

**For discussion
on 4 November 2019**

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 lower income 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 announced a package of helping measures to relieve people's burden on 15 August 2019, which included, among other things, paying one month's rent for lower income tenants living in the public rental units of HA and HKHS.

3. Under the proposal, the Government will pay one month's rent for tenants of HA, tenants of HKHS Group A estates, and tenants of Elderly Persons' Flats of HKHS Group B estates paying normal rent^{1,2}. This measure will not be applicable to tenants of HA and HKHS who are required to pay additional rent^{3,4} and tenants of non-Elderly Persons' Flats of HKHS Group B estates⁵.

¹ Including tenants receiving rent reduction under Rent Assistance Scheme of HA and HKHS.

² HA's tenants also include HA's licencees, who are mainly those living in HA's interim housing. HA's interim housing is allocated to people who are deprived of their living accommodation as a result of natural disasters, Government clearance operations or enforcement actions, but who are not immediately eligible for public rental housing (PRH) allocation.

³ HA's Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources are commonly referred to as the "Well-off Tenants Policies". Under HA's "Well-off Tenants Policies", households who have lived in PRH for ten years are required to declare their household income and assets (including whether they have ownership of any domestic property in Hong Kong), and thereafter biennially. Those with household income exceeding the prescribed income limits have to pay 1.5 times or double net rent plus rates. Starting from the declaration cycle in October 2017, households with domestic property ownership in Hong Kong, or with household income or net asset value exceeding the prescribed income or net asset limits are required to vacate their PRH flats. If tenants have difficulties to move out by the specified date, HA may issue a licence to allow them to temporarily stay in their flats for a period of not more than 12 months, during which they need to pay a licence fee equivalent to double net rent plus rates or market rent (whichever is higher). Net rent refers to normal rent exclusive of rates.

The proposed arrangement is in line with the practice of the Government's rent payment for tenants of the public rental units in 2015-16.

4. We estimate that the above proposal will benefit about 780 000 tenants, which include about 750 000 HA's tenants and about 30 000 HKHS' tenants.

Financial implications

5. The estimated expenditure for implementing the above rent payment proposal is around \$1,433 million, with about \$1,376 million and about \$57 million to be paid to HA and 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 funding approval from the Finance Committee (FC) of the LegCo. 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., HA and HKHS will take about one month to one and a half months after the approval to implement the measure.

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⁴ HKHS has implemented the "Well-off Tenants Policy" since 1 September 2018. The policy is only applicable to the new tenants of HKHS rental estates, and in cases of transferring tenancy to a family member other than the spouse. These households are required to declare their income and assets after residing in the estate for ten years and on a biennial basis afterward. Those who do not have domestic property ownership in Hong Kong but with household income exceeding the prescribed income limits are required to pay 1.5 times or double rent. Households with domestic property ownership in Hong Kong, or with household income or net asset value exceeding the prescribed income or net asset limits, are required to vacate their flats. As at end-September 2019, no tenant was required to pay additional rent to HKHS.

⁵ As compared to HKHS Group A estates, HKHS Group B estates cater for tenants of relatively higher income.