

**立法會**  
**Legislative Council**

LC Paper No. CB(1)575/14-15(06)

Ref. : CB1/PL/HG

**Panel on Housing**

**Meeting on 2 March 2015**

**Updated background brief on "Waiting List Income and Asset Limits"  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides updated background information on the Waiting List ("WL") income and asset limits, and gives a brief account of the views and concerns expressed by members of the Panel on Housing ("the Panel") and the Subcommittee on the Long Term Housing Strategy ("the Subcommittee")<sup>1</sup> on the subject.

**Background**

2. The Hong Kong Housing Authority ("HA") has put in place a WL system through which low-income families who 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, which measure the total household income required to rent private accommodation comparable to PRH while also meeting other non-housing expenditure. Households with income and assets below the prescribed limits are deemed to be unable to afford to rent private accommodation, and hence are eligible for PRH.

---

<sup>1</sup> Following the Government's launching of the Long Term Housing Strategy ("LTHS") review in September 2012, the Panel appointed the Subcommittee at its meeting on 3 December 2012 to discuss various issues covered in the LTHS review and make recommendations on LTHS. The Subcommittee concluded its work and submitted a report ([LC Paper No. CB\(1\)1705/13-14](#)) to the Panel on 7 July 2014.

The WL income and asset limits are assessed annually based on the established mechanism to keep them in line with the prevailing socio-economic circumstances.

### Review of income limits

3. Under the established mechanism, the WL income limits are derived using a household expenditure approach, which consists of housing costs and non-housing costs, plus a contingency provision. Housing costs measure the cost of renting a private flat comparable to PRH. This depends on the differential unit rents of private accommodation and reference flat sizes. The non-housing cost is determined with reference to the latest Household Expenditure Survey ("HES") conducted by the Census and Statistics Department ("C&SD"), with adjustments made according to the latest movement in the Consumer Price Index (A) ("CPI(A)") (excluding housing costs), or the change in the nominal wage index obtained through the Labour Earnings Survey conducted by C&SD as the income factor, whichever is higher. The WL income limits for different household sizes are the respective sums of the two major cost items, plus a 5% contingency provision. A diagram showing the calculation mechanism is at **Appendix I**.

4. The Subsidised Housing Committee ("SHC") of HA approved at its meeting on 7 February 2013 the refinement to the mechanism for reviewing the WL income limits, whereby the change in nominal wage index was introduced as the income factor to reflect changes in income (including implementation and changes of the Statutory Minimum Wage ("SMW")) before the HES results were updated. According to the Administration, the change in nominal wage index was considered to be a suitable yardstick to gauge changes in income of the PRH target group and to reflect the impact of SMW on income, because it covered occupational groups at non-managerial/professional levels (e.g. technical, clerical, service workers and craftsmen) who were most likely to be the potential applicants for PRH.

### Review of asset limits

5. Under the established mechanism, the WL asset limits are adjusted with reference to the movements in CPI(A) over the year.

6. In 2005, SHC agreed to set the asset limits for elderly households at two times the limits for non-elderly applicants. SHC further decided in 2006 that the asset limits for 2005-2006 should be adopted as the basis for future annual adjustments with reference to the movements in CPI(A).

### Adjustment of WL income and asset limits

7. The income and asset limits for 2014-2015 have increased by an average of 8.4% and 4.4% respectively over those for 2013-2014. The WL income and asset limits of various household sizes for 2014-2015 are in **Appendix II**.

### **Members' views and concerns**

8. The Panel has been monitoring the review of the WL income and asset limits by discussing the outcomes of the latest review each year. The Panel last discussed the outcomes of the review of WL income and asset limits for 2014-2015 at its meeting on 3 March 2014. The Subcommittee touched on the subject of WL income and asset limits when discussing issues relating to the subdivision of flat units at its meeting on 30 May 2013. The major views and concerns expressed by members of the Panel and the Subcommittee are summarized in the ensuing paragraphs.

### Request for raising WL income limits

#### *1- and 2-person households*

9. Members generally requested for raising the WL income limits for 1- and 2-person households. Some members were concerned about the fact that the household income of 2-person households with two income earners each earning SMW and worked for 12 hours daily would have exceeded the WL income limits. This would have penalized the 2-person households with two income earners and discouraged them from joining the workforce. They requested that the mechanism for reviewing the WL income and asset limits be reviewed and that special consideration be given to households whose income was marginally above the limits. Some members further suggested adding weighting to the WL income limits of both 1- and 2-person households in view of the relatively higher expenditure of 1-person households compared with those of more persons.

10. The Administration advised that the household income of 2-person households with two income earners each earning SMW and worked for nine hours per day and 26 days per month would still be within the WL income limits. An increase in the number of households eligible for PRH in response to a rise in the WL income limits would bring about a reduced chance for PRH for low-income families.

*Applicants opting for flats in the Urban District*

11. Some other members opined that households who met the WL income and asset limits were in fact living close to the poverty line. In view of the limited housing supply accompanied by soaring rentals, they urged the Administration to consider setting a higher income limit for households opting for PRH in the Urban District in view of the relatively higher housing costs envisaged. There was also request for HA to set out separate housing costs according to districts because such costs were relatively higher in the Urban District.

12. In response, the Administration said that the WL income and asset limits were reviewed by using an expenditure-led review mechanism which provided an objective basis to assess the affordability of households applying for PRH. The mechanism of the annual review would be made very complex if the relevant parameters were to be subdivided on a district basis. However, SHC would consider members' view in the review of WL income and asset limits.

*Tenants living in subdivided units*

13. At the meeting of the Subcommittee on 30 May 2013, members were briefed on the findings of a survey on subdivided units ("SDUs") in Hong Kong ("the Survey") which was conducted by a research institution commissioned by the Long Term Housing Strategy Steering Committee ("the Steering Committee"). Members noted with grave concern that there were nearly 67 000 SDUs in Hong Kong, involving more than 170 000 residents. As revealed by the Survey, almost half of the SDU tenants surveyed had not applied for PRH, probably because their household income had exceeded the prevailing income limit for PRH. To improve the poor living conditions of SDU tenants, members urged the Administration to consider relaxing the income and asset limits for PRH so that more SDU tenants would be eligible for PRH. They considered that if there were SDU tenants whose income was slightly above the prevailing income limit for PRH but was still within a reasonable range, the Administration should exercise discretion to consider such special or marginal cases according to the merit of individual cases. The Administration was also requested to assist SDU tenants in applying for PRH if they fulfilled the prescribed eligibility criteria.

14. The Administration advised that HA had been assisting eligible SDU tenants to apply for PRH in accordance with the prevailing PRH allocation policy. As different households might have different reasons for living in SDUs and being ineligible for PRH was merely one of the reasons, the Administration considered it unfair to accord priority to SDU tenants in the allocation of PRH units.

### Request for raising WL asset limits

15. Some members commented that the proposed WL asset limit for 1-person households at \$221,000 in 2014-2015 was too low and such a low level would effectively deter WL applicants from making savings and improving their financial position, thus going against the wider policy objective of promoting savings and acquiring wealth. Elderly applicants, who had made savings from years of work, would also fall into the category of well-off tenants easily. The Administration advised that the WL asset limits for elderly households were already set at two times the limits for non-elderly applicants under the existing mechanism.

16. Members also held the view that the WL asset limits should be adjusted with reference to other more relevant indicator(s) other than CPI(A), such as an index on asset growth of low-income families. Besides, CPI(A) was considered too broad an indicator to accurately reflect the financial position of the sector of the population eligible for PRH. Some other members held the view that, instead of relying on a set of indicators, a more people-oriented approach should be adopted in the review of WL income and asset limits. Responding to members' views, the Administration advised that CPI(A) was widely accepted as an index that reflected price changes of consumer products in response to factors like inflation.

### Handling WL applications with inadvertent omissions

17. Some members criticized HA's practice of rejecting applications and even initiating prosecutions against those applicants with inadvertent omissions although the omitted information on income/assets would not cause the income/assets of the applicants to exceed the prescribed limits. They urged HA to review its current practice in handling cases of inadvertent omissions. The Administration responded that HA would need to be vigilant in dealing with applications with omissions where discretions should be avoided. However, it undertook to look into the current practice and see if the handling of such cases could be further optimized.

### **Council questions**

18. At the Council meetings on 20 February, 29 May and 18 December 2013, Hon NG Leung-sing, Hon KWOK Wai-keung and Hon James TIEN raised questions relating to WL income and asset limits for PRH respectively. Issues covered in the questions included whether the Administration had formulated tougher measures to combat the abuse of PRH resources, the number of households

whose applications for allocation of PRH units had been rejected because their household income had exceeded the prescribed WL income limits as a result of all their household members earning SMW, and whether the Administration had studied the feasibility to boost the turnover of PRH flats. Details of the Council questions and the Administration's responses are hyperlinked in **Appendix III**.

### **Latest development**

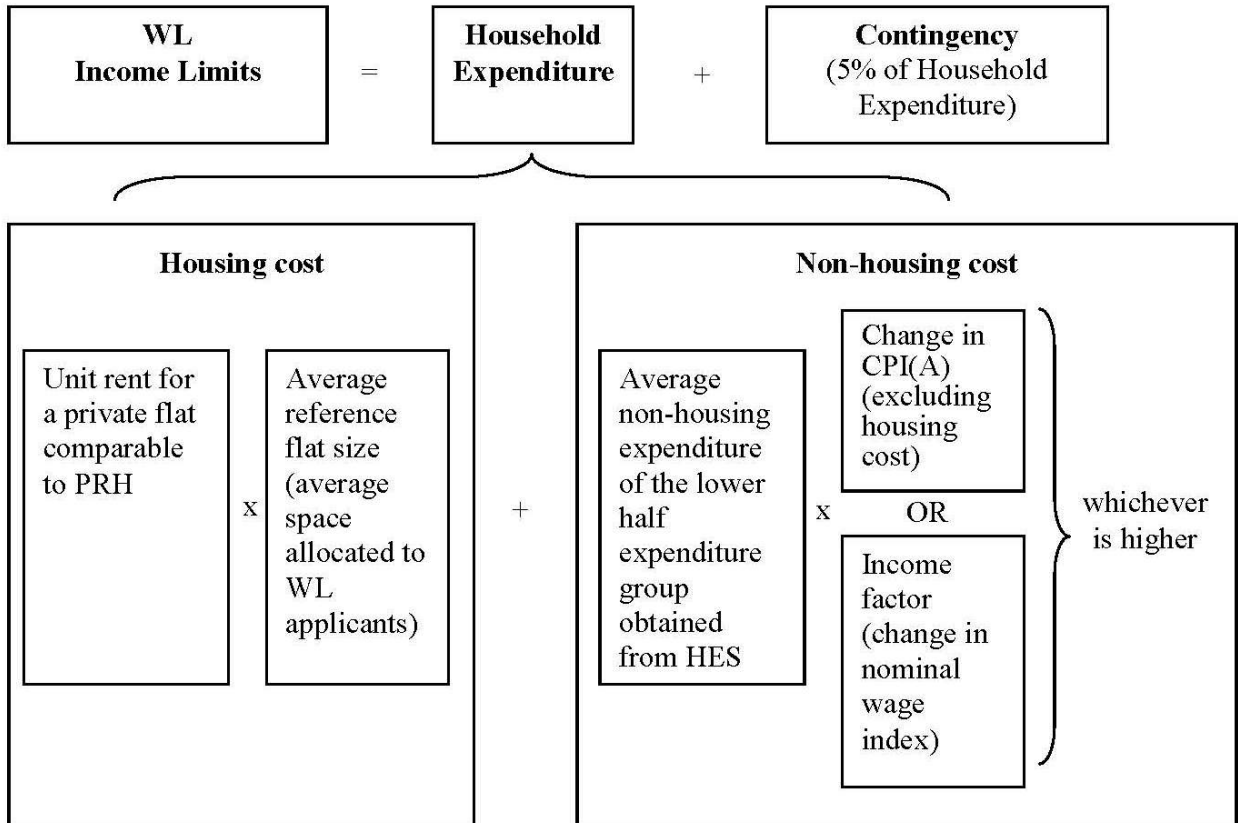
19. The Administration will report the findings of the review of the WL income and asset limits for 2015-2016 at the Panel meeting on 2 March 2015, and will then reflect members' comments on the findings to SHC.

### **Relevant papers**

20. A list of relevant papers is in **Appendix III**.

Council Business Division 1  
Legislative Council Secretariat  
26 February 2015

**The calculation mechanism of the Waiting List ("WL") Income Limits**



Source: See [LC Paper No. CB\(1\)984/13-14\(04\)](#)

## Appendix II

### Waiting List ("WL") Income and Asset Limits for Public Housing for 2014-2015

<b>Household Size</b>	<b>WL Income Limits for 2014-2015</b> <sup>Note 1</sup>	<b>WL Asset Limits for 2014-2015</b> <sup>Note 2</sup>
1-Person	\$9,670 (\$10,179)	\$221,000
2-Person	\$14,970 (\$15,758)	\$299,000
3-Person	\$19,820 (\$20,863)	\$390,000
4-Person	\$23,910 (\$25,168)	\$455,000
5-Person	\$27,490 (\$28,937)	\$506,000
6-Person	\$30,780 (\$32,400)	\$547,000
7-Person	\$34,220 (\$36,021)	\$585,000
8-Person	\$36,550 (\$38,474)	\$613,000
9-Person	\$41,020 (\$43,179)	\$677,000
10-Person and above	\$43,030 (\$45,295)	\$729,000

Note <sup>1</sup> Figures in brackets denote the effective income limits should a household be contributing 5% of its income under the Mandatory Provident Fund Scheme as required by law.

Note <sup>2</sup> 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.

Source: See press release <http://www.info.gov.hk/gia/general/201403/24/P201403240361.htm>



## Waiting List Income and Asset Limits

## List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Housing	4 March 2013	<p>Administration's paper on "Review of Waiting List Income and Asset Limits for 2013/14" (<a href="#">LC Paper No. CB(1)619/12-13(04)</a>)</p> <p>Updated background brief on "Waiting List Income and Asset Limits" prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)619/12-13(05)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1390/12-13</a>)</p>
Subcommittee on the Long Term Housing Strategy	30 May 2013	<p>Administration's paper on "Issues relating to the subdivision of flat units" (<a href="#">LC Paper No. CB(1)1117/12-13(03)</a>)</p> <p>Information note on "Subdivided flats in Hong Kong" prepared by the Research Office of the Legislative Council Secretariat (<a href="#">LC Paper No. IN22/12-13</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)143/13-14</a>)</p>
Panel on Housing	3 March 2014	<p>Administration's paper on "Review of Waiting List Income and Asset Limits for 2014/15" (<a href="#">LC Paper No. CB(1)984/13-14(04)</a>)</p> <p>Updated background brief on "Waiting List Income and Asset Limits" prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)984/13-14(05)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1505/13-14</a>)</p>

**Hyperlinks to relevant Council Questions:**

<b>Date</b>	<b>Council Question</b>
20 February 2013	Council question raised by Hon NG Leung-sing <a href="http://www.info.gov.hk/gia/general/201302/20/P201302200344.htm">http://www.info.gov.hk/gia/general/201302/20/P201302200344.htm</a>
29 May 2013	Council question raised by Hon KWOK Wai-keung <a href="http://www.info.gov.hk/gia/general/201305/29/P201305290420.htm">http://www.info.gov.hk/gia/general/201305/29/P201305290420.htm</a>
18 December 2013	Council question raised by Hon James TIEN <a href="http://www.info.gov.hk/gia/general/201312/18/P201312180290.htm">http://www.info.gov.hk/gia/general/201312/18/P201312180290.htm</a>