

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

**Rent Fixing for New Public Rental Housing Estates**

**PURPOSE**

This paper is to seek Members' approval for fixing rents of the domestic flats in five new public rental housing (PRH) estates, viz. Wah Ha Estate (Conversion of Chai Wan Factory Estate to PRH), On Tat Estate (Anderson Road Site D), Shui Chuen O Estate (Shatin Area 52, Phases 3 & 4), Po Heung Estate (Po Heung Street, Tai Po) and Long Shin Estate (Au Tau Departmental Quarters), which are scheduled for completion tentatively between January and June 2016.

**BACKGROUND**

2. 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 m<sup>2</sup> of Internal Floor Area (IFA). The 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 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 50/2014 in September 2014, are shown at ----- **Annex A.**

**PARTICULARS OF FLATS INVOLVED**

3. This rent fixing exercise involves 9 471 domestic flats built at rental flat standard in 17 Non-standard Blocks. Among them, 187 units are from Wah Ha Estate, which is an adaptive re-use project converted from the

Chai Wan Factory Estate (CWFE) built in 1959 to meet housing demand while preserving the only remaining H-shape factory building in Hong Kong. CWFE was classified as Grade 2 historic building by the Antiquities Advisory Board in 2013. Given the heritage conservation consideration, the flats of Wah Ha Estate have the unique features such as additional windows serving as noise screens in the balconies, open plan flat design (including kitchen) with no fixed internal partition and special fixing method for fixtures on non-structural wall.

- 4. The particulars of the five estates are detailed at **Annex B**.

### **PROPOSED RENT LEVELS**

5. Despite the fact that Wah Ha Estate is not a brand new development and has uniqueness in flat design to fulfill ventilation and lighting requirements under the Building (Planning) Regulations (Cap.123F), it is not of a lower standard as compared with other new PRH estates in terms of the standard of accommodation and ancillary facilities. Moreover, due consideration should be given to its extremely convenient location. Hence, we propose that the rents for Wah Ha Estate should be fixed in accordance with the current DBRLs, on par with the rent fixing of the other four new PRH estates according to the existing DBRLs of respective districts where they are located. 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 estates concerned is \$94.62 per m<sup>2</sup> per month.

### **FINANCIAL IMPLICATIONS**

7. The new flats, when fully let, will generate an annual rental income of \$199M. There will be an annual deficit of about \$85.1M as against an annual estimated operating cost (including depreciation) of \$284.1M. The management will continue to endeavour its best to ensure cost effectiveness.

## **STAFF COMMUNICATION PLAN**

8. An e-summary will be issued to inform Housing Department staff of the rent fixing exercise.

## **PUBLIC REACTION/ PUBLICITY**

9. A press release for this rent fixing exercise will be issued. The following will be emphasised in publicity –

- (a) PRH rents, which are inclusive of rates and management/maintenance costs, are heavily subsidised;
- (b) 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 <sup>Note</sup> where applicable; and
- (c) under this rent fixing exercise, 91% of the flats are set at a rent level below \$2,500 per month.

## **DECLASSIFICATION**

10. We propose that this paper be declassified upon Members' approval of the proposals contained in paragraph 5 above. The paper will be made available to the public at the HA/HD Website, the HA's Library and through the Departmental Access to Information Officer upon its declassification.

## **PRESUMPTION**

11. It is not thought that Members will object to the proposals in paragraphs 5 and 10 above. If no objection or request for discussion is received by the Committees' Secretary by **noon on 22 January 2016**, Members' approval will be presumed and appropriate follow-up actions will be taken accordingly.

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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.

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(Estate Management Division)  
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## Annex A

### District Best Rent Levels of Domestic Flats

<u>District</u>	<u>Best Rent</u> <u>\$/m<sup>2</sup> (IFA)</u>
<i>Urban*</i>	<b>70.8</b>
<i>Shatin*</i> / Tsuen Wan / Tsing Yi / Kwai Chung	<b>68.4</b>
<i>Tai Po*</i> / Tseung Kwan O / Ma On Shan	<b>62.0</b>
Fanling / Sheung Shui / Tung Chung	50.1
Tin Shui Wai / <i>Yuen Long*</i> / Tuen Mun	<b>47.1</b>
Islands	40.7

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

**Annex B****Particulars of Flats Involved**

<b>District</b>	<b>Estate</b>	<b>No. of Blocks</b>	<b>Block Design</b>	<b>Standard of Provision</b>	<b>No. of Flats</b>
Urban	Wah Ha Estate (Conversion of Chai Wan Factory Estate to PRH)	1	Non-standard	Rental	187
	On Tat Estate (Anderson Road Site D)	4	Non-standard	Rental	3 494
Shatin	Shui Chuen O Estate (Shatin Area 52, Phases 3 & 4)	7	Non-standard	Rental	4 104
Tai Po	Po Heung Estate (Po Heung Street, Tai Po)	2	Non-standard	Rental	483
Yuen Long	Long Shin Estate (Au Tau Departmental Quarters )	3	Non-standard	Rental	1 203
Total No.	<b>5</b>	<b>17</b>			<b>9 471</b>

## Proposed Inclusive Rents

Estate (Best Rent Level)	Flat Type (IFA in m <sup>2</sup> )	Non-standard Block							Total No. of Flats	
		S1 (17.66)	S3 (27.27)	S2 (32.24)	F (36.69- 38.08)	1/2P (14.00- 14.50)	2/3P (21.50- 22.07)	1B (30.14- 30.84)		2B (36.60- 37.83)
*Monthly Rent per Unit										
Wah Ha Estate (Conversion of Chai Wan Factory Estate to PRH) (\$70.8/m <sup>2</sup> )		\$1,250	\$1,930	\$2,280	\$2,600- \$2,700	-	-	-	-	187
On Tat Estate (Anderson Road Site D) (\$70.8/m <sup>2</sup> )		-	-	-	-	\$990	\$1,540- \$1,560	\$2,130- \$2,180	\$2,590- \$2,670	3 494
Shui Chuen O Estate (Shatin Area 52, Phases 3 & 4) (\$68.4/m <sup>2</sup> )		-	-	-	-	\$960	\$1,500	\$2,060	\$2,530	4 104
Po Heung Estate (Po Heung Street, Tai Po) (\$62.0/m <sup>2</sup> )		-	-	-	-	\$870	\$1,330- \$1,360	\$1,880	\$2,290- \$2,340	483
Long Shin Estate (Au Tau Departmental Quarters ) (\$47.1/m <sup>2</sup> )		-	-	-	-	\$680	\$1,040	\$1,450	\$1,780	1 203
<b>Total No. of Flats</b>		<b>8</b>	<b>8</b>	<b>18</b>	<b>153</b>	<b>1 963</b>	<b>1 484</b>	<b>4 894</b>	<b>943</b>	<b>9 471</b>

\*Rounded to the nearest \$10

**Annex D**

**Distribution of Flats and Rents**

Rents (\$)	Non-standard Block								Total No. of Flats
	S1	S3	S2	F	1/2P	2/3P	1B	2B	
601 - 700					201				201
701 - 800									
801 - 900					63				63
901 - 1,000					1 699				1 699
1,001 - 1,100						283			283
1,101 - 1,200									
1,201 - 1,300	8								8
1,301 - 1,400						147			147
1,401 - 1,500						334	538		872
1,501 - 1,600						720			720
1,601 - 1,700									
1,701 - 1,800								181	181
1,801 - 1,900							189		189
1,901 - 2,000		8							8
2,001 - 2,100							2309		2 309
2,101 - 2,200							1 858		1 858
2,201 - 2,300			18					42	60
2,301 - 2,400								42	42
2,401 - 2,500									
2,501 - 2,600				18				558	576
2,601 - 2,700				135				120	255
	8	8	18	153	1 963	1 484	4 894	943	9 471

The range of rents will be:	\$601 - \$1,000	20.7%
	\$1,001 - \$1,500	13.8%
	\$1,501 - \$2,000	11.6%
	\$2,001 - \$2,500	45.1%
	\$2,501 - \$2,700	8.8%
		100%