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17 July 2013

Ms Miranda Hon
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Hon,

Panel on Housing
Subcommittee on the Long Term Housing Strategy

Follow-up to the meeting on 30 May 2013

Thank you for your letter dated 31 May 2013 to the Secretary for Transport and Housing, enclosing a list of follow-up actions by the Government. Regarding follow-up action items (c) and (d) concerning the Government's initiatives to increase housing supply, the Transport and Housing Bureau has referred them to our Bureau for a reply.

Follow-up action item (c) asks for information on the updated progress of the residential development projects undertaken by the MTR Corporation Limited (MTRCL), and the respective numbers of flats estimated to be provided by these projects.

The West Rail property development projects are taken forward by the West Rail Property Development Limited, a company jointly founded by the Government and the Kowloon-Canton Railway Corporation, for the purpose of developing the West Rail property sites. MTRCL is the agent for implementing and conducting the tendering for such projects. The West Rail property development projects taken forward since 2011-12, their latest position and their estimated flat supply are set out in the table at Annex A.

MTRCL as a listed company determines how to implement its own property development projects. We note that MTRCL indicated in March 2013 that it plans to re-tender its own projects at Tai Wai Station (estimated to provide about 2,900 flats) and Tin Shui Wai Light Rail Terminus (estimated to provide about 1,500 flats) over the next twelve months subject to market conditions. We also understand that MTRCL plans to tender its own Tseung Kwan O Area 86 Package 4 project (estimated to provide about 1,600 flats) in 2013-14.

Follow-up item (d) asks for information on the current procedures for processing applications for lease modification and land exchange, as well as the progress of the review being conducted by the Lands Department to enhance the processing arrangements. An information note is enclosed at Annex B to this end.

Yours sincerely,



(Derek Lai)

for Secretary for Development

cc
STH
D of Lands

(Attn: Mr Vincent Tang)
(Attn: Ms Rita Lai)

**West Rail Property Development Projects
Taken Forward Since 2011-12**

Project	Site Area (hectare) (about)	Total Flat No. (about)	Small and Medium-sized Flats (saleable area not more than 50 square metres)		Remarks
			Flat No. (about)	Percentage (about)	
Nam Cheong Station	4.62	3,313	2,485	75%	Tendered out in 2011
Tsuen Wan West Station TW5 (Cityside)	1.34	942	588	62%	Tendered out in 2012
Tsuen Wan West Station TW5 (Bayside)	4.38	2,384	1,235	52%	Tendered out in 2012
Long Ping Station (North)	0.99	832	624	75%	Tendered out in 2012
Tsuen Wan West Station TW6	1.39	894	520	58%	Tendered out in 2013
Long Ping Station (South)	0.84	720	428	59%	Tendered out in 2013
Yuen Long Station	3.47	1,880	1,310	70%	Planned for tendering in 2013-14
Kam Sheung Road Station and Pat Heung Maintenance Centre	33	8,700	To be determined	To be determined	The development of the two sites will be taken forward in accordance with the planning study and technical assessments for the two sites as well as the adjoining area in Kam Tin South currently being finalised.

Procedures for Processing Applications for Lease Modification and Land Exchange and Updated Progress of Review of Processing Arrangement

Procedures for Processing Applications for Lease Modification and Land Exchange

A land owner may submit an application to the Lands Department (LandsD) if he wishes to change the conditions of the lease governing his lot by way of lease modification or land exchange. LandsD processes such applications in a manner which accords with the current town planning intention for the land in question and other requirements prescribed by relevant authorities. A premium is payable for the lease modification or land exchange, if approved, being the difference between the value of the land under the existing lease conditions and that under the modified lease conditions or conditions of exchange, as the case may be.

2. An applicant should provide the necessary information and documents to LandsD which will reply to the applicant on whether the application can be processed.
3. Upon validation of an application, LandsD prepares draft conditions and a draft plan and circulates to relevant departments for comment. LandsD then consolidates the departmental comments, and where required, resolves differences among the applicant and relevant bureaux/departments, revises the draft terms of the proposed lease modification or land exchange and submits them to the District Lands Conference (DLC), which is an inter-departmental forum held by LandsD, for consideration and approval. Upon DLC's approval, a provisional basic terms offer (PBTO), not yet specifying any land premium, will be issued to the applicant for acceptance within 2 weeks.
4. After acceptance of the PBTO, the premium will be assessed by LandsD. A binding basic terms offer (BBTO), with premium and draft legal documents, will then be offered to the applicant for acceptance within 1 month from the date of the letter.
5. If the BBTO is accepted, the legal documents will be issued for execution, premium collected and the legal documents executed by both parties will be registered at the Land Registry.

6. Relevant bureaux/departments including normally the Planning Department, Buildings Department, Highways Department, Transport Department, Water Supplies Department, Fire Services Department, Drainage Services Department, Geotechnical Engineering Office of the Civil Engineering and Development Department, Home Affairs Department, etc. are usually invited to comment on the application and draft terms of the proposed lease modification or land exchange from their respective work responsibilities and expertise. Local consultation may be carried out as necessary and appropriate.

7. There are technical modifications of lease for which departmental circulation, local consultation and submission to DLC may not be necessary. They may be processed in a shorter time.

8. A flowchart showing the procedures for processing applications for lease modifications/land exchanges is at **Appendix**. The relevant Practice Notes and performance pledges are available on LandsD's website (<http://www.landsd.gov.hk>).

Updated Progress of Review to Enhance the Processing Arrangement for Lease Modification and Land Exchange

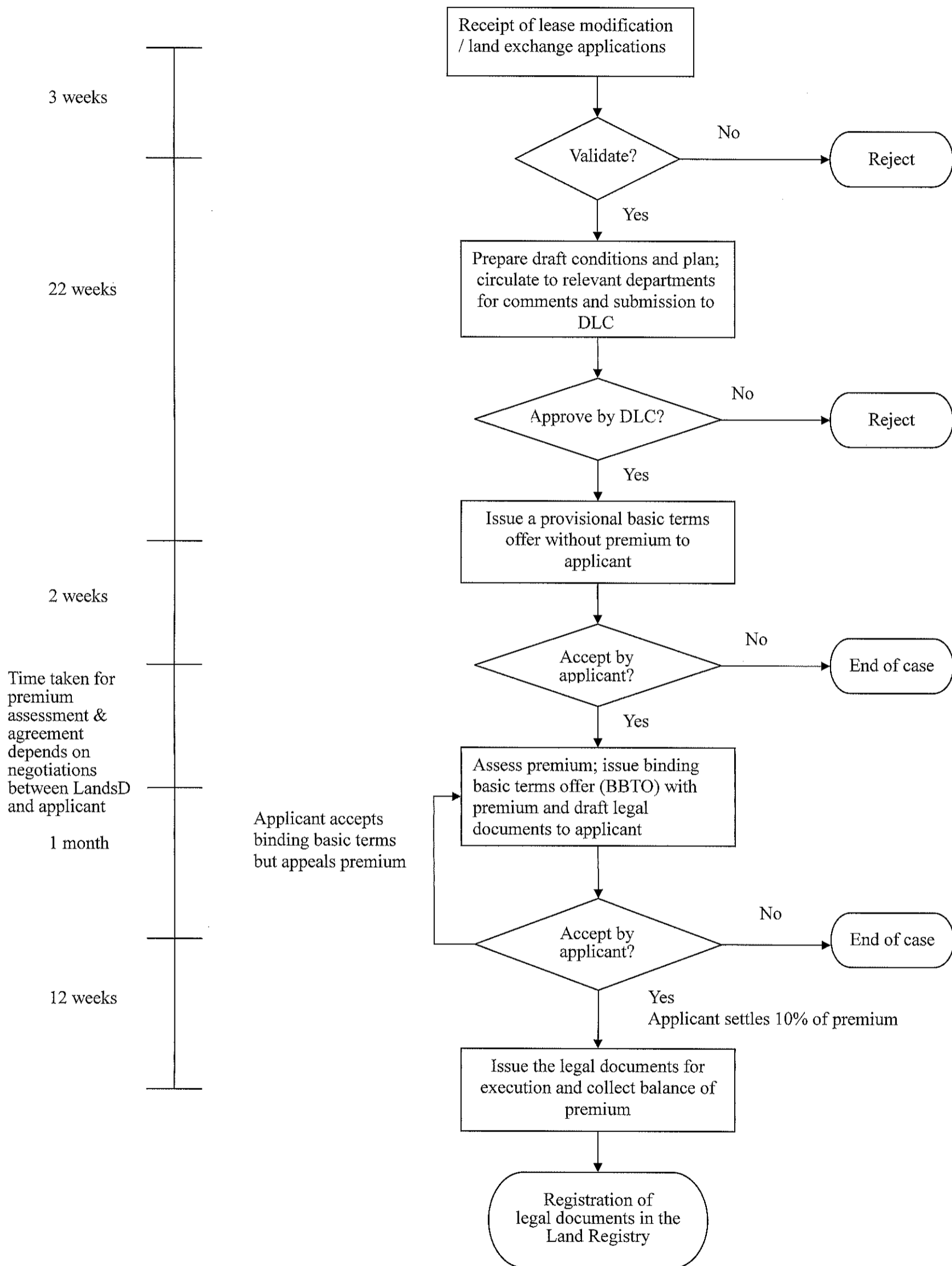
9. LandsD has been working on further enhancement of processes under lease in the following directions :

- simplification of lease conditions;
- review of the relevant Practice Notes to facilitate the trade; and
- streamlining of processing of lease modification and land exchange applications.

10. It informed the Land Sub-committee of the Land and Development Advisory Committee of the enhancement measures that were practised or being considered at the meeting on 20 March 2013. Further enhancement has been implemented subsequent to the meeting. LandsD continues to consider and put in place feasible enhancement measures.

Lands Department
July 2013

Procedure for Processing Applications for Lease Modification/Land Exchange



Note: LandsD denotes Lands Department and DLC denotes District Lands Conference