

HA approves outcome of 2020 rent review for public rental housing and two-month rent waiver

The following is issued on behalf of the Hong Kong Housing Authority:

The Subsidised Housing Committee (SHC) of the Hong Kong Housing Authority (HA) today (July 28) endorsed the outcome of the 2020 rent review of public rental housing (PRH) in accordance with Section 16A of the Housing Ordinance (HO) and provided a two-month rent waiver for PRH tenants in accordance with Section 17 of the HO.

"Section 16A of the HO provides that the HA shall conduct a rent review every two years in accordance with the mechanism stipulated therein and vary the PRH rent according to the change in the income index between the first and second periods covered by the review. Furthermore, according to Section 17 of the HO, the HA may remit rent of tenants for such a period as it thinks fit. The report compiled by the Commissioner for Census and Statistics (C for C&S) for the 2020 PRH rent review showed that the income index of the second period of the review (i.e. 2019) was higher than that of the first period (i.e. 2017) by 9.66 per cent. Therefore, PRH rent will be adjusted upwards by 9.66 per cent with effect from September 1, 2020. At the same time, the SHC also decided to provide a two-month rent waiver to PRH tenants by virtue of Section 17 of the HO," a spokesman for the HA said.

"In view of the impact of the pandemic on the overall socio-economic environment and PRH tenants, and balancing PRH tenants' affordability and the healthy and sustainable development of the HA's finance, the SHC decided to provide a two-month rent waiver for PRH tenants. This can largely offset the financial burden of PRH tenants arising from the upward rent adjustment of 9.66 per cent in the current rent review cycle (i.e. from September 1, 2020 to August 31, 2022). The two-month rent waiver involves roughly \$3.5 billion," the spokesman said.

Taking into account that the rent adjustment cycle is two years, as well as the fact that the Government has already provided rent payments for two months and rates concessions (equivalent to about 3.14 months' rent in total) to PRH tenants this year, the SHC agreed to waive the rent through a two-step approach, i.e. one-month's rent will be waived each in September 2020 and September 2021, so as to relieve the impact of rent adjustment on PRH tenants in the second year of the rent review cycle (i.e. from September 1, 2021 to August 31, 2022).

"Making reference to the arrangement for the rent waiver provided by the HA in 2010 and 2012, the rent waiver this time will also cover the portion of net rent of PRH tenants who are required to pay additional rent (i.e. well-off tenants), meaning that they are still required to pay the portion of

additional rent and rates," the spokesman said.

"If individual tenants are still in need of additional short-term rent assistance, they can seek assistance through the HA's Rent Assistance Scheme (RAS)," the spokesman said.

As at June 2020, about 21 000 HA tenants have benefited from the RAS, with about 95 per cent of them receiving a 50 per cent rent reduction.

The H0 stipulates the PRH rent adjustment mechanism, which came into effect in 2008. Under this mechanism, PRH rent is reviewed every two years. Section 16A(7)(b) of the H0 provides that the C for C&S shall compute the income index for the first and second periods under a rent review. The income index is compiled by comparing the income data of about 24 000 PRH households in each of the periods. The mechanism provides an objective basis for the HA to determine when and to what extent PRH rent should be adjusted, taking into account tenants' affordability. According to the mechanism, there is a 10 per cent cap on the rate of rent increase, whereas there is no floor in case of rent reduction.