

## LCQ16: Tackling the issue of subdivided units

Following is a question by Dr the Hon Wendy Hong and a written reply by the Secretary for Housing, Ms Winnie Ho, in the Legislative Council today (April 10):

Question:

The Chief Executive announced in the 2023 Policy Address that a Task Force on Tackling the Issue of Subdivided Units (the Task Force) would be established. The Task Force will conduct study to understand the living environment of subdivided units (SDUs) and the composition of the persons living in SDUs, and listen to the views of different stakeholders when formulating its recommendations. In this connection, will the Government inform this Council:

(1) given that according to the 2021 Population Census, 34.2 per cent of SDU households have a monthly income of \$20,000 or above, which exceeds the income limit in respect of 1-person or 2-person family size for public rental housing (PRH) application, whether the Government will, through the aforesaid study, find out the specific number of SDU households with household income exceeding the income limit for PRH application;

(2) given that according to the Report of the Task Force for the Study on Tenancy Control of Subdivided Units published by the former Transport and Housing Bureau in 2021, 48.6 per cent of SDU households have not applied for PRH, and among them, nearly 35 per cent have cited being "non-permanent Hong Kong residents" as their main reason for not doing so, whether the Government will, through the aforesaid study, find out the number of SDU households with members who are non-Hong Kong residents (e.g. the specific numbers of Mainland residents holding Exit-entry Permits for Travelling to and from Hong Kong and Macao as well as non-refoulement claimants); given that such non-Hong Kong residents are not eligible for applying for PRH, whether the Government will study the options available to them after "bidding farewell to SDUs"; and

(3) given that pursuant to Part IVA of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7), a landlord must submit a Notice of Tenancy (the Notice) to the Rating and Valuation Department (RVD) within 60 days after the term of a regulated tenancy commences, but as at November 14, last year, RVD only received 23 500 Notices from around 110 000 SDUs across the territory, and there are views that such a situation is unsatisfactory, whether the Government will, through the aforesaid study, step up random checks in the course of visiting SDUs and require those landlords who have not yet submitted the Notice to fulfil their obligation as early as possible?

Reply:

President,

The Government of the Hong Kong Special Administrative Region (HKSAR) has all along been paying attention to the housing needs of those who are inadequately housed, and striving to identify land for housing development to increase the overall supply of public and private housing. We have identified sufficient land to meet the public housing supply target of 308 000 units in the coming 10 years, making it an opportune time to tackle the long-standing issue of subdivided units (SDUs).

Following the Chief Executive (CE)'s announcement of the Policy Address in October 2023, the HKSAR Government has established the interdepartmental Task Force on Tackling the Issue of Subdivided Units (the Task Force), led by the Deputy Financial Secretary, Mr Michael Wong, with the Secretary for Housing, Ms Winnie Ho, as the deputy. The Task Force will put forward proposals on minimum standards of the living conditions for SDUs, eradication of substandard SDUs in an orderly manner, etc. Relevant policy bureaux and departments are now discussing and studying the related matters at full steam. We have also commissioned a consultant to visit different types of SDU households across Hong Kong to collect the relevant data so as to assist the Task Force in understanding the latest situation of existing SDUs and relevant households. Upon completion of the in-depth study, the Task Force targets to come up with a feasible solution that can address the issue of SDUs in an orderly manner, and to present the report to CE in 10 months' time.

Having consulted the Rating and Valuation Department (RVD), the reply to various parts of the question raised by Dr the Hon Wendy Hong is as follows:

(1) to (2) Our consultant is visiting different types of buildings across Hong Kong and interviewing the SDU households therein, with the main objectives of estimating the size and characteristics of the population living in existing SDUs, understanding the living environment of SDUs, as well as collecting the key data of residents, including household size, income, composition, residency status in Hong Kong, etc. Such information will assist the Task Force in putting forward orderly solutions regarding the setting of minimum standards of the living conditions for SDUs, as well as the formulation of strategy, priorities in eradicating substandard SDUs, etc.

The HKSAR Government fully understands that the issue of SDUs involves the accommodation of tens of thousands of families. Therefore, eradicating substandard SDUs is not a short-term target which can be achieved overnight. When the HKSAR Government formulates the relevant policies, the basic principle is not to render the households homeless. During this process, the Government will allow reasonable time for SDU landlords to carry out necessary rectification works for their SDUs to meet the relevant standards, as well as to liaise with tenants on the proper move-out arrangement. Due consideration will also be given to the timing and priorities of the relevant enforcement actions as well as appropriate follow-up arrangements.

(3) Pursuant to Part IVA of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) (the Ordinance), the landlord must, within 60 days after the term of

the regulated tenancy commences, submit a Notice of Tenancy (Form AR2) to notify RVD of the particulars of the tenancy. If the landlord, without reasonable excuse, refuses or neglects to comply with this requirement, the landlord commits an offence, and is liable on conviction to a maximum fine at level 3 (\$10,000), and in the case of a continuing offence, to a further fine of \$200 for each day during which the offence continues. As at end-March 2024, RVD processed a total of 29 354 Forms AR2.

In addition to carrying out publicity and education work and visiting SDU households on a regular basis, RVD has also been taking resolute enforcement actions to remind SDU landlords that they must comply with the requirements under the Ordinance. As at end-March 2024, RVD identified a total of 3 091 cases of suspected contravention of the Ordinance, amongst which 2 880 were proactively identified by RVD through different channels and the remaining 211 were complaint cases. In this regard, RVD successfully prosecuted 201 cases, involving 169 SDU landlords (amongst which 165 cases (involving 165 landlords) were related to contravening the requirement of submission of Form AR2), with fines ranging from \$500 to \$18,600, amounting to a total of \$374,800. There were another 53 cases prosecuted and pending hearing. Apart from prosecuted cases, RVD also issued warning letters to the landlords of 1 423 cases relating to the submission of Form AR2 after consulting the Department of Justice (DoJ). Meanwhile, RVD is investigating 844 cases and seeking advice from DoJ regarding the other 21 cases to determine whether to take further action. As for the remaining 549 cases, prosecution was not warranted due to insufficient evidence upon completion of investigation.

Besides, RVD has set a key performance indicator targeting to check landlords of no less than 1 000 SDU households in 2024-25 on whether they have committed offences for regulated tenancies. Based on the information collected under the Ordinance and that obtained from different government departments, RVD targets at the districts with more SDUs and cases that may involve more serious/a larger number of offences, to identify suspicious landlords and require them to provide tenancy-related information for checking their compliance with the Ordinance. RVD will continue to identify suspected cases of contravening the Ordinance through appropriate channels and means, as well as to promote the Ordinance and the relevant statutory requirements. It is expected that the number of Form AR2 received will gradually increase in view of the enhanced enforcement and publicity efforts.