

Legislative Council Panel on Housing

Rent Concessions for the Housing Authority's Commercial Tenants

Purpose

This paper informs Members of the Housing Authority's recent initiatives to provide further rent concessions for its commercial tenants.

Rent Re-assessments

2. To provide rent relief to commercial tenants facing difficult economic circumstances, the Housing Authority conducted a rent re-assessment exercises for HA's commercial properties in November 2001. The rents of more than 13 000 commercial tenants were reduced. The overall average rent reduction is 19%, with the maximum reduction percentage reaching as high as 76%. Reduction figures have reflected the different operational circumstances of individual tenants, taking into account the nature of their trades, locational characteristics of the premises and the different commencement dates of various tenancy agreements, etc. The majority of our commercial tenants were satisfied with the results of the rent re-assessment, and only about 300 (or 2.3%) out of 13 000 tenants made applications for a further review. Around 20% of them have received further reduction.

Additional Rent Concessions

3. To assist commercial tenants to tide over the prolonged economic difficulties, the Housing Authority has recently introduced two new concessions :-

Reduction in Rent Deposits

4. This concession involves the reduction of rent deposits for all commercial premises from the previous generally three months' rent equivalent to two months for both new and existing tenants. The new rent deposits can either be in the form of cash, bank guarantee or a combination of both. A refund of the difference in the cash deposits for existing tenants by way of a credit against rent due have been arranged starting from 1 October 2002. The refund to the tenants can improve their cash flow position.

Rent Free Period for New Tenants

5. As from 1 November 2002, a three-tier rent-free period ranging from one to three months calculated according to the size of shop premises leased will be implemented to assist commercial tenants during the business commencement stage. For short-term lettings, a seven-day rent-free period will also be granted.

Housing Department
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