

Legislative Council Panel on Housing

Analysis of Housing Situation of Waiting List Applicants as at end-June 2013

PURPOSE

This paper sets out an analysis of the housing situation of applicants on the Waiting List (WL) for public rental housing (PRH) as at end-June 2013.

BACKGROUND

2. It is the Government's policy objective to provide PRH to low-income families who cannot afford private rental accommodation. Towards this end, the Hong Kong Housing Authority (HA) maintains a WL of PRH applicants. The HA's target is to maintain the Average Waiting Time (AWT) at around three years for general applicants (i.e. family and elderly applicants). The AWT target of around three years is not applicable to non-elderly one-person applicants under the Quota and Points System (QPS)¹.

3. In view of the increasing number of PRH applications and the public's concern over the waiting time of WL applicants (in particular in respect of applicants with a waiting time of more than three years), the HA has analysed the housing situation of WL applicants as at end-June 2013 based on the latest available data. It should be noted that only general applicants are covered in the analysis. The allocation of PRH units to non-elderly one-person applicants under the QPS, as well as other rehousing categories (e.g. transfer of existing tenants, compassionate rehousing and clearance for redevelopment) are not covered in the analysis as the AWT target of around three years is not applicable to them. The analysis is set out in ensuing paragraphs.

¹ The QPS was introduced in September 2005 to rationalise and re-prioritise the allocation of PRH to non-elderly one-person applicants. Under the QPS, the relative priorities for PRH allocation to applicants are determined by their points received, and the AWT target of around three years is not applicable to them.

OVERALL SITUATION

4. As at end-June 2013, there were about 118 700 general applications on the WL for PRH, and about 115 600 non-elderly one-person applications under the QPS. The AWT target of around three years is only applicable to the 118 700 general applicants. As shown in the table below, there has been an increasing trend in the number of PRH applications over the past three years –

	As at end-June 2011	As at end-June 2012	As at end-June 2013
Number of general applications (% increase over previous year)	89 000	106 100 (+19%)	118 700 (+12%)
Number of non-elderly one-person applications under the QPS (% increase over previous year)	66 600	93 500 (+40%)	115 600 (+24%)

AVERAGE WAITING TIME

Methodology in deriving the AWT

5. The HA has in place a consistent and fair mechanism to derive the AWT. Under the established methodology, waiting time refers to the time taken between registration on the WL and first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc). **The AWT for general applicants refers to the average of the waiting time of general applicants housed to PRH in the past 12 months.** This established methodology forms the basis for formulating and maintaining the target of keeping the AWT for general applicants at around three years.

6. It should be noted that some applicants on the WL might have their cases cancelled for different reasons (e.g. failure to meet income eligibility requirements at the detailed vetting stage, failure to attend interviews, etc). To provide flexibility to these applicants whose circumstances might change thereafter, the HA's existing policy is that they may apply for reinstatement of their applications if they fulfill the eligibility criteria again within a specific timeframe². Strictly speaking, the applicant is ineligible during the period from cancellation to reinstatement of application, and hence the period concerned should be excluded in calculating the waiting time. However, due to limitations in the computer system, the HA has not been able to exclude such periods from the calculation of AWT. Going through each individual file to exclude such periods is not practicable given the large number of applications involved.

The AWT

7. As at end-June 2013, the AWT for general applicants was 2.7 years. For elderly one-person applicants, the AWT was 1.5 years. While the HA is still able to maintain the AWT within target, it is increasingly challenging for the HA to attain the target given the increasing number of WL applicants. This is demonstrated by the increasing trend in the AWT over the past three years, as shown in the table below –

	As at end-June 2011	As at end-June 2012	As at end-June 2013
AWT for general applicants	2.2 years	2.7 years	2.7 years
AWT for elderly one-person applicants	1.1 years	1.4 years	1.5 years

² For example, for an application which is cancelled because the applicant's income or asset has exceeded the prescribed limit, if the applicant subsequently becomes eligible again, the applicant can request for reinstatement of the original application not earlier than six months and not later than two years after the first cancellation date of the application.

8. It should be noted that the AWT only shows the average of the waiting time of general applicants housed to PRH in the past 12 months. The HA cannot predict the waiting time of applicants in future, which are affected by a variety of factors such as the number of PRH applicants, the number of units recovered from the PRH tenants which can be used for allocation to WL applicants, the district choices of the WL applicants, etc. However, the increasing number of WL applicants is putting immense pressure on the AWT, especially as the number of new PRH flats to be produced in the next few years is more or less fixed.

WAITING TIME OF APPLICANTS

9. As the AWT is an **average** figure of waiting time for all housed general applicants in the past 12 months, this means that there will inevitably be applicants whose waiting times exceed three years. To examine the distribution of waiting time in detail, the HA has conducted an analysis on two different groups of applicants, namely -

- (a) the 14 300 general applicants housed between July 2012 and June 2013; and
- (b) the 118 700 general applicants still on the WL as at end-June 2013.

The analysis for paragraph 9(a) above provides information complementary to AWT as at end-June 2013, since the analysis has been carried out on the same pool of households (i.e. housed general applicants between July 2012 and June 2013). On paragraph 9(b), the focus of the HA's analysis is on general applicants still on the WL as at end-June 2013 who have yet to receive the first offer three years after registration.

10. It has to be stressed that the established methodology for calculating AWT is an objective and fair basis on which to assess the waiting time of general applicants. The analysis in this paper is only intended to provide additional information as a supplement to the AWT for Members' reference. The information has been compiled by conducting special studies (including manually going through some individual file records) to examine the details of distribution of waiting time as well as to identify some of the major reasons behind those cases with longer waiting time.

General Observations

11. The key result of the HA's analysis is that for general applicants housed during the period under study, 56% of them received their first offer within three years. This is in line with the AWT of 2.7 years for housed general applicants as at end-June 2013. As for general applicants still on the WL as at end-June 2013, 16% have waiting time of three years or above and have not yet received any offer. However, about half (45%) of these applicants have already reached the detailed investigation stage and would be given an offer soon if they are eligible. Details are set out below.

Details

(a) Applicants housed

12. Between July 2012 and June 2013, 14 300 general applicants accepted flat offers and were housed. The distribution of their waiting time by district choice is shown in the table below. Although some of them might have accepted their second or third offer instead of the first offer, in accordance with the established methodology, the waiting time is counted up to the first offer only as the opportunity for housing is provided at that point.

**Distribution of waiting time of general applicants
housed between July 2012 and June 2013**

District choice	Waiting Time	Household size					Total
		1-P	2-P	3-P	4-P	5-P+	
Urban	Less than 1 year	250	220	90	70	30	660
	1 - <2 years	1 600	880	130	120	40	2 700
	2 - <3 years	190	770	100	170	50	1 300
	3 - <4 years	50	1 200	310	140	40	1 700
	4 - <5 years	20	150	620	220	60	1 100
	5 years or above	50	20	100	270	70	510
	Subtotal		2 100	3 200	1 400	980	280
Extended Urban	Less than 1 year	110	80	60	20	10	290
	1 - <2 years	490	230	50	40	30	840
	2 - <3 years	120	270	50	30	40	500
	3 - <4 years	10	970	170	60	50	1 300
	4 - <5 years	<5	140	480	130	60	820
	5 years or above	10	10	140	150	50	360
	Subtotal		750	1 700	960	430	230
New Territories	Less than 1 year	130	150	120	90	40	520
	1 - <2 years	260	100	170	50	30	590
	2 - <3 years	120	250	60	40	20	470
	3 - <4 years	30	250	90	70	20	450
	4 - <5 years	10	10	60	30	10	130
	5 years or above	20	<5	10	10	<5	40
	Subtotal		550	750	490	270	110
Islands	Less than 1 year	0	0	<5	<5	0	<5
	1 - <2 years	10	<5	0	10	0	20
	2 - <3 years	0	20	<5	<5	<5	30
	3 - <4 years	0	<5	<5	<5	0	10
	4 - <5 years	0	0	0	<5	0	<5
	5 years or above	0	0	0	0	0	0
	Subtotal		10	20	10	20	<5
Overall	Less than 1 year	480	460	280	180	70	1 500
	1 - <2 years	2 300	1 200	350	210	100	4 200
	2 - <3 years	430	1 300	210	240	110	2 300
	3 - <4 years	90	2 400	580	270	110	3 400
	4 - <5 years	30	310	1 200	380	120	2 000
	5 years or above	80	30	250	430	120	900
	Total		3 400	5 700	2 800	1 700	620

Note: Figures may not add up to total due to rounding. Values of one thousand or above are rounded to the nearest hundred and values below one thousand are rounded to the nearest ten.

13. The HA has the following observations on the distribution of these housed applicants –

- (a) among the 14 300 housed general applicants, 40% received their first offer within two years and 56% received the first offer within three years. This is consistent with the AWT of 2.7 years for housed general applicants as at end-June 2013. It is also noted that 44% of these housed general applicants (i.e. about 6 300 applicants) received their first offer at or after three years;
- (b) as regards the district choice of these 6 300 housed general applicants who received their first offer at or after three years, about 52% opted for flats in the Urban District, whereas 39% opted for flats in the Extended Urban District. In general, this reflects the popularity of the Urban and the Extended Urban Districts. Hence, applicants opting for flats in these two districts were more likely to have a longer waiting time as compared to those who opted for other districts;
- (c) on the distribution of waiting time of these 6 300 housed general applicants who received their first offer at or after three years, about 54% received the first offer at around three to four years, and about 32% received the first offer at around four to five years. In respect of the household size, about 68% of these 6 300 households were two-person and three-person households opting for flats in the Urban and the Extended Urban Districts; and
- (d) regarding the 900 housed general applicants with waiting time of five years or above, the HA has conducted a special exercise to go through the relevant records manually to find out the major reasons for the long waiting time. The HA's findings show that many of these cases involve special circumstances³ of various kinds, including change of district choice (55%);

³ Some cases involve two or more special circumstances and therefore the percentage breakdown does not add up to the total.

change of household particulars⁴ (43%); refusal to accept housing offer(s) with reasons (40%); applications cancelled due to failure to meet income eligibility requirements in the detailed vetting stage, failure to attend interview and inadequate documentary proof (20%); location preference on social/medical grounds (11%); and QPS cases housed through the Express Flat Allocation Scheme (EFAS)⁵ (8%).

(b) Applicants on the WL

14. Apart from general applicants already housed, the HA has conducted another analysis in respect of the general applicants still on the WL as at end-June 2013 to examine the distribution of their waiting time and to check if the patterns of waiting time are similar to those evident from general applicants that are already housed. However, it should be noted that the waiting time for applicants on the WL is not a particularly useful reference as it only shows the specific situation at a given point in time. The waiting time of successful applicants would eventually be reflected in the AWT when they are housed.

15. Among the 118 700 general applicants on the WL as at end-June 2013, there were about 16% (i.e. about 19 200 applicants) with a waiting time of three years or above and without any flat offer as at end-June 2013. As these applicants have yet to receive any flat offer, the waiting time is counted from the date of registration to end-June 2013, excluding frozen period. The distribution of waiting time of these 19 200 applicants is shown in the table below.

⁴ The HA's experience shows that many applicants requesting for change of household particulars fail to provide supporting documents over extended period of time, thus affecting the processing of their applications and lengthening their waiting time.

⁵ In theory, the waiting time of non-elderly one-person applicants under the QPS should not be counted in the waiting time of the general applicants. Nonetheless, if these applicants are housed through EFAS, the HA has not been able to exclude these cases in the calculation of waiting time of general applicants due to limitations in its computer system. Therefore, the actual waiting time of general applicants should have been shorter.

**Distribution of waiting time of general applicants on the WL
as at end-June 2013 with waiting time
at or above three years and without any flat offer**

District choice	Waiting Time	Household size					Total
		1-P	2-P	3-P	4-P	5-P+	
Urban	3 -<4 years	20	880	3 200	2 000	540	6 600
	4 -<5 years	10	110	1 700	2 300	690	4 800
	5 years or above	<5	<5	70	1 300	410	1 800
	Subtotal	40	1 000	4 900	5 600	1 600	13 200
Extended Urban	3 -<4 years	<5	170	830	900	210	2 100
	4 -<5 years	<5	40	170	860	210	1 300
	5 years or above	<5	10	30	210	100	340
	Subtotal	10	220	1 000	2 000	510	3 700
New Territories	3 -<4 years	10	370	890	600	170	2 000
	4 -<5 years	<5	20	60	100	30	200
	5 years or above	0	<5	10	10	<5	20
	Subtotal	10	390	960	700	200	2 300
Islands	3 -<4 years	0	0	<5	<5	0	<5
	4 -<5 years	0	0	0	<5	0	<5
	5 years or above	0	0	0	0	<5	<5
	Subtotal	0	0	<5	<5	<5	10
Overall	3 -<4 years	30	1 400	4 900	3 500	920	10 800
	4 -<5 years	20	170	1 900	3 300	920	6 300
	5 years or above	<5	10	110	1 500	510	2 100
	Total	50	1 600	6 900	8 300	2 300	19 200

Note: Figures may not add up to total due to rounding. Values of one thousand or above are rounded to the nearest hundred and values below one thousand are rounded to the nearest ten.

16. The HA's analysis of these general applicants on the WL who had waited for three years or above and without any flat offer as at end-June 2013 is as follows –

- (a) details of these 19 200 cases on the WL have been further examined. Results show that about half of them (i.e. about 8 700 cases) have already reached the investigation stage as at

end-June 2013. For applicants reaching investigation stage, detailed vetting would be arranged soon with allocation of units to follow for those found eligible. As regards the remaining 10 500 cases which have not reached the investigation stage, they mainly opt for flats in the Urban and the Extended Urban Districts. As analyzed above, waiting time for these two districts is generally longer than that in other districts;

- (b) the majority (69%) of these 19 200 general applicants have chosen the Urban District, while about 19% of the applicants have chosen the Extended Urban District. With the steady supply of new flats in the Urban and the Extended Urban Districts in the next few years⁶, more flats should be available to meet the demand from these applicants;
- (c) on the distribution of the waiting time, among these 19 200 general applicants, 56% had waiting time of around three to four years, and 33% had waiting time of around four to five years. In terms of household size, about 70% of these 19 200 applicants are three and four person households opting for flats in the Urban and the Extended Urban Districts; and
- (d) the HA has carried out a special exercise to study those 2 100 cases on the WL with a waiting time of five years or above and without any flat offer as at end-June 2013. Results show that many of these cases involve special circumstances of various kinds, including change of household particulars (33%); refusal to accept housing offer(s) with reasons (13%), as well as other circumstances such as cancellation periods, location preference on social/medical grounds and applications for Green Form Certificate (GFC) for purchasing Home Ownership Scheme (HOS) units⁷ (8%).

⁶ According to the Public Housing Construction Programme as at June 2013, there will be 23 300 and 15 500 newly completed flats available for allocation in the Urban and the Extended Urban Districts respectively in 2013/14 to 2015/16.

⁷ PRH applicants whose eligibility have been established after final vetting can apply for GFC to buy HOS flats when they are on sale or HOS flats with premium not yet paid on the HOS secondary market. When the PRH applicants are holding a valid GFC, they will not be allocated PRH units. Nonetheless, their waiting time for PRH would still be counted while they are holding a valid GFC.

Frozen time

17. As a number of applicants have experienced frozen time while they are awaiting allocation of PRH flats, the HA has also conducted an analysis on the frozen applications. An application can be frozen for various reasons, for example, when the applicant has yet to fulfill the seven-year residence requirement⁸ for flat allocation; the applicant has requested to put on hold his application pending provision of divorce documents; the applicant is in jail, or the applicant who is currently a member of a PRH household was evicted from PRH units due to previous misdeeds under the Marking Scheme or rent in arrears.

18. In fact, at any one point in time, there are applications which are frozen. For example, as at end-June 2013, among the 118 700 general applications on the WL, some 5 830 (5%) applications were frozen. Reasons are set out in the following table –

Reason	Frozen cases as at end-June 2013
Residence Requirement	5 590
Request by applicant (e.g. pending provision of divorce document)	130
Institutional Care (e.g. imprisonment)	60
In relation to misdeed in previous PRH tenancy (e.g. rent in arrears and marking scheme)	60
Total	5 830

Note: Figures do not add up to total due to rounding. Values are rounded to the nearest ten.

19. For these cases, applicants are allowed to remain on the WL even though their applications are frozen. This would allow them to be registered earlier and hence have higher priority in the queue, although they

⁸ To facilitate the integration of new arrivals into society of Hong Kong, the HA has reviewed and relaxed the seven-year residence rule on several occasions in the past. At present, eligible WL applicants would have already fulfilled the seven-year residence rule when half of the family members have lived in Hong Kong for seven years at the time of PRH allocation. No matter whether the main applicant can satisfy the residence rule, if at least half of the members of the applicant family satisfy the seven-year residence rule at the time of allocation, a PRH flat can be allocated to them when their turn is due. All members under the age of 18 are deemed to have satisfied the seven-year residence rule if either they have established the birth status as permanent residents in Hong Kong or, regardless of their place of birth, one of their parents has lived in Hong Kong for seven years. The current arrangement can facilitate the integration of new arrivals into society of Hong Kong.

have not yet fulfilled all criteria for flat allocation. The applicants are likely to perceive the frozen time as part of their waiting time, while in reality they are not qualified for allocation of PRH units or they have requested to withhold processing their application during that period.

Overall observations on the waiting time of applicants

20. The HA's analysis shows that for applicants already housed, most of those with longer waiting times are two or three persons households opting for the Urban or the Extended Urban Districts. Similarly, for applicants still on the WL, most of those with longer waiting times are three or four persons households opting for the Urban or the Extended Urban Districts. Those with particularly long waiting times often involve special circumstances such as cancellation periods (during which they are ineligible for housing), change of household particulars, etc.

21. It is noteworthy that for the 14 300 general applicants housed during the period under study, 44% of them (i.e. about 6 300 applicants) received their first offer at or after three years. There were also about 19 200 general applicants still on the WL with a waiting time of three years or above and without any flat offer as at end-June 2013. These analysis results show the difficulties for the HA to maintain the AWT target of around three years for general applicants.

SUPPLY OF FLATS

22. The HA will strive to address the demand for PRH flats through new production and recovery of PRH flats. Based on the HA's experience, there is a net gain of an average of about 7 000 flats⁹ recovered from surrender of flats by sitting tenants as well as enforcement actions against abuse of PRH resources, which could be made available for allocation to WL applicants every year.

⁹ Excluding those flats recovered from PRH transferees. As PRH flats have to be offered to transferees, there will not be net gain of flats.

New production

23. According to the Public Housing Construction Programme as at June 2013, the forecast public housing production from 2013/14 to 2017/18 is summarized in the table below -

District	Expected number of units and year of completion				
	2013/14	2014/15	2015/16	2016/17	2017/18
Urban	9 700 (69%)	3 900 (31%)	9 800 (48%)	10 500 (56%)	9 100 (57%)
Extended Urban	4 400 (31%)	3 000 (24%)	8 100 (40%)	3 600 (19%)	6 900 (43%)
New Territories	-	5 800 (45%)	2 600 (13%)	4 700 (25%)	-
Total	14 100 (100%)	12 700 (100%)	20 500 (100%)	18 800 (100%)	16 000 (100%)

Note: Figures may not add up to total due to rounding.

24. As shown from the above table, there will be a steady supply of newly completed flats in the Urban and the Extended Urban Districts. Among the new production from 2013/14 to 2016/17, about 19% would be one/two-person units, 25% would be two/three-person units, 39% would be one-bedroom units (for three to four persons) and 16% would be two-bedroom units (for four persons or above). The new supply should help meet the demand for PRH in the Urban and the Extended Urban Districts and for two to four persons households.

Under-occupation of PRH flats

25. As at end-June 2013, using the existing allocation standards¹⁰, there were 55 500 under-occupation (UO) cases in PRH. The HA encourages under-occupation households to transfer to smaller units by offering flats in the same estate or in the same District Council (DC) district,

¹⁰ The current standards are 1-person>25m², 2-person>35m², 3-person>44m², 4-person>56m², 5-person>62m² and 6-person>71m².

Domestic Removal Allowance and an opportunity for transfer to new estates. Among the 55 500 UO households, about 1 760 were the prioritised UO (PUO) cases with living density exceeding 34 m² per person and without elderly or disabled family members.

26. The HA has recently reviewed the UO policy and endorsed a series of revised measures which took effect from 1 October 2013. PUO thresholds are redefined as households with living space exceeding the prescribed Internal Floor Area according to family size and without elderly and disabled members. The revised PUO standards are shown in the table below –

1-person	>30m ²
2-person	>42m ²
3-person	>53m ²
4-person	>67m ²
5-person	>74m ²
6-person	>85m ²

As an enhancement measure, those UO households with disabled members or elderly members aged 70 or above are excluded from the UO list. PUO households will be given a maximum of three offers to transfer to smaller units¹¹. They will be offered incentives including housing offers in the same estate or in the same DC district, Domestic Removal Allowance upon transfer to smaller flats and opportunity for transfer to new estates, which are also provided to other UO cases. For those who refuse all the three offers unreasonably, a Notice-to-quit will be served. Besides, non-PUO households¹² will continue to be encouraged to opt for voluntary transfer to suit their needs.

¹¹ Newly identified PUOs will be given a maximum of three housing offers. As regards the existing PUO households, to minimize the impact on them, they would continue to be provided with a maximum of four housing offers.

¹² Non-PUO households refer to all households with living space exceeding the prescribed UO standards other than those PUO households (including those with disabled members or elderly members aged 70 or above and excluded from the UO list).

27. From October 2010 up to end-June 2013, 2 770 UO households have been relocated to smaller units, and another 4 290 UO households moved out of PRH and surrendered their units. According to the HA's experience, units recovered were mostly one-bedroom units suitable for re-allocation to three to four-person households. This should help increase the supply of PRH flats, especially for households of three to four persons.

Tackling abuse of PRH

28. The Housing Department (HD) carries out rigorous investigations into occupancy-related cases randomly selected from PRH tenancies and suspected abuse cases referred by frontline management and the public. In 2012/13, HD proactively investigated some 8 700 cases, and some 490 PRH flats were recovered on grounds of tenancy abuse. In addition, to detect suspected non-occupation cases, HD completed an 18-month "Taking Water Meter Readings Operation" in all PRH flats in July 2012. HD has conducted checking or rigorous investigation into some 9 400 zero or low water consumption cases under this exercise. As at end-June 2013, some 1 200 PRH flats have been recovered due to this initiative. In view of its effectiveness, a second phase operation will be launched shortly.

WAY FORWARD

29. The HA will continue to keep in view the number of applications on the WL and maintain the objective to provide PRH to low-income families who cannot afford private rental accommodation, with a target of maintaining the AWT at around three years for general applicants on the WL.

30. Despite our efforts, the increasing number of WL applicants would eventually put pressure on the AWT, especially when the supply of new PRH flats in the coming few years is almost fixed. In this connection, the HA will step up its efforts against abuse of PRH resources to recover flats for re-allocation to those in greater need. The Government will also work with the HA to identify more land for building PRH flats. To meet the WL demand, the community as a whole would also need to work together and

make hard choices so as to maximize the use of sites to increase the PRH production.

ADVICE SOUGHT

31. Members are invited to note this paper for information.

**Transport and Housing Bureau
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