

**Panel on Housing
Consultation Paper on Review of Domestic Rent Policy**

**Summary of Views and the Administration's Responses
(as at 24 May 2006)**

	<u>LC Paper No.</u>
Hong Kong People's Council on Housing Policy	CB(1)1286/05-06(01)
Society for Community Organization	CB(1)1314/05-06(01)
Alliance for Defending Grassroots Housing Rights	CB(1)1286/05-06(02)
The Federation of H.K., KLN. and N.T. Public Housing Estates Resident and Shopowner Organizations (the Federation)	CB(1)1286/05-06(03)
Chinese Grey Power	CB(1)1293/05-06(01)
Reasonable Housing Rights Concern Group	CB(1)1286/05-06(04)
Kowloon Choi Hung Estate Residents Association	CB(1)1286/05-06(05)
Mr LAU Hing-kee, Member of Sai Kung District Council	CB(1)1286/05-06(07)
Mrs CHAN LEE Pui-ying, Member of Southern District Council	CB(1)1314/05-06(02)
Sham Shui Po Community Association	CB(1).....
Kwai Chung Estate Resident's Right Concern Group	-
Oi Man Estate Kar Man House Mutual Aid Committee	-
Neighbourhood and Worker's Service Centre	<u>CB(1)1500/05-06(01)</u>
Hong Kong Association for Democracy and People's Livelihood	<u>CB(1)1480/05-06(01)</u>
Democratic Party	<u>CB(1)1500/05-06(02)</u>
The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	<u>CB(1)1480/05-06(02)</u>
Social Policy Committee of The Hong Kong Federation of Trade Unions	<u>CB(1)1480/05-06(03)</u>
Shek Wai Kok Estate Resident Concern Group	<u>CB(1)1480/05-06(04)</u>
Lee On Estate Lee Wah House Mutual-Aid Committee	<u>CB(1)1500/05-06(03)</u>

LC Paper No.

Dr LAU Kwok-yu, JP, Associate Professor of the Department of Public and Social Administration of the City University of Hong Kong	<u>CB(1)1500/05-06(04)</u>
Dr HUI Chi-man, Eddie, Professor of the Department of Building and Real Estate of the Hong Kong Polytechnic University	CB(1)1500/05-06(05)
Mr CHIU Ka-po, Member of Tsuen Wan District Council	-
Mr MAN Yu-ming, Member of Tsuen Wan District Council	-
Ms HO Suk-ping, Shirley, Member of Shatin District Council	-
Mr LEE Kam-ming, Member of Shatin District Council	-
Shek Lei Residents' Rights Concern Group	-
Lower Ngau Tau Kok (II) Estate Re-development Concern Group	-
Kwai Yan House Mutual-Aid Committee	-
Kwai Kin House Mutual-Aid Committee	-
The Mutual Aided Association of Lei Muk Shue Estate	-
Kwai Chung Estate Housing Problem Concern Group	-
Hong Kong Owners Club Ltd.	-
Dr CHENG Kin-sang, Honorary Research Fellow of the Centre of Asian Studies of the University of Hong Kong	-
Kwai Fong Residents' Association	-

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	Names of Organizations/Individuals	Views/Concerns
1	<i>Ways to measure tenants' affordability</i>	
1.1	Alliance for Defending Grassroots Housing Rights	<p>The strategies formulated in the late 1980s by the Hong Kong Housing Authority ("HA") for the sale of public rental housing ("PRH") flats are the key factors which gave rise to the provision of the new Harmony PRH blocks and the relaxation of the space allocation standards for new PRH flats by the Housing Department ("HD") which ultimately led to the doubling of rents of newly-built PRH units in a decade from \$31.6/m² in 1991 to the current level of nearly \$70/m². The present situation that PRH rents exceed the tenants' affordability is in fact the result of the implementation of the well-off tenant policy and the faulty strategies for the sale of PRH units over the years by HA.</p>
1.2	Society for Community Organization	<ul style="list-style-type: none"> ● Although the average family size has been shrinking in the past 10 odd years as a result of the continuous decline in the birth rates of Hong Kong, the HD has failed to take into full account of the changes in the community in the planning of the PRH. Besides, because of the Government's earlier attempts to boost the property market through the moratorium on the sale of Home Ownership Scheme ("HOS") flats, over 10 000 HOS flats have been converted in PRH flats, resulting in increasingly large average allocated spaces and higher rents of PRH flats. ● The reasons for a persistently high rent-to-income ratio include: refusal by the Administration to lower the rents in the past few years on the ground of HA's financial constraints; drastic cuts in the tenants' incomes due to the economic downturns and high unemployment rates; the ever increasing number of recipients of Comprehensive Social Security Assistance ("CSSA") among the PRH tenants; and the increasing

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		<p>number of elderly tenants as a result of the ageing population. The Government has failed to appreciate the needs of the people to tackle the problems.</p> <ul style="list-style-type: none"> ● The Government must alleviate the financial difficulties faced by PRH residents.
1.3	Mrs CHAN LEE Pui-yin Member of Southern District Council	<ul style="list-style-type: none"> ● Agrees to the adoption of the median rent-to-income ratio ("MRIR") as the benchmark for measuring the affordability of the tenants since this is a fairer way to assess their affordability in the formulation of PRH rent policies and mechanism. ● Disagrees to charging a fixed percent of tenants' income as the rent, as it is not easy to have a fair assessment of the income of each tenant and such an adjustment mechanism is highly inflexible. ● Disagrees to charging the rent on the basis of the balance of a tenant's income after deducting the non-housing expenditure necessary for maintaining a reasonable standard of living (residual income approach). Criticizes that this is difficult to carry out and may often give rise to unfairness. Besides, this is a very passive approach as it does not encourage tenants to purchase their own homes.
1.4	Social Policy Committee The Hong Kong Federation of Trade Unions	<p>Bases on the tenants' "affordability", the existing housing policy divides the PRH rents into six levels with respect to the remoteness of the location of the PRH estates. As residents in remote areas have to bear high transport costs, it is strongly demanded that the policy for setting the rents according to the "affordability" of the tenants should be maintained.</p>

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1.5	<p>Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong</p>	<ul style="list-style-type: none"> ● The fact that tenants can ill-afford the PRH rents cannot be simply interpreted as the result of "an unreasonable PRH rent policy". The most common reason for PRH rents exceeding tenants' affordability is that, while the total income of a household may notionally exceed the financial limits of the CSSA Scheme or the Rent Assistance Scheme (RAS), many of the adult children in the household do not share the payment of the rent even if they have income. There are also families who are eligible for applying for CSSA or rent assistance but decline to apply. ● The CSSA Scheme or the RAS should be reformed by increasing the subsidy levels or relaxing the eligibility criteria for the RAS, to allow the low-income PRH tenants to live in dignity with their basic living needs met.
1.6	<p>Dr HUI Chi-man, Eddie Professor Department of Building and Real Estate Hong Kong Polytechnic University</p>	<p>The calculation of MRIR should be improved to better assess the households' affordability. It is proposed that other variables should be added for the assessment of the households' affordability, including housing and non-housing expenditures, and macro-economic factors such as inflation, unemployment rate and market rent.</p>
<p>2 <i>Improvements to the assessment of the median rent-to-income ratio</i></p>		
2.1	<p>Alliance for Defending Grassroots Housing Rights</p>	<ul style="list-style-type: none"> ● The increasing number of CSSA recipients is caused by a structural imbalance of the economic development in Hong Kong. The Consultation Paper keeps quoting various data to show that the existing CSSA and rent assistance recipients do not have the problem of "affordability", in an attempt to convince the public to accept the idea of excluding these recipients from the current calculation of MRIR so as to lower the current ratio. By excluding the rates and management fees in

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		<p>the calculation of MRIR, MRIR is artificially lowered from 14.6%, which is over the 10% limit, to 7.6% making rent increase possible without amending the legislation. This attempt to by-pass the Legislative Council (LegCo) may violate the Housing Ordinance ("HO").</p> <ul style="list-style-type: none"> ● Objects to HA's attempt to repeal the law in the name of rent review to pave the way for rent increase. ● The imbalances in the "rent structure" and the "tenant structure" of PRH are the consequences of 20 years of policy blunders. Since the introduction of the well-off tenant policy in 1987, most of the PRH tenants with financial means have moved away, leaving behind many "elderly tenants" and "small households", and that has given rise to the "imbalance in the household structure" and "destitution of PRH tenants".
2.2	The Federation	<ul style="list-style-type: none"> ● It is impossible for rents to constantly remain on the upward trend over a long period of time or vice versa. In order to set the rents at a fair and reasonable level, the only way is to amend the legislation concerned to remedy the problematic rent policy. ● To maintain MRIR within the 10% statutory limit, the following measures should be considered: <ul style="list-style-type: none"> (a) to appoint an independent body to conduct surveys on the tenants' incomes to ensure that fair and accurate information is collected; (b) to include the data of the well-off tenants, rent assistance and CSSA recipients in the samples taken for compiling the statistics. Excluding the data of any of the above households from the statistics may result in judicial reviews.

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		<ul style="list-style-type: none"> ● HO provides that MRIR shall not exceed 10%. The ratio is calculated on the basis of all PRH residents, including the well-off tenants and CSSA recipients. Hence, the data of these households should not be excluded from the statistics; otherwise it will be necessary to amend the legislation. Nevertheless, the Consultation Paper is silent about the issue of the statutory limit of the 10% MRIR, thus giving rise to concerns that HA is using this proposal to bypass the legislation with an aim to increase the rents.
2.3	Chinese Grey Power	<ul style="list-style-type: none"> ● The number of CSSA recipients in PRH estates is on the rise is due to a structural imbalance in the economic development of Hong Kong. The Consultation Paper keeps quoting various data to show that the existing CSSA and rent assistance recipients do not have the problem of "affordability", in an attempt to convince the public to accept the idea of excluding these people from the current calculation of MRIR, so as to lower the current ratio. To exclude the CSSA recipients in the calculation of MRIR not only is a serious social discrimination but also a violation of HO.
2.4	Kowloon Choi Hung Estate Residents Association	To exclude the well-off tenants and CSSA recipients will further induce division among the tenants and discrimination against the CSSA recipients.
2.5	Society for Community Organization	To exclude the rates and management fees in the calculation of MRIR will lower MRIR to 7.7% and increase the chance for a substantial rent increase.
2.6	Mrs CHAN LEE Pui-ying Member of Southern District Council	<ul style="list-style-type: none"> ● Agrees that reliable income data should be collected by means of a declaration system. ● Disagrees with the exclusion of the CSSA recipients and the well-off tenants from the calculation of MRIR, as this will not reflect the true

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		<p>picture of the tenants' prevailing income, causing the indicator to deviate from the real situation.</p> <ul style="list-style-type: none"> ● Agrees that the calculation of MRIR should be based on the net rents exclusive of rates and management fees as it can better reflect the real rent to income ratio. Nevertheless, as housing expenses also include rates and management fees, the government should publish them separately or in the form of another indicator indicating the median housing expenses inclusive of rates and management fees to income for reference of the public.
2.7	Sham Shui Po Community Association	<ul style="list-style-type: none"> ● Disagrees with the exclusion of the CSSA recipients from the calculation of MRIR. The persistently high median rent of the CSSA recipients is the result of the relatively low amounts of CSSA payments. Excluding the CSSA recipients will distort the real living standards of PRH tenants. ● HA's proposal to follow the practice of private housing by excluding the management fees and rates will bring down the median rent drastically, thus creating room for rent increase.
2.8	Social Policy Committee The Hong Kong Federation of Trade Unions	<p>HA changes the definitions of PRH rents and PRH residents by excluding management fees and rates from the rents and leaving out the CSSA recipients and the well-off tenants in calculating MRIR. Its sole aim is to lower MRIR to below the statutory limit of 10% so as to pave the way for rent increase. These administrative measures are inconsistent with the spirit enshrined in the current legislation which aims at ensuring that rents are affordable to the PRH residents.</p>

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2.9	Shek Wai Kok Estate Resident Concern Group	The purpose of proposals in the Consultation Paper to charge the rents separately from management fees and rates, and to exclude the CSSA recipients and well-off tenants in calculating the affordability of the tenants is to lower MRIR to 7.7% to pave the way for rent increase.
2.10	Neighbourhood and Worker's Service Centre	Objects to the exclusion of the CSSA recipients and well-off tenants from the calculation of MRIR statistics. Such measures will only bring about division and inequality.
2.11	Democratic Party (DP)	<ul style="list-style-type: none"> ● The current calculation of MRIR already reflects the affordability of the residents in a reasonable way. HA's proposal to exclude the CSSA recipients and well-off tenants as well as rates and management fees in the calculation is just a disguised way to create conditions for rent increase. ● The exclusion of rates and management fees from the calculation is against the legislative intent of HO to include rates and management fees in the rents. Besides, the calculation of MRIR is to include all PRH tenants and the exclusion of the CSSA recipients will also distort the legislative intent. ● Changes to the calculation of MRIR will go against the reasonable expectations of the tenants which may give rise to judicial reviews. ● Any changes to the calculation of MRIR have to be carried out by means of legislative amendment. The Democratic Party will not support any amendments to the existing legislation unless the Administration can present sufficient reasons.

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2.12	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	<ul style="list-style-type: none"> ● If HA wishes to change the ceiling of MRIR, it should introduce amendments to the LegCo. Before the legislation is amended, the HD has to adjust the rents in accordance with the existing legislation. ● Objects to HD's proposal to exclude the CSSA recipients and well-off tenants in the calculation of MRIR, as HD indeed charge them rents and hence they should not be excluded. ● Expresses dissatisfaction that HA attempts to lower MRIR through administrative means and use it as an excuse to increase the rents in future.
2.13	The Mutual Aided Association of Lei Muk Shue Estate	The purpose of charging rents separately from rates and management fees is merely to lower MRIR to increase the rents. It is demanded that the current policy on the calculation of tenants' affordability should be maintained.
2.14	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	<ul style="list-style-type: none"> ● There is no universally agreed standard as to what constitutes a reasonable ratio between the PRH rent and tenants' income. It is an issue involving political judgment and the distribution of social resources. ● The statutory provision that MRIR of PRH estates shall not exceed 10% may not necessarily safeguard the interest of small or low-income families living in PRH as the rents paid by many of these households already exceed 10% of their household income. ● To restrict HA's power to increase the rents with a single provision that "the MRIR of PRH estates shall not exceed 10%", the Administration has left out the objective facts including the variations in the qualities of PRH units and the financial position of the tenants.

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		<ul style="list-style-type: none"> ● proposes that HO be amended by: <ul style="list-style-type: none"> (a) abolishing the provision that "the MRIR of PRH estates shall not exceed 10%"; (b) excluding the data of the CSSA recipients in calculating MRIR of PRH tenants; (c) allowing HA to authorize the Census and Statistics Department in accordance with HO to collect every quarter or every half a year random samples of rent and income as declared by PRH tenants to establish the housing affordability of the PRH tenants.
2.15	Dr HUI Chi-man, Eddie Professor Department of Building and Real Estate Hong Kong Polytechnic University	<ul style="list-style-type: none"> ● HA should conduct a social survey to set a suitable benchmark for measuring the affordability of the tenants. ● As the existing affordability benchmark applicable to new PRH estates is higher than 10%, HA will have difficulty adjusting the rents. ● Suggests the following improvements to the calculation of MRIR: <ul style="list-style-type: none"> (a) HA should establish its own data collection system to collect tenants' income data on a mandatory basis; (b) As CSSA recipients are not required to pay rents, they should be excluded from the calculation of MRIR.
2.16	Lower Ngau Tau Kok (II) Estate Re-development Concern Group	HA paves the way for rent increase by way of excluding the CSSA recipients and well-off tenants as well as rates and management fees from the calculation of MRIR in order to lower it to below 10%.

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2.17	Kwai Yan House Mutual-Aid Committee	Objects to the exclusion of management fees, rates as well as the CSSA recipients and well-off tenants from the calculation of MRIR.
2.18	Hong Kong Association for Democracy and People's Livelihood	Objects to any changes to the definition of the rents and the calculation of MRIR before any reasonable benchmarks for the new PRH rents and a new rent adjustment mechanism are established.
3	<i>Proposed rent adjustment reference index</i>	
3.1	Alliance for Defending Grassroots Housing Rights	<ul style="list-style-type: none"> ● The mere purpose of introducing a rent adjustment mechanism which allows both increases and reductions in domestic rents ("the mechanism") is to offset the effect of capping of rents in the form of protection provided by the law under the existing HO. In fact, the existing HO only restricts the power of HA to increase rents but it has the power to decide whether to reduce the rent, and freezing of rents is nothing more than an excuse to delay rent reduction. ● HA considers that HO curbs its power to increase rents, and thus under the pretext of introducing a new mechanism, HA creates a public mandate which facilitates the Administration's amendment to the legislation to pave the way for the future amendment of HO. ● In view of Hong Kong's economic structure where the polarization between the rich and the poor is aggravating, coupled with the reappearance of inflation, it is doubtful whether the mechanism proposed by HA will bring about a rent reduction.
3.2	The Federation	<ul style="list-style-type: none"> ● HA can adopt an income index excluding the rent fluctuation factor as the basis for rent adjustments. The advantage is that it is readily comprehensible to the general public. Nevertheless, when PRH rents

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		<p>were increased in the past, the increases usually exceeded the inflation and tenants' household income levels. In essence, the rents only increased but never decreased. It can be envisaged that there will more likely be inflation than deflation in future, and the mechanism would end up allowing increases only but not reductions.</p> <ul style="list-style-type: none"> ● Two demands: <ul style="list-style-type: none"> (a) HA to implement rent reductions basing on the total deflation over the past few years (10%) prior to studying a new rent review mechanism. (b) the rent of new flats should be set at a level so that MRIR will not exceed 15%, and a household income index for PRH households be introduced to serve as a reference of the adjustment mechanism. It would be appropriate to set rents at the level of 10% of the household income.
3.3	Reasonable Housing Rights Concern Group	<ul style="list-style-type: none"> ● Some economists have opined that inflation will be the trend of the economy in the coming years, which means that PRH rents will only go up. The Concern Group queries whether it is necessary to link the PRH rents to market value. ● Strongly demands the revocation of HA's proposed rent mechanism where the PRH rents are allowed to go up and down, since the proposal in effect alters the provision in HO that the rent is to be linked to MRIR.
3.4	Chinese Grey Power	<p>PRH rents had never been reduced during the past eight years of deflation. Now HA proposes a rent increase as soon as the inflation has slightly gone up. Hence a rent adjustment mechanism in PRH rents is introduced essentially to pave the way for a rent increase.</p>

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3.5	Society for Community organization	The introduction of the mechanism is not enough to address the issue of incessant PRH rent increase which add extra financial burden on PRH tenants. PRH tenants who have been urging for rent reductions have to face with the bitter consequence of future rent increase and declines in their living quality.
3.6	Mrs CHAN LEE Pui-ying Member of Southern District Council	<ul style="list-style-type: none"> ● Supports that the mechanism of rent adjustment/setting should allow both rent increase and decrease and adopt the same criteria for the setting of rents. The assessment method of MRIR has been adopted for years but the mechanism of PRH rent adjustment/setting has not yet been formulated. Moreover, as the PRH rent adjustment/setting is affected by the prevailing factors such as social development and economic conditions, which fluctuate drastically from time to time, it is recommended that the mechanism of PRH rent adjustment/ setting be reviewed on a regular basis. ● Supports the adoption of the Consumer Price Index (CPI) (A) excluding housing expenditure as an indicator for rent setting/adjustment. Since the living standard of a community, in addition to the rent and income ratios, also affects the affordability of PRH tenants, it is reasonable to introduce CPI as one of the indicators for the assessment.
3.7	Hong Kong Association for Democracy and People's Livelihood	<ul style="list-style-type: none"> ● Agrees in principle that PRH rents can be adjusted according to tenants' affordability, provided that HA introduces rent reduction first. ● Disagrees to use CPI as the indicator of tenants' affordability, since there is likely a discrepancy between the movements of PRH tenants' income and the CPI. In order to assess PRH tenants' affordability accurately, the household income level of PRH tenants should be taken as an indicator for rent adjustments.

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3.8	Neighbourhood and Workers Service Centre	Compared with the CPI(A), using the tenants' household income as the basis for rent calculation and adjustment can better reflect the changes in tenants' affordability, and can also embody the spirit of the public housing policy more effectively.
3.9	Democratic Party	<ul style="list-style-type: none"> ● The key issue of the introduction of the mechanism is how the basis of the relevant index is to be determined, that is, which year is to be considered as the year when the adjustment mechanism starts. As HA introduced the rent freeze in 1997, that year should be taken as the base year. As the consultation paper lacks any analysis and discussion in this respect, a public consultation should be conducted on that. ● If a rent adjustment mechanism is to be established, the tenants' affordability should be a major factor for consideration, and the mechanism for determining the rent adjustment standards should also take into account of the interests of both the PRH tenants and the public. ● The existing HO provides that the rent increase determined by the HA shall not exceed 10% of the tenants' MRIR. If the mechanism is introduced, HA must explain how the operation of these two mechanisms is to be co-ordinated. As the existing Ordinance is able to protect PRH tenants from being subject to an excessive rent increase, the Democratic Party has reservation over the relevant legislative amendment.
3.10	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	<ul style="list-style-type: none"> ● The purpose of this consultation is to establish a mechanism which allows both increases and decreases in PRH rents to be used as the basis for future rent adjustments. However, as HA had not refunded the rents paid in excess at times of deflation, and as Hong Kong's economy is improving gradually and deflation is unlikely to reappear, there may only be rent increase but not rent reduction in the next few years. For that reason, the Alliance is against HA's introduction of the mechanism.

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		<ul style="list-style-type: none"> ● The adoption of the CPI(A) as a reference index will cause unfairness. As the index only indicates the consumer prices, it will create noticeable discrepancies. The HD stresses that it will take into account of tenants' affordability when determining the rents; hence it should take the tenants' household income as the indicator for rent adjustment.
3.11	Mr MAN Yu-ming Member of Tsuen Wan District Council	HA did not reduce the rents at times of deflation in the past. Now in spite of the economic upturns, there is no significant increase in the tenants' income. If rents are adjusted according to the current CPI, they will only increase but not decrease, and the tenants will have to bear an extra burden.
3.12	Ms HO Suk-ping, Shirley Member of Shatin District Council	<ul style="list-style-type: none"> ● HA refused to reduce the rents during the times of deflation in the past but now when the economy shows signs of recovery, it proposes the introduction of the mechanism. Its sole aim is to pave the way for rent increase. ● At present, prices are increasing but not tenants' income, thus it is not reasonable to adjust the rents according to the CPI.
3.13	Kwai Kin House Mutual-Aid Committee	The adjustment mechanism which allows both rent increase and reduction actually only allows increase but not reduction. In 2002, MRIR exceeded 10% but HA did not reduce the rents accordingly.
3.14	The Mutual Aided Association of Lei Muk Shue Estate	<ul style="list-style-type: none"> ● The provision of PRH is a form of social welfare which purpose is to cater for the housing needs of the grassroots. The introduction of the mechanism by which the rents are determined under the market mechanism goes against the original intent of the provision of PRH. ● The mechanism which allows both increases and reductions in effect only allows increases but not reductions.

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3.15	Kwai Chung Estate Housing Problem Concern Group	The rent adjustment mechanism which allows both increases and reductions is only for the preparation of rent increase and the Group is against the implementation of such a policy.
3.16	Dr CHENG Kin-sang Honorary Research Fellow Centre of Asian Studies The University of Hong Kong	<ul style="list-style-type: none"> ● There are no consistent criteria in the international community with regard to the determination of the MRIR. Adopting the MRIR as the basis for setting the rents may give rise to the problem concerning the tenants' affordability since under this mechanism, MRIR of more than half of PRH tenants exceeds the 10% ceiling, some even reaches 20%. In view of the shortcoming of this rent setting method, it is recommended that HO be amended and this mechanism abolished. ● Disagrees with the adoption of CPI as the basis for setting the PRH rents since the movements of prices and tenants' income may not have the same pace. ● Disagrees with the adoption of the wage rate as the basis for setting the PRH rents, since the wage rate only indicates the wage level of a particular post, it cannot reflect the actual wage of an individual accurately. ● A more acceptable recommendation in the consultation paper is to set the PRH rents on the basis of the average monthly household income index for PRH households with the effects of the changes in the distribution of household size discounted. But a point should be looked into is whether 1998 should be used as the benchmark year for the calculation of rents.
3.17	Kwai Fong Residents' Association	Opposes to calculating the rents on the basis of CPI since the movements of prices and PRH tenants' income may not have the same pace. HA should use tenants' income as a basis for determining the rents.

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3.18	Dr HUI Chi-man, Eddie Professor Department of Building and Real Estate The Hong Kong Polytechnic University	<ul style="list-style-type: none"> ● Agrees that there is a need for the introduction of a rent adjustment mechanism. HA may consider adjusting the rents on the basis of CPI(A) or tenants' income index. ● Since the two indexes may not rise or fall at the same pace, it is worth considering both indexes together for a fair and equitable mechanism.
3.19	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	<ul style="list-style-type: none"> ● Suggests developing a pure income change index of PRH households, which discounts the impact of changes in the distribution of household size, as a reference for future rent adjustments. ● The adjustment mechanism should be in the form of a policy which should not be restricted by statutory provisions to maintain greater flexibility.
4	<i>Differential rents</i>	
4.1	Alliance for Defending Grassroots Housing Rights	The proposed policy of differential rents will lead to division among PRH tenants and social conflicts, and help to distract the public's attention in relation to the enactment of legislation for the protection of affordable rents. It will also turn the PRH into a marketized product, which is contradictory to the fair and coherent spirit of the public housing policy.
4.2	The Federation	<ul style="list-style-type: none"> ● Opposes the implementation of differential rents. The reason is that low-income households will only have the choice of flats on lower floors or those located close to refuse rooms, and prospective tenants on the Waiting List (WL) and tenants of redeveloped estates cannot move to new public housing units owing to their poor financial conditions, which will create and even aggravate the labelling effect and class differentiation between the rich and poor PRH tenants, ultimately deepening the conflicts among PRH tenants and the whole community.

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		<ul style="list-style-type: none"> ● Suggests reducing the rents of unpopular flats, such as those located near refuse rooms, and those left vacant for a long time first, so as to further reduce the number of vacant flats. ● WL applicants only have three chances to select flats, if the policy of differential rents is implemented and they fail to select a flat after the three chances are exhausted, do they need to queue all over again? If so, it is absolutely ridiculous.
4.3	Reasonable Housing Rights Concern Group	<ul style="list-style-type: none"> ● Opposes to the implementation of differential rents, as the proposal to implement such a policy as regards the newly completed estates will sacrifice the interest of WL applicants. The majority of WL applicants consider that differential rents is a form of repression of the poor WL applicants and it brings about a social labelling effect. This proposal is unfair to and discriminative against the poor. The policy will induce social division and is a disguised way to identify the well-off PRH tenants in order to wield the axe at them. ● The implementation of differential rents will grant prospective PRH tenants the right to choose; while well-off tenants may select better flats, the worse-off can only select inferior ones. Those who have more means will have to face the constant demand for higher rents. ● To set the rents of PRH flats according to objective conditions will commercialize the PRH and turn it into a marketable commodity. But PRH is a form of welfare and the market principles should not apply.
4.4	Mr LAU Hing-kee Member of Sai Kung District Council	<ul style="list-style-type: none"> ● The interest of the socially disadvantaged should be taken into consideration in the implementation of the proposed differential rents policy.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● Worries that the proposed policy will incur excess administrative costs. Queries if the views of the flats which have been already assessed change, whether or not the flats concerned need to be reassessed.
4.5	Kowloon Choi Hung Estate Residents Association	<ul style="list-style-type: none"> ● The policy of differential rents will cause further division among the tenants. ● Strongly opposes to the policy of differential rents.
4.6	Society for Community Organization	<ul style="list-style-type: none"> ● Strongly opposes to HA's commercialization of PRH. The policy implies that the poor do not deserve to live in better flats, and they can only select flats on lower floors or those located close to refuse rooms or facing cemeteries. This will push the various social strata further apart and widen the gap between the rich and the poor. ● Strongly opposes to HA's proposal to set the rents according to environmental factors. This is a discrimination against poor households and CSSA recipients, which is also inconsistent with the principle of rational and fair allocation of public housing resources. ● HA wants to use this policy as an excuse to avoid addressing the current issue of PRH rents grossly exceeding the statutory 10% MRIR cap. It is suggested that HA should reduce PRH rents to meet the requirement of the 10% MRIR.
4.7	Mrs CHAN LEE Pui-ying Member of Southern District Council	<ul style="list-style-type: none"> ● Disagrees with the implementation of differential rents which will have the effect of labelling PRH tenants as different classes which will easily give rise to social division and inequality. ● Disagrees with the proposal to introduce differential rents first to newly completed estates and then extend it to existing estates since the

	Names of Organizations/Individuals	Views/Concerns
		<p>conditions of the units in existing estates are more primitive and even, and there are insufficient variations among them for the implementation of differential rents.</p>
4.8	Hong Kong People's Council on Housing Policy	Strongly opposes to HA's proposal to introduce differential rents.
4.9	Sham Shui Po Community Association	<ul style="list-style-type: none"> ● HA's proposal to introduce differential rents is based on the consideration that a commercial approach will allow more choices for tenants. But PRH is different from private housing in the sense that PRH tenants have to be screened by HA before they are allocated a unit. They will not have more choices as the result of the implementation of differential rents but the less well-off tenants would be forced to select flats of poorer quality and lower rents if they wish to pay less. ● The marketization policy which encourages those who have the means to select better flats will ultimately increase the financial burden of the poor tenants. This goes against the original aim of the establishment of HA, that is, to provide housing for those in need.
4.10	Social Policy Committee The Hong Kong Federation of Trade Unions	<ul style="list-style-type: none"> ● Opposes the proposal to implement differential rents. ● PRH flats are not commodities. Their occupants all come from the low income group. If the Government is to levy PRH rents equivalent to market rents, it will go against its original intent of providing PRH to protect the low-income group's right to housing. It is also inconsistent with the principle of rational and fair allocation of public housing resources and will deprive PRH tenants of the right to the choice of housing.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● The implementation of differential rents will bring about social division and labelling effect as well as administrative inconvenience to HA.
4.11	Shek Wai Kok Estate Resident Concern Group	A differential rents policy will bring about rent increase, which is not reasonable at all.
4.12	Hong Kong Association for Democracy and People's Livelihood	<ul style="list-style-type: none"> ● The differential rents policy seems to be reasonable but in effect it will classify PRH tenants as the rich and the poor. This will erode the confidence of the socially disadvantaged, which adversely affects the building of a harmonious and united community. ● Proposes to further divide the existing six broad districts of different rents into sub-groups and to set lower rents for estates in remote areas, so as to alleviate the financial burden on residents caused by higher transportation expenses.
4.13	Neighbourhood and Workers Service Centre	The present practice of allocating PRH units by ballot is fairer. It is also a manifestation of the spirit of the construction of PRH, which is to provide the public with the basic right to housing. HA's introduction of differential rents will have a labelling effect on PRH tenants and create division. Existing tenants will also be faced with the pressure of rent increase as a result. For that reason, the Service Centre opposes to the introduction of the relevant mechanism.
4.14	Democratic Party	<ul style="list-style-type: none"> ● Only the newly completed estates and flats reallocated to new tenants should be subject to differential rents while existing tenants should not be affected. ● The total rent of a PRH block should not increase as a result of the implementation of the differential rents policy.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● After the implementation of differential rents, tenants should be allowed to select the flats on their own; otherwise they may be forced to select flats of higher rents. ● Under the policy of differential rents, CSSA recipients should be allocated flats at random, so as to address the problems of differential subsidies and discrimination. ● HA should resolve the problems of social division and high administrative costs that will likely arise as a result of the implementation of differential rents. ● In order to utilize the existing resources more effectively, an across-the-board rent reduction of 30% should be introduced to all unpopular flats which have been left vacant for a long time to encourage occupation.
4.15	Lee On Estate Lee Wah House Mutual-Aid Committee	The setting of rents according to floor levels and orientation will not increase HA's rent revenue but will bring about a heavier workload for HA's staff. More importantly, it will lead to division among tenants and defeat the purpose of allowing PRH tenant to live together in harmony.
4.16	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	<ul style="list-style-type: none"> ● Opposes the introduction of the controversial proposal of differential rents, lest it will lead to more unfairness and aggravate social division. The proposal goes against the principle of building a harmonious community as set down by the Government. ● If differential rents is to be enforced, it is questionable whether tenants would be allowed to select the flats anew.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● Some tenants were forced to move to PRH as a result of redevelopment. This policy will force them to pay a higher rent, which is unreasonable.
4.17	Mr MAN Yu-ming Member of Tsuen Wan District Council	<ul style="list-style-type: none"> ● Opposes the implementation of differential rents, lest the market mechanism is introduced into welfare services. ● This mechanism will lead to problems of division and discrimination, which cannot be resolved through administrative measures by HA.
4.18	Mr LEE Kam-ming Member of Shatin District Council	<ul style="list-style-type: none"> ● Opposes the implementation of differential rents. ● Queries whether HA has adequate flats of different rental levels for tenants to select.
4.19	Lower Ngau Tau Kok (II) Estate Re-development Concern Group	As public and private housing are of different nature, factors under the market principle should not be introduced to the rent setting mechanism. The Concern Group is against the implementation of differential rents.
4.20	The Mutual Aided Association of Lei Muk Shue Estate	Opposes the implementation of differential rents lest discrimination and division may arise.
4.21	Kwai Chung Estate Housing Problem Concern Group	Opposes the implementation of differential rents. The mechanism goes against the principle of equitable and rational allocation of PRH flats and will have a labelling effect on poor tenants.
4.22	Kwai Fong Residents' Association	Opposes the implementation of differential rents. The introduction of market factors in the calculation of rents goes against the original aim of providing PRH to cater for the housing needs of the grassroots. It will also lead to discrimination and division.

	Names of Organizations/Individuals	Views/Concerns
4.23	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	The differential rents policy can be modified to apply to PRH units which have been repeatedly allocated for over a year but still have not been taken up. HA should seriously consider reducing the rent of these flats to increase its rent revenue on the one hand and avoid wasting resources on the other.
4.24	Dr HUI Chi-man, Eddie Professor Department of Building and Real Estate Hong Kong Polytechnic University	In principle the idea of differential rents is acceptable as it forms the base of a more equitable rent structure. However, HA needs to take note of the following issues: (a) the rent adjustment after the implementation of the proposal; (b) whether the proposal should be extended to all PRH estates; and (c) the costs and revenues involved.
5 <i>Exclusive rents</i>		
5.1	The Federation	<ul style="list-style-type: none"> ● The rates and management fees of tenants should not be excluded from their rents, and the movement in rates cannot be used as an excuse to increase rents. ● HA should give a detailed account whether the various expenses included in the rents are reasonable. The management fees charged should only consist of the direct costs of management. At present the costs of minor works carried out in PRH estates, with the administration expenses included, are higher than that of comparable works in the market. If the administration costs are excluded, rents can be adjusted downwards.

	Names of Organizations/Individuals	Views/Concerns
5.2	Reasonable Housing Rights Concern Group	The purpose of HA's proposal to charge rents exclusive of rates and management fees is obviously to make room for rent increase. The proposal made in the name of enhancing policy transparency is actually a means of increasing rents.
5.3	Mrs CHAN LEE Pui-ying Member of Southern District Council	<ul style="list-style-type: none"> ● Agrees that an annual statement separately setting out the amount of rates and management fees should be issued to individual tenants to reflect the net rents charged by HA. This can reflect the rent ratio and the actual rents more clearly. ● Suggests that the "housing expenses" including rates, management fees and rents to income ratio be set out at the same time for reference of tenants and members of the public.
5.4	Sham Shui Po Community Association	<ul style="list-style-type: none"> ● To separate rates and management fees from the rents is a policy which based on market principles. It will distort the objectives of the establishment of HA and its functions. ● The objective of building PRH is to meet the people's housing needs and afford the grassroots a decent home. The introduction of a management-based market principle will only increase the burden on low-income residents.
5.5	Neighbourhood and Workers Service Centre	As the landlord of PRH, HA has the duty to pay the rates and to provide management and maintenance services. The Centre objects to HA's plan to exclude rates and management fees from the rents for the purpose of reducing the MRIR through administrative means to pave the way for future rent increase.

	Names of Organizations/Individuals	Views/Concerns
5.6	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	The purpose of excluding "management fees" from rents is to pave the way for rent increase.
5.7	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	<ul style="list-style-type: none"> ● This proposal differs remarkably from the long-established meaning of PRH rents, which include rates, management fees and maintenance costs. It will very likely arouse residents' suspicion that the purpose of HA is to make preparations for rent increase. HA should conduct an in-depth study first. ● HA's proposal to issue to tenants an annual statement setting out the amount of rates, management fees and net rents to enhance transparency is a more desirable approach.
6 <i>Fixed-term tenancy</i>		
6.1	The Federation	<ul style="list-style-type: none"> ● The purpose of HA implementing the tenancy with a limited term is to enhance the mobility of PRH tenants in order to achieve its pledge of reducing the average waiting time to three years. ● Objects to the implementation of the tenancy with a limited term, as the present "well-off tenant" policy is already serving the purpose of such a tenancy.
6.2	Reasonable Housing Rights Concern Group	<ul style="list-style-type: none"> ● Objects to the introduction of "fixed-term tenancy" which is inconsistent with the goals of creating "social harmony" and providing "decent homes and satisfying employment" stressed by the Government. ● "Fixed-term tenancy" is a means by which HA shortens PRH residents' assessment period in an attempt to force more PRH residents to move out through administrative means.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● The "public housing revolving" policy actually allows HA to evade the duty of building PRH and to remove residents from PRH, which is a distortion of the purpose of public housing.
6.3	Kwai Chung Estate Resident's Right Concern Group	Queries the merits of "fixed-term tenancy".
6.4	Sham Shui Po Community Association	Fixed-term tenancy, being a policy based on market principles, will distort the objectives and functions of the establishment of HA. The objective of the construction of PRH is to satisfy people's housing demand and provide the grassroots with a decent home. The introduction of a management-based market principle will only increase the burden on low-income residents.
6.5	Social Policy Committee The Hong Kong Federation of Trade Unions	Objects to the implementation of fixed-term tenancy. The existing system which requires PRH tenants to declare their income already ensures rational allocation of public housing resources.
6.6	Hong Kong Association for Democracy and People's Livelihood	<ul style="list-style-type: none"> ● Objects to the introduction of "fixed-term tenancy". The existing income declaration system is adequate. ● "Fixed-term tenancy" is a nuisance which increases the psychological pressure on PRH tenants.
6.7	Neighbourhood and Workers Service Centre	Objects to the implementation of "fixed-term tenancy". The proposal will substantially increase the unnecessary administrative work and uncertainties about the tenancies, making residents worried that they can be forced to move out as a result of changes in their family size or income in future.

	Names of Organizations/Individuals	Views/Concerns
6.8	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	Objects to the implementation of "fixed-term tenancy" which is unfair to PRH residents. If it is implemented, residents may be forced to move out and become homeless when their tenancies expire.
6.9	Shek Wai Kok Estate Resident Concern Group	The implementation of fixed-term tenancy will lead to rent increase, which is totally unreasonable.
6.10	Kwai Kin House Mutual-Aid Committee	Objects to fixed-term tenancy.
6.11	Kwai Fong Residents' Association	Objects to the implementation of fixed-term tenancy as it will increase the uncertainties.
7	<i>Rent fixing and review cycles</i>	
7.1	The Federation	Requests that the triennial cycle of rent review should be maintained.
7.2	Mrs CHAN LEE Pui-ying Member of Southern District Council	Agrees that HA should maintain the biannual rent fixing exercise for newly completed PRH estates, as this would cause fewer disturbances and is easier to carry out.
7.3	Hong Kong Association for Democracy and People's Livelihood	Agrees that a triennial rent review cycle should be maintained to enhance the stability of the rent level.
7.4	Neighbourhood and Workers Service Centre	The triennial rent review cycle should be maintained to cater for tenants' financial needs. During the times of inflation or economic growth, a triennial cycle of rent review can serve as a buffer to free tenants from the burden of frequent rent increases.

	Names of Organizations/Individuals	Views/Concerns
7.5	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	Requests that the existing review cycle should be maintained as a biennial cycle of rent review is too frequent.
7.6	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	<ul style="list-style-type: none"> ● If the average monthly income index is adopted as a reference index in PRH rent revision, it is appropriate to shorten the cycle of rent review to two years. The adjustments will be more moderate and more acceptable to PRH tenants. ● If the rent review cycle is to be shorted to two years, HO has to be amended.
8	<i>Rent Assistance Scheme (RAS)</i>	
8.1	The Federation	<ul style="list-style-type: none"> ● Welcomes HA's relaxation of the rent assistance policy earlier. A tenant whose rent accounts for 20% or more of his household income may apply for rent reduction. ● Requests HA to set up three blocks of rent assistance basing on tenants' financial hardship and reduce their rents by a half, one third and one quarter respectively.
8.2	Chinese Grey Power	<ul style="list-style-type: none"> ● Households at the grassroots level are unable to benefit from the requirements under RAS such as the annual assessment of households and the three-year residence requirement. ● Households on the verge of poverty cannot benefit from RAS and the CSSA Scheme. These two policies keep producing "ghettos" and "singleton elderly tenants" in PRH estates. These poor households are helpless who can do nothing but spare every hard-earned penny they can to pay the high rents.

	Names of Organizations/Individuals	Views/Concerns
8.3	Society for Community Organization	<ul style="list-style-type: none">● It is no easy task to apply for rent assistance; it is even harsher for one or two-member families. For example, households may apply only (a) after a rent adjustment upon moving in or (b) a change in their financial position. Households may apply only after moving in a PRH flat, especially a new one, for three years. Households are required to move to cheaper flats after receiving the assistance for two years, which is a direct blow to their desire to apply.● Suggests that rent assistance be granted to low-income non-CSSA recipients and the harsh eligibility criteria for the rent assistance policy be relaxed.● Suggests reforming the rent assistance policy so that non-CSSA recipients aged over 60 will have their rents cut by half automatically without having to apply.
8.4	Mrs CHAN LEE Pui-ying Member of Southern District Council	<ul style="list-style-type: none">● Agrees to the relaxation of the eligibility criteria of the elderly as this better embodies the spirit of the public housing policy which is to provide housing service to all those in need.● Agrees that tenants affected by the Comprehensive Redevelopment Programme should be allowed to apply for rent assistance immediately upon rehousing to new flats as it is more reasonable and can cater for the different needs of individual households.● Agrees that the grace period after which RAS recipients are required to move to more affordable flats be extended from two to three years, as it is more flexible. The implementation of this requires the provision of flats of different affordable levels for allocation to different tenants. In implementing this, attention has to be paid to the planning of the

	Names of Organizations/Individuals	Views/Concerns
		<p>construction of various types of flats and their relevant numbers to meet the different requirements.</p> <ul style="list-style-type: none"> ● Agrees to a 25% rent reduction for those non-elderly households with the MRIR exceeding 20%. ● Agrees to the lifting of the three-year residence requirement for tenants living in blocks of older models.
8.5	Reasonable Housing Rights Concern Group	<ul style="list-style-type: none"> ● It is a "double standard" to preclude tenants who have lived in PRH for less than three years but in financial hardship from applying for rent assistance. This is unfair to and discriminatory against new PRH tenants. ● RAS should be extended to all PRH tenants and the income limits tightened previously should be relaxed.
8.6	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	As rent assistance recipients only account for a very small proportion of all those who are eligible, it is necessary for HA to find out the reasons why eligible tenants do not apply for the assistance, so as to put forward recommendations to improve the Scheme to allow this safety net established by HA to serve its purpose.
9	<i>Sizes of allocated flats and rents</i>	
9.1	The Federation	<ul style="list-style-type: none"> ● Welcomes the recent decision of HA to relax the transfer policy. ● Requests that HA should improve the policy and relax the restriction on residents' living space gradually. At the same time, it should relax the policy on overcrowded households to avoid new and old tenants being treated differently, giving rise to division and conflicts.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● Objects to HA's proposed reduction of the area of the future small units for one to two persons from 17.9 m² to 14 m².
10	<i>Rent reduction prior to consultation</i>	
10.1	Alliance for Defending Grassroots Housing Rights	<ul style="list-style-type: none"> ● Although the income of PRH tenants have fallen as a result of Hong Kong's economic downturn in recent years, HA has refused to reduce the rents but only froze them. Freezing the rents is no different from increasing them. HA should fulfil its open pledge by reducing rents prior to reviewing the rent policy. ● The Government has repeatedly promised in public that, irrespective of the outcome of the case concerning PRH rents, it will introduce relief measures. However, HA has not reduced rents after the case concluded in 2005. As HA granted tenants a one-month rent relief in December 2002, why does it not implement such measure now?
10.2	The Federation	At the 17 resident consultation meetings conducted by the Federation, residents generally consider that HA should reduce rents first before conducting a rent policy review.
10.3	Chinese Grey Power	Questions why rents are not reduced prior to consultation even though MRIR has now reached 14.7%, far exceeding the 10% limit provided by HO.
10.4	Kowloon Choi Hung Estate Residents Association	Requests HA to reduce rents prior to the consultation.

	Names of Organizations/Individuals	Views/Concerns
10.5	Hong Kong People's Council on Housing Policy	<ul style="list-style-type: none"> ● Resolutely requests HA to reduce rents prior to the formulation of new policies. ● Resolutely requests HA to adjust the existing rent levels downwards.
10.6	Sham Shui Po Community Association	MRIR had exceeded 10% since 2000 and it even reached 14.6% in the third quarter of 2005. HA should reduce rents to lower the MRIR to 10%. HA should face up to this issue. It has to reduce rents first before conducting a review.
10.7	Society for Community Organization	Suggests that HA should lower the PRH rents to the level that the MRIR is brought back to 10%.
10.8	Social Policy Committee The Hong Kong Federation of Trade Unions	What is most important for the Government to do now is to respect the spirit of legislation by reducing all PRH rents by 10% immediately, rather than conducting a review of the domestic rent. It is only meaningful to review rents after that.
10.9	Hong Kong Association for Democracy and People's Livelihood	<ul style="list-style-type: none"> ● HA must reduce rents first to prove by action that the purpose of the Consultation Paper is not to pave the way for rent increase. Only by so doing can it restore public confidence in HA's consultation. ● Based on residents' incomes and the price index, HA should reduce rents by 10% to 20%.
10.10	Neighbourhood and Workers Service Centre	HA should first reduce the rents across the board to bring the rent back to the levels stipulated by the law and return justice to PRH tenants.

	Names of Organizations/Individuals	Views/Concerns
10.11	Democratic Party	<ul style="list-style-type: none"> ● As a result of the rent freeze, HA has not reduced rents over the past few years in accordance with the existing mechanism. The Government needs to introduce rent concessions first before proposing any amendments to the rent review mechanism. ● The establishment of an "upward and downward adjustment" mechanism is to set a standard for the long-term PRH rent adjustment, which is different from the issue of rent concessions and HA should handle them separately. ● Suggests that a rent concession be granted immediately to reduce the actual burden of rent on residents by at least 15%.
10.12	Lee On Estate Lee Wah House Mutual-Aid Committee	The existing legislation only limits the authority of HA to increase rents but does not negate its power to reduce them. Currently, the domestic rents have already exceeded the limit of the MRIR as stipulated by HO. Therefore, HA should reduce rents prior to a review.
10.13	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	HD should reduce rents first, lowering MRIR to the prescribed limit, and then conduct a detailed public consultation on the future rent policy. Only by so doing can a domestic rent policy acceptable to Hong Kong people be formulated.
10.14	Shek Wai Kok Estate Resident Concern Group	Strongly demands that rents be adjusted to a reasonable level immediately prior to a rent review.
10.15	Mr CHIU Ka-po Member of Tsuen Wan District Council	Supports a rent reduction prior to consultation.

	Names of Organizations/Individuals	Views/Concerns
10.16	Mr MAN Yu-ming Member of Tsuen Wan District Council	Supports a rent reduction prior to consultation.
10.17	Mr LEE Kam-ming Member of Tsuen Wan District Council	Supports a rent reduction prior to a review, so as to alleviate residents' financial burden.
10.18	Shek Lei Residents' Rights Concern Group	Rents should be reduced prior to a review of the rent adjustment mechanism.
10.19	The Mutual Aided Association of Lei Muk Shue Estate	Supports a rent reduction prior to consultation.
10.20	Kwai Chung Estate Housing Problem Concern Group	Requests HA to reduce rents prior to consultation as PRH residents are generally in financial hardship.
10.21	Kwai Fong Residents' Association	The Secretary for Housing, Planning and Lands, should fulfil his pledge by reducing rents prior to a review of the rent adjustment mechanism.
10.22	Dr LAU Kwok-yu, JP Associate Professor Department of Public and Social Administration City University of Hong Kong	Given that in the first quarter of 2005, among the 500 000 PRH households, excluding the CSSA recipients, nearly 190 000 had their MRIR below 10%, queries whether rents should be reduced "across the board" or assistance be provided for households in financial hardship.
11	<i>Extension of the consultation period</i>	
11.1	Alliance for Defending Grassroots Housing Rights	The consultation period should be extended for six months and a consultation with the 18 District Councils should be conducted.

	Names of Organizations/Individuals	Views/Concerns
11.2	Reasonable Housing Rights Concern Group	The three-month consultation period for the rent review is too short and there has not been sufficient consultation with the local communities. Requests that the consultation period be extended and more consultation with the local communities be conducted.
11.3	Kowloon Choi Hung Estate Residents Association	The consultation period should be extended for six months.
11.4	Social Policy Committee The Hong Kong Federation of Trade Unions	As nearly one third of all households in Hong Kong are living in PRH, the three-month consultation period is not sufficient for Hong Kong people to express their views. Suggests that the consultation period be extended for three months until September 2006.
11.5	Shek Wai Kok Estate Resident Concern Group	The Consultation Paper on Review of Domestic Rent Policy involves very complex issues. As the consultation period lasts for only three months, it is not enough for two million PRH residents to understand them. The consultation period has to be extended.
11.6	Hong Kong Association for Democracy and People's Livelihood	The Consultation Paper contains many proposals of a technical nature. The rent policy which affects over 600 000 PRH households and about 2 million residents is of fundamental importance to the stability of Hong Kong society. HA should extend the consultation period for three months.
11.7	Neighbourhood and Workers Service Centre	The consultation period of only three months is far too short to give PRH residents enough opportunities to express their views. The consultation period should be extended for at least six months.

	Names of Organizations/Individuals	Views/Concerns
11.8	Democratic Party	As the Consultation Paper involves very complex issues, it is suggested that HA should conduct a second stage consultation for a period of three months, focusing on the discussion of the mechanism which allows "upward and downward adjustments" of rents. More information, such as the base year and the coordination of the existing rent review mechanism, should also be included in the consultation for public discussion.
11.9	Mr CHIU Ka-po Member of Tsuen Wan District Council	Requests that the consultation period should be extended for three months.
11.10	Kwai Kin House Mutual-Aid Committee	The consultation period should be extended for three months.
11.11	The Mutual Aided Association of Lei Muk Shue Estate	Requests that the consultation period should be extended.
12	<i>Other suggestions</i>	
12.1	Alliance for Defending Grassroots Housing Rights	<ul style="list-style-type: none"> ● It is because of the Government's comprehensive adjustment of the housing policy to save the property market after the Asian financial turmoil that HA has to conduct the present review of the domestic rent policy. The fiscal deficit of HA resulted from the freeze on the construction/sale of HOS and PRH flats has completely upset the development strategy laid down in the Long Term Housing Strategy since 1987. ● The proposal to introduce "differential rents" and a new rental index other than the "median wage" brings market principles into the public housing programme and changes the policy objective of using "public housing" as "social housing" over the past decades.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● The basic spirit of the domestic rent policy embodied in HO is to ensure that the PRH rent determined will be kept within the affordability levels of PRH residents through the legislative safeguard and the upper limit set for the rent increase. Any changes in the domestic rent policy should never go against this basic principle. ● Chapter 2 of the Consultation Paper points out that HA will have a total deficit of \$0.8 billion for the next four-year period as the legislative constraints have made it very difficult for HA to secure the provision of housing to the Waiting List applicants while balancing its accounts. With an increase in rental revenue accrued from new estates in the past few years and a drop in the cost of outsourced management, HD recorded a surplus of \$0.45 billion last year. Moreover, with the \$30 billion realized from the sale of shopping centres and car parks last year, HA has now registered over \$50 billion in liquid capital, apart from other development funds. The Alliance queries how HA comes up with the \$0.8 billion deficit and whether this is created as a justification for rent increase. ● Strongly condemns the Secretary, for Housing, Planning and Lands, who has failed to fulfil his pledge of reducing rents, for disregarding his political integrity. He had also promised that he would attend the resident consultation meetings on rent review organized by the Alliance. The Secretary should fulfil his pledge immediately by attending the resident consultation meetings organized by the Alliance and the consultation meetings held in the community.
12.2	Reasonable Housing Rights Concern Group	<ul style="list-style-type: none"> ● The rent review only produces excuses for rent increase. The existing housing policy forces all those with financial means to live in private housing to create wealth for real estate developers.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● Strongly demands that: <ul style="list-style-type: none"> (a) On condition that the three-year waiting time for the Waiting List applicants should be maintained, HA should undertake to continue to provide PRH and the annual supply must not be reduced. (b) HA should lower the MRIR (18.5%) for newly completed estates immediately to reduce the rental burden on Waiting List applicants upon moving in. (c) The Waiting List income limits should be returned to the levels in 2002.
12.3	Chinese Grey Power	The Secretary for Housing, Planning and Lands has openly pledged to PRH tenants on a number of occasions that regardless of the outcome of the case concerning PRH rents, HA will offer rent reduction to tenants to ease their hardship. However, this pledge of his has not been fulfilled.
12.4	Kowloon Choi Hung Estate Residents Association	The Government refused to reduce or waive rents upon the conclusion of the case concerning rents and bypassed LegCo to formulate a policy which allows the 10% MRIR to go upward but not downward.
12.5	Hong Kong People's Council on Housing Policy	<ul style="list-style-type: none"> ● Public housing is a social welfare service. ● The provision of land by the Government for building public housing is a form of re-allocation of social resources. Thus, land should never be turned into a visible government subsidy in cash.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none">● The capital expenditure of public housing, such as the costs of land development and construction, interest and civil service remuneration, must be separated from its operating expenditure, such as the recurrent expenses on management, cleaning, security, maintenance and rates, in order to clearly indicate that it is entirely the Government's duty to maintain the sustainability of public housing. To maintain the sustainability of public housing, apart from providing rent assistance to those in need, the Government should also try to achieve a fiscal balance by recovering all other operating expenses as far as possible under the law.● Concerning the issue of the domestic rent policy, the roles and division of duties between HA and the Government must be clarified and matters regarding the civil servants must be separate from the rent policy. This is because the remuneration of many redundant staff of HD are borne by HA as part of its expenditure, especially the expenditure on the rental housing estates.● HA has to openly account for its present financial agreements with the Government, the expenditure on remuneration for all staff including the Secretary upon the merger of the Housing Bureau and HD, and the assumption and distribution of responsibilities between HA and the Government as soon as possible.● The Consultation Paper has evaded the financial arrangements between HA and the Government, especially the moratorium on the construction of HOS flats which affects the income of HA. It is hoped that HA will review those issues.

	Names of Organizations/Individuals	Views/Concerns
		<ul style="list-style-type: none"> ● The Government must insist on protecting people's right to housing by legislation. The existing HO is an important cornerstone. However, after the abolition of HOS and the sale of commercial assets, the powers and responsibilities conferred by HO on HA must be re-examined. ● Objects to HA's indirect repeal of Section 16(1A) of HO (concerning restriction on rent increase) by means of the current review. To embody the spirit of protecting people's right to housing by legislation, the legislation must clearly define the targets of protection and the objectives of HA. The Consultation Paper has evaded this legal point.
12.6	Oi Man Estate Kar Man House Mutual Aid Committee	<ul style="list-style-type: none"> ● Public housing is a safety net but HA forces PRH residents to move out and find accommodation in private housing. When children of PRH residents have the financial means, HA will force them to move out on the grounds of their household income exceeding the income limits under the revised HO. Because the children are unable to look after their parents, their parents would have to apply for CSSA, which adds to the burden of social welfare. ● By publishing the Consultation Paper which advocates following the market discipline, HA hopes to increase the rents. Most of the PRH residents participated in the early development of Hong Kong. If LegCo endorses the Consultation Paper in haste, it will only give the grassroots the impression that Members are helping real estate developers to exploit the poor.
12.7	Kwai Chung Estate Resident's Right Concern Group	<p>HD and HA conduct consultation from time to time, constantly seeking ways to increase the rents and formulating unreasonable policies. As a result, residents lose all their room for survival.</p>

	Names of Organizations/Individuals	Views/Concerns
12.8	Sham Shui Po Community Association	Objects to HA's bypassing the law to revise the definition of rent.
12.9	Hong Kong Federation of Trade Unions	<ul style="list-style-type: none">● The Government should treat HA's financial position as a separate issue when reviewing the domestic rent. HA has three main sources of income, namely PRH rents, sale of HOS flats and investment. If the Government considers that HA indeed has financial difficulty, it should resume the construction of HOS housing and strengthen its supervision over HA's investment strategies. If HA aspires to achieve a fiscal balance by merely conducting a review of the domestic rent, it will give rise to the suspicion that the purpose of the Consultation Paper is just to "pave the way" for rent increase.● In reviewing the domestic rent, the Government has to reconsider the following four questions:<ul style="list-style-type: none">(a) the role and function of public housing;(b) with the means test system in place to ensure that resources are reasonably utilized, whether it goes against the original intent of the provision of public housing to introduce commercial principles in setting PRH rents;(c) whether the current PRH rents have departed from the affordable levels of PRH tenants;(d) the long-term housing policy that Hong Kong needs and whether the Government should resume the construction of HOS housing?

	Names of Organizations/Individuals	Views/Concerns
12.10	Hong Kong Association for Democracy and People's Livelihood	<ul style="list-style-type: none"> ● Public housing has a social welfare function of reallocating resources. ● The financial conditions of tenants should be the most important factor for consideration in setting the rents. The introduction of the concept of market principle into the domestic rent policy will undermine the original functions of public housing. HA should seriously consider the social consequences thus caused and the impact on social stability. ● The Consultation Paper lacks focus and clear objectives for the public to follow and discuss. It puts forward a number of technical proposals, giving people the impression that it is paving the way for rent increase, which greatly undermines the public's confidence in the integrity and credibility in HA's consultations. ● If HA is to discuss whether rents are within the affordability of tenants, it needs to review the basis on which rents for new flats are set, apart from the rent adjustment mechanism. However, the Consultation Paper has not included any consultation on the relevant policy, giving rise to the doubt that HA's review on the rent policy is only out of administrative need. ● To ensure that HA will not bypass LegCo by administrative means, the rent adjustment mechanism introduced by HA after reducing rents must go through the debates and legislative process in LegCo. ● To ensure that PRH rent levels are within the affordability of residents, apart from the establishment of a reasonable rent adjustment mechanism, it is also necessary to review whether the current standards for setting rents for new PRH flats are appropriate, to achieve a more comprehensive domestic rent policy review.

	Names of Organizations/Individuals	Views/Concerns
12.11	Lee On Estate Lee Wah House Mutual-Aid Committee	<ul style="list-style-type: none"> ● The purpose of the review is to pave the way for rent increase. ● In order to remove the restriction of HO on rent increase, HA has gone so far as to negate the MRIR as the benchmark for measuring PRH residents' affordability and to formulate the rent setting criteria basing on the comparable estate values, which is a distortion of the spirit of the legislation. ● The Secretary for Housing, Planning and Lands stated in January 2006 that he would attend the Resident Forum held by the Alliance for Defending Grassroots Housing Rights. The Secretary should keep his words and attend the rent review meetings organized by residents to listen to their views.
12.12	The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy	<ul style="list-style-type: none"> ● The Ad Hoc committee has failed to guide the public into an in-depth discussion on the following core issues from the perspectives of principle and comprehensiveness: <ul style="list-style-type: none"> (a) the Government's role and commitment in the public housing policy; (b) the outdated financial arrangements between the Government and HA which was made in 1988; (c) HA's attitude toward the safeguard and insistence on the protection of residents' right to housing by legislation. ● Demands HA to discard the rental policy which is a nuisance to the tenants and restore the long-established rent adjustment mechanism. ● HD should abide by the law. Before the law is amended, HD should adjust rents according to the law and set limits on rent increase.

	Names of Organizations/Individuals	Views/Concerns
12.13	Neighbourhood and Workers Service Centre	Any changes to the calculation and adjustment of rents must be endorsed by LegCo. If necessary, the Administration should put forward to LegCo proposed amendments to HO, so that LegCo can form a bills committee to examine and follow up the proposals to ensure that HA's proposals are in line with public opinions and tenants' rights are protected.
12.14	Mr CHIU Ka-po Member of Tsuen Wan District Council	The well-off tenant policy has led to split families and taken away the family support that the elderly need. Calls for a prompt review of this policy.
12.15	Mr LEE Kam-ming Member of Tsuen Wan District Council	The contents of the Consultation Paper are complex and the consultation period is short. HA has not sought public opinions broadly. Suggests that consultation be conducted in all PRH estates.
12.16	Ms Shirley HO Suk-ping, Member of Shatin District Council	The contents of the Consultation Paper are complex and the consultation period is short.
12.17	Shek Lei Residents' Rights Concern Group	<ul style="list-style-type: none"> ● HA should have reduced the rents immediately after it had lost in the first round of the lawsuit concerning rents. ● The fiscal deficit of HA has been caused by the breach of duty by government officials. The Hunghom Peninsula incident, the short-piling case, the moratorium on the sale of HOS flats and so on all contributed to HA's shrunken income.
12.18	Lower Ngau Tau Kok (II) Estate Re-development Concern Group	<ul style="list-style-type: none"> ● From the year 2004 to 2007, HA has recorded surpluses. It is untrue that public housing needs substantial subsidies from public money. ● The provision of public housing is to cater for the grassroots' housing needs, to stabilize the community and to assist in the development of new towns. Rents should primarily be set in accordance with residents'

	Names of Organizations/Individuals	Views/Concerns
		<p>affordability and the achievement of a fiscal balance in the operation of PRH. It is the Government's responsibility to maintain the sustainability of the public housing programme in future.</p> <ul style="list-style-type: none"> ● While there are no specific policies and details of implementation proposed in the Consultation Paper, its contents are complex. It is difficult for residents to discuss and express their views. HA should issue a supplementary consultation paper to present information and data in a reader-friendly manner to facilitate residents' discussion.
12.19	Kwai Yan House Mutual-Aid Committee	<ul style="list-style-type: none"> ● The Secretary for Housing, Planning and Lands had undertaken to reduce rents before the conclusion of the case concerning rents, but he has not kept his words. ● The contents of the Consultation Paper are too complex for residents to understand. ● The provision of public housing is to cater for the housing needs of the grassroots, but the well-off tenant policy leads to splitting of families.
12.20	Kwai Kin House Mutual-Aid Committee	<p>The Secretary for Housing, Planning and Lands should fulfil his undertaking by reducing PRH rents and attending resident consultation meetings.</p>
12.21	Kwai Chung Estate Housing Problem Concern Group	<p>Once the rent adjustment mechanism is changed by removing the limit of the 10% MRIR, a rent increase will definitely follow. Therefore, any new rent policy must be formulated by means of legislation and monitored by LegCo Members.</p>

	Names of Organizations/Individuals	Views/Concerns
12.22	Hong Kong Owners Club Ltd	HA's housing policies are confusing and biased. As the provision of public housing is to cater for the housing needs of the grassroots, HA should not allow well-off tenants who own properties to continue occupying PRH units. HA should change the well-off tenant policy, recover the flats from these tenants and provide them for Waiting List applicants. Furthermore, as public housing is a kind of public resource, HA should not sell PRH units but abolish the relevant policy immediately.
12.23	Dr CHENG Kin-sang Honorary Research Fellow of the Centre of Asian Studies The University of Hong Kong	Suggests that HA should put forward a package of options and hold discussions on the establishment of a rent review mechanism and the calculation of the "base year" and base rent, to allow residents to clearly understand the various proposals and express their views.