

## **Review of Income and Asset limits for Public Housing Applicants**

I have been invited by the Chairman of the LegCo Panel on Housing (Panel) to attend its meeting on 20 December 2001 and express my views on the captioned subject, namely the income and asset limits (the limits) for public housing applicants (the review).

Having regards to a Chinese document released by the Panel dated 3.12.2001<sup>1</sup> on the review, I would restrict my comment to the public rental sector<sup>2</sup>. My opinion is as follows:

- (a) Taking it in isolation, the proposed downward revision of income and asset limits, as a periodic property management exercise of the relevant housing bodies, is simply a response to the perceived present and short-term macro-economic reality of the HKSAR. Income and asset values are falling and the real purchasing power of money is rising. As such, there is little room for dispute.
- (b) However, neither the public nor the affected prospective applicants would be satisfied with the proposal and it would be unwise for government to revise the limits in this difficult moment of time. This view is based on the following considerations:
  - (i) in terms of long term public housing policy, the proposal would defeat the purpose of downsizing the public rental sector in a context where HOS housing production is to be constrained in the foreseeable future: maintaining the existing ceilings should help promote the purchase of public rental units by tenants in the longer term;

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<sup>1</sup> The document is produced by the Housing Authority. I have also seen an information paper of the Panel dated 3.12.2001 on similar matters for Housing Society. My comments apply to rental housing of both housing bodies, which derive resources ultimately from the government and tax payers.

<sup>2</sup> My opinion has always been that HOS housing should be abolished, as government should not subsidise the purchase of property and/or construct property on sale in direct competition with private sector housing. The issue of “overlapping” of HOS housing with private housing is best addressed by the permanent abolition of the former category of housing subsidy.

- (ii) in terms of housing mix, the proposal would create the image and reality of a marginalised housing class, which will (likely) be concentrated in remote new estates in new development areas where private housing would take much longer time to mature: maintaining the ceilings would have benefits in terms of housing and social mix; and
- (iii) in terms of its immediate impact, the proposal would lead to frustration among those who have formed expectations about their long term income and assistance by the public rental sector.

While there should be periodic internal monitoring review of various eligibility limits and rental levels, it is not advisable that these limits or levels be changed every year. A period of at least 3 years is more suitable, as this is less disruptive and uncertain.

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