

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

Public Rental Housing Allocation Plan for 2010/11

PURPOSE

This paper informs Members of the result of the public rental housing (PRH) allocation in 2009/10, and seeks Members' approval of the allocation plan for 2010/11.

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 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 (planned allocation of about 20 000 flats on average 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 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 2009/10

Number of Flats Allocated

4. At the meeting held on 19 May 2009, Members approved vide Paper No. SHC 25/2009 the 2009/10 PRH Allocation Plan, including the proposed allocation of 36 900 PRH flats in the year. As at the end of March 2010, we made a total of 35 650 allocations (see **Annex**). Members are requested to note that the completion of 2 365 new flats in Tin Ching Estate, Tin Shui Wai Area 104 was slightly deferred and intake formalities could not commence until March 2010. With the exception of 455 flats which still had to be reserved for clearance, regional transfer and other categories, the remaining newly-completed flats had all been offered to eligible applicants in advance, among which 899 WL applicants had tentatively accepted the offer in writing. Taking into account these accepted offers of newly-completed flats, a total of 36 549 flats were allocated in 2009/10, which was very close to the planned allocation of 36 900 flats.

Clearance Rehousing

5. In 2009/10, a total of 222 flats were allocated under this category, with breakdown as follows -

(a) Government Clearance Projects

6. Of the 220 flats set aside for Squatter Clearance, 49 flats were taken up by clearerees, or 22.3% 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 in lieu of PRH rehousing. 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 further reduced the number of allocations made under this sub-category in 2009/10.

(b) Clearance by Urban Renewal Authority

7. In 2009/10, we had set aside 300 flats for rehousing the Urban Renewal Authority (URA) cleartees in accordance with the Memorandum of Understanding^{Note 1} entered into between URA and the Housing Authority (HA) in June 2002 and revised in June 2007. Of these, a total of 123 flats were allocated which accounts for 41% of the planned provision. The main reasons for the low take-up rate of the provision was due to that the compensation rates for the five projects of the former Land Development Corporation processed in the current fiscal year were relatively more attractive. As a result, 243 out of the 280 cases processed by URA under these projects had opted for cash compensation instead of PRH rehousing. Besides, since the assessment of the PRH eligibility of residents affected by clearance projects in Hai Tan Street of Sham Shui Po and in Kwun Tong had yet been completed by URA, rehousing would have to commence later. As for the recovery of private properties by the Government at Ma Tau Kok and To Kwa Wan, rehousing has commenced since March 2010.

(c) Interim Housing Clearance and Trawling

8. HA approved the clearance of Block 12, Kwai Shing East Estate Interim Housing (KSEIH) in August 2008 involving about 200 families. As at the end of March 2010, 49 cleartees were rehoused to PRH flats. Taking into account the one interim housing (IH) household from Shek Lei (II) Estate who had been successfully transferred under our Trawling Exercise, a total of 50 flats were allocated under this sub-category in 2009/10.

Comprehensive Redevelopment, Estate Clearance and Major Repairs

9. In 2009/10, a total of 3 350 flats were reserved under this category and 3 360 flats were allocated with breakdown as follows:

(a) Comprehensive Redevelopment

10. 3 224 flats were allocated under this sub-category in 2009/10. They were allocated to the affected tenants of Lower Ngau Tau Kok (II) Estate which was the last estate to be cleared for comprehensive redevelopment. All tenants of the estate had moved out by the end of January 2010.

Note 1 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. As at the end of March 2010, a total of 136 flats were allocated under the sub-category of Estate Clearance. This included clearerees from So Uk Estate^{Note 2} Phases 1 and 2 and from Block 22 of Tung Tau (I) Estate^{Note 3}. With the last clearere allocated a flat in this year, all tenants in So Uk Estate Phase 1 had moved. With 97 households allocated through the Early Thinning-out Exercises^{Note 4}, it is anticipated the remaining 2 300 households in Phase 2 would move out by April 2012. Furthermore, 38 households from Block 22 of Tung Tau (I) Estate were also allocated through the Early Thinning Exercises with the remaining 800 households to move out within 2012.

Waiting List

12. A total of 18 927 flats^{Note 5} were allocated to the general WL applicants in 2009/10. A total of 1 948 flats were allocated to non-elderly one-person applicants under QPS.

13. To sum up, a total of 20 875 flats, or 85.2% of the planned allocation of 24 500 flats, were allocated to WL applicants in 2009/10. Taking into account the 899 new flats in Tin Ching Estate which were allocated to WL applicants through the advanced allocation, a total of 21 774 flats were allocated, or 88.9% of the planned allocation to WL applicants in the year. The shortfall in allocation was mainly due to that more WL applicants tended to accept their flat allocation only at later offers to them in the year. Moreover, allocation through various transfer schemes also resulted in longer time-lag^{Note 6} in turning over of the returned flats for allocation.

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

Note 3 At the end of March 2009, HA announced the clearance of Block 22, Tung Tau (I) Estate in June 2012.

Note 4 To encourage the early removal of the clearerees in So Uk Phase 2, three Early Thinning-out Exercises had been launched in 2009/10 to allocate flats to affected clearerees as soon as possible.

Note 5 Including 1 460 flats successfully let out through the Express Flat Allocation Scheme (EFAS) (as at the end of March 2010).

Note 6 Normally a sitting tenant who succeeds in applying for a flat under various transfer exercises will be given two months' time to surrender his existing flat after completing the intake formalities for the new flat. Upon recovery of the existing flat, further time is required for refurbishment and arrangement of offer to a new tenant.

Compassionate Rehousing

14. We allocated a total of 2 449 flats under this category to cases recommended by the Social Welfare Department (SWD) in 2009/10.

Transfer

15. 7 909 flats were allocated under this category in 2009/10, with breakdown as follows:

(a) Overcrowding Relief/ Living Space Improvement Transfer Scheme

16. A total of 1 851 flats were successfully allocated through the Territory-wide Overcrowding Relief (TWOR) exercises and the Living Space Improvement Transfer Scheme (LSITS) in 2009/10. The two TWOR exercises launched in 2009/10 together with the applications brought forward from 2008/09 and processed in 2009/10, a total of 691 overcrowded households were successfully transferred to larger flats. The total number of overcrowded households was further reduced from 3 729 by the end of March 2009 to 3 271 by the end of March 2010, representing 0.48% of the total PRH households, which was within our KPI of below 0.6%. Moreover, in the fourth LSITS exercise which was launched in March 2009, a total of 1 160 households (including 879 eligible for cross-district transfer^{Note 7}) were rehoused.

(b) Other Categories of Transfers

17. 6 058 flats were successfully allocated under this category, with details as follow :

- We launched two Regional Transfer Exercises in Sau Mau Ping/ Kwun Tong (North) and Tuen Mun/ Yuen Long/ Tin Shui Wai respectively. They were all well received by the tenants. A total of 1 188 flats were successfully allocated this year.
- In the third phase of the Harmonious Families Transfer Scheme launched at the end of 2009, together with the cases carried forward from the second phase of the scheme processed in this year, a total of 345 flats were allocated this year.

Note 7 Eligible applicants living in PRH for over ten years are allowed to apply for transfer to any district of their choice.

- 1 951 and 2 574 flats were let out through internal transfers and special transfers respectively this year.

Junior Civil Servants and Pensioners

18. A total of 827 flats was allocated under this category in 2009/10, consuming 82.7% of the approved quota.

Average Waiting Time

19. In 2009/10, we maintained our target on the average waiting time at around three years for general WL applicants^{Note 8} and around two years for elderly one-person applicants. As at the end of March 2010, the actual average waiting time was 2 years for general WL applicants and 1.1 years for elderly one-person applicants.

Vacancy Rate

20. As at the end of March 2010, the number of lettable vacant flats stood at 6 917. Against our total lettable PRH stock of 697 533 flats, this represented a vacancy rate of 1%, which was within our KPI of below 1.5%.

PROPOSED 2010/11 ALLOCATION PLAN

21. The supply of PRH in 2010/11 comprises new production and refurbished flats. We estimate that about 31 100 PRH flats will be made available for allocation in the year.

(a) New flats available for allocation

22. 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 2010. Four new public housing estate projects will be due for completion in 2010/11. Coupled with four projects which were completed in March 2010 and carried forward to the 2010/11 provision, a total of 12 265 new flats will be available from all the projects, with details shown as follows -

Note 8 Excluding the applicants under QPS.

New production from January 2010 to March 2010

Project	Completion Date	No. of Flats
Ex-Chai Wan project (Chai Wan Estate)	March 2010	1 600
Tung Tau Cottage Area West (Mei Yan House, Mei Tung Estate)	March 2010	799
Choi Wan Road Site 2 Phase 1 (Choi Tak Estate)	March 2010	1 462
Choi Wan Road Site 3B Phase 1 (Choi Fook Estate)	March 2010	2 524
Sub-total		6 385

New production from April 2010 to February 2011 #

Project	Anticipated Completion Date	No. of Flats
Shatin Pass	December 2010	1 278
Tseung Kwan O Area 73B	December 2010	1 974
Kwai Luen Road	February 2011	1 470
Hung Hom Estate Phase 2	February 2011	1 158
Sub-total		5 880
Total		12 265

New production is compiled in accordance with the Public Housing Construction Programme in March 2010. The period of supply of new production runs from April 2010 to February 2011, beyond which any new flats 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, Ma On Shan Area 86B (2 587 flats) and Choi Wan Road Sites 2, 3A and 3B Phase 2 (5 205 flats), all scheduled for completion in March 2011, are excluded from the computation.

23. Taking into account the above 12 265 new flats and the vacant new flats brought forward from the previous year, we estimate that about 12 600 new flats will be made available for allocation in 2010/11.

(b) Refurbished flats available for Allocation

24. For refurbished flats, the forecast is mainly based on the existing stock in hand, together with those likely to recover and 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 about 18 500 refurbished flats will be made available for re-allocation in 2010/11.

Proposed Allocation

Clearance Rehousing

25. The total planned allocation under this category is 520 flats, including:

- In consideration of the anticipated demand, we propose to deploy 220 flats for government clearance projects (including squatter huts and private tenements);
- URA has advised that about 300 flats will be required to rehouse residents under various redevelopment projects scheduled for 2010/11.

Estate Clearance and Major Repairs

26. Taking into account the demand arising from the clearance of So Uk Estate Phase 2 and the Early Thinning-out Exercise for Block 22 of Tung Tau (I) Estate, we propose to set aside a total of 150 flats under this category.

Waiting List

27. As in the past few years, we propose to give WL category the biggest share of the year's PRH allocation, and a total of 21 930 flats are so planned for 2010/11, representing 70.5% of the year's provision, and exceeding the 66.4% provision in 2009/10 by 4.1%.

Non-elderly One-person WL Applicants

28. Members agreed in 2006 vide Paper No. SHC 36/2006 to set the annual allocation for non-elderly one-person WL applicants subject to QPS at 8% of the number of flats to be allocated to WL applicants, with the ceiling of 2 000 flats. Hence, a quota of 1 760 flats (i.e. 8% of 21 930 flats) will be set for 2010/11. We will continue to launch another EFAS exercise in 2010/11 in order to boost the letting rate of PRH.

Compassionate Rehousing

29. We propose to set aside 2 000 flats for this category in 2010/11. We will handle with flexibility the extra demand arising from the actual number of recommendations by SWD when necessary.

Overcrowding Relief/ Living Space Improvement and Transfers

30. As at 31 March 2010, the number of overcrowded households dropped to 3 271, or 0.48% 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 2010/11. We further propose to set aside 4 000 flats for various forms of transfers (including Harmonious Families Transfer Scheme, Housing for Senior Citizens Conversion Programme, under-occupation transfer cases and other transfer exercises) in 2010/11. Overall speaking, we will flexibly deploy the 5 500 flats set aside under all these transfer sub-categories.

Junior Civil Servants and Pensioners

31. We propose to maintain the quota at 1 000 flats under this category in 2010/11.

RECOMMENDATIONS

32. In summary, the proposed 2010/11 PRH Allocation Plan is set out as follows:

Rehousing Category	Proposed Allocation in 2010/11	
		%
1. CLEARANCE	520	1.7
(a) Government Clearance Projects	(220)	(0.7)
(b) Urban Renewal Authority	(300)	(1.0)
2. ESTATE CLEARANCE AND MAJOR REPAIRS	150	0.5
3. WAITING LIST	21 930	70.5
(a) General Applicants ^{Note 9}	(20 170)	(64.8)
(b) QPS Applicants	(1 760)	(5.7)
4. COMPASSIONATE	2 000	6.4
5. TRANSFER	5 500	17.7
(a) Overcrowding Relief / LSITS	(1 500)	(4.8)
(b) Transfers	(4 000)	(12.9)
6. EMERGENCY	0	0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	1 000	3.2
Total	31 100	100

Note 9 Including EFAS applicants.

PUBLICITY

33. We will announce the approved 2010/11 Allocation Plan 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 under various rehousing categories in the coming year. We will closely monitor any change in the circumstances and make every effort to achieve our target of maintaining AWT ^{Note 10} at around three years.

DECLASSIFICATION

34. We recommend that this paper be declassified upon Members' approval of the recommendations in paragraph 32 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

35. At the meeting of the Subsidised Housing Committee to be held on 17 May 2010, Members will be requested to approve:

- (a) the 2010/11 PRH Allocation Plan (paragraph 32); and
- (b) the declassification of the paper (paragraph 34).

Ms Cindy CHAN
Secretary, Subsidised Housing Committee
Tel. No.: 2761 5033
Fax No.: 2761 0019

File Ref. : HD(H) APP/A 5/8/4
(Strategy Division)
Date of Issue : 11 May 2010

Public Rental Housing Allocation in 2009/10
(for the period from 1.4.2009 to 31.3.2010)

Rehousing Category	Flats Allocated			%
	New	Refurbished	Total	
	(a)	(b)	(c) = (a) + (b)	
1. CLEARANCE	167	55	222	0.6
(a) Government Clearance Projects	(21)	(28)	(49)	(0.1)
(b) Urban Renewal Authority	(109)	(14)	(123)	(0.4)
(c) IH Trawling/ Clearance	(37)	(13)	(50)	(0.1)
2. COMPREHENSIVE REDEVELOPMENT, ESTATE CLEARANCE AND MAJOR REPAIRS	3 280	80	3 360	9.4
(a) Comprehensive Redevelopment	(3 187)	(37)	(3 224)	(9.0)
(b) Estate Clearance	(93)	(43)	(136)	(0.4)
3. WAITING LIST	11 792 ^{Note 1}	9 083	20 875 ^{Note 1}	58.6
(a) General Applicants ^{Note 2}	(10 437)	(8 490)	(18 927)	(53.1)
(b) QPS Applicants	(1 355)	(593)	(1 948)	(5.5)
4. COMPASSIONATE	11	2 438	2 449	6.9
5. TRANSFER	2 271	5 638	7 909	22.2
(a) Overcrowding Relief/ LSITS ^{Note 3}	(753)	(1 098)	(1 851)	(5.2)
(b) Transfers	(1 518)	(4 540)	(6 058)	(17.0)
6. EMERGENCY	3	5	8	0
7. JUNIOR CIVIL SERVANTS AND PENSIONERS	564	263	827	2.3
Total	18 088 ^{Note 4}	17 562	35 650 ^{Note 4}	100

Note 1 Excluding the (899) new flats (in Tin Ching Estate) which offers have been accepted in writing by applicants pending intake.

Note 2 Including Express Flat Allocation Scheme applicants.

Note 3 LSITS = Living Space Improvement Transfer Scheme

Note 4 Excluding the (899) new flats (in Tin Ching Estate) which offers have been accepted in writing by applicants pending intake.