



Research on the Living Conditions of Tenant Households Who Have Been on the Waiting List for Public Rental Housing for Over 3 Years

Key Research Findings and the Way Forward

1. Introduction

In recent years, the dramatic rise in housing price and rent are putting more tenants at risk of poverty, most of who are on the waiting list of public rental housing. At the end of September of 2012, the total number of applicants on the waiting list for public rental housing (PRH) reached a record high of 210,400, of whom 110,400 are either elderly or ordinary families and 100,000 are non-elderly singletons. However, the Chief Executive in his policy address announced that the average new public housing production would remain at 15,000 in each of the coming five years, with an increase to only 20,000 units per year on average from 2018. This implies that in these five years, applicants of low-income families may still need to wait more than three years to obtain a public housing flat.

For **those low-income families not receiving Comprehensive Social Security Assistance (CSSA)** and are now still on the waiting list for public rental housing (**the so-called “N have-nots”**), they have to pay unreasonably high rent for tiny sub-divided flats or cubicles in the market. According to the 2011 Population Census, the number of poor private housing tenant households¹ is recorded at 76,866, equivalent to 188,736 persons in 2011. Its poverty rate is recorded at 22.3%, higher than the overall poverty rate in Hong Kong at 17.6%. These tenants on average spend 40% of their household income to pay rent, far more than that of the general private housing tenants at 24.3%.

Low-income households on CSSA residing in rooms, bed spaces or cocklofts in private housing also bear high housing cost due to insufficient rental subsidy under the CSSA Scheme. They have to cut back on expenses such as meals, transport or even children’s learning opportunities to make sure they could pay rent. This has resulted in substandard living and inter-generational poverty in the long run.

The lack of affordable housing is a main contributing fact to the problem of poverty in Hong Kong. Both non-CSSA and CSSA families have to use a significant part of their income on rent if they are not residing in a public housing flat. The Government should look into this problem with a view of helping these disadvantaged groups.

As there is no systematic research in Hong Kong reviewing the socio-economic profile, living

¹ We define households (excluding foreign domestic helpers) with an income less than 50% of the median household income and renting permanent private housing, including both CSSA households, as “poor private housing tenant households”.

situations, housing need/plan, and the progress towards obtaining PRH flats etc. of low-income households who have already waited for PRH more than three years, Oxfam Hong Kong commissioned Policy 21 Ltd. to conduct a research on *“The Living Conditions of Tenant Households Who Have Been on the Waiting List for Public Rental Housing for Over 3 Years”* in order to fill up this gap. A total of 501 non-CSSA families were interviewed face-to-face from August to October 2012, constituting a response rate of 70%. This paper will be divided into three parts including **a) key findings of the research so as to get a closer look into the housing plight of the poor, b) an in-depth policy analysis** and **c) Oxfam’s policy recommendations to address the housing problem of low-income families.**

2. Key findings – A closer look into poor people’s housing problem

2.1 Housing problem of the “N have-nots”

As mentioned, most of the low-income households now renting private housing and wait listing for public rental housing are the so-called “N have-nots” who have NO public housing flat, NO CSSA and NOT ever received any one-off relief subsidy from the Government. Our research findings clearly showed a list of problems that they are facing:

2.1.1 73.7% of private housing tenants have received NO OFFER of public rental housing despite having waited 4.4 years on average

According to the survey, 73.7% (369 cases) of the total respondents who have been waiting 4.4 years or 52.6 months on average have not yet received even the first offer of public rental housing flats (See Appendix: Table 1 and Table 2 or Full Report Section 6.22 and 6.23).

Of these 369 cases, **about 76.7% (283 cases) have not gone through the vetting interview process** while only 23.3% (86 cases) have done so already (See Appendix: Table 1 and Table 2 or Full Report Section 6.25).

Of these 369 cases, **over half (54.2% or 200 cases) have not revised any information** (excluding the change of district option) in their public housing application but are still waiting for the first offer. This shows a shortage in public rental housing flats (See Appendix: Table 1 and Table 2 or Full Report Section 6.25).

2.1.2 26.3% received the FIRST OFFER of public rental housing with an average waiting time of 4.5 years

According to the survey, only 26.3% (132 cases) of the total respondents received a first flat offer with an average waiting time of 4.5 years or 54 months (See Appendix: Table 1 and Table 3 or Full Report Section 6.20).

Of these 132 cases, **77.6% (98 cases) had to wait longer than the target time of three years** (See Full Report Section 6.19). The main reasons for applicants to decline the first offer are that the offered estate is too far away (47.9%), far away from workplace (37.8%) and far away from study place (26.1%) (See Appendix: Table 4 or Full Report Section 6.20 and 6.24).

2.1.3 Only 8.6% was given the SECOND OFFER of public rental housing with an average waiting time of 5.1 years.

According to the survey, only 8.6% (43 cases) of the total respondents received the second offer with an average waiting time of 5.1 years or 61.7 months in which an additional 7.4 months had to be consumed subsequent to the first housing offer (See Appendix: Table 3 or Full Report Section 6.25).

2.1.4 One in every three cases in the survey has once changed their district choice, of which 92.4% preferred urban district

According to the survey, one in every three cases (38.5% or 193 cases) have changed their district option after the Government announced to allow PRH applicants to change their preferred location of PRH flats. Amongst the applicants who have changed their district options, about **92.4% wanted a flat in the urban district**. Over half of them (59%) understood that they might have to wait longer to get into more convenient areas. There are three major reasons for applicants to change their district choice: a) closer to work place (77.3%), b) closer to school place of their children (68.5%) and c) better transportation (74.4%) (See Full Report Section 6.14 and 6.15).

2.1.5 Poor private tenant households bear a higher housing cost

The survey results showed that **the median rent-to-income ratio was 30.1% for poor households, which was higher than that of overall private housing tenants in Hong Kong at 24.3%**. If food and housing costs are also considered, both categories shared 69% of the total income of poor private tenant households. To meet their food and housing needs, these households have to reduce other expenses and in turn, compromise their living standards (See Full Report Section 4.6 and 4.7).

2.1.6 High living density per person, far below the Government's minimum standard

Results of the study showed that the **median living space per person was about 4.2 square metres (or 45 square feet), which is far below the minimum living space standard of 5.5 square metres per person according to the Hong Kong Housing Authority²**. Taking 5.5 square metres as the yardstick, about 61.8% of the surveyed households were overcrowded. Among them, nearly half (48.9%) were 4-person households and 24.4% were 3-person households (See Appendix: Chart 1 or Full Report Section 4.9).

Among those who were dissatisfied or very dissatisfied with the size of the flat, 59.4% stated that the crowdedness led to family quarrels (See Full Report Section 5.10).

2.1.7 Rents per square foot for tenants' tiny accommodations are now on a par with luxury flats in urban centre

According to the survey, rent for the respondents had on average risen around 14% over the past year which was higher than the government estimate at 12%³ (See Appendix: Table 5 or

² The definition of overcrowded households:

<http://www.housingauthority.gov.hk/en/public-housing/tenancy-matters/transfer/living-space-improvement-transfer-scheme/index.html>

³ Opening speech by STH at the International Conference on Spatial and Social Transformation in Urban China. 13

Full Report Section 4.11).

Worse still, calculated on a square-foot basis, the rent for these tiny accommodations is now as costly as that of some large private estates in the urban district. In October 2012, the average rent per square foot for these tiny living spaces was about \$22 which was comparable to that of some large private housing estates such as Mei Foo Sun Chuen, Sceneway Garden, Metro Town, etc.⁴ (See Table 6 or Full Report Section 4.12).

2.1.8 68.3% resided in cubicles, bed spaces or subdivided flats with unsatisfactory living conditions

According to the survey, 68.3% (or 342 cases) of the respondents are now living in either cubicles (11.2%), bed spaces (0.8%) or subdivided flats(56.3%) (See Appendix: Table 7 or Full Report Section 4.1 and 4.2).

In addition, the survey results showed the top three problems of the tenants' living unit to be a) water leakage, b) falling off of concrete and c) exposure of steel rope. A total of 59%, 49.3% and 45.9% of tenant households opined that problems of water leakage, fall off of concrete and exposure of steep rope were serious respectively (See Appendix: Table 8 or Full Report Section 5.3).

2.2 Housing problem of low-income families on CSSA residing in private rental flats

Results of the survey showed that poor tenant households on CSSA that are living in private rental flats and have yet to obtain a public housing offer bear a high housing cost due to inadequate rent allowance under the CSSA Scheme.

Under CSSA, recipients are entitled to a rent allowance according to the Maximum Level of Rent Allowance (MRA), which varies according to the total number of family members. According to the government figures of January 2012 (Table A), 60.3% of recipients residing in private housing reported that CSSA payments were insufficient to cover their rising rent. They have to cut back other daily expenses like meals or children's learning opportunities in order to make up the difference.

Table A: The number of CSSA cases renting private housing flats with the actual rent less than, equal to and higher than the Maximum Levels of Rent Allowance (MRA)

	Number of cases	%
Actual rent less than or equal to MRA	14,950	39.7
Actual rent higher than MRA	22,688	60.3
Total	36,946	100.0

Source: Social Welfare Department, Census and Statistic Department, 2012

December 2012. (<http://www.thb.gov.hk/eng/psp/speeches/transport/land/2012/20121213.pdf>)

⁴ Ricacorp Properties, October 2012

3. Policy Analysis – Why existing policies and measures are inadequate

3.1 The shortage of public rental housing

For poor people paying high rent in private housing but still squeezing into tiny dwellings, having a public housing unit is their dream. Yet the current supply of public rental housing does not meet the demand. The waiting list is 121 per cent longer than it was nine years ago, an increase from 90,240 applications in 2003 to 199,600⁵ in June 2012. It is worth noting that the total number of applicants on the waiting list had already climbed up to 210,400⁶ by September 2012 (100,400 are from ordinary families), in which an extra 10,800 new applicants were added to the list within only four months' time from June to September 2012. The surging demand for public rental housing is loud and clear.

However, the Chief Executive in his first policy address announced that the average new public housing production would remain at 15,000 units per year and even counting the 7,000 recovered units from existing public housing estates, the supply still lagged far behind the surging demand each year. As a result, more low-income families have to wait longer than the target time of three years and their housing woes continue to take a toll on their lives.

Besides, the new flats in urban and extended urban areas are not sufficient to satisfy the demand. According to the Hong Kong Housing Authority's report on "Housing of Waiting List Applicants" in November 2012, 15,700 applicants have not yet obtained a first offer after more than 3 years because 62% are opting for Urban and Extended Urban Districts. This reflects the shortage of new flats in Urban and Extended Urban Districts.

3.2 Inadequate rent allowance under CSSA and narrow coverage of housing subsidy under the Community Care Fund

As mentioned, rent is rising faster than the adjustment of rent allowance offered by CSSA. CSSA recipients living in private rental housing need to allocate more income for footing the bill. This reflects that the current rent allowance under CSSA is inadequate to relieve CSSA recipients of housing burden.

As for those poor private housing tenants who do not receive CSSA, the Government has introduced "Subsidy for low-income persons who are inadequately housed" under the Community Care Fund on 8 October 2012. It sets aside about \$91 million for the programme to relieve poor people's financial pressure due to housing cost. The amount of subsidy is \$3,000 for one-person households, \$6,000 for two-person households, and a uniform rate of \$8,000 for three-or-more-person households. The programme is expected to benefit over 13,000 households (nearly 30,000 persons).

According to 2011 Population Census, a total of 39,228⁷ non-CSSA poor households are residing in private rental flats with unreasonably high rent, but only 33.1% of these households can benefit from this programme. In other words, 26,228 poor tenant households (66.9%) are

⁵ Memorandum for the Subsidized Housing Committee of the Hong Kong Housing Authority, Housing of Waiting List Applicants (November 2012)

⁶ Opening speech by STH at the International Conference on Spatial and Social Transformation in Urban China. 13 December 2012. (<http://www.thb.gov.hk/eng/psp/speeches/transport/land/2012/20121213.pdf>)

⁷ The figure is the difference between the total number of poor households living in private rental housing (76,866) and the number of CSSA cases living in private rental housing and receiving rent allowance in 2011/12 (37,638). Census and Statistics Department and Department of Welfare.

left behind without receiving any immediate assistance. Moreover, the programme only offers a one-off subsidy without having any long-term policy commitments. Therefore, it cannot relieve the housing burden of the low-income tenants before they obtain a public housing unit.

4. The Way Forward - Oxfam's policy recommendations

Although the newly released policy address sets out plans to build more public rental flats, the number of these new public rental flats being completed could rise to 20,000 per year only from 2018. That means, housing needs for poor people cannot be met in these coming five years. Over 110,000 low-income households now on the waiting list for rental public housing still have to suffer from high rent and poor living conditions. In order to relieve their hardship immediately, Oxfam Hong Kong urges the Government to consider the following:

4.1 Short-term relief measures:

4.1.1 Rental subsidy for non-CSSA tenants on the waiting list for public housing

The Government should study how to provide rental subsidy to those non-CSSA tenants who are on the waiting list of public rental housing but have not received a first offer within three years as promised. Our survey showed that the average waiting time for the first offer was 4.5 years (or 54.3 months), which implied that an extra 1.5 years had to be spent before the first offer took place. In order to lessen the burden of these tenants who have been wait listing more than three years, we suggest the Government to study the option of providing rental subsidy for eligible tenants living in private rental housing until the Housing Authority issues a first or a second housing offer to them. We believe that this measure will not have much impact on the rental prices in the private market as the total number of targeted beneficiaries is comparatively small⁸. Also, it is a only temporary measure in order to relieve the housing burden of poor non-CSSA tenants.

4.1.2 Explore the feasibility of building more temporary social housing

According to government figures⁹, there are 167.7, 384.4 and 465.5 hectares of unleased or unallocated government lands which have been designated respectively for "Industrial", "Government, Institution or Community" and "Open Space" uses. We suggest the Government to study how these vacant lands (especially those that will not be used for the coming five or ten years) can be used to provide temporary social housing with low rents for low-income private housing tenants who have been waiting for rental public housing over three years. By the same token, we also suggest the Government to explore the feasibility of converting those vacant industrial buildings into temporary housing for these households. This measure can reduce the housing stress of those poor tenants who have been waiting longer than the target time of three years on the one hand. On the other hand, the supply of temporary housing may stabilise or even help lower the rental prices in the private market as a result of the increased supply of small-sized rental flats.

⁸ According to the report "Housing of Waiting List Applicants" (Housing Authority, November 2012), a total of 15,700 households on the waiting list for rental public housing waited longer than three years without receiving an offer. It is estimated that the number of beneficiaries under our proposed rental subsidy scheme for non-CSSA tenants will be less than that number if taking out those on CSSA and not living in rental private housing.

⁹ Legislative Council Meeting on 17 October 2012 (Question 16)
<http://www.info.gov.hk/gia/general/201210/17/P201210170305.htm>

4.2 Long-term policy

4.2.1 Increase the supply of public rental housing

In the long run, the Government should produce sufficient public rental housing so as to ensure that applicants on the waiting list will receive a first offer after waiting for not more than three years. Recently, the total number of ordinary family applicants on the waiting list has reached 110,400 (on top of the 100,000 non-elderly singletons) as at the end of September, 2012. The Government should increase the production of public rental flats from 15,000 to no less than 35,000 flats per year so as to ensure that applicants do not need to wait more than three years for their unit.

According to our survey, a majority of tenants on the waiting list prefer a location in urban district in their public housing application. Given the fact that the vacant land for residential use is estimated at 391.5 hectares¹⁰ according to the Development Bureau on October 2012, the Government should study and inform the public how much vacant land for residential use is available for the production of the public housing estates, particularly in urban district. Meanwhile, in view of the expanding number of applicants on the waiting list, we suggest that the Government should allocate half of all disposable lands for providing public housing flats so as to maintain a balance between private and public housing markets.

4.2.2 Review the Maximum Level of Rent Allowance (MRA) under the CSSA Scheme

We support a fair and adequate rent allowance for CSSA recipients, and suggest the Government to take into account the rental agreements of the latest leases for CSSA recipients living in private housing to define the maximum level of rent allowance as soon as possible. In addition, the rate should be adjusted annually according to the movement of CPI (A) rent index for private housing.

¹⁰ The data come from the Land Department's Land Information System as at June of 2012.

Appendix

Table 1: Percentage of cases that have a housing offer

Process	Total N (%)
From registration of WL (blue card) to now	501 (100%)
Did not have housing offer	369 (73.7%)
Had housing offer	132 (26.3%)

Table 2: Average Waiting Time of those who DID NOT have a housing offer

Process (those who did not have housing offer)	Total N (%)	Average Waiting Time
From registration of WL (blue card) to now	369 (100%)	52.6 months or 4.4 years
Haven't gone through vetting	283 (76.7%)	
Haven gone through vetting	86 (23.3%)	
Did not revise any information (excluding the change of district option)	200 (54.2%)	
Revised information	169 (45.8%)	

Table 3: Average Waiting Time for those who HAD a housing offer

Process (those who had housing offer)	Total N	Average Waiting Time (Valid N)
From registration of WL (blue card) to now	132	
From blue card to FIRST offer	132	54.3 months or 4.5 years (125)
From FIRST offer to SECOND offer	43	7.4 months (37)

Table 4: Reasons for rejecting offer

Reasons for rejection	First Offer (%)
Far away	
From work place	37.8
From study place	26.1
Estate too far away	47.9
Not satisfied with condition of the housing unit	22.7
Location (level/direction) not good	19.3
Facilities of estate not good	5.0
Unhappy incidence happened in the unit before	12.6
Others	16.8

Chart 1: Household size of overcrowded households

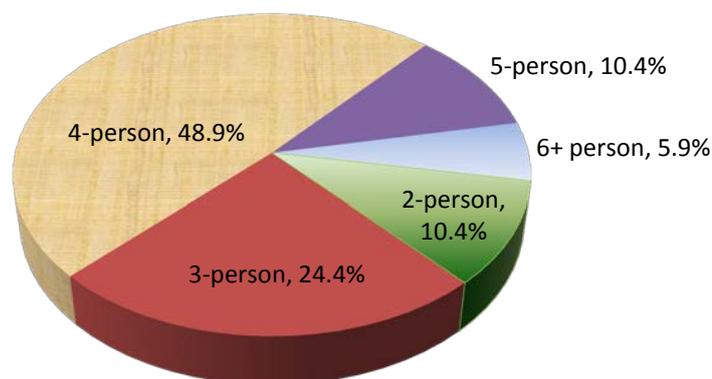


Table 5: Mean increase in rental living area

Effective floor area (sq ft)	Mean increase in rent (\$)	Mean increase in rent (%)
< 70	300	19
70 – 139	332	13
140 – 209	439	15
210 – 279	377	12
280 – 349	334	9
350 - 419	533	13
420 and above	854	21
Overall	427	14

Table 6: The average rent per square foot of selected large private housing estates

Selected large private housing estates	The average rent per square foot at October 2012 (\$)
Park Island	20.4
Metro Town	21.2
Mei Foo Sun Chuen	21.5
Sceneway Garden	21.5
The average rent per square foot in this survey is about \$22	

Source: Ricacorp Properties, October 2012

Table 7: Type of quarters (%)

Type of quarters	%
Whole flat	30.7
Cubicle/room	11.2
Bed space/cockloft	0.8
Sub-divided flat	56.3
Temporary housing/roof-top flat/cubicle	1.0
Total	100.0

Table 8: Conditions of living unit by problems (%)

Type of quarters	No such problem	With such problem	Serious	Not serious
Water leakage	50.3	49.7	59.0	17.7
Fall off of concrete	45.7	54.3	49.3	20.2
Exposure of steel rope	61.3	38.7	45.9	27.8
Mess up of electric wire	56.2	43.8	28.8	26.0