

For discussion
on 28 February 2006

**LEGISLATIVE COUNCIL
PANEL ON PLANNING, LANDS AND WORKS**

**Processing of Small House Applications and
Review of the Small House Policy**

Purpose

This paper updates Members on the progress of the Review of the Small House Policy and provides information on the processing of Small House applications.

Background

2. The Small House Policy was introduced in 1972. Under the Policy, an indigenous villager (IV) is eligible to apply for permission to erect for himself once during his lifetime a Small House within his own village. He can either apply for a Building Licence to build a Small House on his own land¹, or a Private Treaty Grant on Government land, if available, at a concessionary premium.

3. Since the implementation of the Small House Policy in 1972, some 30,000 Small Houses have been granted. As at end January 2006, of the 11,900 odd applications received, 9,100 are being processed and 2,800 placed on a waiting list. Currently, the waiting time for an application to be processed ranges from 12 months to 36 months depending on the number of applications received by and the workload of the New Territories District Lands Offices (NTDLOs). Based on past records, the processing time up to execution generally ranges from 1 to 4 years, depending on complexity of the cases.

¹ Free Building Licences are applicable to pre-1898 villages. As regards post-1898 villages, premium is payable for Building Licences.

Current Procedures for Processing Small House Applications

4. The processing of Small House applications requires site inspection to ascertain the suitability of the proposed site for Small House development, and consultation with and assessment by relevant Government departments to confirm if the proposed development could comply with technical, engineering, environmental and planning requirements. Submission to the District Lands Office Conference (DLOC) would then follow and upon approval, the DLO would arrange for offer of basic terms, preparation and execution of grant documents. Checking of the IV's status of the applicant is also required and depending on whether objections are received, upon posting of notice, time is taken to resolve the objections. A procedural flow chart for processing of Small House applications is shown at **Annex I**.

Problems Encountered in Processing of Small House Applications

5. Land within the village environs of indigenous villages and areas zoned "V" (Village type development) in the New Territories are suitable for Small House development. Availability of land for Small House development however varies in these areas and from Districts to Districts. In overall terms, land is in short supply, especially Government Land as substantial land is in private ownership. Applications for new Small House developments often meet with local objections as they may cause environmental problems to the existing villages and the already densely developed village would pose problems on accessibility and fire escape. New development in an already built-up village area may also give rise to "fung shui" concerns. Furthermore, it is not customary for IVs to apply for Small House development in another village and when they do, this kind of "cross-village" applications often attract strong objections from the native villagers.

6. It is difficult and time-consuming to resolve objections, especially if they are related to "fung shui" and "cross-village" applications because of IVs' customary beliefs and practice. Having regard to the need to respect the traditions of the indigenous community, objections are best left to be resolved among the villagers themselves with mediation offered by the respective Rural Committees and the Heung Yee Kuk (HYK).

However, many objectors refuse to disclose their identities, not to mention the willingness to settle the disputes with the applicants, resulting in the applications being shelved for quite a long period of time.

7. Another main reason attributing to the long waiting time is the complications involved in non-straightforward applications associated with requirements imposed by regulatory authorities and site constraints.

Proposed Measures to Expedite the Processing of Small House Applications

New Procedures for Processing Small House Applications and Performance Pledge

8. Having reviewed the situation and in consultation with the HYK, the Lands Department (Lands D) has drawn up a set of new procedures to streamline the processing of Small House applications through early classification of applications into straightforward and non-straightforward categories. For a straightforward case, Lands D will pledge to complete it within 24 weeks from the date of interview with the applicant by the staff of NTDLOs. For a non-straightforward case, the applicant will first have to resolve those problems identified to be outside the duty of DLOs within a period of 12 months before his application can be further processed. DLOs would continue to provide service to assist the applicant in resolving the problems. If the applicant fails to resolve the problems, the application will be rejected. Grace period will be given to the applicant to resolve the problems with justifications provided.

9. Consequent upon the new procedures, Lands D has revised its pledge to process² 2,300 applications per year.

New Procedures for Handling Objections

10. Taking into account the HYK's views, Lands D has drawn up a set of procedures for resolving objections. Under the proposed procedures,

² The term 'process' means that an application is submitted to the DLOC and a decision is made either to approve or reject the application or to give the applicant a period of 12 months to resolve the problems associated with his application

Lands D would take the lead to handle all received objections. Consultation on the revised procedures is underway with the HYK. The initial views of the HYK are that the proposed procedures are basically acceptable subject to some amendments and suggestions. Lands D has responded positively on the HYK's comments.

11. We have been engaging in active dialogue and consultation with the HYK in respect of certain aspects under the proposed streamlined procedures, including the requirement for Small House applicants to make statutory declarations, and the revised procedures for handling objections to Small House applications. Discussion with the HYK is still on-going and the set of streamlined procedures will be implemented as soon as the above matters are resolved.

Manpower Resources of LandsD for Small House Work

12. Currently, about 13% of land staff (Land Executive and Land Inspector grades) are deployed for processing of Small House applications. Lands D would maintain the existing level of manpower for Small House work and continue to explore ways to enhance efficiency so as to increase productivity. In the process, Lands D has reprioritized its work, re-engineered working processes and procedures and made suitable redeployment of existing resources to maintain its services.

Small House Policy Review

13. With the continued development of Small House developments in the New Territories, the orderly planning of Small House sites, the optimum use of land resources, the provision of proper sewerage and transport infrastructural support have become subjects of concern. In taking forward the Small House Policy review, not only do we need to address these concerns, we must also have regard to the social, economic and environmental development in the New Territories and the whole of Hong Kong since the introduction of the Policy in 1972. For this purpose, we have set up an inter-departmental Steering Committee under the chairmanship of the Permanent Secretary for Housing, Planning and Lands (Planning & Lands).

14. Given the wide-ranging and complex issues involved, the Steering Committee has yet to formulate detailed proposals for consultation with the HYK and the community. In the process, the Steering Committee noted that the Village Expansion Areas (VEAs) scheme had been put on hold pending the Small House Policy review.

Village Expansion Area scheme

15. The VEA scheme was introduced in 1981 to provide for better planning of village developments and to cater for the housing needs of the indigenous villagers who do not own land, to apply for Private Treaty Grants of Government land for building Small Houses. So far, 36 VEAs providing a total of 1,962 Small House sites have been developed, one (Wo Yi Hop VEA in Tsuen Wan) is undergoing formation works for completion in around end 2007.

16. In addition, ten VEA projects are at various planning stages. The Steering Committee has reviewed these ten projects and considers that two VEAs in Pai Tau & Sheung Wo Che in Shatin and Ha Mei Sun Tsuen in Yuen Long should be revisited.

Pilot Proposals

17. The Steering Committee noted that the two aforesaid VEA projects had been included in the Public Works Programme and land had been resumed. Given that land is scarce and is in great demand for Small House development, considerations could be given to achieving a more optimum land use through better planning. One possibility is to increase the development density of the area say by allowing for multi-storey development, thereby providing a greater number of residential units to meet demand.

18. Both the Pai Tau & Sheung Wo Che VEA and Ha Mei Sun Tsuen VEA are located at the fringe areas of new towns and are readily served with basic infrastructures. The Steering Committee has examined the development potential and assessed the impact of increased development. The conclusion is that a maximum plot ratio of 5 and 3 respectively is acceptable. Assuming flats of 700 ft² are developed under such plot

ratios, a maximum of around 900 flats can be produced at the Pai Tau & Sheung Wo Che VEA , and around 1100 at the Ha Mei Sun Tsuen VEA.

19. We wish to emphasize that this is purely an internal desk-top calculation, the feasibility of which has yet to be ascertained. We have yet to consult the HYK formally. The views and acceptance of the HYK and the concerned villagers is critical and essential before proceeding further. Also, while the planning and land aspects have briefly been studied, the engineering and financial aspects have yet to be fully examined. Feasibility studies, assessment of capital costs and financing arrangements between the Government and the concerned villagers have to be conducted for further examination. Needless to say, we must discuss with the HYK and the concerned villagers on the operational and implementation aspects.

20. We will discuss with the HYK to explore the idea further with a view to draw up a proposal for a pilot scheme for the two VEAs. We will report to the Panel on the progress made, when we are ready.

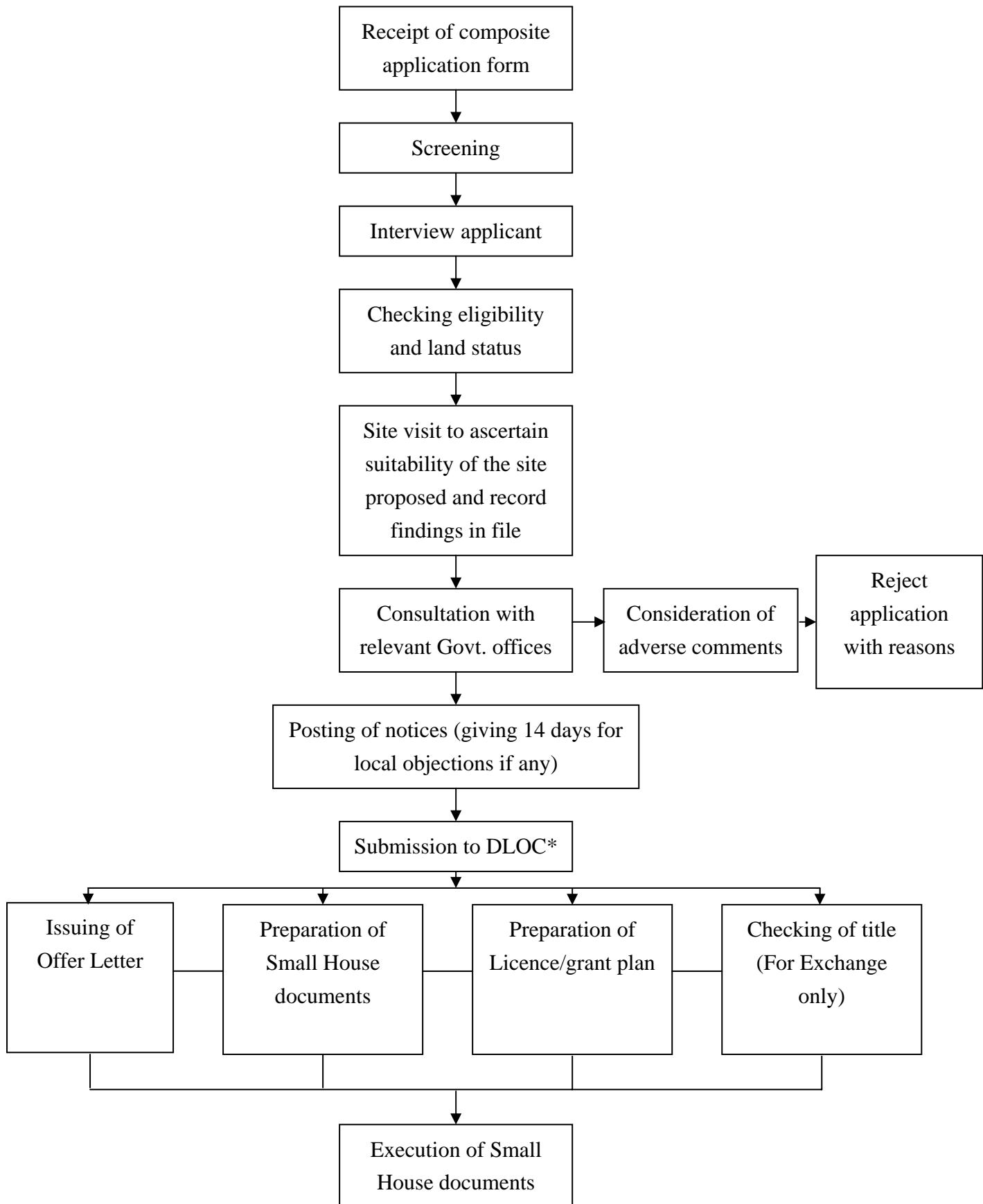
Presentation

21. Members are invited to note the content of this paper.

**Housing, Planning and Lands Bureau
Lands Department**

February 2006

Current Procedural Flow Chart
Processing of Small House Applications
by NT District Lands Office



*Straightforward cases to Chief Land Executive