

(English translation prepared by
the Legislative Council Secretariat
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To: Members of the LegCo Panel on Housing

22 February 2002

We are strongly dissatisfied that at the brainstorming session of the Housing Authority (HA) held on 7 February, the Housing Department (HD) has failed to include in its new proposal of Waiting List Income Limits (WLILs) the core recommendations of the motion passed by the Panel at its meeting on 7 January.

The two main points of the motion which HD has failed to take account of include:

1. Using the average expenditure of the second lowest quarter expenditure group of non-owner occupiers in private housing as the basis for the calculation of non-housing expenditure;
2. While the concept of contingency money has been incorporated in the new proposal, the level of contingency money is not set at 10% of the non-housing expenditure as recommended in the motion.

As HD has not accepted the two core recommendations referred to, the proposed new income limits are still on the low side. Apart from one-person households, the income limits of all other household sizes have been lowered, particularly of those three to four-person households (please refer to the table attached). Moreover, under the new proposed WLILs, it appears that only 1 800 households are excluded. However, the actual fact is that after the adjustment of WLIL, the significant reduction of the number of three to four-person households is made up by the increase in number of one-person households. At the same time, the increase in number of well-off tenants will imply a higher rent payable. The financial burden of tenants will increase in general.

We stress that WLILs have to be set taking into account the real needs of people. The proposed new limits are still on the low side. As a result, families with household income exceeds the relevant limits are forced to live in private housing and their disposal income after paying the rent is even lower than that of recipients of the Comprehensive Social Security Assistance, thereby leading a harder life.

Hence, we urge members of this Panel to support the following motion:

“That this Panel is opposed to the new proposal put forward at the brainstorming session of the Housing Authority (HA) on 7 February and requests HA to accept the four recommendations passed at the Housing Panel meeting on 7 January:

1. To include the rent for flats of sizes below 20 square metres and bedspaces in the calculation of housing expenditure;
2. To calculate the rental expenditure per square metre according to household sizes;
3. To include an element of “contingency money” equivalent to 10% of the household income in the calculation of non-housing expenditure;
4. To calculate the non-housing expenditure using the average of the secondary lowest quarter expenditure group, i.e. only the 26% - 50% of the expenditure group should be used as the basis for calculation.”

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Proposed income limits for Waiting List applicants for the year 2002-03

Household size (number of persons)	Year 2001-02	The latest option proposed by the Housing Authority	The resolution passed by the LegCo Panel on Housing
	Housing expenditure plus non-housing expenditure (the average household expenditure of the lower half expenditure group of non-owner occupiers in private housing)	Housing expenditure plus non-housing expenditure (the average household expenditure of the lower half expenditure group of non-owner occupiers in private housing, excluding the elderly and the unemployed, with an addition of 5% contingency money); one-person households being dealt with separately	Housing expenditure plus non-housing expenditure (the average household expenditure of the secondary lowest quarter expenditure group of non-owner occupiers in private housing, with an addition of 10% contingency money)
1	6,200	7,200 (+16.1%)	8,700
2	11,000	10,800 (-1.8%)	13,000
3	13,700	12,500 (-8.8%)	14,500
4	16,400	14,900 (-9.1%)	17,700
5	17,800	17,200 (-3.4%)	19,800
6	19,200	19,000 (-1%)	21,600
7	21,800	20,500 (-6%)	23,000
8	24,300	21,700 (-10.7%)	24,200
9	26,600	23,500 (-11.7%)	25,900
10 or above	28,400	25,100 (-11.6%)	27,500

* the figure in the () represents the reduction rate as compared with the current upper limit