

**Legislative Council Panel on Housing
One-person Applicants for Public Rental Housing**

PURPOSE

This paper briefs Members on the rising number of one-person applicants for public rental housing (PRH) and how we intend to address the matter.

BACKGROUND

2. One-person applicants for PRH refer generally to those applicants who, at the time of application, indicate that they will be the only persons to reside in the PRH units upon allocation. They may be either married or single. Many of them are living with their family members while waiting for allocation.

3. Prior to 1985, one-person applicants were not allowed to apply for PRH on their own. The Housing Authority (HA) lifted this restriction in 1985, mainly in response to the housing needs of single people who were elderly, affected by redevelopment or living in temporary housing areas. Following the relaxation, one-person applicants have become a major source of demand for PRH. Of the 91 400 outstanding Waiting List (WL) applicants as at March 2005, some 41% were one-person applicants. For newly registered WL applicants, the share of one-person applicants soared from 21.2% in 1998/99 to a record 45% in 2004/05.

4. A closer examination of the profile of the newly registered one-person applicants further unveils that they are getting younger. Their average age dropped from 55 in 1989/99 to 42 in 2004/05. Some 42% of them were below 35 in 2004/05, as opposed to 12.1% in 1998/99. In addition, a large proportion of the one-person applicants registered in 2004/05 (some 35%) are residing in PRH or Interim Housing.

PRELIMINARY ASSESSMENT

5. The huge upsurge in the number of non-elderly one-person applicants has aroused considerable concern amongst the HA Members and some quarters in the community. Questions have been raised as to whether non-elderly one-person applicants face the same housing needs as elderly applicants or other households comprising more than one person; and whether they should be accorded the same priority in competing for limited public housing resources.

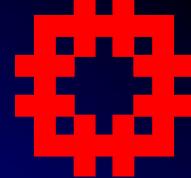
6. Members of the HA held a brainstorming session on 23 May 2005 to consider how best the demand for PRH generated from non-elderly singletons should be addressed. The majority of the HA Members agree that there is a pressing need to introduce suitable measures to re-prioritize the allocation of PRH units to non-elderly one-person applicants. Among the preliminary options being considered, most of the HA Members are in favour of setting an annual allocation quota for non-elderly one-person applicants while giving priority to applicants of higher age and those who are not receiving any housing assistance by way of a points system. Details of the relevant considerations and possible options for addressing the matter are set out in the powerpoint slides at **Annex**.

WAY FORWARD

7. We are still consulting interested parties on the preliminary options. We aim to revert to the HA with a concrete proposal in a few months' time.

DISCUSSION

8. This paper is issued for Members' information and comments.

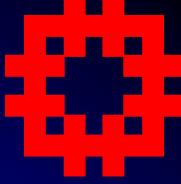


Legislative Council Panel on Housing

One-person Applicants for Public Rental Housing

July 2005

Content



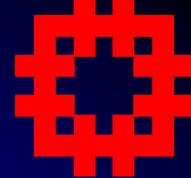
- (I) Background**
- (II) Trend in Recent Years**
- (III) Major Considerations**
- (IV) Possible Improvement Options**
- (V) Conclusion**

(I) Background



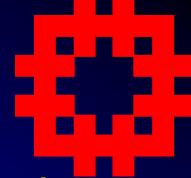
- **One-person applicants (1-P applicants) for public rental housing (PRH) refer to those applicants who, at the time of application, indicate that they will be the only persons to reside in the PRH units upon allocation. They consist of unmarried persons, persons who were once married, as well as married persons. Therefore, the marital status of the applicants is not directly related to this discussion.**
- **Before 1985, 1-P applicants were generally not allowed to apply for PRH flats individually. For those who were affected by clearance operations, they could only apply together with other persons on a sharing basis.**
- **The restriction was lifted in 1985, mainly in response to demand from elderly and those affected by redevelopment or living in temporary housing areas.**
- **Since the relaxation of the restriction in 1985, 1-P applicants have been allowed to apply for PRH on individual basis. Given the limited supply of small flats suitable for 1-P applicants at that time, they were mainly allocated the “converted one-person flats” created by partitioning larger flats into several small units.**

(II) Trend in Recent Years



- Following introduction of Harmony PRH blocks, in the early 1990s, there has been a steady supply of small flats which cater for the needs of one/two-person households, thus more and more 1-P applicants can be accommodated in self-contained PRH flats.
- There has been a trend of substantial rise in the number of 1-P applicants in recent years.
- As at March 2005, among the 91 400 applicants on the Waiting List (WL), 37 200 were 1-P applicants which represent 41% of the total. Among the 32 300 newly-registered applicants in 2004/05, about 14 400 were 1-P applicants accounting for 45% of the total (while the corresponding proportion was only 21% in 1998/99) *.
- Among these 1-P applicants, about 35% were living in PRH or interim housing.

* Including 1-P applicants who have been married or have children in the Mainland.

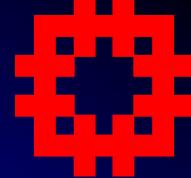


- According to the data of the Census and Statistics Department (C&SD), the number of one-person households in PRH has been growing at a much faster rate than that in private housing since the relaxation of restriction on 1-P applicants in 1985. The annual average growth rate of the former is 4.7% while that of the latter is only 1.0%.
- The number of young 1-P applicants keeps on growing. The average age of 1-P applicants dropped from 55 in 1998/99 to 42 in 2004/05. The proportion of 1-P applicants aged below 35 in the overall newly-registered 1-P applicants rose from about 12% in 1998/99 to about 42% in 2004/05. The proportion of 1-P applicants aged below 25 also rose substantially from about 3.8% in 1998/99 to about 20.6% in 2004/05.

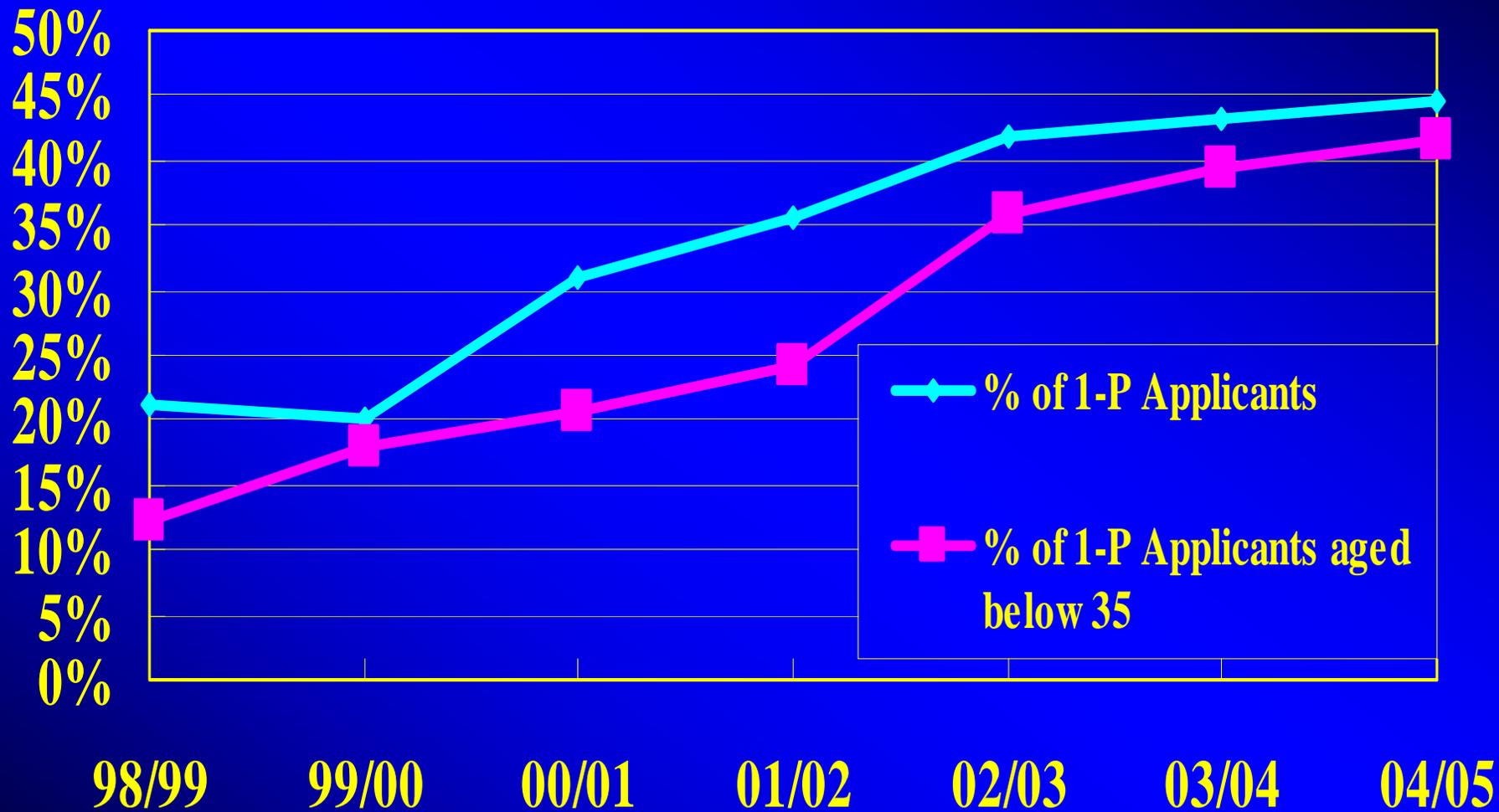


- **In a recent survey of the applicants on WL conducted by the Housing Department (HD), we note that about 10% of the 1-P applicants aged below 35 have received tertiary education or above while only 3% of the non-elderly 1-P applicants aged 35 or above have attained similar education level. Moreover, about 3% of the 1-P applicants aged below 35 are students.**
- **The substantial increase in the number of non-elderly 1-P applicants in recent years has aroused public concern. It is noted that about 90 000 youngsters will reach 18 years old and become eligible for applying PRH every year. The great demand from young 1-P applicants for PRH has aggravated the limited supply of public housing resources and undermined the ability of the Housing Authority (HA) to provide housing to other families with pressing need.**

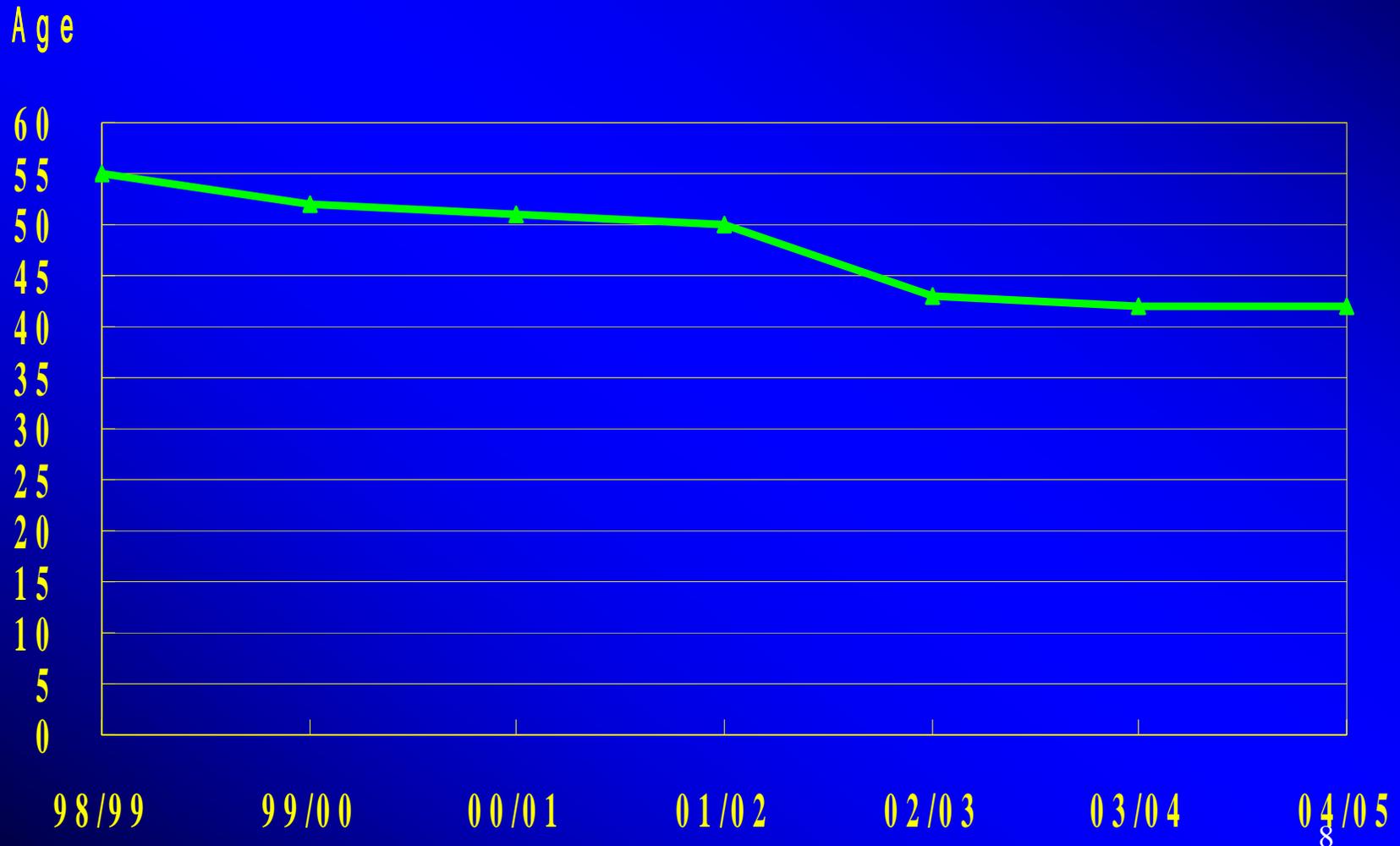
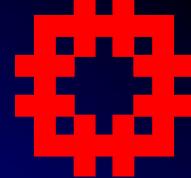
Proportion of Newly-Registered 1-P Applicants on WL from 1998/99 to 2004/05



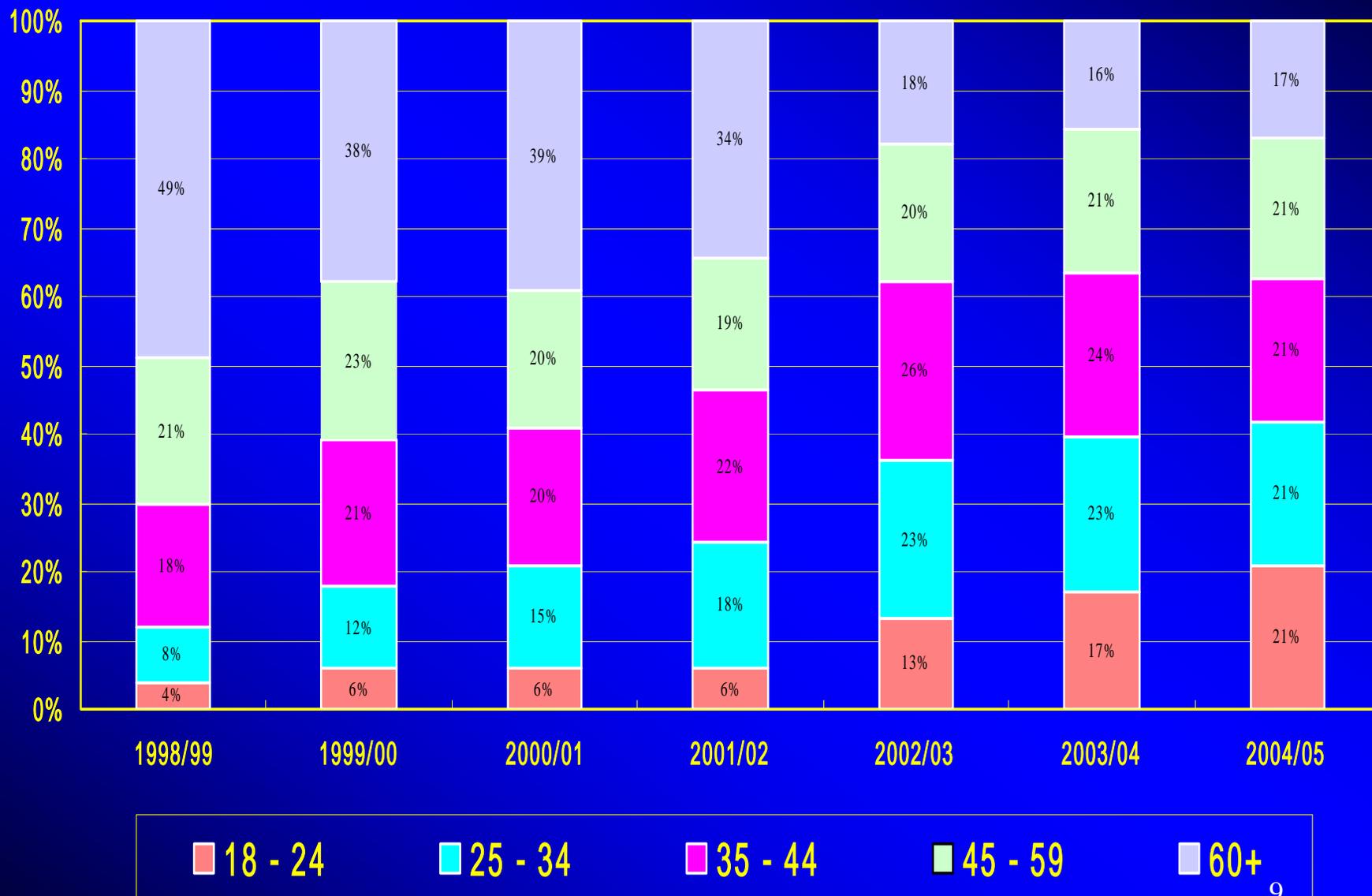
Proportion



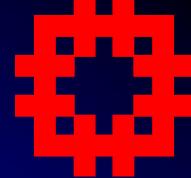
Average Age of Newly-Registered 1-P Applicants on WL from 1998/99 to 2004/05



Age Distribution of Newly-Registered 1-P Applicants on WL from 1998/99 to 2004/05



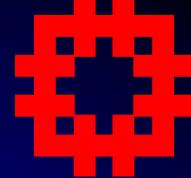
(III) Major Considerations



Housing Need

- Among the 1-P applicants aged below 60, about 92% are currently living in self-contained flats*, and about 76% of them are taking up the entire flat either on their own or with their family. The corresponding figures for 1-P applicants aged below 35 are 97% and 82% respectively.
- About 35% of 1-P applicants are living in PRH or interim housing flats.
- Among the 1-P applicants aged below 60, 57% are currently living with their family, and for those aged below 35, the corresponding proportion is 70%. It is only upon allocation of PRH units that these applicants will move away from their family and become one-person households.

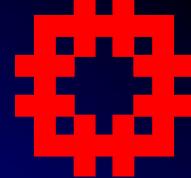
* Self-contained flats refer to flats with separate toilet and kitchen, but may accommodate more than one household.



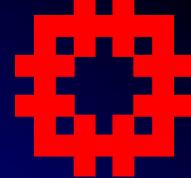
- **At present, the average living space of 1-P applicants aged below 35 is approximately 9.94m² Saleable Area (SA), or 8.6m² Internal Floor Area (IFA) . This is larger than the upper-tier PRH allocation standard of 7.0m² IFA.**
- **Given that most of the young 1-P applicants are living with their families in accommodations of acceptable conditions, it begs the question as to whether there is any pressing need for them to improve their living conditions through PRH.**

The assumption is made with reference to New Harmony blocks that 1m² IFA is equivalent to about 1.15m² SA.

Income Profile



- **The median income of young people is in general at a lower level whereas that of those aged from around 30 to early 40s is at a relatively higher level. This shows that, in general, income of young people increases with their age.**
- **As most of the young people are at the early stage of their career development, there is a distinct possibility that they can improve their living conditions through future income growth. It is therefore for consideration whether they should rely on government subsidy at such an early stage.**

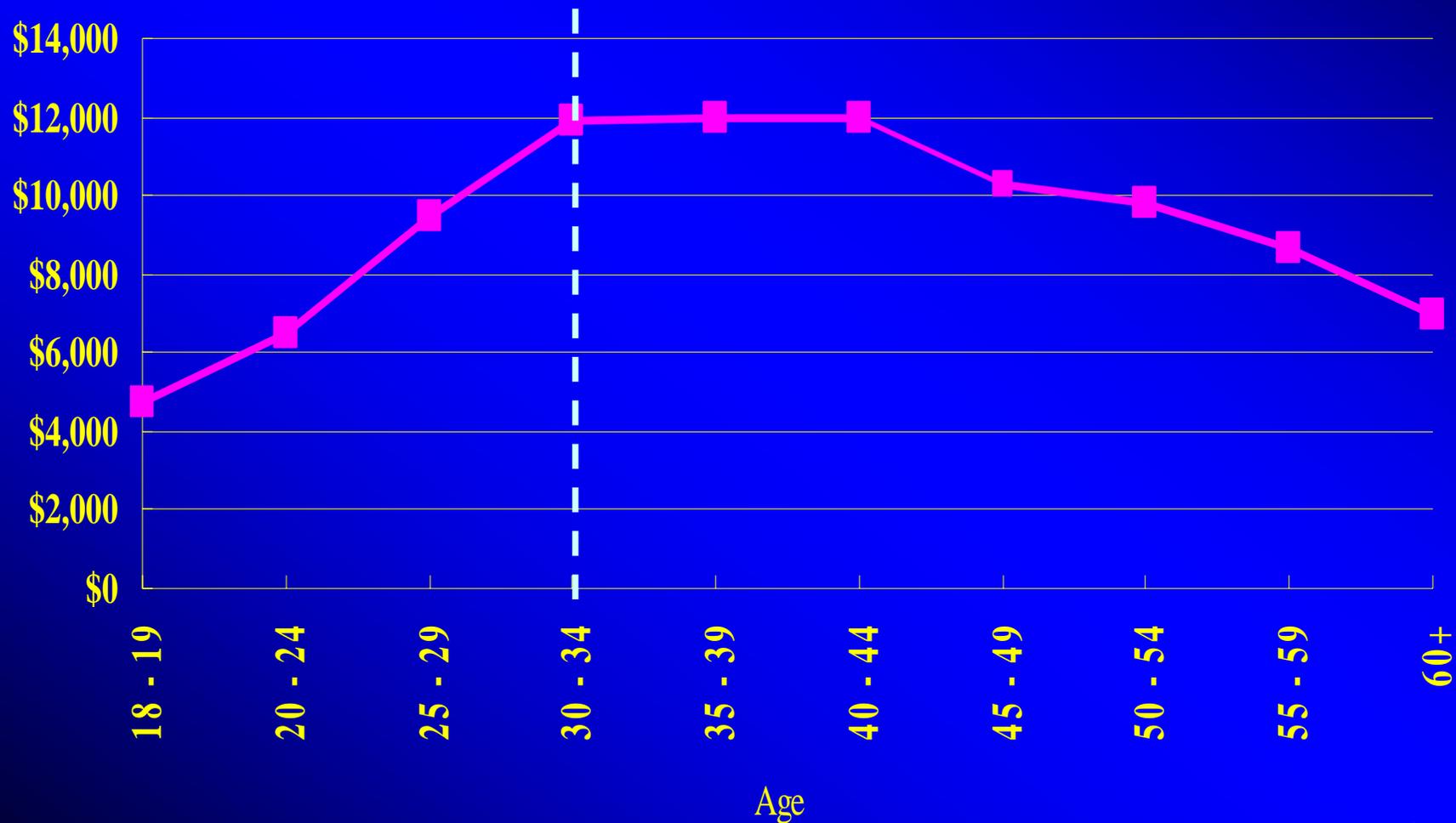


Overall Hong Kong Median Income for the Population

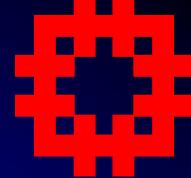
aged 18 or above by Age

(Excluding those without income)

Median monthly income

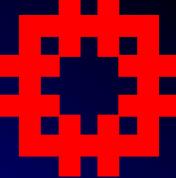


Cost-effectiveness

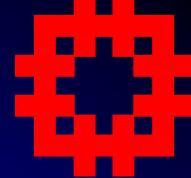


- From the cost-effectiveness' point of view, the cost for accommodating 1-P applicants is much higher than that for households comprising two or more persons. This is because small flats suitable for 1-P applicants are also provided with facilities such as toilets and kitchens.
- In the three-year period from 2001/02 to 2003/04, the average living space of the PRH units provided to 1-P applicants was 16.76 m² IFA and the cost incurred was about \$150,000. As for two-person and four-person households, the average living space per person was 12.41 m² IFA and 9.87 m² IFA respectively and the cost incurred was about \$110,000 and \$90,000 respectively.
- Given the current stringent financial situation of the HA, should limited public resources be utilized in a more cost-effective way?

(IV) Possible Improvement Options



- To better utilize limited housing resources to assist households with genuine needs, it is necessary to review critically the current PRH allocation policy for non-elderly 1-P applicants.
- Possible improvement options include the following:
 1. Prohibiting non-elderly 1-P applicants who are living in PRH or other subsidized housing from applying PRH
 2. Setting age restriction for non-elderly 1-P applicants (for instance, only allow those 1-P applicants aged 35 or above to apply)
 3. Setting an annual quota (say 1 000 to 2 000 PRH flats) for non-elderly 1-P applicants
 4. Setting an annual quota for non-elderly 1-P applicants and establishing a points system to accord priority to applicants of higher age



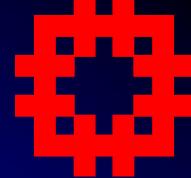
1) Prohibiting non-elderly 1-P applicants who are living in PRH or other subsidised housing from applying PRH

Supporting Arguments

- As the 1-P applicants concerned are already living in PRH/subsidised housing, they should have no imminent housing need.
- Unless there are changes in family circumstances, non-elderly 1-P applicants already living in subsidized housing should not enjoy further housing subsidies through household splitting.

Demerits

- Non-elderly 1-P applicants living in PRH/subsidised housing can still apply for PRH after deleting their names from tenancy records.
- Cannot reduce demand from non-elderly 1-P applicants living in private housing.



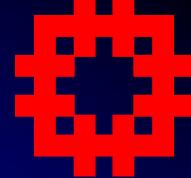
2) Setting age restriction for non-elderly 1-P applicants (for instance, only allow those 1-P applicants aged 35 or above to apply)

Supporting Arguments

- This proposal can reduce young 1-P applicants' demand for PRH.
- Housing policy should not encourage young people to live away from their families.
- Most of the young people are at an early stage of their career development. They can improve their living conditions through future income growth, and should not count on Government subsidies at such early stage.

Demerits

- It is difficult to set the age restriction with objective criteria.



3) Setting an annual quota (say 1 000 to 2 000 PRH units) for non-elderly 1-P applicants

Supporting Arguments

- A quota system can control the demand of non-elderly 1-P applicants, and enable the HA to re-house 1-P applicants to PRH on a limited scale according to resource availability.
- The quota can be adjusted flexibly according to HA's resources.

Demerits

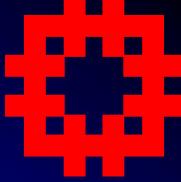
- This proposal does not accord priority to non-elderly 1-P applicants of higher age.
- As the quota system will lengthen the average waiting time of non-elderly 1-P applicants, we may need to significantly reduce the waiting time of households comprising two or more persons if we were to maintain the overall average waiting time at three years.
- We may consider excluding the waiting time of non-elderly 1-P applicants from the calculation of the overall average waiting time for PRH.



4) Setting an annual quota for non-elderly 1-P applicants and establishing a points system to accord priority to applicants of higher age

Supporting Argument

- **This proposal can make up for the shortcomings of Option (3). It can re-house non-elderly 1-P applicants to PRH on a limited basis while according priority to those of higher age.**
- **A points system can also incorporate other relevant factors (such as whether the applicants are already in receipt of housing subsidies) in determining the allocation priority.**



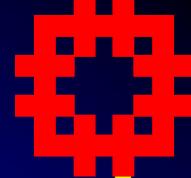
Demerits

- We have to tackle the problem of possible lengthening of the overall average waiting time as in Option (3).
- We may consider excluding 1-P applicants from the calculation of the overall average waiting time for PRH.
- A complicated points system will make implementation more difficult and increase administration cost.

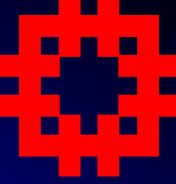
(V) Conclusion



- Most of the young 1-P applicants are living with their families in accommodations of acceptable standards. Is there any pressing need for them to apply for PRH to improve their living conditions?
- Most of the young people are at an early stage of their career development. They can improve their living conditions through future income growth. Should they rely on Government subsidies at such an early stage?
- Should young people be encouraged to live away from their families at an early stage?
- In providing subsidized housing to 1-P applicants, should priority be accorded to non-elderly 1-P applicants of higher age?
- Given the much higher cost per person for accommodating 1-P applicants than households comprising two or more members and HA's stringent financial situation, should the HA be more prudent in utilizing its limited resources? ²¹



- **At the Brainstorming Session for the HA and Subsidised Housing Committee Members held in late May, most of the Members supported Option (4).**
- **HD is conducting detailed study on Option (4) and details of the proposed points system.**
- **HD will continue to consult the Equal Opportunities Commission to ensure that the measure to be adopted does not contravene the relevant discrimination ordinances in Hong Kong.**



Thank you