

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

Ninth meeting on 17 May 2007

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

Rate of adjustment under the new rent adjustment mechanism

1. The proposed section 16A(4) provides that variation in public rental housing (PRH) rents must follow the changes in the proposed income index of the two periods in a rent review cycle. While some members support the provision as it provides certainty, some members have raised concern about the provision restricting the Housing Authority (HA)'s power in determining the rate of rent adjustment, in particular to address financial problem of tenants at times of economic downturn. The Administration is requested to consider the following views/ suggestions and provide written responses to the Bills Committee:

- (a) To examine the need and feasibility of providing HA with the flexibility in determining the rate of rent adjustment with reference to the changes in the proposed income index; and
- (b) If it is considered necessary to provide HA with the discretionary power in (a) above, to consider how HA shall exercise such power, and whether any parameters should be prescribed to ensure HA would exercise the power in a transparent and fair manner.

Rent review cycle

Frequency of rent review

2. Members consider the purposes of Administration's proposed Committee Stage amendment (CSA) to add the new section 16A(1)(b) (LC Paper No. CB(1)1580/06-07(02)) unclear. The Administration is requested to consider the following views/suggestions and provide written responses to the Bills Committee:

- (a) The Administration should clarify the policy intent of the new paragraph (b) of section 16A(1) and improve the drafting to enhance the clarity;
- (b) In connection with (a) above, the Administration may consider recasting the new paragraph (b) as "(The Authority) may, from time to time, review the relevant rent for the purpose of";

- (c) As the new paragraph (b) of section 16A(1) does not require HA to review PRH rents other than as provided by section 16(1) (a), i.e. every two years, the provision could prevent HA from conducting more frequent rent reviews, in particular at times of economic difficulties with a view to addressing financial hardship of tenants; and
- (d) Given that HA has implicit power under the Housing Ordinance to review PRH rent, and would not be restricted from conducting more frequent rent reviews, to avoid possible misunderstanding by and confusion to tenants, the Administration should consider deleting the new paragraph (b).

Frequency of rent variation

3. There is concern that section 16A(5), which provides that HA shall not vary PRH rent within two years after the commencement of the Amendment Ordinance or after the preceding rent variation, may restrict HA's power to vary rents to address financial difficulties of tenants. The Administration is requested to consider whether HA should be given flexibility in variation of rent to cater for unforeseeable circumstances.

Application of the new rent adjustment mechanism to "well-off" tenants

4. While members notes the Administration's view that there is no provision under the existing section 16(1C) on the calculation of rents paid by "well-off" tenants, in order to allay the concerns of these tenants, the Administration is requested to give a statement during the resumption of the Second Reading debate of the Bill that under the HA's existing Housing Subsidy Policy and Policy on Safeguarding Rational Allocation of Public Housing Resources, the level of rent payable by these tenants is calculated with reference to the relevant rent payable by other PRH tenants.

Compilation of the income index

5. Notwithstanding that the Administration's proposed CSA to section 16A(8)(b) specifies that HA shall appoint a tertiary institution or a public body to compute the income index, members note that HA could determine how to compile the index. While the Administration is of the view that given the technical complexity involved it is both impractical and undesirable to spell out the details of data collection and computing methodology of the income index in the law, members have raised concern about lack of statutory safeguard against HA's power in determining the details for compiling the index including the coverage of the index, survey method and sample size. The Administration is requested to consider the following views/suggestions and provide written responses to the Bills Committee:

- (a) To explore the feasibility of prescribing the details for compiling the income index, or setting out important parameters in the Bill; and
- (b) To put in place measures to prevent HA's undue influence on the computation agent during compilation of the income index. A possible option is to delete "in accordance with a determination by the Authority on how to compute the index" in proposed section 16A(8)(b).

Council Business Division 1
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18 May 2007