

立法會
Legislative Council

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by the Administration)

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Panel on Housing

**Subcommittee on Issues Relating to Transitional Housing and
Subdivided Units**

Minutes of meeting
held on Thursday, 25 February 2021, at 9:30 am
in Conference Room 2B of the Legislative Council Complex

- Members present** : Hon Vincent CHENG Wing-shun, MH, JP (Chairman)
Hon Wilson OR Chong-shing, MH (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon SHIU Ka-fai, JP
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon Tony TSE Wai-chuen, BBS, JP
- Member absent** : Hon CHAN Han-pan, BBS, JP
- Members attending** : Hon YIU Si-wing, BBS
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
- Public Officers attending** : Agenda Item III
Dr Raymond SO, BBS, JP
Under Secretary for Transport and Housing

Mr Carlson CHAN, JP
Director (Special Duties)
Transport and Housing Bureau

Mr CHAN Nap-ming, BBS
Project Director (1)
Task Force on Transitional Housing
Transport and Housing Bureau

Mr Howard HO
Senior Project Manager (1)
Task Force on Transitional Housing
Transport and Housing Bureau

Agenda Item IV

Dr Raymond SO, BBS, JP
Under Secretary for Transport and Housing

Mr Carlson CHAN, JP
Director (Special Duties)
Transport and Housing Bureau

Miss Kathy CHAN
Head, Secretariat for the Task Force for the Study on
Tenancy Control of Subdivided Units
Transport and Housing Bureau

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Ms Michelle NIEN
Legislative Assistant (1)5

I. Application for late membership

(LC Paper No. CB(1)481/20-21(01) — Letter dated 18 January 2021 from Hon CHAN Han-pan (Chinese version only))

Application for late membership

The Subcommittee accepted the application from Mr CHAN Han-pan for late membership of the Subcommittee pursuant to Rule 23(c) of the House Rules.

II. Confirmation of minutes

(LC Paper No. CB(1)575/20-21 — Minutes of the meeting held on 15 January 2021)

2. The minutes of the meeting held on 15 January 2021 were confirmed.

III. Use of hotels and guest houses as transitional housing

(LC Paper No. CB(1)601/20-21(01) — Administration's paper on use of hotels and guesthouses as transitional housing)

Discussion

3. The Subcommittee deliberated (index of proceedings in the **Appendix**).

IV. Tenancy control of subdivided units

(LC Paper No. CB(1)601/20-21(02) — Administration's paper on work progress of the Task Force for the Study on Tenancy Control of Subdivided Units

LC Paper No. CB(1)601/20-21(03) — Background brief prepared by the Legislative Council Secretariat

- LC Paper No. CB(1)475/20-21(01) — Submission from Hong Kong Unison Limited (Chinese version only)
- LC Paper No. CB(1)589/20-21(01) — Submission from The Lion Rock Institute (Chinese version only)
- LC Paper No. CB(1)589/20-21(02) — Submission from Hong Kong Subdivided Flats Concerning Platform (Chinese version only)
- LC Paper No. CB(1)589/20-21(03) — Submission from Mr Evan LO (Chinese version only)
- LC Paper No. CB(1)589/20-21(04) — Submission from Central & Western District Council (Chinese version only)
- LC Paper No. CB(1)589/20-21(05) — Submission from Path of Democracy (Chinese version only)
- LC Paper No. CB(1)589/20-21(06) — Submission from New People's Party (Chinese version only)
- LC Paper No. CB(1)589/20-21(07) — Submission from Mr Michael MO (English version only)

Discussion

4. The Subcommittee deliberated (index of proceedings in the **Appendix**).

V. Any other business

Date of next meeting

5. The Subcommittee noted that the next meeting would be held on 23 March 2021 at 10:45 am.

(Post-meeting note: Members were informed vide LC Paper No. CB(1)648/20-21 on 10 March 2021 that the next meeting would be held on 23 March 2021 at 10:45 am.)

6. There being no other business, the meeting ended at 10:54 am.

Council Business Division 1
Legislative Council Secretariat
10 August 2021

Panel on Housing

Subcommittee on Issues Relating to Transitional Housing and Subdivided Units

**Proceedings of meeting
on Thursday, 25 February 2021, at 9:30 am
in Conference Room 2B of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda item I —Application for late membership			
000516 – 000606	Chairman	The Subcommittee accepted the application from Mr CHAN Han-pan for late membership of the Subcommittee pursuant to Rule 23(c) of the House Rules.	
Agenda item II —Confirmation of minutes			
000607 – 000742	Chairman	The minutes of meeting held on 15 January 2021 were confirmed.	
Agenda item III — Use of hotels and guest houses as transitional housing			
000743 – 001115	Chairman Administration	Briefing by the Administration on the arrangements for the pilot scheme to subsidize the provision of transitional housing ("TH") through non-governmental organizations ("NGOs") using rooms in hotels and guesthouses ("the Pilot Scheme") (LC Paper No. CB(1)601/20-21(01)).	
001116 – 001719	Chairman Mr Tony TSE Administration	<p>Mr Tony TSE expressed support for the Pilot Scheme and made the following enquiries/suggestions –</p> <ul style="list-style-type: none"> (a) whether the Pilot Scheme would be regularized if it was proven successful in achieving its intended purposes of increasing the supply of TH whilst helping the hotels and guesthouses industry tide over the severe market situation; (b) the target number of rooms to be provided under the Pilot Scheme; (c) arrangements for reversion of building works and how the tenants' need for cooking and laundry would be met; (d) target users under the Pilot Scheme; and (e) whether the Administration would require the participating hotels and guesthouses to use the whole building (as the case might be) as TH. <p>The Administration advised that –</p> <ul style="list-style-type: none"> (a) it would review the Pilot Scheme in order to assess the need for enhancement; 	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) the estimated number of rooms to be provided under the Pilot Scheme was 800. With the funding support of \$95 million from the Community Care Fund, the Administration would continue to promote the Pilot Scheme to the industry, and would endeavour to provide as many rooms as possible;</p> <p>(c) to avoid interrupting the licence of the participating hotels and guesthouses, no substantial addition and alteration works would be involved. In the project where the NGO concerned had signed a memorandum of understanding ("MOU") with the owner of a hotel, one floor of the premises could be designated as a common area for cooking and laundry purposes with suitable facilities provided;</p> <p>(d) where relevant rules and regulations permitted, electric appliance such as washing machines might be provided by the participating hotels and guesthouses;</p> <p>(e) potential beneficiaries of the Pilot Scheme would be households waiting for public rental housing ("PRH") for some time and living in inadequate housing ("IH"). Owing to the comparatively smaller size of the rooms expected to be provided by the hotels/guesthouses under the Pilot Scheme, the target tenants were expected to be small families; and</p> <p>(f) while it would be operationally more advantageous to use the whole building or premises as TH, the Administration maintained an open attitude to facilitate flexible arrangements to cope with the specific situations of individual cases.</p>	
001720 – 002051	Chairman Mrs Regina IP Administration	<p>Mrs Regina IP expressed support for the Pilot Scheme and made the following enquiries/suggestions –</p> <p>(a) the role of NGOs under the Pilot Scheme, e.g. whether they would be responsible for leasing matters such as tenancy recruitment, management and aftercare service and if so, what additional manpower resources and administrative expenses would be required;</p> <p>(b) how the level of rent would be determined; and</p> <p>(c) fair tenancy termination arrangements for the parties concerned should be formulated to cater for resumption of normal business by the hotels and guesthouses, with terms and conditions included in the tenancy agreement to protect the tenants from forced eviction.</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration advised that –</p> <ul style="list-style-type: none"> (a) while NGOs would be responsible for tenancy management, the owners/operators would be responsible for the general maintenance and management of the premises. The additional manpower resources and administrative expenses required by NGOs to operate the project would be an important aspect in vetting and approving the NGOs' funding applications under the Pilot Scheme; (b) while NGOs were allowed certain flexibility to set their tenants' rent, an affordable level of rent was expected, which would be a significant factor for determining the actual amount of financial subsidy to them. In general, NGOs would set the rent level with reference to parameters such as the maximum level of the rent allowance under the Comprehensive Social Security Assistance Scheme ("CSSA"), 25% of the household income of the tenants, etc.; and (c) compared to other forms of TH, the Pilot Scheme could increase the supply of TH in a speedy manner without the need for reversion of building works. Nevertheless, the hotels and guesthouses were required to participate in the Pilot Scheme for at least two years so as to protect the interests of the tenants. 	
002052 – 002652	Chairman Deputy Chairman Administration	<p>The Deputy Chairman expressed support for the Pilot Scheme and made the following enquiries/suggestions –</p> <ul style="list-style-type: none"> (a) the Administration should assume a more proactive role to facilitate NGOs in entering into agreement with hotels and guesthouses, including providing standardized tenancy agreement, and helping NGOs and hotels/guesthouses resolve differences in tenancy matters; (b) the criteria for setting the rent at an affordable level which in his opinion should not be higher than 25% of the household income of the tenants; and (c) the arrangements concerning rent deposit and the assistance to tenants in the event of early termination of tenancy (e.g. where tenants were allocated with a PRH unit before expiration of tenancy). 	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration advised that –</p> <ul style="list-style-type: none"> (a) it had taken on a proactive role under the Pilot Scheme in facilitating NGOs and owners/operators of hotels and guesthouses to join the Pilot Scheme; (b) rent level would be determined taking into account the tenants' ability to afford, and by making reference to parameters such as the maximum level of rent allowance under the CSSA Scheme and 25% of the household income of the tenants, etc. The current maximum level of CSSA rent allowance for a two-person household was \$4,370 per month; and (c) NGOs were expected to be flexible in the arrangement concerning rent deposit and early termination of tenancy. As there would be strong demand for TH under the Pilot Scheme, turnover of the rooms was unlikely to be an issue. 	
002653 – 003323	Chairman Mr YIU Si-wing Administration	<p>Mr YIU Si-wing supported the Pilot Scheme as it was a win-win solution to both the hotel and guesthouse industry as well as households in need of TH. He raised the following concerns/enquiries –</p> <ul style="list-style-type: none"> (a) as hotels and guesthouses would be required to participate in the Pilot Scheme for at least two years, they might lose business opportunities if Coronavirus Disease 2019 subsided during that period. Moreover, the wear-and-tear and hence the depreciation of the rooms would be faster if the rooms were rented to families for a long period of time compared to rooms rented to tourists when hotels and guesthouses performed housekeeping of the rooms daily. As such, many owners and operators of hotels and guesthouses still adopted a wait-and-see attitude toward the Pilot Scheme; (b) room for enhancing the Administration's level of participation under the Pilot Scheme; (c) timetable for review of the Pilot Scheme and room for adjustment of the funding amount; (d) the party/parties to be responsible for the expenses for addition and alteration works and the reversion of such works; (e) whether electricity tariffs and water charges would be included in the rent; 	

Time marker	Speaker	Subject(s)	Action required
		<p>(f) the party/parties to be responsible for the miscellaneous expenses incurred during the transitional period from one tenancy to another; and</p> <p>(g) response to the Pilot Scheme to date, including the potential number of rooms to be provided by interested hotels and guesthouses.</p> <p>The Administration advised that –</p> <p>(a) while it acknowledged the concern of the industry about the requirement of a two-year minimum participation period, it was important to provide stability and security of tenancy under the Pilot Scheme to the tenants which were low-income families. Depreciation of the room was an operational cost to be considered by the business concerned;</p> <p>(b) apart from being a facilitator under the Pilot Scheme, the Administration would liaise closely with the industry and NGOs, and compile a list of participating hotels/guesthouses for interested NGOs to consider;</p> <p>(c) the Administration would review the effectiveness of the Pilot Scheme in a timely manner with a view to making further enhancements. The priority was to provide as many rooms as possible under the Pilot Scheme;</p> <p>(d) the financial subsidy under the Pilot Scheme would cover the procurement of simple and necessary household equipment, the amount of which would be subject to stringent vetting. The arrangements regarding reversion of building works and whether the rent would include electricity tariffs and water charges would be subject to discussion between the hotels/guesthouses and NGOs;</p> <p>(e) the party/parties to be responsible for the miscellaneous expenses incurred during the tenancy transitional period might vary from case to case. The Administration would assist in working out the details with both parties; and</p> <p>(f) one NGO had already signed an MOU with the owner of a hotel providing 161 rooms. The Administration had liaised with about 20 hotels/guesthouses and held site visits to their premises in conjunction with NGOs. Some NGOs were considering and preparing their proposals for joining the Pilot Scheme.</p>	

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003324 – 003949	Chairman Dr CHENG Chung-tai Administration	<p>Dr CHENG Chung-tai said that the justification for implementing the Pilot Scheme was open to deliberation as the rooms to be provided were different from the average TH. He raised the following enquiries/concerns –</p> <p>(a) the respective duties and responsibilities of the premises owners, NGOs and tenants, e.g. in third party insurance, building management and security matters; and</p> <p>(b) tenancy termination arrangements for both parties.</p> <p>The Administration advised that the aim of the Pilot Scheme was to better utilize existing resources to provide suitable accommodation to needy families as TH. As there was a need to maintain the licences of the hotels/guesthouses under the Pilot Scheme, the premises concerned had to be operated in the manner of hotels/guesthouses, and comply with the licence requirements concerning building security and insurance.</p>	
003950 – 004739	Chairman Ms Alice MAK Administration	<p>Ms Alice MAK expressed support for the Pilot Scheme. She raised the following concerns/enquiries –</p> <p>(a) concerns had been raised by trade unions about the impact on hotel/guesthouse staff. Some were concerned that it would be difficult to manage the hotels/guesthouses under a hybrid arrangement where some of the rooms were designated as TH while others were still used for visitors. On the contrary, if all rooms were designated as TH, existing staff might lose their jobs. The Administration should urge NGOs to retain the existing staff of the hotels/guesthouses;</p> <p>(b) provision of laundry and cooking facilities in the premises; and</p> <p>(c) projected number of participating hotels/guesthouses.</p> <p>The Administration advised that –</p> <p>(a) the aim of the Pilot Scheme was to subsidize the provision of TH through NGOs for needy families who had been waiting for PRH for some time and living in IH, using suitable rooms in hotels/guesthouses with relatively low occupancy rates. Hotels/guesthouses interested in participating were already totally or partially closed due to the low demand for rooms. The Pilot Scheme would not affect the licensing status of the hotels/guesthouses, thus facilitating their speedy return to normal operation after the pandemic. The job</p>	

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		<p>opportunities of hotel/guesthouse staff would not be affected in the near or long term. On the contrary, the Pilot Scheme would have a positive effect on manpower demand of the industry in the meantime. Members' suggestion for priority in recruiting existing/former staff would be relayed to NGOs;</p> <p>(b) to cater for the tenants' needs, participating hotels/guesthouses/NGOs would attempt to provide shared space for laundry and cooking whenever practicable; and</p> <p>(c) positive response had so far been received from about 20 hotels/guesthouses. Briefings would be held to introduce the Pilot Scheme to the industry and allay their concerns.</p>	
004740 – 004906	Chairman Mr SHIU Ka-fai Administration	<p>Mr SHIU Ka-fai expressed support for the Pilot Scheme and raised the following enquiries/concerns –</p> <p>(a) criteria for selecting suitable hotels/guesthouses to join the Pilot Scheme to ensure that they have a fair opportunity for participation; and</p> <p>(b) criteria for determining a reasonable level of rent for the rooms.</p> <p>The Administration advised that –</p> <p>(a) interested hotels/guesthouses would be invited to approach the Administration which would compile a list for NGOs to consider according to their specific requirements. NGOs can then arrange site visits and liaise with the concerned hotels/guesthouses. The Administration would provide advice and assistance in the process; and</p> <p>(b) in determining the subsidy level for an NGO, the Administration will consider a series of factors such as the level of rent to be charged and attributes of the room, including the size of the room and the location of the property, etc. While the subsidy for each room would be capped at \$133,500 for two years, concerns were raised by some potential industry participants that the subsidy level was too low to be attractive for their participation. Some even proposed that a minimum cost of \$13,000 per room per month would be necessary. Nevertheless, the Administration would have to be prudent when the usage of public money is involved.</p>	

Time marker	Speaker	Subject(s)	Action required
004907 – 005416	Chairman Administration	<p>The Chairman expressed support for the Pilot Scheme as it would provide much needed TH in the form of quality hotel/guesthouse rooms in a speedy manner in urban areas, thus facilitating local rehousing of households living in IH. He raised the following enquiries –</p> <ul style="list-style-type: none"> (a) assistance to be provided to NGOs interested to join the Pilot Scheme; (b) projected timeframe for achieving the target number of 800 rooms; and (c) target percentage of hotels/guesthouses joining the Pilot Scheme. <p>The Administration advised that –</p> <ul style="list-style-type: none"> (a) briefings would be provided to interested NGOs and the industry to deepen their understanding about the Pilot Scheme. Templates of MOU would be provided for their reference; and (b) the Administration would review the Pilot Scheme in a timely manner. The 800-room target could be increased if response was better than expected. 	
005417 – 005735	Chairman Mrs Regina IP Administration	<p>Mrs Regina IP made the following enquires/suggestions –</p> <ul style="list-style-type: none"> (a) whether NGOs could choose their tenants or should adopt the waiting list for PRH; (b) whether District Offices under the Home Affairs Department would perform a public liaison role under the Pilot Scheme; and (c) whether the performance of participating NGOs would be subject to scrutiny by the Director of Audit ("D of A"). <p>The Administration advised that the two major criteria for NGOs in selecting tenants would be that they had been: (i) waiting for PRH for some time; and (ii) living in IH. The Administration would work with NGOs to ensure that those in genuine need would be served. The Transport and Housing Bureau ("THB") would discuss with the Home Affairs Department on the mode of cooperation under the Pilot Scheme. The Community Care Fund from which the funding application of \$95 million was being sought was itself subject to audit by the D of A. THB would monitor the performance of participating NGOs by conducting surprise inspections apart from routine checking of the</p>	

Time marker	Speaker	Subject(s)	Action required
		audited statements of accounts and annual reports to be submitted by them.	
Agenda item IV — Tenancy control of subdivided units			
005736 – 010218	Chairman Administration	Briefing by the Administration on the work progress of the Task Force for the Study on Tenancy Control of Subdivided Units ("the Task Force") (LC Paper No. CB(1)601/20-21(02)).	
010219 – 010841	Chairman Ms Alice MAK Administration	<p>Ms Alice MAK remarked that she was introducing to the Legislative Council ("LegCo") a Member's Bill, i.e. the Waterworks (Waterworks Regulations) (Amendment) Bill 2021, to prohibit the overcharging of water charges by landlords. The Bill sought to amend the Waterworks Regulations (Cap. 102A) so that landlords would only be allowed to recover from their tenants the charges for water as prescribed in regulation 46 of the Regulations. She urged members to support the early enactment of the Bill, which would be gazetted on 5 March 2021 and introduced to LegCo on 17 March 2021. Ms MAK urged the Task Force to complete the study and submit the final report to the Administration expeditiously. The Administration should introduce the bill on tenancy control of subdivided units ("SDUs") as early as possible. Ms MAK raised the following enquiries/suggestions –</p> <p>(a) the timetable for introducing the bill on tenancy control of SDUs by the Administration; and</p> <p>(b) the Administration should include in the bill comprehensive legislative amendments relating to standardized tenancy agreement, security of tenure, restrictions on rent adjustment, and overcharging of electricity tariffs by landlords.</p> <p>The Administration advised that –</p> <p>(a) as announced by the Chief Executive, the Administration's target was to submit the bill to LegCo within the current term of LegCo;</p> <p>(b) the Task Force acknowledged the need to regulate the overcharging of utility charges by landlords. The Administration would consider the detailed arrangements of recouping charges by landlords from tenants when drafting the relevant legislative amendments; and</p>	

Time marker	Speaker	Subject(s)	Action required
		(c) regulation of the rate of rent adjustment was a controversial issue. The Task Force would continue to explore the issue of security of tenure and the regulation of rent adjustment before completing the study.	
010842 – 011116	Chairman Mrs Regina IP Administration	Mrs Regina IP welcomed the Administration's plan to expedite the work on the legislative amendment. To prevent landlords from taking pre-emptive actions to circumvent the rent control measures, she suggested that anti-circumvention clauses be provided in the bill; and/or causing the bill to take effect immediately upon gazettal. The Administration noted Mrs IP's suggestions and would consider relevant provisions in the legislative amendments as appropriate.	
011117 – 011851	Chairman Deputy Chairman Administration	<p>The Deputy Chairman urged the Administration to introduce the bill on tenancy control of SDUs as early as possible. He expressed commendation on the work of the Task Force and its effort to receive views from public via both online and offline channels. He raised the following enquiries/suggestions –</p> <ul style="list-style-type: none"> (a) whether, as it had been so rumoured, the Administration would propose a maximum rate of rent increase of 15% upon tenancy renewal in the bill, and, if so, the rationale for determining the rate; (b) the cap on rent increase should be 10% as it would be more affordable to SDU tenants than 15%; (c) measures to tackle the problems associated with sub-letting in the SDU market; and (d) measures to be included in the bill to monitor and enforce against contraventions. <p>The Administration advised that –</p> <ul style="list-style-type: none"> (a) the 15% maximum rate of rent increase on tenancy renewal was only one of the options discussed by the Task Force. The Task Force would also explore other possible options. There was a need to balance the interests of both tenants and landlords in determining the suitable rate. New tenancy restrictions imposed after acquisition by an owner might constitute an infringement of or a derogation from an owner's property rights and be held by the court as contravention of the Basic Law, unless such measures would not disproportionately infringe on the private property rights of landowners whilst protecting the interests of SDU tenants; 	

Time marker	Speaker	Subject(s)	Action required
		<p>(b) sub-letting in the SDU market through a head lessee was common. Legislating against sub-letting was not feasible as it could drastically reduce the supply of SDUs in the market. The Task Force would continue to look at ways to protect the tenants' interests while allowing sub-letting to continue to operate in the market; and</p> <p>(c) substantial resources would be required in enforcing the bill on tenancy control and handling related disputes as it was estimated that there were over 100 000 SDU households in Hong Kong. The Rating and Valuation Department and the Lands Tribunal would be faced with extra workload, and would bid for additional resources if the situation warranted.</p>	
011852 – 012437	Chairman Administration	<p>The Chairman urged the Administration to introduce the bill on tenancy control of SDUs as early as possible within the current term of LegCo. He raised the following concerns/suggestions –</p> <p>(a) a 15% maximum rate of rent increase was too high to be acceptable. The Administration should make reference to the 10% cap on rent increase under the PRH rent adjustment mechanism;</p> <p>(b) the Administration should consider mandating the owner to enter into written tenancy agreement with the ultimate tenant;</p> <p>(c) how the Administration would handle the issue of security of tenure in the bill, and tenancy termination arrangements if the tenants were allocated with PRH units during a tenancy period; and</p> <p>(d) what the enforcing authority of the bill would be.</p> <p>The Administration advised that –</p> <p>(a) members' views and suggestions would be taken into account by the Task Force and in the bill; and</p> <p>(b) the Administration had started preparations in conjunction with the Department of Justice on the drafting of the bill, and would work out the operational details with RVD.</p>	
012438 – 012716	Chairman Deputy Chairman Administration	<p>The Deputy Chairman remarked that consideration should be given to incorporating provisions in the bill to protect the interests of responsible and scrupulous owners, including measures to prevent the problem of rogue tenants.</p>	

Time marker	Speaker	Subject(s)	Action required
		The Administration advised that it would incorporate provisions in the bill to protect the owner's interests as appropriate, e.g. stipulating conditions under which the landlord might forfeit the lease.	
Agenda item V — Any other business			
012717 – 012730	Chairman	Meeting arrangement	

Council Business Division 1
Legislative Council Secretariat
10 August 2021