

# LCQ16: Management of shopping arcades under the Hong Kong Housing Authority

Following is a question by Hon Ho Kai-ming and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 22):

Question:

I have received a complaint that the Hong Kong Housing Authority (HA) earlier on refused to renew the tenancy of a shop operator, who had been operating Chinese medicine beauty business in a shopping arcade under HA for as long as three years, on grounds that Chinese medicine beauty was not within the business scope of the designated trade (i.e. beauty services and cosmetics) of the shop concerned. Regarding HA's management of its shopping arcades, will the Government inform this Council:

(1) of the criteria based on which HA (i) formulates asset enhancement programmes for its shopping arcades and (ii) determines the trade mix of the tenants; the procedure for HA to determine whether it was the business of beauty services and cosmetics or Chinese medicine clinic that the shop operator concerned was operating;

(2) whether HA has regularly reviewed the trade mix of the tenants of its shopping arcades, with a view to keeping the trade mix of the tenants in pace with the times and attracting shop operators from emerging industries; if HA has, of the year in which a review was last conducted and the contents;

(3) whether a mechanism is currently in place for shop operators whose tenancies are not renewed to make representations or lodge appeals; if so, of the procedure, and the number of appeal cases in the past three years; and

(4) as some members of the public have pointed out that the approach of HA in managing its shopping arcades is outdated and inflexible, resulting in the types of trades in which tenants are engaged being not diversified and out of tune with the needs of the residents, of HA's improvement measures?

Reply:

President,

My consolidated reply to Hon Ho Kai-ming's question is as follows:

In formulating the trade mix of shops in its shopping centres, the primary consideration of the Hong Kong Housing Authority (HA) is meeting the basic daily needs of residents. HA also takes into account the scale of the estates and shopping centres, the technical feasibility as well as the surrounding environment of the estates. For example, HA considers factors

such as the availability of shopping centres and retail facilities in the vicinity. HA also follows the market trend with a view to providing balanced and diversified choices of goods and services to the residents. In general, HA will, depending on the size and technical provisions of the shops, first arrange food and beverages and other trades which cater for the daily needs of residents, such as supermarkets, convenience stores, stores for household utensils, bakeries, clinics, etc. For shopping centres that are of larger size, HA will also consider introducing other different types of trades including pharmacies, hairdressers and laundry shops, etc.

HA has been taking various measures to improve the retail facilities of its shopping centres, including re-designing the trade mixes, changing the usage and adopting proactive and flexible marketing and leasing strategies, etc. Since 2011, HA puts forward a five-year rolling programme annually. By taking into account various factors and changes in circumstances, such as the location and surrounding environment of the commercial facilities, the letting situation and the estate population, etc., HA will identify suitable projects for detailed study and carry out asset enhancement works for its retail and carpark facilities. So far, HA has completed a number of asset enhancement works under the programme, including renovation of shopping centres, re-designation of trade mixes, addition of shops and change of usage, etc., with a view to improving and optimising the commercial potential of its facilities.

To keep pace with the market trend, HA also adopts flexible marketing and letting strategies, and proactively explores new sources to increase shopping choices and variety of services to residents of public housing estates and the community. For example, HA has, in some estates, introduced mobile banking facilities, mobile Chinese medical services and mobile physiotherapy services as well as set up parcel lockers in response to the need for delivery services arising from online shopping.

HA arranges shops for letting in accordance with the designated trades by way of tendering, and will sign tenancy agreements (TAs) with the successful tenderers. As stipulated in the TAs, the tenants are required to operate the designated trades. At present, the list of trades for retail facilities under HA includes "Beauty Services and Cosmetics" and "Chinese Medicine Clinics". The former provides services for beauty care and sale of cosmetics, while the latter provides consultation and treatment services by registered Chinese medicine practitioners. These two trades are completely different.

In general, HA will arrange staff to meet with the successful tenderers to sign the TAs, during which HA's staff will inform them again of the designated trade of the shop concerned so as to ensure that the tenants understand the trades permitted under the TAs. HA will monitor whether shop tenants are in breach of the clauses in the TAs through routine inspections. If any breach of the TAs is identified, such as operation of trade not specified in the TAs, HA will urge the tenants to rectify the situation. If such situations persist, HA will consider terminating the tenancies or not renewing them upon expiry.

The TAs signed between HA and the tenants contain no provision guaranteeing the tenants an option of tenancy renewal. Regarding termination of tenancy during its term, section 20(1) of the Housing Ordinance specifies that a tenant has a right to lodge an appeal against termination of his/her tenancy to the Appeal Panel (Housing) no later than 15 days after the date on which the Notice-to-quit has been issued. The Appeal Panel (Housing) will arrange a hearing for the appeal and decide whether it is upheld.

According to records, in the past three years, there were a total of eight cases of which the tenancies were terminated due to breaches of the conditions under the TAs, among these cases, two have lodged appeals. There were four cases involving tenancies not renewed due to breaches of tenancy conditions.