

Legislative Council Panel on Housing

Rent Payment for Public Housing Tenants

Purpose

This paper sets out the Government's proposal to pay two months' rent for tenants living in the rental units of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS).

Background

2. In his Budget Speech for the 2010-11 financial year delivered on 24 February 2010, the Financial Secretary (FS) proposed a series of one-off relief measures, including paying two months' rent for households living in the rental units of the HA and the HS. While Hong Kong is now in the early stage of recovery, the impact of the financial tsunami on many people is not yet over and the foundations of the recovery are not yet firm. This package of relief measures were therefore proposed to alleviate the burden of those who have not yet benefited from the economic recovery and to help consolidate our recovery.

Proposal

3. The FS has proposed the Government to pay two months' rent in full for tenants/licencees¹ of HA paying normal rent, tenants of HS Group A estates and tenants of Elderly Persons' Flats in HS Group B estates. Under the proposal, HA tenants/licencees paying additional rent² and non-Elderly Persons' Flats tenants of HS Group B estates³ will also be covered. To ensure the rational

¹ Licencees include mainly those households living in HA interim housing. HA interim housing is transit accommodation offered to people who are deprived of their living accommodation as a result of natural disasters, Government clearance operations or enforcement actions, and are not immediately eligible for public rental housing. Households paying market rent under the Policy of Safeguarding Rational Allocation of Public Housing Resources are also regarded as licencees of HA.

² Under the Housing Subsidy Policy and the Policy of Safeguarding Rational Allocation of Public Housing Resources, the concerned households are required to pay at least 1.5 times net rent plus rates if their household income exceeds two times or more the relevant Waiting List Income Limits at the time of income declaration.

³ These estates target families of relatively higher income as compared to HS Group A estates.

allocation of public housing resources, for HA tenants/licencees paying additional rent, the Government will pay on their behalf the portion of their net rent⁴ for two months. Similarly, for non-Elderly Persons' Flats tenants of HS Group B estates, the Government will pay on their behalf two-thirds of their net rent for two months.

4. We estimate that more than 710 000 households, which include about 680 000 HA tenants/licencees and about 32 000 tenants of HS Group A and Group B estates, will benefit from the proposal.

Financial implication

5. The estimated financial implication for implementing the rent payment proposal is \$1,804 million. About \$1,714 million and \$90 million will be paid to the HA and the HS respectively.

Implementation

6. As the proposal is administrative in nature, no legislative amendment is required. We plan to seek the necessary funding approval from the Finance Committee (FC) of the Legislative Council on 14 May 2010. Subject to the FC's approval, and taking into account the time needed for preparatory work, including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks, etc., it is expected that HA tenants/licencees and HS tenants will not be required to pay all or part of the rent/licence fees for the months of July and August 2010.

**Transport and Housing Bureau
April 2010**

⁴ "Net rent" refers to rent exclusive of rates.