

## **THE HONG KONG HOUSING AUTHORITY**

### **Memorandum for the Subsidised Housing Committee**

#### **Public Rental Housing Allocation Plan for 2007/08**

#### **PURPOSE**

This paper informs Members of the actual results of public rental housing (PRH) allocation in 2006/07, and seeks Members' approval of the allocation plan for 2007/08.

#### **ALLOCATION PRINCIPLES**

2. The key objective of our annual allocation planning is to maximize rational allocation of valuable public housing resources. The planning involves first making a projection of the PRH supply in the new year, and then assessing the anticipated demands under various rehousing categories. In drawing up the allocation plan, we will ensure the following practice/pledge/key performance indicators (KPIs) are met-

- given the large number of applicants in the Waiting List (WL), we should try to allocate as much of the year's available flats as possible to this category (average of about 20 000 planned allocations in the past few years) subject to the PRH supply and other competing demands;
- our pledge on the Average Waiting Time (AWT) of around three years;
- our KPI on the percentage of vacant flats (currently set at below 1.5% of our PRH stock); and
- our KPI on the percentage of overcrowded households (currently set at below 1% of our total PRH households).

The annual allocation plan as approved by Members will serve as a guiding framework for our allocation work in the year. Actual allocation results which

reflect actual demands/changing circumstances will be reported to Members at the end of the year.

## **AN OVERVIEW OF THE ALLOCATION WORK IN 2006/07**

3. At the meeting held on 25 May 2006, Members approved via Paper No. SHC 36/2006 the allocation framework for letting 29 700 PRH flats in 2006/07. As at end March 2007, we made a total of 28 831 lettings, which is more or less in line with the number of planned allocations. The minor shortfall of 869 lettings, or 2.9%, mainly arose from the acute shortage in the supply of new flats in the year (only 8 970 flats) and hence a heavier reliance on refurbished flats (a total of 19 861 flats) for allocation. The acceptance rate for refurbished flats, when compared with that for new flats, is generally lower, and this has slightly impacted on our number of successful lettings. A detailed summary of the allocation results in 2006/07 is at **Annex A**.

### ***Rehousing arising from Clearance***

#### **(a) *Squatter Clearance***

4. Of the 200 flats set aside for Squatter Clearance, only 34 flats were actually taken up by clearerees. This is mainly due to the re-scheduling of some planned clearance projects by the Government and the fact that some of the clearerees had already been rehoused through the Anticipatory Housing Scheme<sup>Note[1]</sup>. Moreover, as rehousing arrangement for non-development clearances (on geotechnical grounds) was on voluntary basis, most of the clearerees had opted to stay put despite repeated persuasion by the staff of the Lands Department, thus further reducing the number of allocations made under this sub-category in 2006/07.

#### **(b) *Urban Renewal Authority Clearance***

5. Since 2002/03, a maximum provision of 1 000 flats per annum can be set aside for rehousing clearerees of the Urban Renewal Authority (URA) in accordance with the Memorandum of Understanding<sup>Note[2]</sup> entered into between the URA and the Housing Authority (HA) in June 2002. In 2006/07, only 62

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Note[1]: Under this scheme, clearerees holding valid WL applications are given priority access to public housing ahead of the clearance operation.

Note[2]: Under the Memorandum of Understanding, the URA shall pay to HA reservation fees equivalent to the monthly rentals payable for the flats reserved.

flats were consumed against the planned provision of 150 flats. The low consumption of the provision is mainly due to the delay of one of the announced URA projects. In addition, changing circumstances have also resulted in longer durations for URA to acquire their target properties before commencing the rehousing work. The Housing Department (HD) has been liaising closely with the URA to monitor the situation.

**(c) *Interim Housing Trawling***

6. In 2006/07, 75 flats were allocated under this sub-category which exceeded the planned allocation by 25 flats. The additional allocations were resulted mainly from the launching of a special trawling exercise to encourage the early departure of residents from Interim Housings (IH)s.

***Comprehensive Redevelopment, Estate Clearance and Major Repairs***

**(a) *Comprehensive Redevelopment***

7. As at end March 2007, 1 268 flats were allocated under this sub-category, mainly for tenants affected by Shek Kip Mei redevelopment. Rehousing for this redevelopment exercise was completed smoothly in November 2006.

**(b) *Estate Clearance***

8. In end-March 2006, HA announced the clearance of So Uk Estate in two phases in 2008 and 2011 respectively. Un Chau Estate (UCE) Phases 2 and 4, scheduled for completion in February 2008, will be made available for rehousing the clearerees in Phase 1 while the remaining UCE flats together with the new flats in the Cheung Sha Wan Flatted Factory redevelopment site will be offered to the clearerees of Phase 2.

9. Thinning-out programmes with a view to rehousing the clearerees to other estates (e.g. Shek Kip Mei) ahead of the clearance operation has been put in place since April 2006. As at 31 March 2007, 269 clearerees had been so rehoused.

**(c) Total Clearance Allocations**

10. Altogether, 1 537 flats were allocated under Comprehensive Redevelopment, Estate Clearance and Major Repairs against the target provision of 1 600 for the year 2006/07.

**Waiting List**

**(a) General Waiting List Applications**

11. Of the 28 831 lettings in 2006/07, 18 700 flats (64.9%) were let to WL applicants, representing a minor shortfall of 1 300 flats against the planned allocation of 20 000 flats. The slight drop in successful lettings to WL applicants was due to a heavier reliance on refurbished flats for allocation and the generally lower acceptance rate for such flats, as explained in paragraph 3 above. As at end March 2007, the number of live applications on the WL was 107 257 (including 37 929 non-elderly one-person applicants), representing an increase of 10.1% against 97 402 applications as at 31 March 2006.

**(b) Non-elderly One-person Applicants**

12. With the implementation of the Quota and Points System (QPS) for the non-elderly one-person WL applicants, an allowance of up to 1 600 flats was set aside for this group of applicants, being 8% of the 20 000 allocations for WL applicants as stipulated in the Allocation Plan of 2006/07. As at end March 2007, a total of 1 323 flats were allocated to non-elderly one-person applicants under QPS. Another 1 026 non-elderly one-person WL applicants who had passed the eligibility vetting before endorsement of the QPS policy in September 2005, and hence not subjected to QPS, had also been housed during 2006/07. Furthermore, a total of 1 153 applicants in this sub-category were allocated a flat through the Express Flat Allocation Scheme (EFAS) in 2006/07.

**(c) Express Flat Allocation Scheme**

13. To allow fast-track access to PRH by WL applicants who wish to be re-housed promptly, and to improve the letting rate of our less popular flats, we conducted another EFAS exercise in the latter part of 2006. The result was encouraging with 3 533 flats<sup>Note[3]</sup> having been successfully let. These

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Note[3]: These included 12 flats allocated to EFAS applicants carried forward from 2005/06 but housed in 2006/07.

included 1 115 flats in Po Tin Estate and the IH-converted Tin Yan Estate, and also 435 Housing for Senior Citizens (HSC) flats. Letting process is still on-going and some 100 applications are yet to be processed, pending submission of the necessary documents by the applicants for eligibility vetting.

### ***Compassionate Rehousing***

14. Upon the recommendation of the Social Welfare Department (SWD), a total of 1 618 flats were allocated under the category of Compassionate Rehousing in 2006/07. This represents a utilization of 80.9% of the planned provision of 2 000 flats in 2006/07. Some 300 flats are under offer and pending acceptance by the applicants concerned.

### ***Transfer***

#### ***(a) Overcrowding Relief***

15. Two Territory-wide Overcrowding Relief (TWOR) exercises were launched in 2006/07. Together with the TWOR applications carried forward from 2005/06 but processed in 2006/07, a total of 520 overcrowded households had been successfully transferred to larger accommodations as at 31 March 2007, with some 200 applications still under processing. Members endorsed via Paper No. SHC 66/2005 to give eligible applicants in the TWOR exercise with over 10 years of residence in PRH the choice to move to any geographical district. 140 applicants out of the 520 successful cases benefited from this policy.

16. The total number of overcrowded households was further reduced from 5 103 as at end March 2006 to 4 587 as at end March 2007, or 0.7% of total PRH households which is well within our pledge of below 1.0%.

#### ***(b) Living Space Improvement Transfer Scheme***

17. Members endorsed in November 2005 a new Living Space Improvement Transfer Scheme (LSITS) on top of the existing transfer schemes, for providing more transfer opportunities for non-overcrowded households. Under this new scheme, PRH households living below 7m<sup>2</sup> (internal floor area) per person may apply for transfer to a larger flat, and eligible applicants with over 10 years of residence in PRH are allowed to apply for transfer to any geographical district of their choice.

18. The first LSITS launched in January 2006 attracted 3 989 applications, of which 1 533 were found eligible for cross-district transfer. A total of 1 254 households were finally re-housed under the exercise. The second LSITS was launched in March 2007 with 3 574 applications received. The applications are being processed and flat selection is scheduled tentatively for May/June 2007.

19. Altogether, 1 774 flats were successfully let through the TWOR and LSITS exercises in 2006/07 against the target allocation of 2 000 flats under this sub-category. Besides, some 200 applications under the latest TWOR exercise launched in December 2006 are still under processing.

**(c) *Voluntary External Transfer, Regional Transfer and Special Internal Transfer***

20. Apart from special transfers on medical and social grounds, a Voluntary External Transfer Exercise in Tung Chung, a Regional Transfer Exercise in Tuen Mun/Yuen Long/Tin Shui Wai, and two Special Internal Transfer Schemes in Choi Hung and Yat Tung Estates were launched during 2006/07. A total of 4 551 lettings were made as a result of these transfers.

**(d) *Transfer Total***

21. Altogether, a total of 6 325 flats were allocated in 2006/07 under the category of Transfer, exceeding the target of 5 000 flats by 26.5%. The extra allocations made were mainly a result of the ad hoc regional transfer and special internal transfer exercises referred to in paragraph 20 above.

***Junior Civil Servants and Pensioners***

22. A total of 465 flats were allocated under this category in 2006/07, consuming 66.4% of the approved quota of 700 flats.

***Average Waiting Time***

23. We have managed to maintain the AWT well below the pledge of around 3 years for all WL applicants<sup>Note[4]</sup> and 2 years for elderly one-person applicants. As at 31 March 2007, the AWT is 1.8 years for all WL applicants<sup>Note[4]</sup> and 1.3 years for elderly one-person applicants.

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Note[4]: Applicants under QPS are excluded.

### *Vacancy Rate*

24. As at 31 March 2007, the number of lettable vacant flats stood at 8 934. Against our total lettable PRH stock of 668 771 flats, this represents a vacancy rate of 1.3% which is well within our pledge of below 1.5%.

### **PROPOSED ALLOCATION PLAN FOR 2007/08**

25. The supply of PRH for 2007/08 comprises new production and refurbished flats. The forecast on the number of new flats available for allocation in the year is based on the March 2007 edition of the Public Housing Construction Programme and includes vacant new flats brought forward from last year. For refurbished flats, the forecast is based on the stock in hand together with those likely to become available in the year due to various reasons, including voluntary surrender, termination of tenancy, transfer to new flats, and purchase of surplus Home Ownership Scheme (HOS)/Private Sector Participation Scheme (PSPS) flats, etc.

26. We estimate that a total of 31 700 flats will be allocated in 2007/08, comprising 10 900 new flats and 20 800 refurbished flats. Compared with last year's planned allocation of 29 700 flats, it is anticipated that there will be 2 000 extra allocations (or 6.7%). Details of new PRH flats available for intake in 2007/08 are at **Annex B**.

### *Clearance*

27. Taking into consideration anticipated demand, we propose to allocate 200 flats for squatter clearance and 80 flats for the trawling of IH. The URA has advised that 200 flats are required for rehousing residents affected by their projects in 2007/08. The total planned provision under this category is 480 flats.

### *Comprehensive Redevelopment, Estate Clearance and Major Repairs*

28. Taking into account the demand arising from the redevelopment programme in Wong Chuk Hang Estate, the clearance of So Uk Estate, as well as the thinning-out programme for the redevelopment of Lower Ngau Tau Kok Estate, and setting aside another 20 flats for tenants affected by major repairs, a total of 2 720 flats is allowed under this category.

### ***Waiting List***

29. As in the past few years, we propose to give the WL category the biggest share of the year's allocation, and a total of 20 000 flats is so planned for in 2007/08, representing 63.1% of the year's provision.

#### ***(a) Non-elderly One-person Applicants***

30. Members agreed last year via Paper No. SHC 36/2006 to set the maximum annual allocation to non-elderly one-person WL applicants at 8% of the number of flats to be allocated to WL applicants, subject to a ceiling of 2 000 flats. Hence for 2007/08, a maximum of 1 600 flats (i.e. 8% of 20 000 flats) will be allowed.

#### ***(b) Review of Relaxation on Choice of Urban District***

31. In view of the limited supply of and substantial demand for PRH flats in the Urban District (UB), new WL applicants (except those under the Elderly Priority Scheme) are not allowed to choose UB as their preferred district for allocation of a flat. This policy was first implemented in 1990 (Paper No. MOC 150/90 refers). Thereafter, ad hoc relaxations were made from time to time when there were anticipated vacant flats in UB surplus to the applications in hand, to allow applicants registered on the WL before certain dates and whose district of choice was not UB to opt for UB.

32. When Members endorsed the allocation plan for 2006/07 (via Paper No. SHC 36/2006), Members also endorsed an additional relaxation measure allowing applicants registered on the WL before 1 October 2004 to opt for UB as their choice of district (if they so wish), in view that the anticipated supply of about 16 700 flats in UB in the three years from 2006/07 to 2008/09 was unlikely to be fully consumed by the eligible UB WL applications then available. As the said relaxation has already taken into account the PRH supply in UB up to 2008/09, and as competition for UB flats in the coming years will be keen partly arising from new initiatives such as the HSC Conversion Programme, we propose no further relaxation on choice of UB in 2007/08.



(c) ***Express Flat Allocation Scheme***

33. We plan to launch another Express Flat Allocation Scheme (EFAS) in 2007/08 and in order to further enhance the flat acceptance rate, we plan to introduce a new feature to the scheme. In addition to the first round of flat selection by each applicant, we will allow those applicants failing to select a flat in the first round to have another chance of selecting a flat from among those flats which are selected by earlier applicants in the first round but which are subsequently rejected by the applicants concerned.

***Compassionate Rehousing***

34. Purely for planning purpose, we propose to set aside 2 000 flats for this category for 2007/08. However, it should be noted that this figure is not meant to be the ceiling of allocation, and that additional flats will be made available to meet extra demand, if recommended by SWD and as our resources permit.

***Overcrowding Relief/Transfers***

35. As at 31 March 2007, the number of overcrowded households dropped to 4 587 or 0.7% of total PRH households as already explained in paragraph 16 above. Taking into consideration this improvement, we propose to reserve 1 500 flats for the overcrowding relief (including LSITS) sub-category in 2007/08. We further propose to set aside 4 000 flats, together with any unconsumed flats for overcrowding relief, for transfers (including HSC Conversion Programme, and under-occupation transfer cases etc.) in 2007/08. We will closely monitor the situation and flexibly deploy the overall 5 500 flats reserved under this category to meet changing circumstances.

***Junior Civil Servants and Pensioners***

36. We propose a quota of 1 000 for 2007/08 for this category.

**RECOMMENDATION**

37. In summary, the proposed PRH allocation plan for 2007/08 is as follows-

Rehousing Category	Approved Allocation in 2006/07	Actual Flats Allocated in 2006/07	Proposed Allocation for 2007/08	
				%
1. CLEARANCE				
(a) Squatter Clearance	200	34	200	0.6
(b) Urban Renewal Authority	150	62	200	0.6
(c) IH Trawling	50	75	80	0.3
2. COMPREHENSIVE REDEVELOPMENT, ESTATE CLEARANCE AND MAJOR REPAIRS	1 600	1 537	2 720	8.6
3. WAITING LIST	20 000	18 700	20 000	63.1
(a) Non-elderly One-person Applicants	(1 600)	(3 502)	(1 600)	(5.1)
(i) General (not subjected to QPS)		(1 026)		
(ii) QPS		(1 323)		
(iii) EFAS		(1 153)		
(b) Others	(18 400)	(15 198)	(18 400)	(58.0)
(i) General		(12 818)		
(ii) EFAS		(2 380)		
4. COMPASSIONATE	2 000	1 618	2 000	6.3
5. TRANSFER	5 000	6 325	5 500	17.3
(a) Overcrowding Relief/LSITS	(2 000)	(1 774)	(1 500)	(4.7)
(b) Transfers	(3 000)	(4 551)	(4 000)	(12.6)
6. EMERGENCY	-	15	-	-
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	700	465	1 000	3.2
<b>Total</b>	<b>29 700</b>	<b>28 831</b>	<b>31 700</b>	<b>100</b>

## **PUBLICITY**

38. We will publish the approved allocation plan for 2007/08. We will explain that the allocation plan is set having regard to anticipated supply and demand for PRH for various categories of applicants in the coming year, and that we will closely monitor any change in circumstances and will make every effort to meet our pledge of maintaining the average waiting time at around three years.

## **DECLASSIFICATION**

39. We recommend that this paper be declassified upon Members' approval of the recommendations in paragraph 37 above. The paper will be made available to the public at HA homepage, the Department's library and through the Departmental Access to Information Officer if it is declassified.

## **DISCUSSION**

40. At the meeting of the Subsidised Housing Committee to be held on 15 May 2007, Members will be invited to approve-

- (a) the PRH allocation plan for 2007/08 (paragraph 37); and
- (b) the declassification of the paper (paragraph 39).

Miss Elisa TSUI  
Secretary, Subsidised Housing Committee  
Tel. No.: 2761 6834  
Fax No.: 2761 0019

File Ref.: HD(H) APP/A 5/8/4  
(Corporate Services Division)  
Date : 15 May 2007

**Public Rental Housing Allocation for the year 2006/07  
(for the period of 1.4.2006 – 31.3.2007)**

Rehousing Category	Approved Quota in 2006/07 (a)	Flats Allocated		Total (d) = (b) + (c)	%
		New (b)	Refurbished (c)		
1. CLEARANCE					
(a) Squatter Clearance	200	5	29	34	0.1
(b) Urban Renewal Authority	150	41	21	62	0.2
(c) IH Trawling	50	15	60	75	0.3
2. COMPREHENSIVE REDEVELOPMENT AND MAJOR REPAIRS	1 600	1 431	106	1 537	5.3
3. WAITING LIST	20 000	6 419	12 281	18 700	64.9
(a) Non-elderly One-person Applicants	(1 600)	(1 010)	(2 492)	(3 502)	(12.2)
(b) Others	(18 400)	(5 409)	(9 789)	(15 198)	(52.7)
4. COMPASSIONATE	2 000	0	1 618	1 618	5.6
5. TRANSFER	5 000	866	5 459	6 325	21.9
(a) Overcrowding Relief/Living Space Improvement Transfer Scheme	(2 000)	(612)	(1 162)	(1 774)	(6.1)
(b) Transfers	(3 000)	(254)	(4 297)	(4 551)	(15.8)
6. EMERGENCY	-	0	15	15	0.1
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	700	193	272	465	1.6
<b>Total</b>	<b>29 700</b>	<b>8 970</b>	<b>19 861</b>	<b>28 831</b>	<b>100</b>

**Supply of New Flats for Public Rental Housing Allocation in 2007/08  
(Based on Public Housing Construction Programme of 3/2007)**

**New production runs from 4/2007 to 2/2008** <sup>Note[1]</sup>

<u>Projects</u>	<u>Anticipated Completion Date</u>	<u>No. of Flats</u>
Un Chau Street Phase 2, Blocks A, B, C and D	02/2008	3 196
Un Chau Street Phase 4, Block 1	02/2008	337
Kwai Chung Flatted Factory Redevelopment Blocks 1, 2 and 2A	02/2008	1 983
Shatin Area 4C/38A Phase 3, Blocks 5, 6 and 7	02/2008	2 333
<b>sub-total</b>		<b>7 849</b>
<b>Estimated no. of new flats carried over from 2006/07</b>		<b>3 067</b>
<b>Total :</b>		<b>10 916</b> <b>(10 900)</b>

Note[1]: Period of supply of new production runs from 4/2007 to 2/2008, beyond which any new flats completed can only be ready for allocation in the following year. Aldrich Bay Phase 5 (716 flats), Choi Wan Road Site 1 Phase 2 (2 397 flats), Tin Shui Wai Area 103 Phase 1 and 2 (3 836 flats) and Fanling Area 36 Phase 2 (1 598 flats), all scheduled for completion in March 2008, are excluded due to the lead time required in taking over/letting of flats.