

Legco Panel on Housing Meeting on 4 May 2015

Hong Kong Housing Society – Rent Adjustment of Rental Estates

1. Role and Positioning of the Housing Society

- 1.1 The Hong Kong Housing Society (HKHS) was established in 1948 and incorporated as a body corporate in 1951 under the Hong Kong Housing Society Incorporation Ordinance. It is an independent and not-for-profit organisation governed by Members, aiming to serve the needs of the Hong Kong community in housing and related services.
- 1.2 In providing complementary housing services through strategic partnership with Government and the Urban Renewal Authority, HKHS aims to meet the needs of niche markets and support Government in fulfilling its housing objectives.
- 1.3 HKHS finances its housing projects and services with its own resources independently. We adopt prudent financial principles in operating our business so as to ensure long-term sustainability.

2. Corporate Governance

- 2.1 HKHS operates under a two-tier board governance structure comprising a Supervisory Board and an Executive Committee. The Supervisory Board determines the long-term mission and guiding principles of HKHS. The Executive Committee sets the strategies and policies to achieve the mission and objectives; and the Management accounts for the implementation of the strategies in the business operations.
- 2.2 The Supervisory Board includes four ex-officio members from Government, namely, the Permanent Secretary for Transport and Housing (Housing), Director of Planning, Director of Lands and Director of Buildings. The Permanent Secretary for Transport and Housing (Housing) also serves as an ex-officio member in the Executive Committee. Such arrangement enhances the communication between HKHS and Government to the benefit of HKHS in delivering its diversified services in housing.

3. Business Focuses

- 3.1 Since its inception, HKHS has implemented nine different housing schemes with a total of about 64,000 subsidized flats for lease or sale to the lower-income groups. The eligibility and the rental/price level of these schemes are similar to those developed and managed by the Hong Kong Housing Authority.

3.2 As the scale of HKHS is small, and we operate in a flexible and financially-independent mode, we manage to launch and pilot different housing initiatives. In addition to subsidized rental and sale housing projects (such as Flat-for-Sale Scheme and Sandwich Class Housing Scheme), HKHS also serves the community through other schemes in collaboration with Government which includes:

- Urban Improvement Scheme – to improve the quality of living, environment and amenities in the dilapidated areas;
- Rural Public Housing – to resettle the residents affected by Government’s development projects in the New Territories;
- Senior Citizen Residences Scheme - to enable the elderly of the middle-income group to enjoy ‘aging-in-place’;
- Loan Schemes - to assist people to purchase their own homes; and
- Building Maintenance Schemes - to assist owners of old buildings to properly manage and maintain their properties.

3.3 A summary of the aforesaid schemes, including the objectives, targeted customers and implementation periods, is shown in **Appendix 1**.

4. Operation of Rental Estates

4.1 As indicated in **Appendix 2**, there are a total of 32,481 units in 20 rental estates under HKHS, housing around 87,000 residents.

4.2 Rental units fall into two groups, A and B. Group A caters for the lower-income families while Group B targets families of relatively higher income. Apart from the regular rental units, HKHS also provides some 900 Elderly Persons Flats in nine of its estates for the senior citizens at concessionary rents. Currently, the existing rental level of the estates is only about 30% of the market rates and that of the Group B estates is around 55%.

4.3 In recent years, the operating and repair costs of the rental estates keep increasing and the consumer price index is on the rise. The salary index has also gone up due to the minimum wage policy. Moreover, the ageing rental estates have necessitated mounting costs for maintenance and repairs. To improve the quality of living of the residents, substantial resources are required for extensive rehabilitation and improvement works on the estates. As eight of these rental estates are over 40 years old, it is also necessary to plan and prepare for redevelopment in the long run.

- 4.4 Currently, the rental income from the estates, net of day-to-day operating expenses, just suffices to cover the maintenance and repair costs. The redevelopment of the estates in future requires an enormous budget. We must therefore be prudent in our financial management to ensure HKHS can sustain its development to continue serving the people of Hong Kong.

5. Rent Adjustment

- 5.1 Domestic rents will be reviewed every two years. Rent adjustment is mainly based on the operating costs which includes the following factors:
- rental income must be sufficient to cover the recurrent management expenses, tenancy administration costs, Rates (if inclusive in rent) and Government Rents;
 - provision for major improvement works, repair and maintenance; and
 - contribution to development sinking fund to cater for future redevelopment
- 5.2 Besides, market condition such as inflation rate, salary index and affordability of the tenants will also be taken into consideration.
- 5.3 For those tenants encountering financial difficulties, there are various assistance schemes in place provided by Government and other organizations. Our registered social workers based at the rental estates will follow up on individual cases to help them seek the assistance needed.

Encl. Appendix 1 -- Summary of HKHS Housing Schemes
Appendix 2 -- List of HKHS Rental Housing Estates

Hong Kong Housing Society
24 April 2015

Summary of HKHS's Housing and Related Schemes (as at March 2015)

I. Housing Scheme

Launch Period		Type of Housing Scheme	No. of Estates/Projects (Flats)
From	To		
1952	Present	Rental Housing Scheme (出租房屋計劃) <i>Provide flats for leasing at subsidized rent to low income households</i>	17 estates (31,283 flats)
1984	1997	Rural Public Housing Scheme (郊區公共房屋計劃) <i>Provide flats for leasing at subsidized rent to clearers affected by Government's resumption and clearance in NT</i>	3 estates (1,198 flats)
1976	1999	Urban Improvement Scheme (市區改善計劃) <i>Regenerate urban dilapidated areas for providing flats for sale at full market price to general public</i>	30 projects (5,620 flats)
1988	2002	Flat-For-Sale Scheme (住宅發售計劃) <i>Provide flats for sale at discounted price to lower-middle income households (same as Housing Authority's HOS)</i>	10 projects (10,360 flats)
1995	1999	Sandwich Class Housing Scheme (夾心階層住屋計劃) <i>Provide flats for sale at discounted price to sandwich class households</i>	13 projects (12,066 flats) (N2)
2003	2004	Senior Citizen Residences Scheme (「長者安居樂」住屋計劃) <i>Provide flats under long lease to middle income elderly age 60 or above</i>	2 projects (576 flats) (N3)
2002	Present (N1)	Urban Renewal Projects in Partnership with URA (與市建局合作「市區重建計劃」) <i>Regenerate urban dilapidated areas for providing flats for sale at full market price to general public</i>	6 projects (1,531 flats)
2012	Present (N1)	Subsidised Sale Flats Project (資助出售房屋項目) <i>Provide flats for sale at discounted price to lower-middle income households (same as Housing Authority's HOS)</i>	2 projects (2,008 flats)
TOTAL:			64,642 flats (N4)

(N1) Scheme with some projects still under construction.

(N2) Including 3 projects of 3,146 flats sold at full market price to general public in support of Government's then prevailing housing policy between 2000 and 2003

(N3) Excluding 588 flats at Tanner Hill for the affordable elderly which are under construction

(N4) Including in total 54,345 subsidised lease/sale flats and 10,297 flats sold at market price

Summary of HKHS's Housing and Related Schemes (as at March 2015)

II. Loan Scheme To Assist Home Ownership

Launch Period		Type of Loan Scheme	No. of Loans Granted
From	To		
1993	1997	Sandwich Class Housing Loan Scheme (夾心階層住屋貸款計劃) <i>Provide loan for assisting middle income households to purchase their own homes</i>	39,138 loans
1998	2002	Home Starter Loan Scheme (首次置業貸款計劃) <i>Provide loan to assisting households to purchase their own homes</i>	

III. Building Management and Maintenance Scheme

Launch Period		Type of Scheme	No. of Loans/ Grants/ Flats Assisted etc.
From	To		
2005	Present	Building Management and Maintenance Scheme (樓宇管理維修綜合計劃) <i>Provide assistance to building management and maintenance for alleviating the problem of urban decay</i>	<ul style="list-style-type: none"> - 1,705 Owners' Corporations formed - 10,452 buildings assisted - 439,518 flats assisted - 4,064 loans - 29,596 grants
2008	Present	Building Maintenance Grant Scheme For Elderly Owners (長者維修自住物業津貼計劃) <i>Provide financial assistance to self-occupied elderly owners to repair their homes and improve building safety</i>	
2009	Present	Operation Building Bright (樓宇更新大行動) <i>Provide financial assistance to encourage owners of old buildings to speed up maintenance arrangements</i>	
2011	Present	Integrated Building Maintenance Assistance Scheme (樓宇維修綜合支援計劃) <i>Provide financial assistance towards maintenance of dilapidated buildings</i>	
2012	Present	Voluntary Building Assessment Scheme (自願樓宇評審計劃) <i>Encourage owners to properly manage and maintain their buildings through positive recognition</i>	
2012	Present	Mandatory Building Inspection Subsidy Scheme (強制驗樓資助計劃) <i>Provide financial assistance to owners to comply with the statutory building inspection requirements</i>	

香港房屋協會出租屋邨名單
HKHS Rental Estates Portfolio

甲類出租屋邨 Group A Rental Estates	地區 Location	單位數目 Number of Flats
1. 明華大廈 Ming Wah Dai Ha	筲箕灣 Shau Kei Wan	2,516
2. *健康村第三期 Healthy Village Ph. III	北角 North Point	763
3. 勵德邨 Lai Tak Tsuen	大坑 Tai Hang	2,675
4. 觀龍樓 Kwun Lung Lau	堅尼地城 Kennedy Town	2,337
5. 漁光村 Yue Kwong Chuen	香港仔 Aberdeen	1,144
6. 家維邨 Ka Wai Chuen	紅磡 Hung Hom	1,676
7. 樂民新村 Lok Man Sun Chuen	土瓜灣 To Kwa Wan	3,674
8. 真善美村 Chun Seen Mei Chuen	馬頭圍 Ma Tau Wai	1,027
9. 觀塘花園大廈 Kwun Tong Garden Estate	牛頭角 Ngau Tau Kok	4,921
10. 滿樂大廈 Moon Lok Dai Ha	荃灣 Tsuen Wan	947
11. 祈德尊新邨 Clague Garden Estate	荃灣 Tsuen Wan	553
12. 祖堯邨 Cho Yiu Chuen	葵涌 Kwai Chung	2,532
13. 偉景花園 Broadview Garden	青衣 Tsing Yi	448
14. 乙明邨 Jat Min Chuen	沙田 Sha Tin	3,738
15. 茵怡花園 Verbena Heights	將軍澳 Tseung Kwan O	971
16. 對面海邨 Tui Min Hoi Chuen	西貢 Sai Kung	302
17. 翠塘花園 Lakeside Garden	西貢 Sai Kung	234
18. 沙頭角邨 Sha Tau Kok Chuen	沙頭角 Sha Tau Kok	662
小計 Sub-total		31,120
乙類出租屋邨 Group B Rental Estates	地區 Location	單位數目 Number of Flats
19. *健康村第一期 Healthy Village Ph. I	北角 North Point	426
20. 駿發花園 Prosperous Garden	油麻地 Yau Ma Tei	667
21. 寶石大廈 Bo Shek Mansion	荃灣 Tsuen Wan	268
小計 Sub-total		1,361
總數 Total		32,481

備註 Remark: *健康村(包括甲及乙類出租屋邨) Healthy Village(incl. Group A & B Rental Estates)