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Panel on Housing

Meeting on 7 March 2011

Updated background brief on the Waiting List Income and Asset Limits (position as at 1 March 2011)

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 with reference to the latest Household Expenditure Survey (HES)^{Note¹}, which collects detailed information of the expenditure patterns

^{Note¹} 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. As the Census and Statistics Department only conducts HES every five years, the household expenditure is adjusted according to the movement in CIP(A) (excluding housing cost) for the reviews conducted between the two HESs. The present review has adopted the 2004/05 HES findings released in June 2006.

and levels of different households, with adjustment according to the latest movement in Consumer Price Index (A) (CPI(A)) (excluding housing cost). 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 applies for PRH. The WL asset limits are adjusted 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 latest review, the WL income and asset limits for the year 2010/11 have increased by an average of 1.2% and 2.5% respectively over those for 2009/10. The WL income and asset limits for 2010/11 are given in the **Appendix**. It is expected that some 119 200 non-owner occupied households in the private sector 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. Meetings were held on 17 March 2006, 5 March 2007, 3 March 2008 and 2 March 2009 to discuss outcomes of previous reviews. Outcome of the 2010/11 review of WL income and asset limits was discussed at the Panel meeting on 1 March 2010.

7. Some members questioned the accuracy of the survey. By way of illustration, the statistics of some property agencies indicated that the average rents of private flats had increased by 22.5% which was much higher than that of 1.3% as stated in the Administration's paper. They also queried the rationale for setting the reference flat size for one person at 15.3 square metres (m²) when one-person households could be allocated PRH flats of 22 m². The Administration was requested to relay to HA the need to adopt a larger reference size for one-person flat in future.

8. On the WL income and asset limits for 2010/11, some members pointed out that the average increase of 1.2% of the income limit was much less than the inflation rate of 2.3% as announced by the Financial Secretary in his 2010/11

Budget. Consideration should be given to relaxing the income limits in line with the Harmonious Families Priority Scheme to encourage more young families to take care of the elderly parents/dependent relatives. Other members questioned why the income limit for one-person households had remained unchanged despite the increase of 1.7% in non-housing cost. They were sceptical that the stringent income limit was meant to deter non-elderly singletons from applying for PRH in view of the already long waiting list. To facilitate better understanding, the Administration was requested to provide the number of non-elderly singletons on WL and the respective waiting time of those who had been allocated PRH.

9. Given that some 119 200 non-owner occupied households would become eligible for PRH if the WL income and asset limits for 2010/11 were adopted, members considered that more resources should be earmarked to increase the supply of PRH with a view to reducing the waiting time of WL applicants. The Administration should also review the existing housing policy, including relaxing the overly stringent income and asset limits, to meet the changing circumstances so that more people could be eligible for PRH.

10. A question on the waiting list for public rental housing was raised at the Council meeting on 8 July 2009. The question and the Administration's response are hyperlinked below for ease of reference.

Latest development

11. The Administration intends to brief members on the review of WL income and asset limits for 2011/12 at the Panel meeting on 7 March 2011.

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

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>

Information paper provided by the Administration for the Housing Panel meeting on 1 March 2010

<http://www.legco.gov.hk/yr09-10/english/panels/hg/papers/hg0301cb1-1210-3-e.pdf>

Minutes of the Housing Panel meeting on 1 March 2010

<http://www.legco.gov.hk/yr09-10/english/panels/hg/minutes/hg20100301.pdf>

Proposed WL Income and Asset Limits for 2010/11

Household Size	Existing WL Income Limits for 2009/10	Existing WL Asset Limits for 2009/10*	Proposed WL Income Limits for 2010/11	Proposed WL Asset Limits for 2010/11*
1-Person	\$7,400 (\$7,789)	\$182,000	\$7,400 (\$7,789)	\$187,000
2-Person	\$11,600 (\$12,211)	\$246,000	\$11,700 (\$12,316)	\$252,000
3-Person	\$12,900 (\$13,579)	\$322,000	\$13,100 (\$13,789)	\$330,000
4-Person	\$15,800 (\$16,632)	\$375,000	\$16,100 (\$16,947)	\$384,000
5-Person	\$18,400 (\$19,368)	\$418,000	\$18,700 (\$19,684)	\$428,000
6-Person	\$21,700 (\$22,842)	\$452,000	\$21,900 (\$23,053)	\$463,000
7-Person	\$23,400 (\$24,632)	\$482,000	\$23,700 (\$24,947)	\$494,000
8-Person	\$24,800 (\$26,105)	\$505,000	\$25,100 (\$26,421)	\$518,000
9-Person	\$27,500 (\$28,947)	\$558,000	\$27,900 (\$29,368)	\$572,000
10-Person and above	\$28,700 (\$30,211)	\$601,000	\$29,100 (\$30,632)	\$616,000

* 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 MPF Scheme as required by the law.