

Outcome of 2018 rent review for public rental housing

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 17) endorsed the outcome of the 2018 public rental housing (PRH) rent review in accordance with Section 16A of the Housing Ordinance.

The report compiled by the Commissioner for Census and Statistics (C for C&S) for the 2018 PRH rent review shows that the income index of the second period (i.e. 2017) was higher than that of the first period (i.e. 2015) by 11.59 per cent. According to Section 16A(4)(a) of the Housing Ordinance, the HA shall adjust PRH rent by the rate of change of the income index, with the increase capped at 10 per cent.

"In accordance with the findings of the report and provisions in the Housing Ordinance, a PRH rent adjustment of +10 per cent will be effected from September 1, 2018. The amount of increase will be about \$188 per month on average, ranging from \$34 to \$469. PRH tenants will be notified one month in advance of their new rent levels," a spokesman for the HA said.

The Housing Ordinance 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 Housing Ordinance 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 was 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.

The SHC had a detailed discussion on whether a rent waiver should be granted to PRH tenants in 2018-19. After carefully considering all relevant factors, including the increase in tenants' income, protection offered by the rent adjustment mechanism in maintaining tenants' affordability, and other relief measures under the Government's 2018-19 Budget, the SHC considered that there was no practical need for the HA to grant all tenants an across-the-board rent waiver this time. Instead, targeted assistance should be offered to tenants who were in need, such as through improving the HA's Rent Assistance Scheme (RAS).

Under the RAS, depending on the level of their income, eligible applicants will be granted either 25 per cent or 50 per cent rent reduction. As a result of past enhancement measures, the number of RAS beneficiaries increased substantially by 42 per cent in recent years, from about 12 300 in July 2014 to about 17 500 in May 2018.

Currently, after receiving rent assistance for four consecutive years, non-elderly RAS beneficiaries living in newer block types are required to move to cheaper accommodation, if suitable flats are available. To further enhance the RAS, the SHC endorsed the relaxation of relevant requirements from four consecutive years to five consecutive years.

In addition, under the established policy, tenants living in PRH units exceeding the respective highest PRH allocation standards (including elderly households) are not allowed to apply for the RAS. At the meeting, the SHC also endorsed the relaxation of relevant restrictions to allow elderly households who can meet RAS eligibility, and are residing in units exceeding the highest PRH allocation standards but below the standards under the Under-occupation Policy, to apply for rent assistance.

The HA will continue to review the operation of RAS and consider measures to further enhance the scheme as appropriate.