

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

Estimated Public Rental Housing Allocation for 2017-18

PURPOSE

This paper informs Members of the actual allocation of public rental housing (PRH) flats in 2016-17 and seeks Members' approval of the estimated PRH allocation for 2017-18.

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 the relevant policies, and the actual number of flats allocated will depend on the supply of flats and actual demand of different categories of applicants. There may be difference in the supply and demand of flats estimated for the year and the actual supply and demand of flats 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. 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, even though we will arrange provisional offer of flats in new projects to applicants, if the completion date of an individual project is deferred to a date close to March, an applicant may arrange in-take of flat after March and the case will not be counted into the allocation in the year. On the demand side, an applicant who has accepted a provisional offer may change his mind before flat intake and reject the offer. If the flat cannot be offered expeditiously to another applicant in time for flat intake before 31 March, the case will not be counted into the allocation in the year. In drawing up the estimated allocation for the coming year, we will report the actual allocation made in the preceding year.

ACTUAL ALLOCATION IN 2016-17

----- 3. The actual allocation in 2016-17 is summarised at **Annex**. We originally estimated that 33 800 flats could be allocated in 2016-17, and the actual allocation (i.e. the number of housing offers accepted and flats taken up by applicants in or before March 2017) turned out to be 33 756 flats, achieving a target rate of almost 100%. This was mainly because all new flats estimated to be completed in the year were all on schedule and could be made available for allocation; and the number of refurbished flats recovered in the year was close to the estimated figure.

(a) PRH Applicants

4. In 2016-17, a total of 26 518 flats were allocated to PRH applicants, comprising 24 373 flats for general applicants (i.e. family and elderly one-person applicants) and 2 145 flats for non-elderly one-person applicants under the Quota and Points System (QPS). The total number of flats allocated under this category (i.e. 26 518 flats) was higher than the estimated figure of 23 870 flats, mainly because of the difference between the number of flats reserved for applicants under other categories and the actual demand. There were also cases where flats reserved for other categories of applicants did not meet their requirements. We therefore released the resources to general applicants.

5. We have arranged allocation of 2 200 flats (i.e. the maximum number of flats under the current quota) to non-elderly one-person applicants under the QPS. The actual allocation in 2016-17 was 2 145 flats, which was based on the number of applicants who accepted the housing offers and completed flat intake by the end of March 2017. As for the remaining 55 cases, the applicants concerned are either considering the offers or have accepted the offers but not yet completed the intake formalities. If these 55 offers are eventually accepted by the applicants and with the intake formalities completed, the number of flats allocated will be reflected in 2017-18.

(b) Clearance Rehousing

6. In 2016-17, a total of 140 flats were allocated under the category of Clearance Rehousing, less than the original estimation (i.e. 230 flats) by 90 flats. A breakdown of the clearance projects is as follows –

(i) Government Clearance Projects

7. Of the flats reserved for Government clearance projects, 33 flats were actually allocated and less than the original estimation by 80 flats. This was because some clearerees did not meet the eligibility criteria for PRH and could only be rehoused to Interim Housing.

(ii) Clearance Projects by Urban Renewal Authority

8. In 2016-17, 150 flats were reserved for rehousing the clearerees of the Urban Renewal Authority (URA) in accordance with the Memorandum of Understanding^{Note 1} entered between the Housing Authority (HA) and the URA in June 2002 and revised in June 2012. 107 flats were eventually allocated. The difference was due to the delay in acquisition/resumption and clearance progress of certain redevelopment projects.

(c) Estate Clearance and Major Repairs

9. There was no estate clearance project in 2016-17 and hence no allocation was made under this category.

(d) Compassionate Rehousing

10. Compassionate rehousing is not subject to any quota. In working out the proposal, we estimated that the allocation would take up 2 000 flats. In 2016-17, flats were allocated to 1 273 cases recommended by the Social Welfare Department (SWD). We have not rejected any compassionate rehousing case recommended by the SWD.

(e) Transfers

11. In 2016-17, a total of 4 572 flats were allocated for various transfers, with a breakdown by category as follows –

(i) Overcrowding Relief/Living Space Improvement Transfer Scheme

12. In 2016-17, transfers were arranged for a total of 1 686 tenants under the Territory-wide Overcrowding Relief Exercise (TWOR), the Living

Note 1 Under the Memorandum of Understanding, the URA shall pay the HA reservation fees equivalent to the amount of monthly rent payable for the reserved flats.

Space Improvement Transfer Scheme (LSITS)^{Note 2}, 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 2016-17, the actual allocation was 1 123 flats in total.

(iii) Other transfer cases

14. The total allocation under other transfer cases was 1 763 flats, comprising 1 710 flats allocated through Special Transfer^{Note 3} and 53 flats allocated under the Harmonious Families Transfer Scheme (HFTS).

15. Under the category of Transfer, the total number of allocations actually made was 4 572 flats, which were less than the original estimation (i.e. 6 500 flats) by 1 928 flats. This was mainly because the HFTS held in 2016-17 was rescheduled to November 2016 due to a reshuffling of work process. Since flat allocation only commenced in mid-March 2017, the actual allocation under the HFTS was only 53 flats as at end-March 2017, with around 300 applications still being processed for flat allocation. If all the housing offers are eventually accepted by the applicants, the number of flats allocated will be reflected in 2017-18. Under normal circumstances, we only allocate refurbished flats to applicants under the category of Special Transfer. As the types and location of refurbished flats recovered in the year did not match the requirements of these applicants, the number of successful allocation was relatively small.

(f) Emergency Rehousing

16. In 2016-17, only one flat was allocated for rehousing victims of a fire in the squatter area of Cha Kwo Ling Village.

Note 2 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.

Note 3 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.

(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 (CSB), which includes the distribution of quota places for various categories of applicants, eligibility criteria, and the priority of individual applicants. The Housing Department is responsible for vetting eligibility of CSPHQ applicants and allocating flats according to the relative priority of those who have obtained quota. Each year, the HA will set aside flats for the CSPHQ Scheme subject to the availability of resources and taking into account demands from various categories of PRH applicants. A total of 1 252 flats were allocated under this category in 2016-17, a slight increase of 52 flats as compared to the original estimation of 1 200 flats. This was mainly because intake of the flats earmarked for the CSPHQ Scheme in So Uk Estate and Shui Chuen O Estate, which were both scheduled for completion in 2015-16, was postponed to September and November 2016 respectively.

ESTIMATED ALLOCATION FOR 2017-18

18. In estimating the number of flats available for allocation in 2017-18, we follow the established practice to take into account new flats projected to be completed from January to December 2017; new flats which were completed but not yet let out; and refurbished flats recovered. Based on the above, we estimate that there will be a total of about 25 400 flats (comprising about 11 100 new flats and about 14 300 refurbished flats) available for allocation in 2017-18. 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 2017), we estimate that new flats which can be completed and made available for allocation from January to December 2017^{Note 4} are as follows –

Note 4 The work progress of 3 580 flats at Tung Chung Area 56 (Ying Tung Estate) may be delayed, hence they are excluded from the estimated supply of flats for the time being.

- (a) Anderson Road Site A Blocks 1 and 2; Site B, Phase 2, Blocks 3, 4 and 5; and Site C1, Blocks 10 and 11 (On Tai Estate) (5 499 flats);
- (b) Tuen Mun Area 54 Site 2 Phase 1, Blocks 1, 2 and 3; and Phase 2, Blocks 4 and 5 (Yan Tin Estate) (4 688 flats); and
- (c) Ex-Kwai Chung Police Married Quarters Blocks 1 and 2 (Kwai Tsui Estate) (866 flats).

20. We estimated that total of about 11 100 new flats can be provided in the above projects.

Refurbished Flats Available for Allocation

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 the Home Ownership Scheme (HOS) or the HOS Secondary Market. Since the five new HOS projects and the Green Form Subsidised Home Ownership Pilot Scheme development at San Po Kong are ready for intake in 2017 and tenants who have purchased these flats will surrender their PRH flats, it is estimated that the number of refurbished flats available for allocation will be more than last year, at an estimated total of about 14 300.

22. Taking new and refurbished flats together, we estimate that there will be a total of about **25 400 flats** (i.e. 11 100 + 14 300) **available for allocation in 2017-18**. For reasons explained above, the actual allocation as at year end may deviate from the estimated number. The actual allocation of 2017-18 will be reported next year when we work out the estimated allocation then.

ESTIMATED ALLOCATION FOR DIFFERENT CATEGORIES OF APPLICANTS

(a) PRH Applicants

23. As always, we propose allocating the largest portion of flats to PRH applicants in the year. In 2017-18, we estimate that a total of 18 030 flats will be allocated to PRH applicants, including general applicants and non-elderly

one-person applicants under the QPS. This amounts to 71% of the overall estimated allocation for the year, which is similar to the case (i.e. 70.6%) in 2016-17.

24. 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, subject to a cap of 2 200 flats. Accordingly, we estimate that 1 803 flats will be allocated to QPS applicants in 2017-18. However, if the actual supply of flats turns out to be less than our estimation, allocating 1 803 flats to QPS applicants will exceed 10% of the total number of flats to be allocated to PRH applicants. Hence, we will closely monitor the actual supply of flats during the allocation process, and will 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.

25. We will continue to launch the Express Flat Allocation Scheme in 2017-18 to provide PRH applicants with an extra opportunity to gain earlier access to PRH.

(b) Clearance Rehousing

26. In view of the take-up rate of clearance rehousing in 2016-17, we have discussed with departments and organisations concerned in order to derive a more reasonable demand of PRH resources under this category. Accordingly, we estimate a total of 270 flats for this category, of which –

- (a) 170 flats will be set aside for rehousing residents affected by clearance projects planned by different departments; and
- (b) 100 flats will be set aside for rehousing residents affected by URA's redevelopment projects scheduled for 2017-18.

(c) Compassionate Rehousing

27. We propose to continue to reserve 2 000 flats under this category in 2017-18. This figure is not an upper limit and where resources permit, we will follow the established policy to handle all demands for compassionate rehousing as recommended by SWD.

(d) Transfers

28. An estimation of 3 600 flats in total will be set aside for various transfer purposes in 2017-18. 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. Besides, we will reserve a total of 1 000 flats for applicants under the TWOR and LSITS ^{Note 5}.

29. The remaining flats will be flexibly deployed for other transfer purposes. This includes the HFTS, conversion programme of Housing for Senior Citizens and Special Transfer of individual tenants on medical and/or social grounds, etc.

(e) Junior Civil Servants and Pensioners

30. In approving the estimated PRH allocation for 2014-15 (Paper No. SHC 39/2014 (Revised) refers), Members agreed that when the supply of PRH flats had improved, the quota for the CSPHQ Scheme would be increased by 100 flats on an annual basis for four consecutive years from 2015-16 to 2018-19 (i.e. from a quota of 1 100 flats in 2015-16 to 1 400 flats in 2018-19). In 2017-18, the quota for this category is 1 300 flats. At the same time, CSB proposed and Members endorsed on 12 September 2016 (Paper No. SHC 45/2016 refers) that a special one-off quota of 200 PRH flats would be provided, outside the normal CSPHQ Scheme, to eligible unsuccessful last-time applicants in the disciplined services up to the 2015/2016 exercise. Accordingly, the quota for 2017-18 for this category is 1 500 (i.e. 1 300 + 200) flats in total.

31. In summary, the estimated PRH allocation for 2017-18 is as follows –

Note 5 At the meeting of 31 October 2016, having considered Paper No. SHC 53/2016, Members agreed to implement the two transfer schemes together and the total number of flats to be earmarked for such schemes will be adjusted to about 1 000 flats starting from 2017-18.

Allocation Categories	Estimated Allocation in 2017-18	
		%
1. PRH APPLICANTS	18 030	71
(a) General Applicants	(16 227)	(63.9)
(b) Non-elderly One-person Applicants under the QPS	(1 803)	(7.1)
	<i>(* Not exceeding 10% of the total allocation to PRH applicants)</i>	
2. CLEARANCE REHOUSING	270	1.1
(a) Clearance Projects	(170)	(0.7)
(b) Urban Renewal Authority	(100)	(0.4)
3. COMPASSIONATE REHOUSING	2 000	7.9
	<i>(* This is not an upper limit. We will allocate flats to all cases recommended by SWD)</i>	
4. TRANSFERS	3 600	14.2
5. QUOTA FOR CIVIL SERVANTS	1 500	5.9
(a) Junior Civil Servants and Pensioners	(1 300)	(5.1)
(b) Special One-off Housing Allocation	(200)	(0.8)
Total	25 400	100 #

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

Figures may not add up to total due to rounding.

PUBLICITY

32. We will issue a press release to announce the Estimated PRH Allocation for 2017-18. 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.

DECLASSIFICATION

33. 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

34. At the meeting of the Subsidised Housing Committee to be held on 16 June 2017, Members will be requested to approve –

- (a) the estimated PRH Allocation for 2017-18 (paragraph 31); and
- (b) the declassification of this paper (paragraph 33).

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Actual Allocation in 2016-17

Allocation Categories	Flats Allocated		Total
	New	Refurbished	
1. PRH APPLICANTS	18 955	7 563	26 518
(a) General Applicants	(17 631)	(6 742)	(24 373)
(b) Non-elderly One-person Applicants under the QPS	(1 324)	(821)	(2 145)
2. CLEARANCE REHOUSING	109	31	140
(a) Government Clearance Projects	(29)	(4)	(33)
(b) Urban Renewal Authority	(80)	(27)	(107)
3. ESTATE CLEARANCE AND MAJOR REPAIRS	0	0	0
4. COMPASSIONATE REHOUSING	1	1 272	1 273
5. TRANSFERS	1 720	2 852	4 572
6. EMERGENCY REHOUSING	1	0	1
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	727	525	1 252
Total	21 513	12 243	33 756