

LCQ6: Regulation of subdivided units

Following is a question by the Hon Vincent Cheng and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (April 6):

Question:

The Landlord and Tenant (Consolidation) (Amendment) Ordinance 2021 (the Ordinance) for tenancy control on subdivided units (SDUs) took effect on January 22 this year. The Government has indicated that the Rating and Valuation Department (RVD), which is responsible for the implementation of the Ordinance, has set up a section to help acquaint the public with the new regulatory regime under the Ordinance, handle enquiries, provide free advisory and mediatory services, as well as publish the reported rent data of SDUs. Moreover, the Government has engaged non-governmental organisations to set up six District Service Teams and establish a web-based information portal. On the other hand, it has been reported that before the commencement of the Ordinance, some tenants of SDUs had been unreasonably evicted by their landlords. In this connection, will the Government inform this Council:

(1) of the current total number of SDUs whose tenancies are subject to the regulation of the Ordinance, and the average levels of the reported rents of SDUs set out by District Council districts;

(2) of the relevant work progress of the RVD and the District Service Teams as well as on the web-based information portal; how the Government ensures that the landlords and tenants of SDUs have complied with the requirements under the Ordinance, and whether it will conduct random on-site inspections or adopt other approaches to find out if the tenants have been evicted or overcharged for miscellaneous fees or bills on water and electricity; if so, of the details; and

(3) as it has been reported that during the epidemic, there was a case of "one confirmed patient infecting three households" among the tenants of SDUs who were undergoing home isolation, which reflects that the living environment of the tenants of SDUs is in dire need of improvement, whether the Government will set policy objectives for further regulating SDUs and "bidding farewell to SDUs"; if so, of the details; if not, the reasons for that?

Reply:

President,

Part IVA of the Landlord and Tenant (Consolidation) Ordinance (the Ordinance) to implement tenancy control on subdivided units (SDUs) came into force on January 22, 2022. The Rating and Valuation Department (RVD) has set up a section consisting of 50 staff responsible for the implementation of the legislation. Since the new legislation became effective on January 22 and up

to March 31, 2022, the RVD has received a total of about 2 170 enquiries on SDU tenancy matters via hotline, emails, letters and office counters, etc. If a landlord is suspected of having committed an offence under the provisions of the new legislation, for instance, charging any non-permitted money or reimbursement of charges for the specified utilities and services or harassing the tenant, the complainant may report to the RVD via hotline, email or in person. The RVD will investigate and take follow-up action in accordance with the Ordinance.

In addition to following up on complaint cases, the RVD will proactively ask about the SDU tenancy situations of those tenants calling the RVD's enquiry hotline regarding "regulated tenancy". After the epidemic has stabilised, the RVD also plans to visit and interview tenants of "regulated tenancy" to understand whether their landlords are suspected of breaching the regulations in the new legislation (such as charging any non-permitted money or reimbursement of charges for the specified utilities and services) or if the RVD's mediatory service is required, and take follow-up actions as appropriate. The visits also serve to promote and educate the tenants concerned about tenancy control on SDUs.

Also, the Government has engaged non-governmental organisations (NGOs) through open tender to set up six District Service Teams, which have been reaching out to the grassroots since early January 2022 through various publicity activities such as street counters, home visits, promotion webpages, talks and briefing sessions. and their connection networks to supplement the efforts of the RVD in promoting the new legislation at district level; raising public awareness of the new regulatory regime; and handling general enquiries, etc. As at March 31, 2022, the six District Service Teams set up a total of 23 street counters at popular locations in various districts, distributed and mailed some 18 900 leaflets, conducted 22 online talks and briefings, visited 133 SDU households and handled around 1 070 enquiries. Under the fifth wave of the epidemic, the six District Service Teams actively support SDU households to fight against the epidemic, including distributing anti-epidemic supplies to the SDU households.

The Government has also engaged an NGO to establish and manage an SDU web-based information portal for sharing of SDU-related tenancy control information for publicity and education purpose. The information portal was launched on March 21, 2022.

According to Part IVA of the Ordinance, the landlord must, within 60 days after commencement of the term of the "regulated tenancy", submit Form AR2 to notify the RVD of the particulars of the tenancy. Since the new legislation became effective and up to March 31, 2022, the RVD has processed 619 Form AR2. It is expected that more and more landlords will submit Form AR2 this year, allowing the RVD to collect further and more comprehensive information about "regulated tenancy" which reflects the prevailing rental market situation of SDUs. Therefore, the RVD plans to publish the rent data of SDUs in the first quarter of 2023.

A fundamental approach to resolve the problem of SDUs is to continuously

increase land and housing supply. Under the Long Term Housing Strategy (LTHS), one of the demand components of the housing demand projection are inadequately housed households, including those living in SDUs. Therefore, addressing the housing needs of SDU residents has always been one of the objectives of LTHS in setting the 10-year housing supply target. As the living conditions of many SDUs are less than satisfactory, we will try to improve their living conditions through increasing the supply of transitional housing. In the long run, with more public housing in place, the problem of SDUs will be ameliorated.

Thank you. President.