

# CE Policy Address Response 2022

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## Summary

The Chief Executive's policy address announcing a range of initiatives aimed at increasing and streamlining housing production will clearly address the shortage of affordable housing over the long-term. While we deeply support measures to accelerate the creation of new supply, Habitat believes the government must, simultaneously, adopt crucial measures to address today's housing crisis situation for the over 200,000 people living in subdivided flats (SDUs) in the immediate-term.

## Tenancy Control Ordinance for SDUs

We added our voice to those in the community calling for increased enforcement of the Tenancy Control Ordinance on Subdivided Units. The CE's goal is to see 4,000 visits to subdivided flat households over the next two years to increase the enforcement of tenancy control and overcharging for water supply. The Ratings and Valuation Department (RVD) and the Water Supplies Department have shown encouraging urgency for organising inspections of subdivided flats thus far. In the past, Building Department inspections of over 19,000 subdivided flats between 2011-2020 resulted in 2,011 units being rectified, a total rate of just 10%.<sup>1</sup> Current inspections that are focused on overcharging for water, coupled with the Water Supplies Department's pilot programme of installing individual water metres in subdivided flats, set the stage for potentially more

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<sup>1</sup> Yau, Y.; Yip, K.C. No More Illegal Subdivided Units? A Game-Theoretical Explanation of the Failure of Building Control in Hong Kong. *Buildings* 2022, 12, 1005. <https://doi.org/10.3390/buildings12071005>

favourable results (though narrower in scope and not affecting housing conditions). In addition to the overall volume of visits, flexible scheduling that accommodates tenant work schedules can minimise the number of ineffectual visits to empty flats when tenants are not present, where inspectors may simply slip notices under the door without further follow-up. The CE noted that publicity efforts will be stepped up, in this vein we hope to see results and key indicators - such as the number of inspections, improvements, and enforcement actions taken - be made publicly available.

As part of efforts to step up the implementation of tenancy control on SDUs, the RVD will set up a “special enforcement and investigation task force.” This news is welcome and Habitat looks forward to learning more details about the remit of this task force and RVD inspectors. At a minimum, inspectors should ensure landlords and tenants are fully apprised of their rights and obligations under the new ordinance and collect information on the existence and content of tenancy agreements, actual rental costs (such as whether tenants paying the same amount recorded on the R2 forms, and an assessment of potential hidden fees), the adequacy of conditions, and other data that can be used to inform future measures aimed at improving inadequate living conditions.

## Plan for gradually dismantling SDUs

In the seven years from 2013 to 2020, the number of subdivided housing units in Hong Kong rose from 66,900 to 100,943, while the number of housing units with subdivided housing units increased by 66% during the same period.<sup>2</sup> These trends must be reversed if the government is to meet its commitment to ridding the city of subdivided flats by 2049. While increasing the supply of public housing is undoubtedly the solution to getting people out of subdivided flats, a complementary plan should aim to address the underlying factors for tenants who may continue to live in subdivided flats even as more public housing becomes available. Dr. Yung Yau at Lingnan University has mapped a systematic process that carefully accounts for different stakeholders in SDUs. In his plan, he notes that 35% of tenants choose to live in SDUs for location and convenience. These numbers bring up difficult issues of location and potential resettlement, matters made more complex with the added family, livelihood and community ties of tenants. Given that an additional approximate 7% of SDU tenants are simply not eligible for public housing - this reflects that non-public housing options and quality of living conditions in SDUs also need to be addressed to resolve the housing crisis in Hong Kong.

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<sup>2</sup> Yau, Y.; Yip, K.C. No More Illegal Subdivided Units? A Game-Theoretical Explanation of the Failure of Building Control in Hong Kong. *Buildings* 2022, 12, 1005. <https://doi.org/10.3390/buildings12071005>

As the Government conducts research and develops a plan on the challenging topic of drawing down SDUs, we urge the formal involvement of public and grassroots voices in this process. Winnie Ho and representatives from the Housing Bureau regularly visit grassroots tenants and listen to their concerns, which we highly commend. This kind of public engagement could be deepened by, for example, engaging a third party to facilitate tenant input into the planning process, such as developing alternative recommendations and identifying preferred solutions. As inputs are considered and incorporated into planning, feedback could be provided to the community on how their voices influenced the decision-making.

## Light Public Housing (LPH)

While not a long-term solution, 30,000 units of Light Public Housing could help many families living in subdivided flats or other substandard housing to improve their living situations, if temporarily. However, it is unclear how viable a solution this is without a simultaneous increase in length of tenure for tenants in both LPH and traditional transitional housing. A Hong Kong Council of Social Services survey reported that only a quarter of transitional housing tenants residing in Nam Cheong 220 received a public flat allocation during their tenure, while the remainder had to move to other transitional housing or return to the private rental market, including SDUs.<sup>3</sup> The disruptions caused by relocating flats, to livelihood, education, and social and community ties, cannot be understated. These concerns are further underlined by results of an Oxfam survey, which found that 98% of survey respondents had not applied for transitional housing due to fear that two to three years would not be long enough to receive a public housing allocation. The Government must take this opportunity to address measures to increase tenant length of stay in LPH and traditional transitional housing. Another way to make transitional housing more attractive would be to locate as many LPH buildings as possible in urban areas.

## A Caring and Inclusive Hong Kong

We are heartened to see measures to bring even more caring and inclusion to Hong Kong, values that Habitat shares. When it comes to housing, certain groups in Hong Kong experience exclusion and unequal access. The CE has an important opportunity to address this going forward to demonstrate how Hong Kong society supports inclusivity

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<sup>3</sup> Edith Lin, *The Wait Drags On: Hong Kong Families Lose Transitional Housing...*, SCMP (15 October 2022)

and cultural vibrancy in housing, reinforcing its status as Asia’s World Society. For example, ethnic minorities seeking private rental housing often encounter landlords who decline to rent to them and estate agents who decline to provide services. We put forward several recommendations to mitigate this situation in our policy address submission. Persons with disabilities (PWDs) also face challenges navigating the city, where accessibility across community facilities, shopping areas, and transportation infrastructure is inconsistent. While some areas such as the West Kowloon Cultural District model best practices,<sup>4</sup> other areas lack accessible entrances, accessible toilets, kerb cut-outs, and other accessible features. Accessible design should be available in facilities catering to both international visitors and local residents alike.

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As common partners in supporting the development of an equal and adequate housing ecosystem for everyone in Hong Kong, we seek greater engagement from the government with Habitat and civil society for regular dialogue on how our shared goals can continue to be reflected in policy priorities and mutual action.

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<sup>4</sup> Dr. Calvin Luk, *District-wide Universal Accessibility Guideline – West Kowloon Cultural District*, The Hong Kong Polytechnic University (January 2018)