

# A BILL

## To

Amend the Housing Ordinance to replace section 16(1A), (1B), (1C), (1D) and (1E) of the Ordinance with—

- (a) provisions relating to review of the rent of certain residential units;
- (b) provisions requiring the Housing Authority to vary the rent of those units with reference to the change in an index reflecting the level of household income of certain tenants of residential units;
- (c) provisions specifying when the Housing Authority shall not, or is not required to, make such a variation; and
- (d) provisions empowering the Housing Authority to round down the amount of the rent in such a variation and to make determinations in relation to the compilation of such an index.

Enacted by the Legislative Council.

### **1. Short title**

This Ordinance may be cited as the Housing (Amendment) Ordinance 2007.

### **2. Commencement**

This Ordinance shall come into operation on a day to be appointed by the Secretary for Housing, Planning and Lands by notice published in the Gazette.

### **3. Leases of land in estates**

Section 16(1A), (1B), (1C), (1D) and (1E) of the Housing Ordinance (Cap. 283) is repealed.

#### 4. Section added

The following is added—

##### “16A. Variation of rent for residential estates

(1) The Authority shall review the relevant rent as soon as practicable after the second anniversary of the commencement date, and as soon as practicable after the second anniversary of the date of the last review under this subsection, but not otherwise.

(2) Despite section 16, the Authority shall not vary the relevant rent unless the variation is carried out under subsection (4).

(3) This section—

(a) does not apply to—

(i) an adjustment in the rent of a residential tenant where the total household income or total value of the household assets, as determined by the Authority, is greater than a threshold established by the Authority for the purposes of an increase in the rent; and

(ii) a re-adjustment in the rent of that tenant where the total household income or total value of the household assets, as determined by the Authority, is less than that threshold; and

(b) does not apply to—

(i) an adjustment in the rent of a residential tenant where the total household income or total value of the household assets, as determined by the Authority, is less than a threshold established by the Authority for the purposes of a reduction in the rent; and

(ii) a re-adjustment in the rent of that tenant where the total household income or total value of the household assets, as determined by the Authority, is greater than that threshold.

(4) Subject to subsections (5) and (6), the Authority—

(a) if satisfied on a review of the relevant rent that the income index for the second period is higher than the income index for the first period, shall as soon as practicable after the review increase the relevant rent by the rate of the increase of the income index; and

(b) if satisfied on a review of the relevant rent that the income index for the second period is lower than the income index for the first period, shall as soon as practicable after the review reduce the relevant rent by the rate of the reduction of the income index.

- (5) The Authority shall not vary the relevant rent—
- (a) within 2 years after the commencement date; or
  - (b) where the relevant rent is varied under subsection (4), within 2 years after the date of the last variation.
- (6) The Authority is not required to vary the relevant rent if, in the Authority's opinion, the amount of the variation required under subsection (4) is insignificant.
- (7) In varying the relevant rent, the Authority may round down the amount of the relevant rent to the nearest dollar.
- (8) For the purpose of a review of the relevant rent, the Authority—
- (a) may determine that—
    - (i) an index is to be compiled to reflect the level of the mean monthly household income of any class of residential tenant over the first period; and
    - (ii) an index is to be compiled to reflect the level of the adjusted mean monthly household income of that class of residential tenant over the second period;
  - (b) may determine whether such an index is to be compiled by the Authority itself or by a tertiary institution in Hong Kong, or public body, appointed by the Authority for the purpose; and
  - (c) may determine how such an index is to be compiled by the Authority or the appointed institution or body.
- (9) In this section—
- “adjusted mean monthly household income” (經調整後的家庭每月平均收入), in relation to any class of residential tenant identified for the purpose of a review of the relevant rent, means the mean monthly household income of that class of residential tenant assessed on the basis of the distribution of the household size of that class of residential tenant over the first period for that review;
- “commencement date” (生效日期) means the date on which the Housing (Amendment) Ordinance 2007 ( of 2007) comes into operation;
- “first period” (第一期間)—
- (a) in relation to the first review of the relevant rent after the commencement date, means a period of 12 months expiring on the day immediately before the commencement date;
  - (b) in relation to a subsequent review of the relevant rent, means—
    - (i) the second period for the last review of the relevant rent in consequence of which the relevant rent was varied; or

- (ii) in the absence of a review in consequence of which the relevant rent was varied, the first period for the first review of the relevant rent after the commencement date;

“income index” (收入指數) means the index referred to in subsection (8)(a) and compiled in the manner determined under subsection (8)(c);

“land” (土地) does not include land in respect of which the Authority has granted to a person a licence, or a permit, to occupy;

“relevant rent” (有關租金) means the rent subject to the payment of which any land in an estate is let for residential purposes under section 16(1) but does not include the rent of a residential tenant who is required to pay a higher rent after an adjustment under subsection (3)(a)(i) or is permitted to pay a lower rent after an adjustment under subsection (3)(b)(i);

“residential tenant” (住宅租戶) means a tenant of the land in an estate let for residential purposes under section 16(1);

“second period” (第二期間)—

- (a) in relation to the first review of the relevant rent after the commencement date, means a period of 12 months expiring on the second anniversary of the expiry date of the first period for the review; or
- (b) in relation to a subsequent review of the relevant rent, means a period of 12 months expiring on the second anniversary of the expiry date of the second period for the last review.”.

### **Explanatory Memorandum**

The object of this Bill is to amend the Housing Ordinance (Cap. 283) (“the principal Ordinance”). The main purpose is to replace section 16(1A), (1B), (1C), (1D) and (1E) of the principal Ordinance with provisions requiring the Housing Authority (“the Authority”) to vary the rent of certain residential units with reference to the change in an index reflecting the level of household income of certain tenants of residential units.

2. Clause 3 repeals section 16(1A), (1B), (1C), (1D) and (1E) of the principal Ordinance.

3. Clause 4 adds a new section 16A to the principal Ordinance. The new section 16A—

- (a) relates to review of the rent of certain residential units;

- (b) requires the Authority to vary the rent of those units with reference to the change in an index reflecting the level of household income of certain tenants of residential units;
- (c) specifies when the Authority shall not, or is not required to, make such a variation; and
- (d) empowers the Authority to round down the amount of the rent in such a variation and to make determinations in relation to the compilation of such an index.