

(Translation)

香港特別行政區政府  
The Government of the Hong Kong Special Administrative Region

運輸及房屋局

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21 March 2017

Mr Derek Lo  
Clerk to Legislative Council Panel on Housing  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road, Central  
Hong Kong

Dear Mr Lo,

**Legislative Council Panel on Housing  
Meeting on 6 February 2017**

**“Short and medium-term measures  
to alleviate the housing difficulties of residents of sub-divided units”**

At the meeting on 6 February 2017, the Panel Chairman suggested the Government to discuss the topic “Short and medium-term measures to alleviate the housing difficulties of residents of sub-divided units” with the Panel as early as possible. The Government’s response to related matters is set out in the ensuing paragraphs for Panel Members’ reference.

2. After the deliberation of the Long Term Housing Strategy (LTHS) Steering Committee and a three-month public consultation, the Government announced the LTHS in December 2014 which adopts a supply-led strategy, and updates the long term housing demand projection annually and presents a rolling ten-year housing supply target with the view to gradually averting the current supply-demand imbalance. The Government has also elaborated in the LTHS on how to assist inadequately housed households (IHHs), including households living in sub-divided units (SDUs).

3. Many IHHs have applied for public rental housing (PRH). To these households, increasing the supply of PRH is the ultimate solution to address their housing needs. The Government will continue to increase housing land supply through a multi-pronged approach, and expedite the construction of PRH in accordance with the supply target under LTHS, so as to resolve the housing problem at the root, and benefit households living in SDUs and other IHHs.

4. There are suggestions for the Government to adopt certain short-to-medium term measures (for example, the implementation of tenancy control) to assist households living in SDUs. The Government has carefully considered these suggestions in the course of formulating the LTHS, and has explained its views to the public and the Legislative Council on different occasions.

5. Regarding tenancy control, the Government has conducted a detailed study in Hong Kong's past experience as well as overseas experience in implementing such measures. We briefed the Panel on the findings in July 2014<sup>1</sup>, and listened to views from members of the public. Subsequently, the Government also elaborated on this subject in the LTHS (paragraphs 6.15 - 6.18 refer) announced in end-2014. Empirical findings, both local and overseas, suggest 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. In view of the current tight housing supply, the potential adverse consequences associated with tenancy control measures may render them counter-productive. Therefore, the Government is of the view that it will not be in the interest of IHHs or the general public to introduce tenancy control measures in Hong Kong.

6. Besides, during the motion debate on "Formulating a housing policy to alleviate the keen housing demand" at the Legislative Council meeting last December, the Secretary for Transport and Housing provided detailed response

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<sup>1</sup> The relevant paper is "Tenancy Control" (LC Paper No. CB(1)1709/13-14(01)).

to other relevant suggestions from the public such as transitional housing<sup>2</sup>, redevelopment of aged PRH estates in a massive scale, provision of rent assistance, introduction of vacant property tax, etc. He also explained again the Government's views on tenancy control. The opening and closing remarks by the Secretary for Transport and Housing at the motion debate can be viewed at <http://www.info.gov.hk/gia/general/201612/07/P2016120700795.htm> and <http://www.info.gov.hk/gia/general/201612/07/P2016120701083.htm> respectively (only available in Chinese). We do not have any additional information to provide at this juncture.

7. As mentioned above, the Government has explained its policies and views in relation to SDUs in detail to the Legislative Council and the public on various occasions. The Panel has also deliberated the relevant subjects. Nevertheless, if the Panel intends to discuss this subject again, taking into account items planned for discussion at future Panel meetings in 2016-17, we consider that the Panel meeting in June or July 2017 may be a more appropriate timing.

Yours sincerely,

( Original Signed )

( Jerry Cheung )

for Secretary for Transport and Housing

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<sup>2</sup> The Panel also deliberated on the suggestion of providing transitional housing at the Panel meeting in July 2015 (LC Paper No. CB(1)1037/14-15(05) "Enforcement Actions against Subdivided Units in Industrial Buildings and Support Services for Affected Tenants").