

立法會
Legislative Council

LC Paper No. CB(1)2131/06-07
(These minutes have been seen
by the Administration)

Ref: CB1/BC/1/06

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

**Minutes of tenth meeting on
Friday, 25 May 2007, at 11:00 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP (Chairman)
Hon LEE Cheuk-yan
Hon CHAN Yuen-han, JP
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon WONG Yung-kan, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Member attending** : Hon LAU Chin-shek, JP

Members absent : Hon Albert HO Chun-yan
Hon Fred LI Wah-ming, JP
Hon Albert CHAN Wai-yip
Hon LI Kwok-ying, MH, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon CHEUNG Hok-ming, SBS, JP

Public Officers attending : Miss Mary CHOW Shuk-ching, JP
Deputy Secretary for Housing, Planning and Lands
(Housing)

Ms Cora HO
Assistant Director (Strategic Planning)
Housing Department

Mr Raymond WU
Senior Administrative Officer (Strategic Planning) 2
Housing Department

Mr Francis YIU
Senior Statistician
Housing Department

Mr Lawrence S Y PENG
Senior Assistant Law Draftsman
Department of Justice

Miss Emma WONG
Government Counsel
Department of Justice

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)6

Staff in attendance : Mr Kelvin LEE
Assistant Legal Adviser 1

Ms Debbie YAU
Senior Council Secretary (1)1

I Confirmation of minutes and matters arising

(LC Paper No. CB(1)1662/06-07 -- Minutes of the meeting held on 26 April 2007)

The minutes of the meeting held on 26 April 2007 were confirmed.

II Meeting with the Administration

(LC Paper No. CB(1)1700/06-07(01) -- List of follow-up actions arising from the discussion on 17 May 2007 prepared by the Legislative Council Secretariat

LC Paper No. CB(1)1700/06-07(02) -- The Administration's responses to Members' requests raised at the meetings on 17 April, 4 May, 10 May and 17 May 2007 with draft Committee Stage amendments proposed by the Administration

LC Paper No. CB(1)1700/06-07(03) -- Summary of views/concerns raised by the Bills Committee prepared by the Legislative Council Secretariat (as at 23 May 2007)

LC Paper No. CB(1)1700/06-07(04) -- Summary of deputations' views expressed at the meetings on 8 March and 10 May 2007 and the Administration's response)

2. The Bills Committee deliberated (Index of proceedings attached at **Appendix**).

Follow-up actions to be taken by the Administration

Provision of a rent increase cap or a rent level cap in the Bill

3. Members were gravely concerned that the Administration had not taken on board their suggestions of providing a statutory rent increase cap or a rent-to-income ratio cap under the new adjustment mechanism for public rental housing (PRH) rent (LC Paper Nos. CB(1)1508/06-07(01) and 1580/06-07(01)). In this connection, the Administration was requested to re-consider the following views/suggestions and provide written responses:

- (a) Stipulating a cap in the Bill restricting the rate of rent increase and decrease. There were suggestions for setting the cap –

- (i) at a reasonable level, say 10%, of the changes in the proposed income index; and
 - (ii) with reference to the rate of adjustments in PRH rents in the past;
- (b) Collecting data on monthly household income of the poorest 30% to 50% PRH tenants for the purpose of computing the proposed income index; and
- (c) Prescribing the details of the Rent Assistance Scheme in the Bill.

Way forward

4. Members agreed to hold the next meeting on Wednesday, 30 May 2007 at 9:30 am to 10:45 am to consider draft Committee Stage Amendments (CSAs) proposed by members. If necessary, another meeting would be held on Thursday, 31 May 2007 at 2:30 pm for the Bills Committee to continue consideration of members' CSAs.

5. Members noted that the Administration intended to resume the Second Reading debate on the Bill at the Council meeting on 13 June 2007. In this connection, the Chairman advised that the Bills Committee would report to the House Committee on 1 June 2007 while the deadline for moving CSAs was 4 June 2007.

III Any other business

6. There being no other business, the meeting ended at 1:00 pm.

Council Business Division 1
Legislative Council Secretariat
17 July 2007

**Proceedings of tenth meeting of
Bills Committee on
Housing (Amendment) Bill 2007
on Friday, 25 May 2007, at 11:00 am
in the Chamber of the Legislative Council Building**

| Time marker | Speaker | Subject(s) | Action required |
|--------------------|--|---|-----------------|
| 000000 – 000254 | Chairman | (a) Opening remarks by the Chairman (b) Confirmation of minutes of the meeting held on 26 April 2007 (LC Paper No. CB(1)1662/06-07) | |
| 000255 – 001037 | Chairman Administration | (a) Briefing by the Administration on its responses to Members' requests raised at the meetings on 17 April, 4 May, 10 May and 17 May with draft Committee Stage amendments (CSAs) (LC Paper No. CB(1)1700/06-07(02)) (b) Members' agreement to draft CSAs proposed by the Administration as set out in paragraphs 2 to 7 of LC Paper No CB(1)1700/06-07(02) | |
| 001038 – 002321 | Chairman Mr Frederick FUNG Mr LEE Wing-tat Administration Clerk | (a) Date of next meeting to consider draft CSAs proposed by members (b) Feasibility to effect reduction in public rental housing (PRH) rent with effect on 1 August 2007 if the resumption of the Second Reading debate on the Bill took place on 13 or 20 June 2007 (c) The Administration's response that PRH tenants would be given one months' notice on rent reduction. Early resumption of the Second Reading debate on the Bill would facilitate administrative work in this regard if rent reduction was to take effect on 1 August 2007 | |
| 002322 – 003142 | Chairman Mr WONG Kwok-hing Administration Assistant Legal Adviser 1 (ALA1) | (a) Mr WONG Kwok-hing's disappointment that the Administration had not taken on board members' suggestions of providing a rent increase cap or a rent-to-income ratio (RIR) cap in the Bill (b) Briefing by the Administration on its response to members' suggestions regarding rent level or rent increase cap (Appendix C to LC Paper No CB(1)1700/06-07(02)) (c) ALA1's advice that it was unlikely that the introduction of a statutory rent increase or a RIR cap would be in conflict with the spirit of the Bill given that the Bill had provided the framework for adjusting PRH rents under which | |

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| | | a de facto cap on rent increase was also provided | |
| 003143 – 003632 | Chairman Mr LEUNG Yiu-chung Administration | <p>(a) Mr LEUNG Yiu-chung's view/enquiry as follows:</p> <p>(i) Disappointment that the Administration had not taken on board members' views of introducing a rent increase or a RIR cap in the Bill; and</p> <p>(ii) Whether the Administration would consider stipulating a cap in the Bill restricting both rent increase and decrease.</p> <p>(b) The Administration's response as follows:</p> <p>(i) Under the new rent adjustment mechanism, the rate of rent adjustment shall be determined by the rate of change in the income index; and</p> <p>(ii) Hardship faced by individual PRH tenants could be addressed by Housing Authority (HA)'s Rent Assistance Scheme (RAS), and the eligibility criteria of which would be relaxed upon the implementation of the new rent adjustment mechanism.</p> | |
| 003633 – 004809 | Chairman Mr LEE Cheuk-yan Miss CHAN Yuen-han Administration | <p>(a) Mr LEE Cheuk-yan's disappointment that the Administration had not taken on board his suggestion of providing HA with the flexibility in determining the rate of rent adjustment with reference to the changes in the proposed income index so as to cater for sudden economic downturn. His suggestion that increase in PRH rents should be capped at a reasonable level, say 10%, to protect low-income tenants from excessive rent increases by HA</p> <p>(b) Miss CHAN Yuen-han's grave concern that the Administration had not taken on board the various suggestions proposed by members who represented the public of different sectors in the community, and that RAS was HA's administrative policy not subject to the scrutiny of the Legislative Council (LegCo)</p> <p>(c) The Administration's response as follows:</p> <p>(i) The Administration did not intend to take on board the suggestion of providing HA with the discretion to vary the rate of rent adjustment since under the new rent adjustment mechanism, the rate of rent adjustment shall be determined by the rate of change in income index, which should</p> | |

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| | | <p>have reflected changes in tenants' household income. Besides, the shorter two-year rent review cycle also enabled HA to react more timely to changes in socio-economic circumstances. In case of sudden and drastic changes in socio-economic conditions after rent variation, HA might consider remitting the payment of rent under section 17 of the Housing Ordinance (HO) (Cap 283); and</p> <p>(ii) PRH tenants facing temporary financial difficulties could apply for RAS, and the eligibility criteria of which would be further relaxed upon the passage of the Bill.</p> | |
| 004810 – 005116 | Chairman Mr CHAN Kam-lam | Mr CHAN Kam-lam's view that it was necessary to safeguard the interests of low-income tenants by providing a rent increase cap at an agreeable level, say 10%, in each rent review | |
| 005117 – 010100 | Chairman Mr LEE Wing-tat Administration | <p>(a) Mr LEE Wing-tat's views as follows:</p> <p>(i) Support for relaxing the eligibility criteria of RAS;</p> <p>(ii) A rent increase or a RIR cap should be set with reference to the rate of adjustments in PRH rents in the past. The rates of rent variation should be restricted to a narrow range to avoid fluctuations and to ensure a steady rent level over a longer period; and</p> <p>(iii) Consideration should be given to adopt the household income data of the poorest 30% to 50% PRH tenants for the purpose of compiling the proposed income index.</p> <p>(b) The Administration's response that the rate of rent adjustment should be determined by the rate of change in the income index which should have reflected changes in tenants' household income</p> | |
| 010101 – 010715 | Chairman Ms Emily LAU Administration | <p>(a) Ms Emily LAU's disappointment that despite members' consensus over the provision of a rent level cap or a rent increase cap, the Administration had refused to change its position</p> <p>(b) The Administration's response that the Administration had considered the views carefully and consulted HA which had noted members' concern in this regard. The</p> | |

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| | | responses were detailed in Appendix C to LC Paper No CB(1)1700/06-07(02) | |
| 010716 – 011018 | Chairman Mr LEUNG Kwok-hung | Mr LEUNG Kwok-hung's re-iteration that the provision of a rent increase cap would be important to safeguard the interest of low-income tenants, and that RAS was only an administrative measure without statutory effect which was subject to changes by HA | |
| 011019 – 011656 | Chairman Mr Frederick FUNG Administration | <p>(a) Mr Frederick FUNG's views as follows:</p> <p>(i) HA's administrative measures were subject to changes. However, any changes in legislation must be effected by legislative amendments subject to scrutiny by LegCo; and</p> <p>(ii) There was a need to provide a rent increase cap while it was unnecessary to cap rent decrease.</p> <p>(b) The Administration's response that RAS was in place to address the financial difficulties of individual PRH tenants</p> | |
| 011657 – 011916 | Chairman Mr Alan LEONG Administration | <p>(a) Mr Alan LEONG's enquiry on the possible action to be taken by the Administration, in particular in respect of the proposed rent reduction of 11.6%, in the event that the Bill were not passed by LegCo</p> <p>(b) The Administration's response that it would continue to solicit Members' support before the resumption of the Second Reading debate on the Bill. The Administration would effect rent reduction and implement the revised criteria of RAS upon the passage of the Bill</p> | |
| 011917 – 012224 | Chairman Miss CHAN Yuen-han | Miss CHAN Yuen-han's urge for the Administration to re-consider the provision of a statutory rent increase cap in the Bill in the light of members' view expressed at the meeting | |
| 012225 – 012658 | Chairman | <p>The Chairman's advice on the stance of Members of the Liberal Party as follow:</p> <p>(a) A rent adjustment mechanism which allowed both upward and downward variation in PRH rents according to the rate of increase or decrease in the income index would provide a transparent, equitable, and rational basis for adjusting PRH rents, and hence provided clarity and certainty for tenants;</p> <p>(b) While supporting the need to prescribe the framework of RAS in the Bill to safeguard the</p> | |

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| | | <p>low-income PRH tenants, HA should be given the flexibility to adjust the details of the measure so that it could make timely changes to the Scheme to address needs of tenants; and</p> <p>(c) The Administration should consider making adjustment to the Bill taking into account the many suggestions raised by members.</p> | |
| 012659 – 012924 | Chairman Mr LEUNG Kwok-hung Administration | <p>Mr LEUNG Kwok-hung's views as follows:</p> <p>(a) Given that Hong Kong was a wealthy city, it could afford providing more subsidized housing to the needy; and</p> <p>(b) The Administration should address members' concerns.</p> | |
| 012925 – 013323 | Chairman Ms Emily LAU | <p>(a) Dates of subsequent meetings</p> <p>(b) Dates relating to the resumption of Second Reading debate on the Bill</p> | |
| 013324 – 013903 | Chairman Mr LEE Wing-tat | <p>(a) Mr LEE Wing-tat's views that the harsh residence and transfer requirements of RAS had deterred eligible PRH tenants from applying the Scheme, and his suggestion for the Administration to review the details</p> <p>(b) The Chairman's advice that the matter should be followed up by the Panel on Housing</p> | |