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Panel on Housing

Meeting on 5 May 2014

**Updated background brief on "Measures to tackle under-occupation
in public rental housing estates"
prepared by the Legislative Council Secretariat**

Purpose

This paper provides updated background information on the measures to tackle under-occupation in public rental housing ("PRH") estates, and gives a brief account of the views and concerns expressed by members on the subject.

Background

Under-occupation policy in PRH estates

2. Public housing resources are heavily subsidized by public funds. To rationalize the use of public housing resources, the Hong Kong Housing Authority ("HA") has put in place a policy of under-occupation with prescribed standards to require households with excessive living space, which may have resulted from deletion of family members for one reason or another, to move to another PRH flat of more appropriate size.

3. Following a study by the Audit Commission on the under-occupation problem in 2006-2007, HA endorsed in 2007 a phased approach and various measures to deal with the under-occupation cases in order of priorities, i.e. to begin with handling those most-serious under-occupation ("MUO") households (now known as prioritized under-occupation ("PUO") households) of living density exceeding 35 square metres ("m²") per person and without elderly or disabled family members.

Arrangements for tackling under-occupation in PRH before 1 October 2013

4. HA reviewed the under-occupation policy in 2010 and endorsed the continuation of the phased approach to deal with the under-occupation cases. Under the revised arrangements which took effect from 1 November 2010, the PUO threshold was lowered from living density exceeding 35 m² per person to 34 m² per person. The under-occupation standards for PRH since then were as follows –

Household Size (Person)	1	2	3	4	5	6
Under-occupation standard (Internal floor area in m ²)	>25	>35	>44	>56	>62	>71

5. As incentives, HA offered those PUO households a total of four housing offers in the residing estate or an estate in the same District Council ("DC") constituency, Domestic Removal Allowance, and opportunity for transfer to new estates subject to availability of housing resources. If the households refused all the four housing offers without justified reasons, notices-to-quit would be issued to terminate the tenancies.

New arrangements for tackling under-occupation in PRH with effect from 1 October 2013

6. HA conducted another review on the under-occupation policy in June 2013 and endorsed a series of new arrangements to handle under-occupation cases in PRH, which has taken 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. Specifically, the PUO threshold for one-person households has been tightened to 30 m². The revised PUO thresholds for different family sizes are shown in the table below –

Household Size (Person)	1	2	3	4	5	6
Revised prioritized under-occupation thresholds (Internal floor area in m ²)	>30	>42	>53	>67	>74	>85

7. Households with disabled or elderly members aged 70 or above will be excluded from the under-occupation list, and those with elderly members aged between 60 and 69 will continue to be placed at the end of the under-occupation list in the order for transfer until the next review. In line with the Waiting List mechanism, PUO households will be given a maximum of three offers, instead of four, to transfer to smaller units¹. They will be offered incentives including housing offers in the same estate or in the same DC constituency, Domestic Removal Allowance upon transfer to smaller flats and opportunity for transfer to new estates, which are also provided to other under-occupation cases. For those who refuse all the three offers unreasonably, a notice-to-quit will be served. Besides, non-PUO households² will continue to be encouraged to opt for voluntary transfer to suit their needs. HA undertook to conduct a further review of the new arrangements after three years of implementation.

8. From October 2010 up to the end of June 2013, 2 770 under-occupation households have been relocated to smaller units, and another 4 290 under-occupation households moved out of PRH and surrendered their units. According to HA's experience, units recovered were mostly one-bedroom units suitable for re-allocation to three to four-person households.

Public Consultation on the Long Term Housing Strategy

9. In the Long Term Housing Strategy Consultation Document ("the Consultation Document") issued by the Long Term Housing Strategy Steering Committee ("the Steering Committee") on 3 September 2013 for public consultation, the Steering Committee asked the public for their views on its recommendation for HA to further enhance its under-occupation policy by providing incentives for under-occupied households to move to smaller flats on the one hand, and stepping up its action against under-occupation cases on the other.

10. In its Report on the Public Consultation, the Steering Committee reported that a considerable number of respondents supported HA's under-occupation policy as it was considered to be conducive to the better utilization of PRH resources. However, many respondents observed that the under-occupation policy *per se*

¹ Newly identified PUOs will be given a maximum of three housing offers. The existing PUO households would continue to be provided with a maximum of four housing offers to minimize the impact on them.

² Non-PUO households refer to all households with living space exceeding the prescribed under-occupation standards other than those PUO households (including those with disabled members or elderly members aged 70 or above and excluded from under-occupation list).

would not generate additional PRH flats. They therefore considered that the immediate priority of HA should be to increase the supply of PRH to meet the acute demand instead of further tightening up the under-occupation policy. The Steering Committee also advised that some respondents, particularly concern groups representing affected tenants, opposed the under-occupation policy. They contended that the policy was inconsistent with the long term vision of having a more spacious living environment. They also considered that the under-occupation policy had put undue stress on under-occupied households with elderly members aged 60 to 69, even though such households were not categorized as prioritized under-occupation cases and HA would not take any immediate action against them.

Deliberations by the Panel on Housing

11. The policy on under-occupation in PRH was discussed by the Panel on Housing ("the Panel") at the meeting on 5 March 2007. Panel members generally considered that a more flexible approach should be adopted in handling under-occupation cases, particularly those involving elderly tenants. They pointed out that while the provision of a removal allowance would help ease the financial burden of relocation, HA should take into account the social, psychological and physical needs of the elderly in the process. Consideration should also be given to relaxing the under-occupation standard for households with family members suffering disabilities or chronic illness as they might require larger living space. Given the diminishing demand for larger units, some members opined that efforts should be made to encourage the younger generation to live with their elderly parents to help reduce the vacancy rate of large units and release small units for re-allocation to Waiting List applicants. Other members considered that DCs should be consulted on the guiding principles and strategies for tackling the issue of under-occupation.

Revised measures on tackling under-occupation cases

12. On 3 January 2011, the Panel was briefed on the lowered PUO threshold from living density exceeding 35 m² per person to 34 m² per person effective from November 2010.

13. Some members stressed the need to draw a line on the living density above which PUO households should be required to move to smaller units.

14. Noting that in tackling under-occupation cases, HA would continue to accord lower priority for under-occupation households with elderly or disabled family members, Panel members requested HA to consider excluding such households from the under-occupation policy. Members also held the view that under-occupation households with family members aged 58 or above should be accorded a lower priority as they would be approaching 60 upon re-allocation. Consideration should be given to lowering the age limit for elderly housing schemes to 58 to take account of the waiting time. The Administration advised that while under-occupation households with elderly or disabled family members would be accorded a lower priority under the prevailing policy, efforts would be made to persuade these households to move to smaller flats of an appropriate size where a suitable vacant flat was available. Under-occupation households with family members aged 58 would be given lower priority in re-allocation.

15. Some other members pointed out that many grown-up children of PRH tenants had moved out to avoid paying additional rents under the Housing Subsidy Policy and Policy on Safeguarding the Rational Allocation of Public Housing Resources. With the moving out of children and death of remaining family members, some households might become under-occupation households. As under-occupation households with elderly family members would be accorded lower priority in re-allocation, consideration should be given to allowing the grown-up children to move back to live with their elderly parents. This not only would resolve the problem of under-occupation, but would also facilitate the implementation of harmonious housing schemes which aimed to encourage grown-up children to live with and take care of their elderly parents.

16. Members also considered that flexibility should be exercised for under-occupation households with imminent addition of family members in the near future, say spouse and children from the Mainland. Instead of dealing with such cases on a case-by-case basis, members suggested that consideration should be given to setting a timeframe within which re-allocation could be dispensed with if the additional family member could re-unite with under-occupation household within the specified time.

17. There was also the view that the present housing problems were attributable to the insufficient supply of housing and the overly stringent income and assets limit for PRH. Greater tolerance should therefore be given to under-occupation households.

Council questions

18. Hon LEUNG Yiu-chung raised questions relating to the tackling of under-occupation in PRH at the Council meetings on 16 November 2011 and 17 July 2013 respectively. Details of the Council questions are hyperlinked in the **Appendix** for ease of reference.

Latest development

19. The Administration will brief members on the measures to tackle under-occupation in PRH estates and the progress of implementation of the reviewed policy which took effect on 1 October 2013 at the Panel meeting on 5 May 2014.

Relevant papers

20. A list of relevant papers is in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
30 April 2014

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Housing	5 March 2007	<p>Administration's paper on "Measures to tackle Under-occupation in Public Rental Housing Estates" (LC Paper No. CB(1)1012/06-07(03)) http://www.legco.gov.hk/yr06-07/english/panels/hg/papers/hg0305cb1-1012-3-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1568/06-07) http://www.legco.gov.hk/yr06-07/english/panels/hg/minutes/hg070305.pdf</p>
Panel on Housing	3 January 2011	<p>Administration's paper on "Review of the Interim Measures to tackle Under-occupation in Public Rental Housing Estates" (LC Paper No. CB(1)891/10-11(03)) http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0103cb1-891-3-e.pdf</p> <p>Background brief on "Measures to tackle under-occupation in public rental housing estates" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)891/10-11(04)) http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0103cb1-891-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1432/10-11) http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110103.pdf</p>

Council/ Committee	Date of meeting	Paper
Subcommittee on the Long Term Housing Strategy	27 February 2013	Administration's paper on "Measures to Maximize the Rational Use of Public Rental Housing Resources" (LC Paper No. CB(1)600/12-13(03)) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/papers/hg_lths0227cb1-600-3-e.pdf Minutes of meeting (LC Paper No. CB(1)1530/12-13) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/minutes/lths20130227.pdf
Panel on Housing	4 November 2013	Administration's paper on "Analysis of Housing Situation of Waiting List Applicants as at end-June 2013" (LC Paper No. CB(1)184/13-14(03)) http://www.legco.gov.hk/yr13-14/english/panels/hg/papers/hg1104cb1-184-3-e.pdf Minutes of meeting (LC Paper No. CB(1)531/13-14) http://www.legco.gov.hk/yr13-14/english/panels/hg/minutes/hg20131104.pdf

Council/ Committee	Date of meeting	Paper
Subcommittee on the Long Term Housing Strategy	11 November 2013	<p>Administration's Consultation Document on "Long Term Housing Strategy: Building Consensus, Building Homes" issued by the Long Term Housing Strategy Steering Committee (LC Paper No. CB(1)1756/12-13(01)) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/papers/hg_lthscb1-1756-1-e.pdf</p> <p>Administration's paper on "Long Term Housing Strategy Consultation Document" (LC Paper No. CB(1)1818/12-13(01)) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/papers/hg_lths0927cb1-1818-1-e.pdf</p> <p>Information note on "Long Term Housing Strategy" prepared by the Research Office of the Legislative Council Secretariat (LC Paper No. IN27/12-13) http://www.legco.gov.hk/yr12-13/english/sec/library/1213in27-e.pdf</p> <p>Administration's supplementary information note on "Assessing the Vacancy Situation of Housing Units in Hong Kong" (LC Paper No. CB(1)194/13-14(01)) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/papers/hg_lths0927cb1-194-1-e.pdf</p> <p>Administration's supplementary information note on "Projection of Long Term Housing Demand" (LC Paper No. CB(1)194/13-14(02)) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/papers/hg_lths0927cb1-194-2-e.pdf</p>

Council/ Committee	Date of meeting	Paper
Subcommittee on the Long Term Housing Strategy	14 March 2014	<p>Administration's paper on "Long Term Housing Report on Public Consultation" (LC Paper No. CB(1)1053/13-14(01)) http://www.legco.gov.hk/yr13-14/english/panels/hg/hg_lths/papers/hg_lths0314cb1-1053-1-e.pdf</p> <p>"Long Term Housing Strategy Report on Public Consultation" published by the Long Term Housing Strategy Steering Committee (LC Paper No. CB(1)915/13-14(01)) http://www.legco.gov.hk/yr13-14/english/panels/hg/hg_lths/papers/hg_lthscb1-915-1-e.pdf</p>

Hyperlinks to relevant Council Questions:

Date	Council Question
16 November 2011	Council question raised by Hon LEUNG Yiu-chung http://www.info.gov.hk/gia/general/201111/16/P201111160204.htm
17 July 2013	Council question raised by Hon LEUNG Yiu-chung http://www.info.gov.hk/gia/general/201307/17/P201307170259.htm