



Celebrating 25th Anniversary

香港城市大學
City University
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Tat Chee Avenue, Kowloon,
Hong Kong

25 February 2010

The Hon CHAN Kam-lam, SBS, JP
Chairman of the Subcommittee on Land (Compulsory Sale for
Redevelopment) (Specification of Lower Percentage) Notice
Legislative Council of the HKSAR

建築科技學部
Division of
Building Science
and Technology

Dear Mr. Chan,

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

On 19 February 2010, I attended the meeting of the Subcommittee on behalf of the Hong Kong Institute of Surveyors (HKIS) to present the views of the HKIS who welcomes the Administration's proposal to change the application threshold to 80% as specified in the subject Notice in respect of the following three classes of land lots:

- (a) a lot with units each of which accounts for more than 10% of the undivided shares in the lot;
- (b) a lot with all buildings aged 50 years or above; and
- (c) a lot that is not located within an industrial zone and with all the buildings on the lot being industrial buildings aged 30 years or above.

At the meeting, I heard some deputations questioning the impartiality of HKIS given many surveyors were working for the developers. Although I can prove otherwise by quoting many publicly known stances of the HKIS and myself that are not in line with the interests of the developers, I am nevertheless prepared to write this letter in my capacity as an academic with no personal interest rather than as a representative of the HKIS with impartiality questioned.

I understand that some members of the Subcommittee proposed to add "dangerous building order" issued under the Buildings Ordinance as a prerequisite for the above Class (b) buildings. While I am sure both the surveyor responsible for preparing the building condition report and the Lands Tribunal will take account of such order that may exist in advising or deciding whether the concerned buildings warrant redevelopment with regard to their "age and state of repair" under the Land (Compulsory Sale for Redevelopment) Ordinance, to make such order a prerequisite will not only defeat the original intention of the main Ordinance but also in the long term worsen the overall building safety situation in Hong Kong due to the much slower pace in redevelopment of dilapidated buildings we can anticipate.

As a professional surveyor with practical experience in implementing urban improvement scheme, I understand that redevelopment of one or two land lots alone always provcs

financially not viable. Therefore, a redevelopment scheme in the mind of an investor may comprise a number of building lots to be amalgamated. As such, if acquisition of a single lot has become unsuccessful due to its failure to meet with the "dangerous building order" requirement, the whole scheme may have to be given up no matter how serious the dilapidation of other adjacent buildings within the scheme may be.

I respect the good intention of the members to impose additional hurdle on the majority owners for the sake of protecting the interest of minority owners. However, we have to look at the issue not only as a matter between the majority owners and the minority owners but also as a matter amongst all individual owners who are all indeed a minority owner. Indeed, to start with, majority owner does not exist. The investor will become the majority owner only if 90% of individual owners are willing to sell their properties to the investor at a price with redevelopment value reflected and acceptable to such individual owners. It is very common for an investor to make offers to all individual owners simultaneously with binding sales and purchase agreements entered into only if the application threshold is met or at least likely to be met. Therefore, under the current provision, even 89% owners are happy with the offer price, the offers may still be withdrawn or the offer prices have to be adjusted downward to reflect the risk and uncertainty the investor may face and the possibility of offering a much a higher price to the critical owners in order to meet the threshold. If the investor pulls out, such 89% individual owners, many of them may be an elderly with no earning power, may not only lose the chance of improving their living quality through selling their properties at an attractive price reflecting the redevelopment potential of their properties but also face the usual problems of up keeping their properties in a good state to prevent their properties from becoming dangerous or defective buildings that may give rise to long term health and safety problems that most old buildings with fragmented ownership are now facing.

While I have highlighted the main problems of imposing the "dangerous buildings order" requirement for Class (b) buildings in this letter, I would be more than happy to meet with you or other Subcommittee members to present my views in an interactive way.

Yours sincerely,



Dr. Lawrence Poon

cc. Mrs Carie Lam, Secretary for Development

The Hon Patrick Lau, Legislative Councillor