

立法會
Legislative Council

LC Paper No. CB(1)986/05-06(01)

Ref: CB1/PL/PLW

**Meeting of the Panel on Planning, Lands and Works
on 28 February 2006**

**Background brief on
processing of small house applications and
review of small house policy**

Introduction

The Small House Policy (SHP) was introduced in 1972 with the objective of improving the then prevailing low standard of housing in the rural areas of the New Territories. Under the SHP, male indigenous villagers (IVs) aged 18 or above descended through the male line from one of the recognized villages in the NT may apply for building a small house for once in their life time. They can either apply for a free building licence to build a small house on their own land at nil premium, or a private treaty grant of Government land, if available, at a concessionary premium.

2. In this connection, to provide for better planning of village developments and to cater for the housing needs of IVs who do not have their own land, the Administration introduced the village expansion area (VEA) scheme in 1981. Under the scheme, the Government developed VEAs to enable IVs who do not have their own land to apply for a private treaty grant of Government land for building small houses. In 2002, the Administration advised the Panel on Planning, Lands and Works (PLW Panel) that no more new VEA projects would be initiated and VEA projects under planning would also be withheld pending the completion of the review on the SHP. At that time, 36 VEAs providing a total of 1 962 small house sites had been developed or near completion, and another 11 VEAs were at various planning stages.

Review of the small house policy

3. In consideration of the many problems arising from the SHP since its introduction in 1972, the Administration set up a committee comprising representatives from relevant bureaux and departments in September 1997 to review the SHP by examining all relevant issues, including land availability,

eligibility criteria, standards for a small house, existing procedures, and options on the way forward.

4. At the start, the Administration had aimed to complete the review in early 1999 and thereafter release the outcome of the review for public consultation. Up to the present, the Administration has not published any result of the review on the SHP initiated in 1997 or any other subsequent review on the same matter. Based on the information provided by the Administration to the Legislative Council (LegCo) on various occasions since 1997, it appears that the review has been ongoing and is yet to be completed.

5. HYK has raised serious concern about the suspension of VEA projects pending the outcome of the review on SHP. HYK considers that the VEA Scheme can largely meet the housing needs of IVs. The Government would not suffer any loss from implementing the Scheme because the cost would be recovered fully from the IVs concerned. The implementation of the VEA projects and the review of the SHP should be treated as separate matters, and that the suspension of the VEA Scheme is unfair to IVs. Moreover, the Administration had not disclosed the scope and planned completion date of the review to IVs. Their concerns were discussed at the PLW Panel meeting on 6 June 2002. Members urged the Administration to draw up a timetable for the review.

6. In response to the questions of the Public Accounts Committee (PAC) during its consideration of the Audit review of the Lands Department's implementation of the SHP in December 2002, the Secretary for Housing, Planning and Lands (SHPL) indicated that the crux of the problems associated with SHP was that, according to estimates of the Heung Yee Kuk (HYK), about 240 000 indigenous male villagers were entitled to build small houses. However, there was insufficient land to meet the demand. It was his intention to pursue within the tenure of his office a review of the SHP and related issues in a comprehensive manner, and he hoped to resolve the problems associated with the policy once and for all within this time scale. SHPL also indicated that the review involved a number of complex and inter-related issues, such as the optimal use of land resources and various environmental and transport infrastructural matters associated with small house developments. The Administration would consult stakeholders along the way and try to reach some tentative conclusions with them for further consultation with the community.

7. According to the Administration's papers on the 2005 Policy Agenda and the 2005-06 Policy Agenda provided for the PLW Panel, the Administration has set up an inter-departmental working group to look into various issues relating to the SHP, having regard to the social, economic and environmental development in the New Territories. The Administration would continue its work and consult various stakeholders with a view to making preliminary proposals available for more in-depth discussion.

Processing of small house applications

Long processing time and performance pledge

8. A major area of complaints about the SHP is the long time taken to process small house applications, which according to some complainants could take up to 16 years. The applicants also complained that they were not told the reasons for rejecting their applications or the progress of the applications after their applications had been submitted. To address the above complaints, Members have urged the Administration to review and expedite the vetting and approval process, consider informing the applicants the reasons for the rejection of their applications or the progress of the applications within a specified time to reduce conflicts so arising.

9. At the latest meeting between LegCo Members with HYK on 29 November 2005, the issue of a huge backlog of small house applications was again raised. HYK Councillors were concerned that given the present number of outstanding small house applications in the range of 15 000 to 16 000, it would take up to 13 years, for Lands D to clear all the outstanding applications as Lands D had made a pledge to execute about 1 200 cases each year of small house grants.

10. In the past years up to 2004, the Lands Department (Lands D) targeted to execute 1 200 cases each year of small house grants under the SHP. According to Lands D, the execution of 1 200 cases would entail the processing of about 3 600 cases, many of which could not be proceeded with due to various factors. As from 2004, Lands D has revised the target for small houses from the number of cases executed to the number of cases processed. The target for 2004 was 2 500 cases and this has been revised to 2 300 cases for 2005 and 2006.

11. The actual numbers of cases of small house grants executed and cases of small house applications processed in the past five years are as follows –

<u>Financial year</u>	<u>Cases executed</u>	<u>Calendar year</u>	<u>Cases processed</u>
--	--	2005	2 310
2004-05	810	2004	2 178
2003-04	775	2003	2 132
2002-03	756	2002	2 161
2001-02	1 049	--	--
2000-01	1 391	--	--

12. According to the Administration's reply to a written question raised at the Council meeting on 4 May 2005, the waiting time before an application could be processed ranges from one to three years, depending on the number of outstanding applications in the district. The actual processing time also varies,

depending on the complexity of individual cases. Normally, it takes about one year to process a case. Some cases need longer processing time mainly due to the existence of more complicated circumstances. Examples include problems associated with the emergency vehicular access, technical matters such as drainage and geotechnical problems, insufficient documents of the applicants to prove their indigenous villager status, or objections to the applications. Under these circumstances, the applicants will need more time to consider ways to overcome the problems or seek professional advice to resolve them. Also, the District Lands Offices will have to co-ordinate with government departments concerned with a view to resolving the problems.

Measures taken to expedite the processing of small house applications

13. On various occasions since 1997, the Administration advised Members that a number of measures had been implemented to expedite the processing of small house applications. The major ones include the following –

- (a) A pilot scheme for briefing out part of the processing/approval work was implemented in Yuen Long in February 1998. Under the scheme, an applicant might elect for the provision of survey and legal services by a contractor at a fee of \$22,000. Such services covered works relating to demarcation of a small house site, preparation of a site plan to be attached to the land grant documents, legal documentation and registration of title deeds. In September 1999, Land D discontinued the contracting out because of the low response from the villagers;
- (b) Since May 1997, initial screening of applications is carried out according to their complexity and land availability so that the processing of straightforward cases would not be delayed by the more complicated cases. Applicants who are found to fall short of the basic requirements would be given an early notification. If an application meets the requirements, it will be passed to the relevant District Lands Office for processing. Eligible applicants who have not provided the requisite documents would be informed accordingly;
- (c) Since June 1999, applications are processed by batches according to their complexity and locality and through dedicated workshops. Under this arrangement, a pool of officers in the respective District Lands Office conduct dedicated sessions in the form of a workshop to process applications. The approach can be adopted for straight-forward cases only;

- (d) soliciting the assistance of rural committees to help speed up the process, e.g. in ensuring the applicants' cooperation in completing the application forms properly and in mediation among affected villagers in cases where local objections are involved;
- (e) introducing a Village Layout Plan (VLP) Scheme, under which the District Lands Offices would work together with the villagers concerned to draw up a village layout plan to identify land with site constraints early, and to ensure that village facilities such as emergency vehicular access footpath or refuse collection points can be planned properly for the benefit of the villagers.

Audit review

14. The Director of Audit conducted a review of the Lands D's implementation of the SHP in New Territories and published its findings in its Report No. 39 in October 2002. In respect of the processing of small house grant applications and Lands D's performance pledge, the following recommendations were made –

- (a) The processing of small house grant application should be expedited so as to reduce the long waiting time;
- (b) Initial waiting time of the small house grant applications for straightforward cases should be included in the performance pledge for the small house grants; and
- (c) The Lands D's performance pledge on the processing of small house grant should be refined in such a way that ambiguity and misunderstanding will not arise.

15. An extract from Chapter 4 of PAC Report No. 39 containing the relevant findings of PAC is at **Appendix I**. In its written response to issues raised at the LegCo Members' meeting with HYK on 10 June 2003, the Administration stated that the Lands D has completed actions on most of the Director of Audit's recommendations in Report No. 39 in respect of processing of small house applications and the revision of the performance pledge was underway.

Recent developments

16. When asked to respond to HYK's concern about long processing time, the Administration reported in March 2004 that Lands D had drawn up new and streamlined procedures that would reduce the waiting time for processing small house applications. Under these procedures, applications would be divided into

two categories, namely, straightforward¹ and non-straightforward ones with different processing procedures and time frames. Lands D was consulting HYK on these new procedures for early implementation. In addition to the above, Lands D had also deployed additional staff to those District Lands Offices where the workload was heavy.

17. At the briefing on the Policy agenda on 21 October 2005, SHPL informed members that a meeting with HYK had been scheduled for early November 2005 to discuss proposed measures to speed up small house applications.

18. A list of the relevant papers is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
27 February 2006

¹ According to the Administration's paper issued in September 2003, straightforward cases are those which fulfil the following conditions –

- (i) the applicant's indigenous status has been confirmed;
- (ii) the applicant's eligibility for a small house grant has been confirmed;
- (iii) the proposed site is found suitable for small house development after consultation with relevant departments; and
- (iv) no objection to the application is received after posting of notice in the village

**Extract from Chapter 4 of the report of the
Public Accounts Committee No. 39**

Paragraph 59 Conclusions and Recommendations

“The Committee:

Scope for improvement in the processing of small house grant applications

- expresses dismay that there is a waiting time of three to five years before the Lands Department can commence processing a small house grant application;
- recommends that the Director of Lands should reconsider outsourcing the work involved in small house grant applications and decide on the fee through tender, with a view to expediting the processing work;
- acknowledges that the Director of Lands has agreed to take prompt action to:
 - (a) expedite the processing of small house grant applications;
 - (b) devise a small house grant application standard reply letter for use by all the NTDLOs and incorporate it in the LAOI;
 - (c) amend the LAOI to require all the NTDLOs to display notices of the dates of the applications being processed, and of the average waiting time and processing time for the small house grant applications;
 - (d) include in the performance pledge for the small house grants the initial waiting time of the small house grant applications for straightforward cases;
 - (e) refine the Lands Department’s performance pledge on the processing of small house grant applications in such a way that ambiguity and misunderstanding will not arise; and
 - (f) ensure that consistent wording is used in the Lands Department’s performance pledge and in the information pamphlet: “The New Territories small house policy — How to apply for a small house grant”;

**Processing of small house applications and
Review of small house policy**

List of relevant papers

Council/Committee	Date	Paper
Council	20 August 1997	Dr Hon TANG Siu-tong raised a question on small house http://www.legco.gov.hk/yr97-98/english/counmtg/hansard/970820fe.htm
Council	5 November 1997	Hon Allen LEE raised a question on applications for construction of small house http://www.legco.gov.hk/yr97-98/english/counmtg/hansard/971105fe.doc
Panel on Planning, Lands and Works (PLW Panel)	27 February 1998	Minutes of the meeting (PLC Paper No. CB(1)1238) http://www.legco.gov.hk/yr97-98/english/panels/plw/minutes/pl270298.htm
Council	16 September 1998	Hon Christine LOH raised a question on review of small house policy http://www.legco.gov.hk/yr98-99/english/counmtg/hansard/980916fe.htm
PLW Panel	15 October 1998	Minutes of the meeting (LC Paper No. CB(1)568/98-99) http://www.legco.gov.hk/yr98-99/english/panels/plw/minutes/pl151098.htm
Council meeting	10 March 1999	Hon Emily LAU raised a question on the review of the New Territories small house policy http://www.legco.gov.hk/yr98-99/english/counmtg/hansard/990310fa.htm
Council meeting	23 February 2000	Hon Ambrose LAU raised a question on processing of applications for small houses http://www.legco.gov.hk/yr99-00/english/counmtg/hansard/000223fe.pdf

Council/Committee	Date	Paper
Council meeting	30 January 2002	Hon Albert CHAN raised a question on measures to improve living environment http://www.legco.gov.hk/yr01-02/english/counmtg/hansard/cm0130ti-translate-e.pdf
PLW Panel	6 June 2002	Administration's paper on issues relating to the suspension of the construction of village expansion areas (LC Paper No. CB(1)1909/01-02/(04)) http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0606cb1-1909-4e.pdf Minutes of the meeting (LC Paper No. CB(1)105/01-02) http://www.legco.gov.hk/yr01-02/english/panels/plw/minutes/pl020606.pdf
PLW Panel	14 June 2002	Administration's paper on processing of small house application (LC Paper No. CB(1)1961/01-02/(04)) http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0614cb1-1961-4e.pdf Minutes of the meeting (LC Paper No. CB(1)274/01-02) http://www.legco.gov.hk/yr01-02/english/panels/plw/minutes/pl020614.pdf
Public Accounts Committee	February 2003	P.A.C. Report No. 39 (Chapter 4 – Small house grants in the new Territories) http://www.legco.gov.hk/yr02-03/english/pac/reports/39/39_7_4.pdf Director of Audit's Reports No. 39 http://www.aud.gov.hk/pdf_e/e39ch08.pdf
PLW Panel	14 January 2003	2003 Policy Agenda of the Secretary for Housing, Planning and Lands (LC Paper No. CB(1)706/02-03/(02)) http://www.legco.gov.hk/yr02-03/english/panels/plw/papers/plw0114cb1-706-2e.pdf Minutes of the meeting (LC Paper No. CB(1)849/02-03) http://www.legco.gov.hk/yr02-03/english/panels/plw/minutes/pl030114.pdf

Council/Committee	Date	Paper
PLW Panel	June 2003	<p>The Administration's response regarding the progress in processing small house applications (LC Paper No. CB(1)2482/02-03(01)) http://www.legco.gov.hk/yr02-03/english/panels/plw/papers/plwcb1-2482-1e.pdf</p>
PLW Panel	15 January 2004	<p>Paper on "Policy Initiatives of Housing, Planning and Lands Bureau" (LC Paper No. CB(1)737/03-04/(01)) http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/plw0115cb1-737-1e.pdf</p> <p>Minutes of the meeting (LC Paper No. CB(1)1025/03-04) http://www.legco.gov.hk/yr03-04/english/panels/plw/minutes/pl040115.pdf</p>
PLW Panel	March 2004	<p>Concerns raised by Heung Yee Kuk Councillors about the processing of small house applications and review on small house policy (CB(1)1895/03-04(01)) http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/plwcb1-1895-1e.pdf</p> <p>The Administration's response to the concerns raised by Heung Yee Kuk Councillors about the processing of small house applications and review on small house policy (CB(1)1895/03-04(02)) http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/plwcb1-1895-2e.pdf</p>
PLW Panel	21 January 2005	<p>Policy Initiatives of Housing, Planning and Lands Bureau (LC Paper No. CB(1)707/04-05/(02)) http://www.legco.gov.hk/yr04-05/english/panels/plw/papers/plw0121cb1-707-2e.pdf</p> <p>Minutes of the meeting (LC Paper No. CB(1)1566/04-05) http://www.legco.gov.hk/yr04-05/english/panels/plw/minutes/pl050121.pdf</p>

Council/Committee	Date	Paper
Council	4 May 2005	Hon LAU Kong-wah raised a question on processing of New Territories small house applications http://www.legco.gov.hk/yr04-05/english/counmtg/hansard/cm0504ti-translate-e.pdf
PLW Panel	21 October 2005	Policy Initiatives of Housing, Planning and Lands Bureau (LC Paper No. CB(1)27/05-06/(03)) http://www.legco.gov.hk/yr05-06/english/panels/plw/papers/plw1021cb1-27-3e.pdf Minutes of the meeting (LC Paper No. CB(1)475/05-06) http://www.legco.gov.hk/yr05-06/english/panels/plw/minutes/pl051021.pdf