

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1949/06-07  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/1/06

**Bills Committee on  
Housing (Amendment) Bill 2007**

**Minutes of seventh meeting on  
Friday, 4 May 2007, at 3:00 pm  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon CHAN Yuen-han, JP  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Hon WONG Yung-kan, JP  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon LI Kwok-ying, MH, JP  
Dr Hon Joseph LEE Kok-long, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon WONG Ting-kwong, BBS  
Hon Ronny TONG Ka-wah, SC  
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Hon Daniel LAM Wai-keung, SBS, JP  
Hon CHEUNG Hok-ming, SBS, JP

**Public Officers attending** : Miss Mary CHOW Shuk-ching, JP  
Deputy Secretary for Housing, Planning and Lands  
(Housing)

Ms Cora HO  
Assistant Director (Strategic Planning)  
Housing Department

Mr Raymond WU  
Senior Administrative Officer (Strategic Planning) 2  
Housing Department

Mr Francis YIU  
Senior Statistician  
Housing Department

Mr Lawrence S Y PENG  
Senior Assistant Law Draftsman  
Department of Justice

Miss Emma WONG  
Government Counsel  
Department of Justice

**Clerk in attendance** : Ms Connie SZETO  
Chief Council Secretary (1)6

**Staff in attendance** : Mr Kelvin LEE  
Assistant Legal Adviser 1

Ms Debbie YAU  
Senior Council Secretary (1)1

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Action

- I Confirmation of minutes and matters arising**  
(LC Paper No. CB(1)1505/06-07 -- Minutes of the meeting held on  
29 March 2007)  
The minutes of the meeting held on 29 March 2007 were confirmed.

**II Meeting with the Administration**

(LC Paper No. CB(1)1508/06-07(01) -- List of follow-up actions arising from the discussion on 17 April 2007 prepared by the Legislative Council Secretariat

LC Paper No. CB(1)1508/06-07(02) -- List of follow-up actions arising from the discussion on 26 April 2007 prepared by the Legislative Council Secretariat

Clause-by-clause examination of the Bill

LC Paper No. CB(3)312/06-07 -- The Bill

LC Paper No. CB(1)926/06-07(02) -- Marked-up copy of the Housing (Amendment) Bill 2007

LC Paper No. CB(1)1114/06-07(03) -- Letter dated 9 March 2007 from the Administration to the Assistant Legal Adviser

LC Paper No. CB(1)1037/06-07(07) -- Letter dated 7 February 2007 from the Assistant Legal Adviser to the Administration)

LC Paper No. CB(1)1544/06-07(01) -- Presentation materials provided by the Administration (Chinese version only)  
*(tabled and subsequently issued on 7 May 2007)*

LC Paper No. CB(1)1544/06-07(02) -- Draft proposed Committee Stage amendments)  
*(tabled and subsequently issued on 7 May 2007)*

2. The Bills Committee deliberated (Index of proceedings attached at **Appendix**).

Follow up action to be taken by the Administration

*Clause 2 - Commencement*

3. It was the Administration's intention to commence the Amendment Ordinance as soon as possible. In order to provide certainty to public rental housing (PRH) tenants on the implementation of the new rent adjustment mechanism and to facilitate the collection of income data and computation of the income index, the Administration was considering Committee Stage amendments (CSA) to specify the commencement date in the Bill and would revert to the Bills Committee.

*Clause 4 – proposed section 16A(1)*

4. The Administration was requested to review the drafting of the proposed CSA for section 16A(1) to address members' concerns. Given that the policy intention was to require the Housing Authority (HA) to review PRH rent at a two-year cycle, there were suggestions for the Administration:

- (a) To set out clearly in separate sub-paragraphs under section 16A(1) when HA shall review the relevant rent after the commencement of the Amendment Ordinance, and when it shall conduct subsequent rent reviews; and
- (b) HA shall review the relevant rent as soon as practicable every two years. The drafting of the proposed CSA to section 16A(1) should be improved by deleting the words "當日" in the Chinese text, and "on or" in the English text.

*Clause 4 - proposed section 16A(3)*

5. The policy intent of the proposed section 16A(3) was to exclude the application of the new rent adjustment mechanism to "well-off" tenants and tenants receiving assistance under the Rent Assistance Scheme (RAS). The Administration had explained that under the existing policies of "well-off" tenants and RAS, the extent of the additional rent (apart from market rent) to be charged and the extent of rent reduction to be granted were determined with reference to the relevant rent payable by other PRH tenants. Hence, any adjustment to the relevant rent according to the new mechanism would affect the calculation of the amount of rents payable by "well-off" tenants.

6. In this connection, in order to safeguard the interests of "well-off" tenants and tenants under RAS, the Administration was requested to consider specifying in the Bill the linkage between the level of rent payable by these tenants with the relevant rent.

*Clause 4 – proposed section 16A(6)*

7. The proposed section 16A(6) of the Bill provided that HA was not required to vary the relevant rent if, in its opinion, the amount of the variation was insignificant. As what constituted "insignificant variation" was not defined in the Bill, concern was raised about the provision giving HA wide discretionary power. There were suggestions for the Administration:

- (a) To set out clearly in the provision the circumstances and factors to be considered by HA in determining the matter so as to enhance transparency of the process; and
- (b) To prescribe an appropriate amount/threshold of which variation in the relevant rent would be considered insignificant. For instance, consideration could be given to adopting a certain rate of change in the

income index (either increase or decrease) as the amount/threshold.

*Clause 4 - proposed section 16A(8)*

8. Subsection (b) of the proposed section 16A(8) provided that HA might compile the income index by itself, or appoint a tertiary institution or a public body in Hong Kong to compile the index. In order to prevent potential conflict of interests of HA and to enhance the credibility of the index, the Administration was requested to consider specifying in the subsection that the income index was not to be compiled by HA, which shall appoint a tertiary institution or a public body to compile the income index.

Rent increase cap

9. Members had put forward proposals on introducing a rent increase cap or rent level cap under the proposed rent adjustment mechanism (item 1 of LC Paper No. CB(1)1508/06-07(01)) for consideration by the Administration. In respect of the proposal on reducing the income limit of 20% rent-to-income ratio (RIR) under RAS to 15% RIR and to prescribe such a cap in the law, the Administration was requested to consider the suggestion that other conditions such as the requirement for tenants to move to flats with lower rents should be removed.

The way forward

*Meeting with deputations*

10. The Bills Committee agreed to invite deputations' further views on the Bill by writing to organizations/individuals which/who had expressed views to the Bills Committee previously and the 18 District Councils, as well as announcing an invitation for views on the LegCo website. The Bills Committee also agreed to meet with deputations and the Administration at the next meeting scheduled for Thursday, 10 May 2007, from 8:30 am to 10:30 am. If necessary, the Bills Committee would consider the need to meet with deputations again after the Administration had reported the outcomes of consultation with HA on proposals put forward by members on introducing a rent increase cap or rent level cap under the proposed rent adjustment mechanism.

*(Post-meeting note: The Bills Committee posted a notice on the LegCo website on 4 May 2007 and wrote to organizations/individuals and the 18 District Councils to invite submissions by 8 May 2007.)*

11. To facilitate discussion by the Bills Committee, the Chairman instructed the Clerk to prepare an updated checklist summarizing members' views/concerns expressed at previous meetings and the Administration's responses.

*(Post-meeting note: Summary of views/concern raised by the Bills Committee (as at 9 May 2007) was circulated to Members vide LC Paper No CB(1)1570/06-07(04) on 9 May 2007.)*

**III Any other business**

12. There being no other business, the meeting ended at 5:50 pm.

Council Business Division 1  
Legislative Council Secretariat  
21 June 2007

**Proceedings of seventh meeting of  
Bills Committee on  
Housing (Amendment) Bill 2007  
on Friday, 4 May 2007, at 3:00 pm  
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000043 – 002415	Chairman Miss CHAN Yuen-han Ms Emily LAU Mr Albert CHAN Mr Ronny TONG Mr LEE Cheuk-yan Mr LEUNG Kwok-hung Mr LEUNG Yiu-chung Dr Frenando CHEUNG	<p>(a) Opening remarks by the Chairman</p> <p>(b) Confirmation of minutes of the meeting held on 29 March 2007 (LC Paper No. CB(1)1505/06-07)</p> <p>(c) Members' agreements as follows:</p> <p>(i) To conduct clause-by-clause examination of the Bill and consider draft Committee Stage amendments (CSAs) proposed by the Administration at this meeting; and</p> <p>(ii) To meet with deputations again for views on the Bill, and to discuss outstanding issues at the next meeting scheduled for Thursday, 10 May 2007, at 8:30 am.</p> <p>(d) The Bills Committee would consider the need to meet with deputations again after the Administration had reported the outcomes of consultation with the Housing Authority (HA) on proposals put forward by members on introducing a rent increase cap or rent level cap under the proposed rent adjustment mechanism</p>	The Admin./Clerk to follow up under paras 10 and 11 of the minutes
002416 – 004721	Chairman Administration Ms Emily LAU	<p>Clause-by-clause examination of the Bill and consideration of draft CSAs proposed by the Administration (LC Paper Nos. CB(3)312/06-07, CB(1)926/06-07 (02), and CB(1)1544/06-07(01) &amp; (02))</p> <p>(a) The Administration's CSAs tabled at the meeting (LC Paper No. CB(1)1544/06-07(02))</p> <p>(b) Members' agreement to examine the Chinese and English texts of the Bill together with the Administration's proposed CSAs</p> <p>Long title and clause 1 (short title)</p> <p>(a) Briefing by the Administration</p> <p>(b) Members did not raise any query</p>	

Time marker	Speaker	Subject(s)	Action required
004722 – 003149	Chairman Administration Ms Emily LAU	<u>Clause 2 – Commencement</u>  The Administration's advice that it was considering CSAs to specify the commencement date of the Amendment Ordinance in the Bill	The Admin to follow up under para. 3 of the minutes
003150 – 003321	Chairman Administration Ms Emily LAU	<u>Clause 3 – Leases of land in estates</u>  (a) Briefing by the Administration  (b) Members did not raise any query	
003322 – 011330	Chairman Administration Ms Emily LAU Assistant Legal Adviser 1 (ALA1) Mr CHAN Kam-lam Ms Miriam LAU Mr Alan LEONG Mr Tommy CHEUNG	<u>Clause 4 – proposed section 16A(1)</u>  (a) The Administration's illustration with an example (LC Paper No CB(1) 1544/06-07(01)) that if the Amendment Ordinance came into operation on 1 January 2008, (i) The first rent review would take place on or after 1 January 2010;  (ii) The second rent review would take place after 31 December 2011; and  (iii) As collection of data and compilation of the income index would take time, variation in rents would take effect sometime after the dates in (i) and (ii) above.  (b) Members' suggestions for the Administration to consider improving the drafting of the proposed CSA as follows: (i) To set out clearly in separate sub-paragraphs under section 16A(1) when HA shall review the relevant rent after the commencement of the Amendment Ordinance, and when it shall conduct subsequent rent reviews; and  (ii) To delete the words "當日" in the Chinese text, and "on or" in the English text.  (c) The Administration's response to members' query on whether HA could collect income data from public rental housing (PRH) households before the commencement of the Amendment Ordinance as follows: (i) The definitions on "first period" and "second period" were provided in the proposed section 16A(9). If the	The Admin to follow up under para. 4 of the minutes



Time marker	Speaker	Subject(s)	Action required
		<p>commencement date of the Amendment Ordinance was on 1 January 2008, in relation to the first review, the "first period" would cover the 12 months from 1 January 2007 to 31 December 2007 and the "second period" would cover the 12 months from 1 January 2009 to 31 December 2009. The actual rent variation would take effect around May 2010 taking into account the lead time for compilation of the index and notice period to tenants on rent variations;</p> <p>(ii) For the second review after the commencement date, the "first period" would cover the 12 months from 1 January 2009 to 31 December 2009 and the "second period" would cover the 12 months from 1 January 2011 to 31 December 2011. The actual rent variation would take effect in around May 2012; and</p> <p>(iii) Rent review in the Bill covered comparing the values of the income index derived for the first and second periods in a rent review cycle to work out the rate of rent adjustment. Data collection for compilation of the income index could be conducted before the commencement date.</p> <p>(d) ALA1's advice that according to section 25 of the Housing Ordinance (HO) (Cap 283), HA was empowered to obtain information from PRH tenants</p>	
011331 – 011359	Chairman Administration	<p><u>Clause 4 – proposed section 16A(2)</u></p> <p>(a) Briefing by the Administration</p> <p>(b) Members did not raise any query</p>	
011400 – 014329	Chairman Administration Ms Emily LAU ALA1 Mr LEE Wing-tat Ms CHAN Yuen-han Dr Fernando CHEUNG Mr Frederick FUNG	<p><u>Clause 4 – proposed section 16A(3)</u></p> <p>(a) The Administration's explanation that under the existing policies of "well-off" tenants and Rent Assistance Scheme (RAS), the extent of the additional rent (apart from market rent) to be charged and the extent of rent reduction to be granted were determined with reference to the relevant rent payable by other PRH tenants.</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>Hence, any adjustment to the relevant rent according to the new mechanism would affect the calculation of the amount of rents payable by "well-off" tenants or tenants under RAS. HA might require "well-off" tenants or tenants under RAS to pay different rents based on the power provided under section 16(4) of the HO</p> <p>(b) The Administration's proposed CSA to the proposed section 16A(3) was to align the coverage of the exemption arrangement under the Bill with that provided for under the existing section 16(1C) of the HO</p> <p>(c) Members' agreement to the Administration's proposed CSA</p> <p>(d) Request for the Administration to consider specifying in the Bill the linkage between the level of rent payable by "well-off" tenants and the relevant rent</p> <p>(e) Mr Frederick FUNG's suggestion for the Administration to remove the eligibility criteria of RAS such as the requirement for tenants concerned to move to PRH flats with lower rents</p>	<p>The Admin to follow up under para 6 of minutes.</p> <p>The Admin to follow up under para 9 of minutes.</p>
014330 – 015514	Chairman Administration Ms CHAN Yuen-han Mr LEE Wing-tat	<p><u>Clause 4 – proposed section 16A(4)</u></p> <p>The Administration's explanation as follows:</p> <p>(a) According to the tenancy agreements, HA was required to serve one month's notice, which would usually be issued on the first day of a month, to PRH tenants for any rent adjustments. As such, rent variation could only be implemented as soon as practicable after rent review; and</p> <p>(b) The proposed 11.6% across-the-board reduction in PRH rent would form the new rental level for all PRH units despite their rents were last reviewed at different periods. This would enable the proposed income-based rent adjustment mechanism to operate fairly and effectively.</p>	

Time marker	Speaker	Subject(s)	Action required
015515 – 020554	Chairman Administration Mr Frederick FUNG Mr LEE Wing-tat Ms Emily LAU ALA1	<p><u>Clause 4 – proposed section 16A(5)</u></p> <p>(a) Briefing by the Administration on the proposed section 16A(5) and the proposed CSA</p> <p>(b) Members' agreement to the proposed CSA</p> <p>(c) The Administration's advice as follows:</p> <p>(i) A shorter review cycle of two years would enable more moderate rent adjustment which should be more acceptable to PRH tenants. It would also allow HA to make more timely responses to the economic situation of Hong Kong; and</p> <p>(ii) To address the problem of economic downturn, HA might exercise discretion to remit whole or part of PRH rents under section 17 of the HO. RAS was also in place to meet the needs of individual PRH tenants.</p>	
020555 – 021445	Chairman Administration Mr LEE Wing-tat Ms Emily LAU	<p><u>Clause 4 – proposed section 16A(6)</u></p> <p>Members' suggestion for the Administration's consideration as follows:</p> <p>(a) To set out the circumstances and factors to be considered by HA in determining what constituted "insignificant variation" in the relevant rent; and</p> <p>(b) To prescribe in the Bill an appropriate amount/threshold of which variation in the relevant rent would be considered insignificant.</p> <p><u>Clause 4 – Proposed section 16A(7)</u></p> <p>(a) Briefing by the Administration</p> <p>(b) Members did not raise any query</p>	The Admin to follow up under para 7 of minutes.
021446 – 022246	Chairman Administration Ms Emily LAU Mr Frederick FUNG Mr LEE Wing-tat ALA1	<p><u>Clause 4 – proposed section 16A(8)</u></p> <p>Members' suggestion that to prevent potential conflict of interest, it should be specified in the proposed section that the income index was not to be compiled by HA, which shall appoint a tertiary institution or a public body to compile the income index</p> <p><u>Clause 4 – proposed section 16A(9)</u></p>	The Admin to follow up under para 8 of minutes.

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration's explanation that the definition of "first period" in relation to a subsequent review of the relevant rent after the commencement date was the second period for the last review of the relevant rent which had resulted in variation in rents. The policy intent was to capture the accumulative changes in PRH household income, in cases where rent reviews might not lead to rent variation and to take account of such changes in subsequent rent adjustment</p>	
022247 – 023614	<p>Chairman Administration Mr LEE Cheuk-yan ALA1</p>	<p>(a) Commencement date of the Amendment Ordinance</p> <p>(b) Mr LEE Cheuk-yan's intention that he would consider</p> <p>(i) when clause 3 (which repealed the existing section 16(1A) to (1E)) was formally debated in the Council, requesting separate vote on the provisions to be repealed by clause 3 so as to retain the 10% median rent-to-income ratio (MRIR) cap in section 16(1A); or</p> <p>(ii) moving a CSA to introduce a 10% MRIR cap in the proposed rent variation mechanism.</p> <p>(c) The Administration's explanation that as specified in the long title, the Bill sought to amend the HO to replace section 16(1A) to 1(E), the suggested amendment in (b) (i) above might be contrary to that purpose</p> <p>(d) The Administration's reiteration on the drawbacks of the 10% MRIR cap in reflecting the actual rental affordability of PRH tenants, and that the cap could not co-exist with the new rent adjustment mechanism</p>	
023615 – 024345	<p>Chairman Administration Ms Emily LAU</p>	<p><u>Clause 4 – proposed section 16A(9)</u></p> <p>(a) Briefing by the Administration</p> <p>(b) Members did not raise any query</p>	
024346 – 024555	<p>Chairman Administration</p>	<p>(a) The way forward</p> <p>(b) Date of next meeting</p>	

Council Business Division 1  
Legislative Council Secretariat  
21 June 2007