

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 62 – HOUSING DEPARTMENT

Subhead 003 Recoverable salaries and allowances (General)

Members are invited to recommend to Finance Committee the retention of the following supernumerary post in the Housing Department for two years from 7 July 2008 to 6 July 2010 –

1 Chief Estate Surveyor
(D1) (\$97,250 - \$103,200)

PROBLEM

A supernumerary post of Chief Estate Surveyor (CES) (D1) (departmentally known as CES/Land Administration (CES/LA)) in the Housing Subsidies Sub-division (HSSD) of the Housing Department (HD) will lapse on 7 July 2008. The HD¹ needs the continued support of this directorate post for another two years for taking charge of the duties related to the transfer of legal titles for retail and car-parking facilities sold to The Link REIT; and the sale of surplus Home Ownership Scheme (HOS) and Private Sector Participation Scheme (PSPS) flats.

PROPOSAL

2. We propose to retain the supernumerary CES (D1) post in the HD for two years up to 6 July 2010 to undertake the following major tasks –

/(a)

¹ The HD is the executive arm of the Housing Authority (HA). HD staff (all being civil servants) are seconded to the HA, which also employs its own staff under HA contract terms.

- (a) to manage the procurement of land leases and deeds of mutual covenant (DMCs) and the proper transfer of legal titles for retail and car-parking facilities which the HA has sold to The Link REIT; and
- (b) to co-ordinate the sale of surplus HOS and PSPS flats.

JUSTIFICATION

Transfer of legal titles for retail and car-parking facilities sold to The Link REIT

Background

3. Owing to the large number of properties under the divestment portfolio and the long lead-time required for the HA to procure legal titles² for those properties held under vesting orders, at the time when The Link REIT was listed in November 2005, it was only possible to transfer to The Link REIT the legal titles for 76 facilities out of the 180 facilities sold to it. For the remaining 104 facilities, only beneficial ownership had been transferred at that time. It was the HA's then intention to transfer the legal titles of the remaining properties to The Link REIT upon procurement of the government leases concerned in batches by mid-2008.

Latest Position

4. The work involved in the procurement of leases/DMCs after the sale of beneficial interest of the retail and carparking facilities pertaining to existing HA estates proves to be much more complex and onerous than originally anticipated. One major task encountered in the exercise is the need to address new requirements introduced by various government departments from August 2006 onwards which had not been envisaged when the existing supernumerary CES post was created on 7 July 2006. These new requirements included, among other things, certification of the gross floor area under a lease; the need to carve out free standing government, institution and community facilities from lease boundaries; imposition of building height restrictions; and revisions to the Model DMC arising from updated DMC

/requirements

² The land on which most of the public housing estates (including retail and car-parking facilities within the estates) are situated is vested with the HA by the Government through vesting orders. To complete the transfer of ownership of the divested commercial properties to The Link REIT, it is necessary for the HA to be granted the formal legal titles of those properties by the Government through granting land leases to the HA.

requirements and legislative amendments (such as the Building Management (Amendment) Ordinance which took effect on 1 August 2007). Liaison and negotiation with relevant departments to address diverse concerns of varied stakeholders on different issues took time, so did the revision of the Model DMC formerly developed to align with the changes in legislative and regulatory requirements. Pending finalisation of the new procedures and detailed requirements, progress of the programme was affected. The situation was further aggravated by other unforeseen complications, such as the presence of structures with historical values within the site, transplantation of vegetation over drainage reserve areas and reservation of land stratum for new railway lines to pass through. Such site-specific situations could not be envisaged at the planning stage when the details of relevant leases had yet to be worked out.

5. We have taken every possible measure to speed up the work progress. Taking into account the increased workload arising from the need to deal with all the new requirements and complications, and in order to facilitate the Legal Advisory and Conveyancing Office (LACO) of the Lands Department and the Government Property Agency (GPA) to handle the substantial volume of procurement work within a tight time frame, we have already engaged six temporary staff on HA contract terms, and second them to the LACO and the GPA to work on the lease and DMC procurement project. Nonetheless, we are unable to finish the transfer of legal titles of all properties sold to The Link REIT before the original target date (i.e. mid-2008). As at April 2008, only the formal legal titles for 44 additional properties (including all the 24 List 1 properties³) had been transferred, leaving 60 List 2 properties with titles yet to be assigned. Based on existing known regulatory requirements and experience gained in resolving complications of individual estates, we have recently reviewed the work plan for the transfer of legal titles. Our latest estimate is that the lease procurement and title assignment programme for divested properties will not be completed before early 2010. Notwithstanding the possibility that the programme may conclude by early 2010, we consider it prudent to build in some flexibility for wrapping up and meeting possible complications arising from unexpected requirements. We propose to allow a narrow margin by keeping the supernumerary post up to July 2010. Depending on the progress of the programme, we would be prepared to lapse the post earlier if circumstances permit.

/Sale

³ The divested properties are categorised into List 1 properties and List 2 properties, based on the nature of HA's legal interest over the properties. List 1 properties are HA's properties within HOS courts/housing estates which are subject to existing government leases. List 2 properties are properties within housing estates to which the HA does not have legal titles, the control and management of which have been vested in the HA through a vesting order under Section 5 of the Housing Ordinance (save for one estate which is covered under a possession licence).

Sale of surplus HOS and PSPS flats

Background

6. We resumed selling of surplus HOS/PSPS flats in early 2007. So far, we have completed Phases 1 and 2 sales of about 6 300 flats. Another 3 000 flats are currently being offered for sale under Phase 3 and the flat selection exercise is scheduled for completion by June 2008. The remaining 7 300 flats will be put up for sale, tentatively, in three phases from the latter half of 2008 to early 2010.

Latest Position

7. The sales work, which will be completed by early 2010, is far more complicated than originally planned. A flexible approach in the sale programme has been adopted to ensure that the HOS/PSPS flats will be released to the market in a progressive and orderly manner and that possible impact the sales may have on the private residential market will be kept to the minimum. The logistics arrangement regarding the sale of existing flats is also more complicated. Unlike flats under construction, pre-sale inspection of vacant flats in occupied buildings requires tactful strategic negotiation with related Owners Corporations and local pressure groups on pre-sale maintenance, crowd control, security, public liability and potential damages. In view of the current timetable and the complex work nature, the professional estate surveying input at the directorate level will still be required for mapping out sale strategies and arrangements and supervising assessment of flat prices.

Need for a Supernumerary Post of CES

8. On account of the continual need for directorate input in taking forward the lease procurement and title assignment programme and the sale of HOS/PSPS flats in the coming two years, there is an operational need for the extension of the supernumerary CES post for another two years. Reporting to the Assistant Director (Housing Subsidies) (AD(HS)) (D2), the post holder currently leads ten teams⁴ of staff each headed by a Senior Estate Surveyor (MPS 45 - 49) or a Senior Housing Manager (MPS 45 - 49). The lease procurement and title assignment programme and the sale of HOS/PSPS flats will continue to be handled

/by

⁴ As mentioned in EC(2006-07)11, the supernumerary CES post was underpinned by nine teams. To strengthen the staffing support of the land administration work for divested properties, one additional team responsible for residual functions of the Tenants Purchase Scheme (TPS) under the HSSD has been placed under the supervision of CES/LA since October 2006 to absorb some land administration duties for divested properties on top of the TPS work.

- by these teams. If further manpower is required in future, the HA will meet with it through internal redeployment of staff. A detailed job description of the CES post is at Enclosure 1. The organisation chart of the Land Administration Section is at
- Encl. 1. Enclosure 2 and the organisation chart of all directorate posts in the HD is at
- Encl. 2 Enclosure 3.
- Encl. 3

Alternatives Considered

9. We have explored the possibility of absorbing the work of the proposed CES post through internal redeployment, but considered it not viable. At present, the HD has a total of two CES posts. Apart from the supernumerary CES post in question, there is another CES post in the Estate Management Division of the HD (departmentally known as Chief Manager/Management (Support Services 4)). Being responsible for managing, among other things, all non-domestic properties of the HA, including 27 100 parking spaces and different types of premises such as retail shops, community facilities, schools and factories with an internal floor area of 2 870 000 m², this CES has been and will continue to be fully engaged and asking him to take over the land administration duties currently performed by the supernumerary CES post on top of his own will seriously compromise the quality of both jobs. For the HSSD where the proposed supernumerary CES post is placed, there are only two directorate officers, viz. one Assistant Director of Housing (AD(HS)) (D2) and one Chief Housing Manager (Chief Housing Manager/Appns) (D1). On top of being heavily involved in the provision of policy inputs on HA's housing subsidies issues, AD(HS) is currently also required to supervise directly two senior professionals responsible for building conditions verification. As regards CHM/Appns, she is fully engaged in the allocation of public rental housing and implementation of redevelopment programmes. As the workload relating to the procurement of lease/DMCs for divested properties and the sale of surplus HOS/PSPS flats is very substantial, it is practically impossible for either officer to absorb this very heavy schedule. Re-distributing the work among a number of officers will not be conducive to the smooth implementation of the lease procurement and title assignment project, and the surplus HOS and PSPS flat sale exercise, particularly when heavy directorate input is necessary in resolving concerns of different stakeholders and conducting tactful negotiations.

FINANCIAL IMPLICATIONS

10. The proposed retention of the supernumerary CES post for two years will bring about an additional notional annual salary cost at mid-point of \$1,201,200. The full annual average staff cost, including salaries and staff on-cost, is \$1,780,000. The full cost will be recovered from the HA under the usual

/arrangement

arrangement for HD staff seconded to the HA. The proposal has been covered in ECI(2007-08)8 on “Update on Overall Directorate Establishment Position”. In addition, six temporary staff as mentioned in paragraph 5 above will continue to be employed to work on the lease and DMC procurement project. The funding involved is about \$3,238,000 per annum and will be absorbed from within HA’s own resources.

PUBLIC CONSULTATION

11. We consulted the Legislative Council Panel on Housing on 3 March 2008. Members had no objection to the proposed retention of the supernumerary CES post.

BACKGROUND

12. On 7 July 2006, Finance Committee (FC) approved vide EC(2006-07)11 the creation of a supernumerary CES post for two years effective from 7 July 2006 to manage the procurement of land leases and DMCs for divested retail and car-parking facilities, and to co-ordinate the sale of surplus HOS and PSPS flats. The post holder reports to an Assistant Director of Housing (D2) (departmentally known as AD(HS)). Given the continual need required for taking charge of the administration duties related to the transfer of legal titles for retail and car-parking facilities which the HA has sold to The Link REIT; and the sale of surplus HOS and PSPS flats, there is a need to retain the supernumerary CES post for another two years.

ESTABLISHMENT CHANGES

13. The establishment changes in the HD for the past two years are as follows –

Establishment (Note)	Number of posts		
	Existing (as at 1 April 2008)@	As at 1 April 2007	As at 1 April 2006
A	47+(2)#	46+(3)	48+(1)
B	1 144	1 132	1 177
C	7 615	7 584	7 842
Total	8 808	8 765	9 068

/Note

Note:

- A - ranks in the directorate pay scale or equivalent (including equivalent HA contract posts)
- B - non-directorate ranks the maximum pay point of which is above MPS Point 33 or equivalent (including equivalent HA contract posts)
- C - non-directorate ranks the maximum pay point of which is at or below MPS Point 33 or equivalent (including equivalent HA contract posts)
- () - number of supernumerary directorate posts approved by FC
- @ - The establishment figures as at 1 May 2008 are the same as those as at 1 April 2008.
- # - As at 1 April 2008, there was no unfilled directorate post in the HA.

CIVIL SERVICE BUREAU COMMENTS

14. The Civil Service Bureau supports the proposed retention of the supernumerary CES post for two years from 7 July 2008 to manage the land documents for the proper transfer of land titles and to co-ordinate the sale of surplus HOS and PSPS flats. The grading and ranking of the proposed post are appropriate having regard to the level and scope of the responsibilities and the professional input required.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

15. As the post is proposed on a supernumerary basis, its retention, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Transport and Housing Bureau
May 2008

**Job Description
Chief Estate Surveyor/Land Administration**

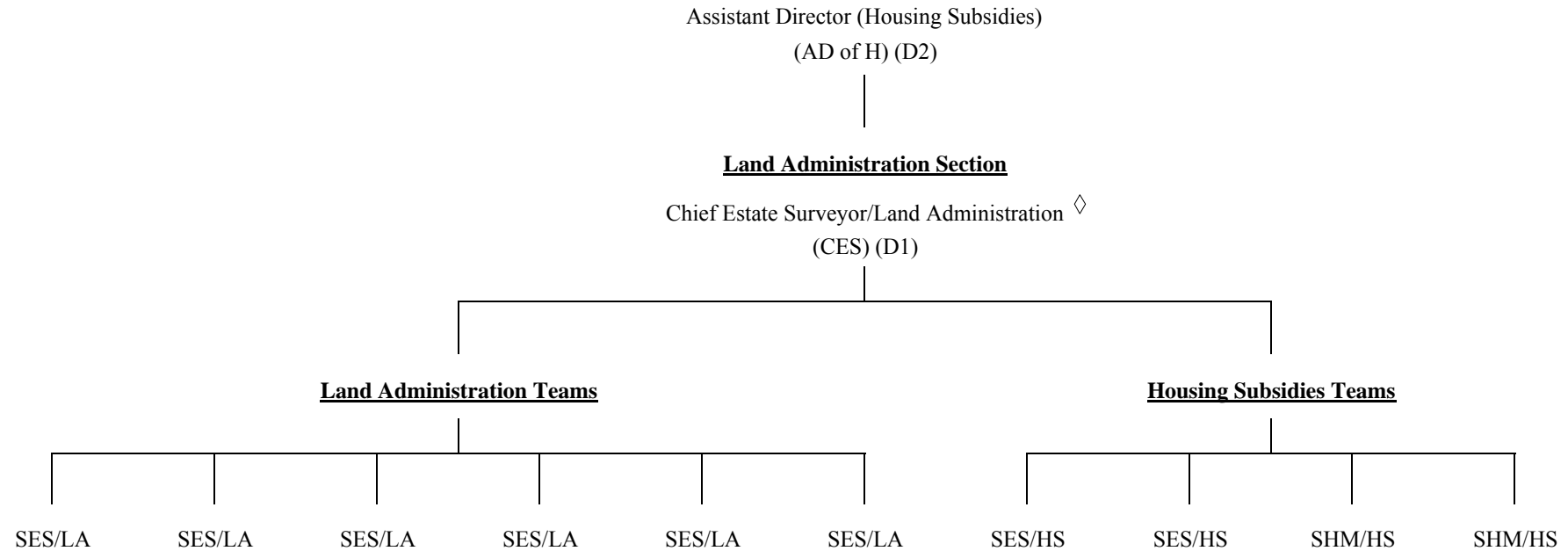
Rank : Chief Estate Surveyor (D1)

Responsible to : Assistant Director (Housing Subsidies)

Major Duties and Responsibilities –

1. to oversee the preparation of government leases and deeds of mutual covenant (DMCs) of the housing estates with divested properties and the proper transfer of the legal title of such properties to The Link REIT;
2. to advise on matters relating to the transfer of legal and beneficial ownership of divested properties;
3. to co-ordinate and oversee arrangement for the sale of surplus Home Ownership Scheme (HOS) and Private Sector Participation Scheme flats, including preparation of sale and publicity programmes, value assessment, flat pricing, and preparation of government leases and DMCs;
4. to oversee and advise on the post-sale services, post-loan matters, HOS secondary market issues and related matters concerning buyback and mortgage default claims; and
5. to liaise with other government departments and public organisations on land administration matters.

**Organisation Chart of Land Administration Section,
Housing Subsidies Sub-division, Strategy Division**



Legends:

- CES - Chief Estate Surveyor
- HS - Housing Subsidies
- LA - Land Administration
- SES - Senior Estate Surveyor (MPS 45 - 49)
- SHM - Senior Housing Manager (MPS 45 - 49)
- \diamond - Supernumerary CES post proposed for retention

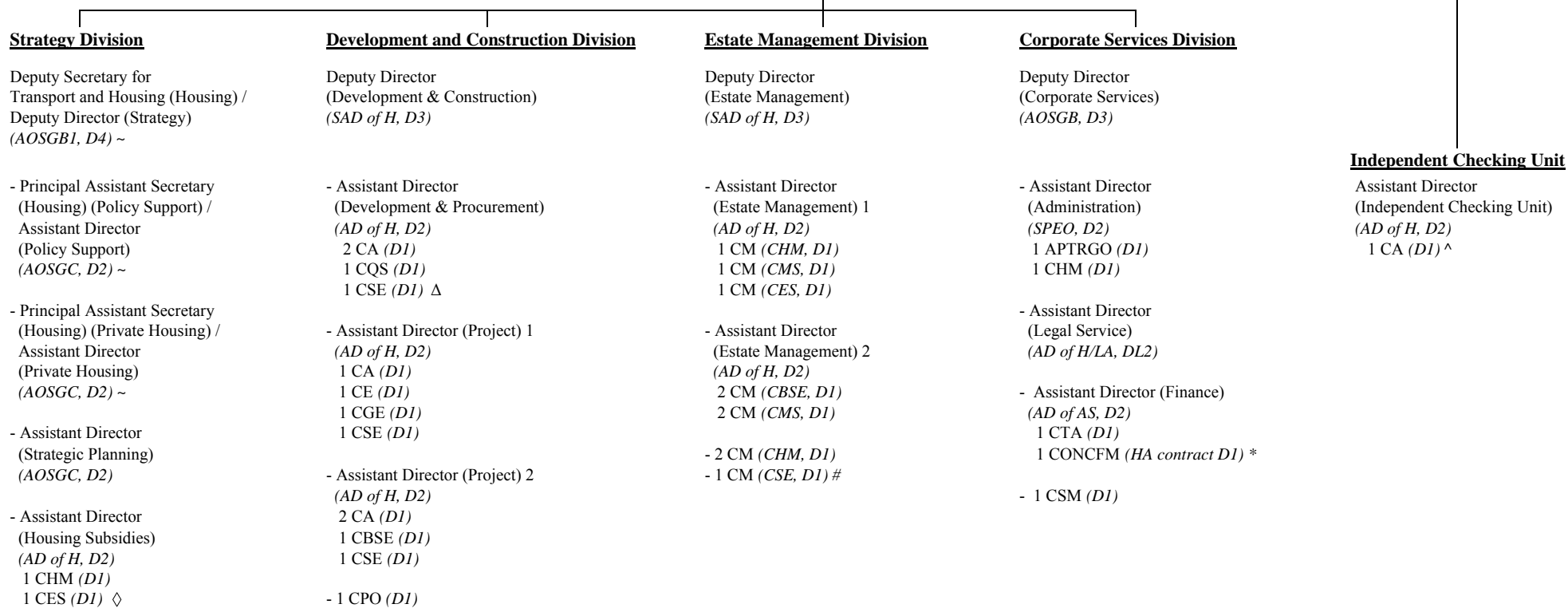
Note:

As mentioned in EC(2006-07)11, the supernumerary CES post was underpinned by nine teams. To strengthen the staffing support of the land administration work for divested properties, one additional team has been placed under the supervision of CES/LA since October 2006.

Existing Directorate Structure of Housing Department

Permanent Secretary for Transport and Housing (Housing)/Director of Housing

(AOSGAI, D8)



Legends:

- | | | |
|------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AD of AS - Assistant Director of Accounting Services | CHM - Chief Housing Manager | ◇ - Supernumerary post proposed for extension for two years with effect from 7 July 2008 to 6 July 2010 |
| AD of H - Assistant Director of Housing | CM - Chief Manager | # - On 16 May 2008, Finance Committee's approval has been given to make permanent the supernumerary post with effect from 7 July 2008. |
| AOSGA1 - Administrative Officer Staff Grade A1 | CMS - Chief Maintenance Surveyor | ~ - These posts are given bureau designations in addition to normal departmental designations to better reflect the nature of their duties which are largely policy-related. |
| AOSGB - Administrative Officer Staff Grade B | CONCFM - Contract Chief Finance Manager | Δ - Post deployed to Independent Checking Unit on a part-time basis |
| AOSGB1 - Administrative Officer Staff Grade B1 | CPO - Chief Planning Officer | ^ - Post temporarily deployed to Independent Checking Unit |
| AOSGC - Administrative Officer Staff Grade C | CQS - Chief Quantity Surveyor | * - HA contract post |
| APTRGO - Assistant Principal Training Officer | CSE - Chief Structural Engineer | |
| CA - Chief Architect | CSM - Chief Systems Manager | |
| CBSE - Chief Building Services Engineer | CTA - Chief Treasury Accountant | |
| CE - Chief Engineer | HA - Housing Authority | |
| CES - Chief Estate Surveyor | LA - Legal Advice | |
| CGE - Chief Geotechnical Engineer | SAD of H - Senior Assistant Director of Housing | |
| | SPEO - Senior Principal Executive Officer | |