

(Translation)

香港特別行政區政府

The Government of the Hong Kong Special Administrative Region

運輸及房屋局

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22 March 2019

Mr Derek Lo
Clerk to Legislative Council Panel on Housing
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong

Dear Mr Lo,

Income and Asset Limits for Public Rental Housing (PRH) for 2019/20

At the meeting of the Legislative Council Panel on Housing (Panel) on 4 March 2019, Members discussed the findings of the review of PRH income and asset limits for 2019/20. Members' views, the two motions passed by the Panel and the Housing Department's response have been relayed to the Hong Kong Housing Authority's Subsidised Housing Committee (SHC). The relevant SHC paper is provided at **Annex 1** for Members' reference.

SHC noted the Panel's views and motions as well as the Department's response, and endorsed the PRH income and asset limits for 2019/20 at its meeting on 15 March 2019. The limits (set out at **Annex 2**) will be effective from 1 April 2019. At the above meeting, SHC also endorsed the exclusion of the Working Family Allowance from the calculation of PRH applicants' income starting from 1 April 2019.

Yours sincerely,

(Original Signed)

(Ms Jenny Y H CHAN)
for Secretary for Transport and Housing

**Memorandum for the Subsidised Housing Committee of
the Hong Kong Housing Authority**

**Review of Income and Asset Limits for Public Rental Housing for 2019/20 -
Views and Suggestions Expressed by Members
of the Legislative Council Panel on Housing
at the Meeting on 4 March 2019**

PURPOSE

This paper reports the views expressed by Members of the Legislative Council (LegCo) Panel on Housing on the review of the income and asset limits for public rental housing (PRH) for 2019/20 and sets out the Department's response to such views; and seeks Members' approval for excluding the Working Family Allowance (WFA) from the calculation of PRH applicants' income.

RECOMMENDATION

2. Members are recommended to approve the exclusion of WFA from the calculation of PRH applicants' income (paragraph 9 below) and declassification of this paper (paragraph 29 below).

BACKGROUND

3. The Hong Kong Housing Authority (HA)'s Subsidised Housing Committee (SHC) considers the PRH income and asset limits in March every year. Results of the review of PRH income and asset limits for 2019/20 are set out in Paper No. SHC 6/2019. At the request of the LegCo Panel on Housing, we brief Panel Members on the review findings, and then relay their views and suggestions for SHC's consideration.

VIEWS/SUGGESTIONS OF THE LEGCO PANEL ON HOUSING AND THE DEPARTMENT'S RESPONSE

4. The LegCo Panel on Housing discussed the findings of the review for 2019-20 at its meeting on 4 March 2019. Some LegCo Members were of the view that HA should review the established mechanism of adjusting the PRH income limits with a view to raising the PRH income limits to cover more low-income families (including some households which are earning statutory minimum wage (SMW) but their income levels still exceed the income limits). Besides, some LegCo Members were concerned that raising the PRH income and asset limits would further increase the number of PRH applications and the waiting time for PRH. They considered that the Government and HA should step up efforts in increasing PRH supply and consider introducing tenancy control and providing rent subsidy to those waiting for PRH. On the other hand, some LegCo Members suggested that WFA should be excluded from the calculation of PRH applicants' income while some LegCo Members also raised comments regarding our practice of vetting PRH eligibility. At the meeting, ----- the Panel passed two non-binding motions, details of which are at **Annex 1**.

5. Our response to the motions and views raised by LegCo Members ----- are set out in the ensuing paragraphs and **Annex 2**.

Working Family Allowance Scheme

6. The Government's WFA Scheme ^{Note 1} seeks to provide financial support to working households not receiving Comprehensive Social Security Assistance (CSSA). The amount of subsidy is pegged to the income and working hours of the household to encourage self-reliance. Applicants can receive Basic Allowance, Medium Allowance or High Allowance depending on the working hours achieved, and such allowance will be released by full rate, 3/4 rate or half rate depending on the household income. The scheme also includes Child Allowance to ease intergenerational poverty. Details on the ----- existing arrangements under WFA Scheme are at **Annex 3** for Members' reference. Members of the LegCo Panel on Housing considered that WFA should not be counted as income of PRH applicants, and urged the Government to follow up on the suggestion.

Note 1 The WFA Scheme was implemented from 1 April 2018. It was formerly known as the Low-income Working Family Allowance.

7. Currently, the income that must be declared by HA's PRH applicants and all family members include income from employment, income from self-employment, rental income and other income, etc. Other income refers to income received by means other than employment/self-employment, such as pensions, interest/bonus/dividends from deposits and various kinds of investment, and CSSA, etc. PRH applicants' income excludes the following Government allowances which are irregular or serve specific purposes –

- (a) allowances to cater for persons with special needs (e.g. elderly and disabled persons);
- (b) allowances for specific expenditure (e.g. education allowance and Elderly Health Care Voucher);
- (c) one-off subsidies provided by the Government (such as the special payment under the Caring and Sharing Scheme^{Note 2}); and
- (d) transport subsidies provided by the Government (such as the subsidies received under the Public Transport Fare Subsidy Scheme^{Note 3}).

8. We have studied the views of the LegCo Panel on Housing and comments expressed by Members at the brainstorming session in February 2019. One justification worth consideration by Members is that the eligibility for WFA and the monthly amount of WFA received are pegged to the income

Note 2 Under the Caring and Sharing Scheme, each person who meets the relevant eligibility criteria may apply for \$4,000 or the balance after deducting the relevant tax concession and/or rates concession. The scheme is open for application from 1 February 2019 to 30 April 2019. As it is a one-off special payment, it is excluded from the calculation of PRH applicants' income. In addition, the payment will be excluded from the calculation of PRH applicants' assets within 24 months upon receipt.

Note 3 Under the Public Transport Fare Subsidy Scheme, commuters with monthly public transport expenses exceeding \$400 are eligible for the public transport fare subsidy. The Government will provide a subsidy for 25% of the actual public transport expenses in excess of \$400, subject to a maximum of \$300 per month. Commuters can claim their subsidy for January since 16 February 2019. As the Public Transport Fare Subsidy Scheme seeks to relieve the fare burden of commuters whose public transport expenses are relatively high, making reference to the existing treatment for subsidies of similar nature, such subsidy is not counted as PRH applicant's income.

and working hours of the household in each month, therefore the monthly amount received by the applicant household fluctuates. Hence it should be different from other subsidies which are provided in fixed amount and on a regular basis.

9. Subject to Members' endorsement, we **recommend excluding WFA from the calculation of PRH applicants' income starting from 1 April 2019.**

Re-allocating “spade-ready” private housing sites for public housing development

10. The LegCo Panel on Housing was of the view that raising the PRH income and asset limits would further increase the waiting time for PRH. To fill the gap in public housing land supply, on top of the nine housing sites in Kai Tak Development and Anderson Road Quarry ^{Note 4}, the Government should re-allocate more “spade-ready” private housing sites that exceed the supply target under the Long Term Housing Strategy (LTHS) for public housing development.

11. The Government understands the community's keen demand for increasing public housing supply, and has been sparing no efforts in increasing the land supply for and production of public housing. As pointed out in the Chief Executive's 2018 Policy Address, the Government would increase the ratio of public housing, and committed that 70% of housing units on the Government's newly developed land would be for public housing. According to the LTHS Annual Progress Report 2018, with the total supply target of 450 000 units for the next ten-year period (i.e. from 2019-20 to 2028-29), the Government has revised the public/private split from 60:40 to 70:30. The public housing supply target in the above ten-year period will be 315 000 units, including 220 000 “PRH/Green Form Subsidised Home Ownership Scheme (GSH)” units. This represents an increase of 20 000 units compared to the PRH supply target announced in 2017, which helps further address the public demand for PRH.

Note 4 As announced in June 2018, the Government decided to re-allocate for public housing nine sites at Kai Tak and Anderson Road Quarry, which were originally intended for sale in the coming few years. These sites are expected to provide about 11 000 public housing units.

12. In fact, the Government has been re-allocating private housing land for public housing development at appropriate times to further increase public housing supply. For the two financial years of 2016/17 and 2017/18, the Government has re-allocated eight private housing sites, located in Kai Tak, Anderson Road Quarry, Ex-Cha Kwo Ling Kaolin Mine, Queen's Hill and Tung Chung, for public housing. The Government will continue to review the situation from time to time to determine the most suitable use of sites. Where appropriate, sites originally planned for private housing will be re-allocated for public housing.

13. The Government also introduced another measure in 2018 to optimise the use of public housing land. Subsequent to the announcement in 2014 on increasing the development intensity of housing sites by 20%, the Executive Council agreed in December 2018 to allow the increase of domestic plot ratio of public housing sites by a further 10% to a maximum of 30% where technically feasible (excluding those in the north of Hong Kong Island and the Kowloon Peninsula which are more densely populated). The prerequisite is that the relevant departments shall undertake technical studies for individual sites to ascertain the feasibility and impacts of applying a higher plot ratio, and seek approval of the Town Planning Board as required, in accordance with the established procedure.

14. As regards land supply, the Government announced full acceptance of the recommendations tendered by the Task Force on Land Supply on land supply strategy and eight land supply options worthy of priority studies and implementation^{Note 5} on 20 February 2019. The Government will continue to implement a multi-pronged, more robust and vision-driven land supply strategy to increase land supply sustainably and significantly and will take specific follow-up actions to implement the eight land supply options recommended by the Task Force. This is to ensure that there will be sustainable and sufficient land supply to meet the development needs of Hong Kong at different times and of different uses, as well as to prepare for the rainy days and build up a land reserve in order to provide better conditions for our housing, livelihood and long term developments.

Note 5 The eight land supply options including developing brownfield sites, tapping into private agricultural land reserve in the New Territories, alternative uses of sites under private recreational leases, near-shore reclamation outside Victoria Harbour, developing the East Lantau Metropolis, developing caverns and underground space, more New Development Areas in the New Territories and developing the river trade terminal site.

15. Alongside the efforts in increasing PRH supply, HA also endeavours to ensure that the allocation of PRH resources will focus on those with more pressing housing needs. HA reviews relevant policies from time to time and will continue with its efforts in combating tenancy abuse to safeguard the rational use of PRH resources. On average, there is a net recovery of over 7 000 PRH units per year through surrender by PRH tenants and tenancy abuse combating measures. With more subsidised sale flat developments coming on stream, the net recovery of PRH units should increase.

Rent subsidy and tenancy control

16. At the meeting, some LegCo Members suggested the Government to consider providing rent subsidy and implementing tenancy control to alleviate the housing difficulties faced by PRH family applicants and non-elderly one-person applicants. They also suggested the Government to conduct an independent public consultation for such issues.

17. The Government is aware of the impact brought about by the increasing rents on tenants living in private accommodation. Nevertheless, the crux of the housing difficulties in Hong Kong lies with the prolonged and serious housing demand-supply imbalance. The fundamental solution to the problem of surging rent caused by insufficient supply is a continued and stable increase in the supply of housing. The Government is endeavouring to increase land supply, speed up housing production and introduce transitional housing at the same time, so as to address the housing needs of inadequately housed households.

18. During the discussion on LTHS, the community also discussed about proposals such as rent subsidy and tenancy control. The LTHS promulgated in December 2014 does not recommend solving the housing problems through such measures. The Government maintains the view that providing rent subsidy to tenants renting private accommodation and introducing tenancy control cannot resolve the housing shortage. In addition, in the midst of the current tight housing supply, such measure may prompt the landlords to increase rent, thereby indirectly turning the rent subsidy into additional rent, leaving the tenants with no effective assistance. Furthermore, providing recurrent rent subsidy to a selected group of tenants may increase the demand for rented accommodation, thereby triggering a rise in rental level and increasing the burden of households who are unable to receive the subsidy due to various reasons.

19. With regard to tenancy control, both local and overseas empirical findings suggest that tenancy control measures often lead to an array of unintended consequences, including those to the detriment of tenants whom the measures seek to assist, such as reducing supply of rented accommodation; landlords have become more selective about their tenants, etc. Balancing the pros and cons, the Government is of the view that introducing tenancy control amid the current tight housing supply will not be in the interest of tenants or the general public.

20. People who, due to health or social grounds, have genuine and imminent long-term housing needs but have no other feasible means to solve their housing problems, can approach the Social Welfare Department (SWD) for relevant welfare services or assistance. SWD will assess each case and recommend eligible cases to the Housing Department for Compassionate Rehousing for early allocation of PRH units. Also, eligible PRH applicants may join the Express Flat Allocation Scheme for earlier allocation of PRH units.

21. For those who are unable to live in PRH but encounter financial difficulties, the Government has all along been implementing various subsidies and assistance schemes to address their needs, such as the CSSA Scheme which provides a safety net for those who are unable to support themselves financially to meet their basic needs, as well as the aforementioned WFA Scheme, etc.

Matters relating to PRH eligibility criteria and vetting

22. During the discussion on the PRH income and asset limits, some LegCo Members mentioned HA's work on vetting PRH eligibility. In particular, some LegCo Members enquired about HA's existing practice of checking PRH applicants' ownership of properties or other assets in places outside Hong Kong, and the number of cases involving property ownership on the Mainland. Some Members also opined that HA should strengthen its random checking in this area.

23. HA stipulates the eligibility criteria for PRH, including the requirements of meeting the relevant income and asset limits, no ownership/co-ownership in any domestic properties in Hong Kong, years of residence in Hong Kong, etc. In order to check whether the applications meet the eligibility criteria, HA's established system includes the following major measures.

24. First of all, PRH applicants are obliged to declare all the information as required, including all assets (such as properties) owned by them in and outside Hong Kong, in a true and accurate manner. They are also required to make a declaration that all the particulars furnished are true and correct. Under the Housing Ordinance, it is a criminal offence to provide false information and make a false statement. The PRH applications will be cancelled and the applicants concerned may be liable to prosecution.

25. When the application reaches the stage of “detailed vetting”, HA will invite the applicant and his/her family members to conduct the “detailed vetting” meeting. After the meeting, HA will carry out follow-up investigations as necessary, including request of information from institutions outside Hong Kong. Before or after the “detailed vetting”, HA will also conduct random checks, including verification of data with Government departments and organisations and request of information from institutions outside Hong Kong when necessary. At any stage, upon receipt of reports of PRH applications involving suspected concealment of information (including income, assets or family status, etc.), HA will also carry out in-depth investigations into those cases with reasonable suspicion, including request of information from institutions outside Hong Kong when necessary.

26. In the past three years, HA had received about 380 reports relating to PRH applicants’ concealment of information, and had initiated random checks on about 1 800 PRH application cases. Among such cases, about 50 cases involved the concealment of ownership of properties outside Hong Kong. There were four cases in which the offenders were successfully prosecuted and convicted.

27. As regards new arrivals (i.e. persons who have lived in Hong Kong for less than seven years), according to existing requirement, at the time of allocation, at least half of the applicant and his/her family members must have lived in Hong Kong for seven years. At the meeting, some LegCo Members expressed their observation that quite a number of PRH applications involved new arrivals from the Mainland.

28. In fact, to ensure that precious PRH resources are used to assist those with genuine needs, HA reviews relevant policies and measures from time to time, including the eligibility criteria and vetting mechanism. In view of various comments and concerns, we are reviewing and exploring relevant measures. We will take into account comments raised in the aforementioned discussions and consult Members in due course.

DECLASSIFICATION

29. We recommend that this paper be declassified after the meeting. The paper will be made available to the public at the HA homepage, Housing Department's library and through the Departmental Access to Information Officer when it is declassified.

DISCUSSION

30. At the SHC meeting to be held on 15 March 2019, Members will be asked to approve the recommendation of excluding WFA from the calculation of PRH applicant's income when considering the proposed the PRH income and asset limits for 2019/20. After SHC's discussion of the review findings, we will relay SHC's decision on the above matters to the LegCo Panel on Housing for their information.

Lennon WONG
Secretary, Subsidised Housing Committee
Tel. No.: 2761 5033
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File Ref. : HD(CR) 4-4/SP/10-10/9
(Strategy Division)
Date of Issue : 12 March 2019

**Non-binding Motions Passed by
the LegCo Panel on Housing at the Meeting on 4 March 2019**

- (1) “This Panel expresses disappointment that the Transport and Housing Bureau (THB) so far has not followed up on the exclusion of the Working Family Allowance from the calculation of the family incomes of public rental housing applicants, and urges THB to take measures expeditiously to safeguard the housing needs of low-income families.”

Moved by : Hon Andrew WAN Siu-kin

- (2) “Given that the Hong Kong Housing Authority’s revision of the income and asset limits for public rental housing (PRH) for 2019-20 will definitely further lengthen the waiting time for PRH, this Panel urges the authorities to, apart from the nine announced sites at Anderson Road and the Kai Tak Development Area, continue to re-allocate more ‘spade-ready’ private housing sites that have exceeded the supply target under the Long Term Housing Strategy for public housing development, so as to fill the gap of insufficient land supply for public housing; meanwhile, this Panel calls on the authorities to conduct an independent consultation exercise on the introduction of tenancy control and rent subsidy.”

Moved by : Hon LAU Kwok-fan, MH
Seconded by : Dr Hon Junius HO Kwan-yiu, JP

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings and the Department's Response

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
1. Issues relating to the adjustment mechanism of PRH income limits	
<p>(a) LegCo Members suggested conducting a comprehensive review on the adjustment mechanism of PRH income limits to take into account the impact of changes in statutory minimum wage (SMW) on household income. In particular, some LegCo Members were of the view that for a two-person household with both working members earning SMW (\$37.5 per hour starting from 1 May 2019) and working for 10 hours a day and 26 days a month, while the monthly household income (\$19,500) still fell within the proposed PRH income limit for two-person households (\$19,674 after taking into account the contribution under the Mandatory Provident Fund), the household income would exceed the limit if the household members worked slightly overtime. Some families might therefore choose to work less. The PRH income limits derived according to the existing mechanism were therefore deemed to be too low.</p>	<ul style="list-style-type: none"> ● In its annual review of the PRH income limits, SHC will not only take into account the latest data on household expenditure, but will also make adjustments where appropriate in view of actual developments and circumstances in the community. ● In view of public concern about the impact of the implementation of SMW, SHC reviewed the mechanism for adjusting the PRH income limits in February 2013. Considering that the nominal wage index^{Note 1} was a suitable yardstick for gauging changes in income of the PRH target group and reflecting the impact of SMW on income, SHC decided to introduce the change in nominal wage index as the income factor to reflect changes in income in a timely manner before the Housing Expenditure Survey (HES) results were updated^{Note 2}. Therefore, since 2013/14, the non-housing costs have been determined with reference to the latest HES results, with adjustments made according to the latest movement in the Consumer Price Index (CPI)(A)(excluding housing costs), or the change in the nominal wage index, whichever is higher.

Note 1 The nominal wage index is obtained through the Labour Earnings Survey conducted by the Census and Statistical Department (C&SD).

Note 2 SHC considered that the current household expenditure-based mechanism could adequately reflect the affordability of households in relation to private rental accommodation and other expenditure for assessing their eligibility for PRH. SHC was also of the view that changes in income would be reflected in the changes in expenditure over time. Therefore, the current household expenditure-based mechanism had in fact taken into account the changes in income. However, SHC was aware that C&SD updated the HES every five years. Before the updating of the HES results, changes in income might not be reflected in the PRH income limits in a timely manner.

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
	<ul style="list-style-type: none">● Nominal wage index covers occupational groups at non-managerial/professional levels (e.g. technical, clerical, service workers and craftsmen) who are most likely to be the potential applicants for PRH. The industries covered under the nominal wage index also cover the industries of workers earning SMW, such as security services, cleaning services, retail trade, restaurants, estate management, etc. Therefore, <u>the existing PRH income limit adjustment mechanism already reflects the changes in SMW.</u>● SMW only stipulates the lowest hourly wage of an individual. The actual income of individual households varies due to various factors, such as the number of working members in the household, as well as the working hours and working days per person. Therefore, the actual monthly income earned by individual families varies and cannot be generalised. For example, for a two-person household with both working members earning SMW and working for 12 hours a day and 26 days a month, its monthly household income (\$23,400) already exceeds the median household income of all non-owner occupier households in Hong Kong.● Besides, given that PRH resources are limited, we need to derive a set of objective criteria to assess the eligibility of low-income families applying for PRH. If we are to deviate from the existing methodology and lift the PRH income limits in order to cover families earning SMW, this will not be fair to the others. We will also be unable to focus the limited and precious PRH resources on families with the most pressing needs.

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
<p>(b) Some LegCo Members suggested reviewing the method of deriving the contingency provision, which should be revised from currently 5% to 10% of household expenditure.</p>	<ul style="list-style-type: none">● The then HA's Rental Housing Committee and Home Ownership Committee reviewed the mechanism for setting the PRH and Home Ownership Scheme (HOS) income and asset limits in 2002. In the review, the above Committees considered that the method of calculating household expenditure had not taken into account households' legitimate expectation of setting aside a certain portion of their income as savings or "contingency money". Given that there was no official assessment of household savings rate in Hong Kong, the above Committees adopted 5% of household expenditure as the contingency provision.● The main purpose of setting the contingency provision is to cater for the need of such households to set aside a portion of their income as savings or "contingency money" in case of emergency. In fact, when the above Committees discussed the matter in 2002, they noted that the established method of assessing non-housing expenditure already covered some non-essential items (such as alcoholic drinks, tobacco, beauty treatment, tours, etc.), hence the contingency provision equivalent to 5% of household expenditure should be sufficient.

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
<p>(c) The PRH income limits derived according to the existing methodology would make some PRH applicants give up working for longer hours in order to meet the PRH income limits; some people also opt for “cash salaries” without documentary proof in order to meet the PRH income limits, thus affecting their labour protection.</p>	<ul style="list-style-type: none">● There will always be households whose income will marginally exceed the income limits regardless of the level of income limits. Under the principle of safeguarding the fair and rational use of PRH resources, we must set a clear yardstick to assess applicants' eligibility in an objective manner.● PRH applicants must declare their household income in a true and accurate manner, and are required to make a declaration that all the particulars furnished are true and correct. It is a criminal offence under the Housing Ordinance to provide false information and make a false statement. The PRH applications will be cancelled, and the applicants concerned may be liable to prosecution.
2. Issues relating to eligibility criteria for applying PRH and the vetting of PRH applications	
<p>(a) Some LegCo Members enquired about HA's practice of vetting PRH applicants' ownership of properties or other assets in places outside Hong Kong, and the number of cases involving property ownership on the Mainland. Some LegCo Members also opined that HA should strengthen its random checks in this area. Besides, some LegCo Members also expressed their observation that quite a number of PRH applications involved new arrivals from the Mainland.</p>	<ul style="list-style-type: none">● The Department's response is provided under paragraphs 23 – 28 of the main paper.

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
<p>(b) Since the current PRH supply was insufficient to meet demand, HA suppresses the actual demand of non-elderly one-person applicants under the Quota and Points System (QPS) by way of regular checking, which was unfair.</p>	<ul style="list-style-type: none">● Taking into account the recommendation of the LTHS Steering Committee, the public opinions collected during the LTHS public consultation, the Director of Audit's Reports and the views of the Legislative Council's Public Accounts Committee, SHC endorsed the refinements to QPS in October 2014. Besides revising the points system to accord higher priorities to older applicants and increasing the annual quota, SHC also endorsed conducting the regular checking on the eligibility of QPS applicants who have waited for five years but not yet due for detailed vetting within the next two years starting from 2015/16.● The annual checking exercise on QPS applicants seeks to review whether the applicants' eligibility has changed during the waiting period due to changes in their family status, income and assets. This enables HA to better understand the actual situations of non-elderly one-person applicants and assess their actual demand for PRH. Therefore, the exercise does not seek to suppress the actual demand of non-elderly one-person applicants.● According to established mechanism, applicants who object to the cancellation of their applications can request a review within two months from the date of the written notification of cancellation issued by the Housing Department. Besides, the current mechanism also provides for reinstatement of applications, such that applicants whose applications are cancelled due to failure in meeting income and/or asset limits may request reinstatement after six months and within two years from the first date of cancellation of their applications, if they are eligible for PRH again due to changes in their family status or adjustment in their income and/or net asset value.

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
3. Issues relating to future housing supply	
<p>(a) Some LegCo Members enquired about the actual increase in the number of PRH applications upon adjusting the PRH income and asset limits.</p>	<ul style="list-style-type: none">• We adjust the income and asset limits in accordance with the established mechanism based on objective data to ensure that the limits can reflect the latest market situations. Hence <u>the limits are adjusted without regard to the number of households eligible for PRH applications.</u>• As pointed out in paragraph 17 of Paper No. SHC 6/2019, the proposed income and asset limits are generally higher than the existing levels, hence should theoretically cover more households. <u>Analysing only the income level</u> based on the results of C&SD's General Housing Survey as at the fourth quarter of 2018, some <u>161 600 non-owner occupier households living in private housing</u> (31.1% of the total number of non-owner occupier households living in private housing) would meet the new income criterion.• However, we are unable to estimate the number of additional households who will apply for PRH due to the new limits. This is because other than private non-owner occupier households, members of existing PRH tenants, HOS households or private owner households may also form new households and apply for PRH.• Besides, the above number (161 600) has not taken into account whether such households can meet other eligibility criteria for PRH, such as in terms of assets and domestic property ownership in Hong Kong. Therefore, this number only serves as a point of reference and should not be taken to be the number of eligible households which will apply for PRH.

<p style="text-align: center;">Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings</p>	<p style="text-align: center;">The Department's Response</p>
<p>(b) Some LegCo Members enquired how the Government planned the flat mix of different sizes in its future housing supply to ensure that PRH units under in the pipeline would be able to meet the actual needs of different families.</p>	<ul style="list-style-type: none"> • When planning the flat mix of PRH units in the pipeline, HA takes into account factors such as the distribution of family size among PRH applicants, as well as projections of population and domestic household formation, to meet their needs. • According to HA's Public Housing Construction Programme as at December 2018, it is estimated that about 72 900 PRH/GSH units will be completed from 2018-19 to 2022-23. Such units will include Type A flats (for 1 to 2 persons), Type B flats (for 2 to 3 persons), Type C flats (for 3 to 4 persons) and Type D flats (for 4 to 5 persons) to meet the needs of different household sizes.
<p>(c) The Government should include transitional housing in its ten-year housing supply target under LTHS.</p>	<ul style="list-style-type: none"> • Based on the "supply-led" and "flexible" principles under LTHS, the Government will continue to identify land and increase public and private housing supply through a multi-pronged approach with a view to rebuilding the housing ladder. According to the framework under LTHS, the Government updates the long term housing demand projection annually and presents a rolling ten-year housing supply target to capture the latest social, economic and market changes, and make timely adjustments where necessary. When updating the annual long term housing demand projection, one of the demand components is inadequately housed households. These include households living in units made up of temporary structures (e.g. huts, squatters and rooftop structures); units in non-residential buildings (e.g. commercial and industrial buildings); units shared with other households (e.g. rooms, cubicles, bedspaces and cocklofts); and sub-divided units. The Government has taken into account the housing needs of inadequately housed households in setting the total housing supply target under LTHS.

Views/Suggestions of Members of the LegCo Panel on Housing on the Review Findings	The Department's Response
	<ul style="list-style-type: none">• Furthermore, since transitional housing is temporary in nature with uncertainties in timing and quantity, it is not appropriate to include transitional housing in the future ten-year housing supply target.

Existing arrangements of the Working Family Allowance (WFA) Scheme

	Full-rate Monthly Allowance (monthly household income not higher than 50% Median Monthly Domestic Household Income (MMDHI) of economically active households)	3/4-rate Monthly Allowance (monthly household income of more than 50% but not higher than 60% MMDHI of economically active households)	Half-rate Monthly Allowance (monthly household income of more than 60% but not higher than 70% MMDHI of economically active households)
Basic Allowance: monthly working hours of at least 144 hours (single-parent households: 36 hours)	\$800	\$600	\$400
Medium Allowance: monthly working hours of at least 168 hours (single-parent households: 54 hours)	\$1,000	\$750	\$500
Higher Allowance: monthly working hours of at least 192 hours (single-parent households: 72 hours)	\$1,200	\$900	\$600
Child Allowance (every child or youth)	\$1,000	\$750	\$500

Monthly Household Income Limits under the WFA Scheme
(applicable to claim months from April 2018 to March 2019)

Number of household members	Full-rate Allowance	3/4-rate Allowance	Half-rate Allowance
1 person	\$9,000	\$10,800	\$12,600
2 persons	\$13,700	\$16,400	\$19,200
3 persons	\$16,100	\$19,300	\$22,500
4 persons	\$20,100	\$24,100	\$28,100
5 persons	\$21,100	\$25,300	\$29,500
6 persons or above	\$23,100	\$27,800	\$32,400

PRH Income and Asset Limits for 2019/20

Household Size	PRH Income Limits for 2019/20*		PRH Asset Limits for 2019/20^
1-Person	\$11,830	(\$12,453)	\$257,000
2-Person	\$18,690	(\$19,674)	\$348,000
3-Person	\$23,010	(\$24,221)	\$454,000
4-Person	\$29,240	(\$30,779)	\$530,000
5-Person	\$35,280	(\$37,137)	\$589,000
6-Person	\$38,810	(\$40,853)	\$637,000
7-Person	\$44,550	(\$46,895)	\$680,000
8-Person	\$49,820	(\$52,442)	\$713,000
9-Person	\$54,940	(\$57,832)	\$788,000
10-Person and above	\$59,950	(\$63,105)	\$849,000

* Figures in brackets denote the effective income limits inclusive of the statutory Mandatory Provident Fund (MPF) contribution for households contributing 5% of their income under MPF.

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