

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

Fourth meeting on 29 March 2007

List of follow-up actions arising from the discussion at the meeting

Rent adjustment mechanism

1. To facilitate members' consideration of the different proposals for adjusting public rental housing (PRH) rents, the Administration is requested to compare the pros and cons of the various proposals, inter alia:
 - (a) Retaining the 10% median rent-to-income ratio (MRIR) cap in rent adjustment;
 - (b) The proposed income index tracking the movement in PRH tenants' household income; and
 - (c) Adopting the 10% MRIR cap for each household size group in guiding rent adjustments. To address the concern arising from this proposal where similar PRH units would attract different rent level, a modified version is to link rent adjustment with the type of PRH flat occupied by the household and the prevailing MRIR of the particular household size group occupying the unit.

2. The rents of PRH units within the same district are fixed mainly with reference to the size of the units. Some members have expressed concern that if a one-person household is allocated to a unit catering for two persons, or a three-person household is offered with a two-person unit, the rents paid by the households may not be directly related to their income, thus affordability. To illustrate the possible impact of the allocation situation on the rent adjustment mechanism, the Administration is requested to provide information on the distribution of PRH households by different flat types/sizes. In this connection, the Administration is also requested to provide information on the number in respect of over-crowded and under-occupied households in PRH in recent years.