

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Subsidised Housing Committee

Public Rental Housing Allocation Plan for 2008/09

PURPOSE

This paper informs Members of the actual results of public rental housing (PRH) allocation in 2007/08, and seeks Members' approval of the allocation plan for 2008/09.

ALLOCATION PRINCIPLES

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

- given the large number of applicants on the Waiting List (WL), we should try to allocate as many of the year's available flats as possible to this category (an 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 for general applicants (excluding applicants subjected to the Quota and Points System (QPS));
- 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 0.8% 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. The actual allocation results

which reflect the actual demand and changing circumstances will be reported to Members at the end of the year.

AN OVERVIEW OF ALLOCATION WORK IN 2007/08

3. At the meeting held on 15 May 2007, Members approved vide Paper No. SHC 26/2007 (Revised) the PRH Allocation Plan for 2007/08, including the proposed allocation of 31 700 PRH flats in the year. At the end of March 2008, we made a total of 22 835 lettings (see **Annex A**). In addition, another 8 623 PRH applicants (including 8 059 waiting list applicants) have signified their acceptance of new flats in writing. However, as new flats scheduled for completion in late 2007/08 have experienced some slippages, the formal intake formalities of this batch of flats have, therefore, to be postponed to the beginning of 2008/09. Taking into account the 8 623 newly-completed flats, a total of 31 458 flats have been successfully let or accepted by applicants in 2007/08. This is very close to the planned allocation of this year.

4. As intake for new flats originally scheduled for completion in 2007/08 could not be arranged in time, the majority of the allocation of PRH in 2007/08 were refurbished flats - a total of 17 281 flats, or 75.6% of the total number of flats allocated. The acceptance rate for refurbished flats, when compared with that for new flats, is generally lower. Under such circumstances, we have already endeavoured to expedite the allocation of vacant flats. As a result, the vacancy rate in the latter half of 2007/08 was maintained at about 1% or below, representing a sharp fall when compared with the average vacancy rate of 1.3% for the same period in 2006/07.

Rehousing arising from Clearance

(a) *Squatter Clearance*

5. Of the 200 flats set aside for Squatter Clearance, 47 flats were taken up by clearerees. This shortfall was mainly due to the re-scheduling of some planned clearance projects by the Government, while some of them had already been rehoused through the Anticipatory Housing Scheme (AHS)^{Note 1}. Moreover, as rehousing arrangement for non-development clearances (on geotechnical grounds) was on a 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 2007/08.

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

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

6. A maximum provision of 1 000 flats per annum can be set aside for rehousing URA clearances in accordance with the Memorandum of Understanding^{Note 2} entered into between URA and the Housing Authority (HA) in June 2002 and revised in June 2007. In 2007/08, a total of 84 flats were allocated against the planned provision of 200 flats. The low consumption of the provision was mainly due to the delay of one of the announced URA projects. In addition, URA has just started vetting the eligibility of households of the properties acquired recently and rehousing work will only be conducted upon verification of their eligibility. The slow progress in the rehousing work in Wan Chai, Tai Kok Tsui and Sham Shui Po is another factor leading to the low consumption of the provision. The Housing Department has been liaising closely with the URA to monitor the situation.

(c) *Interim Housing (IH) Trawling*

7. In 2007/08, 16 flats were allocated under this sub-category, i.e. 64 flats less than the planned allocation. It was mainly because the number of IH residents successfully transferred were less than expected.

Comprehensive Redevelopment, Estate Clearance and Major Repairs

(a) *Comprehensive Redevelopment*

8. The rehousing work for the Redevelopment of Wong Chuk Hang Estate was successfully completed in September 2007.

9. The rehousing work for the Redevelopment of Lower Ngau Tau Kok Estate Phase 2 is expected to be completed in March 2009. The Upper Ngau Tau Kok Estate, expected to complete in October 2008, can be used to rehouse those affected by the redevelopment programme. We also implemented a thinning-out exercise for the early removal of households to Lei Yue Mun Estate in July 2007.

10. As at the end of March 2008, a total of 1 623 flats were allocated under this sub-category.

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

(b) Estate Clearance

11. At the end of March 2006, HA announced the clearance of So Uk Estate by two phases in 2008 and in 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. As at the end of March 2008, 77 clearerees were so rehoused. Response to the thinning-out exercise launched earlier was lukewarm as the clearerees would rather wait for the allocation of flats in UCE. As the completion dates of UCE Phases 2 and 4 have been deferred to March and April 2008 respectively, they cannot take up UCE flats in the year although the Self Selection Scheme has been launched since February 2008 and 1 463 clearerees have chosen flats in UCE Phases 2 and 4.

(c) Total Allocations for Comprehensive Redevelopment, Estate Clearance and Major Repairs

12. Taking into account the 1 463 new flats in UCE Phases 2 and 4 chosen by the clearerees, yet awaiting for physical intake because of the said deferred completion, a total of 3 163 flats were successfully let or selected under this sub-category in 2007/08, or 116.3% of the planned allocations for comprehensive estate redevelopment and clearance projects.

Waiting List

(a) General Waiting List Applications

13. A total of 13 042 flats (57.1%) were allocated to WL applicants in 2007/08. As mentioned in paragraph 3 above, by taking into account those new flats which have been accepted in writing by our WL applicants, a total of 21 101 flats have been taken up/accepted by the WL applicants in the year, slightly exceeding the planned allocation of 20 000 flats.

(b) Non-elderly One-person Applicants

14. Last year, when Members approved the Allocation Plan for 2007/08, a quota of up to 1 600 PRH flats was set aside for this group of applicants, being 8% of the total allocations for WL applicants. As at the end of March 2008, a total of 1 593 flats have been allocated to non-elderly one-person applicants under QPS.

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

15. To allow fast-track access to PRH by WL applicants who need to be re-housed promptly, and to improve the letting rate of less popular flats, we conducted another EFAS exercise in July 2007. To enhance the acceptance rate of these flats, we have introduced a new initiative in this exercise, namely giving another chance for flat selection to those applicants who failed to select a flat during the first round of the flat selection exercise. They were allowed to select flats that had been chosen by other applicants in the first round but had given them up later or flats that could not be offered to applicants who were subsequently found to be not meeting the eligibility criteria. A total of 4 524 flats were offered for selection by applicants in this EFAS exercise and 4 350 flats were selected, representing a high selection rate of 96.2%. As at the end of March 2008, 2 922 flats^{Note 3} were successfully let through EFAS including 751 former Interim Housing flats in Po Tin Estate and Tin Yan Estate and 341 units of Housing for Senior Citizens.

Compassionate Rehousing

16. Upon the recommendation of cases by the Social Welfare Department (SWD), a total of 2 001 flats were allocated under this category in 2007/08. This is very close to the planned provision of 2 000 flats in the year.

Transfer

(a) *Overcrowding Relief*

17. Two Territory-wide Overcrowding Relief (TWOR) exercises were launched in 2007/08. Together with the TWOR applications carried forward from 2006/07 but processed in 2007/08, a total of 250 overcrowded households were successfully transferred to larger accommodation at the end of March 2008. Besides, there were 305 new flats for which the applicants have signified their acceptance in writing pending completion of intake formalities.

18. The total number of overcrowded households was further reduced from 4 587 at the end of March 2007 to 4 340 at the end of March 2008, or 0.7% of total PRH households which is within our pledge of below 0.8%.

Note 3: These included 91 flats allocated to EFAS applicants carried forward from 2006/07 but housed in 2007/08.

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

19. The second LSITS exercise launched in March 2007 attracted 3 574 applications, 1 142 of which were found eligible for cross-district transfer^{Note 4}. A total of 824 households were finally re-housed under the exercise. The third LSITS exercise has just been launched in March 2008 with some 3 800 applications received. The applications are being processed and flat selection is scheduled tentatively for May 2008.

20. Altogether, 1 074 flats were successfully let through the TWOR and LSITS exercises in 2007/08. Besides, there were 305 new flats for which the applicants have signified their acceptance in writing pending completion of intake formalities. 1 500 flats are set aside for planned allocation under this sub-category.

(c) *Voluntary Transfer, Regional Transfer and Enhanced Transfer Scheme for Harmonious Families*

21. In 2007/08, we launched one Voluntary Transfer Exercise for Shek Pai Wan and Lei Yue Mun Estates, and one Regional Transfer Exercise in Kwai Chung. Besides, the first phase of Enhanced Transfer Scheme for Harmonious Families was launched in October 2007 and a total of 271 applications were received, among which 155 applicants were successfully transferred. Under this transfer category, a total of 4 608 flats were let to or accepted by applicants pending intake formalities in 2007/08.

(d) *Transfer Total*

22. 5 425 flats were allocated and 562 flats were accepted by the applicants pending intake formalities in 2007/08 under the category of Transfer, reaching a total of 5 987 flats altogether and exceeding the planned allocation of 5 500 flats by 487.

Junior Civil Servants and Pensioners

23. A total of 517 flats were allocated under this category in 2007/08, consuming 51.7% of the approved quota of 1 000 flats.

Note 4: Eligible applicants living in PRH over a decade were allowed to apply for transfer to any district of their choice.

Average Waiting Time

24. In 2007/08, we managed to meet the AWT pledge of around three years for general WL applicants^{Note 5} and around two years for elderly one-person applicants. At the end of March 2008, the actual AWT was 1.9 years for general WL applicants and 1.1 years for elderly one-person applicants.

Vacancy Rate

25. As at the end of March 2008, the number of lettable vacant flats stood at 6 644. Against our total lettable PRH stock of 667 617 flats, this represents a vacancy rate of 1.0% which is well within our pledge of below 1.5%, and is a further reduction as compared to the rate of 1.3% at the end of March 2007.

PROPOSED ALLOCATION PLAN FOR 2008/09

26. The supply of PRH for 2008/09 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 2008 edition of the Public Housing Construction Programme and includes vacant new flats brought forward from the previous year. For refurbished flats, the forecast is based on the stock in hand together with those likely to become available for allocation in the year for 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.

27. Six new public housing estate projects will be completed in 2008/09, providing a total of 13 617 new flats (excluding flats with completion dates falling in 2009). Together with the new flats brought forward from 2007/08 and excluding the new flats anticipated to be carried forward to 2009/10, we estimate that there will be 25 300 new flats available for allocation in 2008/09 (see **Annex B**). Taking into consideration also the 18 500 refurbished flats expected to be recovered during the year, about 43 800 flats will be available for allocation in 2008/09, exceeding the planned allocation of 31 700 flats in the previous year by 12 100 extra allocations, or 38.2%.

Note 5: Excluding applicants subjected to QPS.

Clearance

28. Taking into consideration the anticipated demand, we propose to allocate 430 flats for squatter clearance and 40 flats for the trawling of IH. URA has advised that about 130 flats will be required for rehousing residents affected by their redevelopment projects in 2008/09. The total planned provision under this category is 600 flats.

Comprehensive Redevelopment, Estate Clearance and Major Repairs

29. Taking into account the demand arising from the redevelopment of Lower Ngau Tau Kok Estate and the clearance of So Uk Estate, and setting aside another 20 flats for tenants affected by major repairs, we propose to set aside 5 700 flats under this category.

Waiting List

30. At the end of March 2008, there was a total of 111 632 valid WL applications (including 38 536 non-elderly one-person applicants subjected to QPS), representing an increase of 4.1% as compared with the 107 257 applications at the end of March 2007. 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 28 000 flats is so planned for 2008/09, representing 64% of the year's provision.

(a) Non-elderly One-person Applicants

31. Members agreed in 2006 vide Paper No. SHC 36/2006 to set the maximum annual allocation to non-elderly one-person WL applicants subjected to QPS at 8% of the number of flats to be allocated to WL applicants, subject to a ceiling of 2 000 flats. Hence, a maximum of 2 000 flats (i.e. 7.1% of 28 000 flats) will be allowed for 2008/09, an increase of 400 flats as compared with the 1 600 flats in 2007/08.

(b) Review of Relaxation on Choice of Urban District

32. PRH applicants' demand for flats in the Urban District (UB) has all along been keener than that for the other three PRH districts (i.e. New Territories, Extended Urban and the Islands). To remedy the situation that PRH applicants for UB have to wait for too long and to optimize the housing resources in other districts, new WL applicants (except those under the Elderly Priority Scheme) have not been allowed to choose UB as their preferred district for flat allocation to balance PRH demand for all the districts since 1990. Since then, we have been considering whether to relax this restriction in the light of anticipated PRH supply and demand when we draw up the annual PRH

Allocation Plans, so as to allow applicants registered on the WL before certain dates and whose district of choice was not UB to opt for UB. Therefore, 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.

33. In view of the anticipated supply of 31 061 new flats in UB in the coming three years, we propose to invite in mid-2008 WL applicants registered before 1 October 2006 (i.e. those with Application Numbers G1186146/U0186094 or before) to opt to change their choice of district to UB if they so wish, so as to balance the demand and supply for PRH flats in UB and let more applicants have chances to be allocated to UB flats.

(c) EFAS

34. We plan to launch another exercise under EFAS in 2008/09 and will continue to allow those applicants failing to select a flat in the First Round of Flat Selection Exercise to enter the Second Round of Flat Selection Exercise in order to boost the letting rate.

Compassionate Rehousing

35. For planning purpose, we propose to set aside 2 000 flats for this category for 2008/09. However, this figure is not meant to be the actual ceiling of allocation, and additional flats will be made available to meet extra demand, if recommended by SWD and resources permit.

Overcrowding Relief/ Transfers

36. As at 31 March 2008, the number of overcrowded households dropped to 4 340 or 0.7% of total PRH households as already explained in paragraph 18 above. Taking into consideration this improvement, we propose to reserve 1 500 flats for overcrowding relief and living space improvement in 2008/09. We further propose to set aside 5 000 flats, together with any unconsumed flats reserved for the overcrowding relief and living space improvement sub-category, for use in transfers (including Enhanced Transfer Scheme for Harmonious Families, Housing for Senior Citizens Conversion Programme, under-occupation transfer cases and other transfer schemes) in 2008/09. We will flexibly deploy the overall 6 500 flats reserved under this category.

Junior Civil Servants and Pensioners

37. We propose a quota of 1 000 for 2008/09 under this category.

RECOMMENDATION

38. In summary, the proposed PRH allocation plan for 2008/09 is as follows –

Rehousing Category	Approved Allocation in 2007/08	Actual Number of Flats Allocated in 2007/08	Proposed Allocation for 2008/09	
				%
1. CLEARANCE				
(a) <i>Squatter Clearance</i>	200	47	430	1.0
(b) <i>Urban Renewal Authority</i>	200	84	130	0.3
(c) <i>IH Trawling</i>	80	16	40	0.1
2. COMPREHENSIVE REDEVELOPMENT, ESTATE CLEARANCE AND MAJOR REPAIRS	2 720	1 700	5 700	13.0
3. WAITING LIST	20 000	Note 6 13 042	Note 7 28 000	64.0
(a) <i>General Applicants</i> ^{Note 8}	(18 400)	(11 449)	(26 000)	(59.4)
(b) <i>QPS Applicants</i>	(1 600)	(1 593)	(2 000)	(4.6)
4. COMPASSIONATE	2 000	2 001	2 000	4.6
5. TRANSFER	5 500	5 425	6 500	14.8
(a) <i>Overcrowding Relief/ LSITS</i>	(1 500)	(1 074)	(1 500)	(3.4)
(b) <i>Transfers</i>	(4 000)	(4 351)	(5 000)	(11.4)
6. EMERGENCY	0	3	0	0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	517	1 000	2.2
Total	31 700	22 835	43 800	100

Note 6: 8 059 new flats which PRH applicants have given their written consent to accept in 2007/08 pending merely intake formalities are not included in the computation.

Note 7: New flats which PRH applicants have given their written consent to accept in 2007/08 but experienced a minor deferral in intake have already been included in the computation.

Note 8: Including EFAS applicants.

PUBLICITY

39. We will announce the approved allocation plan for 2008/09 and explain that the allocation plan is set having regard to the anticipated supply of PRH flats and demand for PRH from various rehousing categories in the coming year. We will closely monitor any change in circumstances and will make every effort to meet our pledge of maintaining the AWT ^{Note 9} at around three years.

DECLASSIFICATION

40. We recommend that this paper be declassified upon Members' approval of the recommendations in paragraphs 33 and 38 above. The paper will be made available to the public at the HA homepage, the Department's library and through the Departmental Access to Information Officer if it is declassified.

DISCUSSION

41. At the meeting of the Subsidised Housing Committee to be held on 15 May 2008, Members will be invited to approve –

- (a) the invitation in mid-2008 for WL applicants registered before 1 October 2006 (i.e. with Application Numbers G1186146/U0186094 or before) to change their choice of district to UB if they so wish (paragraph 33);
- (b) the PRH allocation plan for 2008/09 (paragraph 38); and
- (c) the declassification of the paper (paragraph 40).

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(Strategy Division)
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Note 9: Excluding applicants subjected to QPS.

**Public Rental Housing Allocation for the year 2007/08
(for the period from 1.4.2007 to 31.3.2008)**

Rehousing Category	Approved Quota in 2007/08 (a)	Flats Allocated		Total (d) = (b) + (c)	%
		New (b)	Refurbished (c)		
1. CLEARANCE					
(a) Squatter Clearance	200	7	40	47	0.2
(b) Urban Renewal Authority	200	69	15	84	0.4
(c) IH Trawling	80	2	14	16	0.1
2. COMPREHENSIVE REDEVELOPMENT, ESTATE CLEARANCE AND MAJOR REPAIRS	2 720	1 571	129	1 700	7.4
3. WAITING LIST	20 000	2 713	10 329	13 042 ^{Note A}	57.1
(a) <i>General Applicants</i> ^{Note B}	(18 400)	(2 175)	(9 274)	(11 449)	(50.1)
(b) <i>QPS Applicants</i>	(1 600)	(538)	(1 055)	(1 593)	(7.0)
4. COMPASSIONATE	2 000	46	1 955	2 001	8.8
5. TRANSFER	5 500	931	4 494	5 425	23.7
(a) <i>Overcrowding Relief/ LSITS</i>	(1 500)	(471)	(603)	(1 074)	(4.7)
(b) <i>Transfers</i>	(4 000)	(460)	(3 891)	(4 351)	(19.0)
6. EMERGENCY	0	0	3	3	0.0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	215	302	517	2.3
Total	31 700	5 554	17 281	22 835	100

Note A 8 059 new flats which PRH applicants have given their written consent to accept in 2007/08 pending merely intake formalities are not included in the computation.

Note B Including EFAS applicants.

**Supply of New Flats for Public Rental Housing Allocation in 2008/09
(Based on Public Housing Construction Programme of 3/2008)**

New production runs from 4/2008 to 12/2008 ^{Note}

Projects	Anticipated Completion Date	No. of Flats
Shatin Area 4C/38A Phase 3, Blocks 5, 6 and 7 (Mei Tin Estate)	04/2008	2 333
Eastern Harbour Crossing Phase 3, Blocks N and O (Yau Lai Estate)	05/2008	1 598
Un Chau Street Phase 4, Block 1 (Un Chau Estate)	04/2008	337
Choi Wan Road Site 1 Phase 1, Blocks 1 and 2 (Choi Ying Estate)	05/2008	1 598
Fanling Area 36 Phase 1, Blocks 1, 2 and annex, Block 3 and annex (Ching Ho Estate)	09/2008	3 167
Upper Ngau Tau Kok Phase 2, Blocks 1, 2, 3, 4, 5 and 6 (Upper Ngau Tau Kok Estate)	10/2008	4 584
Sub-total:		13 617
Estimated number of new flats carried forward from 2007/08		14 079
Sub-total:		27 696
Less: estimated number of new flats to be carried forward to 2009/10		2 440
Projected number of new flat available for allocation in 2008/09		25 256
		(25 300)

Note 1: Period of supply of new production runs from 4/2008 to 12/2008, beyond which any new flats completed can only be ready for allocation in the following year.

Note 2: Lam Tin Phase 7 (3 036 flats) and Sau Mau Ping Phases 13 and 14 (3 995 flats), all scheduled for completion in February 2009, are excluded due to the lead time required in taking over/ letting of flats.