

**For discussion
on 5 June 2017**

Legislative Council Panel on Housing

Letting of Markets under the Hong Kong Housing Authority

PURPOSE

This paper briefs Members on issues relating to the letting of markets under the Hong Kong Housing Authority (HA)¹.

BACKGROUND

2. The primary function of HA is to provide public rental housing to low income families which cannot afford private rental accommodation. According to the requirements of individual public housing developments, HA will also provide other facilities for residents, such as retail shops and carparks etc. At present, HA is providing about 230 000 square metres of retail facilities, including 22 markets.

SINGLE OPERATOR MARKETS

3. HA's retail facilities, including markets in public housing estates, are operated on a commercial basis. Since 1988, HA has adopted the single-operator letting arrangement for its markets. Under this arrangement, a single tenancy is awarded to an operator who will let parts of the leased area to individual stall operators, and will be responsible for the management of the whole market. The purpose of implementing single-operator markets (SOMs) is to leverage on the expertise as well as management and operation mode of the private sector, with a view to providing quality service for residents. From 1997, all new markets under HA have adopted the above-mentioned single-operator letting arrangement.

¹ The Transport and Housing Bureau provided detailed response to a question about issues relating to the letting of markets raised by a Member at the Legislative Council meeting on 17 May 2017. Details are at – <http://www.info.gov.hk/gia/general/201705/17/P2017051700390.htm>

4. To cope with the changing business environment, it is necessary for HA to allow single operators sufficient flexibility in the management of the markets, in order to enable them to provide better service for residents through flexible management and operation. Based on this principle, single operators can select individual stall operators and negotiate with them on the rents and terms of letting on a commercial basis. Furthermore, HA will, by means of the standard terms in the tenancy agreements with single operators, restrict single operators from charging stall operators fees other than rent, air-conditioning charges, rates and management fees². The tenancy agreements also require single operators to submit a monthly return to HA setting out all fees collected from stall operators. The single operators should also ensure that the premises are operated in the manner of a traditional market (i.e. selling various fresh vegetables, fruits, types of meat, and groceries in the form of market stalls), and provide a certain proportion of foodstuff and miscellaneous trades³.

5. In addition, frontline staff of the Housing Department (HD) will carry out regular inspections of markets, to ensure that single operators comply with the requirements as stipulated in the tenancy agreements, and maintain quality management services. HD will also assess the performance of single operators regularly. Through the performance assessment system, HD encourages single operators to maintain communications with stall operators and other stakeholders (including the relevant Estate Management Advisory Committees), so as to facilitate the effective and smooth operation of the markets.

6. The current monitoring measures for SOM implemented by HA enable an appropriate balance between the practical circumstances of commercial operations and shopping needs of residents, and have been operating effectively. HA will review the letting arrangements for SOM from time to time, to strengthen the monitoring of single operators, and ensure that they comply with the requirements of the tenancy agreements.

² For air-conditioning charges and rates, single operators cannot charge for an amount exceeding the actual amount required to be paid by them. The increase in management fees can only be commensurate with the increase in the Nominal Wage Index published by the Census and Statistics Department, and cannot be imposed more than once a year.

³ For example, the ratio of foodstuff to miscellaneous trades specified in the tenancy agreement for Ching Long Market is around 70:30.

7. Members are invited to note the issues relating to the letting of markets under HA.

Transport and Housing Bureau
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