

Panel on Housing
Subcommittee on the Long Term Housing Strategy

Addressing the Housing Needs of Specific Groups in the Community

PURPOSE

This paper sets out issues considered by the Long Term Housing Strategy Steering Committee (LTHS SC) relating to existing schemes and assistance available to meet the housing needs of specific groups in the community.

DETAILS

Specific groups

2. Given limited land and housing resources, priorities need to be set so that assistance can be provided to those with genuine and the most pressing housing needs. The following groups have been the subject of concern and are selected by LTHS SC for closer examination –

- (a) the elderly,
- (b) non-elderly singletons;
- (c) poorly-housed households; and
- (d) youngsters and first-time home buyers,

3. The question that needs to be addressed is whether, and if so how, the housing needs of the above groups could be met and with what priority.

(a) The Elderly

4. According to the Population Census and the Population Projections for 2012-2041 published by the Census and Statistics Department (C&SD) in

July 2012, the population in Hong Kong is expected to remain on an ageing trend. The age group of 60 and above increased from about 15% to 19% from 2001 to 2011, and will rise to 27% in 2021; 33% in 2031; and 36% in 2041.

Existing schemes/assistance to cater for the needs of the elderly

5. In line with the wish of most elderly residents, the Government's elderly policy is to encourage the elderly to "age in place", with the principle of supporting "ageing in place as the core, institutional care as back-up". At present, rather comprehensive assistance is offered to address the housing needs of the elderly with a view to supporting the ageing in place policy. Among them, the Hong Kong Housing Authority (HA) currently offers a number of housing schemes which cater for the specific needs of those elderly who meet the general eligibility criteria for PRH. These schemes include -

- (a) Single Elderly Persons Priority Scheme – under this scheme, priority processing over the applications by ordinary families would be accorded to elderly one-person PRH applicants who wish to live alone. The elderly applicants must be 58 years of age or above, and must have attained the age of 60 at the time of flat allocation. At present, our pledge is that the waiting time for eligible applicants under this scheme would be around two years. As at September 2012, the average waiting time (AWT) for PRH applicants under this scheme is 1.4 years;
- (b) Elderly Persons Priority Scheme – under this scheme, priority processing over the applications by ordinary families would be accorded to two or more elderly persons who undertake to live together upon flat allocation. Again, the applicants must be 58 years of age or above, and must have attained the age of 60 at the time of flat allocation; and
- (c) Harmonious Families Priority Scheme – this scheme is designed to encourage younger family members to take care of their elderly parents (who must have reached the age of 60 at the time of application) and to promote harmony in the family. Eligible families may opt to live in one flat or two nearby flats according to their choice of district and the number of flats available given their family circumstances.

6. In terms of design of the newer public housing estates to suit the needs of the elderly, HA adopted a universal design principle in addition to the statutory code for barrier free access in PRH developments in 2002. Older estates are also being brought up to the current design standards as far as practicable. Common areas are provided with facilities to enhance safety and user-convenience. Domestic flats will be modified upon request to suit the needs of those tenants with disability certified by physiotherapist. In other words, the mobility needs of elderly PRH tenants within the estates are more or less addressed.

7. In terms of provision of community and social welfare facilities for the elderly, public housing estates have been planned in consultation with relevant parties including the Social Welfare Department and District Councils to ensure that support services such as day care centre for the elderly are available to meet the needs of the elderly tenants. For existing public housing estates with ageing population, elderly facilities will be added to meet the specific requirements of this group of tenants wherever possible.

8. As for those middle-income elderly who are not eligible for PRH, the Hong Kong Housing Society (HS) offers two schemes to fill the service gap, namely –

- (a) Senior Citizen Residence Scheme (SEN) – the scheme aims at providing purpose-built housing for elderly aged 60 and above who have the means to live an independent life. SEN units are disposed of under a “long lease” arrangement. After payment of an entry contribution, the elderly can live in the units free of rental payment thereafter. During the tenancy, they only need to pay management fees which include basic services, and can also enjoy optional services provided by the operator on a user-pay basis; and
- (b) Joyous Living Scheme – the scheme is designed for elderly aged 60 and above who can afford and who are willing to pay for rental flats (and ancillary services tailored for their needs) at market rates.

9. In addition to the above, the Community Care Fund (CCF) has launched an assistance programme entitled ‘Subsidy for Elderly Tenants in Private Housing’ to release a one-off sum to eligible elderly persons aged 65 and above to relieve their pressure in view of rising inflation and cyclical rental

increases. The CCF has set aside around \$50 million for the programme, and about 9 700 elderly households (about 11 900 persons) are expected to benefit. The application period commenced in July 2012 and closed in January 2013.

10. For those elderly who require constant care, they will need to resort to residential care homes or other institutional accommodation depending on their condition. Provision of those types of accommodation is a matter to be considered in the context of the social welfare policy area.

(b) Non-elderly Singletons

Quota and Points System

11. It is the current policy of the Government and HA to accord priority to families (i.e. the general applicants) over non-elderly one-person applicants. These applicants are placed on a Quota and Points System (QPS) and are not subject to the about three year AWT pledge. Under QPS, points are assigned to applicants based on three determining factors, namely, the age of the applicants at the time of submitting their PRH applications; whether the applicants are PRH tenants; and the length of time the applicants stay on the QPS list. Details are as follows –

- (a) Age points – zero point will be given to applicants aged 18. Three points will be given to those aged 19, six points to those aged 20 and so forth;
- (b) PRH points – for applicants currently living with their families in PRH, 30 points will be deducted; and
- (c) Waiting time points – one additional point will be given for each month the applicant has been on the Waiting List (WL).

12. On the non-elderly one-person applicants, we have conducted a desktop analysis on their profile. According to HA's 2012 Survey on WL Applicants for PRH, in March 2012, there were a total of 87 800 (46% out of a total of 189 500 applicants on the WL) non-elderly one-person applicants under the QPS. Of these 87 800 applicants, 65% (57 200) were aged 35 or below. Within this group, 34% were students when they applied for PRH, 47% of them

had post-secondary or above education attainment and 33% were PRH tenants. However, for those aged above 35, only 7% of them had attained post-secondary or higher education.

(c) Poorly-housed Households

13. Poorly-housed households refer to those living in private temporary huts, roof-top structures, unsheltered accommodation and rooms/cubicles, bed spaces or cocklofts in private permanent housing. According to the General Household Survey of C&SD, as at end June 2012, there are some 31 800 domestic households, with a total of 64 900 people living in private temporary housing or in the rooms, cubicles, bed spaces and cocklofts of private permanent housing. As indicated in the result of Population Census 2011 conducted by C&SD, as at mid-2011, there are some 3 044 domestic households, with a total of 6 230 people living in quarters in non-residential buildings (including commercial buildings and industrial buildings).

Subdivided Units

14. “Subdivided units” (SDU) are not defined in the Buildings Ordinance. At present, there is also no universally-accepted definition. This term is commonly used to describe a unit which is subdivided into two or more smaller self-contained units for sale or rental, and each of these smaller units usually has its own toilet or even its own cooking place. At present, Government does not have data regarding the total number of SDU per se. Indeed, given the constantly changing situation and numbers of SDU, whatever number we get would at best be snapshot estimation. A research institution has been commissioned by LTHS SC to collect the household characteristics and estimate the total number of SDU in the territory. Results of the survey will be announced around mid 2013 when the LTHS consultation document is released.

Existing assistance offered to the poorly-housed households

15. PRH remains the ultimate housing solution for poorly-housed households. Eligible households are therefore encouraged to apply for PRH. In addition, CCF also offers one-off subsidies to low-income persons who are inadequately housed; relocation allowance for eligible residents of SDU in industrial buildings who need to move out as a result of Buildings Department’s

enforcement action; and subsidy for the Comprehensive Social Security Assistance Scheme (CSSA) recipients living in rented private housing.

(d) Youngsters and First-time Home Buyers

16. The profile of potential first-time home buyers can be established by analyzing the past Home Buyers Surveys conducted by the Housing Department (HD) and C&SD's Population Census/By-census.

17. HD's surveys showed that 70% to 80% of the actual first-time home buyers for the period from 2003 to 2009 were aged 39 or below. Two groups of potential first-time home buyers were then identified from the Population Census/By-Census –

- (a) non-owner occupied households - those with households head aged 25 to 39, living in PRH or rented private flats; and
- (b) single youngsters - economically active individuals aged 25 to 39 (excluding foreign domestic helpers) who are not household heads and have never married.

(a) Non-owner occupied household heads aged 25 to 39

18. The share of this group in all households declined from 48% (278 200) in 1996 to 46% (210 700) in 2006 but rose to 50% (217 500) in 2011. The cumulative increase in median monthly income of these households was 34% from 1996 (\$16,000) to 2011 (\$21,400), while the overall flat prices has increased by 56%. The soaring flat prices had made it more difficult for these households to own a flat.

19. Nonetheless, the median monthly income level of these households in 2011 was higher than that of all households in Hong Kong (\$21,400 vs. \$20,500), and it had actually risen faster than that of all households in Hong Kong during the same period (34% vs. 17%). As such, the situation for this group of potential first-time home buyers is not worse than the society as a whole.

(b) *Single youngsters*

20. Some single youngsters aged 25 to 39 may aspire to move away from their family, either forming a singleton household or getting married. Population Census statistics showed that the median monthly income of this group of single youngsters rose from \$10,000 in 1996 to \$12,000 in 2011 (a cumulative change of 20%). Both the level of these single youngsters' median monthly income in 2011 and the cumulative change between 1996 and 2011 were similar to those for the whole working population, at \$12,000 and 22% respectively. Assuming that these single youngsters would buy a private flat of 30m² to form a singleton household, the mortgage to income ratio would increase from 35% in 2001 to 65% in 2011. This suggests that unless they receive some form of financial assistance, say from family members, it would be very difficult for a typical single youngster to own a private flat of 30m².

21. In recent years, there have been complaints from youngsters that soaring flat prices have delayed their marriage decisions. There have also been concerns that even young university graduates' aspiration for home ownership could hardly be fulfilled at the current high level of property price. However, based on a hypothetical household¹ formed by the marriage of two youngsters aged 25 to 39 with the female earning 75% of the male, the median monthly income of such households in 2011 was \$21,000, representing a cumulative growth of 20% from 1996. This median monthly income is roughly the same as all households in Hong Kong in terms of both the level in 2011 and the growth rate between 1996 and 2011 (at \$20,500 and 19% respectively). In other words, the situation of households formed by young couples aged 25 to 39 who are potentially first-time home buyers are roughly the same as all households in Hong Kong.

22. As for those youngsters who have attained education level at university and above, if we look at the statistics in the case of those aged 25 to 29, their median monthly income was \$17,000 in 2011, same amount as in 1996. On the other hand, there was a 22% increase in median monthly income during the same period for the whole working population. While the income growth of these young university graduates has remained somewhat stagnant, it should

¹ Population Census statistics showed that the median monthly income of male single youngsters aged 25 to 39 was \$12,000 in 2011. It was also found that a typical married woman's employment income in Hong Kong is about 75% of that of her husband.

be noted that at a monthly income of \$17,000, they are still relatively better off than many other sectors in the community.

Existing assistance for first-time home buyers

23. With the resumption of the construction of Housing Ownership Scheme (HOS) flats; the initiative to allow 5 000 eligible White Form applicants per year to purchase HOS flat on the secondary market in the interim period pending availability of the new HOS flats in 2016-17; putting up the remaining HOS stock for sale; and selling the Greenville Villa flats by HS as subsidised sale flats, we are seeking to address in part the housing needs and aspirations of the middle-income first-time home buyers who cannot afford flats in the private sector. Some 17 000 HOS units will be built by HA over the four-year period from 2016/17 to 2019/20. Thereafter, land is to be provided by the Government to allow for an average annual production of at least 5 000 HOS units. These will contribute to meeting the demand for home ownership among this group.

24. Home Affair Bureau has recently announced the youth hostel scheme with a view to tapping into land currently held by non-government organizations. While youth hostels are not meant to provide permanent accommodation, the scheme would provide some young tenants an opportunity to accumulate savings to meet their medium term housing aspirations.

ADVICE SOUGHT

25. Members' views on the housing needs of specific groups in the community will be passed to LTHS SC for consideration.

**Transport and Housing Bureau
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