

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

**Special Analysis of the Housing Situation of General Applicants
for Public Rental Housing as at end-June 2018**

PURPOSE

This paper sets out a special analysis of the housing situation of general applicants for public rental housing (PRH) as at end-June 2018.

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 the increasing demand for PRH and the public's concern over the waiting time of PRH applicants, we analyse the housing situation of PRH applicants as at end-June every year. Only general applicants are covered in the analysis. As the AWT target of around three years is not applicable to non-elderly one-person applicants under QPS and allocations under other rehousing categories (e.g. transfer of existing tenants, compassionate rehousing and clearance for redevelopment), these categories are not covered in this 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.). 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.

OVERALL SITUATION

3. As at end-June 2018, there were about 150 600 general applications. The tables below show the number of general applications in the past few years –

Table 1
Number of general applications as at June each year

	As at end-June 2012	As at end-June 2013	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
Number of general applications (change over previous year)	106 100	118 700 (+12%)	125 400 (+6%)	140 200 (+12%)	153 000 (+9%)	150 200 (-2%)	150 600 (+0.3%)

Table 2
Number of newly-registered general applications in the year

	From July 2012 to June 2013	From July 2013 to June 2014	From July 2014 to June 2015	From July 2015 to June 2016	From July 2016 to June 2017	From July 2017 to June 2018
Number of newly registered general applications (change over previous year)	28 700	28 000 (-2%)	25 500 (-9%)	23 600 (-8%)	19 800 (-16%)	20 400 (+3%)

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 housed to PRH in the past 12 months, and should not be taken as the waiting time required for those applicants 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 application should be excluded from calculating the waiting time. However, due to limitations in the computer system, we have not been able to exclude such periods from the calculation of AWT.

AWT

6. As at end-June 2018, the AWT for general applicants was 5.3 years. Among them, the AWT for elderly one-person applicants was 2.9 years ^{Note 4}. AWT has been trending upwards over the past few years, as shown in the table below –

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 The latest AWT for general applicants as at end-September 2018 was 5.5 years. Among them, the AWT for elderly one-person applicants was 2.9 years. 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.

Table 3
AWT as at end-June in recent years

	As at end-June 2012	As at end-June 2013	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
AWT for general applicants	2.7 years	2.7 years	3.0 years	3.4 years	4.1 years	4.7 years	5.3 years
AWT for elderly one-person applicants	1.4 years	1.5 years	1.7 years	1.9 years	2.4 years	2.6 years	2.9 years

7. We cannot predict AWT in future, since this is affected by many 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 renovated units), etc. As AWT is calculated based on the waiting time of general applicants who were housed to PRH in the past 12 months, with the completion of some large-scale PRH estates (such as On Tai Estate in Kwun Tong, Ying Tung Estate in Tung Chung, Yan Tin Estate in Tuen Mun and Kwai Tsui Estate in Kwun Chung) which brought about an increase in the number of PRH units for allocation, more applicants with longer waiting time are finally housed, and their longer waiting time will thus be reflected in AWT. Given the accumulated supply-demand imbalance over time and the continuously increasing new demand for PRH, we believe that it would take a period of time to absorb the cumulative PRH demand over the years. If the supply of PRH continues to fall short of the demand, there will be an ongoing upward pressure on AWT. The Chief Executive stated in the 2018 Policy Address that the Government would increase the ratio of public housing, and committed that 70% of the housing units on the Government's newly developed land would be for public housing.

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 18 300 general applicants who were housed between July 2017 and June 2018; and
- (b) the 150 600 general applicants who were still waiting as at end-June 2018.

DETAILS OF THE ANALYSIS

General observations

9. Of the general applicants housed between July 2017 and June 2018 (see Table 4), the waiting time of two-person to four-person households housed to PRH in the Urban or Extended Urban Districts tended to be longer. Of the general applicants who were still waiting as at end-June 2018 (see Table 5), a considerable number of those with longer waiting time were three-person to four-person households. Many of those cases with particularly long waiting time involved change of household particulars, cancellation periods (during which they were ineligible for housing), etc.

(a) General applicants housed between July 2017 and June 2018

10. Between July 2017 and June 2018, 18 300 general applicants accepted flat offers and were housed. 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 is already provided at the first offer.

11. In light of the AWT for general applicants has now exceeded five years and members' views on the analysis last year, we have added the classifications of "waiting time more than five years but less than six years" and "waiting time more than six years" in this analysis.

Table 4
Distribution of waiting time of general applicants
who were housed to PRH between July 2017 and June 2018

District housed	Waiting Time	Household size					Total
		1-P ^{Note 5}	2-P	3-P	4-P	5-P+	
Urban	≤3 year	480	170	180	60	20	910
	>3 - ≤4 years	1 300	300	50	30	10	1 700
	>4 - ≤5 years	50	250	130	30	20	480
	>5 - ≤6 years	30	930	910	50	120	2 000
	>6 years	50	190	720	1 400	520	2 900
	Subtotal	2 000	1 800	2 000	1 600	690	8 100
Extended Urban	≤3 year	480	130	120	30	10	770
	>3 - ≤4 years	190	50	40	20	10	310
	>4 - ≤5 years	30	230	150	20	30	460
	>5 - ≤6 years	10	1 200	1 100	20	70	2 400
	>6 years	20	40	130	860	270	1 300
	Subtotal	730	1 600	1 600	950	400	5 300
New Territories	≤3 year	190	80	20	30	20	340
	>3 - ≤4 years	360	30	10	10	10	420
	>4 - ≤5 years	90	330	70	20	20	530
	>5 - ≤6 years	20	890	480	30	60	1 500
	>6 years	10	30	570	1 200	310	2 100
	Subtotal	670	1 400	1 200	1 300	410	4 900
Islands	≤3 year	10	10	<5	<5	<5	20
	>3 - ≤4 years	<5	<5	<5	0	10	10
	>4 - ≤5 years	0	10	10	10	<5	30
	>5 - ≤6 years	0	10	<5	10	0	10
	>6 years	0	0	0	<5	0	<5
	Subtotal	10	20	10	10	10	60
Overall	≤3 year	1 200	390	330	120	50	2 000
	>3 - ≤4 years	1 900	380	90	60	40	2 500
	>4 - ≤5 years	170	820	360	80	70	1 500
	>5 - ≤6 years	60	3 000	2 500	100	250	5 900
	>6 years	80	270	1 400	3 500	1 100	6 300
	Total	3 400	4 800	4 700	3 800	1 500	18 300

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 5 Mainly elderly one-person applicants. There is also a small number of QPS applicants housed through the Express Flat Allocation Scheme.

12. We have the following observations on the waiting time of these 18 300 housed general applicants –

- (a) 11% had waited for three years or below;
- (b) of the 89% applicants (about 16 200 applicants) who had waited for over three years, 44% were housed to flats in the Urban District while 28% were housed to flats in the Extended Urban District, altogether accounting for 72%; and
- (c) among the 16 200 housed applicants who had waited for over three years, 37% (about 5 900 applicants) had waited for over five years but less than six years while 39% (about 6 300 applicants) had waited for over six years. We have tried to further analyse the major reasons for the latter's longer waiting time. Our findings suggest that many of these cases involved circumstances ^{Note 6} that might affect their waiting time, including change of district choice (60%); change of household particulars ^{Note 7} (64%); refusal to accept housing offer(s) with reasons acceptable to HA (28%); reinstated applications which were previously cancelled due to failure to meet income eligibility requirements in the detailed vetting stage, failure to attend interview or inadequate documentary proof (9%); and location preference on social/medical grounds (7%).

(b) General applicants who were still waiting as at end-June 2018

13. Among the 150 600 general applicants who were still waiting as at end-June 2018, 44% (about 66 300 applicants) had a waiting time of over three years and without any flat offer as at end-June 2018. As these applicants have yet to receive any flat offer, their waiting time is counted from the date of registration up to end-June 2018, excluding frozen periods. Similarly, in light of the AWT for general applicants has now exceeded five years and members' views on the analysis last year, we have added the classifications of "waiting

Note 6 Some cases involve two or more circumstances. Hence, the percentage breakdown does not add up to the total.

Note 7 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.

time more than five years but less than six years” and “waiting time more than six years” in this analysis. The distribution of waiting time of these applicants is shown in the table below.

Table 5
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 2018

District choice ^{Note 8}	Waiting Time	Household size					Total
		1-P ^{Note 9}	2-P	3-P	4-P	5-P+	
Urban	>3 - ≤ 4 years	430	1 700	610	350	170	3 300
	>4 - ≤ 5 years	40	1 700	1 200	800	270	4 000
	>5 - ≤ 6 years	20	1 700	2 100	1 900	430	6 200
	>6 years	10	350	610	2 200	580	3 800
	Subtotal	490	5 400	4 600	5 300	1 400	17 200
Extended Urban	>3 - ≤ 4 years	70	6 000	4 700	2 400	490	13 600
	>4 - ≤ 5 years	40	5 000	4 300	2 400	480	12 300
	>5 - ≤ 6 years	10	1 700	1 500	1 500	300	5 100
	>6 years	<5	40	70	1 300	300	1 700
	Subtotal	120	12 800	10 600	7 700	1 600	32 700
New Territories	>3 - ≤ 4 years	360	2 500	1 900	1 000	230	6 000
	>4 - ≤ 5 years	10	2 100	1 900	1 100	270	5 400
	>5 - ≤ 6 years	10	650	1 400	1 100	250	3 400
	>6 years	<5	20	60	1 000	300	1 400
	Subtotal	380	5 300	5 100	4 300	1 100	16 200
Islands	>3 - ≤ 4 years	0	50	20	20	<5	90
	>4 - ≤ 5 years	0	20	10	20	0	40
	>5 - ≤ 6 years	0	10	<5	10	<5	10
	>6 years	0	0	0	<5	0	<5
	Subtotal	0	70	30	50	<5	150
Overall	>3 - ≤ 4 years	860	10 300	7 100	3 800	890	23 000
	>4 - ≤ 5 years	90	8 900	7 400	4 300	1 000	21 700
	>5 - ≤ 6 years	30	4 000	5 000	4 600	970	14 600
	>6 years	10	410	740	4 600	1 200	6 900
	Total	990	23 600	20 300	17 300	4 100	66 300

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 8 Refers to the district choice of applicants as at end June 2018.

Note 9 Mainly elderly one-person applicants.

14. Among the 66 300 general applicants who had waited for over three years and without any flat offer as at end-June 2018 –

- (a) 24% of them (about 16 100 applicants) have reached the detailed vetting stage as at end-June 2018. Flat allocation will follow if they are found eligible;
- (b) 49% of them had chosen the Extended Urban District. Another 26% and 24% of them had chosen the Urban District and the New Territories respectively; and
- (c) 22% of them (about 14 600 applicants) have waited for over five years but less than six years and 10% (about 6 900 applicants) have waited for over six years. We have tried to further analyse the major reasons for the latter's longer waiting time. Our findings suggest that many of these cases involved circumstances that might affect their waiting time, including change of household particulars (60%); cancellation periods; location preference on social/medical grounds and applications for Green Form Certificate (GFC) for purchasing Home Ownership Scheme (HOS) units^{Note 10} (8%); refusal to accept housing offers with reasons accepted by HA (6%), etc.

FROZEN PERIOD

15. As at end-June 2018, among the 150 600 general applications who were waiting for PRH, some 15 900 (about 11%) were frozen due to the following reasons –

Note 10 PRH applicants who have passed the detailed vetting can apply for GFC in order to buy new HOS flats for sale or HOS flats with premium not yet paid in the HOS Secondary Market. When applicants are holding a valid GFC, they will not be allocated PRH units. If they eventually choose to wait for PRH allocation, the period during which they hold a valid GFC will still be counted as part of their waiting time.

Reason	Frozen cases as at end-June 2018
Failure to meet residence requirement ^{Note 11}	15 800
Request by applicants to freeze their applications (e.g. pending arrival of family members for family reunion)	30
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	15 900

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.

16. For frozen cases, applicants are allowed to continue to wait even though their applications are frozen. This would allow them to be registered earlier and hence have higher priority in the queue, although they have not yet fulfilled all criteria for flat allocation. However, while in reality the applicants are not qualified for PRH allocation or have requested to withhold processing their applications during the frozen period, the applicants are likely to perceive this period as part of their waiting time.

SUPPLY OF FLATS

17. Vigorously increasing PRH supply is the fundamental solution to shortening the waiting time for PRH. According to HA's Public Housing Construction Programme in September 2018, 72 900 PRH/Green Form Subsidised Home Ownership Scheme (GSH) units will be completed from 2018/19 to 2022/23. 40% of these units will be located in the Urban District, 22% in the Extended Urban District, and 38% in the New Territories. In terms

Note 11 To facilitate the integration of new arrivals into Hong Kong, HA has relaxed the seven-year residence rule on several occasions in the past. At present, eligible PRH applicants would have already fulfilled the seven-year residence rule when half of the family members have lived in Hong Kong for seven years at the time of PRH allocation. Irrespective of whether the main applicant can satisfy the residence rule, provided that at least half of the members of the applicant's family satisfy the seven-year residence rule at the time of allocation, a PRH flat can be allocated to them when their turn is due. All members under the age of 18 are deemed to have satisfied the seven-year residence rule if they have either established the birth status as permanent residents in Hong Kong or, regardless of their place of birth, one of their parents has lived in Hong Kong for seven years.

of flat types, 16% will be Type A units (for one/two persons), 31% as Type B units (for two/three persons), 30% as Type C units (for three/four persons) and 23% as Type D units (for four/five persons)^{Note12}.

18. In addition to building PRH units, recovery of flats is another important source of PRH supply. In the past few years, HA has a net recovery of over 7 000 flats^{Note 13} from tenants on average every year. With the completion and implementation of more subsidised sale flat projects in future, we expect that the number of net recovery of flats from tenants will further increase. Taking the year 2017/18 as an example, the net recovery from PRH tenants reached 9 700 units.

19. At the same time, the Housing Department 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. The Housing Department will also continue to conduct stringent vetting of PRH applicants' eligibility, carry out rigorous investigations into occupancy-related cases, step up efforts in combating tenancy abuse, and conduct publicity programme to promote the importance of safeguarding PRH resources and encourage tenants and members of the public to report tenancy abuse.

INFORMATION

20. This paper is issued for Members' information.

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Note 12 Including the Lai Chi Kok Road-Tonkin Street Phase 1 GSH project (about 2 500 units in total).

Note 13 Excluding those flats recovered from PRH transferees. As PRH flats have to be offered to transferees, there will not be net gain of flats.