

Legislative Council Panel on Housing

Refining the Quota and Points System (QPS) and Checking the eligibility of applicants under QPS

PURPOSE

This paper briefs Members of the details of Hong Kong Housing Authority (HA)'s decision to refine the Quota and Points System (QPS) and to conduct regular checking of non-elderly one-person applicants under the QPS.

BACKGROUND

QPS

2. The QPS was introduced in September 2005 to rationalize and to re-prioritize the allocation of public rental housing (PRH) to non-elderly one-person applicants. Under the QPS, there is an annual allocation quota which is set at 8% of the total number of flats to be allocated to general¹ and QPS applicants, subject to a maximum of 2 000 units. On the calculation of points, they are assigned to applicants based on the following three determining factors –

- (a) ***age at the time of application***: 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 residency***: for applicants currently living with their families in PRH, 30 points will be deducted; and
- (c) ***waiting time***: one additional point will be given for each month the applicant has waited, i.e. applicants will be awarded 12 points per year of waiting.

¹ General applicants refer to family and elderly one-person applicants.

Public consultation on the Long Term Housing Strategy (LTHS)

3. During the public consultation on the LTHS, many respondents consider that the HA should continue to accord higher priority to families and elderly applicants over non-elderly one-person applicants for PRH. On the other hand, there is also general support for increasing the annual PRH allocation quota for non-elderly one-person applicants. A considerable number of respondents agree that more points should be given to non-elderly one-person applicants above the age of 45 and that the arrangement should be extended progressively to those over 40 and then over 35 when the supply of PRH units becomes more abundant in future. Respondents also generally agree that a mechanism should be developed to regularly review the income and assets of QPS applicants, as this can remove applicants from the QPS who are no longer eligible and enable the HA to better assess the demand for PRH.

4. The LTHS Steering Committee notes the overall public support for the recommendations to maximize the rational use of PRH resources. In its Report on Public Consultation submitted to the Government, the Steering Committee calls on the HA to carefully review PRH-related policies, including the QPS, to ensure the proper use of valuable PRH resources.

Director of Audit's report and the Legislative Council (LegCo) Public Accounts Committee (PAC)'s report on allocation and utilization of PRH flats

5. At the same time, in his Report No. 61 on the allocation and utilization of PRH flats, the Director of Audit observes that there is a built-in incentive for applicants to apply for PRH early under the QPS (i.e. to apply at the minimum eligible age of 18 in order to accumulate more waiting time points), and recommends the HA to conduct a comprehensive review of the QPS and consider the need to screen out ineligible QPS applicants on a periodic basis. The LegCo PAC also considers that the HA should review the points system of the QPS with a view to introducing improvement measures, and that the HA should expeditiously implement measures to periodically screen out ineligible QPS applicants.

HA'S DECISION

6. Taking into account the above-mentioned recommendations of the LTHS Steering Committee, views of the community as expressed during the three-month public consultation exercise on the LTHS; Director of Audit's report; and comments of the LegCo PAC, the HA's Subsidised Housing Committee (SHC) decided to refine the QPS and to conduct regular checking of QPS applicants at its meeting on 14 October 2014.

Increasing the annual quota

7. Taking into account the LTHS Steering Committee's recommendation to increase the annual PRH quota for applicants under the QPS, and in order to balance the housing needs of other categories of applicants, the SHC decided to **increase the annual allocation quota for QPS from the current 8% to 10% of the total number of flats to be allocated to general and QPS applicants**, subject to a **cap** to be increased from the current 2 000 to **2 200 units**.

Refining the points system

8. In order to reduce the inadvertent incentive for early application under the QPS as pointed out by the Director of Audit, and to give priority to older applicants, the SHC decided to **increase the scale of "age points" from three to nine points per year of age increase at the time of application**; the effect is that when compared with the scale of "waiting time points" (awarding 12 points per year of waiting), the difference will be significantly reduced from the existing nine points to three points per year. In other words, applicants will only get three more points for each year they submit their applications earlier; compared to getting nine more points per year under the existing system, the refinement will help reduce the incentive for early registration, while maintaining the existing arrangements as far as possible.

9. As regards the LTHS Steering Committee's recommendation to give priority to older applicants under the QPS who may have relatively limited upward mobility, given the increasing pressure on PRH supply, instead of extending the average waiting time (AWT)² target of around three years to QPS applicants above the age of 35 at this stage, the SHC considered that a pragmatic

² Waiting time refers to the time taken between registration for PRH and first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc). The AWT for general applicants refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months. The AWT target of around three years is not applicable to QPS applicants.

first step would be to increase the chance of those QPS applicants who are above the age of 45. Towards this end, the SHC decided to **award a one-off bonus of 60 points to QPS applicants when they have reached the age of 45** to allow them a higher priority over other younger QPS applicants. To minimize the complications caused to priority setting for eligibility vetting and flat allocation, the bonus points will be awarded on the first day of each month for all QPS applicants who reach the age of 45 in that month.

Checking the eligibility of applicants under the QPS

10. Both the LTHS Steering Committee and the Director of Audit's report No. 61 recommend the HA to conduct regular checking on the eligibility of non-elderly one-person applicants under the QPS. On this, the SHC noted that all applicants, regardless of whether they are general applicants or non-elderly one-person applicants under the QPS, are required to remain eligible at all times while awaiting flat allocation. They are also obliged to report any changes in personal particulars including income and assets to the HA. However, applicants seldom do so.

11. For general applicants, as their AWT is about three years, their eligibility can be ascertained during the detailed vetting stage shortly before flat allocation. In case an applicant does not accept the housing offer after detailed vetting is completed, and once every two years have elapsed since vetting, eligibility check will normally be conducted. For non-elderly one-person applicants under the QPS, they may have gained career advancement or experienced changes in other circumstances which would render them no longer eligible for PRH while awaiting PRH flat allocation. However, since the AWT target of around three years is not applicable to QPS applicants, their eligibility may not have gone through detailed checking for a long time until they reach the stage of flat allocation, especially for those who have lower points. Regular review of the eligibility of non-elderly one-person applicants under the QPS will thus enable the HA to have a more realistic grasp of the situation of the applicants and better assess the demand.

12. In light of the above, the SHC decided to conduct checking on those QPS applicants who have **waited for five years but not yet due for detailed vetting within the next two years** (target applicants), and adopt the following two-stage process to draw up the list of target applicants for checking –

- (a) **Stage 1:** Issue letters by post to all target applicants and request them to declare their latest income and assets; as well as any changes in personal particulars. The target applicants can indicate withdrawal of their applications if they so wish; and

- (b) **Stage 2:** Select an appropriate percentage of the target applicants by random computer batching and invite them to submit supporting documents for paper checking. The exact percentage will be determined by the HA, taking into account practical considerations. However, more emphasis will be placed on those applicants who do not respond to the HA's request at Stage 1. Applicants with dubious returns will be invited to attend interviews for detailed checking. Again, selected applicants can indicate withdrawal of their applications if they so wish.

13. For applicants who indicate withdrawal of their applications; applicants who are found to be no longer eligible for PRH; and applicants who do not respond to the HA's request for paper checking and/ or detailed vetting, their applications will be cancelled. An appeal mechanism is already in place for all PRH applicants if they dispute the HA's decisions on cancellation of their applications upon checking of their eligibility. For applicants who pass the checking and maintain their eligibility for PRH, they will be **subject to a further checking after five years from the checking date if they still fall into the target group of checking by then**. For those who have failed the checking but become eligible again later, they can apply for reinstatement of their applications after six months and within 24 months of cancellation of their applications.

IMPLEMENTATION ARRANGEMENTS

Implementation date

14. The HA needs to substantially enhance the computer system, which will take about three to four months to complete, before the refinements can be implemented. As points are continually awarded to applicants under the QPS and their priority would change every day depending on their points received, the refinements can only be implemented after the computer system enhancements are completed. In view of the above, the SHC decided to implement the refinements of the points system as well as the regular checking of the eligibility of applicants under the QPS with effect from **1 February 2015**. As regards increasing the quota under the QPS, it will be implemented starting from the HA's **2015/16 Allocation Plan**.

One-off arrangements

15. The refined points system will be applicable to all new applicants who submit applications on or after the implementation date. As regards existing applicants (i.e. those who have submitted applications or have been registered before the implementation date), as a one-off arrangement, the SHC decided to re-calculate their points under the refined system. If the re-calculated total points for an existing applicant are higher than the total points already awarded to him under the existing system, the difference in points will be awarded to the applicant on the implementation date. Irrespective of whether existing applicants have higher points or not under the refined system, they can only continue to earn points under the refined system after the implementation date. For those applicants who have passed the detailed eligibility vetting before SHC's decision to refine the QPS (i.e. on or before 14 October 2014) and are undergoing the allocation process, their priority for allocation will be based on their points awarded under either the new points system, or the existing system, whichever enables earlier allocation.

16. Implementation of the refined system may also have impact on the non-elderly one-person households who are now living in Long Bin Interim Housing (IH). These households should be eligible for rehousing to PRH by the time Long Bin IH is cleared in January 2016 through the Anticipatory Housing Scheme if they attain the number of points required for eligibility vetting under the existing system. In order not to affect the clearance operation of Long Bin IH in January 2016, the SHC decided to make a special one-off arrangement to allow these Long Bin IH non-elderly one-person clearerees to retain their existing priority for rehousing to PRH under the QPS.

**Transport and Housing Bureau
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