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Panel on Housing

Meeting on 7 May 2018

Background brief prepared by the Legislative Council Secretariat on the refined Quota and Points System

Purpose

This paper provides background information on the refined Quota and Points System ("QPS") for non-elderly one-person applicants for public rental housing ("PRH") implemented by the Hong Kong Housing Authority ("HA") starting from February 2015, and a summary of the views and concerns expressed by Members on the subject.

Background

2. HA maintains an application system to provide eligible applicants with PRH. According to the Administration¹, it is the policy of the Government and HA 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.² Towards this end, HA introduced QPS in September 2005 to rationalize and to re-prioritize the allocation of PRH to non-elderly one-person applicants.

¹ LC Paper No. <u>CB(1)919/12-13(02)</u>

² As at end-December 2017, there were about 155 100 general applications for PRH, and about 127 800 non-elderly one-person applications under QPS.

Quota and Points System

3. Unlike general applicants, the target of providing the first flat offer at around three years on average is not applicable to QPS applicants.³ The allocation of PRH units under QPS is subject to an annual quota and the priority of applicants is determined by a points system. The annual allocation quota for non-elderly one-person applicants is set at 8% of the number of PRH units to be allocated to Waiting List applicants, subject to a ceiling of 2 000 units. Points are assigned to applicants based on three determining factors, namely, age of the applicants at the time of submitting their PRH applications⁴; whether the applicants are PRH tenants⁵; and the waiting time of the applicants⁶.

Refined Quota and Points System

4. According to the Administration⁷, QPS had been discussed in the process of formulating the Long Term Housing Strategy ("LTHS"), and the LTHS Steering Committee⁸ considered that older applicants might have relatively limited upward mobility and therefore should be given higher priority under QPS. During the public consultation on LTHS in 2013, a considerable number of respondents agreed that more points should be given to non-elderly one-person applicants who were above the age of 45. Taking into account the recommendations of the LTHS Steering Committee, views of the community as expressed during the public consultation on LTHS, Director of Audit's Report

³ The HA's objective is to provide PRH to low-income families who cannot afford private rental accommodation, with the target of providing the first flat offer to general applicants at around three years on average.

⁴ Zero point will be given to applicants aged 18; three points will be given to those aged 19; and six points will be given to those aged 20 and so forth.

⁵ For applicants currently living with their families in PRH, 30 points will be deducted.

⁶ 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.

⁷ The Administration's replies to questions raised at the Council meetings of <u>22 April 2015</u> and <u>6 January 2016</u>.

⁸ The Steering Committee was formed by the Government in September 2012 to advise the Government on the formulation of LTHS.

No. 61 published in October 2013⁹, the Public Accounts Committee's Report No. 61 published in February 2014¹⁰, etc., the HA's Subsidised Housing Committee ("SHC") decided to refine QPS on 14 October 2014, as follows –

- (a) starting from 2015/2016, the annual PRH quota for QPS is increased from 8% to 10% of the total number of units to be allocated to general and QPS applicants, subject to a cap which is increased from 2 000 to 2 200 units;
- (b) to reduce the inadvertent incentive for early application under QPS, the scale of "age points" is increased from 3 to 9 points per year of age increase at the time of application;
- (c) applicants reaching the age of 45 are awarded a one-off bonus of 60 points to offer them a higher priority over other younger QPS applicants;
- (d) to enable HA to have a more realistic grasp of the situation of QPS applicants and to better assess the demand, HA will conduct checking on those QPS applicants who have waited for five years but are not yet due for detailed vetting within the next two years; and
- (e) to implement the refined points system and the regular checking of the eligibility of QPS applicants¹¹ on 1 February 2015.

⁹ In the Report No. 61 on the allocation and utilization 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.

¹⁰ The Public Accounts Committee considered that HA should review the points system of QPS with a view to introducing improvement measures.

¹¹ According to the Administration (LC Paper No. <u>CB(1)350/16-17(01)</u>), the 2015-2016 checking exercise was completed in end-March 2016. A total of 28 039 applications were checked, among which 14 085 were cancelled and 1 052 switched to general family applications. For applicants who had passed the checking, they would be subject to further checking after five years from the checking date if they still fell into the target group of checking by then. HA had commenced the 2016-2017 checking exercise in July 2016.

Members' views and concerns

5. The Panel on Housing discussed the refinement to QPS on 2 February 2015. The major views and concerns are summarized in the ensuing paragraphs.

Waiting time for applicants aged below 45

6. Some Members enquired how the refined QPS would affect the chances for non-elderly one-person applicants aged below 45 to be allocated PRH units.

7. The Administration explained that the objective of the QPS refinement in giving a one-off additional 60 points to applicants who had reached the age of 45 was to offer these applicants a higher priority. Therefore, after the refinement, generally speaking, the priority of applicants under the age of 45 would inevitably be relatively lower. However, the actual priority of individual applicants was determined by their points under the refined system, and was ultimately subject to the supply of PRH and the circumstances of other applicants.

Impact of the refined points system on existing applicants

8. Some Members asked about the impact of awarding a one-off bonus of 60 points to QPS applicants reaching the age of 45 on other QPS applicants who had submitted their applications before the implementation date of the refined QPS (i.e. 1 February 2015) or on those who were due for detailed eligibility vetting or even flat allocation under QPS.

9. The Administration advised that for those QPS applicants who had submitted applications or had been registered before the implementation date, their points would be recalculated under the refined system. As a one-off arrangement, if the re-calculated total points for an applicant were higher than the total points already awarded to the applicant under the existing system, i.e. the system before the refinement, the difference in points would be awarded to the applicant on the implementation date. Irrespective of whether existing applicants had higher points or not under the refined system, they could only continue to earn points under the refined system after the implementation date. As regards the QPS applicants who had passed the detailed eligibility vetting before the SHC's decision to refine QPS (i.e. on or before 14 October 2014) and were undergoing the allocation process, their priority for allocation would be based on their points awarded under either the new points system or the existing system, whichever enabled earlier allocation.

Providing public rental housing to applicants with disabilities

10. Some Members expressed concern that the refined points system might result in prolonging the waiting time of QPS applicants aged below 45 with disabilities, and suggested that HA should award additional points to these applicants.

11. The Administration advised that as the degree and condition of disabilities varied from person to person, it was difficult to set objective criteria to determine the points to be awarded according to different conditions of disabilities in order to rationalize and prioritize the allocation of PRH to individual applicants with disabilities. HA had put in place Compassionate Rehousing ("CR") to provide PRH to individual or family applicants who had pressing housing needs on social or medical grounds. Under CR, the Housing Department would make suitable allocation arrangement as soon as possible upon receiving the Social Welfare Department's recommendation. In addition, if QPS applicants, including applicants with disabilities, wished to be allocated with a PRH unit earlier, they might, same as other PRH applicants, apply through the Express Flat Allocation Scheme¹².

Latest development

12. The Administration will brief members on the implementation of the refined QPS since February 2015.

Relevant papers

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

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¹² According to the Administration, under the Express Flat Allocation Scheme, eligible PRH applicants may have a chance earlier to be allocated PRH units (<u>http://www.housingauthority.gov.hk/en/flat-application/express-flat-allocation-scheme/index.html</u>).

Appendix

Quota and Points System of the Hong Kong Housing Authority

List of relevant papers

Council/ Committee	Date of meeting	Papers
Panel on Housing	4 July 2011	Administration's paper on "Public rental housing for one-person applicants" (LC Paper No. CB(1)2594/10-11(03)) Minutes of meeting (LC Paper No. CB(1)206/11-12)
Subcommittee on the Long Term Housing Strategy	30 April 2013	Administration's paper on "The Housing Authority's Quota and Points System for non-elderly one-person applicants for public rental housing" (LC Paper No. CB(1)919/12-13(02)) Minutes of meeting (LC Paper No. CB(1)1350/12-13)
Panel on Housing	2 February 2015	Administration's paper on "Refining the Quota and Points System (QPS) and checking the eligibility of applicants under QPS" (<u>LC Paper No. CB(1)384/14-15(06)</u>) Minutes of meeting (<u>LC Paper No. CB(1)693/14-15</u>) Administration's supplementary paper (<u>LC Paper No. CB(1)827/14-15(01)</u>)
Council	15 April 2015	<u>Council question</u> on Impact of the revisions to the Quota and Points System for public rental housing on non-elderly one-person applicants
Council	22 April 2015	Council question on Quota and Points System for public rental housing
Council	6 January 2016	<u>Council question</u> on allocation of public rental housing units to non-on-elderly one-person applicants