

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1703/09-10  
(These minutes have been seen by  
the Administration)

Ref : CB1/SS/5/09

**Subcommittee on Land (Compulsory Sale for Redevelopment)  
(Specification of Lower Percentage) Notice**

**Minutes of the sixth meeting held on  
Thursday, 4 March 2010, at 10:45 am  
in Conference Room A of the Legislative Council Building**

**Members present** : Prof Hon Patrick LAU Sau-shing, SBS, JP (Chair)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon WONG Kwok-hing, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king

**Members absent** : Hon CHAN Kam-lam, SBS, JP (Chairman)  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Kwok-kin, BBS  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

**Public Officers attending** : Agenda item I  
  
Mr Tommy YUEN, JP  
Deputy Secretary (Planning and Lands)2  
Development Bureau

Mr Laurie LO  
Head/Development Opportunities Office  
Development Bureau

Ms Winnie SO  
Principal Assistant Secretary (Planning and Lands)4  
Development Bureau

Ms Francoise LAM  
Senior Government Counsel  
Department of Justice

**Clerk in attendance** : Ms Debbie YAU  
Chief Council Secretary (1)6

**Staff in attendance** : Mr Kelvin LEE  
Assistant Legal Adviser 1

Ms Angel SHEK  
Senior Council Secretary (1)1

Action

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- I Meeting with the Administration**
- (LC Paper No. CB(1)1293/09-10(01) -- List of follow-up actions arising from the discussion at the meeting on 1 March 2010
- LC Paper No. CB(1)1293/09-10(02) -- Administration's response to CB(1)1293/09-10(01)
- LC Paper No. CB(1)1293/09-10(03) -- Motion passed by the Subcommittee on Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice at the meeting on 1 March 2010
- L.N. 6 of 2010 -- Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice
- LC Paper No. CB(1)1307/09-10(01) -- Submission from a member of the public (黃姓業主) (Chinese version only)  
(*tabled and subsequently issued via e-mail on 4 March 2010*)

- LC Paper No. CB(1)1307/09-10(02) -- Submission from Hip Shing Hong Group (Chinese version only)  
*(tabled and subsequently issued via e-mail on 4 March 2010)*
- LC Paper No. CB(1)1307/09-10(03) -- Submission from a member of the public (Mr Jason CHENG) (English version only)  
*(tabled and subsequently issued via e-mail on 4 March 2010)*
- LC Paper No. CB(1)1307/09-10(04) -- Newsclipping provided by Hon Mrs Regina IP LAU Suk-ye (Chinese version only)  
*(tabled and subsequently issued via e-mail on 4 March 2010)*
- LC Paper No. CB(1)1307/09-10(05) -- Submission from a member of the public (李太) (Chinese version only)  
*(tabled and subsequently issued via e-mail on 4 March 2010)*
- LC Paper No. CB(1)1307/09-10(06) -- Submission from The Hong Kong Institute of Architects (English version only)  
*(tabled and subsequently issued via e-mail on 4 March 2010)*
- LC Paper No. CB(1)1307/09-10(07) -- Submission from Mr Charles C K CHAN, Managing Director of Savills Valuation and Professional Services Limited (Chinese version only)  
*(tabled and subsequently issued via e-mail on 4 March 2010)*

The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

Follow-up action required to be taken by the Administration

2. At the suggestion of a member, the Administration was requested to consider setting the application threshold for the first class of lot (i.e. lot with units each of which accounted for more than 10% of the undivided shares in the lot) at a percentage, say 80%, of the total existing use value (EUV which should have reflected the market value) of the lot, so as to address members' concern raised about the situation where the EUV sum of 80% of the undivided shares in the lot could be less than 80% of the total EUV of the lot, given owner(s) of the upper floor units of a building holding 80% or more of the undivided shares of the lot might take advantage of the owner of an un-acquired street level shop, of which the EUV and its undivided shares in the lot were out of proportion, by applying for a compulsory sale order of the lot.

Date of next meeting

3. The Subcommittee agreed to hold an additional meeting on Monday, 8 March 2010, at 2:30pm.

**II Any other business**

4. There being no other business, the meeting ended at 12:45 pm.

Council Business Division 1  
Legislative Council Secretariat  
30 April 2010

**Proceedings of the sixth meeting of  
the Subcommittee on Land (Compulsory Sale for Redevelopment)  
(Specification of Lower Percentage) Notice  
on Thursday, 4 March 2010, at 10:45 am  
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000150 – 000240	Chair	Welcoming remarks by the Chair.	
000241 – 000650	Chair Administration Mr James TO	In response to the motion passed by the Subcommittee at the meeting on 1 March 2010, and with reference to the concluding remarks made by the Secretary for Development during the motion debate on improving the living environment in old districts at the Council meeting on 3 March 2010, the Administration advised that the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) had provided a well-established mechanism to protect the interests of concerned property owners in a fair and reasonable manner, as reflected in the legislative provisions and the past Tribunal judgments, whereas building safety would be regulated by the Buildings Department in accordance with Cap. 123. The Administration would actively study with the relevant parties the suggestion of establishing a mediation mechanism for settling disputes arising from compulsory land sale applications, and report the outcome to the Panel on Development as and when appropriate. As such, it would not consider withdrawing the Notice.	
000651 – 001652	Chair Administration	The Administration briefed members on its response to the concerns raised at the meeting on 1 March 2010 (CB(1)1293/09-10(02)).	
001653 – 002904	Chair Mr James TO Administration	<p>In reply to Mr James TO about engaging the Hong Kong Housing Society and the Urban Renewal Authority to submit bids during compulsory land sale auctions, the Administration would follow up with the two bodies on the suggestion.</p> <p>Mr TO expressed concern that the lowered application threshold of 80% would apply to the first class of lot, i.e. a lot with each of the units on the lot representing more than 10% of all the undivided shares in the lot, irrespective of the market value (or the existing use value (EUV)) of each unit. He was concerned that the EUV sum of 80% of the undivided shares in the lot (e.g. the upper floor units of the building) could be less than 80% of the total EUV of the lot, and these owners might take advantage of the owner of an un-acquired street level shop, of which the EUV and its undivided shares in the lot were out of proportion, by applying for a compulsory sale order of the lot.</p> <p>The Administration responded that the lowering of application threshold for the first class of lot in question was to facilitate private redevelopment of buildings with 5 to 9 units which often came to a deadlock when only one remaining owner refused to sell the last unit due to various reasons. The proposal was well-received during the consultation in 2006 and 2008.</p>	The Administration to provide a written response as required in paragraph 2 of the minutes.

Time marker	Speaker	Subject(s)	Action required
002905 – 003433	Chair Mr WONG Kwok-hing Administration	<p>Mr WONG Kwok-hing welcomed the Administration's commitment to setting up of a mediation mechanism in parallel with the lowering of the application threshold for the three specified classes of lots (paragraph (d) of CB(1)1293/09-10(02)).</p> <p>The Administration responded that it was acting on the suggestion, including searching for suitable venues for setting up community mediation centres, and it would report the progress to the Panel on Development.</p>	
003434 – 004151	Chair Mr Albert HO Administration	<p>Mr Albert HO held the view that mediation arrangement should be put in place before the implementation of the Notice. He shared Mr James TO's concern that the EUV sum of 80% of the undivided shares should be taken into account in considering the lowering of application threshold. In view of the problems in the operation of the Ordinance, he urged the Administration to review the Ordinance first before lowering the compulsory threshold. As many concerns and suggestions raised by the Subcommittee members had not been discussed during the previous consultation, he considered it incumbent upon the Administration to take heed of these concerns and suggestions before implementing the Notice.</p> <p>The Administration responded that the provisions in the Notice had undergone thorough consultation and discussion in the past few years, and its implementation should not be delayed, having regard to the fast-growing pace of urban decay in the coming decade.</p>	
004152 – 005459	Chair Ms Audrey EU Administration Assistant Legal Adviser (ALA)	<p>Ms Audrey EU opined that the Administration should set priorities to redevelop needy districts/areas first, otherwise, private developers would only choose lots with high redevelopment potential for taking forward urban renewal work. To minimize adverse impacts on the environment, the Administration should consider designating areas where the outline zoning plans (OZPs) had already undergone review to lower the development density thereat. She expressed grave dissatisfaction that the Administration had not responded directly to these suggestions in its written response (part (c) of CB(1)1293/09-10(02)). It was unreasonable that the Administration should wait until after the Notice was passed to initiate a review of the Ordinance.</p> <p>The Administration reiterated its view that how public sector-led redevelopment could be better implemented to target at needy areas would be separately studied under the Urban Renewal Strategy (URS) Review, whereas Cap. 545 and the implementation of the Notice were to facilitate urban renewal efforts by the private sector, irrespective of the districts of the lots concerned.</p> <p>Discussion on the assessment of EUV and redevelopment value of the lot.</p> <p>ALA advised that the assessed market value for individual property on the lot set out in the valuation report only served as a reference for apportionment of land sale expenses and proceeds on a pro rata basis, and the value did not have to take into account the redevelopment potential of the lot. The redevelopment value would be reflected in the reserve price.</p>	

Time marker	Speaker	Subject(s)	Action required
005500 – 010656	Chair Ir Dr Raymond HO Mr Abraham SHEK Administration	<p>Ir Dr Raymond HO considered it inappropriate to confine the specified lots to designated areas/districts as it might undermine the flexibility in implementing the Notice. Mr Abraham SHEK opined that it was outside the scope of the Notice to set priority among districts/areas to be redeveloped through compulsory land sale.</p> <p>Ir Dr HO urged the Administration to take into consideration the cost implication on the minority owners in drawing up the details of the mediation mechanism. He also queried the need to engage legal representatives in the mediation in question. The Administration advised that it would carefully study the issue when examining the details of the proposed mediation mechanism.</p> <p>Mr Abraham SHEK considered that given it would take time to study and implement the mediation mechanism, he considered it inappropriate to effectuate the Notice until the mediation arrangements were put in place.</p> <p>The Administration advised that it did not have a specific timeframe yet for implementing the proposal but it would report the progress to the Panel on Development as appropriate.</p>	
010657 – 012401	Chair Mr James TO Mr Abraham SHEK Administration Ms Audrey EU	<p>Mr James TO reiterated his concerns about the interest of un-acquired street level shop owners, the need for the Lands Tribunal to consider both age and state of repair of buildings in determination of compulsory land sale and the need to steer the private sector-led redevelopment work to needy areas/districts, and where the OZPs had been reviewed. He indicated that he would move an amendment, among others, to apply the lowered application threshold to lots specified by the Secretary for Development.</p> <p>Ms Audrey EU considered that the Administration should improve the existing mechanism by enhancing competition in compulsory land sale, such as through open tendering, to ensure that the transaction price would genuinely reflect the redevelopment value of the subject lot. She considered it unreasonable to commence a review of the Ordinance until after the passage of the Notice.</p> <p>The Administration advised that specifying particular districts/areas for applying the lowered threshold was not appropriate as it was not related to a common and objective criterion for a "class" of lots. It was also considered unnecessary to reiterate in the Notice the factor to be considered by the Lands Tribunal in respect of the state of repair of a building, as it was already stipulated in the Ordinance.</p>	
012402 – 012619	Chair Mr Abraham SHEK Administration	As the assessed EUV was hinged to market conditions, Mr Abraham SHEK considered it inappropriate to take into account the EUV sum of the 80% of undivided shares of a lot in the specification of a lower application threshold.	
012620 – 013236	Chair Ms Cyd HO Administration	Ms Cyd HO expressed concern that the Administration should designate areas where the OZPs had already undergone review to lower the development density and building height limit thereat.	

Time marker	Speaker	Subject(s)	Action required
		<p>She considered it important to protect the wider public interests by proper town planning so as to minimize the adverse impact on traffic and the environment. Referring to the Public Engagement on Measures to Foster a Quality and Sustainable Built Environment, Ms HO urged the Administration to strengthen the existing statutory planning requirements so that private redevelopment project would proceed in a controlled and sustainable manner.</p> <p>The Administration stressed that while the review of OZPs was still underway, redevelopments on sites of compulsory land sale would have to comply with the applicable land lease conditions and subject to building plan approval.</p>	
013237 – 013426	Chair Ms Audrey EU ALA	<p>In reply to Ms Audrey EU, ALA advised that the wordings of the motion passed by the Subcommittee at the meeting on 1 March 2010 only requested the Administration to withdraw the Notice. It did not clearly request the Chairman to move an amendment to repeal the Notice on behalf of the Subcommittee.</p>	
013427 – 014024	Chair Mr James TO	<p>Mr James TO disagreed with the Administration's view that compulsory land sale and town planning were separate policies, given that a balance should be struck to ensure that private redevelopments would proceed in a controlled manner. As the URS Review was still in progress and the operation of the Ordinance also warranted review, he indicated his intention to move an amendment, among others, to defer the effective date of the Notice by one year to 1 April 2011, so as to give time for the Administration to review the legislation.</p>	
014025 – 015316	Chair Mr James TO Administration	<p><u>Section-by-section examination of the Notice (L.N. 6 of 2010)</u></p> <p><u>Sections 1 – 3</u></p> <p>Members did not raise any query.</p> <p><u>Section 4 – Specification of classes of lot</u></p> <p>In reply to Mr James TO's enquiry about the age criterion for the third class of lot, the Administration explained that the Notice aimed to facilitate the redevelopment of under-utilized or vacant industrial buildings standing on land which, over the years, had been rezoned from industrial to non-industrial uses, so as to release the potential of the precious land resources to meet the changing economic needs of Hong Kong. The age limit was set based on the fact that about half of Hong Kong's existing industrial buildings aged 30 years or above and less than 5% were older than 50 years. It would not be in the interest of the public to prescribe a high age limit as it would then cover only a tiny portion of industrial buildings, while prescribing a low age limit would include younger buildings in relatively better state of repair that might not justify redevelopment. For industrial buildings younger than 30 years of age, there were other measures to facilitate their change in use through wholesale conversion.</p>	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
015317 – 015611	Chair Mr James TO Ir Dr Raymond HO	Meeting arrangements.	

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30 April 2010