

# 立法會 *Legislative Council*

LC Paper No. CB(1) 1210/09-10(04)

Ref. : CB1/PL/HG

## **Panel on Housing**

**Meeting on 1 March 2010**

### **Updated background brief on the Waiting List Income and Asset Limits (position as at 23 February 2010)**

#### **Purpose**

This paper sets out the development of the Waiting List (WL) income and asset limits, and gives a brief account of the views and concerns expressed at meetings of the Council and the Panel on Housing (the Panel).

#### **Background**

2. The Housing Authority (HA) maintains a WL system through which low-income families which cannot afford to rent private accommodation may apply for public rental housing (PRH). The eligibility of PRH applicants is determined by way of the WL income and asset limits. Households with incomes and assets below the respective prescribed limits are deemed unable to afford renting private accommodation and hence are eligible for PRH.

3. The WL income limits are derived using a "household expenditure" approach that comprises the housing and non-housing costs. The housing cost refers to the average expenditure a household required to rent a private accommodation with an average size comparable to a PRH unit. The non-housing cost is determined by the statistics from the most recent Household Expenditure Survey (HES)<sup>Note1</sup> and adjusted annually according to the latest movement in Consumer Price Index (A) (CPI(A)). The WL income limits for different household sizes are the respective sums of the two major cost items, plus a 5% "contingency" provision. However, statutory contributions under the Mandatory Provident Fund Scheme are deductible from a household's income when it

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<sup>Note1</sup> The Household Expenditure Survey (HES) provides the necessary statistics on the average household expenditure of the lower half expenditure group among tenant households in the private sector. The statistics form the basis for assessing the non-housing expenditure of different household sizes in calculating the WL income limits.

applies for PRH. The WL asset limits are derived using the asset limits for 2005-2006 as the basis for future annual adjustments with reference to movement in CPI(A) over the year.

### **Adjustment of WL income and asset limits**

4. The WL income and asset limits are reviewed annually at the beginning of each year using the latest available statistics as of the last quarter as compared to the corresponding quarter of the previous year.

5. As a result of the last review in March 2009, the WL income and asset limits for the year 2009/10 have increased by 3.3% and 0.6% respectively over those for 2008/09. The WL income and asset limits for 2009/10 are given in the **Appendix**. It is expected that some 113 000 non-owner occupied households would become eligible for PRH following the adoption of the revised income and asset limits.

### **Major concerns raised at meetings of the Council and the Panel**

6. The Panel has been monitoring the review of the WL income and asset limits. Outcome of the 2009/10 review of WL income and asset limits was discussed at the Panel meeting on 2 March 2009.

7. Some members held the view that the present WL income and asset limits were overly stringent. By way of illustration, a 2-Person family with both members working, even with minimum wage, would easily exceed the respective new income and asset limit. The incoherent policy on minimum wage being contemplated by the Labour and Welfare Bureau with the current review of WL income and asset limits had demonstrated the lack of coordination in the formulation of housing and welfare policies. Other members were not convinced that the non-housing cost for different household sizes should be generalized without having regard to the different composition of the families, and that the 5% contingency provision should apply across the board to all household sizes. They also questioned the rationale for conducting the review of WL income and asset limits in the fourth quarter of 2008 when CPI(A) was on the decline following the financial crisis. Given that the high unemployment rate would continue for quite some time, consideration should be given to revising the WL asset limits, which were set at around 20 to 24 times of the WL income limits, upward to 30 to 36 times of the income limits. To facilitate better understanding, the Administration was requested to provide a breakdown by percentage of the different household sizes on WL from one person to 10 persons. The Administration's response was circulated vide LC Paper No. CB(1) 1697/08-09(01) which is hyperlinked below for ease of reference.

8. Given that the demand for PRH would surge amid the financial turmoil as more people would become eligible for PRH, members stressed the need for advance planning to meet the demand, particularly from non-elderly singletons whose average waiting time for PRH was about five and a half years. Consideration should also be given to providing temporary assistance, such as rent subsidies or accommodation for a limited period, to middle-class families which were hard hit by the financial crisis but were not eligible for public housing as their income for the last year together with their asset had exceeded the prescribed limits.

9. A question on the WL income and asset limits was raised at the Council meeting on 8 July 2009. The questions and the Administration's response are hyperlinked below for ease of reference.

### **Latest development**

10. The Administration intends to brief the Panel on the outcome of the 2010/2011 review at the Panel meeting on 1 March 2010.

### **Relevant papers**

Information paper provided by the Administration for the Housing Panel meeting on 17 March 2006

<http://www.legco.gov.hk/yr05-06/english/panels/hg/papers/hg0317cb1-1060-5-e.pdf>

Minutes of the Housing Panel meeting on 17 March 2006

<http://www.legco.gov.hk/yr05-06/english/panels/hg/minutes/hg060317.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 5 March 2007

<http://www.legco.gov.hk/yr06-07/english/panels/hg/papers/hg0305cb1-1012-4-e.pdf>

Minutes of the Housing Panel meeting on 5 March 2007

<http://www.legco.gov.hk/yr06-07/english/panels/hg/minutes/hg070305.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 3 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0303cb1-905-6-e.pdf>

Minutes of the Housing Panel meeting on 3 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/minutes/hg080303.pdf>

Letter and information paper provided by the Administration after the Housing Panel meeting on 3 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0303cb1-1116-1-e.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 2 March 2009

<http://www.legco.gov.hk/yr08-09/english/panels/hg/papers/hg0302cb1-894-3-e.pdf>

Follow-up paper provided by the Administration for the Housing Panel meeting on 2 March 2009

<http://www.legco.gov.hk/yr08-09/english/panels/hg/papers/hg0302cb1-1697-1-e.pdf>

Minutes of the Housing Panel meeting on 2 March 2009

<http://www.legco.gov.hk/yr08-09/english/panels/hg/minutes/hg20090302.pdf>

Question raised by Hon WONG Kwok-hing at the Council meeting on 8 July 2009

[http://www.legco.gov.hk/yr08-09/english/counmtg/agenda/cm20090708.htm#q\\_17](http://www.legco.gov.hk/yr08-09/english/counmtg/agenda/cm20090708.htm#q_17)

Question raised by Hon WONG Kwok-hing and reply given by the Administration at the Council meeting on 8 July 2009

<http://www.info.gov.hk/gia/general/200907/08/P200907080120.htm>

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## Appendix

### Waiting List (WL) Income and Asset Limits for 2009-2010

Household Size	WL Income Limit	WL Asset Limit*
1 – Person	\$7,400(\$7,789)	\$182,000
2 – Person	\$11,600(\$12,211)	\$246,000
3 – Person	\$12,900(\$13,579)	\$322,000
4 – Person	\$15,800(\$16,632)	\$375,000
5 – Person	\$18,400(\$19,368)	\$418,000
6 – Person	\$21,700(\$22,842)	\$452,000
7 – Person	\$23,400(\$24,632)	\$482,000
8 – Person	\$24,800(\$26,105)	\$505,000
9 – Person	\$27,500(\$28,947)	\$558,000
10 - Person or above	\$28,700(\$30,211)	\$601,000

\* Asset limits for elderly households (including both nuclear and non-nuclear households comprising solely elderly members) are set at two times of the limits for non-elderly applicants.

Figures in ( ) denote the effective income limits should a household be contributing 5% of its income under the Mandatory Provident Fund Scheme as required by the law.