

立法會

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Panel on Housing

Meeting on 6 March 2017

Updated background brief on income and asset limits for public rental housing prepared by the Legislative Council Secretariat

Purpose

This paper provides updated background information on the income and asset limits for public rental housing ("PRH"), and gives a summary of the views and concerns expressed by members of the Panel on Housing ("the Panel") on the subject.

Background

2. It is the Hong Kong Housing Authority ("HA")'s objective to provide PRH to low-income families who cannot afford to rent private accommodation. The eligibility of PRH applicants is determined by way of the PRH 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 renting private accommodation, and hence are eligible for PRH. The limits are reviewed annually to keep them in line with the prevailing socio-economic circumstances.

Review of income limits

3. Under the established mechanism, the PRH 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")¹, with adjustments made according to (a) the latest movement in the Consumer Price Index (A) ("CPI(A)") (excluding housing costs), or (b) the change in the nominal wage index obtained through the Labour Earnings Survey conducted by C&SD as the income factor², whichever is higher. The PRH 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**.

Review of asset limits

4. Under the established mechanism, the PRH asset limits are adjusted annually with reference to the movements in CPI(A) over the year under review.

¹ C&SD conducts HES at five yearly intervals to collect information on the expenditure patterns of households in Hong Kong for updating the expenditure weights used for compiling the Consumer Price Indices. The latest round was conducted in 2014/2015.

² The Subsidised Housing Committee of HA approved at its meeting on 7 February 2013 the refinement to the mechanism for reviewing the PRH 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.

5. In 2005, the Subsidised Housing Committee ("SHC") of HA 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, taking into account the respective movements in CPI(A).

Adjustment of PRH income and asset limits

6. The PRH income and asset limits for 2016-2017 have increased by an average of 8.9% and 2.7% respectively over those for 2015-2016. The PRH income and asset limits of various household sizes for 2016-2017 are in **Appendix II**.

Deliberations by the Panel on Housing

7. The Panel monitors the review of the PRH income and asset limits by discussing the outcomes of the latest review each year. The Panel last discussed the outcomes of the review of PRH income and asset limits for 2016-2017 at its meeting on 7 March 2016. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Mechanism for reviewing the income and assets limits

8. In view that rentals for private flats were rising at a soaring rate, members questioned whether screening the PRH applicants by their income and assets could reflect the quality of life of the ineligible applicants because they were paying a big portion of their income on rentals. There was a suggestion that the Administration should instead examine the proportion of household income that applicants would have paid for private rentals and the effect on their living standard in determining their eligibility for PRHs. The Administration responded that the eligibility of applicants could be assessed more objectively under the existing review mechanism of PRH income and asset limits than using the suggested criteria.

9. Referring to the calculation of the housing costs needed for setting the PRH income limits, some members considered it inappropriate that rental rate of private flats with a saleable area of 69.9 m² or below was covered in the sample survey conducted by C&SD, as most low-income households were in fact living in private flats of much smaller sizes, such as subdivided units ("SDUs").

10. The Administration explained that in calculating the housing costs, it had taken into account both the average unit rent data for private accommodation from C&SD's Rent Survey and the average space of flats allocated to PRH applicants. The Rent Survey was a part of the General Household Survey ("GHS"), which was a continuous sample survey providing objective data on, among others, the rentals of flats of different locations and sizes (including SDUs). GHS had been in place for a long time and had been an important source of household research for different Government bureaux/departments.

11. In response to the comment that the inclusion of CPI(A) (net of housing cost) in the assessment of income limits could not reflect the cost of living accurately, the Administration advised that since 2013, the Administration had made reference to the latest movement in CPI(A) (excluding housing cost) or the change in the nominal wage index, whichever was higher, as the income factor in adjusting the non-housing cost component in the review. In the review of PRH income limits for 2016-2017, the change in the nominal wage index had been adopted in adjusting the non-housing cost component because it was higher than the change in CPI(A).

Income limits for applicants opting for flats in urban districts

12. Some members pointed out that the rentals for PRH differed among the urban district, extended urban district and the New Territories. They asked why the "unit rent for a private flat comparable to PRH" factor was not separated accordingly in order to more accurately reflect the housing costs in setting the PRH income limits.

13. The Administration explained that as a PRH applicant might not live in the same district during the period when s/he was waiting PRH allocation, and that one would not know in advance the ultimate district where a PRH flat was allocated to and accepted by an applicant, the mechanism of the annual review would be very complicated if the relevant parameters were to be subdivided based on districts.

Increase in applicants and lengthening of waiting time

14. When discussing the proposed increase of the income and asset limits for 2016-2017 at the Panel meeting in March 2016, some members expressed concern that with an increase in the limits, more people would become eligible for PRH³, resulting in further lengthening of the waiting time of PRH applicants, including non-elderly one-person applicants under the Quota and Points System ("QPS"). Some members were concerned that the pace of public housing production might not catch up with the increased demand for PRH.

15. The Administration explained that in light of the limited PRH resources, it was the policy of the Government and HA to accord priority to general applicants over non-elderly one-person applicants in the allocation of PRH units. Refinements had been introduced to QPS since February 2015 to give priority to older QPS applicants who might have relatively limited upward mobility.

Well-off Tenant Policies

16. Some members opined that under the Well-off Tenants Policies, some tenants were regarded as "well-off" solely because their offsprings started earning a living after growing up. To enable the youths to continue caring for their aging parents and have their own properties, the Administration should re-launch the Tenants Purchase Scheme ("TPS"). The Administration replied that it would not resume the TPS, but PRH tenants in the existing 39 TPS estates could still opt to buy the PRH units in which they resided. PRH tenants could also consider buying properties through the "Green Form Subsidized Home Ownership Pilot Scheme".

³ Based on results of C&SD's General Household Survey as at the fourth quarter of 2015, and simply using the household income as a base for estimation, if the proposed income limits for 2016-2017 are adopted, some 146 500 non-owner occupied households living in private housing (31.2% of the total number of non-owner occupied households living in private housing) would be eligible for PRH.

Latest development

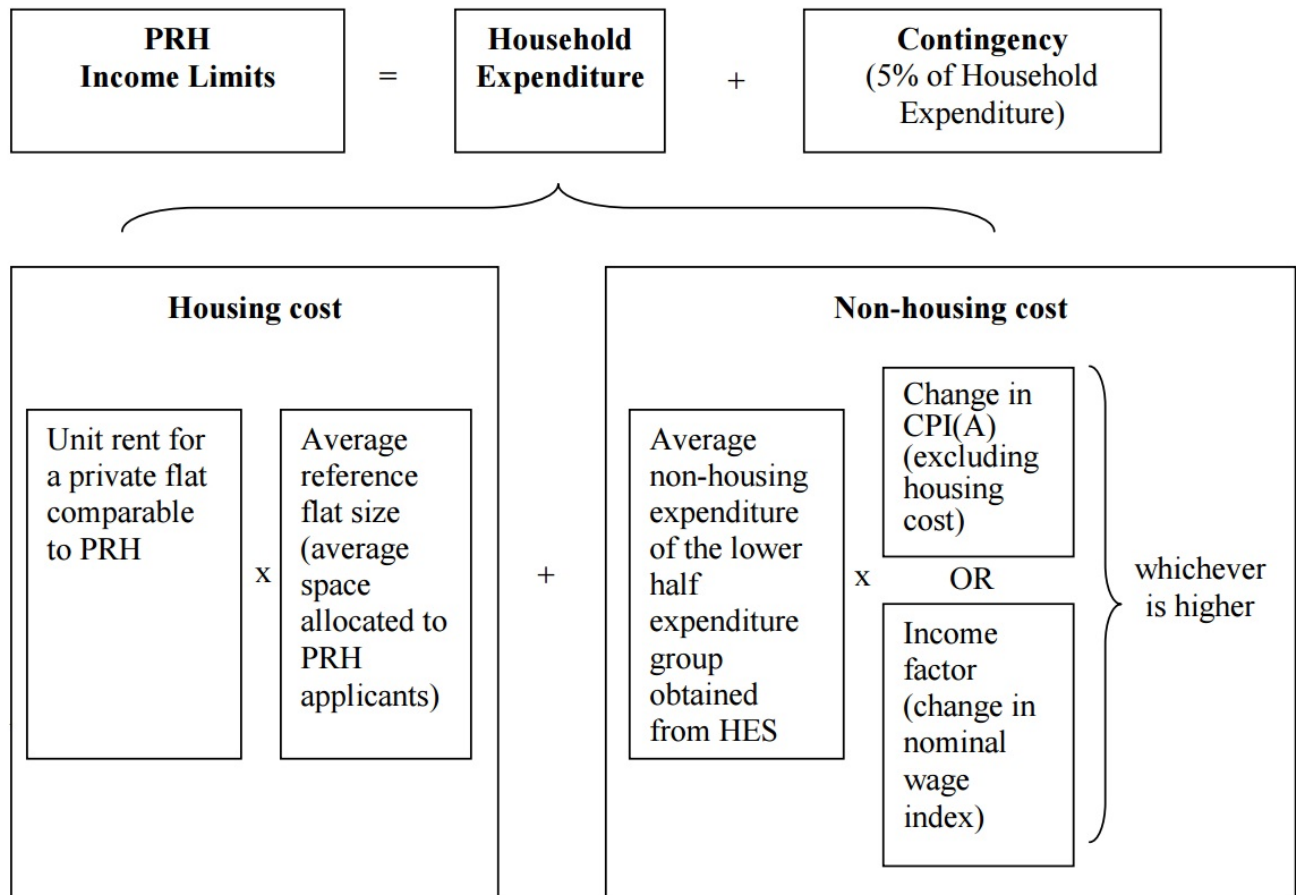
17. The Administration will report the findings of the review of the PRH income and asset limits for 2017-2018 at the Panel meeting on 6 March 2017, and will then relay members' views on the review findings to SHC.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
28 February 2017

Mechanism for determining the Public Rental Housing ("PRH") Income Limits



Source: [LC Paper No. CB\(1\)605/15-16\(04\)](#)

Income and Asset Limits for Public Rental Housing for 2016-2017

Household Size	PRH Income Limits for 2016-2017 ^{Note 1}	PRH Asset Limits for 2016-2017 ^{Note 2}
1-Person	\$10,970 (\$11,547)	\$242,000
2-Person	\$16,870 (\$17,758)	\$329,000
3-Person	\$22,390 (\$23,568)	\$428,000
4-Person	\$26,690 (\$28,095)	\$500,000
5-Person	\$30,900 (\$32,526)	\$556,000
6-Person	\$34,690 (\$36,516)	\$601,000
7-Person	\$39,560 (\$41,642)	\$643,000
8-Person	\$43,980 (\$46,295)	\$674,000
9-Person	\$48,270 (\$50,811)	\$744,000
10-Person and above	\$52,440 (\$55,200)	\$801,000

Note ¹ 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 ² Asset limits for elderly households (i.e. households comprising solely elderly members) are set at two times of the limits for non-elderly applicants.

Source: [LC Paper No. CB\(1\)605/15-16\(04\)](#)

Income and Asset Limits for Public Rental Housing

List of relevant papers

Committee	Date of meeting	Paper
Panel on Housing	4 March 2013	Administration's paper on "Review of Waiting List Income and Asset Limits for 2013/14" (LC Paper No. CB(1)619/12-13(04)) Minutes of meeting (LC Paper No. CB(1)1390/12-13)
Panel on Housing	3 March 2014	Administration's paper on "Review of Waiting List Income and Asset Limits for 2014/15" (LC Paper No. CB(1)984/13-14(04)) Minutes of meeting (LC Paper No. CB(1)1505/13-14)
Panel on Housing	2 March 2015	Administration's paper on "Review of Income and Asset Limits for Public Rental Housing for 2015/16" (LC Paper No. CB(1)575/14-15(05)) Minutes of meeting (LC Paper No. CB(1)786/14-15)
Panel on Housing	7 March 2016	Administration's paper on "Review of Income and Asset Limits for Public Rental Housing for 2016/17" (LC Paper No. CB(1)605/15-16(04)) Minutes of meeting (LC Paper No. CB(1)834/15-16)