

## **Legislative Council Panel on Housing**

### **Rent Payment for Public Housing Tenants**

#### **Purpose**

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

#### **Proposal**

2. The Financial Secretary (FS) proposed in his 2014-15 Budget a number of one-off measures, including paying one month's rent for tenants living in the public rental units operated by the HA and the HKHS.

3. Specifically, FS proposed that the Government pay one month's rent in full for tenants/licencees<sup>1</sup> of the HA paying normal rent, tenants of the HKHS Group A estates and tenants of Elderly Persons' Flats in the HKHS Group B estates. Under the proposal, the HA tenants/licencees paying additional rent<sup>2</sup> and non-Elderly Persons' Flats tenants of the HKHS Group B estates<sup>3</sup> will also be covered. To ensure the rational allocation of public housing resources, for those HA tenants/licencees paying additional rent, the Government will pay on

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<sup>1</sup> Licencees include mainly those households living in the HA's interim housing. The HA's 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 who are not immediately eligible for public rental housing (PRH). Households paying market rent under the Policy of Safeguarding Rational Allocation of Public Housing Resources are also regarded as licencees of the HA.

<sup>2</sup> Under the HA's "Well-off Tenants Policies", households living in PRH for ten years are required to declare their household income and thereafter biennially. Those with a household income exceeding the prescribed income limits are required to pay 1.5 times or double net rent plus rates as appropriate. PRH households with total household income and net asset value both exceeding the prescribed income and asset limits are required to vacate their PRH flats. If tenants have difficulties in moving out the flat by the specified date, they may apply for a licence from the HA to temporarily stay in their PRH flats for a period of not more than 12 months, during which they need to pay a licence fee equivalent to the double net rent plus rates or market rent (whichever is the higher). Net rent refers to the amount of normal rent exclusive of rates. In terms of a PRH flat, additional rent refers to the portion of rent a "well-off tenant" has to pay in excess of what is required from a normal rent paying household.

<sup>3</sup> As compared to the Group A estates, Group B estates target at families of relatively higher income.

their behalf their net rent for one month. Similarly, for non-Elderly Persons' Flats tenants of the HKHS Group B estates, the Government will pay on their behalf two-thirds of their net rent for one month.

4. We estimate that about 760 000 households, which include about 730 000 HA tenants/licencees and about 31 000 tenants of the HKHS 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 around \$1,063 million. About \$1,012 million and \$51 million will be paid to the HA and the HKHS respectively.

### **Implementation**

6. As the proposal is administrative in nature, no legislative amendment is required. After consulting the Legislative Council (LegCo) Panel on Housing, we will seek the necessary funding approval from the Finance Committee (FC) of the LegCo upon the passage of the 2014 Appropriation Bill. Subject to FC's approval, according to past experience 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 will take about one and a half months for the HA and the HKHS to implement the initiative.

**Transport and Housing Bureau**  
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