

## **THE HONG KONG HOUSING AUTHORITY**

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

#### **Public Rental Housing Allocation Plan for 2009/10**

#### **PURPOSE**

This paper informs Members of the result of public rental housing (PRH) allocation in 2008/09, and seeks Members' approval of the allocation plan for 2009/10.

#### **ALLOCATION PRINCIPLES**

2. The key objective of our annual allocation planning is to maximize the rational allocation of the precious 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 in various rehousing categories. In drawing up the allocation plan, we will ensure that the following practices/targets/key performance indicators (KPIs) are met:

- given the large number of applicants on the Waiting List (WL), we should allocate as many of the year's available flats as possible to this category (an average of about 20 000 planned allocation in the past few years) in the light of the PRH supply and other competing demands;
- our target 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 (set at below 0.8% of our total PRH households in 2008/09 and revised to 0.6% in 2009/10).

The annual allocation plan as approved by Members will serve as a guiding framework for our allocation work in the year. The actual allocation result which reflects the actual demand and changing circumstances will be reported to Members at the close of the year.

## **AN OVERVIEW OF ALLOCATION WORK IN 2008/09**

### **Number of Flats Allocated**

3. At the meeting held on 15 May 2008, Members approved vide Paper No. SHC 23/2008 the 2008/09 PRH Allocation Plan, including the proposed allocation of 43 800 PRH flats in the year. As at the end of March 2009, we made a total of 39 617 allocations (see **Annex**). Members are requested to note that 4 584 new flats in Upper Ngau Tau Kok Estate Phase 2 were originally scheduled for completion in 2008. They were thus included in the 43 800 proposed allocations in the 2008/09 PRH Allocation Plan. Though the completion of these new flats were slightly deferred to February 2009 and their formal intake formalities could not commence until 2009/10, with the exception of 355 flats which still have to be reserved for rehousing applicants of the Lower Ngau Tau Kok Estate Phase 2 Redevelopment and other categories, the remaining 4 229 newly completed flats have all been allocated in advance (including 3 146 flats chosen by tenants affected by the Redevelopment of Lower Ngau Tau Kok Estate Phase 2 100 flats directly allocated to households affected by redevelopment, 889 flats allocated to WL applicants and 94 flats selected by tenants participating in the Overcrowding Relief exercise). Taking into account these 4 229 newly-completed flats which offers have already been made, a total of 43 846 flats have been allocated in 2008/09. The actual number of flats allocated was very close to the planned allocation of 43 800 flats.

### **Rehousing Arising from Clearance**

4. In 2008/09, a total of 177 flats were allocated under this category, with breakdown as follows:

**(a) Government Clearance Projects**

5. Of the 430 flats set aside for Squatter Clearance, 65 flats were taken up by clearerees, or 15.1% of the planned provision. The shortfall in allocation was mainly due to the re-scheduling of some planned clearance projects by the Government and some of the clearerees had opted for compensation in lieu of PRH rehousing. Moreover, as rehousing arrangements for non-development clearances (on geotechnical grounds) were 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 reduced the number of allocations made under this sub-category in 2008/09.

**(b) Urban Renewal Authority Clearance**

6. A maximum provision of 1 000 flats per annum can be set aside for rehousing the Urban Renewal Authority (URA) clearerees in accordance with the Memorandum of Understanding <sup>Note 1</sup> entered into between URA and the Housing Authority (HA) in June 2002 and revised in June 2007. In 2008/09, a total of 91 flats (70%) were allocated against the planned provision of 130 flats. Due to the drop in the property market prices last year, URA needed more time in persuading the owners to accept the acquisition prices. Before acquiring the ownership, URA could not approach the tenants for verification of their rehousing eligibility. Furthermore, as the compensation rates for the four projects of the former Land Development Corporation processed in the current fiscal year were more attractive, 75 out of the 79 cases completed by URA under these projects had opted for cash compensation rather than PRH rehousing. All these factors have led to the slightly lower take-up rate of the provision. We have been liaising closely with URA through regular meetings to monitor the situation.

**(c) Interim Housing Clearance and Trawling**

7. The HA approved the clearance of Block 12, Kwai Shing East Interim Housing (KSEIH) in August 2008. As at the end of March 2009, 15 clearerees were rehoused to PRH flats. Taking into account the 6 interim housing (IH) households who had successfully been transferred under our Trawling Exercise, a total of 21 flats were let under this sub-category in 2008/09. As the clearance of KSEIH was announced in August 2008, coupled with the fact that lead time was required for the residents to submit their

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<sup>Note 1</sup> Under the Memorandum of Understanding, URA shall pay to HA reservation fees equivalent to the monthly rentals payable for the flats reserved.

rehousing applications and vetting of the applications, the allocation procedure could only commence in January 2009. Besides, some of the tenants were more prudent in considering the acceptance of flat allocation, resulting in the non-acceptance of the first offers.

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

8. In 2008/09, a total of 3 084 flats were allocated under this category with breakdown as follows:

#### ***(a) Comprehensive Redevelopment***

9. 36 flats were allocated under this sub-category in 2008/09. The majority of them were allocated to the affected tenants of Lower Ngau Tau Kok Estate who opted for early removal to other PRH estates.

10. Besides the above 36 flats, there are a total of 3 246 flats in Upper Ngau Tau Kok Estate Phase 2 which have been reserved for redevelopment purpose and selected in advance by tenants affected by the redevelopment programme (3 146 flats), or directly allocated to the redevelopment households (100 flats). Since the completion date of Upper Ngau Tau Kok Estate Phase 2 has been postponed to February 2009, allocation of these flats cannot be reflected in the actual allocation figure of 2008/09.

#### ***(b) Estate Clearance***

11. As at the end of March 2009, a total of 3 048 flats were allocated under the sub-category of Estate Clearance. This included households affected by the clearance of So Uk Estate <sup>Note 2</sup> Phase 1 (2 179 flats), and households affected by Phase 2 who have joined the Early Thinning-out Exercise <sup>Note 3</sup> (869 flats). Most of the clearerees in Phase 1 were allocated with flats in Un Chau Estate Phases 2 and 4, while Un Chau Estate Phase 5, scheduled for completion by the end of 2011, will be made available for rehousing the clearerees in Phase 2.

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<sup>Note 2</sup> At the end of March 2006, HA announced the clearance of So Uk Estate by two phases in 2008 and in 2011 respectively.

<sup>Note 3</sup> To encourage the early removal of the clearerees in Phase 2, three advance transfer exercises had been launched.

## **Waiting List**

12. A total of 22 607 flats<sup>Note 4</sup> were allocated to the general WL applicants. Last year, when Members approved the 2008/09 Allocation Plan, a quota of up to 2 000 PRH flats was set aside for non-elderly one-person WL applicants, being the ceiling of QPS. As at the end of March 2009, a total of 1 991 flats were allocated to non-elderly one-person applicants under QPS.

13. To sum up, a total of 24 598 flats, or 87.9% of the planned allocation of 28 000 flats, were allocated to WL applicants in 2008/09. Taking into account the 889 new flats in Upper Ngau Tau Kok Estate Phase 2 which have already been allocated to WL applicants but awaiting physical intake because of the deferred completion, we have allocated a total of 25 487 flats, or 91.0% of the planned allocation of 28 000 flats to WL applicants in the year. The shortfall in allocation was mainly due to the tendency of more WL applicants to accept PRH allocations at their later offers during the year.

## **Compassionate Rehousing**

14. We have allocated a total of 2 039 flats under this category to cases recommended by the Social Welfare Department (SWD) in 2008/09, exceeding the planned provision of 2 000 flats for the year by 39 flats.

## **Transfer**

15. In 2008/09, 8 981 flats were allocated under this category, with breakdown as follows:

### ***(a) Overcrowding Relief/Living Space Improvement Transfer Scheme***

16. A total of 2 654 flats were successfully let out through the Territory-wide Overcrowding Relief (TWOR) exercises and the Living Space Improvement Transfer Scheme (LSITS) in 2008/09.

17. Two TWOR exercises were launched in 2008/09. Together with the TWOR applications brought forward from 2007/08 and processed in 2008/09, a total of 1 029 overcrowded households were successfully transferred to larger flats as at the end of March 2009. The total number of overcrowded households was further reduced from 4 340 by the end of March 2008 to

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<sup>Note 4</sup> Including 2 105 flats successfully let out through the Express Flat Allocation Scheme (EFAS) (as at the end of March 2009).

3 729 by the end of March 2009, being 0.6% of the total PRH households which is within our KPI of below 0.8%.

18. The third LSITS exercise launched in March 2008 attracted a total of 3 797 applications, of which 1 155 were found eligible for cross-district transfer<sup>Note 5</sup>. A total of 1 625 households were finally rehoused in the exercise.

**(b) Other Categories of Transfers**

19. 6 327 flats were successfully allocated under this category, with details as below:

- We launched three Regional Transfer Exercises in Tuen Mun/Yuen Long/Tin Shui Wai, Tai Po/Fanling/Sheung Shui and Lam Tin/Kwun Tong (South) respectively in 2008/09. They were all well received by the tenants. A total of 1 619 flats were successfully allocated in 2008/09, including flats let out through two of the aforesaid Regional Transfer Exercises<sup>Note 6</sup>, and flats selected in the Kwai Chung Regional Transfer Exercise in 2007/08 which were subsequently let out in 2008/09.
- The second phase of the Transfer Scheme for Harmonious Families was launched in December 2008. A total of 104 PRH tenants have been successfully transferred through this channel, while allocation for most of the remaining applications is still in process.
- 1 873 and 2 731 flats were let through internal transfers and special transfers respectively in 2008/09.

**Junior Civil Servants and Pensioners**

20. A total of 738 flats was allocated under this category in 2008/09, consuming 73.8% of the approved quota of 1 000 flats.

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<sup>Note 5</sup> Eligible applicants living in PRH for over a decade are allowed to apply for transfer to any district of their choice.

<sup>Note 6</sup> Since construction of Lam Tin Estate which was available for application by sitting tenants of Lam Tin/Kwun Tong (South) district was not completed until March 2009, the flats selected in the Regional Transfer Exercise could not be timely reflected in the actual allocation figure of 2008/09.

### **Average Waiting Time**

21. In 2008/09, we managed to maintain our target on the average waiting time at around three years for general WL applicants<sup>Note 7</sup> and around two years for elderly one-person applicants. As at the end of March 2009, the actual average waiting time was 1.8 years for general WL applicants and 1.2 years for elderly one-person applicants.

### **Vacancy Rate**

22. As at the end of March 2009, the number of lettable vacant flats stood at 8 813. Against our total lettable PRH stock of 684 790 flats, this represents a vacancy rate of 1.3% which is within our KPI of below 1.5%.

### **2009/10 PROPOSED ALLOCATION PLAN**

23. The supply of PRH in 2009/10 comprises new production and refurbished flats. We estimate that about 36 900 PRH flats will be available for allocation in 2009/10.

#### ***(a) New flats available for allocation***

24. The forecast on the number of new flats available for allocation in the year is based on the March 2009 edition of the Public Housing Construction Programme. Members are requested to note that six new public housing estate projects are scheduled for completion in 2009/10. Coupled with two projects which were completed in March 2009 and carried forward to the 2009/10 provision, a total of 14 437 new flats are available from all the projects, with details shown as follows:

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<sup>Note 7</sup> Excluding applicants under QPS.

**New production from January 2009 to March 2009**

<b>Project</b>	<b>Anticipated Completion Date</b>	<b>No. of Flats</b>
Lam Tin Phase 7	March 2009	3 036
Sau Mau Ping Phase 14 ( Sau Mau Ping South Estate)	March 2009	2 397
<b>Sub-total</b>		<b>5 433</b>

**New production from April 2009 to December 2009 #**

<b>Project</b>	<b>Anticipated Completion Date</b>	<b>No. of Flats</b>
Sau Mau Ping Phase 13 ( Sau Mau Ping South Estate)	April 2009	1 598
Upper Wong Tai Sin Phase 3	April 2009	714
Shatin Area 11	May 2009	1 958
Eastern Harbour Crossing Phase 4, Blocks P and Q (Yau Lai Estate)	June 2009	1 576
Tin Shui Wai Area 104	September 2009	2 365
Eastern Harbour Crossing Phase 4, Block R	November 2009	793
<b>Sub-total</b>		<b>9 004</b>

**Total** **14 437**

# New production is compiled in accordance with the March 2009 Public Housing Construction Programme. The period of supply of new production runs from April 2009 to December 2009, beyond which any new flat completed can only be made ready for allocation in the following year due to the lead time required for the handover and letting of flats. For this reason, the Ex-Chai Wan Blocks 1 & 2 (1 600 flats), Choi Wan Road Sites (2 & 3B) Phase 1 (3 986 flats) and Tung Tau Cottage Area West (799 flats), all scheduled for completion in March 2010, are excluded from the computation.

Taking into account the above-mentioned 14 437 new flats and the vacant new flats brought forward from the previous year, we estimate that 18 500 new flats will be available for allocation in 2009/10.

**(b) Refurbished flats available for Allocation**

25. For refurbished flats, the forecast is mainly based on the existing stock in hand, together with those likely to become available for re-allocation in the year for reasons of voluntary surrender, termination of tenancy, transfer to new flats and purchase of surplus flats under the Home Ownership Scheme/Private Sector Participation Scheme, etc. We estimate that 18 400 refurbished flats will be available for re-allocation in 2009/10.



## **Clearance**

26. The total planned allocation under this category is 550 flats, including:

- In consideration of the anticipated demand, we propose to deploy 220 flats for government clearance projects (including squatter huts and private tenements) and 30 flats for the trawling of IH;
- URA has advised that about 300 flats will be required for rehousing their residents under their various redevelopment projects scheduled for 2009/10.

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

27. Taking into account the demand arising from the redevelopment of Lower Ngau Tau Kok Estate, the clearance of So Uk Estate and the Early Thinning-out Exercise for Block 22 of Tung Tau (I) Estate, we propose to set aside 3 350 flats under this category.

## **Waiting List**

28. As at the end of March 2009, there were a total of 114 427 live WL applications (including 42 749 non-elderly one-person applicants under QPS). As in the past few years, we propose to give WL category the biggest share of the year's allocation, and a total of 24 500 flats are so planned for 2009/10, representing 66.4% of the year's provision, and exceeding the 64% provision in 2008/09 by 2.4%.

29. Members agreed in 2006 vide Paper No. SHC 36/2006 to set the annual allocation for non-elderly one-person WL applicants subjected to QPS at 8% of the number of flats to be allocated to WL applicants, with a ceiling of 2 000 flats. Hence, a maximum quota of 1 960 flats (i.e. 8% of 24 500 flats) will be set for QPS in 2009/10. We will continue to launch another EFAS exercise in 2009/10 in order to boost the letting rate of PRH.

## **Compassionate Rehousing**

30. We propose to set aside 2 000 flats for this category in 2009/10. However, this figure is not meant to be the ceiling of allocation, and additional flats will be made available to meet extra demand, if recommendations by SWD warrant and resources permit.

### **Overcrowding Relief/Living Space Improvement and Transfers**

31. As at 31 March 2009, the number of overcrowded households dropped to 3 729 or 0.6% of the total number of PRH households. We, therefore, propose to maintain the provision of 1 500 flats for overcrowding relief and living space improvement in 2009/10. We further propose to set aside 4 000 flats for different forms of transfer (including Harmonious Families Transfer Scheme, Housing for Senior Citizens Conversion Programme, under-occupation transfer cases and other transfer exercises) in 2009/10. We will flexibly deploy the 5 500 flats set aside under all these transfer sub-categories.

### **Junior Civil Servants and Pensioners**

32. We propose a quota of 1 000 under this category in 2009/10.

### **RECOMMENDATIONS**

33. In summary, the proposed PRH allocation plan for 2009/10 is set out as follows:

Rehousing Category	Proposed Allocation in 2009/10	
		%
1. CLEARANCE		
(a) Government Clearance Projects	220	0.6
(b) Urban Renewal Authority	300	0.8
(c) IH Trawling/IH Clearance	30	0.1
2. COMPREHENSIVE REDEVELOPMENT, ESTATE CLEARANCE AND MAJOR REPAIRS	3 350	9.1
3. WAITING LIST	24 500	66.4
(a) General Applicants <sup>Note 8</sup>	(22 540)	(61.1)
(b) QPS Applicants	(1 960)	(5.3)
4. COMPASSIONATE	2 000	5.4
5. TRANSFER	5 500	14.9
(a) Overcrowding Relief/ LSITS	(1 500)	(4.1)
(b) Transfers	(4 000)	(10.8)
6. EMERGENCY	0	0.0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	2.7
<b>Total</b>	<b>36 900</b>	<b>100</b>

## PUBLICITY

34. We will announce the approved allocation plan for 2009/10 and explain that we, in the course of drawing up the plan, have taken into account the anticipated supply of PRH flats and the anticipated demand for PRH in various rehousing categories in the coming year. We will closely monitor any change in the circumstances and make every effort to attain our target of maintaining AWT <sup>Note 9</sup> at around three years.

Note 8 Including EFAS applicants.

Note 9 Excluding applicants subjected to QPS.

## **DECLASSIFICATION**

35. We recommend that this paper be declassified upon Members' approval of the recommendations in paragraph 33 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**

36. At the meeting of the Subsidised Housing Committee to be held on 19 May 2009, Members will be invited to approve:

- (a) the PRH allocation plan for 2009/10 (paragraph 33); and
- (b) the declassification of the paper (paragraph 35).

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(Strategy Division)

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**Public Rental Housing Allocation in 2008/09  
(for the period from 1.4.2008 to 31.3.2009)**

Rehousing Category	Flats Allocated		Total (c) = (a) + (b)	%
	New (a)	Refurbished (b)		
1. CLEARANCE	112	65	177	0.5
(a) Government Clearance Projects	(26)	(39)	(65)	(0.2)
(b) Urban Renewal Authority	(71)	(20)	(91)	(0.2)
(c) IH Trawling/ Clearance	(15)	(6)	(21)	(0.1)
2. COMPREHENSIVE REDEVELOPMENT, ESTATE CLEARANCE AND MAJOR REPAIRS	3 028	56	3 084 <sup>Note 1</sup>	7.8
(a) Comprehensive Redevelopment	(5)	(31)	(36)	(0.1)
(b) Estate Clearance	(3 023)	(25)	(3 048)	(7.7)
3. WAITING LIST	14 195	10 403	24 598 <sup>Note 2</sup>	62.0
(a) General Applicants <sup>Note 3</sup>	(12 704)	(9 903)	(22 607)	(57.0)
(b) QPS Applicants	(1 491)	(500)	(1 991)	(5.0)
4. COMPASSIONATE	10	2 029	2 039	5.1
5. TRANSFER	3 513	5 468	8 981	22.7
(a) Overcrowding Relief/LSITS	(1 693)	(961)	(2 654) <sup>Note 4</sup>	(6.7)
(b) Transfers	(1 820)	(4 507)	(6 327)	(16.0)
6. EMERGENCY	0	0	0	0.0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	569	169	738	1.9
<b>Total</b>	<b>21 427</b>	<b>18 190</b>	<b>39 617<sup>Note 5</sup></b>	<b>100</b>

<sup>Note 1</sup> Excluding the 3 246 selected/allocated new flats in Upper Ngau Tau Kok Estate Phase 2 pending intake.

<sup>Note 2</sup> Excluding the 889 allocated new flats in Upper Ngau Tau Kok Estate Phase 2 pending intake.

<sup>Note 3</sup> Including EFAS applicants.

<sup>Note 4</sup> Excluding the 94 selected new flats in Upper Ngau Tau Kok Estate Phase 2 pending intake.

<sup>Note 5</sup> Excluding the 4 229 flats as mentioned in Notes 1, 2 & 4.