

39,000 tenants affected as rent controls set to end

By VIRGINIA MAHER

ABOUT 39,000 private housing tenants face rent increases of up to 50 per cent between now and 1994 if a proposed phase-out of government rent control goes through.

The Government yesterday announced a new bill designed to bring rents in controlled premises closer to their market values.

Households in pre-war and some post-war buildings representing about four per cent of all private flats would be affected.

Rent controls were introduced in the early 1970s as "temporary measures" to protect tenants from excessive rent increases.

The number of controlled flats is diminishing at a rate of 5,000 a year due to redevelopment and repossession.

The Hongkong Association for Democracy and People's Livelihood yesterday warned that the move

towards decontrol would provoke rampant rent rises in the private market.

A spokesman, Mr Leung Kam-to, said: "People who are covered by rent controls have been paying rent to the same landlords for almost a decade. Commonsense tells us they won't continue to pay rent if they can afford to buy their own homes."

He said the association believed it was "not the right time" for the Government to be phasing out controls because "the market in private housing is not stable".

Mrs Santhia Dillon, director of L & D Associates, said: "Lots of tenants are going to be caught. People who cannot afford to buy [flats] are going to find themselves at the mercy of unscrupulous landlords."

The only domestic accommodation which would not be affected would be flats paid for by companies, she said.

"What this is going to do

is clog up the Rents Tribunal with cases which cannot be resolved through arbitration. Tenants need the Government to continue to act as middle man for them."

The Commissioner for Rating and Valuation, Mr Barry Woodroffe, described the latest move as a gradual freeing up of controlled property.

"It has always been government policy that tenants should not be gaining at the landlords' expense.

"This is a tidying up, a correction of something going back many years. It has had to be done very gradually, but the aim is to put everyone in the same boat," he said.

The legislation would put people in rent-controlled accommodation on the same sort of relationship as 80 per cent of people in rented domestic premises.

The proposed legislation would allow landlords of pre-war tenancies to raise

their rents to a minimum of 60 per cent of true market value this year, going up 75 per cent next year and 92.5 per cent by the end of 1994.

Rents for these flats are now pegged at 48 times the amount paid in December 1941.

Post-war domestic tenancies created before June 1983 for flats built before 1981 may see rents rise to 77.5 per cent of market rate this year, then to 85 and 92.5 per cent in the following two years.

At the moment, landlords can raise rents once every two years by up to 30 per cent, or to 70 per cent of market value.

In general, protected tenants on average now pay about 60 per cent of market value only.

The Landlord and Tenant (Consolidation) (Amendment) Bill 1992, to be gazetted today, will be introduced in the Legislative Council next month.