

LegCo Panel on Housing Meeting on 6 November 2017

Hong Kong Housing Society – Rent Adjustment of Rental Estates and Assistance Rendered to Tenants with Financial Difficulty

1. Background information

- 1.1 As indicated in **Appendix 1**, there are a total of 32,628 units in 20 rental estates under Hong Kong Housing Society (HKHS), housing around 85,000 residents.
- 1.2 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. For most of the estates, the concessionary rent is around 40%-70% of the regular rental unit of the same estate.
- 1.3 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, to improve the quality of living of the residents, substantial resources are required for repair and maintenance as well as improvement works on the ageing rental estates. As nine of these rental estates are over 40 years old, it is also necessary to plan and prepare for redevelopment in the long run.
- 1.4 Currently, the rental income from the estates just suffices to cover the day-to-day operating expenses and cost of facilities upgrading. 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.

2. Rent Adjustment

- 2.1 Domestic rents will be reviewed every two years. Rent adjustment is mainly based on the operating costs which include the following specific factors:
 - rental income must be sufficient to cover the recurrent management expenses, tenancy administration costs, Rates (if inclusive in rent) and Government Rents; and
 - provision for major improvement works, repair and maintenance
- 2.2 Besides, we also take into account other economic statistics (such as the inflation rate and salary index), affordability of tenants, etc.

- 2.3 The existing mechanism has been adopted for years and we consider it effective. With reference to the household income changes and the market rents, rent increases of HKHS in the past years were relatively mild.

Year	Rent Increase by HKHS
2010	3%
2012	6%
2014	8%
2016	8%

3. **Assistance rendered to tenants with financial difficulty**

- 3.1 According to our record, some 9% of the tenants are Comprehensive Social Security Assistance Scheme (CSSA) recipients. As for the elderly households, about 20% of them are CSSA recipients. The rental allowance payable under CSSA already caters for the need of rental payment for these tenants. In case a tenant has long term financial difficulties in paying rent, he/she can ask to be transferred to other estates with lower rent. For senior tenants, there is one more alternative for transfer to our Elderly Persons Flats which are charged at concessionary rent.
- 3.2 To help tenants in need to seek appropriate assistance, we have arranged for registered social workers (i.e. Service Coordinators) to station in the rental estates to follow up individual cases. We also review from time to time the channel and approach in providing appropriate assistance to tenants with financial difficulties. In the past 3 years, we have dealt with around 150 cases where tenants have difficulty in rent payment, expenses for decoration, purchase of furniture/electrical appliances and financial hardship. With proper referrals by our Service Coordinators, tenants of many cases were able to obtain assistance in cash (one-off or regular) or in kind from Government or other organizations such as The Community Chest of Hong Kong, Caritas Hong Kong, St. James' Settlement, The Salvation Army and Yan Chai Hospital. In fact, there are various resources available in the community that can render appropriate relief measures to families facing short-term financial difficulties as a result of unexpected incidents.

4. **Meeting with 觀龍樓居民租金關注組**

- 4.1 We have maintained communication with 觀龍樓居民租金關注組 (concern group) and recently met 13 representatives from the concern group on 27 June 2017. On the one hand, we took the opportunity to explain our rent adjustment mechanism for rental estates whilst on the other, to receive their valuable

opinions on the subject. During the meeting, the representatives expressed their concern on rent increase, hoping that the increase for the coming year be fixed below inflation rate. Moreover, with a view to help the tenants in financial difficulty, the concern group requested HKHS to implement rent assistance scheme as soon as possible.

- 4.2 The residents' concerns are well noted but in the meantime, we are yet to decide the rent increase rate and therefore unable to commit an increase below inflation in the coming rent review exercise. We will definitely present residents' views and opinions on rent increase and put forward for discussion on the approach in providing appropriate assistance to tenants with financial hardship in the HKHS Executive Committee meeting.

Encl. Appendix 1 – List of HKHS Rental Housing Estates

Hong Kong Housing Society
30 October 2017

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	2,533
13. 偉景花園 Broadview Garden	青衣 Tsing Yi	448
14. 乙明邨 Jat Min Chuen	沙田 Sha Tin	3,747
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	802
小計 Sub-total		31,270
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	665
21. 寶石大廈 Bo Shek Mansion	荃灣 Tsuen Wan	267
小計 Sub-total		1,358
總數 Total		32,628

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