

(English translation prepared by  
the Legislative Council Secretariat  
for Members' reference only)

To: Members of the LegCo Panel on Housing

2 January 2002

**Proposed formula for deriving  
the Waiting List income and asset limits**

The Housing Authority (HA) is currently reviewing the formula for deriving the Waiting List (WL) income and asset limits. Having studied the existing formula, we consider that some revisions need to be made. Our rationale and proposals are set out below for members' consideration.

The inadequacies of the present formula:

1. A fixed rate of \$148 per square metre is used in calculating the rent for private flats for households of all sizes. This is unfair to smaller households, in particular singletons and two-person households. In fact, the smaller the household is, the higher rental expenditure per square metre it may incur, and vice versa.
2. The present formula only covers the rent for private flats of sizes between 20 to 70 square metres. Flats of sizes below 20 square metres, cubicles and bedspaces, for which rentals are relatively higher, are excluded under the formula. Statistics however show that the smaller a housing unit is, the higher rent per square metre it may incur. Specifically, the rent per square metre of a bedspace exceeds \$300, a cubicle is up to \$200, and a suite may well be as high as \$300 (see the table below). It is evident that if the formula excludes the rent of flats of sizes below 20 square metres, it will only result in smaller amounts of housing costs, and in turn lower WL income limits.

District	Form of Accommodation	Size	Monthly Rent (\$)	Rent per square metre
Tai Kok Tsui	bedspace	2m <sup>2</sup>	1,500	700
Tai Kok Tsui	bedspace	2m <sup>2</sup>	800	400
Kwun Tong	cubicle	5m <sup>2</sup>	1,500	300
Kwun Tong	cockloft	3m <sup>2</sup>	900	300
Sham Shui Po	cubicle	7m <sup>2</sup>	1,300	186
Sham Shui Po	cubicle	6m <sup>2</sup>	1,400	233
Tsim Sha Tsui	suite	11m <sup>2</sup>	3,500	318
Western District	suite	10m <sup>2</sup>	3,000	300
Yuen Long	suite	14m <sup>2</sup>	2,600	185

\* Sources of information: The Society for Community Organization, estates agents and the local community

3. Lack of contingency money for emergency needs:

The element of savings for contingency is not included in the existing formula for deriving the WL income limits from housing and non-housing costs. With the current unemployment rate standing at 5.8% and an unemployed population of 205 000, it may not be easy for people to keep a secure and stable job. In such circumstances, there is a greater need to save for rainy days. It is simply unreasonable to exclude the element of savings in the formula for deriving the WL income limits.

In view of the above inadequacies of the present formula, we would like to move the following motion at the Housing Panel meeting to be held on 7 January 2002:

“That this Panel requests the Housing Authority to relax the formula for deriving the Waiting List (WL) income limits taking into account the following proposals:

1. To include the rent for flats of sizes below 20 square metres and bedspaces in the calculation of housing expenditure;
2. To calculate the rental expenditure per square metre according to household sizes;
3. To include an element of “contingency money” equivalent to 10% of the household income in the calculation of non-housing expenditure;
4. To calculate the non-housing expenditure using the average of the secondary lowest quarter expenditure group, i.e. only the 26% - 50% of the expenditure group should be used as the basis for calculation.”

Based on the above proposals, HA has worked out the WL income limits as set out in Annex. We hope that members can support the motion. Members are also welcome to join us as co-signatories. Wishing you all a happy new year!

Signatories: Albert HO Chun-yan  
LEE Cheuk-yan  
LEUNG Yiu-chung  
Frederick FUNG Kin-kee

**The income limits for WL applicants for the year 2002-03  
based on the formula proposed by the Democratic Party**

Household size (number of persons)	Year 2001-02	Average household expenditure of the lower half expenditure group (based on differential rents <sup>#</sup> ) (flat size: 0-69.9m <sup>2</sup> )		Average household expenditure of the secondary lowest quarter expenditure group (based on differential rents <sup>#</sup> ) (flat size: 0-69.9m <sup>2</sup> )	
		Income limit (\$)	Income limit* (\$)	Non-housing costs (\$)	Income limit* (\$)
1	6,200	7,100	3,694	8,700	5,100
2	11,000	11,300	6,457	13,000	8,052
3	13,700	12,800	7,111	14,500	8,622
4	16,400	15,600	8,902	17,700	10,805
5	17,800	18,000	10,085	19,800	11,693
6	19,200	19,900	11,121	21,600	12,652
7	21,800	21,400	12,054	23,000	13,495
8	24,300	22,700	12,905	24,200	14,248
9	26,600	24,500	13,688	25,900	14,929
10 or more	28,400	26,200	14,415	27,500	15,552
The number of eligible households comprising non-owners of permanent private housing and all temporary private housing (General Household Survey for the third quarter of 2001)					
Number of households	129 600	130 600		154 500	
Estimated number of households already registered on the WL whose income levels have exceeded the relevant income limits					
Number of households	-	800		Non-applicable	

\* Derived income limits for WL applicants divided by a factor of 0.9

# Differential rents per square metre: \$165 for one-person households, \$154 for two-person households and \$148 for households of three persons or more