

For information

Public Rental Housing Rent Adjustment Mechanism

Purpose

This paper briefs Members on the public rental housing (PRH) rent adjustment mechanism of the Hong Kong Housing Authority (HA).

The mechanism

2. The existing mechanism to provide for upward or downward adjustment of PRH rent according to the changes in the household income of PRH tenants is stipulated in the Housing Ordinance (Cap. 283). The Bill introducing the mechanism was passed by the Legislative Council in June 2007 and came into operation on 1 January 2008.

3. Under the existing PRH rent adjustment mechanism, the HA shall conduct a rent review every two years and vary the PRH rent according to the change in the income index between the first and second periods covered by the review. As stipulated in section 16A(4) of the Housing Ordinance, if the income index for the second period is higher than that for the first period by more than 0.1%, the HA shall increase the PRH rent by the rate of increase of the income index or 10%, whichever is less. If the income index for the second period is lower than that for the first period by more than 0.1%, the HA shall reduce the PRH rent by the rate of reduction of the income index. Rent adjustments are made with reference to the change in the income index between the first and second periods of the rent review cycle.

4. To compile the income index, a sample of 2 000 PRH households is randomly selected by HA every month and each sampled household receives a notification letter together with an income declaration form. The income declaration forms are served under the Housing Ordinance and declaration is mandatory. Section 16A(7)(b) of the Housing Ordinance specifies that the Commissioner for Census and Statistics shall compute the index. This includes the computation of the change in the income index between the first and second periods.

5. Under the established PRH rent adjustment mechanism, PRH tenants' affordability is the objective basis for determining PRH rent, which is adjusted in accordance with extent of changes in PRH tenants' overall household income. The adjustment can be upwards or downwards.

The next rent review

6. The next rent review will be conducted this year. Census and Statistics Department is now in the process of compiling the relevant data. We will keep Members informed of development once we are in a position to do so.

Housing Department
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