

立法會

Legislative Council

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Panel on Development

Meeting on 10 November 2015

Proposal for setting up a subcommittee under the Panel to study the issues relating to redevelopment of buildings developed under the Civil Servants' Co-operative Building Society Scheme

Purpose

This paper seeks members' views on the proposal for setting up a subcommittee under the Panel on Development ("the Panel") to study the issues relating to redevelopment of buildings developed under the Civil Servants' Co-operative Building Society ("CBS") Scheme.

Background

2. The CBS Scheme is a form of civil servants' housing benefit managed by the Civil Service Bureau. It was launched in 1952 to allow the Administration to grant land at a concessionary premium¹ to enable eligible civil servants to build residential buildings through forming co-operative societies ("CBS buildings"). A total of 238 CBSs have been formed in Hong Kong so far. CBSs are responsible for the management and maintenance of CBS buildings which occupy a total area of about 30 hectares in the territory. No CBS buildings have been built since the mid-1980s.

3. CBS buildings are generally old, with many aged over 50 years. The lack of modern-day building facilities, such as lift provision, has posed access problems to aged occupants with impaired mobility. As CBS buildings are generally located in the urban areas and of moderate building

¹ According to the Administration, the rate of the concessionary premium was usually at one-third of the prevailing full market value.

heights, it is considered that these buildings possess great redevelopment potential and their redevelopment can release additional floor areas, increase the supply of residential units, thereby alleviating the acute housing shortage.

4. According to the Administration, redeveloping CBS buildings generally involves two levels of land premium payment. The first level is the outstanding land premium payable to the Government for the removal of the alienation restrictions on CBS flats. The second level is the premium payable by the lot owner of the site if there is a need for him/her to seek to modify the terms of the land lease before the permissible gross floor area of the site can be fully utilized so as to achieve the maximum development parameters permitted under the relevant outline zoning plan. While many CBS flat owners have expressed their wish for early redevelopment of CBS buildings, they are of the view that the outstanding land premium they have to pay the Government is prohibitively high and this high land premium has increased the redevelopment cost for private developers, thus dampening private redevelopment initiatives. Of the total number of 238 CBSs ever formed, only 11 had their buildings redeveloped.

5. Members of the Panel generally support the wish of CBS flat owners for early redevelopment and the need for a policy review to facilitate the redevelopment of CBS buildings. At a special meeting held on 15 July 2013, the Panel passed a motion urging the Administration to launch redevelopment programmes for CBS buildings immediately so as to increase land supply in urban areas, and to submit feasible proposals acceptable to both sides in six months.

The Administration's proposals presented in May 2015

6. On 26 May 2015, the Administration briefed the Panel on its preliminary proposals to facilitate the redevelopment of CBS buildings². The Administration suggested, among others, that a pilot scheme be launched by the Hong Kong Housing Society ("HKHS") to redevelop CBS buildings for the purpose of providing subsidized sale flats under a "no loss" principle³, and HKHS would pay land premium to the Government for lease modification necessary for the redevelopment. The pilot scheme would be implemented under a demand-led approach, i.e. it would be for

² Details of the proposals are given in LC Paper No. CB(1)860/14-15(06).

³ A "no loss" principle means that in taking on a redevelopment project, HKHS will expect that the gross receipt from the project will at least be capable of paying for all the development and acquisition costs and expenses.

the owners themselves to initiate applications to HKHS. HKHS will lay down the eligibility criteria of the scheme, including the requirement for the applicant CBS flat owners to secure 100% owners' participation from the land lot concerned within a reasonable period of time. HKHS will pay to the Lands Department the outstanding land premium for the CBS flat owners and will purchase the CBS flats from the owners at market price.

7. While Panel members welcome the idea of making use of the sites of the CBS buildings to develop subsidized sale flats to increase the supply of such flats to the public, they generally consider the requirement of securing 100% owners' participation a very high threshold that is almost impossible to achieve. Some members are concerned that the acquisition price to be offered by HKHS, after deducting the land premium payable to the Government, will not enable a CBS flat owner to purchase a replacement flat of the same size in the same area.

8. On 16 July 2015, the Panel held a special meeting to receive public views on the pilot scheme. The CBS representatives and flat owners who attended the meeting generally hold the view that the proposals under the scheme are unacceptable. The Panel passed a motion urging the Administration, within six months, to formulate other proposals which are more compassionate towards the retired civil servants affected and more practicable.

9. Hon Cyd HO, Dr Hon CHIANG Lai-wan and Hon CHAN Hak-kan have suggested that a subcommittee be set up under the Panel to study the issues relating to redevelopment of CBS buildings⁴. At the meeting held on 22 July 2015, Panel members expressed in-principle support for the suggestion.

House Rules relevant to the appointment of a subcommittee under a Panel to study specific issues

10. According to House Rule 22(u), the terms of reference of a subcommittee appointed under a Panel to study specific issues shall be decided by the Panel concerned, and should be issue-specific or project-specific. A proposal to appoint such a subcommittee should

⁴ The relevant letters, one from Hon Cyd HO (LC Paper No. CB(1)1129/14-15(01)), the other being a joint letter from Dr Hon CHIANG Lai-wan and Hon CHAN Hak-kan (LC Paper No. CB(1)1129/14-15(02)), were circulated to members on 20 July 2015. Hon Cyd HO and Hon CHAN Hak-kan are members of the Panel on Development. Dr Hon CHIANG Lai-wan is a non-Panel Member.

contain sufficient information on the proposed terms of reference, time frame, work plan and extent of work involved in the study of the specific issues or projects to facilitate consideration by the Panel concerned. The activation of the work of such a subcommittee is determined in accordance with the mechanism set out in House Rule 26. The terms of House Rules 22(u) and 26 are given in the **Appendix**.

Proposed terms of reference of the subcommittee

11. The terms of reference of the subcommittee are proposed to be --

"To study issues relating to redevelopment of buildings developed under the Civil Servants' Co-operative Building Society Scheme and, if appropriate, make recommendations on ways to facilitate the redevelopment of these buildings."

12. The name of the subcommittee is proposed to be --

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

Proposed work plan

13. The subcommittee will focus on studying the following issues with stakeholders and the Administration --

- (a) problems and limitations of the existing mechanisms for removal of alienation restrictions on CBS flats and redevelopment of CBS buildings;
- (b) viability and shortcomings of the proposals made by the Administration;
- (c) alternative approaches proposed by CBS members/flat owners or other interested parties; and
- (d) recommendations of the subcommittee.

Proposed time frame for completion of work

14. It is proposed that the subcommittee will start its work as soon as a slot for the activation of a subcommittee under Panels is available. The subcommittee will strive to complete its work within the current legislative session.

Advice sought

15. Members are invited to endorse the setting up of the subcommittee with the proposed terms of reference, work plan and time frame as set out in paragraphs 11 to 14 above.

Council Business Division 1
Legislative Council Secretariat
3 November 2015

**Rules 22(u) and 26 of the House Rules of
the Legislative Council of the Hong Kong Special Administrative Region**

Rule 22(u)

The following paragraphs apply to subcommittees appointed for purposes set out in (s) or joint subcommittees appointed for purposes set out in (t) --

- (i) their terms of reference shall be decided by the Panel(s) concerned, and should be issue-specific or project-specific;
- (ii) a proposal to appoint such subcommittees should contain sufficient information on the proposed terms of reference, time frame, work plan and extent of work involved in the study of the specific issue or project to facilitate consideration by the Panel(s) concerned;
- (iii) they may report to the Panel(s) at any time when they consider appropriate, but should do so as soon as they have completed their work; and
- (iv) their activation is determined in accordance with the mechanism set out in rule 26.

Rule 26

Activation and Operation of Subcommittees

- (a) Subject to (b) and (e), the maximum number of subcommittees appointed by the House Committee for purposes set out in rule 20(j)(ii) and subcommittees appointed by Panels for purposes set out in rule 22(s) or (t) that may be in operation at any one time is eight^{Note}.
- (b) Where the number of subcommittees referred to in (a) has reached the maximum number provided in (a), a queuing system will automatically be activated with a waiting list formed. The order of subcommittees on

^{Note} With additional resources being allocated to the Secretariat in the 2013 Resource Allocation Exercise, the Secretariat is able to utilize such resources to service up to two more subcommittees on policy issues on top of the quota of eight specified in rule 26(a) of the House Rules with effect from 1 April 2014.

the waiting list is in the order of their appointment. Where the number of Bills Committees in operation is less than that referred to in rule 21(a), the House Committee may activate subcommittees on the waiting list after having considered the following --

- (i) the number of vacant slots for Bills Committees;
- (ii) the number of bills likely to be introduced to the Council in the next three months;
- (iii) the number of subcommittees already or likely to be appointed by the House Committee for purposes referred to in rule 20(j)(i) and by Bills Committees; and
- (iv) the availability of resources in the Secretariat.