# 立法會 Legislative Council

LC Paper No. CB(1)2205/05-06 (These minutes have been seen by the Administration)

Ref: CB1/PL/HG/1

### **Panel on Housing**

Minutes of special meeting held on Wednesday, 19 April 2006 at 10:45 am in the Chamber of the Legislative Council Building

**Members present**: Hon CHAN Kam-lam, SBS, JP (Chairman)

Hon LEE Wing-tat (Deputy Chairman)

Hon Albert HO Chun-yan Hon Fred LI Wah-ming, JP Hon James TO Kun-sun Hon CHAN Yuen-han, JP Hon LEUNG Yiu-chung Dr Hon YEUNG Sum

Hon WONG Kwok-hing, MH Dr Hon Joseph LEE Kok-long Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung

Hon CHEUNG Hok-ming, SBS, JP Hon Patrick LAU Sau-shing, SBS, JP

**Members attending**: Dr Hon Fernando CHEUNG Chiu-hung

Hon Ronny TONG Ka-wah, SC

Hon TAM Heung-man

**Members absent**: Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP

Hon Abraham SHEK Lai-him, JP Hon Tommy CHEUNG Yu-yan, JP

Hon Albert CHAN Wai-yip Hon Frederick FUNG Kin-kee, JP Hon Albert Jinghan CHENG Public officers attending

: Mr Thomas C Y CHAN, JP

Permanent Secretary for Housing, Planning and Lands

(Housing)

Mr Carlson CHAN

Acting Deputy Secretary for Housing, Planning and Lands

(Housing)

Attendance by invitation

Hong Kong People's Council on Housing Policy

Mr CHENG Ching-fat

Chairperson

Ms IP Chiu-Ping Chief-Secretary

Kwai Chung Estate Resident's Right Concern Group

Mr NG Wing-chak

Chairman

Mr POON Sum Committee Member

Society for Community Organization

Ms FOK Tin-man

Community Organizer

Ms SZE Lai-shan

Community Organizer

Alliance for Defending Grassroots Housing Rights

Ms WONG Ling-hei

Member

Mr CHENG Chun-wai

Member

# <u>The Federation of H.K., KLN. and N.T. Public Housing Estates</u> <u>Resident and Shopowner Organizations</u>

Mr MAN Yu-ming Secretary-General

Mr HO Wai-man Executive Director

# **Chinese Grey Power**

Ms LEE Tsui-king Community Organizer

# Reasonable Housing Rights Concern Group

Mr AU YEUNG Kwun-tung Member

Ms PAAO Kwan-fai Member

### Oi Man Estate Kar Man House Mutual Aid Committee

Mr LAI Ming-hung Chairman

### Kowloon Choi Hung Estate Residents Association

Mr LAU Kar-wah Chairman

Mr NG Po-ming Vice Chairman

# Sham Shui Po Community Association

Mr HUI Yat-hau Group Member

Mr LAU Cheuk-kei Group Member **Clerk in attendance**: Ms Connie SZETO

Chief Council Secretary (1)6

**Staff in attendance**: Ms Sarah YUEN

Senior Council Secretary (1)6

Mr WONG Siu-yee

Senior Council Secretary (1)7

Ms Michelle NIEN

Legislative Assistant (1)9

#### Action

I. Discussion on the Consultation Paper on Review of Domestic Rent Policy (Submissions from parties not attending the meeting

LC Paper No. CB(1)1286/05-06(07) — Submission from Mr LAU

Hing-kee, Sai Kung District

Councilor

LC Paper No. CB(1)1314/05-06(02) — Submission from Mrs CHAN LEE

Pui-ying, Southern District

Councilor

Other relevant papers

LC Paper No. CB(1)1045/05-06 — Consultation Paper on Review of

Domestic Rent Policy and its

**Executive Summary** 

LC Paper No. CB(1)1060/05-06(03) — Information paper provided by the

Administration)

### Meeting with Deputations

The <u>Chairman</u> welcomed representatives from deputations attending the meeting, and invited them to express their views on the Consultation Paper (the Consultation Paper) on Review of Domestic Rent Policy (the Review).

Meeting with Hong Kong People's Council on Housing Policy (the Council) (LC Paper No. CB(1)1286/05-06(01))

2. <u>Mr CHENG Ching-fat, Chairperson of the Council</u>, briefed members on the Council's submission. He added that when highlighting the need to ensure the sustainability of the public rental housing (PRH) programme, the Consultation Paper

had failed to point out that the financial difficulty faced by the Housing Authority (HA) was the direct result of the moratorium on the sale of Home Ownership Scheme (HOS) flats. The Government and HA should work out new financial arrangement to address this problem. The Council considered that HA should not categorize PRH tenants into classes through introducing differential rents. It was also important for the Administration to address the issue on the need of amending the Housing Ordinance (HO) (Cap. 283) before implementing the various proposals in the Consultation Paper.

Meeting with Kwai Chung Estate Resident's Right Concern Group (the Concern Group

3. Mr NG Wing-chak, Chairman of the Concern Group, said that HA should not use the Consultation Paper as an excuse to increase PRH rents. He highlighted the hardship of PRH tenants, who suffered from decreasing incomes and increasing rents and consumer prices. The Concern Group found the proposals of fixed-term tenancy in PRH and alternative rent adjustment mechanism based on movements in consumer price or tenants' household income unreasonable, and were contrary to achieving a harmonious society in Hong Kong. It also raised suspicion about collusion between government officials and property developers as evidenced by the sale of Hunghom Peninsula Private Sector Participation Scheme flats at a pathetic price.

Meeting with Oi Man Estate Kar Man House Mutual Aid Committee (the Committee)

4. Mr LAI Ming-hung, Chairman of the Committee, opined that the Court of Final Appeal (CFA)'s ruling on the judicial review (JR) on HA's decision to defer rent review and the application of the median rent-to-income ratio (MRIR) in rent review was in favour of the Government. He criticized that measures taken by HA had aimed at forcing the younger members of the households to move out from PRH estates, and as a result elderly tenants were left without support. These measures had also led to an increase in the number of recipients of Comprehensive Social Security Assistance (CSSA) in PRH. He further pointed out that most PRH tenants were opposed to the various proposals put forward in the Consultation Paper, and urged members not to support them.

Meeting with the Society for Community Organization (SOCO) (LC Paper No. CB(1)1314/05-06(01))

5. Ms FOK Tin-man and Ms SZE Lai-shan, Community Organizers of SOCO, briefed members on SOCO's submission. Ms FOK added that the proposals on differential rents and rent adjustment mechanism had ignored the facts that PRH rents were already high and PRH tenants' incomes had decreased. SOCO considered that HA should first reduce PRH rents before reviewing the rent adjustment mechanism. Ms SZE also pointed out that Waiting List (WL) applicants had hesitation moving into PRH flats charging high rents.

Meeting with the Alliance for Defending Grassroots Housing Rights (the Alliance) (LC Paper No. CB(1)1286/05-06(02))

- 6. Ms WONG Ling-hei, Member of the Alliance, briefed members on the Alliance's submission. Pointing out that HA could already reduce rents under the HO, she questioned the need to establish the proposed rent adjustment mechanism. She then recalled that on 15 November 2004, the Secretary for Housing, Planning and Lands (SHPL) had undertaken to implement rent relief measures irrespective of the outcome of CFA's ruling on the JR, and expressed regret that HA had refused to reduce PRH rents or introduce rent waiver. The Alliance was dissatisfied that HA was attempting to increase PRH rents by putting forward the Consultation Paper. It regretted that SHPL had failed to honour his undertaking. Moreover, SHPL had not lived up to his recent undertaking to attend residents' meeting on the Consultation Paper organized by the Alliance, and had refused to receive the Alliance's petition letter. Ms WONG stressed that SHPL had to honour his undertaking and attend meetings organized by the Alliance. The Alliance also urged HA to take the following actions:
  - (a) To address the problem of PRH rents exceeding the 10% MRIR cap, and to reduce PRH rents before reviewing the domestic rent policy;
  - (b) To refrain from using the review as an excuse to increase rents;
  - (c) To impose a ceiling on the extent of rent increase so as to protect the housing rights of the grassroots; and
  - (d) To extend the consultation period of the Consultation Paper to six months and consult all District Councils. Apart from attending the official district public forums, the Administration should attend consultation activities organized by community organizations.

Meeting with The Federation of H.K., KLN. and N.T. Public Housing Estates Resident and Shopowner Organizations (The Federation) (LC Paper No. CB(1)1286/05-06(03))

7. Messrs MAN Yu-ming and HO Wai-man, Secretary-General and Executive Director respectively of The Federation, briefed members on The Federation's submission. Mr MAN added that as gathered from 17 meetings with residents, there was a strong call for reduction of PRH rents before introducing changes to the domestic rent policy. He also stressed the need to ensure that the management fee charged by HA reflected the direct management costs only and should exclude HA's high manpower cost. Tenants also found the proposal on differential rents unacceptable, in particular, there was concern about operational difficulty since WL applicants were only given three offers in selecting their flats. Moreover, it was not appropriate to introduce market elements into PRH rent policy. Mr HO further pointed out that the proposal to exclude CSSA recipients and tenants paying

additional rents from the calculation of MRIR was unacceptable and was only HA's trick to evade compliance with the statutory 10% MRIR cap, and at the end to increase rents.

Meeting with Chinese Grey Power (CGP) (LC Paper No. CB(1)1293/05-06(01))

8. Ms LEE Tsui-king, Community Organizer of CGP, briefed members on CGP's submission. She added that since the present MRIR already stood at 14.7%, HA should first reduce PRH rents before conducting the Review. In particular, rents of new PRH flats were very high, amounting to over 20% of the incomes of the households concerned. Many existing PRH tenants were elderly people living alone and could not afford the high rents.

Meeting with the Reasonable Housing Rights Concern Group (the Group) (LC Paper No. CB(1)1286/05-06(04))

9. <u>Ms PAAO Kwan-fai and Mr AU YEUNG Kwun-tung, Members of the Group</u>, briefed members on the Group's submission. <u>Mr AU YEUNG</u> supplemented that HA had been setting more and more hurdles for WL applicants, and the Review was another move in this direction. He did not support the proposal on differential rents because no differentiation should be made among WL applicants who were all equally eligible for PRH. The Group opposed the proposals of introducing fixed-term tenancy and exclusive rents, and also called upon HA to extend rent assistance to WL applicants and new tenants in PRH.

Meeting with the Kowloon Choi Hung Estate Residents Association (the Association) (LC Paper No. CB(1)1286/05-06(05))

10. <u>Mr LAU Kar-wah, Chairman of the Association</u>, briefed members on the Association's submission. He said that the Association was opposed to the proposal on differential rents. It urged the Administration to reduce PRH rents before conducting the Review, and extend the consultation period of the Consultation Paper.

Meeting with Sham Shui Po Community Association (the Community Association)

11. Mr HUI Yat-hau, Group Member of the Community Association, pointed out that the various proposals in the Consultation Paper had significant implications on PRH tenants. In particular, by excluding CSSA recipients from the calculation of MRIR and compiling the figure based on net rents exclusive of rates and management expenses, HA was playing tricks to drag down MRIR in order to comply with the statutory 10% cap, so that HA could increase rents in future. While the former proposal might breach the relevant legislation, the latter proposal as well as the proposal on fixed-term tenancy would apply market principles in the determination of PRH rents. The Community Association was therefore opposed to these proposals. Pointing out that MRIR had already reached 14.7%, he called upon HA to reduce

rents to comply with the statutory 10% MRIR cap before conducting the Review. In addition, the proposal on differential rents, being a market-oriented system, would be against the objective of providing PRH as a form of social welfare for low-income people.

(*Post-meeting note:* The Community Association's submission was provided after the meeting and issued to members vide LC Paper No. CB(1)1445/05-06 on 9 May 2006.)

12. The <u>Chairman and members</u> thanked the deputations for attending the meeting. The <u>Chairman</u> said that this was the first of a series of special meetings scheduled to discuss the Consultation Paper. Apart from this meeting, there would be another meeting on 16 May 2006 for the Panel to meet with deputations, followed by a further meeting on 25 May 2006 for members to exchange views with the Administration on the Consultation Paper.

### **Discussion**

13. The <u>Permanent Secretary for Housing</u>, <u>Planning and Lands (Housing)</u> (PSH) thanked the deputations for their views and assured that HA would study and consider them carefully. He then reported that HA had organized many consultation activities, including public forums, briefings, telephone surveys and attended many residents meetings conducted by community organizations. HA would continue to solicit public views on the Consultation Paper.

#### Consultation on the Review

- 14. Mr LEUNG Kwok-hung and Dr Joseph LEE expressed disappointment that SHPL did not attend the present meeting to listen to deputations' views. Mr LEUNG added that as he observed, SHPL had not attended all district public forums. In his view, if SHPL was really keen to listen to public views, he should attend this meeting. In this regard, Mr LEUNG considered that SHPL should resign for failing to truly listen to public views.
- 15. Mr WONG Kwok-hing asked whether the Administration would consider extending the consultation period of the Consultation Paper in view of the strong request from the public. PSH said that as the three-month consultation had only been conducted over a month, it would be pre-mature to make a decision regarding extension of the consultation period at the moment. He assured members that HA would review the position should there be strong public request in this regard. In response to Mr WONG's further enquiry, PSH said that a decision in this regard would be made before the expiry of the consultation period.

Rent relief measures for PRH tenants

- 16. Mr LEE Wing-tat referred to the deputations' remark that SHPL had failed to honour his undertaking to implement rent relief measure for PRH tenants, and stressed the need for Government officials to keep their words. In response, PSH pointed out that with effect from 1 March 2006, HA had relaxed the eligibility criteria of the Rent Assistance Scheme by providing a 25% rent reduction to non-elderly tenants whose income was between 50% and 60% of the WL Income Limit or whose rent-to-income ratio stood at 20% 25%. Moreover, the relevant three-year residence requirement had also been lifted.
- 17. Mr LEE Wing-tat sought PSH's clarification on whether the relief measures referred to in paragraph 16 were all those meant by SHPL in his undertaking. PSH said that he could not confirm the matter on behalf of SHPL. Nonetheless, he said that the Administration would seriously consider any public suggestions on further rent relief measures.
- 18. <u>Miss CHAN Yuen-han</u> pointed out it was PRH tenants' expectation that rent relief would take the form of direct financial assistance benefiting all tenants. Tenants had long been urging HA to reduce rents to comply with the 10% MRIR cap. The Hong Kong Federation of Trade Unions had called for a 30% reduction in rents across the board so as to keep in line with decrease in household incomes over the past years. Many tenants also opined that apart from improving the Rent Assistance Scheme, HA should refund tenants of rents charged in excess of the 10% MRIR cap. In response, <u>PSH</u> pointed out that enhancements to the Rent Assistance Scheme involved direct financial assistance to tenants and required additional financial commitment from HA.

### Reduction of PRH rents

- 19. Mr LEUNG Kwok-hung stressed the need to reduce PRH rents by highlighting the plight of PRH tenants. He also opined that the Review was only a trick in disguise to force people to turn to the private property market for meeting housing needs and hence to help boost property prices. Mr WONG Kwok-hing highlighted the deputations' call for the Administration to first reduce rents before conducting the Review. He urged the Administration to respond to the call in order to honour its previous undertaking. He pointed out that while rents in the private market had dropped, HA had refused to reduce PRH rents. As a result, MRIR had significantly exceeded the statutory ceiling of 10%.
- 20. In response, <u>PSH</u> explained that the consultation exercise was to seek public views on the establishment of a viable mechanism capable of both upward and downward rent adjustments. HA was fully aware of the call for introducing rent reduction before conducting the Review. He said HA would carefully consider all the public responses before finalizing the review report.
- 21. Commenting on the legal basis of rent reduction, <u>Mr Ronny TONG</u> pointed out that PRH was basically a form of social welfare with the objective of providing

affordable housing to the low-income people. He considered that by taking CFA's ruling as the ground for conducting the Review, the Administration had misinterpreted the ruling. In his view, CFA's ruling had confirmed that section 16 of the HO did not prevent HA from reducing rents or restrict the extent of rent reduction. Nor did the section required HA to conduct a rent review only every three years. It would therefore be improper for HA to conduct the Review for the sake of relaxing the restrictions imposed by the 10% statutory MRIR cap in increasing rents. Instead, HA should amend the HO to clarify the matter relating to rent reduction. He agreed that there should be discussion on the rent adjustment mechanism and the factors to be considered in the adjustment process.

- 22. Sharing Mr Ronny TONG's views, Mr Albert HO questioned the need to put forth the proposed rent adjustment mechanism as HA could already adjust rents under the existing HO. Mr LEUNG Kwok-hung echoed the view. Mr HO further said that HA had not reduced PRH rents because it was reluctant to do so rather than prohibited by the law. In this regard, he sought the views of the Administration and deputations on the starting point from which the proposed rent adjustment mechanism should operate, and whether rents should be reduced first.
- 23. On the rent level upon which the new adjustment mechanism should operate, Mr CHENG Ching-fat of the Council said that HA should first reduce the base rent to comply with the 10% MRIR cap before implementing the new mechanism. Ms FOK Tin-man of SOCO considered that PRH rents should be reduced to comply with the 10% MRIR cap. In particular, rents of new estates should be reduced as they had been set with reference to the high rent level in 1997. Mr HO Wai-man of The Federation called upon HA to reduce rents to comply with the 10% MRIR cap and suggested that an across-the-board rent reduction of 38% should be adopted for all PRH units. He added that while The Federation endorsed the need of putting in place a rent adjustment mechanism in order to ensure fairness, HA should lower MRIR for new estates to 15% to reflect the decline in tenants' household incomes since 1997.
- 24. Mr LEUNG Yiu-chung opined that HA should reduce PRH rents to comply with the 10% MRIR cap before introducing any proposals to improve the rent policy. He recalled that the purpose of the Housing (Amendment) (No. 3) Bill 1996, under which the 10% MRIR cap was provided, was to ensure PRH rents were affordable to tenants. Given MRIR had already risen to over 14%, HA had acted against the spirit of the above legislative amendment. Mr LEUNG expressed regret that HA had not only failed to reduce rents to comply with the 10% MRIR cap, but also sought to change the rent policy through the Consultation Paper to evade the statutory requirement.
- 25. In response, <u>PSH</u> reiterated that the Consultation Paper aimed at establishing a viable rent adjustment mechanism that could provide for both upward and downward rent adjustment and was acceptable to the community at large. As for the identification of a revised rent level to provide a new starting point for

implementation of the mechanism, the Administration was prepared to listen to public views.

26. Pointing out that the 10% MRIR cap was supported by the former Legislative Council in 1997, Mr LEUNG Yiu-chung queried the justification for introducing changes to the policy and application of MRIR. In response, PSH pointed out that 10% MRIR cap had imposed a major constraint upon HA's power to adjust its domestic rents. All along, HA had contrived the MRIR as a general measure of tenants' affordability rather than a mechanism for rent adjustment. Hence, HA saw a need to introduce an alternative mechanism to guide rent adjustment. The new mechanism should allow for both increase and reductions in rents taking into account tenants' affordability and prevailing economic conditions. He emphasized that HA would listen to public views in considering the various issues, including whether there should be rent reduction and the extent of the adjustment warranted.

Compilation and application of the median rent-to-income ratio

- 27. <u>Dr YEUNG Sum</u> said that rather than imposing constraint on rental increase, the statutory 10% MRIR cap sought to ensure PRH rents were affordable to the needy. By implementing measures, such as compiling MRIR based on net rents, HA was trying to drag down the rent level in order to comply with MRIR cap and to facilitate future rental increase. Such move would run counter to the legislative intent of introducing the statutory 10% MRIR cap.
- 28. While noting Dr YUENG Sum's views, <u>PSH</u> pointed out that rents were usually charged in net basis in the private rental market. He explained that the proposal aimed to give PRH tenants a better idea of the amount of net rents charged by HA. In this connection, <u>Dr YEUNG</u> emphasized that the operation of PRH should be different from that of private housing because the latter was market-oriented while the former was a welfare service. Pointing out that the proposal might change the nature of PRH, <u>Dr YEUNG</u> cautioned that HA should consider the proposal carefully. <u>PSH</u> noted his views.
- 29. In response to Mr Ronny TONG's enquiry about the proposed rent adjustment mechanism and improvement measures for the assessment of MRIR. Mr CHENG Ching-fat, Chairperson of the Council said that the alternative options for measuring affordability and assessing MRIR put forward in the Consultation Paper were all less desirable than the existing MRIR approach and were seen by PRH tenants as means by which HA sought to evade compliance with the 10% MRIR cap. He considered that HA should improve the existing MRIR approach. Mr NG Wing-chak, Chairman of the Concern Group, was concerned that HA had been imposing very high rents on PRH tenants forcing them to turn to the private rental market in meeting their housing needs. Mr LAI Ming-hung, Chairman of the Committee opined that the 10% MRIR cap should remain as the guiding principle in rent adjustment. In his view, HA had made use of the Consultation Paper to evade its responsibility of providing affordable housing to the needy. He also urged members not to support the Consultation Paper

on grounds that they were unfair and would affect the rights of PRH tenants. Mr HO Wai-man, Executive Director of The Federation voiced the dissatisfaction of PRH tenants that HA had not reduced rents during the past few years to comply with the 10% MRIR cap. In consideration that the rent-to-income ratio in the private rental market usually amounted to 30% to 40%, The Federation considered that PRH rents should be fixed at 10% of the rent-to-income ratio of PRH households and HA should abolish the policy of "well-off tenants".

### Differential rents

- 30. <u>Miss TAM Heung-man</u> expressed concern that the proposal on differential rents, which was a market-oriented system, if implemented might unfairly restrict the choice of flats for households with lesser means. In response, <u>PSH</u> explained that charging differential rents on PRH units was just a proposal for public consultation. HA was aware that the public had diverse views on the proposal. While there was support for the proposal to enhance fairness in allocation of flats, there was concern about labelling effect on poor tenants. The Ad Hoc Committee on Review of Domestic Rent Policy had suggested that should a system of differential rents be introduced, it would be implemented in new estates. HA would continue to ensure that tenants would be offered flats meeting their different affordability levels.
- 31. Mr LEUNG Kwok-hung and Dr YEUNG Sum indicated strong opposition to the proposal on differential rents. They considered that the proposal, being a market-oriented system, was not in line with the objective of providing affordable PRH to low-income households, and would have labelling effect on poor tenants. The proposal would therefore have negative social impact, making the society more divisive, and was contrary to achieving a harmonious society in Hong Kong. In response, PSH reiterated that the community had expressed different views on the proposal and stressed that HA would consider all views received before making a decision on the matter.
- 32. <u>Miss CHAN Yuen-han</u> emphasized that PRH was a form of social welfare for the low-income people and the principles of the private rental market should not be applied in determining PRH rents. In view of the negative impacts of the proposal, such as categorizing PRH tenants into classes, <u>Miss CHAN</u> called upon Panel members not to support the proposal. In this regard, she also criticized the poor design of PRH where unwelcome facilitates, such as refuse chambers, were located close to flats. <u>PSH</u> assured members that it remained HA's policy to provide affordable housing to those in genuine need and maintain the long-term sustainability of PRH programme. These were the two guiding principles in the Review.
- 33. <u>Dr Joseph LEE</u> enquired about the estimated number of PRH tenants to be affected by the proposal on differential rents. In reply, <u>PSH</u> reiterated that HA did not have any pre-conceived views on whether differential rents should be introduced. He said that the proposal, if implemented, would only apply to newly completed estates. HA had no intention to raise its revenue through implementation of the proposal. He

further assured members that as the rents of CSSA households were fully covered by their CSSA allowance, there should be no question about CSSA households being unable to pay their rents under the proposal.

#### Other views and concerns

- 34. On the proposal of implementing a rent adjustment mechanism, <u>Miss TAM Heung-man</u> noted that the Consultation Paper had proposed introducing reference indices, such as consumer price index (CPI), to guide rent adjustment. She considered that the movements in CPI might not be able to reflect the living expenses of PRH tenants and suggested that a different set of CPI taking into account PRH tenants' living expenses should be worked out for the purpose. The <u>Administration</u> noted her views.
- 35. As sitting PRH tenants paying additional rents had the financial means to afford housing in the private market, <u>Miss TAM Heung-man</u> therefore urged HA to tighten policies regarding these tenants so that the waiting time of WL applicants would be shortened and effectiveness in the utilization of public resources would be enhanced. In response, <u>PSH</u> pointed out that HA had already put in place relevant policies to require "well-off tenants" to vacate their flats when their household incomes exceeded the prescribed thresholds. Should the community consider that these policies needed to be tightened up, HA would consider such a request.
- 36. <u>Dr Joseph LEE</u> enquired whether the purpose of introducing proposals, such as differential rents and compilation of MRIR based on net rents, were to recover cost of providing PRH. In response, <u>PSH</u> explained that implementation of differential rents would have neutral impact on the total rental income of a PRH block. He also emphasized that the objective of the Consultation Paper was not to raise revenue but to achieve fairer allocation of public resources and provide greater choice for tenants.
- 37. Mr Alan LEONG highlighted the deputations' concern about the real motive behind the Review, and the proposed rent adjustment mechanism would be used as an excuse to increase PRH rents to the extent of changing the objective of PRH policy of providing affordable housing to the low-income people. In his view, such concerns were not unfounded because the Administration had not stated in the Consultation Paper its vision of the role of PRH. He therefore urged the Administration to reaffirm its commitment that PRH's social function would remain unchanged and to provide more details in this regard to assure PRH tenants. The Administration noted his views.

### II. Any other business

38. There being no other business, the meeting ended at 12:45 pm.

Council Business Division 1 <u>Legislative Council Secretariat</u> 14 September 2006