

Legislative Council Panel on Housing

Assistance to Low-Income People in Meeting Their Housing Needs

Purpose

This paper outlines the Government's measures to provide assistance to low-income people in meeting their housing needs.

Background

2. The Government's housing policy is to provide public rental housing (PRH) to low-income people who cannot afford private rental accommodation, and to maintain the average waiting time (AWT) of general PRH applicants¹ at around three years. Over the past five years, the Housing Authority (HA) allocated over 110 000 PRH flats to applicants on the Waiting List (WL). At present, the AWT of general WL applicants is about 1.9 years. The HA seeks to ensure a sufficient supply of suitable public housing sites and a steady supply of PRH flats through a five-year Public Housing Construction Programme. Moreover, the HA has put in place a number of measures to provide timely assistance to PRH applicants according to the urgency of their needs.

Allocation of Public Housing Resources

3. PRH is scarce public resources and the HA has to ensure its rational allocation through a host of measures so that low-income people could receive appropriate assistance according to their individual needs. Five of the key measures and their effectiveness are set out in the following paragraphs:

- (a) the Residence Rule (RR);
- (b) the restriction on the choice of district;
- (c) the "Quota and Points System" (QPS) for non-elderly one-person applicants;
- (d) the Express Flat Allocation Scheme (EFAS); and
- (e) Compassionate rehousing.

¹ Excluding non-elderly one-person applicants.

Residence Rule

4. At present, WL applicants will be allocated PRH flats if half of their family members have lived in Hong Kong for at least seven years. Over the years, the HA had reviewed and relaxed the RR on a number of occasions :

- (i) Since 1999, families on the WL have become eligible for PRH flats if at least half (previously it was more than half) of their family members (including the applicants) meet the seven-year RR at the time of flat allocation. It has made it easier for families with an even number of members (such as two-person or four-person families) to meet the requirement. Moreover, family members under the age of 18 have been considered as having fulfilled the RR as long as one of their parents has lived in Hong Kong for at least seven years. As a result, more families with children born in the Mainland have become eligible for PRH;
- (ii) Since 2001, to help single-parent families headed by a new immigrant, such families have been allowed to apply for PRH if at least half of their family members have lived in Hong Kong for at least seven years, even if the applicant has not;
- (iii) Since 2005, to help new arrival families affected by loss of parent or separation of parents, children under the age of 18 with Hong Kong birth status and confirmed as permanent residents have been deemed to have fulfilled the seven-year RR, regardless of their length of residence in Hong Kong and their father's or mother's residence status.

5. With the above measures, there has been a significant reduction in the number of applications failing to meet the RR and hence withheld from processing. As at January 2008, of the 110 000-plus applications on the WL, only about 9 800 PRH applications from families of two persons or above were frozen due to non-compliance with the RR. Nevertheless, the frozen period will still be counted towards the waiting time of these applications.

Restriction on Choice of District

6. The consistently strong demand from applicants for PRH flats in the urban area and the need to allocate these flats under other categories of priority rehousing (e.g. local rehousing due to estate redevelopment and squatter clearance, Compassionate Rehousing, Special Transfer and the Enhanced Transfer Scheme for Harmonious Families aiming to foster harmonious families, etc.) are putting a strain on the limited PRH resources in the urban area.

7. In view of the overly long waiting time for urban PRH flats and for better utilization of PRH resources in other districts, newly-registered WL applicants (except elderly and those under the “Families with Elderly Priority Scheme”) cannot opt for flats in the urban area since 1990 so as to balance the supply and demand of PRH flats in different districts and to allocate the PRH resources in the urban area effectively. Nevertheless, in preparing the Public Rental Housing Allocation Plan every year, the HA will still consider, having regard to the resources available, whether the restriction on applications for urban flats can be suitably relaxed. Starting from May 2006, WL applicants registered on or before 30 September 2004 may switch their choice of district to the urban area (the cut-off date was formerly set at 30 June 2002). This arrangement allows adjustment of the supply and demand of urban flats in an orderly manner. In the past three years, more than 18 000 applicants on the WL were allocated PRH flats in the urban area.

8. In the next few years, with the majority of forecast PRH production situated in the urban area, there will be more urban area flats available for allocation than in the past, providing more room for the HA to consider further relaxation of the restriction on WL applicants’ choice of flats in the urban area.

Quota and Points System for Non-Elderly One-Person Applicants

9. Since 2005, there has been an upsurge in the number of non-elderly one-person applicants, with many of them being very young and/or living in PRH flats with their families. The HA introduced the QPS so as to rationalise and re-prioritise the allocation of PRH to non-elderly one-person applicants so that those with greater housing needs are accorded priority in allocation of PRH flats.

10. Under the system, a certain number of PRH flats² will be reserved for non-elderly one-person applicants every year. In 2006/07 and 2007/08 (as at December 2007), a total of 2 624 non-elderly one-person applicants were allocated flats under the system (statistics by age group are at Table 1).

² Under the QPS, the annual allocation quota for the WL non-elderly one-person applicants is set at 8% of the number of flats to be allocated to WL applicants subject to a ceiling of 2 000. The quota is determined on the basis of past allocation records which show that, over the 10-year period from 1995/96 to 2004/05, the average percentage of flats allocated to non-elderly one-person applicants on the WL is about 8% of the total number of flats allocated to WL applicants. In 2006/07 and 2007/08, 1 600 PRH flats have been reserved annually for applicants under this system.

Table 1: Flats Allocated to non-elderly one-person applicants under the QPS

Age Group	2006/07 (%)	2007/08 (as at December 2007) (%)	Total (%)
40 or below	1 (0.1%)	12 (1%)	13 (0.5%)
41 - 50	208 (16%)	375 (29%)	583 (22%)
Over 50	1 114 (84%)	914 (70%)	2 028 (77%)
Total	1 323 (100%)	1 301 (100%)	2 624 (100%)

11. In July 2007, the HA reviewed the operation of the QPS, and considered that the scheme had a positive impact on rationalising the allocation of PRH units to applicants with pressing housing needs.

12. Since the implementation of the QPS, the number of newly registered non-elderly one-person applicants (those aged 40 or below in particular) has gradually decreased (from 2 733 in the fourth quarter of 2005 to 1 017 in the fourth quarter of 2007). However, the demand of non-elderly one-person applicants for PRH remains strong. As at December 2007, among the over 110 000 WL applicants, 38 600 are non-elderly one-person applicants under the QPS, accounting for 35% of the total, among which 40% are aged 30 or below (Table 2). As such, the QPS is essential for ensuring the rational allocation of precious housing resources to people with genuine need.

Table 2: Number of WL non-elderly one-person applicants under the QPS (as at December 2007)

Age Group	Total
30 or below	15 269 (40%)
31 - 40	9 865 (25%)
41 - 50	9 184 (24%)
Over 50	4 240 (11%)
Total	38 558 (100%)

Express Flat Allocation Scheme

13. Eligible PRH applicants may seek earlier allocation of PRH flats under the EFAS. As applicants under this scheme are not subject to the restriction on the choice of district or the quota under the QPS as mentioned above, those applicants who wish to live in PRH flats in the urban area or those non-elderly one-person applicants with pressing housing needs may consider joining the scheme. Over the past three years, about 8 500 applicants were allocated PRH flats under the scheme. Between April 2006 and December 2007, a total of 1 409 non-elderly one-person applicants under the QPS were allocated PRH flats under the EFAS. Table 3 shows the number of flats allocated to non-elderly one-person applicants under the QPS in 2006/07 and 2007/08 (as at December 2007).

Table 3: Allocation of Flats under the EFAS to Non-elderly One-person Applicants under the QPS

Age Group	2006/07 (%)	2007/08 (as at December 2007) (%)*	Total (%)
30 or below	390 (34%)	76 (30%)	466 (33%)
31 - 40	255 (22%)	26 (10%)	281 (20%)
41 - 50	320 (28%)	79 (30%)	399 (28%)
Over 50	188 (16%)	75 (30%)	263 (19%)
Total	1 153 (100%)	256 (100%)	1 409 (100%)

* Flats are still being allocated under the EFAS as at December 2007.

Compassionate Rehousing

14. Individuals or families with genuine and pressing housing needs and cannot resolve the matter on their own due to individual problems may apply to the Social Welfare Department (SWD) for early allocation of PRH flats under Compassionate Rehousing. The SWD may, having regard to the circumstances of individual applicants, recommend waiving some or all of the eligibility criteria for PRH application. In the past three years, more than 5 000 families were allocated PRH flats under Compassionate Rehousing.

Private Property and Rental Market

15. As regards the private property and rental market, the Government's policy is to maintain a fair and stable environment and to minimise unnecessary intervention with a view to facilitating its free operation and healthy development.

16. Rent control and security of tenure were completely removed in 1998 and 2004 respectively after the relevant amendment bills were passed by the Legislative Council. The former rent control and security of tenure were introduced in the 1970s and 1980s respectively through the Landlord and Tenant (Consolidation) Ordinance against a background of serious shortage of domestic flats in Hong Kong. With the changed circumstances, however, such serious shortage no longer exists. The removal of rent control is in line with the Government's housing policy and has enabled the private residential rental market to resume free operation. Tenants and landlords may enjoy greater freedom in negotiating terms of their tenancy agreements having regard to actual market situation. This provides more incentives for the landlords to lease and renovate their properties, resulting in more choices for tenants.

17. As mentioned above, low-income people who cannot afford private housing rents may apply for PRH through the WL. Those with genuine and pressing housing needs may apply to the SWD for allocation of PRH flats under Compassionate Rehousing. Any members of the public with pressing housing needs due to financial hardship or various other reasons may approach the SWD/Integrated Family Service Centres of non-governmental organizations for assistance. Social Workers would consider the resources available to the persons concerned and provide appropriate assistance in the light of the special circumstances of individual cases. The assistance includes short-term financial assistance to meet rental and removal expenses, referrals for applications for Comprehensive Social Security Assistance, arrangement for admission to urban hostels for single persons, and recommendation for Compassionate Rehousing.

Conclusion

18. We are very concerned about the housing needs of the low-income people. We will make every effort to ensure an adequate supply of PRH flats and liaise closely with the relevant departments (the SWD in particular) so that appropriate assistance will be offered to these people. We will also continue to improve the arrangements for allocating PRH so that applicants could receive appropriate assistance in line with the degree of urgency of their needs.