

Rent concession approved for HA's retail and factory tenants

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

The Hong Kong Housing Authority (HA)'s Commercial Properties Committee (CPC) today (September 19) approved to reduce the rental for the HA's retail and factory tenants by 50 per cent for six months with effect from October 1, at the same time as the Government's rent reduction measures for non-domestic tenants.

"The rent concession will apply to all eligible tenancies which are in force during the concession period. There will be no rent concession when tenancies are under a rent-free period during the concession period," a spokesman for the HA said.

"A total of about 2 400 retail and 3 300 factory tenancies will benefit from the rent concession. The measure does not include rates and air-conditioning charges."

The spokesman noted that as the aim of the initiative is to support small and medium-sized enterprises, the rent concession will not apply to tenants of supermarkets, superstores and banks (including automatic teller machines).

"This is in line with the Government's arrangements for rental reduction for non-domestic tenants, as well as previous rent concession arrangements for the HA's retail tenants during economic downturns in the past.

"The concession will also not apply to premises let to government or other public bodies, councillors' offices, telecommunications installations, educational institutions, storerooms, contractors' offices, etc; premises let at concessionary rent; and temporary lettings such as promotional venues and mobile facilities," the spokesman said.

In view of the special rent concession measure, the regular review of the rental of the HA's individual retail and factory units will be deferred until the six months' concession period is over.

As a transitional arrangement for retail and factory tenancies expiring soon or in the coming few months, licences will be granted to tenants at the existing rent to enable them to continue the use and occupy the premises upon tenancy expiry while pending agreement on the new rent for the new tenancies.

Upon finalisation of the new rent for the new tenancy, it will take retrospective effect from the original effective date of the new tenancy and the licence fee paid shall be applied to the payment of rent under the new tenancy.

The spokesman stressed that such an arrangement will allow more time for both the HA and the tenants to grasp additional market information for consideration and decision making.

The Financial Secretary announced on August 15 a package of relief measures to support enterprises, especially small and medium-sized enterprises, to safeguard jobs and relieve peoples' financial burden in the challenging external and local economic environment. The HA's rent concession is in line with the Government's efforts. The total rent forgone under the HA's rent concession is estimated at about \$330 million.