

Legislative Council Panel on Housing
Measures to tackle Under-occupation in Public Rental Housing Estates

Purpose

This paper gives an account of under-occupation among tenants of public rental housing (PRH) estates and measures taken by the Housing Authority (HA) to tackle the issue.

Background

2. Public housing resources are valuable and heavily subsidised by public funds. The long-standing policy of the HA is to allocate PRH flats to households having regard to their sizes under the established allocation standards. Due to subsequent moving-out, decease, marriage or emigration of some family members, however, the remaining members may enjoy far more average living space than is allowed under the established standards, rendering the family an under-occupied household. Under the existing tenancy agreement, an under-occupied household has to move to a PRH flat of a size which the HA considers appropriate.

Allocation standards and under-occupation standards of PRH flats

3. Under-occupation standards vary with the household sizes. The current standards were established in 1992. The details are as follows :

Internal Floor Area (Square Metres)		Household size	1 person	2 persons	3 persons	4 persons	5 persons	6 persons
Under-occupation Standard (i.e. internal floor area above)			25	35	44	56	62	71
Maximum Allocation Standard	PRH flats built before 1992		19.8	31	34	42	44	50
	New type of PRH flats built after 1992		17.81	23	34.5	46.08	54.25	54.25
	PRH flats in Tin Shui Wai and Tung Chung		17.81	30.34	39.74	49.06	54.25	54.25

As shown in the above table, the under-occupation standards are more generous than the allocation standards. This is to give the HA reasonable flexibility in implementing the allocation policy by not treating households undergoing a small change in the number of family members, say from a 5-or 6-person household to that of four, as under-occupied households.

Number of cases of under-occupation

4. There were a total of 31 700 cases of under-occupation in 2006. Nearly 90% of these cases involved 1- or 2-person households. Among them, about 40% (more than 12 000 households) consisted entirely of elderly residents. An overwhelming majority of them were 1- or 2-person families. The number of under-occupied households has now more than doubled compared with the 15 300 cases in 2000.

Difficulties in handling under-occupation and measures

5. In handling under-occupation cases, the HA encounters the following difficulties:

- (a) The majority of the households are unwilling to move out, while mandatory transfer would be stressful and costly to them, in particular the elderly. The HA has all along adopted a flexible approach taking into account both reasonableness and feelings of the tenants. Every case was dealt with having regard to its own circumstances, in order not to put tenants in unnecessary predicament. For example, single-person households who are awaiting reunion with their family members from the Mainland are allowed to continue to reside in their flats even in the case of under-occupation. In addition, in view of the reluctance of many tenants to move to an unfamiliar living environment, the HA would arrange internal transfer or transfer to the neighbouring estates as far as possible. In 2005 and 2006, an average of about 500 under-occupied households were transferred to flats of more appropriate sizes every year (see table below for details).

Number of households transferred due to under-occupation

	2005	2006
Internal transfer	410	435
External transfer	90	108
Total	500	543

- (b) Nearly 90% of the under-occupied households have to move to one- or two-person flats under the existing requirement. The progress of transfers has however been affected by the inadequate supply of such flats. In addition, with nearly 70 000 applicants on the Waiting List (two-thirds of total) being one- or two-person families, and the phasing out of the converted one-person flats (commonly known as split flats) and old-style Housing for Senior Citizens flats, the problem of inadequate supply has become more serious. Notwithstanding a total of 20 500 new small flats would be available in the next three years from 2006 to 2009, we do not expect that they would be sufficient for accommodating the transfers of all under-occupied households.
- (c) In view of the relatively few large families on the Waiting List, even if larger flats are recovered from under-occupied households, they would not be readily let out again, resulting in a loss of rental income and an increase in vacancy rate, particularly in the cases of older estates.
- (d) Since 2000, the HA has converted approximately 49 000 flats originally for sale to rental flats, many of which are large flats. In order to rent out these large flats, the HA has relaxed the allocation standards so that these flats could be allocated to families with fewer members. They would become under-occupied households once there is a small change in the number of family members (e.g. when a three-person household becomes a two-person one).

Way forward

6. We plan to tackle the issue of under-occupation following the guiding principles below :

- (a) Elderly tenants and households with disabled members should be the last ones on the list of under-occupied households to be transferred, and consideration should be given to providing financial support to such tenants on transfer;
- (b) To avoid more acute shortage of small flats, instead of taking action to demand under-occupied households to move from large flats to small flats under the tenancy agreements, priority should be given to allocating flats to Waiting List applicants and clearées;

- (c) In planning new public housing projects, the keen demand for small flats should be taken into account; and
- (d) The under-occupation standards should be reviewed in due course. We are aware that the living space of public housing tenants has significantly improved in recent years. The average living space of public housing tenants has increased substantially from 6.9 sq. m per person in 1986 to 12.1 sq. m per person in 2006, representing a 75% increase in the allocated space.

Advice sought

7. Members are invited to offer their views on the guiding principles in dealing with under-occupation in paragraph 6 above.

Housing, Planning and Lands Bureau
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