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Panel on Housing

Meeting on 3 June 2013

**Background brief on "Overcrowding relief in public rental housing"
prepared by the Legislative Council Secretariat**

Purpose

This paper provides background information on the policy on overcrowding relief in public rental housing ("PRH"), and gives a brief account of the views and concerns expressed by Members on the subject.

Background

2. To better utilize the limited public housing resources, the Housing Department ("HD") has set standards of allocation ranges for PRH units of different designs and sizes. Under the prevailing allocation policy, HD arranges allocation of flats of an appropriate size to PRH applicants according to their family size and the prescribed allocation standards. At present, the minimum space allocation standard for PRH is 5.5 square metres ("m²") Internal Floor Area ("IFA")¹ per person. PRH households with a living area of less than 5.5 m² IFA per person are categorized as "overcrowded" households and will be given priority for overcrowding relief through transfer to other PRH units of a larger size.

3. The Hong Kong Housing Authority ("HA") currently implements two transfer schemes, namely the Territory-wide Overcrowding Relief ("TWOR") transfer exercise and the Living Space Improvement Transfer Scheme ("LSITS"), for sitting PRH tenants to apply for transfer to larger units. The

¹ Internal Floor Area ("IFA") is the total area inside the flat measured to the internal face of external and/or party walls (i.e. common walls between two flats). For major public housing block types, 1 m² IFA is approximately equivalent to 1.11 to 1.20 m² Saleable Area, which is the floor area unit commonly used in private sector property transactions.

Subsidized Housing Committee of HA will earmark flats for TWOR and LSITS when endorsing the Annual PRH Allocation Plan. According to the PRH Allocation Plan 2012/13, 1 500 PRH units have been set aside for the two schemes. Detailed arrangements of the two schemes are set out in the ensuing paragraphs.

Territory-wide Overcrowding Relief transfer exercise

4. Under TWOR, PRH households living with IFA below 5.5 m² per person may apply for transfer to larger units. The transfer exercise is conducted once or twice a year subject to the availability of housing resources. In launching TWOR, HA will compile a list of "Flats Available for Flat Selection" on the basis of suitable housing resources available at the time and deliver notices to all overcrowded households (i.e. households with IFA below 5.5 m² per person) to invite them to apply for transfer. Applicants are required to pass both the Domestic Property Test² and the Comprehensive Means Test³ to ensure that the limited PRH resources are allocated to eligible households. The priority of flat selection is based on the eligible households' living density in the first place, followed by their family size, and then their length of residence. If everything is equal, ballots will be drawn to determine the flat selection priority.

5. Eligible applicants will be invited to select flats of a suitable size from their eligible districts according to the list of "Flats Available for Flat Selection". The selection arrangements are that eligible PRH households living in the New Territories ("NT") may only select flats in the NT and Tung Chung while households in extended urban and Islands are not eligible to select flats in urban PRH estates. However, the locality restriction for TWOR has been relaxed since 2005. Eligible applicants with over 10 years of PRH residence are allowed to apply for transfer to PRH units of a larger size in any geographical districts (i.e. NT, Islands, Extended Urban or Urban district) according to the actual circumstances and their own needs, irrespective of the districts they reside.

6. Applications for each round of transfer exercise are processed independently. Unsuccessful applicants may apply afresh should they remain eligible in the next round of application. However, eligible applicants who fail to secure a PRH unit after being invited to flat selection exercises for three times will have their eligibility frozen for one year.

² Domestic Property Test: During the period from the date of completing the application form for Territory-wide Overcrowding Relief transfer exercise up to the date of signing up new tenancy of the allocated flat, all household members must not own any domestic property in Hong Kong.

³ Comprehensive Means Test: The household income and asset do not exceed the prevailing Waiting List Income and Asset Limits.

7. According to the HA's Annual Report 2011/12, two transfer exercises under TWOR were conducted in August 2011 and January 2012. A total of around 820 PRH households residing in overcrowded environments were able to move to larger accommodation. The total number of overcrowded PRH families was reduced to 3 190 by the end of March 2012, representing 0.45% of all PRH households.

Living Space Improvement Transfer Scheme

8. Introduced in 2005, LSITS is another initiative of HA to improve the living conditions of sitting PRH tenants. Under LSITS, PRH households occupying less than 7 m^2 IFA per person may apply for relocation to larger units. Tenants who are eligible for TWOR can also apply for LSITS. Although LSITS runs parallel to TWOR, the priority of flat selection is given to TWOR applicants who are living in a more congested environment. Consistent with TWOR, LSITS applicants are subject to the same set of eligibility criteria and the priority of flat selection is in the order of living density, family size and length of PRH residence. Also, eligible applicants with over 10 years of PRH residence can apply to opt for transfer to any districts.

9. When LSITS is launched, HA will inform PRH tenants of the scheme through notices, posters, Estate Management Advisory Committees, estate newsletters, newspapers and HD's website. In 2011/12, one transfer exercise under LSITS was carried out in March 2012, which resulted in 1 380 PRH households being rehoused to units of a larger size.

Deliberations by the Panel on Housing

10. The Panel on Housing ("the Panel") discussed the policy on overcrowding relief for PRH tenants at its meetings on 2 December 2002 and 5 December 2005.

11. Having regard to the plight of overcrowded PRH households, members urged the Administration to consider relaxing the minimum space allocation standard for PRH (i.e. 5.5 m^2 IFA per person). They were of the view that the policy on overcrowding relief was rigid and unjustified, given that the IFA per person for some PRH applicants on the Waiting List had reached 10 m^2 upon allocation of flats. Such a discrepancy in the living areas of overcrowded PRH households and PRH applicants might give rise to social disharmony. In response, the Administration explained that if the minimum space allocation standard was relaxed, more PRH households would become eligible for overcrowding relief, thereby committing the Government and HA to a higher level of expenditure which was probably unsustainable in the long term. The

proposed relaxation might also lengthen the average waiting time for PRH allocation as more flats would be allocated for overcrowding relief.

12. Some Panel members opined that apart from the centralized, territory-wide transfer exercises, overcrowding relief should also be provided on individual PRH estates to cater for the needs of eligible households. Priority should be given to those eligible households which had repeatedly applied for transfer but could not secure a suitable flat. To this end, a scoring system taking into account the living density and waiting time of eligible households should be adopted when determining the flat selection priority.

Council questions

13. Hon WONG Kwok-hing and Hon Albert CHAN raised questions relating to overcrowding relief for PRH tenants at the Council meetings on 22 June 2011 and 9 May 2012 respectively. Details of the Council questions are hyperlinked in the **Appendix** for ease of reference.

Relevant papers

14. A list of relevant papers is set out in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
31 May 2013

Appendix

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Housing	2 December 2002	<p>Administration's paper on "Provision of Overcrowding Relief to Public Housing Tenants" (LC Paper No. CB(1)386/02-03(04)) http://www.legco.gov.hk/yr02-03/english/panels/hg/papers/hg1202cb1-386-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)578/02-03) http://www.legco.gov.hk/yr02-03/english/panels/hg/minutes/hg021202.pdf</p>
Panel on Housing	5 December 2005	<p>Administration's paper on "Review of Transfer Arrangements for Public Housing Tenants" (LC Paper No. CB(1)402/05-06(06)) http://www.legco.gov.hk/yr05-06/english/panels/hg/papers/hg1205cb1-402-6-e.pdf</p> <p>Background brief on "Overcrowding relief to public housing tenants" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)402/05-06(05)) http://www.legco.gov.hk/yr05-06/english/panels/hg/papers/hg1205cb1-402-5-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)616/05-06) http://www.legco.gov.hk/yr05-06/english/panels/hg/minutes/hg051205.pdf</p>

Hyperlinks to relevant Council Questions:

Date	Council Question
22 June 2011	Council question raised by Hon WONG Kwok-hing http://www.info.gov.hk/gia/general/201106/22/P201106220227.htm
9 May 2012	Council question raised by Hon Albert CHAN http://www.info.gov.hk/gia/general/201205/09/P201205090254.htm