

## LCQ8: Working Family Allowance counted as income of public housing applicants

Following is a question by the Hon Andrew Wan and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 28):

Question:

At present, when the authorities calculate the family incomes of applicants for public rental housing (PRH), the Old Age Allowance, Old Age Living Allowance, Disability Allowance and School Textbook Assistance received by them are excluded from but the Working Family Allowance (WFA) received by them is included in the calculation. In this connection, will the Government inform this Council:

(1) given that some PRH applicants' family incomes, as calculated with WFA included, have exceeded the relevant income limits, rendering such applicants ineligible to apply for PRH, whether the authorities will review the method for calculating the family incomes of PRH applicants, and consider excluding WFA from the calculation of family incomes of PRH applicants; if so, of the details; if not, the reasons for that; and

(2) given that the current income limits set by the authorities for applying for WFA and PRH are different, rendering some applicants who are eligible to apply for half-rate WFA ineligible to apply for PRH, whether the authorities will consider adjusting upward the income limits for PRH applicants to make them on a par with the relevant limits for WFA applicants, so that families with financial needs may benefit from both measures concurrently?

Reply:

President,

It is the Hong Kong Housing Authority (HA)'s objective to provide public rental housing (PRH) to low-income families who cannot afford to rent private accommodation. The PRH income and asset limits mainly estimate the total household income required to rent private accommodation comparable to PRH as well as to meet other non-housing expenditure. Households with income and assets below the prescribed limits are deemed to be low-income families who are unable to afford renting private accommodation, and hence are eligible for PRH (note 1). The HA's Subsidised Housing Committee (SHC) reviews the relevant limits annually to keep them in line with the prevailing socio-economic circumstances. The PRH income limits for 2018-19 are at Annex 1.

As for the Working Family Allowance (WFA) Scheme, its purpose is 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, with the provision of Child Allowance to ease intergenerational poverty. The major design and prevailing income limits of the WFA Scheme are at Annex 2.

Responses to individual questions raised by Hon Andrew Wan are as follows:

(1) Currently, income that must be declared by 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. Since the Government's implementation of the Low-income Working Family Allowance Scheme (subsequently renamed as the WFA Scheme) in 2016, WFA has been regarded by HA as other income of PRH applicants and their family members in assessing their total household income. The key consideration is that the nature of WFA is similar to that of CSSA and other income, all of which form part of the household income. The HA thus takes into account WFA when assessing the income level of PRH applicants.

(2) As pointed out above, the HA's objective is to provide PRH to low-income families who cannot afford to rent private accommodation; whereas the WFA Scheme aims to encourage self-reliance among working households and ease intergenerational poverty. PRH income limits are derived using a household expenditure approach, which consists of housing costs and non-housing costs, plus a contingency provision (note 2); whereas the various income limits for WFA are set at specific percentages of the median monthly domestic household income of economically active households in Hong Kong. Given their different policy objectives, the mechanisms of deriving the income limits for PRH and WFA are also different. Therefore, it is necessary to consider whether it is appropriate, in terms of policy principles, to align the income limits under the two schemes.

When the SHC reviews the PRH income and asset limits annually, apart from considering the household expenditure and other latest relevant data, it also takes into account views from various sectors of the community. When the SHC conducts the next review (i.e. for 2019-20) of PRH income and asset limits, it will also consider whether WFA should be regarded as household income and other relevant suggestions.

Notes:

(1) Applicants also need to meet other eligibility criteria for PRH (e.g. applicants and their family members must not possess any domestic properties in Hong Kong; at least half of the family members included in the application must have lived in Hong Kong for seven years and all the family members are still living in Hong Kong at the time of allocation, etc)

(2) Housing costs measure the costs of renting a private flat comparable to PRH, and these depend on the unit rents of private accommodation and reference flat sizes. The non-housing costs are determined with reference to

the latest Household Expenditure Survey regularly conducted by the Census and Statistics Department (C&SD) with adjustments made according to the latest movement in the Consumer Price Index (A) (excluding housing costs), or the change in the nominal wage index obtained through the Labour Earnings Survey conducted by C&SD as the income factor, whichever is higher. The PRH income limits for different household sizes are the respective sums of the above two major cost items, plus a 5 per cent contingency provision.