

**Legislative Council Panel on Housing**

**The Government's response to the  
motion passed under agenda item IV. "Long Term Housing Strategy"  
at the meeting on 5 January 2015**

In the Long Term Housing Strategy announced in December 2014, the Government has explained in detail its position towards the issue of tenancy control.

2. In short, drawing reference from the history of tenancy control in Hong Kong and overseas experience, the Government notes that tenancy control measures often lead to an array of unintended consequences, including those to the detriment of some of the tenants whom the measures seek to assist. Such unintended consequences include reducing supply of rented accommodation; limiting access of the socially disadvantaged groups to adequate housing; encouraging certain behaviors from landlords to try to offset the impact of the tenancy control measures; and discouraging proper maintenance of the rented accommodation. Weighing the pros and cons, and given the lack of public consensus and the potential adverse consequences associated with these measures which render them counter-productive under the current serious supply-demand imbalance, the Government is of the view that it will not be in the interest of the inadequately housed households and of the general public to introduce any tenancy control measures in Hong Kong.

3. The Government has explained its stance again at the meeting of the Legislative Council Panel on Housing (the Panel) held on 5 January 2015. At the meeting, the Panel considered that apart from building more public housing, the Government should consider and review afresh those tenancy control measures which are not of an across-the-board nature.

4. As explained in LC Paper No. CB(1)1709/13-14(01) submitted to the Panel in July 2014, as seen from the tenancy control experience of some overseas economies, if tenancy control is imposed only on a particular market sector (often the lower-end sector), there may be inadvertent spillover effects on the uncontrolled sector. For example, as some tenants may not be able to rent flats in the controlled sector, they are forced to seek accommodation in the uncontrolled sector, hence pushing up the rent level of the latter. On the other hand, some overseas experience suggests that tenancy control has failed to address the housing needs of the grassroots since the control measures are

often targeted at specific classes of premises instead of particular groups of households. For instance, with the implementation of tenancy control, a prospective tenant may only secure a tenancy if he has acquired insider information, which will not be easily accessible by the socially disadvantaged.

5. While there are views pointing out that the Government should, drawing reference from overseas experiences in implementing tenancy control, adopt an array of initiatives (e.g. tax breaks or direct subsidies etc.) to offset the loss of the landlords, empirical evidences suggest that these provisions, which are often cumbersome and costly to implement, are not able to fully address the problems derived from tenancy control.

6. The Government considers that a continued increase in housing supply should be the fundamental solution to the problem of surging rent caused by insufficient supply. No quick fix is available.

**Transport and Housing Bureau**  
**February 2015**