

HD(CR)1/20/213

2761 5003

2762 1110

6 April 2001

Miss Becky Yu
Clerk to Panel on Housing
Legislative Council Building,
8 Jackson Road,
Central,
Hong Kong.

Dear Miss Yu,

LegCo Panel on Housing
Follow-up to meeting on 5 March 2001

I refer to the motion passed by the LegCo Panel on Housing on 5 March 2001 regarding the Housing Authority's recent decision to decrease the income and asset limits for households applying for public rental housing and Home Ownership Scheme (HOS) flats. The Secretary for Housing has, as requested, conveyed the motion to the Housing Authority (HA) for consideration.

At its meeting on 29 March 2001, the HA considered the motion and made the following response -

- (a) it is an established practice of the HA to review the HOS and the public rental housing Waiting List (WL) income and asset limits at the beginning of each year to ensure that limited public

housing resources are allocated rationally to those in genuine need. The review is conducted through a clear and objective mechanism which takes into account, inter alia, the housing and non-housing costs of public housing applicants. The mechanism has been in place for many years and is widely accepted by the community;

- (b) a review was conducted as usual in February this year. Given the downward adjustment in property prices and rentals as well as the sustained deflationary trend, the HOS and WL income and asset limits would have to be correspondingly reduced;
- (c) before taking the decision, the relevant HA Committees had carefully considered the views from different quarters of the society. Taking into account the views of the community while ensuring the rational allocation of public housing resources, the HA committees decided to reduce the HOS and WL income and asset limits but to a lesser extent than those calculated under the review mechanism;
- (d) the new limits will apply with effect from 1 April 2001. To minimize any inconvenience or negative impact on public housing applicants, the HA also introduced a series of transitional measures such as exempting those who have already gone through investigation from the application of the new limits;
- (e) the HA has further undertaken to review the current mechanism before setting the limits for next year. The review will take account of, among other things, the latest results from the territory-wide Household Expenditure Survey conducted by the Census and Statistics Department which will be available by middle of this year; and
- (f) HA Members also expressed the wish to enhance communications with the LegCo Panel on Housing to avoid any

possible misunderstanding of HA's policies and practices in future.

I should be grateful if you would relay the above response from HA to Members of the LegCo Panel on Housing.

Yours sincerely

(Wilson Fung)
Secretary to Housing Authority

c.c. S for H