

**Memorandum for the Subsidised Housing Committee of
the Hong Kong Housing Authority**

**Rent Fixing for New Blocks of
New and Existing Public Rental Housing Estates**

PURPOSE

This paper seeks Members' approval for fixing the rents of the domestic flats in seven new blocks of a new public rental housing (PRH) estate, viz. Queens Hill Estate (Queen's Hill, Fanling) and two new blocks of two existing PRH estates, viz. Lai King Estate (Near Lai King Hill Road) and Hoi Tat Estate (North West Kowloon Reclamation (NWKR) Site 6, Phase 3), which are scheduled for completion tentatively between July and December 2021.

RECOMMENDATION

2. Members are recommended to approve the proposed rents for the 10 445 flats in the new PRH estate and the two existing PRH estates (**paragraph 5**) and the proposed declassification of this paper (**paragraph 10**).

BACKGROUND

3. For the purpose of rent setting of domestic flats, the territory is divided into six broad districts. The rents of domestic flats in newly completed PRH estates are fixed according to the District Best Rent Levels (DBRLs) of respective districts in terms of dollars per m² of Internal Floor Area. DBRLs are determined with reference to the location and comparable value of the estates concerned. Given the staggered completion of new estates, the Housing Authority (HA) approved vide Paper No. HA 56/2006 in November 2006 that the arrangement of conducting two rent fixing exercises each year to determine the rents of domestic flats in newly completed estates should be maintained to make available a rent schedule prior to intake of tenants. The current DBRLs, which

were endorsed vide Paper No. SHC 48/2020 in September 2020, are shown at
----- **Annex A.**

PROPOSED RENTS

4. This rent fixing exercise involves 10 445 domestic flats built at rental flat standard in nine Non-standard Blocks. The particulars of the flats are
----- detailed at **Annex B.**

5. We **propose** that the rents for the 10 445 flats in the new PRH estate and the two existing PRH estates should be fixed in accordance with the current DBRLs. A summary of the proposed inclusive rents and the distribution of flats
----- and rents are shown at **Annexes C and D** respectively.

PROJECTED OPERATING COST

6. The average projected operating cost which includes rates, management fee, maintenance costs, depreciation, etc. for the new PRH blocks concerned is about \$111 per m² per month.

FINANCIAL IMPLICATIONS

7. The new flats, when fully let, will generate an annual rental income of about \$233M. It is estimated that there will be an annual deficit of about \$135M as against an annual estimated operating cost of about \$368M. The Department will continue to endeavour its best to ensure cost effectiveness.

PUBLIC REACTION/PUBLICITY

8. A press release for this rent fixing exercise will be issued on the day when this paper is uploaded on the HA webpage.

9. The following will be covered in the press release –

- (a) Rents for these flats will be set at the best rent level in their respective districts in line with the established policy;

- (b) PRH rents, which are inclusive of rates and management/maintenance costs, are heavily subsidised;
- (c) PRH applicants allocated with new flats but cannot afford the rents may request for refurbished flats at lower rents. They may also apply for assistance under the Rent Assistance Scheme for flats in older block types^{Note} where applicable; and
- (d) under this rent fixing exercise, over 91.6% of the flats are set at a rent level below \$2,500 per month.

DECLASSIFICATION

10. We **propose** to declassify this paper after Members' approval of the proposed rents in paragraph 5 above. After the paper is declassified, it will then be made available to the public at the HA webpage, the Department's library and through the Departmental Access to Information Officer.

PRESUMPTION

11. It is not thought that Members will object to the recommendation in paragraph 2 above. If no objection or request for discussion is received by the Committee Secretary **by noon on 11 June 2021**, Members' approval will be presumed and appropriate action will be taken accordingly.

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(Estate Management Division)
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Note Older block types refer to blocks completed before 1992 and exclude all Harmony blocks and those PRH blocks converted from Home Ownership Scheme/Private Sector Participation Scheme/Buy Or Rent Option Scheme.

District Best Rent Levels of Domestic Flats

<u>District</u>	<u>Best Rent</u> <u>\$/m² (IFA)</u>
<i>Urban*</i>	93.8
Shatin/Tsuen Wan/Tsing Yi/ <i>Kwai Chung*</i>	90.7
Tai Po/Tseung Kwan O/Ma On Shan	82.2
<i>Fanling*</i> /Sheung Shui/Tung Chung	66.5
Tin Shui Wai/Yuen Long/Tuen Mun	62.4
Islands	53.8

* Districts with estate(s) involved in this rent-fixing exercise

Annex B**Particulars of Flats Involved**

District	Estate (Block Name)	No. of Blocks	Block Design	Standard of Provision	No. of Flats
Kwai Chung	Lai King Estate (Heng King House)	1	Non-standard	Rental	540
Urban	Hoi Tat Estate (Hoi Shing House)	1	Non-standard	Rental	1 040
Fanling	Queens Hill Estate (Wong Yet House, Wong Yi House, Wong Shun House, Wong Sheng House, Wong Wui House, Wong Lok House and Wong Ching House)	7	Non-standard	Rental	8 865
Total No.	3	9			10 445

Proposed Inclusive Rents

Estate (Best Rent Level)	*Monthly Rent per Unit				Total No. of Flats
	Type A Flat ⁺ (For 1/2 Persons) 14.05 m ²	Type B Flat ⁺⁺ (For 2/3 Persons) 21.46 - 21.60 m ²	Type C Flat [#] (For 3/4 Persons) 30.21 – 33.59 m ²	Type D Flat ^{##} (For 4/5 Persons) 35.64 m ²	
Lai King Estate (Heng King House) (\$90.7/m ²)	-	\$1,960	\$3,050	-	540
Hoi Tat Estate (Hoi Shing House) (\$93.8/m ²)	-	\$2,010	\$2,850	-	1 040
Queens Hill Estate (Wong Yet House, Wong Yi House, Wong Shun House, Wong Sheng House, Wong Wui House, Wong Lok House and Wong Ching House) (\$66.5/m ²)	\$930	\$1,430	\$2,010	\$2,370	8 865
Total No. of Flats	1 112	4 022	3 100	2 211	10 445

* Rounded to the nearest \$10

<u>Estate</u>	<u>+Type A Flat Size</u>	<u>++Type B Flat Size</u>	<u>#Type C Flat Size</u>	<u>##Type D Flat Size</u>
Lai King Estate	-	21.60m ²	33.59m ²	-
Hoi Tat Estate	-	21.46m ²	30.38m ²	-
Queens Hill Estate	14.05m ²	21.54m ²	30.21m ²	35.64m ²

Annex D

Distribution of Flats and Rents

Rents (\$)	Lai King Estate, Hoi Tat Estate and Queens Hill Estate				Total No. of Flats
	Type A	Type B	Type C	Type D	
901 - 1,000	1 112				1 112
1,001 - 1,100					
1,101 - 1,200					
1,201 - 1,300					
1,301 - 1,400					
1,401 - 1,500		3 322			3 322
1,501 - 1,600					
1,601 - 1,700					
1,701 - 1,800					
1,801 - 1,900					
1,901 - 2,000		300			300
2,001 - 2,100		400	2 220		2 620
2,101 - 2,200					
2,201 - 2,300					
2,301 - 2,400				2 211	2 211
2,401 - 2,500					
2,501 - 2,600					
2,601 - 2,700					
2,701 - 2,800					
2,801 - 2,900			640		640
2,901 - 3,000					
3,001 - 3,100			240		240
	1 112	4 022	3 100	2 211	10 445

The range of rents will be:	\$901 - \$1,000	10.6%
	\$1,001 - \$1,500	31.8%
	\$1,501 - \$2,000	2.9%
	\$2,001 - \$2,500	46.3%
	\$2,501 - \$3,000	6.1%
	\$3,001 - \$3,100	2.3%
		<u>100%</u>