

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

Fifth meeting on 17 April 2007

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

Rent increase cap

1. The 10% median rent-to-income ratio (MRIR) cap is a statutory safeguard for public rental housing (PRH) tenants against excessive rent increases by the Housing Authority (HA). As the Bill seek to remove this cap, members consider it imperative to introduce a rent increase cap or rent level cap under the proposed rent adjustment mechanism. The Administration is invited to consider and consult HA on the following proposals put forward by members, and report the outcomes to the Bills Committee as soon as possible:
 - (a) To impose a 15% RIR cap at individual household level, i.e. when adjusting PRH rents, HA could not increase rents for households with RIRs exceeding 15%;
 - (b) To reduce the income limit of 20% rent-to-income ratio (RIR) under the Rent Assistance Scheme (RAS) to 15% RIR. The cap is to be prescribed in law in order to provide statutory safeguard for PRH tenants;
 - (c) To set a rent level cap with reference to ratios of rent and income in each household size group. "Weighted average" ratios of rent and income in each household size group would form the basis for working out the rent level cap; and
 - (d) To include a productivity gain element in rent adjustment by deducting the percentage productivity gain achieved by HA from the rent increase as compiled by the changes in the income index.

Rent Assistance Scheme

2. To enable members to have a better understanding of the rent assistance available to tenants facing financial hardship, the Administration is requested to provide information on RAS since 1997, as follows:
 - (a) A breakdown by various household size groups on the number of RAS applications, the number of applications approved and rejected; and

- (b) A breakdown by various household size groups on the number of existing RAS recipients, and the number of households which have received RAS.

Council Business Division 1
Legislative Council Secretariat
20 April 2007