

# HA approves outcome of 2024 rent review for public rental housing and special concessionary measure

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 19) endorsed the outcome of the 2024 rent review for public rental housing (PRH) in accordance with section 16A of the Housing Ordinance (HO) and a one-off special concessionary measure 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. The report compiled by the Commissioner for Census and Statistics (C for C&S) for the 2024 PRH rent review showed that the income index of the second period of the review (i.e. 2023) was higher than that of the first period (i.e. 2021) by 10.73 per cent. The HO also sets a 10 per cent cap on the rate of rent increase. To this end, PRH rent will be adjusted upwards by 10 per cent with effect from October 1, 2024. The increase is about \$230 per PRH household per month on average, and the range of adjustment is from \$49 to \$572," a spokesman for the HA said.

Meanwhile, having considered the prevailing socio-economic circumstances, the extent of the rent increase, the impact on the PRH tenants and the HA's financial position, the SHC also decided to provide a one-off special concessionary measure to PRH tenants by waiving the extra rent payable by tenants each month due to the rent adjustment in the first three months following the rent adjustment by virtue of section 17 of the HO. The provision of the special concessionary measure will result in about \$575 million of rental income foregone in 2024-25 for the HA, and the HA's rental housing operating account is estimated to have a deficit of about \$591 million in 2024-25.

"Excluding Comprehensive Social Security Assistance households, about 60 per cent of the tenants will have a monthly rent increase of \$250 or below, and about 2 per cent of tenants will have a monthly rent increase of \$100 or below. We believe that most of the PRH tenants should be able to afford the rent increase," the spokesman said.

"To ensure the rational use of the HA's financial resources, the special concessionary measure is not applicable to 'well-off tenants'. In addition, we will continue to adopt a prudent financial management principle when considering whether to provide rent waiver for PRH tenants in future rounds of rent review, so as to ensure that the HA has sufficient financial resources to undertake the massive housing construction programme," he said.

The rent adjustment will take effect from October 1, 2024. The HA will notify all PRH tenants in writing one month before the implementation date of the new rent.

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 the case of rent reduction. The income of PRH households has increased cumulatively by 131 per cent from 2007 to 2023, while PRH rent will have only increased by 87 per cent cumulatively during the same period (upon the 10 per cent rent increase pursuant to the outcome of the current rent review), which shows that tenants' income increase has exceeded the rent increase.