be flexibly deployed for other transfer purposes, including the TWOR, LSITS, HFTS, conversion programme of Housing for Senior Citizens and Special Transfer of individual tenants on medical and/or social grounds.

**(f) Junior Civil Servants and Pensioners**

31. In approving the estimation for 2014-15 (Paper No. SHC 39/2014 (Revised) refers), Members noted that when the supply of PRH flats increased, we would increase the provision for this category by 100 flats each year from 2015-16 to 2018-19. In 2015-16, the quota for this category is 1 100 flats. Accordingly, the quota for 2016-17 for this category is 1 200 flats.

32. In summary, the estimated PRH allocation for 2016-17 is as follows –

<b>Allocation Categories</b>	<b>Estimated Allocation in 2016-17</b>	
		<b>%</b>
1. PRH APPLICANTS	23 870	70.6
(a) General Applicants	(21 670)	(64.1)
(b) Non-elderly One-person Applicants under the QPS	(2 200)	(6.5)
	<i>(* Not exceeding 10% of the total allocation to PRH applicants)</i>	
2. CLEARANCE	230	0.7
(a) Government Clearance Projects	(80)	(0.2)
(b) Urban Renewal Authority	(150)	(0.5)
3. ESTATE CLEARANCE AND MAJOR REPAIRS	0	0
4. COMPASSIONATE REHOUSING	2 000	5.9
5. TRANSFERS	6 500	19.2
6. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 200	3.6
	<b>Total</b>	<b>33 800 100</b>

*Note* Emergency rehousing will be provided by redeployment of existing resources as and when necessary.

## **PUBLICITY**

33. We will issue a press release to announce the Estimated PRH Allocation for 2016-17. We will explain to the public that we will closely monitor any changes in circumstances, and will maintain flexibility in allocation to ensure optimisation of resources.

## **RESTRICTION ON THE CHOICE OF URBAN DISTRICT**

34. Newly registered PRH applicants are currently restricted from choosing flats in the Urban (UB) district. However, some registered applicants were permitted in the past on a one-off basis to change their choice of district to UB district in the light of an increase in PRH supply in the UB district. The last time we offered such one-off arrangement was in September 2012 whereby Members decided to allow PRH applicants registered on or before 30 September 2011 to switch their choice to UB district if they so wish (Paper No. SHC 55/2012 refers).

35. We note that with a steady supply of new flats in the UB district in the next few years <sup>Note 8</sup>, the projected supply of PRH flats in the UB district will increase. In addition, there will be a gradual decrease in the number of applicants waiting in the UB queue in the coming few years. We consider that we are now in a position to consider allowing some registered PRH applicants to switch their choice of district to UB on a one-off basis. Since it is difficult to predict how many applicants will switch to the UB district as a result, and in order to avoid the scenario whereby many applicants choose to switch to the UB district but the supply cannot match with such demands hence resulting in even longer waiting time for these applicants, we consider it prudent to relax the application period by **one year** so that applicants registered on or before **30 September 2012** may choose to switch their choice of district to UB. We will continue to monitor the situation. If the supply of flats in the UB district continues to increase and resources permit in future, we will conduct further review on the feasibility of allowing some registered applicants to switch their choice of district to UB.

36. Subject to Members' approval of the recommendation, we will notify eligible applicants of the relaxation. We will point out that the actual waiting time for flats in UB district depends on a number of factors, including the number of applicants who will switch to the UB queue and the actual supply of new and refurbished flats in the UB district. Applicants will also be reminded that they are free to revert to their original choice of district or to switch to other non-urban districts any time, while keeping their original registration dates.

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Note 8 It is anticipated that 17 378 newly completed flats in the UB district will be made available from 2016-17 to 2017-18 for allocation to applicants under different categories, including PRH applications, clearance, compassionate rehousing and transfers.

## **DECLASSIFICATION**

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

## **RECOMMENDATIONS**

38. At the meeting of the Subsidised Housing Committee to be held on 13 June 2016, Members will be requested to approve -

- (a) the estimated PRH Allocation for 2016-17 (paragraph 32);
- (b) the proposal to allow PRH applicants registered on or before 30 September 2012 to switch their choice of district to UB (paragraphs 34 to 36); and
- (c) the declassification of this paper (paragraph 37).

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File Ref. : HD 4-1/AADM/1-55/21/1  
(Strategy Division)  
Date of Issue : 6 June 2016

## Actual Allocation in 2015-16

Allocation Categories	Flats Allocated		Total
	New	Refurbished	
1. PRH APPLICANTS	8 120	6 162	14 282 <sup>Note</sup>
(a) General Applicants	(7 260)	(5 399)	(12 659)
(b) Non-elderly One-person Applicants under the QPS	(860)	(763)	(1 623)
2. CLEARANCE	189	38	227
(a) Government Clearance Projects	(50)	(16)	(66)
(b) Urban Renewal Authority	(139)	(22)	(161)
3. ESTATE CLEARANCE AND MAJOR REPAIRS	5	2	7
4. COMPASSIONATE REHOUSING	0	1 458	1 458
5. TRANSFERS	2 010	3 633	5 643
6. EMERGENCY REHOUSING	0	0	0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	387	392	779
<b>Total</b>	<b>10 711</b>	<b>11 685</b>	<b>22 396</b>

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Note Advance allocation of another 6 783 flats have been provisionally accepted by applicants (including 513 non-elderly one-person applicants under the QPS). However, tenancy agreements will not be signed until 2016-17. According to the current definition, these prospective tenants will only count towards the actual allocation in 2016-17.