

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

**Review of the Income and Asset Limits
for Public Rental Housing for 2025/26**

PURPOSE

This paper seeks Members' endorsement of the proposed income and asset limits for public rental housing (PRH) for 2025/26.

RECOMMENDATION

2. It is recommended that the proposed PRH income and asset limits
----- (as set out in paragraphs 10, 13 and **Annex B**) be adopted for 2025/26.

BACKGROUND

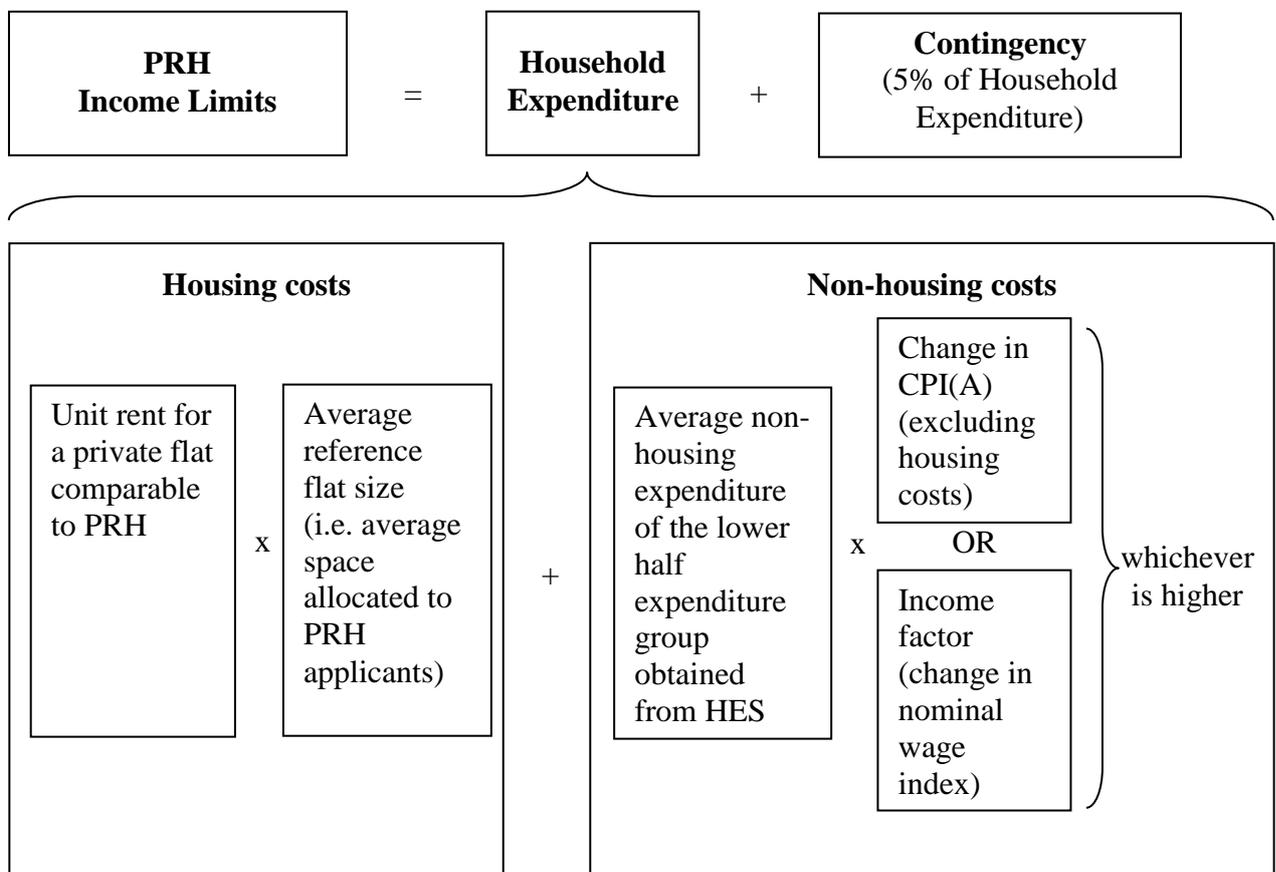
3. It is the Hong Kong Housing Authority (HA)'s objective to provide PRH to low-income families who cannot afford to rent private accommodation. The eligibility of PRH applicants is determined by the PRH income limits and asset limits. Households with income and assets below the prescribed limits are deemed to be low-income families who are unable to afford renting private accommodation, and hence are eligible for PRH^{Note 1}. The limits are assessed annually to keep them in line with the prevailing socio-economic circumstances.

Note 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 family members must still be living in Hong Kong at the time of flat allocation, etc.).

REVIEW OF THE INCOME LIMITS

Review mechanism

4. Under the established mechanism, the PRH income limits are derived based on a household expenditure approach, which consists of housing costs and non-housing costs, plus a contingency provision. Housing costs measure the costs of renting a private flat comparable to PRH, and 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 (HES) conducted by the Census and Statistics Department (C&SD), and adjusted by the latest movement in the Consumer Price Index ((CPI)(A)(excluding housing costs)), or the change in the nominal wage index 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% contingency provision^{Note 2}. The mechanism is summarised in the following diagram –



Note 2 In accordance with the established practice, the PRH income limits are rounded to the nearest ten.

Housing costs

5. Under the established mechanism, housing costs are the costs required for a household to rent a private flat of comparable size to PRH. The exact figure is obtained by multiplying the **reference flat size**, i.e. average space (in terms of internal floor area (IFA)) of flats allocated to PRH applicants in the past three years, by a **unit rent** of private dwellings based on data from the Rent Survey regularly conducted by C&SD ^{Note 3}. In calculating the housing costs of 1-person and 2-person households, the respective unit rent or the overall average unit rent, whichever is higher, is adopted. For households of three persons or above, the overall average unit rent is adopted across-the-board ^{Note 4}.

Note 3 Unit rents are derived from the rental levels of tenant households in private residential units with saleable area of 69.9m² or below based on C&SD's Rent Survey in the fourth quarter of 2024 and are adjusted to IFA basis. Large size private flats are excluded in deriving the unit rents for estimating the housing expenditure of low-income families. The standard is set at 69.9m² by making reference to the largest PRH flat size.

Note 4 Prior to the review in 2002/03, in assessing the housing expenditure, the same unit rent was adopted irrespective of household size. When the then Rental Housing Committee reviewed the mechanism for setting the PRH income and asset limits at its meeting on 28 February 2002, it considered that in reality, small households (particularly the singletons) had to bear higher per unit rental costs than households with more member(s). Therefore, it was endorsed that respective unit rents for 1-person and 2-person households should be adopted should they be higher than the overall average unit rent.

6. Table 1 below shows the above parameters and the housing costs so derived in last year's review and the current one –

Table 1

Parameters	Review for	Review for	
	2024/25	2025/26	
	<u>2020/21 –</u>	<u>2021/22 –</u>	
	<u>2022/23</u>	<u>2023/24</u>	
(a) Reference flat size			
- 1-person	15.1m ²	15.2 m ²	
- 2-person	22.2m ²	22.4 m ²	
- 3-person	30.1 m ²	29.9 m ²	
- 4-person	35.2 m ²	35.3 m ²	
- 5-person	40.4 m ²	40.8 m ²	
- 6-person	49.8 m ²	49.7 m ²	
- 7-person	53.2 m ²	53.2 m ²	
- 8-person	60.8 m ²	60.8 m ²	
- 9-person	68.4 m ²	68.4 m ²	
- 10-person or above	76.0 m ²	76.0 m ²	
	<u>4Q 2023</u>	<u>4Q 2024</u>	
(b) Unit rents of private flats (per m ² IFA)			
- 1-person	\$415	\$433	
- 2-person	\$376	\$377	
- Overall	\$370	\$369	
Housing costs			% change
- 1-person	\$6,267	\$6,582	+5.0%
- 2-person	\$8,347	\$8,445	+1.2%
- 3-person	\$11,137	\$11,033	-0.9%
- 4-person	\$13,024	\$13,026	+0.02%
- 5-person	\$14,948	\$15,055	+0.7%
- 6-person	\$18,426	\$18,339	-0.5%
- 7-person	\$19,684	\$19,631	-0.3%
- 8-person	\$22,496	\$22,435	-0.3%
- 9-person	\$25,308	\$25,240	-0.3%
- 10-person or above	\$28,120	\$28,044	-0.3%

Non-housing costs

7. Under the established mechanism, the non-housing expenditure statistics of the lower half expenditure group among tenant households in the private sector obtained from the latest HES ^{Note 5}, excluding those households comprising solely elderly or non-working members, are adopted. Adjustments are then made according to the **latest movement in the CPI(A)(excluding housing costs), or the change in the nominal wage index** compiled from the Labour Earnings Survey (LES) conducted by C&SD as the income factor ^{Note 6}, whichever is higher.

8. The yearly change in CPI(A)(excluding housing costs) as at the fourth quarter of 2024 is +2.1%. The yearly change in nominal wage index as at the third quarter of 2024 ^{Note 7} is +3.6%. As the yearly change in nominal wage index (+3.6%) is higher than the yearly change in CPI(A)(excluding housing costs) (+2.1%), the change in nominal wage index is adopted to adjust the non-housing costs. Table 2 below shows the above parameters and the non-housing costs so derived –

Note 5 This refers to the 2019/20 HES released in June 2021. C&SD conducts HES once every five years to collect up-to-date information on the expenditure patterns of households in Hong Kong.

Note 6 At its meeting on 7 February 2013, the Subsidised Housing Committee (SHC) approved 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)) in a timely manner before HES results are updated. Since the scope of 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 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.

Note 7 As the summary statistics of LES are presented in the Quarterly Report of Wage and Payroll Statistics published by C&SD in March, June, September and December each year, SHC agreed at its meeting on 7 February 2013 that a yearly comparison can be made by using figures published in December (i.e. the nominal wage index in the third quarter) to tie in with the established schedule of conducting the review of PRH income and asset limits for the new limits to come into effect on 1 April every year.

Table 2

Parameters	Review for 2024/25	Review for 2025/26
(a) Change in nominal wage index as compared with the same quarter of previous year	<u>3Q 2023</u> +3.8%	<u>3Q 2024</u> +3.6%
	<u>4Q 2023</u>	<u>4Q 2024</u>
(b) Change in CPI(A)(excluding housing cost) as compared with the same quarter of previous year	+2.2%	+2.1%

Non-housing costs			% change
- 1-person	\$5,676	\$5,880	+3.6%
- 2-person	\$10,446	\$10,822	+3.6%
- 3-person	\$12,426	\$12,873	+3.6%
- 4-person	\$15,925	\$16,498	+3.6%
- 5-person	\$20,997	\$21,753	+3.6%
- 6-person	\$24,071	\$24,938	+3.6%
- 7-person	\$26,952	\$27,922	+3.6%
- 8-person	\$29,668	\$30,736	+3.6%
- 9-person	\$32,240	\$33,401	+3.6%
- 10-person or above	\$34,689	\$35,938	+3.6%

Total household expenditure

9. The total household expenditure, which is the sum of the housing costs and non-housing costs, is shown in Table 3 below –

Table 3

Total household expenditure	Review for 2024/25	Review for 2025/26	% change
- 1-person	\$11,943	\$12,462	+4.3%
- 2-person	\$18,793	\$19,267	+2.5%
- 3-person	\$23,563	\$23,906	+1.5%
- 4-person	\$28,949	\$29,524	+2.0%
- 5-person	\$35,945	\$36,808	+2.4%
- 6-person	\$42,497	\$43,277	+1.8%
- 7-person	\$46,636	\$47,553	+2.0%
- 8-person	\$52,164	\$53,171	+1.9%
- 9-person	\$57,548	\$58,641	+1.9%
- 10-person or above	\$62,809	\$63,982	+1.9%

Proposed PRH income limits for 2025/26

10. Table 4 below shows the PRH income limits for 2025/26 derived based on the above parameters plus a contingency provision of 5% of household expenditure and adjusted under the established mechanism –

Table 4 ^{Note 8}

	Existing PRH income limits for 2024/25	PRH income limits for 2025/26 as calculated according to established mechanism	% change from existing PRH income limits for 2024/25
	(a)	(b)	(i.e. [(b)-(a)]/(a) x 100%)
- 1-person	\$12,940 (\$13,621)	\$13,090 (\$13,779)	+1.2%
- 2-person	\$19,730 (\$20,768)	\$20,230 (\$21,295)	+2.5%
- 3-person	\$24,740 (\$26,042)	\$25,100 (\$26,421)	+1.5%
- 4-person	\$30,950 (\$32,579)	\$31,000 (\$32,632)	+0.2%
- 5-person	\$37,740 (\$39,726)	\$38,650 (\$40,684)	+2.4%
- 6-person	\$44,620 (\$46,968)	\$45,440 (\$47,832)	+1.8%
- 7-person	\$48,970 (\$51,547)	\$49,930 (\$52,558)	+2.0%
- 8-person	\$54,770 (\$57,653)	\$55,830 (\$58,768)	+1.9%
- 9-person	\$60,430 (\$63,611)	\$61,570 (\$64,811)	+1.9%
- 10-person or above	\$65,950 (\$69,421)	\$67,180 (\$70,716)	+1.9%
			(Overall : +1.7%)

Note 8 Statutory contributions under the Mandatory Provident Fund (MPF) Scheme are not counted towards a household's income when applying for PRH. In other words, the PRH income limits should apply to their household income net of MPF contributions. For households contributing 5% of their income under MPF, the effective income limits inclusive of their statutory MPF contribution (= income limits ÷ 95%) are shown in brackets in the table.

11. If the proposed PRH income limit for 2025/26 is adopted, it will increase by an average of 1.7% compared with the overall level for 2024/25. Details of the proposed PRH income limits for 2025/26 are summarised at **Annex A**, details of the proposed PRH income limits for various household sizes are summarised at **Annex B**.

REVIEW OF THE ASSET LIMITS

Review mechanism

12. Under the established mechanism, the PRH asset limits are adjusted with reference to the movements in CPI(A) over the year ^{Note 9}.

Proposed PRH asset limits for 2025/26

13. We propose to adjust the existing PRH asset limits by 1.7% increase in accordance with the change in CPI(A) over the year. The relevant parameter and the proposed PRH asset limits for 2025/26 are summarised in Table 5 below –

Table 5

Parameter	Review for 2024/25	Review for 2025/26
	<u>4Q 2023</u>	<u>4Q 2024</u>
Change in CPI(A) as compared with the same quarter of previous year	+3.0%	+1.7%
	Existing PRH asset limits for 2024/25	Proposed PRH asset limits for 2025/26
- 1-person	\$286,000	\$291,000
- 2-person	\$387,000	\$394,000
- 3-person	\$505,000	\$514,000
- 4-person	\$590,000	\$600,000
- 5-person	\$655,000	\$666,000
- 6-person	\$709,000	\$721,000
- 7-person	\$757,000	\$770,000
- 8-person	\$792,000	\$805,000
- 9-person	\$877,000	\$892,000
- 10-person or above	\$945,000	\$961,000

(Overall : +1.7%)

Note 9 In accordance with the established practice, the PRH asset limits are rounded to the nearest thousand.

14. Details of the proposed PRH asset limits for various household sizes as compared with the limits in 2024/25 are set out at **Annex B**. The proposed PRH income limits for various household sizes as compared with the limits in 2024/25 are also set out at **Annex B**.

IMPLICATIONS

15. Analysing only the income level based on the results of C&SD's General Household Survey as at the fourth quarter of 2024, some 165 400 non-owner occupier households living in private housing (29.7% of the total number of non-owner occupier households living in private housing) would meet the income criterion. However, this number has included households who have already applied for PRH, as well as those who can meet the income criterion but not other eligibility criteria for PRH (e.g. the asset limits, domestic property ownership in Hong Kong, years of residence in Hong Kong, etc.).

INCOME AND ASSET LIMITS UNDER THE “WELL-OFF TENANTS POLICIES”

16. At present, under the Housing Subsidy Policy and Policy on Safeguarding Rational Allocation of Public Housing Resources (collectively known as “well-off tenants policies”), households who have resided in PRH for ten years are required to declare their income and assets biennially. Households who have resided in PRH for ten years or above with an income level exceeding the prescribed limits need to pay additional rent; those with income or assets exceeding the prescribed limits (i.e. exceeding five times and 100 times of the PRH income limits respectively), or with private domestic property ownership in Hong Kong, need to move out of PRH^{Note 10}. The income and asset limits under the “well-off tenants policies” are multiples of PRH income limits and will be adjusted according to the revised PRH income limits every year.

17. If the proposed PRH income limits for 2025/26 are endorsed, the income and asset limits under the “well-off tenants policies” will be adjusted accordingly.

Note 10 Under the existing policy, households exceeding the prescribed income or asset limits, or with private domestic property ownership in Hong Kong, are required to vacate their PRH flats. However, they may apply for a fixed term licence for a temporary stay of not more than four months on need basis during which double net rent plus rates or market rent, whichever is the higher, is charged.

PUBLIC REACTION AND PUBLICITY

18. It is expected that the review of PRH income and asset limits will attract media and public attention. We consider that as the proposed PRH income and asset limits for 2025/26 are the results of a well-established review mechanism and careful consideration, they should be generally acceptable to the public at large. A press release will be issued to announce the outcome of this review.

DISCUSSION

19. At the SHC meeting to be held on 21 March 2025, Members will be invited to endorse the recommendation as set out in paragraph 2. In line with the past practice, the Legislative Council Panel on Housing (the Panel) will be apprised of the outcome of the review before the SHC meeting. We will submit a summary of the Panel's views for Members' consideration before the meeting on 21 March 2025.

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(Strategy Division)
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Proposed PRH Income Limits for 2025/26 – Summary of Detailed Calculation

Household size	Reference flat sizes Note	Housing costs	Non-housing costs	Total household expenditure	Plus 5% contingency provision and rounded to nearest ten	Existing income limits	Proposed income limits		Change	
							(\$)	(\$)	(\$)	(%)
1-person	15.2	6,582	5,880	12,462	13,090	12,940	13,090	+150	+1.2	
2-person	22.4	8,445	10,822	19,267	20,230	19,730	20,230	+500	+2.5	
3-person	29.9	11,033	12,873	23,906	25,100	24,740	25,100	+360	+1.5	
4-person	35.3	13,026	16,498	29,524	31,000	30,950	31,000	+50	+0.2	
5-person	40.8	15,055	21,753	36,808	38,650	37,740	38,650	+910	+2.4	
6-person	49.7	18,339	24,938	43,277	45,440	44,620	45,440	+820	+1.8	
7-person	53.2	19,631	27,922	47,553	49,930	48,970	49,930	+960	+2.0	
8-person	60.8	22,435	30,736	53,171	55,830	54,770	55,830	+1,060	+1.9	
9-person	68.4	25,240	33,401	58,641	61,570	60,430	61,570	+1,140	+1.9	
10-person or above	76.0	28,044	35,938	63,982	67,180	65,950	67,180	+1,230	+1.9	
Average	-	-	-	-	-	-	-	-	+1.7	

Note Reference flat sizes for 1-person to 6-person households are the average size of PRH units actually allocated to these households in the past three years. For households of 7 persons or above, there will be very large fluctuations in the reference flat sizes since the number of cases in each of these household sizes is relatively small. Therefore, starting from 2016/17, the respective reference flat sizes for households of 7 persons or above are obtained by multiplying the average size per person (calculated by grouping all PRH allocations to these households in the past three years) by the relevant household sizes.

Proposed PRH Income and Asset Limits for 2025/26
(as compared with 2024/25)

Household size	Existing PRH income limits for 2024/25*		Proposed PRH income limits for 2025/26*		Existing PRH asset limits for 2024/25^	Proposed PRH asset limits for 2025/26^
1-person	\$12,940	(\$13,621)	\$13,090	(\$13,779)	\$286,000	\$291,000
2-person	\$19,730	(\$20,768)	\$20,230	(\$21,295)	\$387,000	\$394,000
3-person	\$24,740	(\$26,042)	\$25,100	(\$26,421)	\$505,000	\$514,000
4-person	\$30,950	(\$32,579)	\$31,000	(\$32,632)	\$590,000	\$600,000
5-person	\$37,740	(\$39,726)	\$38,650	(\$40,684)	\$655,000	\$666,000
6-person	\$44,620	(\$46,968)	\$45,440	(\$47,832)	\$709,000	\$721,000
7-person	\$48,970	(\$51,547)	\$49,930	(\$52,558)	\$757,000	\$770,000
8-person	\$54,770	(\$57,653)	\$55,830	(\$58,768)	\$792,000	\$805,000
9-person	\$60,430	(\$63,611)	\$61,570	(\$64,811)	\$877,000	\$892,000
10-person or above	\$65,950	(\$69,421)	\$67,180	(\$70,716)	\$945,000	\$961,000

* Figures in brackets denote the effective income limits inclusive of the statutory 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.