

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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本局檔號 Our Ref. (2) in HD4-2/PS1/1-55/1/4 (2020/21)V 電話 Tel No. 2761 5086  
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19 March 2021

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 2021/22**

At the meeting of the Legislative Council Panel on Housing (Panel) on 1 March 2021, Members discussed the outcome of the review of PRH income and asset limits for 2021/22. The Housing Department has relayed Members' views and the Department's proposed response to the Hong Kong Housing Authority's Subsidised Housing Committee (SHC), as set out at **Annex 1**.

SHC noted the Panel's views and the Department's proposed response, and endorsed the PRH income and asset limits for 2021/22 at its meeting on 15 March 2021. The limits (as set out at **Annex 2**) will be effective from 1 April 2021.

Yours sincerely,

( Original Signed )

( Jenny YH 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 2021/22 -**

**Views Expressed by Members of the Legislative Council Panel on Housing  
at the Meeting on 1 March 2021  
and the Department's Proposed Response**

**PURPOSE**

This paper reports the views expressed by Members of the Legislative Council (LegCo) Panel on Housing (Panel on Housing) on the review of the income and asset limits for public rental housing (PRH) for 2021/22 and sets out the Department's proposed response to such views.

**BACKGROUND**

2. 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 2021/22 are set out in Paper No. SHC 9/2021. As per established practice, we briefed the Panel on Housing on the review findings on 1 March 2021. Their views and suggestions are hereby submitted for SHC's consideration.

**VIEWS OF THE LEGCO PANEL ON HOUSING AND THE  
DEPARTMENT'S PROPOSED RESPONSE**

3. At the meeting, members of the Panel on Housing generally agreed with the recommendations as set out in Paper No. SHC 9/2021, i.e. to freeze the income limits for households with 3 persons, 4 persons, 6 persons to 10 persons or above at the existing levels, while increasing the income limits for households with 1 person, 2 persons and 5 persons in accordance with the established

mechanism; and to freeze the PRH asset limits at the existing levels for all household sizes. Other views expressed by LegCo Members and the ----- Department's proposed response are set out at **Annex**.

## INFORMATION

4. This paper is issued for Members' information when considering Paper No. SHC 9/2021.

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File Ref. : HD(CR) 4-4/SP/10-10/9  
(Strategy Division)  
Date of Issue : 10 March 2021

**Views Expressed by Members of the Legislative Council (LegCo)  
Panel on Housing at the Meeting on 1 March 2021  
and the Department's Proposed Response**

Views Expressed by Members of the LegCo Panel on Housing on the Review Findings	The Department's Proposed Response
<p>1. Some LegCo Members were of the view that according to the existing review mechanism, the monthly household income of a two-person household, both of whom are working (in particular for households earning statutory minimum wage (SMW)) might exceed the proposed PRH income limit for two-person households (i.e. \$19,550 excluding the contribution under Mandatory Provident Fund (MPF); \$20,579 after taking into account the MPF contribution).</p> <p>Other LegCo Members expressed that as it took several years for PRH applicants to wait for PRH units, the total household income of some PRH applicants had already changed during the waiting period (e.g. their children had started working). In order to keep the total household income within the PRH income limit, some family members might choose to give up higher-income jobs.</p> <p>LegCo Members suggested reviewing the mechanism for adjusting the PRH income limits, such as taking into account SMW in the adjustment or increasing the contingency provision (currently 5% of household expenditure) so that the families concerned need not give up their jobs or reduce their amount of work.</p>	<ul style="list-style-type: none"> <li>● There will always be households whose income marginally exceeds the income limits regardless of the level of income limits. Given the limited PRH resources, we need to formulate a set of objective criteria to determine the low-income people who are eligible for PRH, so as to focus the resources on families with the relatively most pressing needs. For two-person households, the proposed income limit (i.e. \$19,550) is comparable with the median household income of all two-person households in Hong Kong (\$20,000 based on the figures in the 4<sup>th</sup> quarter of 2020).</li> <li>● HA's Subsidised Housing Committee (SHC) reviews the adjustment mechanism of PRH income limits from time to time and makes adjustment where necessary. For example, SHC decided to introduce the change in nominal wage index as a parameter in 2013 in light of the implementation of SMW (see below for details).</li> <li>● <u>Regarding the suggestion on introducing the consideration of SMW</u> <ul style="list-style-type: none"> <li>➤ SMW only stipulates the lowest hourly wage, but the actual income earned by individual households depends on the number of working members, their number of working hours and working days. Hence, it cannot be generalised whether the income of individual households will exceed the income limits.</li> <li>➤ In view of the public concern about the impact of the implementation of SMW, SHC reviewed the mechanism for adjusting the PRH income limits and decided in February 2013 to introduce</li> </ul> </li> </ul>

Views Expressed by Members of the LegCo Panel on Housing on the Review Findings	The Department's Proposed Response
	<p>the change in <b>nominal wage index</b> (which covers occupational groups at non-managerial/professional levels, e.g. technical, clerical, service workers and craftsmen) as the income factor to reflect changes in income in a timely manner. Therefore, since 2013/14, the non-housing costs have been determined with reference to the latest Housing Expenditure Survey (HES) results conducted by the Census and Statistical Department (C&amp;SD); and are adjusted according to the latest movement in the Consumer Price Index (CPI)(A)(excluding housing costs), or the change in the nominal wage index, <b>whichever is higher</b>. In other words, the existing PRH income limit adjustment formula already includes an element that reflects the changes in SMW. For reference, since the implementation of SMW in 2011 to 2020, the cumulative increase in SMW was 34%, while that in nominal wage index and PRH income limits was 39% and 67% respectively.</p> <ul style="list-style-type: none"> <li>● <u>Regarding the suggestion on increasing the contingency provision</u> <ul style="list-style-type: none"> <li>➤ The contingency provision under the existing mechanism was introduced by the then HA's Rental Housing Committee and Home Ownership Committee when they reviewed the mechanism for setting the PRH income and asset limits in 2002. 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.</li> <li>➤ Since there was no official assessment of household savings rate in Hong Kong and the established method of assessing</li> </ul> </li> </ul>

<b>Views Expressed by Members of the LegCo Panel on Housing on the Review Findings</b>	<b>The Department's Proposed Response</b>
	<p>non-housing costs already covered some non-essential items (such as alcoholic drinks, tobacco, beauty treatment, tours, etc.), the above Committees considered that the contingency provision equivalent to 5% of household expenditure should be sufficient.</p> <p>➤ If the contingency provision is to be increased in the calculation of PRH income limits, the number of eligible households will increase. We should carefully consider the issue of fairness and whether it would help focus the resources on families with the relatively most pressing needs.</p>
<p>2. Some LegCo Members expressed that elderly one-person PRH applicants might receive a lump-sum MPF or have more savings, hence might exceed the PRH asset limit for one-person applicants (\$266,000). They therefore suggested MPF be exempted from the calculation of PRH applicants' assets.</p> <p>Some LegCo Members also expressed that as it took several years for PRH applicants to wait for PRH units, the cash value of insurance schemes of PRH applicants might increase and exceed the PRH asset limits. They therefore suggested the cash value of insurance schemes be exempted from the calculation of applicants' assets. They also suggested the cash value of the HKMC Annuity Plan rolled out by the Government be exempted from the calculation of PRH applicants' assets.</p> <p>Other LegCo Members enquired whether the "Special 100% Loan Guarantee for Individuals" for the unemployed as announced in the 2021-22 Budget will be counted as PRH applicants' assets.</p>	<ul style="list-style-type: none"> <li>● Considering that most of the elderly applicants were either retired or on very low income and many of them had to rely on savings to meet their daily expenses, SHC endorsed in 2005 to set the asset limits for elderly households (i.e. households with all members aged 60 or above) at two times the asset limits for non-elderly applicants. According to the result of the current review, the asset limit for elderly one-person applicant is \$532,000 (\$266,000 x 2).</li> <li>● Given the limited PRH resources, we need to focus the resources on families with the relatively most pressing needs. Therefore, we need to take into account all realisable assets in the calculation of applicants' assets. These assets include investments (such as the value of listed shares, bonds, funds), as well as insurance schemes with savings elements or investment-linked insurance schemes with cash value (including their cash value, accumulated interest and bonuses, annuity, etc.). Since the HKMC Annuity Plan/annuity schemes launched by private entities are a type of insurance schemes, they are also counted as assets. Furthermore, the amount that has been withdrawn or can be withdrawn</li> </ul>

Views Expressed by Members of the LegCo Panel on Housing on the Review Findings	The Department's Proposed Response
	<p>from MPF/Provident Fund is counted as part of PRH applicants' total net asset value.</p> <ul style="list-style-type: none"> <li>● Outstanding mortgages, overdrafts and personal loans provided by the approved financial institutions are not counted in the calculation of the assets. Accordingly, the <b>“Special 100% Loan Guarantee for Individuals” will be exempted from the calculation of PRH applicants' assets.</b></li> </ul>
<p>3. Some LegCo Members enquired whether using the data from the 2014/15 HES released in April 2016 in the calculation of non-housing costs in this review could reflect the latest household expenditure situation.</p>	<ul style="list-style-type: none"> <li>● When calculating the non-housing costs, we adopt the expenditure statistics of the lower half expenditure group among tenant households in the private sector (excluding those households comprising solely elderly or non-working members) which were obtained from C&amp;SD's HES as the basis, and adjust it <b>annually</b> according to the latest movement in the CPI(A)(excluding housing costs) or the change in the nominal wage index, <b>whichever is higher</b>, until the next HES conducted by C&amp;SD.</li> <li>● C&amp;SD conducts the HES every five years. HES 2014/15 is the latest available household expenditure statistics by C&amp;SD. Therefore, since the review of PRH income and asset limits in 2013/14, we have been adjusting the non-housing costs according to the said mechanism. In other words, the non-housing costs upon adjustment have already reflected the latest household expenditure situation.</li> </ul>
<p>4. Some LegCo Members suggested HA review the eligibility of PRH applicants while they were waiting for PRH and cancel those applications which no longer met the eligibility criteria, so that HA could have a more accurate grasp of the actual PRH demand.</p>	<ul style="list-style-type: none"> <li>● HA's Application Guide for PRH stipulates that from the date of completing the PRH application form to the date of signing the tenancy agreement for PRH thus allocated, if the applicant and/or the family members has/have purchased any domestic properties in Hong Kong, or if the total household income and/or net asset value has exceeded the prevailing income and/or asset limits, notification must be immediately given to the</li> </ul>

Views Expressed by Members of the LegCo Panel on Housing on the Review Findings	The Department's Proposed Response
	<p>Housing Department (HD) for withdrawal of the application. Otherwise, HD will cancel the application upon detection.</p> <ul style="list-style-type: none"> <li>● At its meeting on 14 October 2014, SHC decided to refine the Quota and Points System (QPS). Such refinements included, among others, to conduct regular checking on those QPS applicants who have waited for five years but are not yet due for detailed vetting within the next two years. The purpose of the regular checking is to review whether the eligibility of PRH applicants has been affected by the changes in their family status, income and assets, so as to help us grasp the actual situation of non-elderly one-person applicants and assess their actual PRH demand.</li> <li>● As for general applicants (i.e. family and elderly one-person applicants) on the queue, HA also conducts random checks and, upon receipt of reports of PRH applications involving suspected concealment of information (including income, assets or family status, etc.), carries out in-depth investigations into those cases with reasonable suspicion. From 2018 to 2020, HA initiated random checks on about 1 800 PRH application cases and received about 370 reports relating to PRH applicants' concealment of information. Among such cases, offenders were successfully prosecuted and convicted in about 120 cases. The relevant PRH applications had also been cancelled.</li> <li>● To ensure that valuable 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.</li> </ul>

<p style="text-align: center;"><b>Views Expressed by Members of the LegCo Panel on Housing on the Review Findings</b></p>	<p style="text-align: center;"><b>The Department's Proposed Response</b></p>
<p>5. Some LegCo Members expressed that some members in PRH tenant households (e.g. grown-up sons/daughters) had already moved out of the PRH units but were not deleted from the PRH tenancies, hence the existing PRH resources could not be utilised properly. They enquired about the situation of deletion of household members in PRH tenancies.</p>	<ul style="list-style-type: none"> <li>● To ensure proper use of valuable PRH resources, HA will continue with its efforts in combatting tenancy abuse through a multi-pronged approach: (1) estate frontline staff will detect tenancy abuse through daily management work and periodic surprise home visits. In the event of suspected tenancy abuse, it will be forwarded to the Public Housing Resources Management Sub-section (PHRM) for follow-up; (2) the PHRM will conduct in-depth investigations on all suspected tenancy abuse cases referred by estate frontline staff or reported by members of the public, as well as randomly selected cases; and (3) publicity and educational activities have been stepped up to convey the message on rational use of PRH resources to the general public through different channels, and to encourage the report of suspected tenancy abuse.</li> <li>● From 2018 to 2020, the number of approved cases for deleting household members in PRH tenancies was 41 500, 41 100 and 34 900 respectively.</li> </ul>
<p>6. Some LegCo Members pointed out that the number of PRH applicants would increase after revising the PRH income limits, hence were concerned about how the Government would shorten the PRH waiting time and expedite the increase in PRH supply.</p>	<ul style="list-style-type: none"> <li>● Actively identifying land to increase PRH supply is the fundamental solution to shortening the average waiting time (AWT). As announced in the 2020 Policy Address and LTHS Annual Progress Report 2020, after years of efforts, the Government has identified the 330 hectares (ha) of land required for providing 316 000 public housing units, representing an increase of 44 000 units over the 272 000 units in the last ten-year period from 2020-21 to 2029-30, to meet the demand for about 301 000 public housing units in the coming ten years (i.e. 2021-22 to 2030-31). Of the 316 000 units, about one-third are scheduled for completion in the first five-year period whereas the remaining two-third will be completed in the second five-year period. Therefore, it is anticipated that the</li> </ul>

<b>Views Expressed by Members of the LegCo Panel on Housing on the Review Findings</b>	<b>The Department's Proposed Response</b>
	<p>AWT could be improved more significantly in the second five-year period.</p> <ul style="list-style-type: none"> <li>● To achieve the said estimated public housing production, Government departments are striving to take forward the relevant work to identify land for housing supply and improve internal coordination, with a view to completing the necessary processes and handing over the sites for development in time, and endeavor to work with implementing agents (including HA and the Hong Kong Housing Society) to explore means to expedite the development process and optimise the development potential of each and every public housing site where practicable.</li> <li>● HA has also adopted a number of measures, including clearing the Shek Lei Interim housing for PRH development; exploring the feasibility of redeveloping individual factory estates of HA for the use of public housing; and making continuous efforts to enhance site development potential by adopting comprehensive planning and site-specific designs.</li> </ul>
<p>7. Some LegCo Members enquired about the progress of work on transitional housing.</p>	<ul style="list-style-type: none"> <li>● The Task Force on Transitional Housing under the Transport and Housing Bureau (Task Force), led by the Under Secretary for Transport and Housing, continues to make its best efforts to participate in and facilitate the implementation of transitional housing projects on Government or privately-owned vacant premises or lands proposed by the community organisations. The Task Force has assisted with various transitional housing projects put forward by community organisations. As at February 2021, the Task Force has identified land for providing about 14 000 transitional housing units by 2022-23. Of such units, 1 174 units were completed, and a series of projects involving approximately 9 800 units have been initiated</li> </ul>

<b>Views Expressed by Members of the LegCo Panel on Housing on the Review Findings</b>	<b>The Department's Proposed Response</b>
	<p>and about 3 000 units are under construction or under in-depth study. The Task Force is making continuous efforts to achieve the target of providing 15 000 units within three years.</p> <ul style="list-style-type: none"><li>● Besides, a sum of \$95 million from the Community Care Fund has been approved to support the implementation of the Pilot Scheme by the Transport and Housing Bureau of using suitable rooms in hotels and guesthouses with relatively low occupancy rates as transitional housing through the non-governmental organisations. The Government has also proposed to inject an additional \$3.3 billion into the Transitional Housing Funding Scheme. Subject to LegCo's approval, the Government's total commitment to transitional housing projects will increase to \$8.3 billion.</li></ul>

**PRH Income and Asset Limits for 2021/22**

<b>Household Size</b>	<b>PRH Income Limits for 2021/22*</b>		<b>PRH Asset Limits for 2021/22^</b>
1-Person	\$12,940	(\$13,621)	\$266,000
2-Person	\$19,550	(\$20,579)	\$360,000
3-Person	\$24,410	(\$25,695)	\$469,000
4-Person	\$30,950	(\$32,579)	\$548,000
5-Person	\$37,180	(\$39,137)	\$609,000
6-Person	\$40,840	(\$42,989)	\$659,000
7-Person	\$46,770	(\$49,232)	\$703,000
8-Person	\$52,310	(\$55,063)	\$737,000
9-Person	\$57,710	(\$60,747)	\$815,000
10-Person and above	\$62,980	(\$66,295)	\$878,000

\* 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.