

## **Task Force for the Study on Tenancy Control of Subdivided Units**

### **Summary of Meetings with Concerned Groups**

1. The Task Force for the Study on Tenancy Control of Subdivided Units (Task Force) held 14 meetings with 37 concerned groups (CG) in August 2020. The meetings were held online in view of the social distancing requirement arising from the pandemic.
2. Through the meetings, the Task Force gained an understanding of the current subdivided units (SDU) situation in Hong Kong, and collected views from the CG which are highlighted as follows:
  - (i) **Scope of SDU tenancy control:** The CG pointed out that there are numerous and a wide variety of SDU in Hong Kong. Tenants face the issues of unfair terms or absence of tenancy agreement, ambiguity of rights and responsibilities in regard to maintenance, overcharge of water and electricity fees, unreasonable eviction, etc. CG said that the scope of the tenancy control in regard to SDU type should be as broad as possible and recommended that the Government should take reference from the Community Care Fund and cover all SDU types, including suites, bed spaces, cubicle apartments and temporary structures (e.g. huts, squatters, and rooftop structures), as well as those in non-residential buildings (e.g. industrial buildings and commercial buildings). This would protect grassroots living in rooftop structures and industrial buildings.
  - (ii) **Standardized tenancy agreement:** CG flagged up that the rights of the tenants are not currently safeguarded as the provisions of the tenancy agreement, if any, is not clear enough and many landlords refuse to sign tenancy agreement with tenants. To balance the interest between the tenant and the landlord, the CG recommended the Government to formulate a legally binding tenancy agreement with standardized, clearly spelt out terms including an evacuation notice of at least three months, an option to renew the existing tenancy for incumbent tenants, a stamp duty waiver for SDU tenancy agreements, etc.

- (iii) **Rental control:** CG believe that the absence of tenancy control leads to a relatively lower bargaining power of SDU tenants vis-à-vis the landlord, thus their rights to adequate housing cannot be safeguarded. SDU rentals have increased significantly over the years, at rates with which the pay rises could not keep up. It is therefore necessary to implement tenancy control to regulate the frequency and rate of increase for SDU rental. It was recommended that the Government set a ceiling for the start-up rental to avoid any significant surge in rental as and when tenancy control is implemented. Some CG proposed a rental adjustment mechanism in which rentals can go up or down.
- (iv) **Overcharge of water and electricity fees:** CG said that SDU tenants are often overcharged by their landlords or agents for the use of water and electricity, and tenants would not report to the authority in fear of eviction. They recommended that, apart from providing SDU tenants with water and electricity subsidies, the Government should stipulate that landlords have to install separate official water and electricity meters for each SDU to allow the tenants to pay the Water Supplies Department and electricity companies directly. Moreover, the Government should step up enforcement actions to root out the problem.
- (v) **Rights and responsibilities on maintenance:** It is the CG's view that many tenants face structural safety issues even with proper rental payment to their landlords because of the ambiguous provisions of the law in regard to the repair and maintenance of the properties. They suggested the Government to consider mandating maintenance responsibilities for SDU, and only allow landlords to rent out safe units.
- (vi) **Public health:** CG found tenants generally suffering from environmental hygiene problems within and outside their units and called on the Government to resolve them.
- (vii) **The structure and safety of SDU:** CG opined that many SDU tenants are living in buildings with water leakage or seepage, spatter dash and loose and aging concrete. They urged the Government to pay attention to the aging problem of the buildings and the structural problems of SDU.

- (viii) **Removal and rehousing arrangement:** CG said that some landlords would harass tenants with illegal tactics to repossess the units after receiving removal orders. They proposed that the Government should strengthen regulatory actions and urge landlords to strictly comply with the relevant legal requirements/procedures when getting back the properties and to notify the tenants as early as possible. CG also recommended that the Government should enact new laws and policy to safeguard the rights of tenants and rehouse those affected.
  
- (ix) **Regulatory mechanism:** CG called on the Government to establish an independent arbitration mechanism to resolve rental disputes and balance the rights of SDU tenants and landlords as the current regulatory mechanism proves insufficient and ineffective. The independent mechanism/platform also allows gathering and updating of SDU related information so that the general public can access easily to the market information of rental SDU.
  
- (x) **Other matters:** CG called on the Task Force to look into the special needs of non-ethnic Chinese living in SDU. They hoped that the Task Force would meet CG and SDU families again before the study report is published. They also recommended the Government to improve the living conditions of SDU through providing low-interest loan or subsidy to landlords for improvement works, or through non-governmental organizations to improve the SDU up to the standard of transitional housing.