THE HONG KONG HOUSING AUTHORITY

Memorandum for the Management and Operations Committee

Long Term Housing Strategy Review

Space Allocation Standards

PURPOSE

This paper seeks Members’ advice on the proposal in the Long Term Housing Strategy (LTHS) Review that there should be no change to the current space allocation standards for public rental housing (PRH) flats until outstanding demand on the Waiting List (WL) has been substantially met.

BACKGROUND

2. In 1973, the minimum space allocation for PRH standard was 3.25m² internal floor area (IFA) per person. In response to the growing aspiration of the prospective tenants, this was increased to 3.89m² in 1974, 4.4m² in 1981 and 5.5m² in 1987. Since December 1991, two sets of minimum space allocation standards at 5.5m² and 7m² IFA per person have been adopted for meeting the respective median rent-to-income ratio of 15% and 18.5%. It is observed that most applicants would opt for a higher allocation standard at no less than 7m². According to the 1995/96 Recurrent Survey on Housing Authority’s tenants, the median living density of PRH households was 8.3m² IFA per person, while those living in new flats between one and two years old had a larger living area of 10.9m² IFA per person. The allocation standards for flats in Harmony and non-Harmony blocks are summarised at Annex A.
AVERAGE WAITING TIME FOR PRH

3. As at the end of December 1996, there were some 149,300 applications on the WL. New applications are now being registered onto the WL at a rate of about 2,000 a month. After deducting applications from public housing tenants and those which would be rehoused through other channels, the estimated effective demand would be about 85,200. A projection on effective demand from the WL is at Annex B.

4. From 1996/97 to 2000/01, it is anticipated that about 130,000 new rental flats will be built and 95,000 vacated flats recovered. After meeting the demand from committed categories including redevelopment and clearances, it is estimated that 93,000 PRH flats will be allocated to WL applicants in these five years. Therefore, by 2001, the existing effective demand of 85,200 will be met and the surplus can be allocated to those families registered on the WL from 1997 onwards. The current average waiting time is 6.5 years. With the above flat production forecast, it is expected that by 2001, the waiting time will be reduced to no more than 5 years.

5. If further relaxation is to be made to the current space allocation standards, the size of new flats to be built in the coming years will have to be increased. If the land supply is not correspondingly increased, the number of flats which can be produced will decrease. This will ultimately affect PRH allocation and the waiting time of applicants on the WL.
THE PROBLEM OF OVERCROWDING

6. A household is considered to be “overcrowded” if its living density is less than the prevailing minimum space allocation standard. As the allocation standards have improved over time, households previously not considered to be “overcrowded” may become so following an improvement in the allocation standards. The number of overcrowded families in the period from 1990 to 1996 is shown at Annex C. Overcrowded households may seek to improve their living conditions through various avenues such as redevelopment, purchase of Home Ownership Scheme flats, purchase of private properties under the Home Purchase Loan Scheme, rehousing through the WL, and acquiring larger accommodation through internal and external transfer.

7. The Government pledged in 1995 to rehouse at least 24,000 families with living space below 5.5m² IFA per person in three years’ time. Following this, the Department introduced new arrangements in 1995 to improve the living environment of those more “overcrowded” households with living area below 4.5m² IFA per person. Since then, the number of these families has dropped and at present there are about 7,900 households (excluding some 5,200 families living in blocks included in Comprehensive Redevelopment Programme) with living area below 4.5m² IFA per person.

8. If the current allocation standards are to be further improved, the number of “overcrowded” families will increase again, pre-meeting the supply of central units for WL applicants and consequently prolonging their waiting time.

IMPLICATION ON LAND SUPPLY

9. According to the LTHS Review, an average of 39,000 public housing flats per year would be required to meet the demand from 2001-2006. Based on an assumed PRH/HOS split of 50:50, the PRH demand is about 19,500 flats per year. At the current 700 flats per hectare ratio, the land requirement per year is roughly about 28 ha. Thus, to illustrate the implications of any change in standards, a 10% increase in space allocation standard would imply an additional requirement of 2.8 ha of land per year from 2001-2006.
DISCUSSION

10. At the next meeting of the Management and Operations Committee to be held on 27 March 1997, Members will be asked to advise on the proposal of the LTHS Review that no further change be made to the current space allocation standards for PRH until outstanding demand on the WL has been substantially met.

File Ref. : HD(H)APP/A 2/25/15
Date : 19 March 1997