



**EAA issues a new practice circular in view of the
implementation of Basic Housing Units Ordinance**

(3 February 2026) To complement the commencement of the Basic Housing Units (“BHU”) Ordinance (“Ordinance”) from 1 March 2026, the Estate Agents Authority (“EAA”) issues a new practice circular today to provide guidance to the trade when handling the letting of subdivided units (“SDUs”) under domestic tenancies that are subject to the regulatory regime under the Ordinance. The new practice circular will take effect on 1 March 2026 (except for the specified paragraphs which will come into effect from 1 March 2027).

Professor Simon SIU Chak-yu, Chairman of the EAA, said: “The EAA issues this new practice circular to help licensees understand and comply with the Ordinance which will come into effect from the first of next month. I would like to appeal to those licensees who engage in the domestic tenancies of SDUs to read the practice circular carefully and comply with the concerned requirements. I would also encourage landlords of eligible pre-existing SDUs to submit application for grace period registration as soon as possible from the first of next month, and make best use of the 48-month transitional period, i.e. the first 12-month registration period and the subsequent 36-month grace period, to carry out the necessary alteration works for the registered flats and submit application as soon as possible to obtain BHU recognition.”

According to the guidelines in the practice circular, the actions to be taken by licensees when handling the letting of SDUs under domestic tenancies that are subject to the BHU regulatory regime will be divided into two phases. The first phase is the first year following the commencement of the Ordinance (i.e. the 12-month registration period



from 1 March 2026 to 28 February 2027). The second phase will start from the second year after the commencement of the Ordinance (i.e. from 1 March 2027 onwards when the provisions concerning the criminal offence of illegal letting of SDUs come into effect).

During the first phase, for those subsisting domestic tenancies of SDUs already entered into prior to 1 March 2026, the EAA encourages relevant licensees to remind the clients about the grace period registration system and related requirements under the Ordinance; for the letting of pre-existing SDUs and new entrant SDUs under new domestic tenancies to be entered into during the period from 1 March 2026 to 28 February 2027, the EAA also requires licensees to remind the clients in writing certain requirements under the Ordinance and advise the clients to enquire with the Dedicated Team on Subdivided Units (“DTSDU”) under the Housing Bureau (“HB”), and/or seek legal/professional advice from professionals, if they have questions concerning the BHU regulatory regime.

During the second phase, for the letting of SDUs under new domestic tenancies to be entered into on or after 1 March 2027, the EAA requires that licensees must, before engaging in any estate agency work in relation to the letting of SDUs under domestic tenancies, first ascertain whether (a) the principal flat concerned has been registered for the grace period; and/or (b) the SDU concerned has been granted a valid BHU recognition on the BHU thematic website. If the principal flat has not been registered for the grace period and the SDU has not been granted with a valid BHU recognition, licensees must not participate in any act which involves the letting of the SDU concerned. In addition, licensees are required to remind in writing the clients certain requirements under the Ordinance and in relevant circumstances advise the clients to enquire with the DTSDU under the HB, and/or seek legal/professional advice from



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professionals, if they have questions concerning the BHU regulatory regime.

The new practice circular also reminds that licensees who collect rent on behalf of an owner of a residential flat for the letting of SDUs under domestic tenancies will fall within the definition of “operator” under the Ordinance, and they will be subject to the additional obligations and possible criminal liability under the Ordinance. In addition, the new practice circular also reminds licensees that they must, in the course of their estate agency practice, comply with the guidelines issued by the EAA from time to time, including particularly the guidelines with respect to the letting of SDUs subject to the tenancy control regime under Part IVA of the Landlord and Tenant (Consolidation) Ordinance (EAA’s Practice Circular No. 22-01 (CR)).

Licensees may access the full content of the new practice circular on the EAA’s website (www.eaa.org.hk).

The EAA, together with the DTSDU under the HB, will organise continuing professional development seminar later this month to facilitate the trade in comprehending and complying with the requirements of the Ordinance.

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