

Housing assistance for young people

Figure 1 – Age profile of Quota and Points System ("QPS") applicants

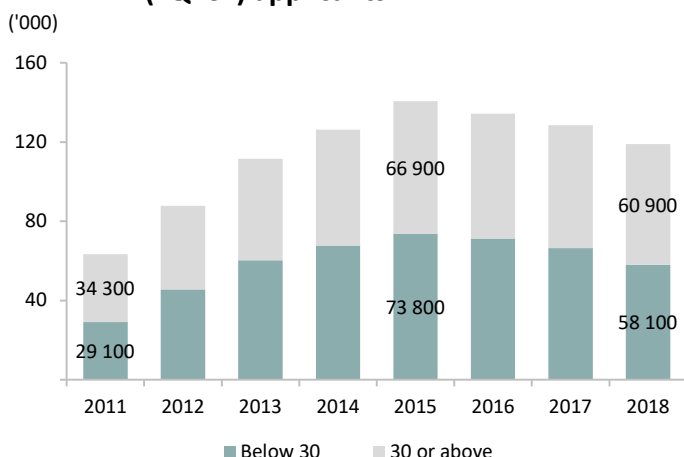


Figure 2 – Education attainment of QPS applicants aged below 30

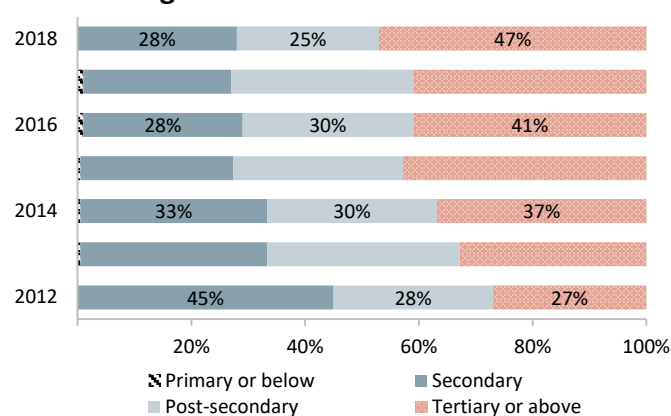


Figure 3 – Youth Hostel Scheme

Non-governmental Organizations	Location	Completion date	No. of places
Po Leung Kuk	Yuen Long	Q3, 2021	1 680
The Hong Kong Girl Guides Association	Jordan	Not specified	534
The Salvation Army	Wan Chai	Not specified	510
Tung Wah Group of Hospitals	Sheung Wan	Not specified	302
Hong Kong Sheng Kung Hui Welfare Council Ltd.	Yuen Long	Not specified	170
Hong Kong Association of Youth Development	Mong Kok	Not specified	90
The Hong Kong Federation of Youth Groups ("HKFYG")	Tai Po	2019	80
Total			3 366

Highlights

- Housing needs have often been an issue of concern for different age groups in Hong Kong. Amid high private housing prices, public rental housing ("PRH"), serving as a safety net for low-income households, has attracted voluminous registration of young people under the Quota and Points System ("QPS"). QPS is a points system that determines the allocation of PRH to non-elderly single applicants based on one's age. Owing to refinement measures introduced since 2015 to conduct tighter eligibility checks and give priority to older-age applicants, the number of QPS applicants aged below 30 has fallen from the peak level of 73 800 to 58 100 in 2018 (**Figure 1**). Still, eligible applications from this age group have nearly doubled since 2011.
- Of all QPS applicants aged below 30, those who attained tertiary education or above (including undergraduate and postgraduate degrees) reached 47% in 2018, up from 27% in 2012 (**Figure 2**). Increasing proportion of young QPS applicants with high education attainment on one hand indicates greater educational opportunities, on the other highlights the growing difficulties for them to get on the housing ladder. Yet under the current policy, allocation of PRH flats to QPS applicants is subject to an annual quota of 10% capped at 2 200, and priority is given to those above the age of 45.

- To address the growing accommodation needs of young people, the Government has introduced a scheme to fully fund non-governmental organizations ("NGOs") to turn underutilized sites into youth hostels. Operated by NGOs on a self-financing basis, these hostels will be rented to eligible tenants aged 18 to 30, who can stay for up to five years. Seven projects are in the pipeline to provide a total of 3 366 places, with some 1 700 places coming on stream in the next two years (**Figure 3**). Recently, the Chief Executive has announced in the 2019 Policy Address that the prevailing requirement will be relaxed to allow youth hostel tenants to submit or retain their PRH applications. In other words, youth hostel tenants will remain eligible for PRH.

Housing assistance for young people (cont'd)

Figure 4 – Affordability of tenants for HKFYG youth hostel project in Tai Po

	25 th percentile income	50 th percentile (median) income	75 th percentile income
Monthly income ⁽¹⁾	HK\$10,600	HK\$15,000	HK\$21,000
Size of one-person flat	187 sq ft–232 sq ft		
Monthly rent	HK\$4,248–HK\$5,831		
Minimum rent-to-income ratio⁽²⁾	40%	28%	20%

Notes: (1) Refers to income of people aged 18 to 30 in the 25th, 50th and 75th percentile in Q3, 2019.

(2) Denotes the percentage of monthly income spent on rent.

Figure 5 – Home Ownership Scheme ("HOS") applicants and buyers in 2017

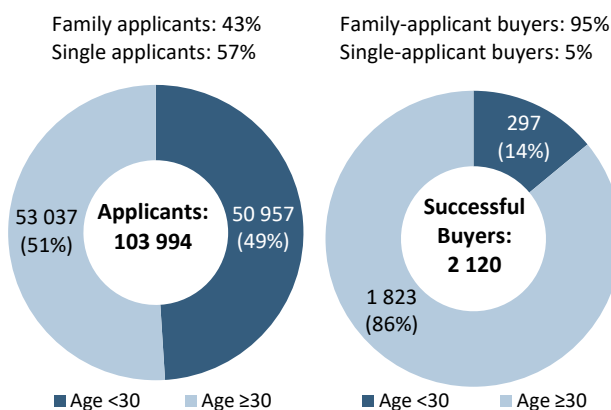
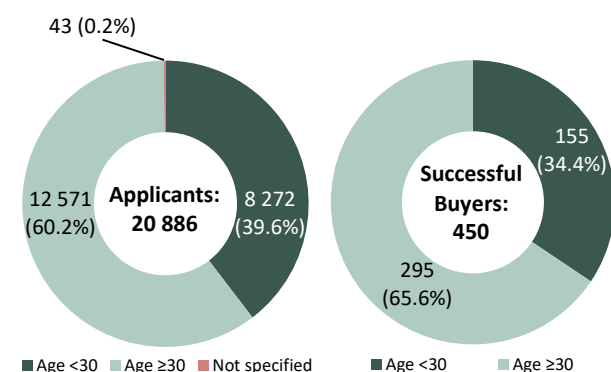


Figure 6 – Starter Homes applicants and buyers in 2019



Highlights

- Participating NGOs in the youth hostel scheme are not allowed to charge rent exceeding 60% of the market rate in nearby areas. Those aged 18 to 30 with income not exceeding 75th percentile of monthly income are eligible to apply. Recently, HKFYG has launched the first project in Tai Po, with rents starting at HK\$4,248 for a one-person flat. For an applicant earning a median monthly income of HK\$15,000, one would spend at least 28% of his/her monthly income on rent (**Figure 4**), compared against PRH tenants' rent-to-income ratio of about 9%. There are concerns that capping the rent at 60% of market rent might still be unaffordable to the working youth, especially for those renting hostels located in Hong Kong Island and Kowloon, where rents are generally higher.
- Young people with higher affordability may get on the housing ladder through buying subsidized sale flats provided by the Housing Authority. Under the Home Ownership Scheme ("HOS"), new flats are usually sold at a discount of 30% to 40% off the market prices. However, competition for HOS flats remains high. According to the latest available data, people under the age of 30 accounted for 49% of HOS applications (**Figure 5**), with the majority of them being single applicants in 2017. However, single applicants are only allocated a limited number of flats (about 5% in 2017) and have the lowest priority in flat selection (i.e. only after family applicants and those with elderly members). As a result, among the 50 957 applicants below age 30, merely 297 became successful buyers.
- In January 2019, the Government launched the Starter Homes pilot project with Urban Renewal Authority for higher-income earners, who are ineligible for HOS but cannot afford private housing. A total of 450 flats were sold at a 38% discount from the market price. Despite a higher percentage of young people among successful buyers (34.4%), the supply of flats fell short of demand (**Figure 6**). Recently, the Government has also relaxed mortgage requirements by raising the loan-to-value ratio ("LTV") to 90% for first-time home buyers purchasing properties up to HK\$8 million. Although the initiative will enable young people to get on the housing ladder easier, it has drawn concerns that higher LTV ratio might leave them with huge long-term repayment burden.

Data sources: Latest figures from Census and Statistics Department, Hong Kong Housing Authority, Transport and Housing Bureau, and Urban Renewal Authority.

Research Office
Information Services Division
Legislative Council Secretariat
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Tel: 3919 3585

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