

**立法會**  
**Legislative Council**

LC Paper No. CB(1)627/17-18(04)

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**Panel on Housing**

**Meeting on 5 March 2018**

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

**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")<sup>1</sup>, 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 factor<sup>2</sup>, 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.
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).

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<sup>1</sup> 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.

<sup>2</sup> 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.

### Adjustment of PRH income and asset limits

6. The PRH income and asset limits for 2017-2018 have increased by an average of 3.9% and 1.1% respectively over those for 2016-2017.<sup>3</sup> The PRH income and asset limits of various household sizes for 2017-2018 are in **Appendix II**.

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

7. The Panel monitors the review of the PRH income and asset limits by discussing the outcomes of the latest review each year, and discussed the outcomes of the last review at its meeting on 6 March 2017. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

### Lengthening of waiting time for public rental housing

8. When discussing the proposed increase of the income and asset limits for 2017-2018, members expressed concern that with an increase in the limits, more people would become eligible for PRH, resulting in further lengthening of the waiting time of general PRH applicants (i.e. family and elderly one-person applicants). Some members enquired whether the Administration would provide assistance, such as rent subsidy, to PRH applicants who had been waiting for three years or above and had not been provided the first flat offer, in order to help them cope with the high flat rentals.

9. The Administration explained that the proposed adjustments of income and asset limits would not affect the waiting time of those general applicants who were already waiting for PRH allocation, given that new applications received after the implementation of the new PRH income and asset limits would be placed at the end of the queue. To address the housing difficulties of grassroots households, increasing the supply of PRH units was the fundamental solution. As stipulated in the Long Term Housing Strategy, the Government adopted the supply-led principle to meet long-term housing demand. If housing sites required to meet demand could be delivered on time for development, this should help contain the average waiting time for PRH in the long run.

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<sup>3</sup> Hong Kong Housing Authority's [press release](#)

### Impact on public rental housing applicants

10. Some members opined that many people including those belonging to the lower stratum of middle-class families who could not afford high flat prices or private rentals were not eligible for PRH. Setting the income limits at low levels might discourage some PRH applicants from joining the workforce to improve their financial position, and young PRH applicants might give up opportunities for job promotion or pay rise in order to be able to remain eligible for PRH. They enquired whether the Administration would re-examine whether the existing factors used for deriving the income limits were still appropriate in light of the actual situation in the society.

11. The Administration explained that PRH income limits were derived using a household expenditure-based approach to objectively 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 were deemed to be unable to afford renting private accommodations, and hence were eligible for PRH. SHC conducted review on the established mechanism from time to time to ensure that the mechanism could reflect the latest social development and situation. The Committee considered that the current household expenditure-based mechanism could adequately reflect the financial capability of households in relation to private rental accommodations and other expenditure with a view to assessing their eligibility for PRH.<sup>4</sup>

### Factors for determining the income limits

12. As to whether the rents of sub-divided flats ("SDUs") in the market had been taken into account when assessing the housing costs in the review of PRH income limits, the Administration advised that housing costs were calculated by multiplying the average unit rent of private flats sampled in the relevant C&SD's survey and the average space allocated to PRH applicants in the past three years. The survey covered households residing in various kinds of units, including those residing in SDUs.<sup>5</sup>

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<sup>4</sup> LC Paper No. [CB\(1\)709/16-17\(01\)](#)

<sup>5</sup> LC Paper No. [CB\(1\)709/16-17\(01\)](#)

13. Members pointed out that a two-person household with two working members each working with a pay at the statutory minimum wage ("SMW") rate of \$34.5 per hour for 10 hours a day and 26 days a month would earn a monthly income of \$17,940, which would exceed the income limit, i.e. \$17,350, and was hence ineligible for PRH. At the meeting on 6 March 2017, the Panel passed a motion urging the Administration to review the established mechanism for arriving at the income limit by incorporating the level of SMW into the mechanism as reference so that grassroots people were eligible for PRH application.

14. The Administration advised that SMW only stipulated the minimum hourly wage. The actual income earned by individual households varied, depending on various factors such as the number of working days and working hours of each member; and hence could not be generalized. In fact, SMW increased by 6.2% from \$32.5 per hour since 1 May 2015 to \$34.5 per hour since 1 May 2017. The PRH income limits implemented from 1 April 2017 onwards increased by an overall 13% when compared with the PRH income limits implemented two years ago (i.e. since 1 April 2015). This rate of increase was greater than that for SMW.<sup>6</sup>

#### Residents affected by land resumption

15. Some members asked whether the Administration could relax PRH income and asset limits for residents affected by land clearance exercises, as these residents had sacrificed their own interests and moved out from their homes to facilitate the Administration's development projects.

16. The Administration advised that the Government resumed private land for public purposes pursuant to the relevant laws, and had put in place established mechanisms to assess the compensation receivable by affected residents. Since the number of PRH applicants remained high at the moment, relaxing income and asset limits especially for the affected residents would undermine the fairness of the PRH application system. The Administration therefore considered that same treatment should be applied to all, and a uniform set of income and asset limits should be adopted for assessing eligibility for PRH.

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<sup>6</sup> LC Paper No. [CB\(1\)709/16-17\(01\)](#)

### **Latest development**

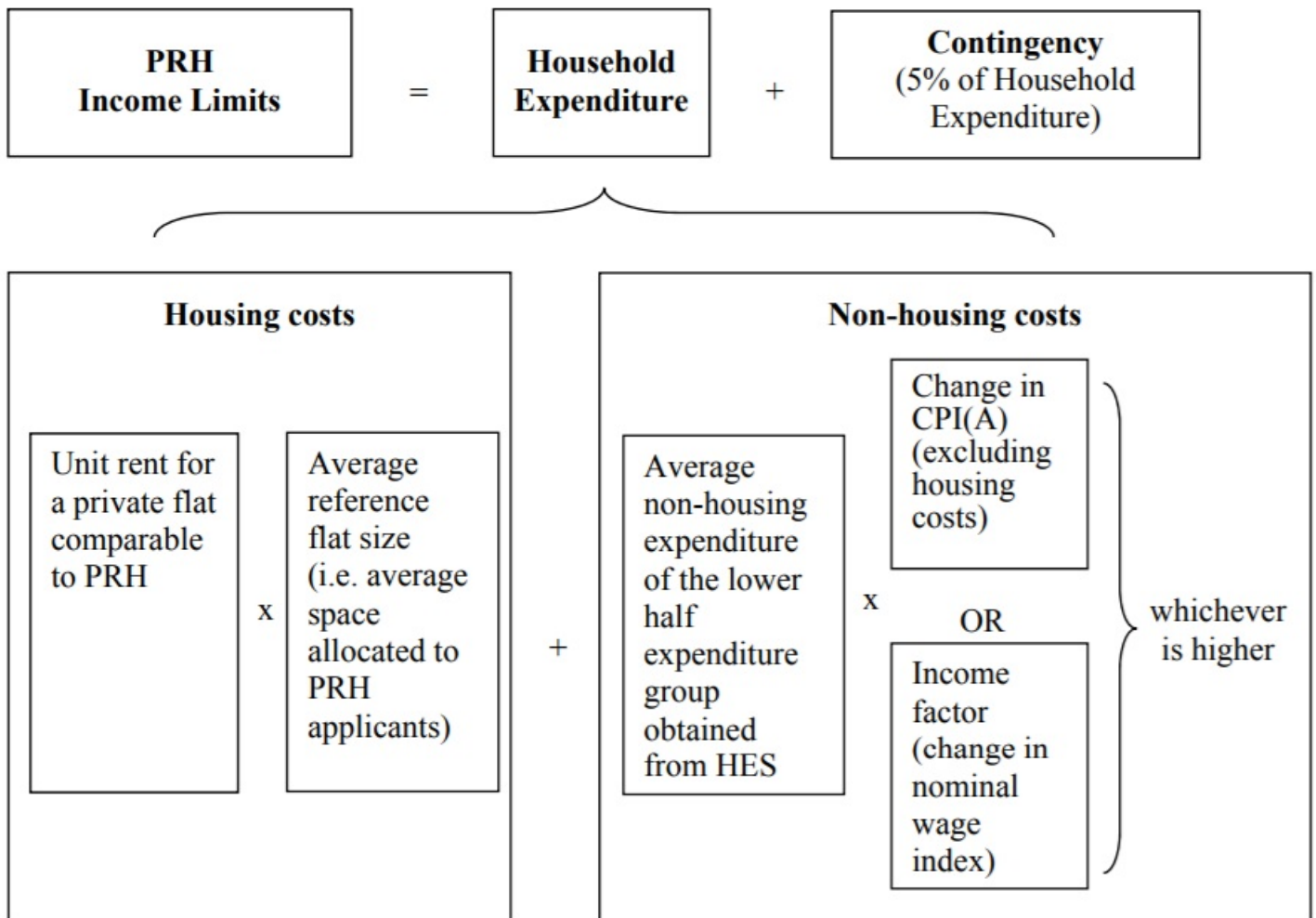
17. The Administration will brief the Panel on the outcome of the review of the PRH income and asset limits for 2018-2019 at the meeting on 5 March 2018.

### **Relevant papers**

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

Council Business Division 1  
Legislative Council Secretariat  
28 February 2018

**Mechanism for determining the Public Rental Housing Income Limits**



Source: [LC Paper No. CB\(1\)617/16-17\(03\)](#)

**Income and Asset Limits for Public Rental Housing for 2017-2018  
(Effective from 1 April 2017)**

<b>Household Size</b>	<b>PRH Income Limits for 2017-2018</b> <sup>Note 1</sup>	<b>PRH Asset Limits for 2017-2018</b> <sup>Note 2</sup>
1-Person	\$11,250 (\$11,842)	\$245,000
2-Person	\$17,350 (\$18,263)	\$333,000
3-Person	\$22,390 (\$23,568)	\$433,000
4-Person	\$27,050 (\$28,474)	\$506,000
5-Person	\$32,960 (\$34,695)	\$562,000
6-Person	\$36,010 (\$37,905)	\$608,000
7-Person	\$41,420 (\$43,600)	\$650,000
8-Person	\$46,320 (\$48,758)	\$681,000
9-Person	\$51,090 (\$53,779)	\$752,000
10-Person and above	\$55,750 (\$58,684)	\$810,000

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 the law.

Note <sup>2</sup> 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: Hong Kong Housing Authority's [press release](#)



## 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" ( <a href="#">LC Paper No. CB(1)619/12-13(04)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)1390/12-13</a> )
Panel on Housing	3 March 2014	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> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)1505/13-14</a> )
Panel on Housing	2 March 2015	Administration's paper on "Review of Income and Asset Limits for Public Rental Housing for 2015/16" ( <a href="#">LC Paper No. CB(1)575/14-15(05)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)786/14-15</a> )
Panel on Housing	7 March 2016	Administration's paper on "Review of Income and Asset Limits for Public Rental Housing for 2016/17" ( <a href="#">LC Paper No. CB(1)605/15-16(04)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)834/15-16</a> )
Panel on Housing	6 March 2017	Administration's paper on "Review of Income and Asset Limits for Public Rental Housing for 2017/18" ( <a href="#">LC Paper No. CB(1)617/16-17(03)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)900/16-17</a> )  Administration's supplementary paper ( <a href="#">LC Paper No. CB(1)709/16-17(01)</a> )