



# THE HONG KONG INSTITUTE OF SURVEYORS

9 June 2006

The Committees' Section  
Housing Department  
10/F, Block 2  
Hong Kong Housing Authority Headquarters  
33 Fat Kwong Street  
Kowloon

By Fax & Post

Dear Sirs,

## Comments on Review of Domestic Rent Policy

In response to the public consultation on review of domestic rent policy, we would like to provide our comments as follows:-

- (a) Noting that HA seldom terminates a tenancy and that mechanism has been in place for HA to control who has right to reside in a residential unit, a periodic tenancy seems to be more suitable to HA. We share with report that switching to fixed term tenancy will increase the administrative costs of HA. [Consultation Point G]
- (b) It is observed in the private market residential tenancies are generally renewed every two years. The Housing Ordinance S16(1A)(a) has restricted HA's ability to review the rent not shorter than 3 years. There seems little ground to have a rent review other than the triennial review. On the assumption that there is no legal restriction on the frequency of review and if resources permit, rent should be reviewed biennially. [Consultation Point H]
- (c) The purpose of having interim rent fixing exercises is to determine the rental level for the newly constructed estate(s). The exercise should be conducted only when it is anticipated that a new estate is to be completed. This will reduce the amount of resources spent on the rent fixing exercise. [Consultation Point H]

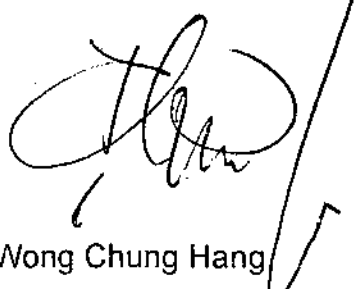




- (d) We support free market economy whilst at the same time, we are mindful of the special circumstances associated with public rental housing. We suggest that on review, the rent should reflect the change in rental market condition, where possible. On this principle and noting that there is a need to review a large number of units at the same time, we consider that it is useful to consider adopting indexation methodology to assist in such exercises, say for example to make use of relevant Rating and Valuation Department rental index or if HA may wish to set up its own relevant rental index. We appreciate that if HA has to create its own index, this will involve additional resources which HA has to consider it carefully. [Consultation Point D]
- (e) For newly completed estates we consider that the rent of each unit or bands or such units should be fixed according to their individual characteristics. Whilst recognizing that this will have significant impact on rental, tenants and prospective tenants can possibly have more choices. We also consider that the same principle should be applied to the existing estates. However this will also give rise to the need to spend additional resources to have rentals of all estates to be re-adjusted on a proposed implementation date. Before this idea is taken on board, HA is suggested to consider its cost effectiveness. [Consultation Point E except the last item which relates to whether flats with high rental should be allocated to CSSA recipients]
- (f) The suggestions to cap the upper and lower adjustment factor to 15% and 30% will only be supported if the market evidence shows that that are the cases. [Also related to Consultation Point E but not asked for]

Thank you for your kind attention.

Yours faithfully,



Wong Chung Hang  
President