

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

Public Rental Housing Allocation Plan for 2011/12

PURPOSE

This paper informs Members of the result of the public rental housing (PRH) allocation in 2010/11, and seeks Members' approval of the allocation plan for 2011/12.

ALLOCATION PRINCIPLES

2. The key objective of our annual allocation planning is to maximise the rational allocation of our valuable public housing resources. The process involves making a projection of the PRH supply in the new fiscal year, and 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 (planned allocation of about 23 000 flats on average over 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 subject 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 0.6% of our total PRH households).

3. 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 2010/11

Number of Flats Allocated

4. At the meeting held on 17 May 2010, Members approved vide Paper No. SHC 29/2010 the 2010/11 PRH Allocation Plan, including the proposed planned allocation of 31 100 PRH flats (12,600 new flats and 18,500 refurbished flats) in the year. However, over 5 000 PRH flats in Shatin Pass Estate, Shin Ming Estate, Kwai Luen Estate and Hung Hom Estate which were anticipated to be made available for allocation within the year were not ready for intake in 2010/11^{Note 1}. Based on the availability of new and refurbished flats, we made a total of 25 463 allocations as at the end of March 2011 (see Annex).

Clearance Rehousing

5. In 2010/11, a total of 284 flats were allocated under this category, with breakdown as follows:

(a) Government Clearance Projects

6. Of the 220 flats set aside for government clearance projects, 52 flats were taken up by clearerees, or 23.6% of the planned provision. The shortfall was mainly due to the re-scheduling of some planned clearance projects by the Government and some clearerees had opted for compensation or other rehousing arrangements in lieu of PRH allocation. Moreover, as rehousing arrangements for non-development clearances (on geotechnical grounds) were made on a voluntary basis, most of the clearerees had opted to stay put despite repeated persuasion by the staff of the Lands Department. This

Note 1 These estates were completed in the last quarter of 2010/11, therefore intake cannot be arranged until the first quarter of 2011/2012. However, we commenced advance allocation for new flats where possible and 4704 advance offers were tentatively accepted.

further reduced the number of allocations made under this sub-category in 2010/11.

(b) Clearance by Urban Renewal Authority

7. In 2010/11, we set aside 300 flats for rehousing the Urban Renewal Authority (URA) clearerees 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. Of these, a total of 231 flats were allocated which accounted for 77% of the planned provision. The take-up rate which was lower than the planned provision was mainly due to the relatively more attractive compensation rates in some previous projects where clearerees opted for cash compensation in lieu of rehousing; and slippages in acquisition and rehousing in some projects

(c) Interim Housing Clearance

8. The clearance of Block 12, Kwai Shing East Estate Interim Housing was completed in June 2010. One flat was allocated under this sub-category in 2010/11.

Estate Clearance and Major Repairs

9. As at the end of March 2011, a total of 78 flats were allocated under the sub-category of Estate Clearance. All of them were allocated through the Early Thinning-out Exercises to households which included 30 clearerees from So Uk Estate^{Note 3} Phase 2 and 48 clearerees from Block 22 of Tung Tau (I) Estate^{Note 4}. The allocations were lower than expected because most of the clearerees from these two housing estates opted for transfer to the new flats scheduled for completion in late 2011 in the nearby Un Chau Estate and Tung Tau Estate, rather than joining the Early Thinning-out Exercises.

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

Note 3 We launched one thinning-out exercise for the clearance project of this estate in 2010/11.

Note 4 We launched three thinning-out exercises for the clearance project of this estate in 2010/11.

Waiting List

10. 14 154 flats ^{Note 5} were allocated to general WL applicants in 2010/11 while 1 746 flats were allocated to non-elderly one-person applicants under the Quota and Points System (QPS).

11. To sum up, a total of 15 900 flats, or 72.5% of the planned provision of 21 930 flats, were allocated to WL applicants in 2010/11. The shortfall in allocation to WL applicants was mainly due to the reason as stated in paragraph 4. However, we commenced advance allocation for the newly-completed flats. As at the end of March 2011, 4 704 new flats on offer were tentatively accepted in writing by applicants. The difference between the allocation and the anticipated number is due to the fact that WL applicants are generally reluctant to accept offers of refurbished flats while some new housing estates were not ready for intake in the year as mentioned earlier. Among the 30 833 offers of refurbished flats to WL applicants made in the year, only 8 654 were accepted. Moreover, both flat recovery from PRH tenants and refurbishment ^{Note 6} took time, and allocation was in turn affected.

Compassionate Rehousing

12. We allocated a total of 2 439 flats under this category to cases recommended by the Social Welfare Department (SWD) in 2010/11, which exceeded the planned provision of 2 000 flats in the year by 439 flats.

Transfer

13. A total of 6 092 flats were allocated under this category in 2010/11 with breakdown as follows:

Note 5 Inclusive of 1 810 flats successfully let out through the Express Flat Allocation Scheme (EFAS) (as at the end of March 2011).

Note 6 A sitting PRH tenant who succeeds in applying for a flat under various transfer exercises, or in purchasing a surplus flat under the Home Ownership Scheme (HOS) or a flat in the HOS Secondary Market will normally be given two months' time to surrender his existing flat after completing the intake or purchase formalities for the new flat. Upon recovery of the existing flat, lead time is required for refurbishment and arrangement of offer to a new tenant.

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

14. Two Territory-wide Overcrowding Relief exercises were launched in 2010/11. Together with the applications brought forward from 2009/10 and processed in 2010/11, a total of 788 overcrowded households were successfully transferred to larger flats. Moreover, in the fifth Living Space Improvement Transfer Scheme exercise launched at the end of March 2010, a total of 1 058 households were rehoused. Together with the 10 applications for transfer because of overcrowding arranged by Estate Offices, a total of 1 856 flats were successfully allocated under this category this year. The total number of overcrowded households was further reduced to 3 227 by the end of March 2011, representing 0.47% of the total PRH households, which was within our KPI of below 0.6%.

(b) *Other Categories of Transfers*

15. A total of another 4 236 flats were successfully allocated through internal transfers and special transfers.

Junior Civil Servants and Pensioners

16. A total of 662 flats were allocated under this category in 2010/11, representing 66.2% of the approved quota.

Average Waiting Time

17. In 2010/11, we maintained our target on the AWT at around three years for general WL applicants ^{Note 7}, and at around two years for elderly one-person applicants. As at the end of March 2011, the actual AWT was 2 years for general WL applicants and 1.1 years for elderly one-person applicants.

Vacancy Rate

18. As at the end of March 2011, the number of lettable vacant flats stood at 6 658. Against the total lettable PRH stock of 702 155 flats, this represented a vacancy rate of 0.9%, which was within our KPI of below 1.5%.

Note 7 Excluding the applicants under QPS.

PROPOSED 2011/12 ALLOCATION PLAN

19. The supply of PRH in 2011/12 comprises new production and refurbished flats. We estimate that about 33 300 PRH flats will be made available for allocation in the year.

(a) New flats available for allocation

20. The forecast on the number of new flats available for allocation in the year is based on the Public Housing Construction Programme compiled in March 2011. Projects with completion dates in the last quarter of 2010/11 and the first 3 quarters of 2011/12 are included for allocation within 2011/12. A total of 13 393 new flats will be made available from these projects, with details shown as follows:

New production from January to March 2011

Project	Completion Date	No. of Flats
Choi Wan Road Site 3A (Choi Tak Estate)	February 2011	2 704
Choi Wan Road Site 2 Phase 2 (Choi Tak Estate)	March 2011	1 586
Choi Wan Road Site 3B Phase 2 (Choi Fook Estate)	March 2011	915
Ma On Shan Area 86B (Yan On Estate)	March 2011	2 587
Sub-total		7 792

New production from April to December 2011[#]

Project	Anticipated Completion Date	No. of Flats
EHC Site Phase 5 (Yau Lai Estate)	June 2011	2 002
Un Chau Street Phase 5 (Un Chau Estate)	November 2011	1 486
Tung Tau Phase 9	November 2011	1 333
Hung Hom Estate Phase 2	December 2011	780
Sub-total		5 601
Total		13 393

[#] New production is compiled in accordance with the Public Housing Construction Programme in March 2011. The period of supply of new production runs from April 2011 to December 2011, beyond which any new flats to be completed can only be made ready for allocation in the following year owing to the lead time required for the handover and letting of flats. Ngau Tau Kok Phase 1(1 531 flats) and Shek Kip Mei Phase 2 (4 054 flats), scheduled for completion between January and March 2012, are therefore excluded from the computation.

21. Taking into account the above 13 393 new flats, plus some 5000 or so vacant new flats brought forward from the previous year, we estimate that about 18 500 new flats will be made available for allocation in 2011/12.

(b) Refurbished flats available for allocation

22. For refurbished flats, the forecast is mainly based on the existing stock in hand, together with those likely to be recovered and become available for re-allocation in the year for reasons of voluntary surrender, termination of tenancy, transfer to new flats and purchase of flats from the HOS Secondary Market, etc. We estimate that about 14 800 refurbished flats will be made available for re-allocation in 2011/12.

Proposed Allocation

Clearance Rehousing

23. The total planned allocation under this category is 400 flats. Of the 400 flats, 180 flats will be set aside for URA to rehouse affected residents under its various redevelopment projects scheduled for 2011/12.

24. The remaining 220 flats will be for Government clearance projects, including to cater for the needs arising from enforcement actions by the Buildings Department (BD) against illegal rooftop structures (IRS). In this respect, BD has in past years focused its enforcement actions on IRS in single staircase buildings together with IRS with imminent hazards in non-single staircase buildings. HA has all along been supportive of BD's efforts by arranging rehousing as appropriate for the eligible clearerees. It is noted that BD has extended its enforcement actions to cover IRS in non-single staircase buildings as from 1 April 2011. To continue to assist the BD in such enforcement actions, it is recommended to apply the same rehousing eligibility criteria ^{Note 8} for single staircase buildings to non-single staircase buildings.

Estate Clearance and Major Repairs

25. Taking into account the demand arising from the clearance of So Uk Estate Phase 2 and Block 22 of Tung Tau (I) Estate, we propose to set aside a total of 1 300 flats under this category.

Waiting List

26. As in the past few years, we propose to give WL category the biggest share of the year's PRH allocation, and 23 100 flats are so planned for 2011/12, representing 69.4% of the year's provision, and exceeding the provision of 21 930 flats in 2010/11 by 1 170 flats.

Note 8 The concerned IRS has to be in existence since 1.6.1982 and the affected occupants can prove their residence in the affected structure for at least 2 years prior to the date of the service of Statutory Order by BD under Section 24 of the Building Ordinance, subject to satisfying the WL eligibility criteria for PRH.

(a) Non-elderly One-person WL Applicants

27. Members agreed in 2006 vide Paper No. SHC 36/2006 to set the annual allocation for non-elderly one-person WL applicants under QPS at 8% of the number of flats to be allocated to WL applicants, with a ceiling of 2 000 flats. Hence, a quota of 1 850 flats (i.e. 8% of 23 100 flats) will be set for 2011/12.

28. We will continue to launch another EFAS exercise in 2011/12 in order to boost the letting rate of PRH.

(b) Review on the Restriction on the Choice of Urban District

29. Waiting List (WL) applicants are currently restricted from choosing Urban (UB) district. However, existing WL applicants have in the past been permitted on a special basis to change their choice of district to UB in the light of the projected availability of UB resources. Such special arrangement last took place in May 2008 when Members endorsed vide Paper No. SHC 23/2008 to allow WL applicants registered on or before 30 September 2006 to switch their choice to urban PRH flats if they so wished.

30. We note that there will be a steady supply of newly completed flats in the UB district in the next few years^{Note 9}. It is further noted that from 2014/15 onwards, the majority of the new flats will be in the Extended Urban District and the New Territories. In view of the projected supply of new flats in the UB district in the next few years and a gradual decrease in the number of applicants waiting in the UB queue, we regard that at this juncture we are in a position to consider offering a chance to some existing WL applicants to change their choice of district to UB on a special and one-off basis.. We recommend that WL applicants registered on or before 30 September 2009 be allowed to change their choice of district to “urban” having regard to their individual circumstances. While it is not possible to predict the number of applicants who would switch to the UB district, we will continue to monitor closely the WL to ensure that the target of 3 years average waiting time for general WL applicants can be maintained. We will maintain the present policy of restricting new WL applicants from choosing the UB district. We note that from 2014/15 onwards, the majority of the new flats will be in the Extended Urban District and the New Territories. We will only conduct a review on the

Note 9 After deducting the anticipated demand from Estate Clearance, there will be 28 310 newly completed flats in UB district available for allocation in 2011/12 to 2013/14.

feasibility of offering another chance to some existing WL applicants to change their choice of district to UB in future when there is more supply of flats in the UB district on a continued basis and subject to availability of resources.

31. Subject to Members' approval of the recommendation, the Department will invite WL applicants concerned individually in writing to apply if they so wish. We will point out the actual waiting time for urban PRH flats would depend on a number of factors, including the number of applicants who will change to the UB queue and the supply of newly completed flats and refurbished flats in the UB district. Applicants will be reminded that they are free to decide at any time to revert to their original choice of district or to choose other non-urban districts, and at the same time keep their original registration dates.

Compassionate Rehousing

32. We propose to set aside 2 000 flats for this category in 2011/12. Any extra demand recommended by SWD will be met as necessary within the existing resources.

Overcrowding Relief/ Living Space Improvement and Transfers

33. We propose to set aside a total of 5 500 flats for various transfer purposes in 2011/12. This overall planned number for transfer is the same as that in 2010/11. For overcrowding relief and living space improvement, we propose to maintain the provision at 1 500 flats. The remaining 4 000 flats will be used for various forms of transfers (including Harmonious Families Transfer Scheme, Housing for Senior Citizens Conversion Programme, under-occupation transfer cases and other transfer exercises). As in past practice, we will flexibly deploy this total of 5 500 flats under all the transfer sub-categories in order to maximize the use of resources.

Junior Civil Servants and Pensioners

34. We propose to maintain the quota at 1 000 flats under this category in 2011/12.

RECOMMENDATIONS

35. In summary, the proposed 2011/12 PRH Allocation Plan is set out as follows:

Rehousing Category	Proposed Allocation in 2011/12	
		%
1. CLEARANCE	400	1.2
(a) Government Clearance Projects	(220)	(0.7)
(b) Urban Renewal Authority	(180)	(0.5)
2. ESTATE CLEARANCE AND MAJOR REPAIRS	1 300	3.9
3. WAITING LIST	23 100	69.4
(a) General Applicants ^{Note 10}	(21 250)	(63.8)
(b) QPS Applicants	(1 850)	(5.6)
4. COMPASSIONATE	2 000	6.0
5. TRANSFER	5 500	16.5
(a) Overcrowding Relief / LSITS	(1 500)	(4.5)
(b) Transfers	(4 000)	(12.0)
6. EMERGENCY	0	0.0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	3.0
Total	33 300	100

PUBLICITY

36. We will announce the approved 2011/12 Allocation Plan and the relaxation on choosing urban district. We will explain that, in the course of drawing up the plan, we have taken into account the anticipated supply of PRH flats and the anticipated demand for PRH under the various rehousing categories in the year ahead. We will closely monitor any change in the circumstances and make every effort to achieve our target of maintaining the AWT ^{Note 11} at around three years.

Note 10 Including EFAS applicants.

Note 11 Excluding the applicants under QPS.

DECLASSIFICATION

37. We recommend that this paper be declassified upon Members' approval of the recommendations. 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

38. At the meeting of the Subsidised Housing Committee to be held on 21 June 2011, Members will be requested to approve:

- (a) the 2011/12 PRH Allocation Plan (paragraph 35), including the allocation of 220 flats to squatter clearance and the extended programme of enforcement actions by the Buildings Department against IRS in non-single staircase buildings by adopting the same eligibility criteria for rehousing used in respect of single staircase buildings (paragraph 24) ;
- (b) the invitation to WL applicants registered on or before 30 September 2009 to switch the choice of district to "urban" in mid-2011 if they so wish (paragraph 30); and
- (c) the declassification of the paper (paragraph 37).

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(Strategy Division)

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Public Rental Housing Allocation in 2010/11
(for the period from 1.4.2010 to 31.3.2011)

Rehousing Category	Flats Allocated			%
	New	Refurbished	Total	
	(a)	(b)	(c) = (a) + (b)	
1. CLEARANCE	177	107	284	1.1
(a) Government Clearance Projects	(33)	(19)	(52)	(0.2)
(b) Urban Renewal Authority	(143)	(88)	(231)	(0.9)
(c) IH Trawling/ Clearance	(1)	(0)	(1)	(0.0)
2. ESTATE CLEARANCE AND MAJOR REPAIRS	55	23	78	0.3
3. WAITING LIST	7 246	8 654	15 900	62.4
(a) General Applicants ^{Note 1}	(6 571)	(7 583)	(14 154)	(55.6)
(b) QPS Applicants	(675)	(1 071)	(1 746)	(6.9)
4. COMPASSIONATE	6	2 433	2 439	9.6
5. TRANSFER	964	5 128	6 092	23.9
(a) Overcrowding Relief/ Living Space Improvement Transfer Scheme	(717)	(1 139)	(1 856)	(7.3)
(b) Transfers	(247)	(3 989)	(4 236)	(16.6)
6. EMERGENCY	3	5	8	0.1
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	400	262	662	2.6
Total	8 851	16 612	25 463 ^{Note 2}	100

Note 1 Including applicants under the Express Flat Allocation Scheme.

Note 2 The number of flats allocated is less than the planned 31,100 because over 5,000 new flats in Shatin Pass Estate, Shin Ming Estate, Kwai Luen Estate and Hung Hom Estate were completed in the last quarter of 2010/11 and intake could not be arranged until the first quarter of 2011/2012. However, we commenced advance allocation for new flats where possible and 4,704 advance offers were tentatively accepted..