

**THE HONG KONG HOUSING AUTHORITY**

**Memorandum for the Rental Housing Committee  
and the Commercial Properties Committee**

**Rates Concession**

**PURPOSE**

To inform Members of the arrangement of passing on rates concession payment to public housing tenants.

**BACKGROUND**

2. On 3 March 1999, the Financial Secretary announced a one-off concession of 50% of the rates payable for the July-September quarter for all rates payers. Members of the Housing Authority, during their meeting on 4 March 1999, decided to pass on the rates concession to public housing tenants.

**AMOUNT OF RATES CONCESSION**

3. We expect that the rates concession payment will be in the region of \$196M, calculated as follows -

<b>Types of Lettings</b>	<b>Estimated amount of rates concession (\$M)</b>
Domestic Lettings	142
TPS Estates	10
Non-domestic Premises	23
Car parking spaces	6
Provisional rates cases	15
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<b>Estimated Total</b>	<b>196</b>

## **BASIC PRINCIPLES**

4. For consistency, it would be prudent to follow a similar line as that of the last rates rebate exercise. **A cost neutral approach will be adopted** as far as practicable. The rates concession to be passed on to tenants will be equivalent to the amount of rates that the Commissioner of Rating and Valuation is going to reduce. The current individual rates assessment, or in the case of block/floor assessment, the amount of rates apportioned according to each rent type, will constitute the basis of this rates concession exercise.

## **HA PROPERTIES INVOLVED**

5. The following categories of tenants who have contributed to the payment of rates will be benefited from this exercise -

- (a) tenants of all domestic lettings including vertical interim housing (about 652,000 nos.);
- (b) tenants of all non-domestic lettings including shops, factories, education/welfare lettings and other miscellaneous lettings (13,300 nos. at inclusive rent & 16,000 nos. at exclusive rent with rates collected by HA on Government's behalf); and
- (c) users of all monthly full-time or part-time parking spaces (68,200 nos.)

6. Domestic lettings in temporary housing areas and transit centres as well as some government lettings are exempted from rates. They will not be covered in the current exercise. Short-term licenses such as exhibition venues and hourly car parks will also be excluded as these lettings are of a temporary nature and the change of users is frequent.

## **IMPLEMENTATION**

### **Recipients**

7. A proportion of our tenants are receiving assistance in the form of subsidy or subvention from the Government towards rent payment. The rates concession will apply to the tenants who have actually entered into a tenancy agreement/license/contract with the Authority at the material

time. On this basis, CSSA recipients and civil servants enjoying the rent equalization scheme will receive the rates concession direct and the departments concerned will be informed of the arrangement. Similarly, we will pass on the payment directly to Single Operators of Market/Shopping Centres. These operators will be encouraged to share the benefits with their license holders.

### **Amount of Rates Concession**

8. As a result of a territory-wide revaluation and increased rates percentage charge, new rates will be payable with effect from 1 April 1999. The April rates assessment data will generally be used unless there are subsequent changes in the rates assessment or housing stock. For block/floor assessment cases, the amount of rates concession will be apportioned among tenants and rounded to the nearest dollar. For tenancy not covering the full period, it will be made on pro-rata basis.

9. For carpark lettings, we will adopt a broad brush approach in passing on the rates concession to the licensees. The amount of rates concession will be apportioned according to the level of charges for each type of parking spaces.

### **Timing and Mode of Effecting Rates Concession**

10. As far as practicable, we will arrange to effect the rates concession by way of offsetting an equivalent amount of rent for the months of July, August and September respectively. When this is not possible, cheque payment will be arranged.

### **Notification to Tenants**

11. Tenants will be notified of the general arrangements by letter. They will also be informed of the amount of rates concession to be offset for each rent type by way of a notice posted at each block. No separate letter will be sent to carpark users but a notice listing the rates concession amount will be posted up at all shroff offices and prominent places in the estates.

## **FINANCIAL IMPLICATIONS**

12. The exercise is expected to operate on a no-gain-no-loss basis. The amount of rates concession to be passed on to tenants is estimated to be in the region of \$196M.

13. The exercise will incur additional administrative and staff cost. The extra work will be absorbed by existing staff through re-prioritizing their work or by working extended hours as far as possible. A token sum of \$1.5M for overtime work, temporary staff and publicity is required to facilitate the smooth implementation of the exercise.

## **PUBLIC REACTION AND PUBLICITY**

14. We will arrange publicity through the press and other electronic media. All sitting tenants will be individually notified of the arrangements. Tenants will generally welcome the exercise and see HA as a caring landlord, particularly in the present economic downturn.

## **INFORMATION**

15. This paper is issued for Members' information.

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Date : 17 May 1999