

<i>Press June 8, 1996</i>	
Headline :	<i>The following is issued on behalf of the Housing Authority : Rent Revision and New Rents Approved</i>
Content :	<p>The Housing Authority's Management and Operations Committee (MOC) today (Saturday) approved the rent review for 84 post-1973 estates and set the rent for 10 new estates.</p> <p>The rent for 236,750 flats in 84 post-1973 estates will be increased by 17 per cent on average on September 1, 1996 and will remain in force until August 1998. The last revision was two years ago.</p> <p>The Chairman of MOC, Mr Chan Kam-man, emphasised that tenants affordability was the main consideration in rent review. The revised rent would only constitute a small percentage of tenants household income and should be well within their affordability.</p> <p>"The median rent-income ratio (MRIR) will be 10.1 per cent for tenants affected by this rent review and 4.5 per cent for tenants paying extra rents which is well below the target of 15 per cent MRIR under current policy," he said.</p> <p>He reminded tenants in financial hardship to apply for rent assistance and those who qualify would only have to pay half the rent.</p> <p>Mr Chan pointed out that the current rent levels were only 24 per cent of the market rents for comparable flats as at February 1996.</p> <p>"The 17 per cent increase on average is comparable with the 16.9 per cent rise in Consumer Price Index (A) and the 17.1 per cent rise in the nominal wage index, and is lower than the 26.7 per cent rise in the rent index for private permanent dwellings.</p> <p>"Rates have increased by 5.6 per cent and estate operating expenses have risen by 32.9 per cent," he said.</p> <p>As a result of the lower than forecast rent revision, the Housing Authority is expected to incur a higher operating deficit.</p> <p>The rent increases per square metre will be \$6.6 for urban areas, \$6.1 for Sha Tin/Tsuen Wan/Kwai Chung, \$5.5 for Tsing Yi/Tai Po/Tseung Kwan O/Ma On Shan, \$5.0 for Fanling/Sheung Shui, \$4.4 for Tuen Mun/Yuen Long and Tin Shui Wai, \$3.3 for Islands and \$5.5 for converted blocks in urban areas.</p> <p>The increase in monthly rents will be less than \$175 for 43.57 per cent of tenants, \$176 to 225 for 35.89 per cent, \$226 to \$300 for 19.05 per cent and more than \$300 for only 1.49 per cent who are mainly tenants of bigger flats.</p> <p>As in previous reviews, a 10 per cent reduction would be given to flats on the fifth floor and above in free-standing domestic blocks without lift service.</p>

Given the large number of flats in the post-1973 estates, Mr Chan said MOC also approved separating Harmony blocks from the group of post-1973 estates for rent review exercises.

Being the current design of rental flats, the number of Harmony blocks will increase over time. Rent reviews for Harmony blocks will be considered separately in two batches, one in every December.

As a result, rent adjustment for 20,784 flats originally due in September 1996 will be deferred for three months, leading to a loss of rental income of \$13.5 million.

Mr Chan pointed out that MOC further set the rents for 8,997 flats in 10 new estates to be completed between November 1996 and April 1997.

He emphasised that the rent levels for these new estates were reasonable and affordable to tenants and will remain unchanged for about three years.

"Situated in new estates with a wide range of commercial and community facilities, the flats are provided with standard fittings and services, including security installations.

"The MRIR for tenants will be 11.5 per cent for the minimum allocation standard of 5.5 square metre internal floor area per person and 14.9 per cent for the allocation standard of seven square metre, all within the approved limit of 15 and 18.5 per cent respectively," he said.

The new rent per square metre will be \$57.5 for new flats in Tsz Lok, Pak Tin, Ping Tin, Kai Tin, Un Chau Street Estates and the Housing for Senior Citizens at Tung Lam Court, \$55.5 for Kwai Shing East and Shek Lei (I) Estates, \$50.3 for Chung On Estate and \$33 for Tin Tsz Estate.

"These are far below the average cost rent of \$94.9 per square metre, which represents the rent level necessary to recover the capital costs plus management and maintenance expenses and rates," he said.

Meanwhile, the Committee also made a territory-wide adjustment in the best rent levels for all districts are :

	Current Best Rent \$/Sq Metre	Revised Best Rent \$/Sq Metre
Urban	55.3	57.5
Shatin/Tsuen Wan/Kwai Chung	53.4	55.5
Tsing Yi/Tai Po/Tseung	48.4	50.3
Kwan O/Ma On Shan Fanling/ Sheng Shui	39.1	40.7
Yuen Long/Tuen Mun	34.5	35.9
Tin Shui Wai	31.7	33.0
Islands	31.7	33.0
Converted Blocks (Urban)	36.9	38.4
Converted Blocks (Tsuen Wan/Kwai Chung)	35.3	36.7

"An across-the-board increase of four per cent is approved, same as the last review at the end of last year, he added. END
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