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(Translation)
香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

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22 March 2013

Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
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Hong Kong

(Attn: Mr Colin Chui)

Dear Mr Chui,

Subcommittee on Poverty

Follow-up to meeting on 28 February 2013

Thank you for your letter of 4 March 2013, referring enquiries from Members at the captioned meeting. Our reply on Item (c), (d) and (e) as listed in your letter is set out in the Annex for Members' reference.

Yours sincerely,

(Original Signed)

(Vincent TANG)
for Secretary for Transport and Housing

C.C.
SLW (Attn: Mr Simpson Lo) (Fax No. : 2523 1973)

Annex

Under Item (c) of the letter, Members would like to project the Government's expenditure if rent allowance is provided to PRH applicants who have been on the Waiting List (WL) for over three years at the same rate as the rent allowance under CSSA.

2. On this issue, the Housing Authority (HA) has previously conducted a special thematic analysis of the housing situation of WL applicants based on the data as at end June 2012 in view of the increasing number of PRH applicants and the public concern over the waiting time of WL applicants. The relevant work included manually going through file records in detail and verifying the information in the file records in order to examine the distribution of waiting time. According to the analysis, as at end June 2012, there were 15 700 general applicants on the WL with a waiting time at or above three years and not yet allocated for a PRH flat. Assuming all these applicants were provided the current maximum rate of rent allowance under CSSA, the estimated total expenditure of the Government would be about \$60 million per month.

3. However, it should be noted that the estimate is of limited reference value as it only shows the specific situation at a given point in time. Some of these households on the WL may already be receiving rent allowance under CSSA, and not all households will be provided with the maximum rate of rent allowance if their actual rent paid is lower than the maximum rate. Besides, as non-elderly one-person applicants under the Quota and Points System were not included in the HA's special analysis mentioned above, we were not able to provide accurate estimate of Government's expenditure on these applicants.

4. As for Members' request under item (d) to compare the median rental payable by PRH tenants and private housing tenants who were at the same median income level, we are unable to make such comparison based on information available. As the HA's administrative records do not have information on the present household income of all PRH tenants, we cannot identify PRH households which are earning median household income. Furthermore, we do not have information on the household income/rent of tenants residing in private flats.

5. As for Item (e) regarding rent control, the Government is aware of calls from some sectors of the community for the reinstatement of tenancy control measures, including rent control. In fact, there are divisive views in the community towards rent control. Some are worried that rent control would discourage owners from leasing their

properties, which would in turn reduce the supply of rental properties in the market. Besides, since rent control mainly caps the rent of renewed tenancies, there is a possibility that owners would ask for a higher rent upfront when a tenancy agreement is first made so that the impact of rent control on tenancy renewal could be lessened. Beyond this, experience with rent control in the past shows that there are significant problems arising from the reluctance on the part of landlords to maintain their property properly. The Government has no plans to introduce rent control. We shall continue to monitor closely the rental market and assess carefully the impact of rent level on people's living, especially the circumstances of middle and low-income families.