

**For discussion
on 1 June 2020**

Legislative Council Panel on Housing

Study on Tenancy Control of Subdivided Units

Purpose

This paper briefs Members on the latest progress of the study on tenancy control of subdivided units.

Background

2. According to the Long Term Housing Strategy Annual Progress Report 2019, it is estimated that there were around 96 400 households living in subdivided units. There are views that these households may bear hefty rents and other unfavourable tenancy arrangements. There are also views that that without proper tenancy control, any assistance provided by the Government to households, such as rent allowance or one-time electricity subsidy and water charges reductions, may not benefit households in subdivided units. However, we understand that tenancy control is a very controversial issue, and there is no consensus in the community so far. In the current situation where housing supply is still tight, the implementation of tenancy control of subdivided units may have an adverse effect, hence, it is considered necessary to conduct a study before making the decision.

3. In this connection, the Transport and Housing Bureau has appointed the Task Force for the Study on Tenancy Control of Subdivided Units (the Task Force) on 16 April 2020¹ for a term of 18 months till October 2021. The Task Force comprises members from various sectors of the community, including academia participating in the operation of social welfare organisations. Please refer to the **Annex** for the Membership List of the Task Force. The Task Force is going to study the feasibility and options for tenancy control of subdivided units, as well as, other related issues of tenancy control of subdivided units. The first meeting of the Task Force was held on 29 April 2020, at which Members had preliminary discussion about the scope, work plan and way forward. The second meeting has also been scheduled for 28 May 2020.

¹ The press release: <https://www.info.gov.hk/gia/general/202004/16/P2020041600303.htm>

Objective and Scope of Work

4. The objective of the Task Force is to report to the Government and advise on the situations of subdivided units in Hong Kong, including whether tenancy control of subdivided units and/or any other alternatives should be considered.
5. The major scope of work of the Task Force is as follows –
 - (i) to examine the current situation of subdivided units in Hong Kong;
 - (ii) to enhance understanding of tenancy control of subdivided units and related issues;
 - (iii) to review measures relating to tenancy control of subdivided units and take into account experiences both in and outside Hong Kong in reviewing and evaluating such measures;
 - (iv) to study the feasibility of and options relating to the introduction of tenancy control on subdivided units, as well as other relevant issues;
 - (v) to engage the public in informed discussion on relevant issues relating to tenancy control on subdivided units; and
 - (vi) to gauge views of different groups of stakeholders.

Progress of the First Meeting

6. At the first meeting the Task Force has accomplished the following work –
 - (i) setting out the scope of work (please refer to paragraphs 4 & 5);
 - (ii) outlining the work plan (please refer to paragraph 7);
 - (iii) drawing up objectives and direction of the study (please refer to paragraph 8); and
 - (iv) confirming procurement of consultant services.
7. The Task Force planned to convene at least eleven meetings and the work plan comprises roughly three stages. In the first stage, the Task Force will seek to comprehensively appraise the actual situation of subdivided units through on-site visits and meetings with concerned parties. In the second stage, public forums will be organised to gauge views of the community. If feasible, the Task Force may also conduct interviews and pay visits outside Hong Kong. In the third stage, analysis, synthesis and conclusion of the feasibility of and options relating to the introduction of tenancy control on subdivided units will be undertaken so as to prepare a final report for reporting to the Government.

8. The Task Force has also agreed on the appointment of consultant to assist the work of the Task Force and initially proposed the commissioning of three studies in the following areas relating to tenancy control –

(i) Fact Finding and Social Aspects

Many advocates of tenancy control of subdivided units suggest that tenancy control can improve the lives of those residing in subdivided units. To understand better the situation of the subdivided unit market in Hong Kong and the residents living in subdivided units, the Task Force is of the view that a thorough study over this topic is desirable. It is expected that the study will cover a wide array of research tools such as, survey findings, on-site visits, focus group interviews, and desktop research of other experiences outside Hong Kong.

(ii) Economic Aspects

In previous debates over tenancy control, the negative economic impacts of tenancy control are often cited and discussed. The Task Force believes that updated local analyses of the economic aspects and impacts are needed for a comprehensive study of tenancy control of subdivided units.

(iii) Legal Aspects

In the previous studies of subdivided units, a common concern is the definition of subdivided units, and the associated legal issues. Without a clear definition of subdivided units, it will not be fruitful to examine the regulation of subsequent tenancy issues. A thematic study on the technical feasibility of tenancy control over subdivided units from the legal perspective is therefore proposed.

Discussion Items for the Second Meeting

9. The second meeting will be held on 28 May 2020, at which the Task Force will focus its discussion on the current situation of subdivided units. It will include reviewing the Government's previous studies and surveys on subdivided units, i.e. the study on subdivided units conducted in 2013 under the work of the Long Term Housing Strategy, the Thematic Household Surveys on Housing Conditions of Subdivided Units in Hong Kong as carried out by the Census and Statistics Department in 2015 and 2016, and the Thematic Report on Persons Living in Subdivided Units as compiled under the 2016 Population By-census. It is expected that the second meeting will formulate the study scope and framework for the consultant to take forward the study on the fact finding and social aspects.

Public Engagement

10. Amidst the study of the feasibility on introducing tenancy control of subdivided units, the Task Force will maintain a dialogue with the relevant stakeholders (including the Legislative Council) and listen to their views. As mentioned in paragraph 7 above, the Task Force will arrange meetings with concerned parties and have direct communication with the tenants of subdivided units through site visits to understand more about their difficulties, in addition to organising public forums to collect views of the wider community on the issues. With the above public engagement activities, it is believed that the Task Force will be able to gauge views of different groups of stakeholders effectively and reflect them in the report as appropriate.
11. The Task Force will soon appoint a consultant to proceed with data collection and studies on topics determined by the Task Force. The Transport and Housing Bureau will strive to complete the study by the first half of 2021.
12. Members are invited to note the content of this paper.

Transport and Housing Bureau
May 2020

Task Force for the Study on Tenancy Control of Subdivided Units
Membership List

「劏房」租務管制研究工作小組
成員名單

Chairman

主席

Dr William LEUNG Wing-cheung

梁永祥博士

Members

成員

Ir Professor Thomas CHAN Kwok-cheung

陳國璋教授工程師

Mr Anthony CHIU Kwok-wai

招國偉先生

Professor FUNG Kwok-kin

馮國堅教授

Sr Vincent HO Kui-yip

何鉅業測量師

Professor Eddie HUI Chi-man

許智文教授

Professor Joe LEUNG Cho-bun

梁祖彬教授

Professor LUI Tai-lok

呂大樂教授

Ms Melissa Kaye PANG

彭韻僖女士

Mr SHEA Hing-wan

佘慶雲先生

Professor Kevin TSUI Ka-kin

徐家健教授

Mr Stephen WONG Yuen-shan

黃元山先生

Professor YIP Ngai-ming

葉毅明教授

In-attendance

列席

Under Secretary for Transport and Housing

運輸及房屋局副局長

Under Secretary for Development
or his/her representative

發展局副局長或其代表

Under Secretary for the Environment
or his/her representative

環境局副局長或其代表

Commissioner of Rating and Valuation
or his/her representative

差餉物業估價署署長或其代表

Government Economist or his/her representative

政府經濟顧問或其代表