

THE HONG KONG HOUSING AUTHORITY**Memorandum for the Subsidised Housing Committee****Public Rental Housing Allocation Plan for 2005/06****PURPOSE**

This paper informs Members of the progress of public rental housing (PRH) allocation in 2004/05 and seeks Members' approval of the new allocation plan for 2005/06.

FLATS ALLOCATED IN 2004/05

2. Members approved vide Paper No. [SHC 36/2004](#) the allocation of 38 300 PRH flats in 2004/05 for various rehousing categories on 19 May 2004. For the year ending March 2005, we have let a total of 34 314 PRH flats or 89.6% of the planned allocation. A summary of the overall flat allocation position in 2004/05 is at [Annex A](#). The shortfall in letting of 3 986 flats is mainly due to the late handover of 3 966 flats in two new projects as mentioned in paragraph 3 below.

Waiting List

3. As at 31 March 2005, the number of live applications on the Waiting List (WL) was 91 415, representing an increase by 1% against 90 955 as at 31 March 2004. The number of flats taken up by WL applicants falls short of the target allocation by 825, which is mainly the result of late handover of new flats in Kwai Chung Estate Phase 4 (1 983 flats) and Lei Muk Shue Estate Phase 3 (1 983 flats). The two projects were originally scheduled for completion in November 2004 but had slipped to March 2005 and May 2005 respectively.

4. Since 1990, WL applicants registered on or after 13 December 1990 (except those under the Elderly Priority Scheme) have been debarred from opting for PRH flats in the Urban District (UB) at the time of registration (Paper No. MOC 150/90 refers). In order to address the surplus supply of vacant flats in the UB over the committed requirements, the restriction on district of choice has been

relaxed ad hoc since 1999 to allow WL applicants already registered on or before a certain date to switch their choice of district to the UB (Paper No. RHC 3/99 refers).

5. For 2004/05, the number of new flats available in the UB was 10 670, representing about half of the new production available for allocation. As one of the measures to dispose of surplus Home Ownership Scheme (HOS) flats, some of these flats were transferred for PRH purpose. As a result, 5 900 flats out of the 10 670 UB flats allocated for the WL or 55% were large flats suitable for families of four persons and above. As less than 10% of the families on the WL were of four persons and above, there was a surplus supply of large flats in the UB for the WL.

6. In order to dispose of the surplus flats, we had relaxed the restriction in June 2004 to allow WL applicants registered before 1 July 2002, i.e. G1094662/U115070, to switch their choice of district to the UB, thereby generating about 9 200 additional applications/demand for UB flats. We had also conducted several transfer exercises for the sitting tenants to take up the large flats, thereby releasing the smaller refurbished flats of cheaper rent to satisfy the WL demand. In consequence of these additional efforts, about 2 230 (38%) new large (mainly 3-Bedroom) flats in the UB had been taken up by the end of March 2005.

Comprehensive Redevelopment and Major Repairs

7. A total of 1 129 flats were allocated to families affected by the Comprehensive Redevelopment Programme (CRP) *vis-à-vis* the target provision of 1 600 flats for Shek Kip Mei Estate Phase 3 and pre-redevelopment thinning-out transfers for other projects. Rehousing for Shek Kip Mei Estate Phase 3 affected tenants was completed smoothly in November 2004. However, the response to early rehousing from tenants of the other two on-going projects, *viz.* Wong Chuk Hang Estate and Shek Kip Mei Estate Phases 5 and 6 was only moderate, probably due to their preference to await completion of the new flats in Shek Pai Wan Redevelopment.

Clearance/Urban Renewal Authority Projects

8. Out of the 400 flats set aside for Squatter Clearance, only 83 flats were eventually taken up by the clearers. This is mainly due to the re-scheduling of some planned clearance projects by the Government. Other factors contributing to the low consumption of the quota are the preference of some clearers for cash allowance over rehousing while others for rehousing through the Anticipatory Housing Scheme under which clearers holding valid WL applications are given priority access to public housing.

9. Since 2002/03, a maximum provision of 1 000 flats per annum has been planned for rehousing clearerees of the Urban Renewal Authority (URA) in accordance with the Memorandum of Understanding (MOU) entered into between the URA and the Housing Authority (HA) in June 2002. In 2004/05, a total of 748 flats were reserved by the URA with reservation fees equivalent to monthly rental paid to the HA but only 92 flats were finally taken up. The low consumption of the quota is mainly due to their clearerees' insistence on local rehousing in Wan Chai and Sai Ying Pun districts where there is no PRH supply. Other reasons include the opting for the cash compensation package offered as an alternative to rehousing by the URA and the start of a large project late in September 2004.

Overcrowding Relief and Transfers

10. A total of 7 591 flats were allocated in 2004/05 under overcrowding relief and transfers against a planned allocation of 7 000 flats. Two Territory-wide Overcrowding Relief exercises (TWOR) and nine transfer exercises were conducted in 2004/05. Five of the nine transfer exercises were launched for disposal of the new large UB flats transferred from sale projects. Of the 7 591 flats allocated, 875 flats were taken up by overcrowded families. The remaining flats were either taken up by tenants seeking to improve their living standard (2 937 flats) or on medical and social grounds (3 779 flats). More details of the TWOR exercise is at [Annex B](#).

11. In consequence of these exercises, the total number of overcrowded households had reduced from 7 163 as at 31 March 2004 to 6 366 which is about 1.0% of the total PRH households as at 31 March 2005. This is well above our pledge to maintain the percentage of overcrowded PRH households at below 1.6%.

Express Flat Allocation Scheme

12. To expedite the letting of less popular flats, we had launched one Express Flat Allocation Scheme (EFAS) exercise in April 2004 which attracted over 15 000 applications. 4 100 flats including 1 000 flats from Po Tin Estate were put up for selection. A total of 2 428 flats were selected with 1 363 flats finally let, including 298 flats in Po Tin Estate and 169 Housing for Senior Citizens flats.

Compassionate Rehousing

13. A total of 1 450 flats were allocated upon the recommendation of the Social Welfare Department for cases eligible under compassionate rehousing. This represents a consumption of 72.5% of the planned allocation of 2 000 flats.

Junior Civil Servants and Pensioners

14. A total of 873 flats were allocated to Junior Civil Servants and Pensioners in 2004/05, consuming 58.2% of the approved quota of 1 500 flats. There are still 273 flats under offer. Allocation will continue in 2005/06 to exhaust the remaining quota.

Vacancy Rate and Average Waiting Time

15. As at 31 March 2005, 11 256 flats out of a total of 661 452 flats were left vacant. This represents a vacancy rate of 1.7% against our pledge of 1.5%. This is mainly due to the difficulty in letting the 4 420 vacant flats at Po Tin Estate as well as the late handover of the 1 983 new flats in Kwai Chung Estate Phase 4 as mentioned in paragraph 3. However as the new flats in Kwai Chung Estate Phase 4 have already been allocated to prospective tenants under the Modified Advance Allocation Scheme (MAAS), the vacancy rate should soon fall within the pledge of 1.5%.

16. As at 31 March 2005, the Average Waiting Time (AWT) for PRH was 1.8 years *vis-à-vis* 2.1 years as at 31 March 2004. For single elderly applicants, the AWT stood at 1.0 year. We have managed to achieve the target of maintaining the AWT for PRH at around three years for family applicants and two years for single elderly applicants.

PROPOSED ALLOCATION PLAN FOR 2005/06

17. The supply of PRH for 2005/06 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 2005 edition of the Public Housing Construction Programme and includes vacant new flats carried forward from last year. As regards refurbished flats, the forecast is based on the stock in hand plus those likely to become available in the year through voluntary surrender, termination of tenancy and transfers to new flats.

18. Based on the year's forecast, there will be a total supply of 33 000 flats for allocation in 2005/06, including 22 300 new flats and 10 700 refurbished

flats. Compared with last year's planned allocation of 38 300 flats, the shortfall will be 5 300 flats or 13.8%. Details of the new projects targeted for intake in 2005/06 is at [Annex C](#).

Comprehensive Redevelopment and Major Repairs

19. Based on the March 2005 edition of the CRP, there remains some 3 800 families in Wong Chuk Hang Estate due for evacuation in June 2006. We propose to allocate 2 400 flats in Shek Pai Wan Redevelopment Phase 1 for early rehousing of the affected tenants. We also propose to set aside another 400 flats for tenants affected by major repairs, making a total allocation of 2 800 flats under this category.

Clearance/Urban Renewal Authority Projects

20. Same as last year, we propose to reserve 400 flats for clearance and another 100 flats for the trawling of Interim Housing (IH). As requested by the URA, 600 flats are being set aside for rehousing of clearances affected by their projects. The overall provision under this category is 1 100 flats.

Waiting List

21. As at 31 March 2005, the number of live applications on the WL was 91 415. We propose to continue to allocate to the WL applicants the greatest share of the PRH supply, at 62% of the year's provision. Based on the new flat production in 2005/06, the proposed allocation of 20 600 flats for 2005/06 represents a reduction of 3 000 flats or by 12.7%, compared with that for 2004/05.

22. In order to maintain the AWT, we would continue to re-allocate any spare quota from other categories to the WL applicants. Discounting the new flats which have to be allocated for CRP affected families, i.e. the new flats in Shek Pai Wan Redevelopment, the bulk of the new flat supply for 2005/06 will be in the extended urban area. We do not, therefore, anticipate a surplus supply of flats in the urban area as in last year and hence the need for further relaxation of the restriction on district of choice for existing WL applicants in 2005/06.

Compassionate Rehousing

23. We propose to maintain the yearly allocation for compassionate rehousing at 2 000 flats. Additional flats will be made available to meet extra demand, if required.

Overcrowding Relief/Transfers

24. As at 31 March 2005, the number of overcrowded households was 6 366. We propose to adjust the provision of 3 000 flats in 2004/05 to 1 000 flats in 2005/06 for overcrowding relief to reflect the reduced applications from overcrowded families. Albeit the reduced supply of new large flats in the current financial year, we propose to maintain last year's allocation of 4 000 flats for transfers. Nevertheless, we would closely monitor the situation and flexibly deploy the allocation of 5 000 flats under overcrowding relief and transfer as a whole to meet changing circumstances.

Junior Civil Servants and Pensioners

25. The last application exercise for the quota approved in 2004/05 was just closed in end February 2005, and flat allocation can only commence in the current financial year. We suggest a quota of 1 500 for 2005/06.

RECOMMENDATION

26. The proposed PRH allocation plan for 2005/06 is as follows –

Rehousing Category	Approved Allocation in 2004/05	Actual Flats Allocated in 2004/05	Proposed Allocation for 2005/06	
				%
1. CLEARANCE				
(a) Squatter Clearance	400	83	400	1.2
(b) Urban Renewal Authority	1 000	92	600	1.8
(c) IH Trawling	1 000	218	100	0.3
2. COMPREHENSIVE REDEVELOPMENT & MAJOR REPAIRS	1 600	1 129	2 800	8.5
3. WAITING LIST	23 700	22 875	20 600	62.4
4. COMPASSIONATE	2 000	1 450	2 000	6.1
5. TRANSFER	7 000	7 591	5 000*	15.2
(a) Overcrowding Relief	(3 000)	(875)	(1 000)	(6%)
(b) Transfers	(4 000)	(6 716)	(4 000)	(9%)
6. EMERGENCY	100	3	-	-
7. JUNIOR CIVIL SERVANTS & PENSIONERS	1 500	873	1 500	4.5
Total	38 300	34 314	33 000	100

* The breakdown into overcrowding relief and transfers at the ratio of 1 to 4 is indicative only (see paragraph 24).

27. To maximize utilization of PRH resources, we recommend to continue the existing ad hoc arrangement to relax the restriction on district of choice, allowing eligible WL applicants already registered to switch their choice

of district to the UB in order to dispose of UB flats when the supply becomes surplus to the requirements under the committed categories.

PUBLICITY AND PUBLIC REACTION

28. We would emphasize that the overall PRH allocation plan is set having regard to the anticipated supply and demand for the coming year. We will continue to closely monitor any change in circumstances and make every effort to keep to our pledge to maintain the average waiting time at around three years.

DECLASSIFICATION

29. We recommend that this paper be declassified upon Members' approval of the recommendations in paragraphs 26 and 27 above. The paper will be made available to the public at HA homepage, the Department's library and through the Departmental Access to Information Officer if it is declassified.

DISCUSSION

30. At the meeting of the Subsidised Housing Committee to be held on 26 May 2005, Members will be invited to approve –

- (a) the allocation of PRH flats for various categories in 2005/06 (paragraph 26);
- (b) the continuation with the existing arrangement to relax the restriction on district of choice in the disposal of surplus UB flats (paragraph 27); and
- (c) the declassification of the paper (paragraph 29).

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(Allocation and Commercial Division)
Date : 21 May 2005

**Public Rental Housing Allocation for the year 2004/05
for the period of 1.4.2004 – 31.3.2005**

Rehousing Category	Approved Quota in 2004/05	Flats Allocated		Total	%
	(a)	New	Vacated		
1. CLEARANCE		(b)	(c)	(d) = (b) + (c)	
(a) Squatter Clearance	400	9	74	83	(0.2%)
(b) Urban Renewal Authority	1 000	84	8	92	(0.3%)
(c) IH Trawling	1 000	61	157	218	(0.6%)
2. COMPREHENSIVE REDEVELOPMENT & MAJOR REPAIRS	1 600	939	190	1 129	(3.3%)
3. WAITING LIST	23 700	11 476	11 399	22 875	(66.7%)
4. COMPASSIONATE	2 000	1	1 449	1 450	(4.2%)
5. TRANSFER	7 000	2 874	4 717	7 591	(22.2%)
a) Overcrowding Relief	3 000	412	463	875	(2.6%)
b) Transfers	4 000	2 462	4 254	6 716	(19.6%)
6. EMERGENCY	100	0	3	3	(0.0%)
7. JUNIOR CIVIL SERVANTS & PENSIONERS	1 500	666	207	873	(2.5%)
Total	38 300[^]	16 110	18 204	34 314	(100.0%)

[^] Quota for 2004/2005 approved by SHC on 19.5.2004 vide Paper No. SHC 36/2004.

Territory-wide Overcrowding Relief (TWOR) Exercises

Background

Year	No. of Overcrowded Households	No. of TWOR Exercises Launched	No. of Applications Received for the Year	No. of Flats Pooled for Selection	No. of Overcrowded Households Successfully Housed through TWOR
2001/02	16 202 (1.6.2001)	2	5 370	6 149	1 900
2002/03	11 960 (1.4.2002)	2	3 430	5 032	1 808
2003/04	8 500 (1.4.2003)	3	3 127	4 237	855
2004/05	7 163 (1.4.2004)	2	1 753	3 159	875

1. The TWOR was endorsed by the then Rental Housing Committee (RHC) (Paper No. RHC 9/2001 refers) and was first launched in June 2001.
2. To date, a total of nine TWOR exercises were launched and the no. of overcrowded households has decreased from 16 202 (as at 1.6.2001) to 6 366 (as at 1.4.2005).
3. The 10th TWOR Exercise has been launched in April 2005 and no. of applications received is about 726. Flat selection is tentatively scheduled in early July 2005.

Possible Reasons for Reduced Applications for Overcrowding Relief

4. There are other avenues for overcrowding relief such as external transfer, internal transfer and special transfer.
5. Majority of the overcrowded households prefer rehousing locally, which may not be possible in some districts.
6. Some overcrowded households would only opt for transfer upon family reunion, while others have family members, children in particular, living in China and are overcrowded on paper only.
7. Other reasons include not being able to fulfill the basic eligibility criteria for TWOR or afford relocation to new flats.

Actions Being Taken

8. With a view to offering special internal transfers, estate staff are now conducting home visits to those overcrowded households with living area of below 4.0m² per person to assess their situations.

**Supply of New Flats for Public Rental Housing Allocation in 2005/06
(Based on Public Housing Construction Programme of 3/2005)**

New production runs from 4/2005 to 12/2005 ^{Notes}

Projects	Anticipated Completion Date	No. of Flats
1. Shek Pai Wan Redevelopment, Phase 1	6/2005	2 877
2. Shek Kip Mei, Phase 1, Blocks 1 & 2	11/2005	2 033
3. NWKR Site 10 (Hoi Lai Estate), Phase 4, Block 9	10/2005	558
4. Kwai Chung, Phase 3, Blocks 6-9	4/2005	2 742
5. Kwai Chung, Phase 5, Blocks 13 & 14	7/2005	1 059
6. Lei Muk Shue, Phase 4, Blocks 3 & 4	7/2005	1 598
7. Shek Yam (Community Hall), Phase 5, Block 1	5/2005	340
8. Tung Chung Area 31 (Yat Tung 2 Estate), Phase 2, Blocks D, E, F & G	5/2005	2 782
sub-total		13 989
Estimated no. of new flats carried over from 2004/05		8 273
Total		22 262
		22 300 (Round-up figure)

Notes (1) Period of supply of new production runs from 4/2005 to 12/2005.

(2) Due to the very probable delay of Shatin 4C/38A Phases 1 & 2 (3 164 flats) scheduled for completion in 10/2005 to 1/2006, the projects are excluded from the supply.

(3) Shek Pai Wan, Redevelopment, Phase 2 (2 398 flats) scheduled for completion in 1/2006 is excluded due to the requirement of about 2 to 3 months lead time in taking over/letting of flats.