

**For discussion
on 7 May 2018**

Legislative Council Panel on Housing

Implementation of the Refined Quota and Points System of the Hong Kong Housing Authority since February 2015

PURPOSE

This paper informs Members of the implementation of the refined Quota and Points System (QPS) of the Hong Kong Housing Authority (HA) since February 2015.

BACKGROUND

2. It is HA's objective to provide public rental housing (PRH) to those who cannot afford private rental accommodation. Given the limited PRH resources, it is HA's policy to accord priority to general applicants (i.e. family and elderly one-person applicants) over non-elderly one-person applicants in the allocation of PRH units.

3. QPS was introduced in September 2005 for rationalising and re-prioritising the allocation of PRH to non-elderly one-person applicants. While for general applicants, HA has a working target of providing the first flat offer at around three years on average, the allocation of PRH units to QPS applicants is subject to an annual quota. Under QPS, the priority of applicants is determined by the total points accumulated by applicants on the basis of the applicants' age at the time of application, their waiting time and whether they are already living in PRH.¹

¹ Specifically, the points were assigned to applicants based on the following three determining factors-

- (a) Age at the time of application: zero point would be given to applicants aged 18. Three points would be given to those aged 19, six points to those aged 20 and so forth;
- (b) PRH residency: for applicants living with their families in PRH, 30 points would be deducted; and
- (c) Waiting time: one additional point would be given for each month the applicant had waited, i.e. applicants would be awarded 12 months per year of waiting.

4. As at end-December 2017, there were 155 100 general applicants and 127 800 non-elderly one-person applicants under QPS.

5. In 2012, the Long Term Housing Strategy (LTHS) Steering Committee was established for making recommendations to the Government in formulating LTHS and relevant housing policies. On QPS, the LTHS Steering Committee was concerned that since those non-elderly one-person applicants who are relatively aged might stand a lower chance for upward mobility, they should be given higher priority. It also recommended HA to develop a mechanism to review the income and assets of QPS applicants and to conduct regular reviews accordingly, in order to remove applicants who were no longer eligible for PRH and enable HA to assess the demand of PRH from non-elderly one-person applicants more accurately. During the public consultation on LTHS in the fourth quarter of 2013, a considerable number of respondents also agreed that more points should be given to non-elderly one-person applicants above the age of 45. In its report submitted to the Government, the LTHS Steering Committee called on HA to carefully review PRH-related policies, including QPS, to ensure the proper use of valuable PRH resources.

6. In October 2013, in his Report No. 61 on the allocation and utilisation of PRH units, the Director of Audit observed that there was a built-in incentive for applicants to apply for PRH early under QPS (i.e. to apply at the minimum eligible age of 18 in order to accumulate more waiting time points), and recommended HA to conduct a comprehensive review of QPS. Subsequently, the Legislative Council's Public Accounts Committee also considered that HA should review the points system of QPS with a view to introducing improvement measures.

IMPLEMENTATION OF THE REFINED QPS

Refinements to QPS since 1 February 2015

7. Taking into account the above views and suggestions, HA's Subsidised Housing Committee (SHC) endorsed the following refinements to QPS at its meeting on 14 October 2014 –

- (a) awarding a one-off bonus of 60 points to QPS applicants when they have reached the age of 45 to accord them with higher priority over other younger applicants;
- (b) increasing the scale of age points per year of age increase at the time of application from three to nine points to reduce the incentive for early registration; and
- (c) with effect from 2015-16, increasing the annual allocation quota under QPS from 8% to 10% of the total number of PRH units to be allocated to general and QPS applicants, subject to a cap which was also increased from 2 000 to 2 200 units.

8. At the above meeting, SHC also endorsed conducting the regular checking on the eligibility of QPS applicants who have waited for five years but not yet due for detailed vetting within the next two years.

Regular checking of eligibility of QPS applicants

9. The regular checking is conducted in two stages. Stage one requires target applicants to declare their latest income and assets; report changes in personal particulars, if any; and indicate if they wish to withdraw their applications. Stage two selects an appropriate percentage of applicants to submit supporting documents for paper checking. If the returned documents require further verification, applicants will be invited to attend interviews for verification. During the period, we will make the best possible efforts to reach out to those applicants who have not given any response. We will send short message service reminders and make phone calls at different times to non-responding applicants. Applicants who do not respond to these repeated requests will have their applications cancelled.

10. Through the regular checking exercises in 2015-16 and 2016-17, out of the 40 744 target applications,

- (a) about 50% (about 20 900) were cancelled due to various reasons, including 916 of self-withdrawal (2.2%), 3 967 of exceeding PRH income and/or asset limits (9.7%), 199 of ownership of domestic property in Hong Kong (0.5%), 14 869 of failure to respond to our repeated requests for checking (36.5%), etc.; and

(b) about 4% (about 1 500) switched to general applications. Details are tabulated below –

Results \ Year	2015-16	2016-17	Total
No. of target applications ²	28 039	12 705	40 744
No. of applications declared meeting or checked to meet the eligibility criteria	12 902 (46%)	5 479 (43.1%)	18 381 (45.1%)
No. of applications cancelled	14 085 (50.2%)	6 820 (53.7%)	20 905 (51.3%)
No. of applications switched to General Applications	1 052 (3.8%)	406 (3.2%)	1 458 (3.6%)

11. The 2017-18 checking exercise commenced in April 2017, involving 22 489 target applications. The exercise has just been completed and the results are being analysed.

Review and Reinstatement Mechanism

12. Similar to general applicants, QPS applicants whose applications are cancelled due to failure in meeting income and/or asset limits may request reinstatement after six months and within two years from the first date of cancellation of the application, if they are eligible for PRH again. Besides, for applicants whose applications were cancelled on grounds of failure to respond to our repeated requests for checking, they may object to the cancellation and request review within two months from the date of the written notification of cancellation issued by the Housing Department.

13. For the last two exercises conducted in 2015-16 and 2016-17, we have received around 1 660 requests (8% out of the 20 905 cancellations) for review and reinstatement. As at end-March 2018, some 760 applications have been reinstated, 840 continued to be cancelled, and about 60 are still being processed.

² Target applicants are those who have waited for five years but not yet due for detailed vetting within the next two years.

WAY FORWARD

14. Given the limited public housing resources, HA has to rationalise and prioritise the allocation of PRH resources to those with more pressing housing needs. We will continue to conduct the regular checking exercise annually and monitor the implementation of the refined QPS to ensure rational allocation of PRH resources.

Transport and Housing Bureau
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