

Legislative Council Panel on Housing

**Landlord and Tenant (Consolidation) Ordinance (Cap. 7)
Security of Tenure and Related Provisions**

**Result of Consultation Exercise
(22 January 2003 to 22 March 2003)**

Purpose

This paper informs Members of the outcome of a public consultation exercise carried out from 22 January 2003 to 22 March 2003 to seek views from the public on the Administration's proposal to amend the security of tenure provisions under the Landlord and Tenant (Consolidation) Ordinance (LTO) and other related provisions.

Background

2. On 13 November 2002, the Secretary for Housing, Planning and Lands announced that a thorough review of LTO would be conducted with a view to enabling the private rental market to operate as freely as possible. The Administration released a Consultation Paper on 22 January 2003, setting out a number of proposals for relaxing the existing provisions on security of tenure. On 14 February 2003, the Administration consulted this Panel on the proposals.

Result of Consultation

3. The consultation period originally scheduled to end on 1 March 2003 was extended until 22 March 2003 to give the public more time to study the proposals and offer views.

4. The result of the consultation exercise has been collated and is attached at Annex for Members' information.

**Housing Department
April 2003**

Landlord and Tenant (Consolidation) Ordinance (Cap.7)

Security of Tenure and Related Provisions

Result of Consultation Exercise

(22 January 2003 to 22 March 2003)

**Housing, Planning and Lands Bureau
April 2003**

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Executive Summary

Background

On 13 November 2002, the Secretary for Housing, Planning and Lands announced in his Housing Policy Statement that a thorough review of the Landlord and Tenant (Consolidation) Ordinance (LTO) would be conducted with a view to enabling the private rental market to operate as freely as possible.

2. A Consultation Paper setting out a number of possible approaches to relax the existing security of tenure provisions under LTO was released on 22 January 2003 to seek views from the public on the following issues:

- (a) the practicality and desirability of relaxation of security of tenure for domestic tenancies, and the preferred approach to such relaxation;
- (b) whether notice requirements imposed on landlords and tenants of non-domestic premises should be abolished;
- (c) whether tenants should be statutorily required to provide personal information to landlords when entering into tenancy agreements, and whether the provision of false information by tenants should attract criminal liability; and
- (d) whether the existing protection for sub-tenants is adequate for cases in which the principal tenancy is terminated by the landlord due to non-payment of rent by the principal tenant.

3. The consultation period, scheduled to end on 1 March 2003, was extended until 22 March 2003 to allow more time for the public to study the proposals and to offer their views. The Consultation Paper was publicized in the media and put on the internet for public viewing. Printed copies were distributed through District Offices, the Rating and

Valuation Department and the Lands Tribunal's office. Views were also gathered at public forums and briefings held in connection with the Consultation Paper.

Major Findings

4. A total of 360 submissions were received during the consultation period. The views expressed on the four above-mentioned issues are summarized as follows:

(a) Relaxation of Security of Tenure and the Options Preferred

An overwhelming majority of the views received (about 90%) are in support of relaxation of security of tenure. Among these respondents, about 70% prefer wholesale abolition of security of tenure in one go while about 22% prefer the inclusion of a grace period after removal of security of tenure.

(b) Abolition of Notice Requirements

Of the 112 respondents who expressed views on this issue, about 74% support abolishing the existing statutory notice requirement for non-domestic tenancies.

(c) Provision of Personal Information by Tenants and Criminal Liability for Providing False Information

Of the 149 respondents who commented on the provision of personal information, about 64% consider that tenants should be required by statute to provide such information. Of the 128 respondents who commented on the imposition of criminal liability, about 66% are in favour of imposing criminal liability on tenants who provide false personal information.

(d) Adequacy of Protection for Sub-tenants

Of the 79 respondents who gave views on this issue, about 92% consider the existing protection for sub-tenants adequate.

Way forward

5. All the comments and suggestions received will be fully taken into consideration when Government finalizes the proposals to be put forward to the Legislative Council.

6. A Bill to amend the Landlord and Tenant (Consolidation) Ordinance will be introduced into the Legislative Council in June 2003.

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Chapter 1

Introduction

Background

1.1 Landlord and tenant matters are primarily governed by the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) (LTO). LTO was enacted in 1973 by consolidating previous legislations relating to rent control and landlord/tenant matters. It comprises seven parts¹, among which Part IV was introduced in 1981 to accord security of tenure protection to tenants at a time when there was a serious shortage of domestic accommodation and significant rental increases were not uncommon on renewal of tenancy. Under the provisions in Part IV, landlords are restricted from repossessing their properties even at the end of the tenancy period so long as tenants are willing to pay the prevailing market rent. Landlords can apply to the Lands Tribunal for permission not to renew tenancies upon such grounds as redevelopment, self-occupation or non-payment of rent.

1.2 The rental market situation today has changed substantially. There is an abundant supply of private flats, with about 60 000 vacant flats (or a vacancy rate of about 5.7% of total private housing stock). Rentals have fallen by some 40% compared to the peak period in 1997. Tenants' bargaining powers have improved considerably. In addition, there is adequate and affordable public housing for people with smaller means. The average waiting time for public rental housing has shortened from nine years in 1990 to about 2.6 years at present.

1.3 Against this background, the Secretary for Housing, Planning and Lands announced in his Housing Policy Statement on 13 November 2002 that a thorough review of LTO would be conducted

¹ Parts I and II, which cover pre-war and certain post-war domestic tenancies respectively, expired on 31 December 1998. Most domestic tenancies are now protected under Part IV as far as security of tenure is concerned.

with a view to enabling the private rental market to operate as freely as possible. A number of possible approaches to remove security of tenure provisions in LTO and to reduce Government's intervention as appropriate were subsequently identified in the review.

Public Consultation

1.4 On 22 January 2003, the Housing, Planning and Lands Bureau (HPLB) released a Consultation Paper to seek views from the public on the approaches identified in the review. A copy of the Consultation Paper is at Appendix A.

1.5 In a nutshell, the Consultation Paper invited views from the public on the following issues:

- (a) the practicality and desirability of relaxation of security of tenure for domestic tenancies, and the preferred approach to such relaxation;
- (b) whether notice requirements imposed on landlords and tenants of non-domestic premises should be abolished;
- (c) whether tenants should be statutorily required to provide personal information to landlords when entering into tenancy agreements, and whether the provision of false information by tenants should attract criminal liability; and
- (d) whether the existing protection for sub-tenants is adequate for cases in which the principal tenancy is terminated by the landlord due to non-payment of rent by the principal tenant.

1.6 The Consultation Paper was publicized in the media. Copies were available at the 18 District Offices, the Rating and Valuation Department (RVD) and the Lands Tribunal. It could also be downloaded from the websites of HPLB and RVD. The consultation paper was viewed about 3 400 times on the Internet.

1.7 A public forum was jointly organized by HPLB and RVD on 9 March 2003. The forum provided an opportunity for government officials to explain the proposals in the Consultation Paper to members of the public and to gather their views. Over 100 people attended the forum.

1.8 HPLB and RVD consulted the Legislative Council Panel on Housing and briefed a number of interested organizations and resident groups on the proposals. HPLB also offered to brief political parties and interested independent members of the Legislative Council on the Consultation Paper.

1.9 To allow more time for the public to study the Consultation Paper and to offer their views, the consultation period, originally scheduled to end on 1 March 2003, was later extended until 22 March 2003.

1.10 Details of the written comments received on the Consultation Paper, the views gathered at the above-mentioned briefings and the opinions received from the interested organizations are set out in Chapters 2, 3 and 4 respectively.

1.11 To further gauge the views of the community at large, a telephone survey was commissioned to take place on 26-30 March 2003. A random sample of 5 800 individuals from all land-based households with residential telephone lines was selected. About 2 000 individuals in the sample (or a response rate of about 35%) were successfully interviewed and asked to give their views on the proposals. The margin of error was $\pm 3.1\%$ at 95% confidence. The result of the telephone survey will be tabled at the meeting of the Legislative Council Panel on Housing on 7 April 2003.

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Chapter 2

Responses to Consultation Paper

2.1 This Chapter highlights the findings based on the written submissions received in response to the Consultation Paper.

Overview

2.2 During the consultation period, a total of 360 submissions were handed in or received by mail, fax or e-mail. Of these, about 48% (172) came from landlords, 15% (56) from organizations and 9% (33) from tenants. The respondents commented on the following issues:

- (a) whether security of tenure for domestic tenancies should be relaxed, and if it should, which of the following approaches is preferred:
 - (i) **Option A:** to remove the security of tenure for tenancies above a certain rental level only in Phase 1, and complete removal after a review in Phase 2;
 - (ii) **Option B:** to remove the security of tenure for new tenancies only from an appointed date of commencement;
 - (iii) **Option C:** to remove the security of tenure for all (i.e. both new and existing) tenancies from an appointed date of commencement; or
 - (iv) **Option D:** same as Option C but with a grace period. Existing tenancies which expire during the grace period would continue to enjoy the security of tenure;
- (b) whether the existing requirement to give notice (at least six months for landlords and at least one month for tenants) for terminating non-domestic tenancies should be abolished;

- (c) whether tenants should be required by law to provide personal information to landlords when entering into tenancy agreements, and whether the provision of false information by tenants should attract criminal liability; and
- (d) whether the existing protection for sub-tenants is adequate in cases where the principal tenancy is terminated by the landlord due to non-payment of rent by the principal tenant.

2.3 A breakdown of the responses received is at [Appendix B](#). Copies of the submissions received may be viewed upon request subject to the permission of the originator. The main findings are highlighted below.

Relaxation of Security of Tenure

2.4 A vast majority of the respondents (about 90%) support the relaxation of security of tenure. Among them, about 70% prefer wholesale abolition in one go (i.e. Option C), and about 22% prefer the grace period approach (i.e. Option D). About 1% of the respondents opt for removal of security of tenure restriction for tenancies above a certain rental level (i.e. Option A), and about 2% favour the abolition of security of tenure for new tenancies only (i.e. Option B).

2.5 Of the 172 landlord-respondents, about 95% support the relaxation of security of tenure. Among them, about 86% prefer Option C and they generally do not consider it necessary to retain the security of tenure in favour of tenants, given the ample supply of flats in the private rental market and the drastic decrease in rentals in recent years. About 11% choose Option D, which in their view would give the affected parties more time to adjust to the situation after abolition of security of tenure. A detailed breakdown of the 172 landlord-respondents' views is at [Appendix C](#).

2.6 Of the 33 tenant-respondents, about 82% agree that security of tenure should be relaxed. These tenant-respondents share the general view held by many landlord-respondents that security of tenure is no longer necessary in today's market circumstances. Some of them also consider that since private tenancies are contractual matters between private parties, there should not be government intervention. The tenant-respondents not in support of relaxation (about 15%) consider the existing security of tenure provisions appropriate and necessary in order to safeguard the interest of tenants. About 82% of the tenant-respondents who favour relaxation pick Option C, and about 11% prefer Option D. A detailed breakdown of the 33 tenant-respondents' views is at [Appendix D](#).

2.7 Of the 56 organizations (including professional bodies, private firms and other interested organizations) which have offered comments on the Consultation Paper, close to 90% favour the relaxation of security of tenure. Many of them believe that the rental market should be allowed to operate freely on its own without government intervention. Some also see no further need for security of tenure restrictions given the abundant supply of rental units and the affordable rental levels today. About 70% of these organizations are in favour of Option C, and about 24% prefer Option D. A detailed breakdown of the 56 organizations' views is at [Appendix E](#). The salient points of the views of the professional bodies and some interested organizations are highlighted in Chapter 4.

2.8 Some alternative approaches other than Options A-D were proposed by 15 respondents. These alternatives are basically different combinations or variations of Options A-D. Details of these suggested alternatives are at [Appendix F](#).

Notice of Termination for Non-domestic Tenancies

2.9 On the proposal to discontinue the existing notice requirement for terminating non-domestic tenancies, 112 respondents gave their views. About 74% of them support the abolition of the notice requirement. A major argument put forward in favour of removing the notice requirement is that tenancy terms should be agreed between the landlord and the

tenant, and a rigid notice requirement is not necessary. About 26% of the 112 respondents are in favour of retaining the notice requirement. They generally feel that some form of notice requirement is necessary, particularly for protecting the interest of small business operations.

Provision of Personal Information by Tenants

2.10 On whether prospective tenants should be required by law to provide their personal information to landlords, 149 respondents expressed their views. About two-thirds of them consider that prospective tenants should be required to provide personal information. A total of 128 respondents commented on the criminalization issue, and about two-thirds of these respondents are of the view that tenants who provide false personal information should be held criminally liable. Many of these respondents believe that such mandatory disclosure of personal information and criminalization would better safeguard the interest of landlords, especially against rogue tenants. The remaining respondents who do not support mandatory provision of personal information by prospective tenants or criminalization are concerned that mandatory disclosure of personal information may have adverse privacy/human rights implications. They also see no need for criminalization so long as the offence of fraud is already provided for under existing legislation (i.e. Theft Ordinance (Cap. 210)).

Protection for Sub-tenants

2.11 On whether the existing protection for sub-tenants is adequate in the event of forfeiture of the principal tenant's tenancy owing to non-payment of rent, 79 respondents expressed their views. About 92% of them consider the existing protection under the Conveyancing and Property Ordinance (Cap. 219) adequate whereas the other 8% do not consider the existing protection adequate.

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Chapter 3

Views Collected at Forums and Briefings

3.1 This Chapter highlights the views gathered at public forums and briefings in connection with the Consultation Paper.

Public Forum

3.2 On 9 March 2003, a public forum was jointly organized by the Housing, Planning and Lands Bureau (HPLB) and the Rating and Valuation Department (RVD) to provide an opportunity to explain the proposals in the Consultation Paper to members of the public and to gather their views. Over 100 people attended the forum.

3.3 At the forum, 10 persons² spoke on their views concerning the Consultation Paper. All of them support the idea of relaxing the security of tenure. The salient points of their views in this regard are summarized as follows:

- (a) There is already an abundant supply of rental units in the market, and rentals have fallen to affordable levels. There is no longer a need for security of tenure as tenants now have more choices in finding rental accommodation and have better bargaining powers than before;
- (b) The rental market should be allowed to operate on its own without intervention and in accordance with the spirit of the contracts signed between landlords and tenants;
- (c) Removing security of tenure can restore the balance of landlords' and tenants' interests; and

² The 10 persons included two surveyors, three representatives of the estate agent sector, one representative of a group of landlords, one university lecturer and three private individuals.

- (d) With security of tenure, some landlords may be reluctant to let out their properties for fear of difficulty in repossessing their premises. Lifting the security of tenure can remove such fears and can encourage more landlords to put their properties on the rental market. This would have a positive effect on the property investment market.

3.4 A total of 41 participants turned in their comments on the Consultation Paper at the end of the forum. About 95% of them favour abolition of security of tenure, and among them, about 76% support across-the-board removal in one go (i.e. Option C), and about 13% favour the grace period approach (Option D). A summary of their responses is at [Appendix G](#).

Consultation with Legislative Council Panel on Housing

3.5 On 14 February 2003, representatives of HPLB and RVD consulted the Legislative Council's Panel on Housing on the proposals set out in the Consultation Paper. Some members expressed concerns that the proposed relaxation of security of tenure might drive up rents in the private market, hence affecting the underprivileged groups, particularly elderly singletons, dwellers living in cubicles and bedspace apartments, and others who might have difficulties in finding suitable alternative accommodation. Some members opined that the impact of relaxation of security of tenure could be resolved with the adequate supply of affordable public housing and that relaxation of security of tenure provisions would help tackle the problem of rogue tenants.

3.6 On mandatory disclosure of personal information by tenants, members were concerned that such a requirement would not only contravene the International Covenant on Civil and Political Rights, but it would also give rise to disputes between landlords and tenants, and would set a precedent for other legislation should criminal liability be imposed on the provision of false information.

Briefings in Kwun Tong

3.7 On 15 and 27 February 2003, representatives of HPLB and RVD were invited by the Hon. Li Wah-ming to brief groups of Kwun Tong residents on the proposals set out in the Consultation Paper.

3.8 The local residents who participated in the forums support the proposal to remove the security of tenure. Some of them believe that both landlords and tenants are in a lose-lose situation as a result of the security of tenure restrictions, and that tenants may in effect be bearing higher rentals resulting from these restrictions as some landlords are not willing to lease their flats, thus reducing the supply of rental units and driving up rentals. The majority of the residents support abolition of security of tenure in one go. The rest are in favour of allowing a grace period to give tenants time to make any necessary adjustment.

3.9 Views were divided on the disclosure of personal information by tenants. Some residents are concerned that mandatory disclosure might infringe on tenants' privacy and the use of the information might also be abused. They consider voluntary disclosure a better alternative. On the other hand, some residents believe mandatory disclosure may have some deterrent effect on rogue tenants.

Briefing with Hong Kong Owners Club

3.10 On 25 February 2003, representatives of HPLB briefed members of Hong Kong Owners Club³ on the proposals set out in the Consultation Paper. The members are of the view that the existing provisions on security of tenure should be removed to restore the balance of interests and bargaining powers between landlords and tenants. They consider that today's market circumstances no longer justify the existing protection in favour of tenants. They support abolition of security of tenure in one go. They are also in favour of making disclosure of

³ Hong Kong Owners Club is an organization which provides a forum for sharing rental experiences and helps resolve rental disputes.

personal information by tenants a mandatory requirement. They believe this would help tackle the problems created by rogue tenants.

Briefing with Kwai Tsing District Council

3.11 On 11 February 2003, RVD briefed Kwai Tsing District Council on tenure issues and the proposed relaxation of security of tenure. Some members were concerned that if security of tenure provisions were removed, some landlords in urban renewal cases might repossess the premises upon expiry of tenancy in order to obtain higher redevelopment compensation. Some members also expressed concerns about the rogue tenant problem. They urged Government to take into account all the views received in the consultation exercise.

Briefings with Political Parties

3.12 HPLB has briefed and consulted several political parties. Their views are highlighted in paragraphs 4.25 to 4.28 of Chapter 4 and at Appendix H. HPLB has also offered to brief other political parties.

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Chapter 4

Views of Professional Bodies and Other Interested Organizations

4.1 Comments from a number of professional bodies and other interested organizations and local bodies have been received in response to the Consultation Paper. Many of these organizations are in favour of either Option C or Option D for relaxing the existing provisions on security of tenure. The salient points regarding their views on relaxation of security of tenure are highlighted in this Chapter. A table summarizing their views on the Consultation Paper is at Appendix H.

Professional Bodies

(a) The Law Society of Hong Kong

4.2 It is a matter of social policy for Government to decide whether abolition or relaxation of the security of tenure protection is fair and reasonable having regard to the interests of both landlords and tenants. Should the final decision be to go ahead with the proposal, Option C is preferred.

(b) Hong Kong Bar Association

4.3 The Consultation Paper is neither a thorough review of the Landlord and Tenant (Consolidation) Ordinance (LTO) nor a balanced analysis of the arguments for and against security of tenure. It proceeds on the assumption that a policy decision has been taken to remove protection from tenants. Views are not even sought on the correctness of this assumption.

4.4 It was asserted in the Consultation Paper that Part IV of LTO was introduced in the early 1980s when there were serious shortfalls in domestic accommodation leading to significant rental increases upon

tenancy renewal. The rental escalation then was due to high inflation, not because of housing shortage. Part IV of LTO serves to protect tenants in their homes (rather than to shield them from rent increases). Tenants would be subject to the threat of eviction if not granted terms longer than two years. The Consultation Paper has not addressed this point.

4.5 The purpose of security of tenure is to relieve tenants of the dislocation and inconvenience of having to move every two years or so. It is true that the bargaining power of tenants has risen, but it is not necessarily excessive to wish to give well-behaved tenants longer stay in their homes if they wish and if the landlord has no need of the property for his own use or for redevelopment. The present state of the market will not continue forever. When, or if, there is again a rental boom, the demand for security of tenure may return.

4.6 The social cost of absolving developers from paying statutory compensation is not addressed, in particular for tenement occupants among the poorer elements of society who rely upon compensation to cover the expenses of removal and rehousing.

4.7 There is no evidence or reasoning to support the assertion that protection of tenants has impeded the free operation of the private market and discouraged investors from renting out their properties. This assertion seems dubious given no restriction on the amount of rent which an investor-landlord can negotiate. The amendments to LTO enacted last year interfere with the market (e.g. implied terms; restrictions upon relief against forfeiture; increased penalties for harassment; increased compensation for tenants of developers). These amendments largely favour landlords but nonetheless place limitations upon the freedom of the parties.

4.8 All four options proposed in the Consultation Paper are in effect phased withdrawals of security of tenure. Even immediate abolition would result in progressive withdrawal of security because the existing tenancy agreements would still run their course to expiry. In reality, therefore, complete and immediate abolition (Option C) would have the same effect as excluding new tenancies from statutory protection

(Option B). The effect of excluding the new tenancies but not existing tenancies (Option B) would create two classes of tenant: the existing tenancies' protection would potentially be perpetual. The justification is presumably that existing tenants entered into their tenancies in the expectation of being able to renew their tenancies at a market rent while new tenants entering into their tenancies after abolition of protection should have no such expectation.

4.9 The proposal to exempt premises of certain rental values (Option A) would create two classes of tenant. Such discrimination is unattractive, makes the law complicated and creates confusion. The justification is presumably that tenants of higher-rated property tend to be wealthier, better able to negotiate with the landlord and afford the moving expenses. Yet this is an argument in favour of not abolishing security for tenants of lower-rated property, not for postponing its removal.

4.10 The least attractive option is the removal of security of tenure by an appointed date but with a transitional period (Option D). It is difficult to see much difference between it and completion abolition by an appointed date. The transitional period would be effected by allowing any existing tenant whose tenancy expires before the appointed date of commencement to apply for a new tenancy while those whose tenancies expire after that date would have no such opportunity. There may be difficulties in enacting such a scheme because Part IV of LTO provides for termination of tenancies by notice rather than by expiry. However, the principle of allowing those who already have a tenancy protected by Part IV some limited further protection is attractive. There is no need for this to be linked or restricted only to a certain date. All existing Part IV tenants could be given the right to one further renewal but no more. This is preferable to permitting only some of them a right of renewal for they all will have entered into their present tenancy expecting that they would be allowed to renew it.

4.11 A meeting between Hong Kong Bar Association and representatives of Housing, Planning and Lands Bureau (HPLB) to discuss the issues has been scheduled for 2 April 2003.

(c) Hong Kong Institute of Real Estate Administration

4.12 In light of the sufficient supply of flats, falling rentals for private housing, and adequate and affordable public housing, the protection of tenants on security of tenure is no longer required. In order to provide sufficient time for landlords and tenants to make adjustments, a grace period is necessary. As such, Option D is preferred.

(d) The Hong Kong Institute of Surveyors

4.13 The existing security of tenure arrangement restricts severely the ability and freedom of the landlord to regain possession of premises so long as the tenant pays the prevailing market rent and fulfils the tenancy conditions. It also creates an undesirable effect of deterring owners to lease out vacant properties or investors to purchase domestic properties for investment purposes. The private rental market should be allowed to operate as freely as possible, with government intervention kept to a minimum. Tenants now have more selections in rental flats, resulting in more bargaining power to negotiate with landlords on tenancy renewal. With the security of tenure arrangement removed, the price mechanism can function more freely. To smooth out the process, it is appropriate to have a transition arrangement for existing tenancies signed before the appointed date of commencement. Option D is therefore the preferred option. A 24-month grace period may be appropriate, as this is the usual lease term in residential tenancies.

(e) The Real Estate Developers Association of Hong Kong

4.14 Removing all out-of-date security of tenure provisions will enable the private rental market to operate as freely as possible. Option C is therefore preferred. Since Government has already issued a Consultation Paper, the public should be well aware of the proposal to remove security of tenure. The legislative process will take time and tenants should have adequate notice of the proposed legislation. Therefore, Option C should not be unduly disruptive, particularly if the appointed date of commencement is fixed, say, three months after the amending legislation is passed.

(f) Society of Hong Kong Real Estate Agents Ltd.

4.15 The security of tenure provisions need to be amended. The supply of flats is now more abundant than before. Private flat rentals have fallen. The waiting time for public rental housing has shortened. Overdue rents and rogue tenants have become a problem. Among the options proposed, Option D is worth supporting as it can best balance the interests of landlords and tenants. A 24-month grace period can give tenants sufficient time to find new accommodation.

(g) Property Agencies Association Ltd.

4.16 The existing provisions on security of tenure are outdated. Option D offers the most feasible solution – i.e. to abolish security of tenure across the board upon expiry of the grace period.

(h) The Hong Kong Institute of Housing

4.17 The security of tenure protection has become excessively restrictive in the light of sufficient supply of private flats, falling rentals for private housing and adequate and affordable public housing. Removing it can restore the balance of interest between landlords and tenants and let the property market operate more freely. Complete removal with a grace period, i.e. Option D, is preferred as it can ensure fairness to all kinds of tenancies and provide a reasonable transitional period for landlords and tenants to get prepared.

(i) Chartered Institute of Housing Asian Pacific Branch

4.18 Relaxation of security of tenure is in the right direction in light of the prevailing economic climate and the changed circumstances in the private rental market. Option D is preferred as it is a balanced approach which allows a reasonable transitional period for landlords and tenants to get prepared for the change.

Other Interested Organizations

(j) Urban Renewal Authority

4.19 Tenancy matters should be governed by contractual arrangements freely negotiated between landlords and tenants rather than by statute. The existing statutory right of a tenant to renewal unless the owner needs to recover the premises for his own use or redevelopment is outdated. Immediate removal of security of tenure without a grace period, i.e. Option C, is favoured.

(k) Hong Kong Owners Club

4.20 There is an urgency in relaxing the existing security of tenure provisions in one go. To do so would be a good way to help revive the weak property market and the local economy.

4.21 Hong Kong Owners Club has commissioned Chu Hai College to conduct a survey on the views of its members concerning the proposed relaxation of security of tenure. Of the 448 members successfully surveyed, 92% support relaxation, and among them, 71% prefer Option C while 11% favour Option D.

(l) Hong Kong Housing Society

4.22 The proposal to relax the excessive protection on security of tenure and to reduce intervention in tenancies negotiated between private parties in the market is supported. The market should be given the opportunity to operate on its own course with as little government intervention as possible. In recent years, there does not appear to be any chronic shortage of flats available for rent and, in most cases, landlords and tenants could negotiate freely on level ground. Complete removal of the restriction on security of tenure with a grace period as outlined in Option D is preferred. It is considered to be a balanced approach which allows a reasonable transitional period for landlords and tenants to get prepared for the change.

(m) Estate Agents Authority

4.23 The circumstances warranting security of tenure have changed. There is a genuine need for its relaxation to give relief to landlords who experience hardship in repossessing their properties. Government should take a balanced approach to the issue.

Political Parties

4.24 Representatives of HPLB offered to brief political parties and interested independent members of the Legislative Council on the Consultation Paper to obtain their feedback. Several parties have given their views, which are summarized in paragraphs 4.25 to 4.28 below.

(n) Liberal Party

4.25 The current protection on security of tenure accorded to tenants is excessive. Removal of such protection can restore the free operation of the rental market and better balance the bargaining positions of landlords and tenants on level ground. Option C to remove the protection in one go is preferred. Tenants should not be adversely affected as there is now an abundant supply in the rental market, and rental levels have been adjusted downward.

(o) Democratic Party

4.26 Partial removal based on rental value (i.e. Phase 1 of Option A) is supported. This would safeguard the interest of tenants of smaller means. Tenancies attracting month rentals below \$8,000 should continue to be subject to security of tenure protection. A review should be conducted one year after enactment of legislation to reassess the extent of relaxation, taking into consideration prevailing social sentiments and economic conditions.

(p) Association for Democracy and People's Livelihood

4.27 Removal of security of tenure by means of Option D is the preferred approach as it would give the affected parties time to make any

necessary adjustments. Elderly people and cubicle tenants may have greater difficulties in relocating if their tenancies are not renewed upon expiry. They may not be able to afford the relocation expenses, and they may not be able to find alternative accommodation. These tenants should be compensated for the relocation expenses. Statutory redevelopment compensation currently payable should be retained after abolition of security of tenure.

(q) Democratic Alliance for Betterment of Hong Kong (DAB)

4.28 Option C is preferred. Removal of security of tenure would protect the interests and rights which landlords deserve. It would also encourage investment in rental property, which would help enhance the development of the property market. The public would have sufficient time to get prepared if an appropriate commencement date is set. This date can be 12 or 15 months after passage of legislation. In February 2003, DAB conducted a survey on the proposed relaxation of security of tenure. Of the 667 persons surveyed, 54% supported relaxation in one go.

Local Bodies/Groups

(r) Industry and Commerce Committee, Tsuen Wan District Council

4.29 There was a serious post-war housing shortage. It was therefore necessary to enact legislation to protect tenants' right. Today, there is a substantial increase in flat supply. It is timely now to review the legislation. Under current legislation, there is excessive protection in favour of tenants but at the expense of landlords' rights. Some property owners are therefore reluctant to lease their properties, thus reducing the supply of rental units. It also reduces the incentive to invest in property for rental use. Amending the outdated security of tenure provisions may progressively rectify these problems. It may help revitalize the property market by attracting more property investments for rental purposes. It may also facilitate redevelopment of old buildings by lowering the cost of redevelopment compensation. Option D is preferred by the Committee⁴ as it would provide a transitional period for

⁴ The Chairman of the Committee expressed the view that he personally prefers Option C as it is more acceptable and straightforward.

the public to prepare for the lifting of security of tenure. This would be a fair approach which can better balance the interests of all parties.

(s) A group of seven Kowloon City District Council members

4.30 Removal of security of tenure in one go would give equal treatment to landlords and tenants, reduce government intervention, allow the rental market to operate freely and strengthen property owners' confidence in leasing their properties. Option C is supported.

(t) The Association of Buildings, Hok Yuen District-Hunghom

4.31 Removal of security of tenure can minimize intervention in the market and can boost public confidence in leasing their properties. Option C is favoured.

(u) Shung Tze Houses Owners Incorporation

4.32 To protect the interest of tenants, complete removal of security of tenure in one go is supported. Option C is preferred.

(v) Lung Kay Building Owners Incorporation

4.33 Complete removal of security of tenure would accord equal treatment to landlords and tenants, reduce government intervention in private property market and encourage property owners to lease their properties. Option C is supported.

(w) Individual Chairmen/Vice Chairmen of District Councils

4.34 Seven District Council Chairmen and four District Council Vice Chairmen have offered their views on the proposals to relax the security of tenure. The Chairmen of Wan Chai, Kwun Tong, Sha Tin and Tuen Mun District Councils support Option C while the Chairmen of Eastern, Kwai Tsing and Yuen Long District Councils favour Option D. The Vice Chairmen of Wan Chai and Islands District Councils prefer Option C while the Vice Chairmen of Central & Western and Kowloon City District Councils favour Option D.

* * * * *

Chapter 5

Way Forward

5.1 The interest in the Consultation Paper and the number of responses received from various segments of the community during the consultation period are most encouraging.

5.2 All the comments and suggestions received will be fully taken into consideration when Government finalizes the proposals to be put forward to the Legislative Council.

5.3 Government plans to introduce a Bill into the Legislative Council in June 2003 to amend the Landlord and Tenant (Consolidation) Ordinance.

* * * * *

Consultation Paper
Landlord and Tenant (Consolidation) Ordinance (LTO) (Cap.7)
Security of Tenure

Purpose

On 13 November 2002, the Secretary for Housing, Planning and Lands announced that a thorough review of the Landlord and Tenant (Consolidation) Ordinance (LTO) (Cap.7) would be conducted with a view to enabling the private rental market to operate as freely as possible. This paper aims to set out a number of possible approaches to remove certain security of tenure provisions in the LTO and reduce intervention by the Government where appropriate. Comments and views on the extent, method and timing of such relaxation are invited.

Background

2. With the provisions of security of tenure for residential premises under Part IV of the LTO, landlords are restricted from repossessing their properties even at the end of the tenancy period so long as tenants are willing to pay the prevailing market rent. Section 119E of the LTO provides that landlords can apply to the Lands Tribunal for permission not to renew tenancies upon such grounds as redevelopment, self-occupation or non-payment of rent.

3. The LTO was enacted in 1973 by consolidating all previous legislations relating to rent control and landlord and tenant matters. Parts I and II dealt respectively with rent control and security of tenure of pre-war and certain post-war tenancies. With the expiry of both of these Parts on 31 December 1998, most domestic tenancies are now protected under Part IV which accords security of tenure to tenants subject to payment of prevailing market rent. Part IV was introduced into the LTO in 1981 against the background of a serious shortfall of domestic accommodation in Hong Kong leading to significant rental increases on renewal of tenancies. The intention at that time was to protect tenants from the risk of being evicted by unscrupulous landlords.

4. While security of tenure affords protection to tenants when their bargaining power was weak, the protection has impeded the free operation of the private rental market and has discouraged investors from renting out their properties. The protection has become excessively restrictive in the light of the following –

(a) Sufficient supply of flats

At present, the total private housing stock exceeds one million units. The annual production of private housing continues to remain at a stable level, presently about 30,000 units.

(b) Falling rentals for private housing

Rentals levels have been falling in recent years. The latest data available as at the end of November 2002 show a drop of the average rental level of about 40% compared with the peak in October 1997.

(c) Adequate and affordable public housing

The number of families on the Waiting List for public rental housing has reduced from 150,000 in 1997 to about 90,000 at present. The average waiting time for public rental housing has been reduced significantly from nine years in 1990 to about 2.6 years at present.

In light of the above changed circumstances, the bargaining power of tenants has risen significantly. There is no longer any justification for providing excessive protection to tenants. The Government considers that it is timely to relax the excessive security of tenure provisions so as to restore the balance of interests between landlords and tenants, and allow the property market to operate more freely.

Implications

5. The removal of security of tenure provisions will entail the following implications –

- (a) Without the security of tenure provisions, landlords would be at full liberty to act according to the terms of the agreement and repossess the leased premises at the end of the tenancy

period or negotiate new terms with the tenants for the renewal of the tenancy.

- (b) At present, a landlord can apply to the Lands Tribunal to repossess his/her premises at the end of the tenancy period because of, *inter alia*, redevelopment, but the landlord is obliged to pay compensation to the tenant in accordance with the scale prescribed under section 119F(4) of the LTO. If the security of tenure provisions are removed, landlords who wish to redevelop their premises would be able to repossess the premises at the end of the tenancy period without the need to pay statutory compensation.
- (c) The determination of rent and other terms of the tenancy by the Lands Tribunal provided under sections 119C and 119N of the LTO would become redundant and unnecessary, as landlords and tenants would have full liberty to negotiate the terms of their tenancy agreement.

Possible Options

6. Different possible options for relaxation of the security of tenure provisions have been explored and they are as follows –

Option A - Partial removal delineated by Rateable Value (RV)

7. Under this option, the relaxation would proceed in two phases. Under Phase 1, leased premises above certain RV (say \$180,000 per year or \$15,000 per month) will no longer be entitled to security of tenure protection, while those below that level will continue to be protected by security of tenure. Under Phase 2, complete relaxation would follow after a review.

Pros

- This approach would cause minimal disruption to leased premises of lower RV.

Cons

- The proposal would be unfair to landlords of mass domestic accommodation below the specified RV. For instance, the number of properties with RV below \$180,000 constitutes 81% of all of the domestic tenancies (totalling 240,000) in Hong Kong.

- It is difficult to draw a line on what premises should continue to be subject to the restriction of security of tenure and what should not.

Option B - Removal for new tenancies only

8. Under this option, new tenancies entered into after a date appointed by the Secretary for Housing, Planning and Lands will not be entitled to security of tenure. Tenancies entered into before the appointed date and are renewed afterwards will continue to be accorded protection.

Pros

- It would not affect tenants who have entered into tenancy agreements before the appointed date.

Cons

- The protection of security of tenure could carry on perpetually in theory for tenancies that are entered into before the appointed date. The security of tenure regime may take a prolonged period of time before it is completely phased out.

Option C - Complete removal at one go

9. Under this option, security of tenure would be completely removed on a date appointed by the Secretary for Housing, Planning and Lands. All tenancies would no longer be protected by security of tenure.

Pros

- The restriction on security of tenure would be removed across the board immediately after the appointed date.
- Intervention in the private domestic property market through the provision of security of tenure would be completely removed after that date.

Cons

- This option may be too disruptive.

Option D - Complete removal with a grace period

10. Under this option, security of tenure would be **removed for all new tenancies** entered into after a date to be appointed by the Secretary for Housing, Planning and Lands (the appointed date).

11. For **existing tenancies** entered into before the appointed date, **a grace period** (say 12 months) starting from the appointed date would be allowed. If the **tenancy expires during the grace period**, tenants may still apply for statutory tenancy renewal under the protection of security of tenure. If a landlord refuses to renew the tenancy, he/she would have to raise the statutory ground(s) of opposition under section 119E(1), and have to go through all the statutory renewal procedures. If a landlord raises the ground of redevelopment (section 119E(1)(c)) to oppose the tenant's application for tenancy renewal, he/she would still be liable to pay redevelopment compensation to tenants in accordance with section 119F(2) and (4).

12. For those tenancies which **expire after the grace period**, there will be no protection of security of tenure after the expiry of the current tenancy. In such cases, the landlords would be allowed to repossess the leased premises freely at the end of the tenancy period.

Pros

- This proposal would ensure fairness to all tenancies because the restrictions on security of tenure will be removed for all tenancies, irrespective of the rateable values of the premises, or whether they are new or existing tenancies.
- The proposal would allow a reasonable transitional period for phasing out the security of tenure restrictions, enabling landlords and tenants to get prepared for de-control.

13. The Government considers that this option is a balanced approach which is fair for all tenancies and allows a reasonable transitional period for landlords and tenants to get prepared for change. It is regarded as the most practicable means to gain broadly-based public acceptance to Government's intentions to allow the market to operate freely.

14. You are invited to indicate to the Government your preference for either Options A, B, C or D.

Review on Minimum Notice Requirement under Part V of the LTO

15. Section 122 under Part V of the LTO provides that non-domestic tenancies (e.g. commercial, office, industrial, welfare) could not be terminated at the end of the tenancy period, unless notice is served by landlords to tenants not less than 6 months, or by tenants to landlords not less than 1 month, before the end of the tenancy period. If no party has given such notice, the tenancy would not end though the term agreed on the tenancy agreement expires, unless and until such notice is served and the notice period has expired.

16. The Government considers that since landlords and tenants have already agreed on the tenancy period when entering into the tenancy agreement, the Government should not intervene in such matters.

17. You are invited to advise on whether Section 122 of Part V should be deleted.

Provision of False Information by Tenants

18. In the course of vetting of the Landlord and Tenant (Consolidation) (Amendment) Bill 2001, the Legislative Council Bills Committee suggested that the Administration might require, by legislation, tenants to provide certain personal information such as name, occupation, salary and past rental records to landlords when entering into a tenancy agreement. Criminal liability should be imposed on tenants should they provide such personal information falsely. The Bills Committee was of the view that the proposal would reduce the number of non-payment of rent cases, as currently some rogue tenants gave wrongful personal information to the landlords to obstruct discovery of the actual financial situation of the tenant before entering into the tenancy agreement.

19. While the Bills Committee considered the proposal would reduce the number of default of rent payment cases, the mandatory requirement on tenants to provide information to landlords would contravene the International Covenant on Civil and Political Rights incorporated into Hong Kong Laws through the Basic Law. In fact, the provision of false information involving fraudulent act has already been covered by the existing laws. The Police have also committed that they would follow the same criminal investigation procedures in future for landlord-tenant disputes involving any criminal act.

20. You are invited to let us have your views on this issue.

The Position of Sub-tenants if the Principal Tenant Defaults on Rent Payment

21. The Bills Committee also suggested that where landlords apply for repossession on the ground that the principal tenant defaults on rent payment, the interest of sub-tenants who pay rent to the principal tenant punctually would be prejudiced as they would be deprived of accommodation.

22. Legal advice to the Government is that where the tenancy for the principal tenant is forfeited by the landlord due to non-payment of rent, under section 58(4) of the Conveyancing and Property Ordinance (Cap. 219) (CPO), courts are empowered with discretion to grant sub-tenants a tenancy which term is not longer than the tenancy term between the principal tenant and the landlord.

23. You are invited to let us have your views on this issue.

Views Sought

24. To conclude, your comments are invited regarding –

- (a) the practicability and desirability of and your preferred option for relaxation of security of tenure restriction set out in paragraphs 7 to 13 above;
- (b) whether notice requirements imposed on landlords and tenants of non-domestic premises should be abolished (paragraphs 15 and 16 above);
- (c) whether tenants should be statutorily required to submit personal information to landlords when entering into tenancy agreements, and whether the provision of false information by tenants should attract criminal liability (paragraphs 18 and 19 above); and
- (d) whether the existing statutory protection for sub-tenants is adequate for cases in which the principal tenancy is terminated

by the landlord due to non-payment of rent by the principal tenant (paragraphs 21 and 22 above).

Submission of Views

25. Please forward your views, on or before **1 March 2003**, to –

By mail : Housing Department
33 Fat Kwong Street
Homantin
Kowloon

or

By fax : 2761 6700 / 2761 7444

or

By E-mail : lto@housingauthority.gov.hk

**Housing Department
Housing, Planning and Lands Bureau
January 2003**

Breakdown of Overall Views Received in Response to Consultation Paper

Total Number of Respondents : 360

Respondents	Number	%
Landlords	172	48
Tenants	33	9
Organizations	56	15
Unspecified	99	28
Total	360	100

(i) Removal of Security of Tenure

	Number	%
Agree	325	90
Disagree	13	4
With reservation	5	1
Did not comment	17	5
Option Preferred		
Option A	4	1
Option B	6	2
Option C	235	70
Option D	73	22
Other option(s)*	15	5

* See [Appendix F](#) for details

(ii) Removal of Minimum Notice Requirement (Non-domestic)

	Number	%
Agree	83	74
Disagree	29	26
Total	112	100

(iii) Criminalisation of Provision of False Personal Information by Tenants

(i) Requirement to provide personal information should be made statutory

	Number	%
Agree	95	64
Disagree	54	36
Total	149	100

(ii) Provision of false personal information should attract criminal liability

	Number	%
Agree	84	66
Disagree	44	34
Total	128	100

(iv) Existing Protection for Sub-tenants is Adequate

	Number	%
Agree	73	92
Disagree	6	8
Total	79	100

Breakdown of Landlord-respondents' Views

(i) Removal of Security of Tenure

	Number	%
Agree	163	94.8
Disagree	1	0.6
With reservation	0	0.0
Did not comment	8	4.6
Option Preferred		
Option A	1	0.6
Option B	1	0.6
Option C	140	85.9
Option D	18	11.1
Other option(s)	3	1.8

(ii) Removal of Minimum Notice Requirement (Non-domestic)

	Number	%
Agree	11	73
Disagree	4	27
Total	15	100

(iii) Criminalisation of Provision of False Personal Information by Tenants

(i) Requirement to provide personal information should be made statutory

	Number	%
Agree	49	96
Disagree	2	4
Total	51	100

(ii) Provision of false personal information should attract criminal liability

	Number	%
Agree	45	98
Disagree	1	2
Total	46	100

(iv) Existing Protection for Sub-tenants is Adequate

	Number	%
Agree	9	100
Disagree	0	0
Total	9	100

Breakdown of Tenant-respondents' Views

(i) Removal of Security of Tenure

	Number	%
Agree	27	81.8
Disagree	5	15.2
With reservation	0	0.0
Did not comment	1	3.0
Option Preferred		
Option A	1	3.6
Option B	1	3.6
Option C	23	82.1
Option D	3	10.7
Other option(s)	0	0.0

(ii) Removal of Minimum Notice Requirement (Non-domestic)

	Number	%
Agree	0	0
Disagree	1	100
Total	1	100

(iii) Criminalisation of Provision of False Personal Information by Tenants

(i) Requirement to provide personal information should be made statutory

	Number	%
Agree	0	0
Disagree	3	100
Total	3	100

(ii) Provision of false personal information should attract criminal liability

	Number	%
Agree	0	0
Disagree	2	100
Total	2	100

(iv) Existing Protection for Sub-tenants is Adequate

	Number	%
Agree	1	100
Disagree	0	0
Total	1	100

Breakdown of Organizations' Views

(i) Removal of Security of Tenure

	Number	%
Agree	50	89.2
Disagree	2	3.6
With reservation	2	3.6
Did not comment	2	3.6
Option Preferred		
Option A	1	2
Option B	0	0
Option C	35	70
Option D	12	24
Other option(s)	2	4

(ii) Removal of Minimum Notice Requirement (Non-domestic)

	Number	%
Agree	36	86
Disagree	6	14
Total	42	100

(iii) Criminalisation of Provision of False Personal Information by Tenants

(i) Requirement to provide personal information should be made statutory

	Number	%
Agree	10	24
Disagree	32	76
Total	42	100

(ii) Provision of false personal information should attract criminal liability

	Number	%
Agree	8	23
Disagree	27	77
Total	35	100

(iv) Existing Protection for Sub-tenants is Adequate

	Number	%
Agree	31	97
Disagree	1	3
Total	32	100

Modifications/variations of Options A-D Proposed by Some Respondents

- (1) To remove security of tenure for new tenancies first. After 2-3 years, to remove security of tenure for tenancies over a certain monthly rental value, say, \$12,000. After another 2-3 years, to remove security of tenure across the board.
- (2) To adopt Option A but the tenancy right cannot be allowed to last forever. Renewal should be limited to less than 3 times.
- (3) To combine Options C and D.
- (4) To modify Option B as follows:
 - (a) Tenancies entered into before the appointed date of commencement will continue to be protected by security of tenure.
 - (b) All new tenancies including renewals entered into after the appointed date will not be protected.
- (5) To remove security of tenure immediately for all new tenancies entered into from the date of announcement of removal, plus:
 - (a) no further protection for existing tenancies with 6 months or more to go.
 - (b) grace period of 6 months for existing tenancies with less than 6 months remaining.
- (6) To adopt Option C but to allow existing tenancies to enjoy 1 year protection from implementation of new arrangement.
- (7) To adopt Option C but Government should give the public at least 6 months prior notice before implementation.
- (8) To allow existing tenancies one more renewal or one more tenancy after implementation. The duration of such renewal or tenancy could be as long as the existing term.
- (9) To modify Option D as follows:

For tenancies expiring during the grace period, the tenants may only enjoy protection of security of tenure until the end of the grace period.
- (10) To adopt Option D with a 24-month grace period (instead of 12 months).
- (11) To adopt Option D but with a 6-month grace period (instead of 12 months).

- (12) To adopt Option D but with a 48-month grace period (instead of 12 months).
- (13) To adopt Option D but with a grace period of at least 6 months.
- (14) To adopt Option C with the following modifications:
 - Monthly rent over \$10,000: security of tenure to be removed at once.
 - Monthly rent below \$10,000: to proceed in 2 phases:
 - (i) unexpired term more than 1 year: no more security of tenure protection;
 - (ii) expired term less than 1 year: allowed to renew for 1 more year at market rent
- (15) To adopt Option D but no grace period for new tenancies.

Appendix G

Breakdown of Responses Received at Public Forum Held on 9 March 2003

Total Number of attendees who turned in comments at the end of the forum : 41

Respondents	Number	%
Landlords	33	81
Tenants	3	7
Organizations	0	0
Unspecified	5	12
Total	41	100

(i) Removal of Security of Tenure

	Number	%
Agree	39	95
Disagree	0	0
With reservation	0	0
Did not comment	2	5
Option Preferred		
Option A	1	3
Option B	1	3
Option C	29	76
Option D	5	13
Other option(s)*	2	5

* Items 14 and 15 in **Appendix F**

(ii) Removal of Minimum Notice Requirement (Non-domestic)

	Number	%
Agree	4	50
Disagree	4	50
Total	8	100

(iii) Criminalisation of Provision of False Personal Information by Tenants

(i) Requirement to provide personal information should be made statutory

	Number	%
Agree	12	100
Disagree	0	0
Total	12	100

(ii) Provision of false personal information should attract criminal liability

	Number	%
Agree	8	100
Disagree	0	0
Total	8	100

(iv) Existing Protection for Sub-tenants is Adequate

	Number	%
Agree	2	100
Disagree	0	0
Total	2	100

**Summary of Views of
Professional Bodies and Other Interested Organizations and Local Bodies**

	Relaxation of security of tenure					Notice requirement for non-domestic tenancies	Tenants' personal information		Existing protection for sub-tenants
	Agree/Disagree	Option A	Option B	Option C	Option D		Tenants be required to provide personal information	Criminal liability for false information	
Professional bodies									
(a) The Law Society of HK	Agree			✓		Retain	*	No	Adequate
(b) HK Bar Association	#					Retain	No	No	Adequate
(c) Hong Kong Institute of Real Estate Administration	Agree				✓	Retain	No	No	Adequate
(d) The HK Institute of Surveyors	Agree				✓	Retain	No	No	*
(e) The Real Estate Developers Association of HK	Agree			✓		Remove	No	No	Adequate
(f) Society of HK Real Estate Agents Ltd.	Agree				✓	Retain	No	No	Adequate
(g) Property Agencies Association Ltd.	Agree				✓	Retain	No	Only for rogue tenants	Adequate
(h) The HK Institute of Housing	Agree				✓	Remove	No	No	Adequate
(i) Chartered Institute of Housing Asian Pacific Branch	Agree				✓	Remove	No	No	Adequate
Other interested organizations									
(j) Urban Renewal Authority	Agree			✓		Remove	No	No	Adequate
(k) HK Owners Club	Agree			✓		Remove	Yes	Yes	Adequate
(l) HK Housing Society	Agree				✓	Remove	No	No	Adequate
(m) Estate Agents Authority	Agree [✦]					*	✦	*	*
Political Parties									
(n) Liberal Party	Agree			✓		Retain	*	*	*
(o) Democratic Party	Agree	✓ [@]				*	*	No	*
(p) Association for Democracy and People's Livelihood	Agree				✓	Retain	No	No	*
(q) Democratic Alliance for Betterment of HK	Agree			✓		Remove	No	No	Adequate
Local bodies/groups									
(r) Industry and Commerce Committee, Tsuen Wan District Council	Agree				✓	Remove	Yes	Yes	Adequate
(s) A group of 7 Kowloon City District Council members	Agree			✓		*	Yes	Yes	*
(t) The Association of Buildings, Hok Yuen District-Hung Hom	Agree			✓		*	Yes	Yes	*
(u) Shung Tze Houses Owners Incorporation	Agree			✓		*	Yes	Yes	*
(v) Lung Kay Building Owners Incorporation	Agree			✓		*	Yes	Yes	*

Notes : Option A : To relax security of tenure for tenancies above a certain rental value only, and to review in the second phase.
Option B : To relax security of tenure for new tenancies only.
Option C : To relax security of tenure for all tenancies.
Option D : To relax security of tenure for all tenancies but with a grace period.

* No specific comments.

Suggested that all existing tenants could be given the right to one further renewal but no more.

@ Suggested that tenancies with monthly rent below \$8,000 should continue to be protected by security of tenure, and a review be carried out 1 year later.

✦ Suggested that Government should take a balanced approach and that tenants' disclosure of personal financial information should be encouraged as a matter of good practice rather than through legislation.