

立法會 *Legislative Council*

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Panel on Housing

Meeting on 2 March 2012

Updated background brief on the Waiting List Income and Asset Limits prepared by the Legislative Council Secretariat (position as at 24 February 2012)

Purpose

This paper sets out the development of the Waiting List (WL) income and asset limits, and gives a brief account of the views expressed by Members on the subject.

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 and levels of different households, with adjustment according to the latest

^{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 CPI (A) (excluding housing cost) for the reviews conducted between the two HESs. The 2011/12 review has adopted the 2004/05 HES findings released in June 2006.

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. With the introduction of the statutory minimum wage (SMW) rate at \$28 per hour on 1 May 2011, the wages of a number of low income workers are expected to increase. While changes in the income level are catered in the existing expenditure-based mechanism since an increase of income will bring about changes in the expenditure level, certain lead time is required to capture the changes in the expenditure level following implementation of SMW. Taking into account the uncertainties arising from possible changes in the economic environment (including fluctuations in price levels and implementation of SMW), the "contingency" provision has been increased from 5% to 15% in the 2011/12 review to provide a bigger buffer for low-income families.

6. As a result of the latest review with the inclusion of a 15% "contingency" provision, the WL income and asset limits for the year 2011/12 have increased by an average of 15.6% and 3.3% respectively over those for 2010/11. The WL income and asset limits for 2011/12 are given in **Appendix I**. It is expected that some 131 100 non-owner occupied households in the private sector would become eligible for PRH following the adoption of the revised income and asset limits.

Deliberations by the Panel on Housing

7. The Panel on Housing (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, 2 March 2009, and 1 March 2010 to discuss outcomes of previous reviews. Outcome of the 2011/12 review of WL income and asset limits was discussed at the Panel meeting on 7 March 2011.

8. While welcoming the significant average increase of 15.6% and 3.3% of the WL income and asset limits respectively for 2011/12 as this would not only enable more low-income households to be eligible for PRH but also tie in with the introduction of SMW, some Panel members were concerned that the waiting time for WL applicants would inevitably be lengthened as a result of the increase in the number of eligible households. These members questioned how the Administration could maintain the average waiting time for PRH at three years without the corresponding increase in PRH production. The situation would be further aggravated for the some 55 000 one-person applicants since only 2 000 one-person flats were available for allocation each year which were far from enough to meet demand. To this end, efforts should be made to increase the supply of PRH and turnover of existing PRH flats, particularly from those well-off tenants to ensure that PRH would only be allocated to those who were in genuine need for housing.

9. Some other members considered that some forms of rental assistance should be provided to those sandwich-class families which were not eligible for PRH, and those which had registered on WL but awaiting their turn for allocation as many of them were living in bedspace apartments and cubicles. The Administration was requested to provide statistics on the number of non-elderly one-person applicants as well as the waiting time for the first, second and third housing offers of PRH flats for general WL applicants.

10. The Panel passed a motion urging the Administration to consider increasing the construction of PRH flats to tie in with the increase in the number of PRH applicants, with a view to realizing the target of allocating PRH flats to applicants within three years.

Council questions

11. Hon WONG Kwok-hing, Hon Fred Li and Hon Starry LEE have raised questions on WL for PRH at Council meetings. Details of the Council questions are hyperlinked below for ease of reference.

Latest development

12. The Administration proposes to brief members on the outcome of the 2012/13 review of WL income and asset limits at the Panel meeting on 2 March 2012.

Relevant papers

13. A list of relevant papers is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
24 February 2012

Proposed WL Income and Asset Limits for 2011/12

Household Size	Existing WL Income Limits for 2010/11	Existing WL Asset Limits for 2010/11*	Proposed WL Income Limits for 2011/12	Proposed WL Asset Limits for 2011/12*
1-Person	\$7,440 (\$7,832)	\$187,000	\$8,740 (\$9,200)	\$193,000
2-Person	\$11,660 (\$12,274)	\$252,000	\$13,410 (\$14,116)	\$260,000
3-Person	\$13,130 (\$13,821)	\$330,000	\$15,260 (\$16,063)	\$341,000
4-Person	\$16,070 (\$16,916)	\$384,000	\$18,560 (\$19,537)	\$397,000
5-Person	\$18,700 (\$19,684)	\$428,000	\$21,520 (\$22,653)	\$442,000
6-Person	\$21,910 (\$23,063)	\$463,000	\$25,040 (\$26,358)	\$478,000
7-Person	\$23,680 (\$24,926)	\$494,000	\$27,340 (\$28,779)	\$510,000
8-Person	\$25,090 (\$26,411)	\$518,000	\$28,950 (\$30,474)	\$535,000
9-Person	\$27,900 (\$29,368)	\$572,000	\$32,230 (\$33,926)	\$591,000
10-Person and above	\$29,080 (\$30,611)	\$616,000	\$33,590 (\$35,358)	\$636,000

* 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.

Waiting List Income and Asset Limits

List of relevant papers

Council/ Committee	Date of meeting	Paper
Housing Panel	17 March 2006	<p>Information paper on "Review of the Waiting List Income and Asset Limits for 2006/07" provided by the Administration (LC Paper No. CB(1) 1060/05-06(05)) http://www.legco.gov.hk/yr05-06/english/panels/hg/papers/hg0317cb1-1060-5-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1) 1406/05-06) http://www.legco.gov.hk/yr05-06/english/panels/hg/minutes/hg060317.pdf</p>
Housing Panel	5 March 2007	<p>Information paper on "Review of the Waiting List Income and Asset Limits for 2007/08" provided by the Administration (LC Paper No. CB(1) 1012/06-07(04)) http://www.legco.gov.hk/yr06-07/english/panels/hg/papers/hg0305cb1-1012-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1) 1568/06-07) http://www.legco.gov.hk/yr06-07/english/panels/hg/minutes/hg070305.pdf</p>
Housing Panel	3 March 2008	<p>Information paper on "Review of Waiting List Income and Asset Limits for 2008/09" provided by the Administration (LC Paper No. CB(1) 905/07-08(06)) http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0303cb1-905-6-e.pdf</p> <p><u>Letter and information paper provided by the Administration</u> (LC Paper No. CB(1) 1116/07-08(01)) http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0303cb1-1116-1-e.pdf</p>

Council/ Committee	Date of meeting	Paper
		<p>Minutes of meeting (LC Paper No. CB(1) 1658/07-08) http://www.legco.gov.hk/yr07-08/english/panels/hg/minutes/hg080303.pdf</p>
Housing Panel	2 March 2009	<p>Information paper on "Review of Waiting List Income and Asset Limits for 2009/10" provided by the Administration (LC Paper No. CB(1) 894/08-09(03)) http://www.legco.gov.hk/yr08-09/english/panels/hg/papers/hg0302cb1-894-3-e.pdf</p> <p>Follow-up paper provided by the Administration (LC Paper No. CB(1) 1697/08-09(01)) http://www.legco.gov.hk/yr08-09/english/panels/hg/papers/hg0302cb1-1697-1-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1) 1445/08-09) http://www.legco.gov.hk/yr08-09/english/panels/hg/minutes/hg20090302.pdf</p>
Housing Panel	1 March 2010	<p>Information paper on "Review of Waiting List Income and Asset Limits for 2010/11" provided by the Administration (LC Paper No. CB(1) 1210/09-10(03)) http://www.legco.gov.hk/yr09-10/english/panels/hg/papers/hg0301cb1-1210-3-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1) 1744/09-10) http://www.legco.gov.hk/yr09-10/english/panels/hg/minutes/hg20100301.pdf</p>
Housing Panel	7 March 2011	<p>Information paper on "Review of Waiting List Income and Asset Limits for 2011/12" provided by the Administration (LC Paper No. CB(1) 1447/10-11(03)) http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0307cb1-1447-3-e.pdf</p>

Council/ Committee	Date of meeting	Paper
		<p>Paper on Waiting List Income and Asset Limits prepared by the Legislative Council Secretariat (updated background brief) (LC Paper No. CB(1) 1447/10-11(04)) http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0307cb1-1447-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1) 2397/10-11) http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110307.pdf</p>

Hyperlinks to relevant Council Questions:

Date	Council Questions
8 July 2009	Council question raised by Hon WONG Kwok-hing http://www.info.gov.hk/gia/general/200907/08/P200907080120.htm
1 December 2010	Council question raised by Hon Fred Li http://www.info.gov.hk/gia/general/201012/01/P201012010154.htm
8 December 2010	Council question raised by Hon Starry LEE http://www.info.gov.hk/gia/general/201012/08/P201012080128.htm