立法會 Legislative Council

LC Paper No. CB(1)593/15-16

(These minutes have been seen by the Administration)

Ref : CB1/PS/1/15/1

Panel on Development

Subcommittee on Redevelopment of Buildings Developed under the Civil Servants' Co-operative Building Society Scheme

Minutes of the second meeting held on Monday, 25 January 2016, at 10:45 am in Conference Room 3 of the Legislative Council Complex

Members present	: Hon Tony TSE Wai-chuen, BBS (Chairman) Hon Abraham SHEK Lai-him, GBS, JP Hon Cyd HO Sau-lan, JP Hon CHAN Hak-kan, JP Hon CHAN Kin-por, BBS, JP Hon Alan LEONG Kah-kit, SC Hon YIU Si-wing, BBS Hon CHAN Yuen-han, SBS, JP
Member attending	: Dr Hon CHIANG Lai-wan, JP
Public officers attending	 : Agenda item II Mr Eric MA Siu-cheung, JP Under Secretary for Development Mr Maurice LOO Kam-wah Deputy Secretary for Development (Planning and Lands)2 Mr Raymond SY Kim-cheung

			Principal Assistant Secretary (Planning and Lands)4 Development Bureau
			Ms Moogie LAM Muk-lai Housing and Quartering Officer Civil Service Bureau
			Ms Karen CHAN Pui-yee Assistant Director (Valuation) Lands Department
			Ms Karen HO Ka-yi Senior Estate Surveyor (Valuation)4 Lands Department
	Clerk	x in attendance :	Ms Sharon CHUNG Chief Council Secretary (1)2
	Staff	in attendance :	Mr Fred PANG Senior Council Secretary (1)2
			Ms Christina SHIU Legislative Assistant (1)2
<u>Action</u>	I	Confirmation of (LC Paper No. Cl	
		The minutes of th	e meeting on 15 January 2016 were confirmed.
	II	Meeting with the (LC Paper No. Cl	e Administration B(1)456/15-16(01) Administration's paper on progress update on facilitating the redevelopment of buildings under the Civil Servants' Co-operative Building Society Scheme
		LC Paper No. CI	B(1)456/15-16(02) Paper on redevelopment of

buildings developed under the Civil Servants' Co-operative Building Society Scheme prepared by the Legislative Council Secretariat (Background brief))

Building Society Scheme)

Other relevant papers

(LC Paper No. CB(1)860/14-15(06) -- Administration's paper on facilitating the redevelopment of buildings under the Civil Servants' **Co-operative** Building Societies Scheme LC Paper No. CB(1)1211/14-15(01) -- Administration's paper on facilitating the redevelopment of buildings under the Civil Servants' **Co-operative** Building Societies Scheme (Follow-up paper) LC Paper No. CB(1)1241/14-15(01) -- Administration's response to the motion passed at the special meeting of the Panel Development on on redevelopment of buildings developed under the Civil Servants' **Co-operative**

Submissions received from deputations

 (LC Paper No. CB(1)458/15-16(01) -- Submission from Residents of GBHS Lung Cheung Court dated 16 January 2016
 LC Paper No. CB(1)467/15-16(01) -- Submission from The Incorporated Owners of the Thesaurus Court dated 18 January 2016) 2. <u>The Subcommittee</u> deliberated (index of proceedings in the **Appendix**).

3. <u>Under Secretary for Development ("USDEV")</u> and <u>Deputy Secretary</u> <u>for Development (Planning and Lands)2</u> briefed members on the progress of the implementation of the Administration's proposals to facilitate the redevelopment of buildings developed under the Civil Servants' Co-operative Building Society Scheme. The details were set out in the Administration's paper (LC Paper No. CB(1)456/15-16(01)).

(*Post-meeting note:* The speaking note for USDEV (Chinese version only) was tabled at the meeting. A soft copy was circulated to members vide LC Paper No. CB(1)494/15-16(01) by email on 26 January 2016.)

4. <u>The Administration</u> was requested to provide the following information --

- (a) a list of sites/buildings under the Civil Servants' Co-operative Building Society ("CBS") Scheme/the Government Built Housing Scheme ("GBHS") which had yet to be redeveloped; for each of these sites, the location, the floor area and plot ratio of the CBS/GBHS building(s) at the site, the permissible floor area, the maximum plot ratio, the permissible development intensity (for example, whether it was high, medium or low), the plot ratios of the surrounding buildings; other major development parameters/restrictions, the Administration's analysis on its redevelopment potential, and whether the CBS/GBHS members had paid 1/3 or 1/2 of the land value when the land was granted to them for developing CBS/GBHS buildings;
- (b) written responses (with relevant documents as appropriate) in respect of the submissions from (i) The Incorporated Owners of the Thesaurus Court (LC Paper No. CB(1)467/15-16(01)); and (ii) Residents of GBHS Lung Cheung Court (LC Paper No. CB(1)458/15-16(01));
- (c) with respect to the views given in the submissions in (b) above that members of CBSs/GBHS had paid half of the land value as the premium in early years when the land was granted to them for developing CBS/GBHS buildings, why the Administration

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had claimed that CBS/GBHS members had paid only one-third of the land value; the contractual/supporting documents for the claim, including but not limited to specimens of leases of the land granted to CBSs and GBHS in early years for developing buildings, such as the buildings mentioned in the submissions in (b);

- (d) the principles/methods for assessing the land premium payable to the Government upon the sale of the flats or redevelopment of the buildings developed under the CBS Scheme and GBHS; whether the principles/methods were the same for all CBS/GBHS sites/buildings; if no, the details; and
- (e) as regards the 12 CBSs which had their buildings redeveloped, the principles/methods for assessing the land premium payable to the Government upon the sale of the flats and/or redevelopment of these CBS sites/buildings; an analysis on the factors which contributed to the successful redevelopment of these buildings; whether these success factors could be of useful reference for facilitating the redevelopment of the CBS sites/buildings which had yet to be redeveloped; if yes, the details; if no, the reasons.
- (*Post-meeting note*: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)592/15-16(02) on 24 February 2016.)

Arrangement for the next meeting

5. <u>Members</u> noted that the Subcommittee would receive public views on facilitating the redevelopment of CBS buildings at the next meeting scheduled for Saturday, 27 February 2016.

(*Post-meeting note*: With the concurrence of the Chairman, the next meeting was re-scheduled to 1 March 2016 at 2:45 pm. Members were informed of the above arrangement vide LC Paper No. CB(1)498/15-16 on 1 February 2016.)

III Any other business

6. There being no other business, the meeting ended at 12:40 pm.

Council Business Division 1 Legislative Council Secretariat 25 February 2016

Panel on Development

Proceedings of the second meeting of the Subcommittee on Redevelopment of Buildings Developed under the Civil Servants' Co-operative Building Society Scheme on Monday, 25 January 2016, at 10:45 am in Conference Room 3 of the Legislative Council Complex

Time marker	Speaker	Subject(s)	Action required
Agenda	Item I – Confirma	tion of minutes	
000314- 000417	Chairman	Confirmation of minutes of the meeting on 15 January 2016	
Agenda	Item II –Meeting v	with the Administration	
000418 001532	Administration	Briefing by the Administration	
001533-002042	Chairman Administration	The Chairman enquired how the proposals on facilitating the redevelopment of buildings developed under the Civil Servants' Co-operative Building Society ("CBS") Scheme as set out in the Administration's paper (LC Paper No. CB(1)456/15-16(01)) ("the Proposals") were different from the preliminary proposals put forward to the Panel on Development at the meeting on 26 May 2015, i.e. (a) the Hong Kong Housing Society ("HKHS")' Pilot Scheme for the redevelopment of CBS buildings; (b) designation by the Urban Renewal Authority ("URA") of a dedicated queue for CBS building owners for its facilitating services; and (c) administrative arrangements by the Lands Department ("LandsD") to process lease modifications to ascertain the amount of premium payable. The Administration replied that after presenting the preliminary proposals to the Panel on Development in May 2015, the Administration had subsequently consulted relevant government bureaux/departments, HKHS and URA, and had confirmed that (a) the CBS flat owners who wished to sell their	

Time marker	Speaker	Subject(s)	Action required
		flats for redevelopment under HKHS' Pilot Scheme could be allowed to purchase secondary market units under HKHS' Flat-for-sale Scheme ("FFSS");	-
		(b) Under the "no loss" principle and depending on market situation, HKHS could consider offering an acquisition price about 10% above the market price for acquisition of CBS flats (with alienation restriction) under HKHS' Pilot Scheme; and	
		(c) in the first quarter of 2016, URA would launch a pilot scheme under which URA would designate a dedicated queue for the applications from CBS building owners for its facilitating services ("URA's Pilot Scheme").	
002043- 002851	Dr CHIANG Lai-wan	Dr CHIANG opined that	
002031	Administration	(a) as the CBS buildings in urban areas enjoyed premier locations, had moderate building heights and high vacancy rates, the Administration should redevelop the buildings to release the development potentials of the land lots concerned to help address the shortage of housing land in Hong Kong;	
		(b) the Administration should assess the number of CBSs which could successfully redevelop their buildings under the Proposals in order to ascertain whether the Proposals were practicable;	
		(c) it would be difficult for the CBS flat owner applicants to meet the requirement under HKHS' Pilot Scheme that they must secure 100% owners' participation from the buildings concerned, and the Administration should lower the threshold; and	

Time marker	Speaker	Subject(s)	Action required
marker		 (d) HKHS' FFSS Secondary Market was inactive, and CBS flat owners participating in HKHS' Pilot Scheme should not only be allowed to purchase units from the Secondary Market, but should also be given priorities in purchasing HKHS new flats. The Administration responded that (a) according to the Administration's desktop study, only some of the CBS sites might have potential for redevelopment; (b) the redevelopment potential of each CBS site should be assessed independently taking into account its development restrictions, site characteristics, etc.; and (c) CBS building owners holding undivided shares of 50% or more of the property interests in each lot in a CBS site might apply for URA's facilitating services, and once CBS building owners holding 90% (or 80% by making reference to the Land (Compulsory Sale For Redevelopment) (Specification Of Lower Percentage) Notice) of the undivided shares in the application site agreed to participate in URA's Pilot Scheme within a specific time frame, joint sale of their 	required
002852-	Ms Cyd HO	properties by public auction or tender could be arranged. Ms HO opined that	
002832-003731	Administration	 (a) given that the height of the buildings in CBS sites were usually much lower than those of the buildings nearby, and CBS flats were relatively spacious, redevelopment of these sites would yield additional floor areas for providing more small-sized residential units to help address the housing need of the society; 	

Time marker	Speaker	Subject(s)	Action required
		(b) as some CBS sites in the urban areas, such as Kowloon City, To Kwa Wan, and Hung Hom, occupied large pieces of land and could provide many public or private small housing units, the Administration should facilitate the redevelopment of these sites proactively in a timely manner;	
		(c) CBS flat owners had difficulties in engaging private developers to take part in the redevelopment of their buildings/sites because of the high land premium charged by the Government for the removal of alienation restriction on a CBS flat; and	
		(d) the Administration should make clear whether it would not use public funds to facilitate the redevelopment of CBS buildings.	
		The Administration responded that	
		(a) the Administration would provide its analysis on the redevelopment potential of CBS/GBHS sites after the meeting for members' reference;	The
		(b) it was the Administration's position that the use of land resources should be optimized as far as possible to cater for housing demand and development needs of the community; and it was necessary for the Administration to ensure proper use of public funds when working out the proposals to facilitate the redevelopment of CBS buildings; and	Adminis- tration to take follow-up action as per paragraph 4(a) of the minutes
		(c) the provisions governing the requirement for payment of outstanding land premium for removal of alienation restriction on CBS flats were clearly spelt out in the relevant land grant conditions of the CBS sites.	
		Ms HO requested the Administration to provide information about the sites/buildings under the	

Time marker	Speaker	Subject(s)	Action required
		CBS Scheme/GBHS which had yet to be redeveloped including their locations, plot ratios of the buildings at the sites, and of the buildings nearby.	The Adminis- tration to take follow-up action as per paragraph 4(a) of the minutes
003732- 004743	Mr YIU Si-wing Administration Chairman	 Mr YIU opined that (a) the Administration should adopt an active attitude in resolving the issues relating to the redevelopment of CBS buildings, taking into consideration that the conditions of most CBS buildings had been deteriorating and CBS members had made great contributions to the society when they had been civil servants; (b) the Administration needed to ensure that the Proposals were acceptable to CBS flat owners; and (c) apart from allowing CBS flat owners participating in HKHS' Pilot Scheme to purchase units under HKHS' FFSS Secondary Market, the Administration should give special consideration to offering them a wider range of housing choices, such as giving them priorities in purchasing the Hong Kong Housing Authority's Home Ownership Scheme ("HOS") units. The Administration replied that (a) the current-term Government had spent considerable efforts in collaborating with HKHS and URA to work out proposals to facilitate the redevelopment of CBS buildings; and 	

Time marker	Speaker	Subject(s)	Action required
		 (b) as subsidized sale flats (such as HOS units and the flats offered for sale under the HOS Secondary Market Scheme) were precious public resources, they should be allocated with due care to cater for the needs of low-income households (such as the households with Green Form status), and it might reduce the supply of subsidized sale flats to these households if CBS flat owners, after selling their flats to HKHS, were allowed to purchase HOS units or flats from the HOS Secondary Market. Discussion on whether the Administration could provide information with examples on whether and how the Proposals could lead to successful redevelopment of CBS sites/buildings, and classify the CBS sites/buildings according to their redevelopment value. 	The Adminis-
		Administration would provide a list of CBS/GBHS sites/buildings classified by permissible development intensity, such as permissible plot ratio and building height.	tration to take follow-up action as per paragraph 4(a) of the minutes
004744- 005846	Mr Alan LEONG Administration Chairman	Mr LEONG said he subscribed to members' view that the Administration was not proactive enough in facilitating the redevelopment of CBS sites/buildings.	
		Mr LEONG enquired about the validity of the claim in the submission from The Incorporated Owners of the Thesaurus Court dated 18 January 2016 (LC Paper No. CB(1)467/15-16(01)) that before April 2013, the calculation of the amount of	

Time	Speaker	Subject(s)	Action
marker	Speaker	Subject(s)land premium payable to the Government for redevelopment of a CBS site was based on the existing use value of the land lot concerned but since April 2013, the Administration had changed the premium assessment method and calculated the premium amount on the basis of the lot's redevelopment value.The Administration replied that(a) the land leases of CBS sites/buildings included the requirement that a CBS flat owner should pay to LandsD the two-third outstanding land premium for the removal of alienation	required
		 (b) the Administration had never changed the principles or methods for assessing the outstanding land premium for CBS flats according to the relevant land grant conditions. 	
		Discussion on whether and why some CBS flat owners considered that the Administration had changed the basis for assessment of the land premium payable to the Government for the redevelopment of CBS buildings; and whether it was practicable for the Administration to provide information on whether the calculation of the amount of land premium charged for the redevelopment of each CBS site would be based on the existing use value of the building concerned or the lot's redevelopment value.	The

Time marker	Speaker	Subject(s)	Action required
		 the Administration would provide a written response, with relevant documents, in respect of the submission from The Incorporated Owners of the Thesaurus Court. In response to Mr LEONG, the Administration advised that CBS flat owners might engage professionals to assess the amount of the land premium payable to the Government for redevelopment of their sites/buildings. 	Adminis- tration to take follow-up action as per paragraph 4(b) of the
005847- 010754	Mr YIU Si-wing Administration	 Mr YIU opined that (a) the Administration should provide information on whether and how the Administration had taken into account relevant stakeholders' views and concerns when working out the Proposals; and (b) the Administration should assess the redevelopment value of each of the CBS sites/buildings, with or without the assistance of an intermediary company, to identify CBS sites/buildings which had higher redevelopment potentials. The Administration replied that 	
		 (a) the Administration would provide information on the floor area of each of the sites/buildings of which the CBSs had been dissolved but yet to be redeveloped, and the relevant development parameters/restrictions; (b) the 12 successful cases of redevelopment of CBS buildings in the past showed that redeveloping such buildings by private developers were not unprecedented; (c) whether the Proposals could successfully 	take follow-up action as per paragraph

Time marker	Speaker	Subject(s)	Action required
		facilitate the redevelopment of CBS buildings also hinged on CBS building owners' own initiatives and whether they would accept the acquisition prices offered by HKHS under HKHS' Pilot Scheme or by private developers under URA's Pilot Scheme;	
		 (d) CBS flat owners might engage professionals to review the land premium amount requested by LandsD for the removal of alienation restriction or redevelopment of CBS buildings; and could lodge appeal to LandsD if they considered necessary; and 	
		(e) the Administration was of the view that the Proposals would be useful in facilitating the redevelopment of CBS buildings.	
010755-012304	Ms Cyd HO Administration Chairman	Ms HO requested that, given there had so far been 12 CBSs which had their buildings redeveloped, the Administration should provide information on the principles/methods for assessing the land premium payable to the Government upon the sale of the CBS flats and/or redevelopment of these CBS sites/buildings; an analysis on the factors which contributed to the successful redevelopment of these buildings; and whether these success factors could be of useful reference for facilitating the redevelopment of the CBS sites/buildings which had yet to be redeveloped.	The Adminis- tration to take follow-up action as per paragraph 4(e) of the minutes
		Ms HO opined that, to make the redevelopment of CBS sites/buildings possible under HKHS' Pilot Scheme, the Administration should work out solutions to resolve the problems arising from the high land premium payable to the Government.	
		 The Administration replied that (a) about one-fifth of the existing CBS flat owners had paid the land premium for the removal of 	

Time	Speaker	Subject(s)	Action
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		alienation restriction on their flats; and	
		(b) a CBS flat owner participating in HKHS' Pilot Scheme was not required to pay the land premium for the removal of alienation restriction on the CBS flat; the land premium would be directly paid by HKHS to the Government under the Pilot Scheme and deducted from the proceeds to be received by the flat owner from HKHS, and HKHS would pay the land premium to the Government for lease modification necessary for redevelopment of the CBS site/building concerned.	
		In response to the Chairman's question about the basis for calculating the amount of land premium, the Administration advised that LandsD assessed the land premium payable by CBS flat owners based on the current market value of the concerned CBS building according to the lease conditions.	
		Ms HO said that CBS/GBHS flat owners had relayed to her that there were documents (such as circulars issued by the Colonial Secretariat of the Hong Kong Government in 1952 and 1956) indicating that CBS members had paid half of the land value as the premium in early years when the land was granted to them for developing CBS/GBHS buildings. She requested the Administration to provide	Adminis-
		 (a) information on whether for each of the CBS/GBHS sites, the CBS/GBHS members had paid 1/3 or 1/2 of the land value when the land was granted to them for developing CBS/GBHS buildings; and (b) contractual/supporting documents for the Administration's claim that members of CBSs/GBHS had paid only one-third of the 	

Time marker	Speaker	Subject(s)	Action required
		 land value as the premium, including specimens of land leases of the CBS/GBHS sites. The Chairman requested the Administration to provide a written response, with relevant documents as appropriate, in respect of the submission from Residents of GBHS Lung Cheung Court (LC Paper No. CB(1)458/15-16(01)). 	The Adminis- tration to take follow-up action as per paragraph 4(b) of the minutes
012305-013006	Miss CHAN Yuen-han Administration	 Miss CHAN opined that (a) the Administration should provide relevant documents to support its claim that members of all CBSs/GBHS had paid only one-third of the value of the land at the time of land grants; (b) the Administration and CBS flat owners should resolve their disagreement over the land premium issue in a timely manner; and (c) it was appropriate for the Subcommittee to receive views/proposals from deputations with respect to the redevelopment of CBS buildings. The Administration advised that it would provide information to confirm that the principles/methods for assessing the land premium payable to the Government upon the sale of the flats or redevelopment of the buildings developed under the CBS Scheme and GBHS were the same for all CBS/GBHS sites/buildings. 	The Adminis- tration to take follow-up action as per paragraph 4(d) of the minutes
013007-	Mr YIU Si-wing	Mr YIU opined that the Administration should	

Time marker	Speaker	Subject(s)	Action required
014014	Administration Ms Cyd HO	consider increasing the maximum plot ratios of the CBS sites yet to be redeveloped so that developers and other concerned organizations would have more incentives to acquire the sites for redevelopment.	
		The Administration responded that	
		(a) a blanket relaxation of development restrictions of CBS sites was not practicable; and	
		(b) whether the development restrictions of a particular site could be relaxed had to be considered in light of various factors such as site characteristics, prevailing planning parameters, etc., and a developer applying for the relaxation was required to conduct detailed technical assessments on the impact of the relaxation and seek Town Planning Board's approval for the application.	
		Ms HO remarked that there were cases, such as the Hopewell Centre II project, in which the developer concerned increased the project site area so that the site could be developed at a higher plot ratio, without paying heed to the impact of the project on the surrounding traffic.	
		Discussion on whether it was practicable for the Administration to make clear to CBS building owners the likelihood to increase the maximum plot ratios of their sites.	
		Ms HO enquired about the validity of the claim by CBS members that the Administration had changed the terms and conditions of the relevant contractual documents in 2000 to the effect that the land premium that had been paid by CBS members to the Government in early years when the land was granted to them for developing CBS buildings was	

Time	Speaker	Subject(s)	Action
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		regarded as only one-third, instead of half of the land value.	
		The Administration responded that	
		 (a) the land for CBS buildings had been granted at a concessionary rate of one-third of the Full Market Value of the land at the time of land grants, and this was clearly documented in various internal records of the Administration; and the Administration had not changed the principles or methods for assessing the outstanding land premium according to the relevant land grant conditions; and 	
		(b) the Administration would provide written information with relevant documents in light of Ms HO's enquiry.	The Adminis- tration to take follow-up action as per paragraph 4(c) of the minutes
014015- 015049	The Chairman Administration	The Chairman enquired about the Administration's response to the queries that had been raised by CBS members, including	
		 (a) whether the Administration should calculate the land premium payable to the Government for the removal of alienation restriction on CBS flats on the basis of the land value at the time of the land grants instead of the current market value of the land; and 	
		 (b) whether it was justifiable to require a CBS member to pay land premium to the Government for the removal of alienation restriction on the CBS flat if the concession on 	

Time marker	Speaker	Subject(s)	Action required
		land premium granted to the CBS in early years was a form of civil servants' housing benefit, having regard to other forms of housing benefits such as those facilitating home purchasing.	
		The Administration responded that	
		 (a) LandsD all along followed the same principles and methods for assessing the outstanding land premium payable to the Government for the removal of alienation restriction on CBS flats; 	
		(b) the CBS Scheme was a form of civil servants' housing benefit launched in 1950s, under which eligible civil servants were granted land by the Government at a concessionary premium with a loan at a preferential rate of interest for building residential blocks through forming co-operative societies to meet the housing needs of the officers and their families; and	
		(c) comparing to those civil service housing benefit schemes facilitating home purchasing, such as the Home Financing Scheme and the Home Purchase Scheme, which provided a monthly allowance to an eligible civil servant for a maximum period of 10 years for repayment of mortgage of a residential property, a CBS member might retain the CBS membership upon retirement and transfer the membership to his/her nominated successors.	
		The Chairman remarked that	
		 (a) some CBS members considered that the contributions they had made to the society when they had been civil servants were not comparable to the benefits offered to them 	

Time marker	Speaker	Subject(s)	Action required
		 under the CBS Scheme; and (b) apart from the Proposals, the Administration should consider other feasible solutions to resolve the difficulties faced by CBS flat owners, such as deteriorating building conditions, and to achieve a more efficient use of the CBS sites to meet society's needs. 	
015050- 015218	The Chairman	Arrangement for the next meeting	

Council Business Division 1 Legislative Council Secretariat 25 February 2016