

Memorandum for the Hong Kong Housing Authority

Hong Kong Housing Authority's 2025/26 Budget 2026/27 Proposed Budget and 2027/28 to 2029/30 Financial Forecasts

PURPOSE

This paper seeks Members' endorsement of the 2026/27 Proposed Budget of the Hong Kong Housing Authority (HA).

RECOMMENDATION

2. Members are invited to **endorse** the revised 2025/26 Budget and
----- 2026/27 Proposed Budget of HA at **Annex** for submission to the Chief Executive (CE) for approval.

3. Members are also invited to **note** the updated financial forecasts for the period from 2027/28 to 2029/30 ("Financial Forecasts").

BACKGROUND

4. Section 4(3) of the Housing Ordinance (Cap. 283) stipulates that HA should submit to CE for approval of a programme of its proposed activities, and estimates of the income and expenditure of HA for the next financial year. Regarding the latter, it is established practice for us to formulate a five-year budgets and financial forecasts (“Budgets and Financial Forecasts”) of HA on an annual basis, covering –

- (a) the current financial year’s revised Budget estimates;
- (b) the Budget estimates for the next financial year; and
- (c) financial forecasts for the subsequent three years.

5. At its meeting on 7 January 2026, the Finance Committee (FC) endorsed HA’s revised 2025/26 Budget and the 2026/27 Proposed Budget for submission to HA for consideration at its Open Meeting on 19 January 2026. With HA’s endorsement, the revised 2025/26 Budget and the 2026/27 Proposed Budget will be submitted together with HA’s 2026/27 Corporate Plan to CE for approval.

BUDGET BASES AND ASSUMPTIONS

6. As in the past, we have made reference to the Government’s updated rates of price change (as at July 2025) for estimating the various cost items for the purpose of budgeting and forecasting for the period from 2026/27 to 2029/30, with appropriate adjustments to individual items having regard to the prevailing market and economic conditions, for example personal emoluments, other recurrent expenditure, etc. The key assumptions including major price level adjustments adopted are detailed in Section II of **Annex**.

7. It should be emphasised that the price level adjustments are adopted for budgetary purpose only. The actual price changes and business parameters will be subject to the outcome of tendering results, assessments/reviews to be conducted and approved by HA, its relevant committees or delegated authorities as appropriate.

2025/26 AND 2026/27 BUDGETS

Consolidated Operating Account

8. The revised 2025/26 Budget for recurrent expenditure does not exceed the provision in the original Budget. The consolidated operating account for 2025/26 and 2026/27 Budgets as set out in Section I of the **Annex** are highlighted in Table 1 below –

Table 1 – Summary of Consolidated Operating Account (in \$M)				
	2024/25	2025/26 (Original)	2025/26 (Revised)	2026/27
<u>Surplus</u>				
Rental Housing	1,128	661	1,450	1,510
Commercial	1,353	1,368	1,334	1,281
Home Ownership Assistance	4,548	13,389	14,883	13,072
Consolidated Operating Account #	7,029	15,418	17,667	15,863

Not including Capital Expenditure, see paragraphs 22 and 23 below

9. The Consolidated Operating Account in 2025/26 shows higher-than-projected surplus against the original Budget. Details of individual operating accounts are set out in paragraphs 10 to 20 below.

Rental Housing

10. The Rental Housing Operating Account covers the allocation, management and maintenance of domestic rental properties of HA. The recurrent expenditure of rental housing business, serving more than 835 000 residential units, is the second large expenditure item on HA's accounts. The Operating Account from 2024/25 to 2026/27 are summarised in Table 2 below –

Table 2 – Rental Housing Operating Account (in \$M)				
	2024/25	2025/26 (Original)	2025/26 (Revised)	2026/27
Income	23,462	25,837	25,523	27,018
Expenditure	(22,334)	(25,176)	(24,073)	(25,508)
Net Income:	1,128	661	1,450	1,510

11. The revised estimate for 2025/26 indicates a net income of \$1,450M in Public Rental Housing (PRH) operation, as compared to an estimated income of \$661M in the original Budget. This is mainly due to lower personal emoluments including the adjustment due to the 2025 pay freeze; and other recurrent expenditure arising from lower than expected expenses on cleansing services, security services and property services contracts.

12. The Operating Account for 2026/27 is projected to generate a net income of \$1,510M, which is similar to the revised 2025/26 Budget.

13. The net income under Rental Housing Operating Account in 2025/26 and in future years' estimates should not be taken as an indication of financial self-sufficiency for managing our PRH estates. This Operating Account does not include the capital expenditure required for undertaking larger scale improvement works to existing PRH estates including long-term financial commitments like lift modernisation (e.g. to replace 520 lifts which aged over 25 years over a five-year period from 2025/26 to 2029/30). The capital expenditure in this regard remains high in the years ahead (see paragraph 22 below).

Commercial

14. The Commercial Operating Account covers the management and operation of the commercial properties of HA, broadly categorised into retail premises, carparking spaces, factory premises and welfare/community premises. The Operating Account from 2024/25 to 2026/27 are highlighted in Table 3 below –

Table 3 – Commercial Operating Account (in \$M)				
	2024/25	2025/26 (Original)	2025/26 (Revised)	2026/27
Income	3,660	3,961	3,873	3,993
Expenditure	(2,307)	(2,593)	(2,539)	(2,712)
Net Income:	1,353	1,368	1,334	1,281

15. The Operating Account for 2025/26 is estimated to generate a net income of \$1,334M, which is similar to the original 2025/26 Budget.

16. The net income in 2026/27 is projected to be \$1,281M, which is close to the revised 2025/26 Budget. HA will continue to review its retail facilities from time to time and enhance existing retail facilities, including refining the trade mix and shop layout of shopping centres, increasing the number of parking spaces where practicable, providing additional signage and improving shopping facilities, with a view to optimising the business potential and shopping environment of retail facilities.

17. It should be noted that the net income arising from the Commercial operations need to be shared equally between HA and the Government and distributed to the Government in the form of dividend each year.

Home Ownership Assistance

18. The Home Ownership Assistance Operating Account covers the development, monitoring and review of measures to assist the low to middle-income families to achieve home ownership through various Subsidised Sale Flats (SSF) schemes. SSF Income (including Home Ownership Scheme (HOS)/Green Form Subsidised Home Ownership Scheme (GSH)/Tenants Purchase Scheme (TPS) flats and the alienation premium from HOS, GSH and TPS flats) is another major income source for HA, but the level of income from SSF fluctuates year by year depending on a number of factors including the number and the selling price of SSF with assignments completed ^{Note 1} in respective years. This presents even greater challenges to HA's cashflow management as the annual construction expenditure is expected to rise and the local property market is facing uncertainties which will affect the pricing and even sales of HOS and GSH flats. The net income from 2024/25 to 2026/27 are highlighted in Table 4 below –

Table 4 – Home Ownership Assistance Operating Account (in \$M)				
	2024/25	2025/26 (Original)	2025/26 (Revised)	2026/27
Income ^{Note 2}	11,328	28,072	29,700	27,734
Expenditure ^{Note 3}	(6,780)	(14,683)	(14,817)	(14,662)
Net Income:	4,548	13,389	14,883	13,072

19. The revised income estimate for 2025/26 is higher than the original Budget, mainly due to rescheduling of the assignment completion of one HOS court from 2024/25 to 2025/26.

20. Taking into account the lower selling price for the SSF with assignment to be completed in 2025/26 and 2026/27, the net income for the Home Ownership Assistance Operating Account for 2026/27 is estimated to be \$13,072M which is lower than that of 2025/26.

Note 1 Income from sale of SSF is recognised upon signing of the Deed of Assignment.

Note 2 This includes other income from alienation premium, sale of remaining TPS flats and repurchased flats, etc.

Note 3 This includes land costs of the domestic elements of SSF which are charged at 35% of the development costs of the flats.

Funds Management Account

21. Based on an investment return assumption of 3.0% p.a. on HA's fund balance (mainly in three asset classes, namely, placements with the Exchange Fund, time-deposits and equity), the net income is estimated to be around \$1,989M in 2026/27. To meet HA projected cash flow requirements in the next few years, we are taking steps to phase out the equity investment by 2027.

Capital Expenditure

22. The above consolidated operating accounts cover only recurrent expenditure of HA, not the capital expenditure which comprises mainly construction works for Public Housing Development (PHD) projects, large scale improvement works to existing PRH estates and IT system development projects. The revised 2025/26 Budget for capital expenditure, mainly construction expenditure ^{Note 4}, exceeds the original Budget. HA's capital expenditure for the period from 2024/25 to 2026/27 is highlighted in Table 5 below –

Table 5 – Capital Expenditure (in \$M)				
	2024/25	2025/26 (Original)	2025/26 (Revised)	2026/27
Construction Expenditure	26,396	31,782	32,545	38,164
Improvement Works	904	803	726	742
Computer systems and equipment, other equipment and motor vehicles	163	444	320	433
Total:	27,463	33,029	33,591	39,339

Construction Expenditure

23. Construction expenditure remains the largest expenditure item of HA, accounting for over 95% of the total capital expenditure and about 50% of HA's total expenditure. The construction expenditure in 2025/26 is likely to be higher than the original Budget by \$763M or 2.4%. The annual construction expenditure will continue to rise sharply beyond 2026/27 as we enter the peak spending period of the PHD programme.

Note 4 This includes payments to contractors, in-house supervision and administration costs.

FINANCIAL FORECAST

24. Taken into account the latest 2025/26 Budget estimates and the 2026/27 Proposed Budget, HA's Consolidated Account for the period from 2025/26 to 2029/30 are set out in Table 6 below –

Table 6 – HA's Consolidated Account for the period from 2025/26 to 2029/30 (in \$M)					
	Budgets		Financial Forecasts		
	2025/26 (Revised)	2026/27	2027/28	2028/29	2029/30
Operating Accounts					
Rental Housing	1,450	1,510	1,839	2,052	1,904
Commercial	1,334	1,281	1,376	1,484	1,454
Home Ownership Assistance	14,883	13,072	9,540	10,336	10,254
Consolidated Operating Account	17,667	15,863	12,755	13,872	13,612
Funds Management Account	3,059	1,989	1,595	1,283	1,037
HA's Consolidated Account ^{Note 5}	20,204	17,333	13,843	14,556	14,012

25. The above Operating Accounts only cover the recurrent operation of HA's portfolio, including income from the sale of SSF, but not HA's construction expenditure for meeting the public housing supply target of 294 000 units for the ten-year period up to 2035/36 under the Long Term Housing Strategy (LTHS) ^{Note 6}.

Note 5 This includes the Agency Account and the non-operating income from the Urban Renewal Authority for the rental flats allocated to affected tenants.

Note 6 This includes the production of both HA and the Hong Kong Housing Society in meeting the ten-year public housing supply target of 294 000 units.

26. The estimated annual construction expenditure up to 2029/30 is set out in Table 7 below –

Table 7 – Construction Expenditure for the period from 2025/26 to 2029/30 (in \$M)					
	Budgets		Financial Forecasts		
	2025/26 (Revised)	2026/27	2027/28	2028/29	2029/30
Construction Expenditure	32,545	38,164	43,194	45,663	45,570

27. The latest financial forecasts in Table 7 indicates that the annual construction expenditure for HA's PHD programme will rise from \$32.5B in 2025/26 to \$38.2B in 2026/27, and to \$45.6B in 2029/30, mainly due to the increase in the number and scale of PHD projects. Although construction expenditure continues to be the largest expenditure item of HA, we are taking proactive steps to contain the construction expenditure in delivering the LTHS housing supply target of 145 600 units for the five-year period from 2025/26 to 2029/30. For example, compared with the last round of financial forecasts, the construction expenditure estimate for 2028/29 has been adjusted downwards from over \$48B to \$45.7B this year. This shows that HA has implemented successfully many measures to lower the construction cost which is further explained in paragraph 29 below.

28. The projected Cash and Investment (C&I) Balance (at year-end) is set out in Table 8 below –

Table 8 – C&I Balance at year-end (in \$M)					
	Budgets		Financial Forecasts		
	2025/26 (Revised)	2026/27	2027/28	2028/29	2029/30
C&I Balance (at year-end)	68,788	63,461	51,526	39,902	35,256

In terms of daily operational needs, the C&I Balance is maintained at a level to meet the general liquidity/working capital requirement of HA, mainly reserved for three to six months of estate management expenditure and contract payments for construction contracts. The forecast of the C&I Balance by end March 2030 would meet this threshold.

29. To ensure HA's long-term financial sustainability, we have made every effort to reduce construction costs in response to rising expenditure. As outlined in the 2025 Policy Address, we have established a Project Facilitation Office to co-ordinate various departments to facilitate the completion of public housing projects and to enhance cost-effectiveness in public housing construction. For instance, we have advanced geotechnical investigation works and adopted high-bearing capacity foundations which help optimise the design and reduce cost. We will continue to explore further measures to lower construction costs, such as implementing highly-standardised modular block designs on suitable large-scale sites in the Northern Metropolis and adopting a Building Information Modelling (BIM)-enabled and Systematic Approach in Foundation Design (BIMSAFD).

30. HA has also adopted financial austerity measures over its recurrent budgets. Similar to the service-wide fiscal austerity measures announced in the 2025-26 Budget Speech, HA will impose a 2% cut in the recurrent expenditure for both 2026/27 and 2027/28. This amounts to an estimated average savings of \$1,109M per annum.

31. With a view to enhancing HA's finance for building more public housing and providing the public with more home ownership opportunities, public housing supply will continue to advance in the direction towards a 60:40 ratio between PRH/GSH and other SSF. Generally speaking, the income mainly from the rental of PRH and commercial properties is sufficient to cover the recurrent expenditure (e.g. personal emoluments, estate management expenditure, maintenance and improvements, etc.) and the capital improvement works in the period from 2025/26 to 2029/30. It is envisaged that HA will have necessary financial resources to meet the recurrent and capital expenditures up to 2029/30.

FINANCIAL AND STAFFING IMPLICATIONS

32. The financial and staffing implications have been incorporated in the Budgets and Financial Forecasts.

INFORMATION TECHNOLOGY AND LEGAL IMPLICATIONS

33. The Budgets and Financial Forecasts do not carry any information technology or legal implication.

NEXT STEPS

34. Subject to Members' endorsement, we will submit the 2025/26 Revised Budget and 2026/27 Proposed Budget to CE for approval.

CONSULTATION

35. The relevant business committees had endorsed the Budgets for individual businesses under their purview. FC endorsed the proposed HA's Budgets at its meeting on 7 January 2026.

PUBLICITY

36. A press release will be issued after the HA Open Meeting on 19 January 2026.

DISCUSSION

37. This paper is issued for discussion at the HA meeting to be held on 19 January 2026.

Davey CHUNG
Secretary, Housing Authority
Tel. No.: 2712 2712
Fax No.: 2624 5685

File Ref. : HD1-2/FMBF/4-45/5 (25-26)
(Corporate Services Division)
Date of Issue : 13 January 2026

HONG KONG HOUSING AUTHORITY

Proposed Budgets and Financial Forecasts

for

2025/26 - 2029/30

(Budget Pack)

Hong Kong Housing Authority
Proposed Budgets and Financial Forecasts

Contents

	<u>Page</u>
I. 2025/26 Budget, 2026/27 Proposed Budget and 2027/28 to 2029/30 Financial Forecasts	
1.1 Consolidated Operating Account	1
1.1.1 Rental Housing Operating Account	2
1.1.2 Commercial Operating Account	3
1.1.3 Home Ownership Assistance Operating Account	4
1.2 Funds Management Account	5
1.3 Agency Account	6
1.4 Consolidated Appropriation Account	7
1.5 Capital Expenditure	8
1.5.1 Construction Expenditure	9
II. Budget Bases and Assumptions	
2.1 Income	10
2.2 Cost – Price Level Adjustment	11
2.3 Public Housing Production Forecast	12
III. Other Information	
3.1 Statement of Changes in Cash and Investment Balance	13
3.2 Development Fund	14

HONG KONG HOUSING AUTHORITY

CONSOLIDATED OPERATING ACCOUNT

Section 1.1

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME							
Recurrent income							
Rental - domestic	23,278	25,741	25,422	26,920	28,246	29,834	31,286
Rental - commercial	3,434	3,784	3,691	3,808	4,069	4,379	4,714
Other income	410	273	283	283	295	304	315
Sub-total	27,122	29,798	29,396	31,011	32,610	34,517	36,315
Subsidised Sale Flats income							
Home Ownership Scheme / Green Form Subsidised Home Ownership Scheme	9,994	26,234	28,208	26,160	22,906	25,407	31,235
Tenants Purchase Scheme	632	694	668	711	726	740	755
Sale of repurchased flats	23	13	19	20	21	21	22
Alienation premium	519	991	694	713	727	742	758
Other income	160	140	111	130	133	140	144
Sub-total	11,328	28,072	29,700	27,734	24,513	27,050	32,914
TOTAL INCOME	38,450	57,870	59,096	58,745	57,123	61,567	69,229
EXPENDITURE							
Recurrent expenditure							
Personal emoluments	4,501	5,213	4,743	4,900	5,112	5,536	5,832
Government rent and rates	2,397	3,046	2,808	3,254	3,314	3,392	3,454
Maintenance and improvements	5,124	5,739	5,649	5,882	5,821	6,141	6,538
Other recurrent expenditure	7,267	8,156	7,881	8,303	8,738	9,034	9,423
Depreciation and amortisation	5,741	6,061	5,935	6,307	6,853	7,345	8,202
Share of corporate supervision and support services expenses	281	338	323	342	343	358	376
Government non-reimbursable items	37	38	39	38	40	40	42
Sub-total	25,348	28,591	27,378	29,026	30,221	31,846	33,867
Subsidised Sale Flats expenditure							
Construction cost and overheads	4,462	10,170	10,267	10,160	10,387	11,644	16,011
Land cost	1,582	3,592	3,709	3,588	3,670	4,110	5,640
Cost of repurchased flats sold	2	1	2	2	2	2	2
Other expenditure	27	98	73	106	88	93	97
Sub-total	6,073	13,861	14,051	13,856	14,147	15,849	21,750
TOTAL EXPENDITURE	31,421	42,452	41,429	42,882	44,368	47,695	55,617
CONSOLIDATED OPERATING ACCOUNT SURPLUS	7,029	15,418	17,667	15,863	12,755	13,872	13,612

HONG KONG HOUSING AUTHORITY

RENTAL HOUSING OPERATING ACCOUNT

Section 1.1.1

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME							
Rental	23,278	25,741	25,422	26,920	28,246	29,834	31,286
Other income	184	96	101	98	98	97	97
TOTAL INCOME	<u>23,462</u>	<u>25,837</u>	<u>25,523</u>	<u>27,018</u>	<u>28,344</u>	<u>29,931</u>	<u>31,383</u>
EXPENDITURE							
Personal emoluments	3,597	4,151	3,780	3,893	4,058	4,410	4,642
Government rent and rates	2,181	2,810	2,563	2,988	3,031	3,086	3,123
Maintenance and improvements	4,870	5,470	5,386	5,615	5,544	5,846	6,224
Other recurrent expenditure	6,247	6,995	6,723	7,083	7,425	7,676	7,957
Depreciation and amortisation	5,220	5,487	5,370	5,663	6,180	6,582	7,240
Share of corporate supervision and support services expenses	219	263	251	266	267	279	293
TOTAL EXPENDITURE	<u>22,334</u>	<u>25,176</u>	<u>24,073</u>	<u>25,508</u>	<u>26,505</u>	<u>27,879</u>	<u>29,479</u>
OPERATING SURPLUS / (DEFICIT)	<u>1,128</u>	<u>661</u>	<u>1,450</u>	<u>1,510</u>	<u>1,839</u>	<u>2,052</u>	<u>1,904</u>

HONG KONG HOUSING AUTHORITY

COMMERCIAL OPERATING ACCOUNT

Section 1.1.2

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME							
Rental	3,434	3,784	3,691	3,808	4,069	4,379	4,714
Other income	226	177	182	185	197	207	218
TOTAL INCOME	3,660	3,961	3,873	3,993	4,266	4,586	4,932
EXPENDITURE							
Personal emoluments	403	481	433	457	473	506	533
Government rent and rates	216	236	245	266	283	306	331
Maintenance and improvements	243	256	251	254	264	281	300
Other recurrent expenditure	897	1,014	1,010	1,073	1,165	1,203	1,308
Depreciation and amortisation	485	536	530	591	632	732	928
Share of corporate supervision and support services expenses	26	32	31	33	33	34	36
Government non-reimbursable items	37	38	39	38	40	40	42
TOTAL EXPENDITURE	2,307	2,593	2,539	2,712	2,890	3,102	3,478
OPERATING SURPLUS	1,353	1,368	1,334	1,281	1,376	1,484	1,454

HONG KONG HOUSING AUTHORITY

HOME OWNERSHIP ASSISTANCE OPERATING ACCOUNT

Section 1.1.3

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME							
Subsidised Sale Flats income							
Home Ownership Scheme / Green Form Subsidised Home Ownership Scheme	9,994	26,234	28,208	26,160	22,906	25,407	31,235
Tenants Purchase Scheme	632	694	668	711	726	740	755
Sale of repurchased flats	23	13	19	20	21	21	22
Alienation premium	519	991	694	713	727	742	758
Other income	160	140	111	130	133	140	144
TOTAL INCOME	11,328	28,072	29,700	27,734	24,513	27,050	32,914
EXPENDITURE							
Recurrent expenditure							
Personal emoluments	501	581	530	550	581	620	657
Maintenance and improvements	11	13	12	13	13	14	14
Other recurrent expenditure	123	147	148	147	148	155	158
Depreciation and amortisation	36	38	35	53	41	31	34
Share of corporate supervision and support services expenses	36	43	41	43	43	45	47
Sub-total	707	822	766	806	826	865	910
Subsidised Sale Flats expenditure							
Construction cost and overheads	4,462	10,170	10,267	10,160	10,387	11,644	16,011
Land cost	1,582	3,592	3,709	3,588	3,670	4,110	5,640
Cost of repurchased flats sold	2	1	2	2	2	2	2
Other expenditure	27	98	73	106	88	93	97
Sub-total	6,073	13,861	14,051	13,856	14,147	15,849	21,750
TOTAL EXPENDITURE	6,780	14,683	14,817	14,662	14,973	16,714	22,660
OPERATING SURPLUS	4,548	13,389	14,883	13,072	9,540	10,336	10,254

HONG KONG HOUSING AUTHORITY

FUNDS MANAGEMENT ACCOUNT

Section 1.2

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME							
Investment income	3,095	2,488	3,129	2,061	1,660	1,314	1,070
EXPENDITURE							
Personal emoluments	16	18	17	18	19	20	21
Other recurrent expenditure	47	54	52	53	45	10	11
Share of corporate supervision and support services expenses	1	1	1	1	1	1	1
	64	73	70	72	65	31	33
SURPLUS	3,031	2,415	3,059	1,989	1,595	1,283	1,037

HONG KONG HOUSING AUTHORITY

AGENCY ACCOUNT

Section 1.3

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME							
Supervision fee and on-cost	380	447	434	428	491	475	446
Amount reimbursed by Government	626	713	712	980	543	501	498
Managers' remuneration	83	83	87	87	87	87	87
TOTAL INCOME	1,089	1,243	1,233	1,495	1,121	1,063	1,031
EXPENDITURE							
Personal emoluments	798	810	796	775	760	746	764
Other recurrent expenditure	129	322	312	610	174	160	157
Share of corporate supervision and support services expenses	19	23	23	24	24	25	27
TOTAL EXPENDITURE	946	1,155	1,131	1,409	958	931	948
	143	88	102	86	163	132	83
AMOUNT PENDING REFUND	(47)	-	-	-	-	-	-
SURPLUS	96	88	102	86	163	132	83

HONG KONG HOUSING AUTHORITY
CONSOLIDATED APPROPRIATION ACCOUNT

Section 1.4

		2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Reference	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
		\$M	\$M	\$M	\$M	\$M	\$M	\$M
Consolidated Operating Account surplus / (deficit)								
Rental housing	S. 1.1.1	1,128	661	1,450	1,510	1,839	2,052	1,904
Commercial	S. 1.1.2	1,353	1,368	1,334	1,281	1,376	1,484	1,454
Home ownership assistance	S. 1.1.3	4,548	13,389	14,883	13,072	9,540	10,336	10,254
Sub-total		7,029	15,418	17,667	15,863	12,755	13,872	13,612
Net non-operating income ^{Note 1}		20	76	43	35	18	11	7
		7,049	15,494	17,710	15,898	12,773	13,883	13,619
Funds management account surplus	S. 1.2	3,031	2,415	3,059	1,989	1,595	1,283	1,037
Agency account surplus	S. 1.3	96	88	102	86	163	132	83
SURPLUS FOR THE YEAR		10,176	17,997	20,871	17,973	14,531	15,298	14,739
Distribution:								
Dividend to the Government for the year		677	684	667	640	688	742	727
SURPLUS FOR THE YEAR AFTER DISTRIBUTION		9,499	17,313	20,204	17,333	13,843	14,556	14,012

Note 1

It includes mainly income from the Urban Renewal Authority for the rental flats allocated to affected tenants.

HONG KONG HOUSING AUTHORITY

CAPITAL EXPENDITURE

Section 1.5

Reference	2024/25	2025/26	2025/26	2026/27	2027/28		
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
1. Construction expenditure for HA projects							
- Construction expenditure <u>before</u> in-house supervision and administration costs	23,455	28,464	29,394	34,823	39,794	42,007	41,805
- In-house supervision and administration costs	2,941	3,318	3,151	3,341	3,400	3,656	3,765
Subtotal (1)	26,396	31,782	32,545	38,164	43,194	45,663	45,570
2. Improvement works							
- Improvement works <u>before</u> in-house supervision and administration costs	840	736	661	675	660	659	700
- In-house supervision and administration costs	64	67	65	67	72	75	78
Subtotal (2)	904	803	726	742	732	734	778
3. Computer systems and equipment, other equipment and motor vehicles							
- Computer systems and equipment, other equipment and motor vehicles <u>before</u> in-house supervision and administration costs	160	443	320	432	197	159	73
- In-house supervision and administration costs	3	1	-	1	-	1	1
Subtotal (3)	163	444	320	433	197	160	74
Total (1) + (2) + (3)	27,463	33,029	33,591	39,339	44,123	46,557	46,422

HONG KONG HOUSING AUTHORITY

CONSTRUCTION EXPENDITURE

Section 1.5.1

Reference	2024/25	2025/26	2025/26	2026/27	2027/28		
	Actual	Approved	Revised	Proposed	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<u>Construction expenditure before in-house supervision and administration costs</u>							
1. Housing Authority (HA) projects							
(a) Public rental housing / Green Form Subsidised Home Ownership Scheme	13,544	17,357	18,366	21,261	21,852	20,643	19,542
(b) Other subsidised sale flats	7,422	7,529	7,676	9,433	13,155	16,668	17,947
(c) Commercial centres	490	924	695	789	794	923	948
(d) Carpark	1,667	2,121	2,155	2,710	3,326	3,256	3,055
(e) Welfare	181	320	316	474	534	452	268
(f) Other HA projects	150	213	186	156	133	65	45
Sub-total (1)	23,454	28,464	29,394	34,823	39,794	42,007	41,805
2. Government non-reimbursable projects	1	Note 1	Note 1	-	-	-	-
Sub-total (1) + (2)	23,455	28,464	29,394	34,823	39,794	42,007	41,805
<u>In-house supervision and administration costs</u>							
3. In-house supervision and administration costs by businesses							
(a) Public rental housing / Green Form Subsidised Home Ownership Scheme	1,623	2,026	1,972	2,037	1,866	1,838	1,781
(b) Other subsidised sale flats	988	869	815	905	1,127	1,418	1,598
(c) Commercial facilities (Commercial centres, carpark and welfare)	326	398	344	384	396	394	382
(d) Other HA projects	4	25	20	15	11	6	4
(e) Government non-reimbursable projects	-	-	-	-	-	-	-
Sub-total (3)	2,941	3,318	3,151	3,341	3,400	3,656	3,765
Sub-total for HA projects (1) + (2) + (3)	26,396	31,782	32,545	38,164	43,194	45,663	45,570
4. Government-funded projects	1,459	2,011	1,816	1,762	2,347	2,259	2,061
Total (1) + (2) + (3) + (4)	27,855	33,793	34,361	39,926	45,541	47,922	47,631

Note 1

Less than \$1M.

HONG KONG HOUSING AUTHORITY

Budget Bases and Assumptions

Section 2.1

INCOME

		Annual Increase (%)		
		2026/27 Proposed Budget	2027/28 Forecast	2028/29 to 2029/30 Forecasts
(i) Rental Income				
Domestic properties				
- For both existing and new flats (% increase p.a.)		Biennial rent increase of 6.94% in October 2026 and October 2028		
Commercial / non-domestic properties ^{Note 1}				
- Shops and shopstalls	Average year-on-year rental growth rate (p.a.)	-5.0%	-3.0%	0.0%
- Carparks		3.0%	3.0%	3.0%
- Factory Estates		1.0%	1.0%	1.0%
- Welfare premises		0.0%	0.0%	0.0%
(ii) Income from Subsidised Sale Flats operations				
- Subsidised sale flats ^{Note 2}				
• Selling price inflation adjustment (% increase p.a. based on the price level of 2025/26)		2.0%	2.0%	2.0%
• Discount rate for HOS flats		30.0%	30.0%	30.0%
• Discount rate for GSH flats		40.0%	40.0%	40.0%
- Annual opting rate for premium payment				
• HOS, GSH, Private Sector Participation Scheme & Buy or Rent Option Scheme flats		0.17%	0.17%	0.17%
• Tenants Purchase Scheme flats		0.03%	0.03%	0.03%
(iii) Investment income (p.a.)				
- Percentage on fund balance		3.00%	3.00%	3.00%

Note 1

The assumed average year-on-year rental growth rates are adopted for budgetary purpose only. The actual rental growth will be subject to the actual rental achieved in tenancy renewal and / or new lettings in the respective financial years.

Note 2

Home Ownership Scheme (HOS) / Green Form Subsidised Home Ownership Scheme (GSH) flats will be offered for pre-sale around 24 months before building completion, and the selling rate of first sale is 98% and the remaining 2% will be sold in the subsequent sale exercise.

HONG KONG HOUSING AUTHORITY

Budget Bases and Assumptions

Section 2.2

COST - PRICE LEVEL ADJUSTMENT

	Annual Increase (%) <small>Note 1</small>	
	2026/27 Proposed Budget	From 2027/28 Onwards
(i) Recurrent expenditure		
- Personal emoluments	3.50%	3.50%
- Maintenance and minor improvements	4.00%	4.00%
- Cleansing and security	3.50%	3.50%
- Other recurrent expenditure	2.00%	2.00%
(ii) Capital expenditure		
- Construction expenditure	4.00%	4.00%
- Improvement works	4.00%	4.00%
- Computer expenditure	2.00%	2.00%

Note 1

HA have made reference to the Government's updated rates of price change (as at July 2025) for estimating the various cost items for the purpose of budgeting and forecasting for the period from 2026/27 to 2029/30, with appropriate adjustments to individual items having regard to the prevailing market and economic conditions.

HONG KONG HOUSING AUTHORITY

HOUSING PRODUCTION FORECAST ^{Note 1}

Section 2.3

Year	No. of Flats		Total
	PRH / GSH	Other SSFs	
2024/25 (Actual)	<u>11 757</u>	<u>11 329</u>	<u>23 086</u>
2025/26	15 509	6 160	21 669
2026/27	21 673	4 786	26 459
2027/28	18 634	7 930	26 564
2028/29	21 782	9 586	31 368
2029/30	<u>26 325</u>	<u>13 178</u>	<u>39 503</u>
5-year Total	<u>103 923</u>	<u>41 640</u>	<u>145 563</u>

Note 1

The Housing Production Forecast is based on the September 2025 Housing Construction Programme (HCP).

HONG KONG HOUSING AUTHORITY

STATEMENT OF CHANGES IN CASH AND INVESTMENT BALANCE

Section 3.1

	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	Actual	Approved Budget	Revised Budget	Proposed Budget	Forecast	Forecast	Forecast
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
RECEIPTS							
Recurrent receipts							
Rental - domestic	23,230	25,742	25,421	26,920	28,246	29,834	31,286
- commercial	3,754	3,882	3,764	3,848	4,096	4,387	4,720
Other recurrent receipts	2,361	2,808	2,612	2,551	3,212	3,117	2,900
Amount reimbursed by Government for Head 62	625	712	711	979	541	500	497
Sub-total	29,970	33,144	32,508	34,298	36,095	37,838	39,403
Subsidised Sale Flats receipts							
Home Ownership Scheme / Green Form Subsidised Home Ownership Scheme	10,386	26,188	27,856	26,228	23,840	25,826	32,085
Tenants Purchase Scheme	626	694	668	711	726	740	755
Sale of repurchased flats	23	13	19	20	21	21	22
Alienation premium	519	991	694	713	727	742	758
Other receipts	76	114	77	77	77	77	77
Sub-total	11,630	28,000	29,314	27,749	25,391	27,406	33,697
Net repayments for housing loans	-	-	-	-	-	-	-
Other non-recurrent receipts	172	76	43	35	18	11	7
TOTAL RECEIPTS	41,772	61,220	61,865	62,082	61,504	65,255	73,107
PAYMENTS							
Recurrent payments							
Personal emoluments	7,893	8,906	8,261	8,644	8,987	9,534	9,957
Government rent and rates	2,405	3,050	2,812	3,258	3,318	3,395	3,458
Maintenance and improvements	5,240	5,814	5,724	5,957	5,904	6,221	6,591
Other recurrent payments	7,563	8,496	8,213	8,661	9,080	9,384	9,770
Payment for Head 62	544	686	688	955	517	475	471
Sub-total	23,645	26,952	25,698	27,475	27,806	29,009	30,247
Non-recurrent payments							
Construction	24,857	30,171	30,928	36,468	42,105	43,743	42,821
- HA projects	23,424	28,160	29,112	34,706	39,758	41,484	40,760
- Government-funded projects	1,433	2,011	1,816	1,762	2,347	2,259	2,061
Land cost	2,656	2,104	1,499	3,565	3,550	3,703	4,110
Improvement works	724	783	640	685	599	652	699
Computer systems and equipment, other equipment and motor vehicles	63	443	320	432	197	159	73
Other non-recurrent payments	42	30	37	53	29	88	46
Purchase of returned flats	5	3	3	2	2	3	3
Other subsidised sale flats payments	41	97	84	106	88	93	97
Sub-total	28,388	33,631	33,511	41,311	46,570	48,441	47,849
TOTAL PAYMENTS	52,033	60,583	59,209	68,786	74,376	77,450	78,096
CASH INFLOW / (OUTFLOW) BEFORE APPROPRIATION AND INVESTMENT INCOME	(10,261)	637	2,656	(6,704)	(12,872)	(12,195)	(4,989)
Less:							
Dividend paid to the Government	722	684	717	640	688	742	727
NET CASH INFLOW / (OUTFLOW) BEFORE INVESTMENT INCOME	(10,983)	(47)	1,939	(7,344)	(13,560)	(12,937)	(5,716)
Net investment gain	3,114	2,440	3,084	2,017	1,625	1,313	1,070
NET CASH INFLOW / (OUTFLOW) AFTER INVESTMENT INCOME	(7,869)	2,393	5,023	(5,327)	(11,935)	(11,624)	(4,646)
OPENING CASH AND INVESTMENT BALANCE	71,634	65,751	63,765	68,788	63,461	51,526	39,902
CLOSING CASH AND INVESTMENT BALANCE	63,765	68,144	68,788	63,461	51,526	39,902	35,256

HONG KONG HOUSING AUTHORITY

DEVELOPMENT FUND

Section 3.2

	2025/26 Approved Budget \$M	2025/26 Revised Budget \$M	2026/27 Proposed Budget \$M	2027/28 Forecast \$M	2028/29 Forecast \$M
OPENING CASH AND INVESTMENT BALANCE AS AT 1 APRIL	65,751	63,765	68,788	63,461	51,526
Add:					
Increase / (Decrease) for the year	2,393	5,023	(5,327)	(11,935)	(11,624)
FORECAST CLOSING CASH AND INVESTMENT BALANCE AS AT 31 MARCH	68,144	68,788	63,461	51,526	39,902
Less:					
Cash retained for liquidity					
- 3 month's recurrent payments	6,789	6,630	6,822	7,133	7,444
Capital expenditure (except for improvement)	18,106	17,569	19,978	20,822	20,417
HCWF - Improvement account	2,000	2,000	2,000	2,000	2,000
Outstanding payments to the Government					
- Land cost	3,552	3,565	3,550	3,703	4,110
- Dividend	688	640	688	742	727
	4,240	4,205	4,238	4,445	4,837
	31,135	30,404	33,038	34,400	34,698
CASH AND INVESTMENT AVAILABLE FOR DEVELOPMENT FUND	37,009	38,384	30,423	17,126	5,204
Less:					
OPENING BALANCE OF DEVELOPMENT FUND	40,094	40,094	38,384	30,423	17,126
TRANSFER TO ACCUMULATED SURPLUS	(3,085)	(1,710)	(7,961)	(13,297)	(11,922)