

LCQ20: Allocation of public housing units to non-elderly one-person applicants

Following is a question by the Hon Wu Chi-wai and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 20):

Question:

The Hong Kong Housing Authority (HA) has implemented a Quota and Points System (QPS) applicable to non-elderly one-person applicants since 2005. Some members of the public have relayed that in recent years, while the number of such applicants has remained on the high side, the number of public rental housing (PRH) units available for allocation to them has been on the low side, resulting in their average waiting time for PRH rising continuously. In this connection, will the Government inform this Council:

(1) of the respective numbers of Type A units (i.e. units for accommodating one to two persons) and one-person units which are currently rented to one-person tenants and, among such units, the respective numbers of those units the tenants of which are elderly and non-elderly persons; the respective numbers of these two types of units which are available for allocation in this financial year and, among such units, the respective numbers of those which have and have not been allocated at present;

(2) of the number of non-elderly one-person applicants and the quota of PRH units for allocation to such applicants in each of the past ten years;

(3) of the respective numbers, in each of the past five and the coming five financial years, (i) of the total number of units which were/may be available for allocation to one-person applicants, and (ii) of such units which were/will be allocated to non-elderly one-person applicants, and set out the details in the table below;

Financial year	(i)					(ii)
	Total number	Newly completed		Refurbished		
		Number	Quota for non-elderly one-person applicants	Number	Quota for non-elderly one-person applicants	

(4) of HA's target number of Type A units to be built in each of the coming

five financial years; given that the percentage of this type of units in the total number of units built in a year fluctuated significantly in the past five financial years, whether HA has adopted any objective criteria for setting the relevant targets and percentages; if so, of the details;

(5) as the Government indicated at the end of last year that where technically feasible, a further increase of the domestic plot ratio for PRH sites would be allowed in order to increase public housing supply, whether it has studied increasing concurrently the proportion of the number of Type A units in the total number of newly built units; if so, of the details; if not, the reasons for that; and

(6) whether HA will consider (i) abolishing QPS so that non-elderly one-person applicants can enjoy the same treatment as general applicants, and (ii) increasing the number of Type A units to be built, in order to shorten the waiting time of these applicants?

Reply:

President,

Our consolidated reply to the question raised by the Hon Wu Chi-wai is as follows:

The objective of the Hong Kong Housing Authority (HA) is to provide public rental housing (PRH) to people who cannot afford private rental accommodation. Given the limited PRH resources and the continued strong demand for PRH, it is necessary to rationalise the allocation of PRH resources. It is HA's policy to accord priority on allocation of PRH units to those with more pressing housing needs, i.e. general applicants (i.e. family and elderly one-person applicants), with the target of providing the first flat offer at around three years on average. This target is not applicable to non-elderly one-person applicants under the Quota and Points System (QPS).

HA introduced QPS in September 2005 for rationalising and re-prioritising the allocation of PRH to non-elderly one-person applicants. Unlike general applicants, priority of flat allocation to QPS applicants is determined by the total points accumulated by individual applicants under the points system. The points are based on the applicants' age, their waiting time and whether they are already residing in PRH. In October 2014, HA endorsed refining QPS. Such refinements included increasing the 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 awarding a one-off bonus of 60 points to applicants when they have reached the age of 45 to accord them with higher priority over other younger applicants. In addition, HA endorsed that starting from 2015-16, the annual allocation quota for QPS would be increased from 8 per cent to 10 per cent of the total number of units to be allocated to general applicants and QPS applicants, subject to a cap to be increased from 2 000 to 2 200 units. HA currently has no plan to abolish QPS.

In the past 10 years, the cumulative number of non-elderly one-person (1P) applications and the estimated quota and actual number of units allocated to non-elderly 1P applicants are set out in Annex I. The number of units allocated to non-elderly 1P applicants and general applicants from 2014-15 to 2018-19 are set out in Annex II.

The Government approved in 2018 that the development density of the public housing sites in selected Density Zones of the Main Urban Areas and New Towns could be increased, where technically feasible, in order to increase the supply of public housing. HA will continue to strive to increase PRH supply, so as to allocate PRH units to applicants of different household sizes as soon as possible.

When planning the unit mix of PRH units, HA has been taking into account factors such as the distribution of household size among PRH applicants, projection of domestic household formation, etc. According to HA's Housing Construction Programme as at March 2020, it is estimated that about 72 700 PRH/ Green Form Subsidised Home Ownership Scheme (GSH) units will be completed from 2019-20 to 2023-24. Such units include Type A units (for one to two persons), Type B units (for two to three persons), Type C units (for three to four persons), and Type D units (for four to five persons) to meet the needs of different household sizes. According to the forecasts as at March 2020, the estimated number of Type A units amongst PRH/ GSH units to be completed by HA in the coming five years (i.e. from 2019-20 to 2023-24) is set out in Annex III.

HA takes into account various factors when determining the types of units in PRH construction. In view of the overall shortage of PRH supply, increasing the number of a specific type of units significantly will reduce the supply of units of other types, which will result in longer waiting time for PRH applicants of other unit types. Hence, we need to balance the overall supply and demand, and cannot adjust the proportion of unit types of newly built PRH units lightly.

Over the years, many different types of PRH units with varied designs and sizes have been completed at different times, HA has not compiled the number of PRH units with breakdown by unit type. For reference, as at end-March 2020, HA had about 152 600 1P PRH tenants, which included about 106 100 elderly households (Note) and about 46 500 non-elderly households.

Note: For one-person PRH tenants, elderly households refer to tenants aged 60 or above.

LCQ1: Relief measures of the Government

Following is a question by the Hon Paul Tse and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (May 20):

Question:

The social incidents, which have persisted for more than half a year, have dealt a heavy blow to Hong Kong's economy. Then, the Coronavirus Disease 2019 epidemic (formerly referred to as "novel coronavirus-infected pneumonia") has been sweeping across the globe, plummeting the global economy and stock markets. Some members of the accounting sector have predicted that if the Government does not implement additional relief measures, the economy of Hong Kong may fall further, with bankruptcy and winding up cases reaching a peak in August this year and registering a huge year-on-year increase of 20% to 30%. In this connection, will the Government inform this Council:

(1) whether it will raise the amount of the cash handout to each adult Hong Kong Permanent Resident to \$20,000, and collaborate with the banking sector so that banks may, upon receiving signed authorisations from individual clients and having verified the latter's eligibility for receiving the sum, disburse the sum in advance, so as to address the urgent needs of members of the public; if so, of the details; if not, the reasons for that;

(2) as members of the public filing bankruptcy petitions are currently required to deposit with the Official Receiver a sum of \$8,000 and pay a court fee of \$1,045, whether the Government will, in view of the expected emergence of a surge of bankruptcy, offer concessions on the relevant fees or make such payments on behalf of the persons concerned, so as to prevent an increasing number of members of the public from suffering the hardship of "failing even to afford the payments for bankruptcy applications"; and

(3) in view of the suggestion made by some senior scholars well versed in real estate and economics that the titles (with resale restrictions) of the public housing units held by the Housing Authority, the total estimated value of which amounts to \$100 billion, be transferred for free to those sitting tenants who have resided in the units for 10 or more years, so that the management and maintenance expenses, which are close to \$20 billion a year, can thus be saved and reallocated to meeting expenses on public housing development and provision of support for the sandwich and middle class (e.g. providing tax concessions, rent subsidies or home purchase support), whether the Government will consider this suggestion; if so, of the details; if not, the reasons for that?

Reply:

President,

We understand fully that the social events last year and the COVID-19 pandemic have brought immense impact to various industries and sectors. The Government has launched four rounds of relief measures amounting to more than \$30 billion between August and December last year. Since the beginning of this year, three rounds of measures totalling \$287.5 billion to assist the affected industries and the public were announced, including the first round of \$30 billion relief measures under the Anti-epidemic Fund in February; the \$120 billion relief package in the 2020-21 Budget; and the second round of \$137.5 billion relief measures under the Anti-epidemic Fund in April. We will closely monitor the situation in the community and continue to implement counter-cyclical measures and provide targeted support to enterprises and the general public for riding out the crisis together.

Having consulted the Transport and Housing Bureau, our reply to the Hon Paul Tse is as follows:

(1) The Cash Payout Scheme (the Scheme) announced by the Financial Secretary in his Budget will disburse \$10,000 to each Hong Kong permanent resident aged 18 or over with a view to encouraging and boosting local consumption, and relieving people's financial burden. It is expected to benefit about seven million people. For the amount of disbursement, having thoroughly considered all the counter-cyclical and mitigation measures and their financial impact, we consider \$10,000 an appropriate amount. The preparation work for the Scheme has reached its final stage. We will announce the details as soon as possible. The Government's target is to strive to commence registration in end June and start making payment within July. We expect that majority of the seven million eligible citizens will receive payment by the end of August. The proposal mentioned in the question will also require authorisation from the party concerned to use his/her personal data and to perform verification of eligibility. It will not expedite payment disbursement time in practice.

(2) As for the bankrupts, Rule 52 of the Bankruptcy Rules (Cap. 6A) provides that the debtor shall deposit a sum of \$8,000 with the Official Receiver's Office (ORO) upon presentation of bankruptcy petition against himself. The ORO does not have the discretionary power to waive or reduce the deposit. The deposit is for covering costs and expenses in processing the bankruptcy case, e.g. the accountable and advanced costs incurred in gazetting and publishing statutory notices, charges for conducting various searches (e.g. bank search, land search and company search), expenses incurred in the service of notices, statutory court fees, etc. In fact, our policy is that the fees charged should in general be set at levels adequate to recover the full costs of providing the services to ensure that the costs for providing the services do not fall on the general taxpayers. It is also a common international practice to require a debtor to pay a deposit upon presentation of bankruptcy petition against himself. The arrangements in Hong Kong are similar to those adopted in other jurisdictions such as the United Kingdom and Singapore. The current amount of deposit for debtor's bankruptcy petition against himself was revised in 2013 (from the then level of \$8,650 to the current level of \$8,000). The ORO will keep in view the cost recovery situation of the

relevant services and will consider reviewing the deposit amount where necessary. As for the \$1,045 court fee payable to the High Court for filing a debtor's petition, the fee level, same as fees for commencement of other causes or matters, is stipulated in the High Court Fees Rules (Cap. 4D).

(3) Public rental housing (PRH) units are valuable public assets. Transferring the ownership of PRH units to PRH tenants for free is not in line with the principle of effective use of public money and housing resources, especially amid a public housing supply that can yet to satisfy the demand in society at the moment. Furthermore, transferring the ownership of PRH units to sitting tenants will also drastically reduce the number of PRH units available for allocation, which will severely lengthen the waiting time for families applying for PRH. Therefore, the suggestion of transferring the ownership of PRH units for free is not feasible.

The greatest challenge in relation to public housing is the shortage of land supply. We will strive to identify land under a multi-pronged approach so as to effectively resolve the housing problem in the long run. We will also continue to maximise the use of the land secured for public housing construction.

Furthermore, in recent years, the Government has also proposed various short- and medium-term support measures to meet people's housing needs and home ownership aspirations. These measures include accelerating the sale of unsold flats in Tenants Purchase Scheme (TPS) estates; expediting the sale of Home Ownership Scheme and Green Form Subsidised Home Ownership Scheme flats; further increasing the quota for White Form Secondary Market Scheme; launching Starter Homes for Hong Kong Residents pilot project; increasing the supply of transitional housing; and on a trial basis, providing a cash allowance to eligible General Applicant households who are not living in PRH, not receiving Comprehensive Social Security Assistance and have been waiting for PRH for more than three years.

[Eighteen building plans approved in March](#)

The Buildings Department approved 18 building plans in March, with five on Hong Kong Island, eight in Kowloon and five in the New Territories.

Of the approved plans, six were for apartment and apartment/commercial developments, five were for commercial developments, one was for factory and industrial development, and six were for community services developments.

In the same month, consent was given for works to start on 10 building projects which, when completed, will provide 15 546 square metres of gross

floor area for domestic use involving 381 units, and 92 088 sq m of gross floor area for non-domestic use. The department has received notification of commencement of superstructure works for eight building projects.

The department also issued 25 occupation permits, with three on Hong Kong Island, seven in Kowloon and 15 in the New Territories.

Of the buildings certified for occupation, the gross floor area for domestic use was 86 557 sq m involving 1 413 units, and 115 409 sq m was for non-domestic use.

The declared cost of new buildings completed in March totalled about \$7.7 billion.

In addition, 12 demolition consents involving 12 building structures were issued.

The department received 1 832 reports about unauthorised building works (UBWs) in March and issued 295 removal orders on UBWs.

The full version of the Monthly Digest for March can be viewed on the Buildings Department's homepage (www.bd.gov.hk).

Order on Comprehensive Avoidance of Double Taxation Arrangement with Macao to be gazetted

The Chief Executive in Council has made an order under the Inland Revenue Ordinance (Cap. 112) to implement the Comprehensive Avoidance of Double Taxation Arrangement with Macao (Macao CDTA). The order will be gazetted on May 22.

"Under the Macao CDTA, investors will not have to pay tax twice on a single source of income. It will bring tax savings and greater certainty on taxation liabilities for the residents of both sides when they engage in cross-boundary trade and investment activities," a Government spokesman said.

The order will be tabled at the Legislative Council on May 27 for negative vetting. The Macao CDTA will enter into force after both sides have completed the ratification procedures.

The Macao CDTA was signed in November 2019 and is the 43rd comprehensive avoidance of double taxation agreement/arrangement signed by Hong Kong. Its highlights are set out in the Annex.

Exchange Fund Notes tender results

The following is issued on behalf of the Hong Kong Monetary Authority:

Exchange Fund Notes tender results

Tender date	:	May 20, 2020
Paper on offer	:	EF Notes
Issue number	:	02Y2205
Issue date	:	May 21, 2020
Maturity date	:	May 23, 2022
Coupon	:	0.33 per cent p.a.
Competitive Tender Result		
Amount applied	:	HK\$3,315 MN
Amount allotted	:	HK\$1,200 MN
Average price accepted (yield)	:	100.03 (0.32 PCT)
Lowest price accepted (yield)	:	99.97 (0.35 PCT)
Pro rata ratio	:	About 40 PCT
Average tender price (yield)	:	99.89 (0.38 PCT)
Non-competitive Tender Results (for applications submitted through Hong Kong Securities Clearing Company Limited)		
Amount applied	:	NIL
Amount allotted	:	NIL
Allotment Price (yield)	:	NIL