

Legislative Council Panel on Housing

Proposal to extend a supernumerary Chief Estate Surveyor post in the Housing Department for two years

Purpose

This paper seeks Members' support for extension of a supernumerary Chief Estate Surveyor (CES) (D1) post, which was created from 7 July 2006 to 6 July 2008, in the Housing Department (HD) for two years up to 6 July 2010 for taking charge of the administration duties related to the transfer of legal titles for retail and car-parking facilities which the Housing Authority (HA) has sold to The Link REIT; and the sale of surplus Home Ownership Scheme (HOS) and Private Sector Participation Scheme (PSPS) flat.

Background

2. Approval has been given for us to create a supernumerary post of CES (D1) in the HD for two years up to 6 July 2008 vide Paper No. EC(2006-07)11, mainly to undertake the following major tasks –

- (a) to manage the procurement of land leases and deeds of mutual covenant (DMCs) and the proper transfer of legal titles for retail and car-parking facilities which the HA has sold to The Link REIT; and
- (b) to co-ordinate the sale of surplus HOS and PSPS flats.

Reporting to an Assistant Director of Housing (D2), the supernumerary CES post leads ten teams of staff each headed by a Senior Estate Surveyor (MPS 45 - 49) or a Senior Housing Manager (MPS 45 - 49). A detailed job description of the CES post is at **Annex A**.

Progress on the transfer of legal titles for retail and car-parking facilities which the HA has sold to The Link REIT

3. Owing to the large number of properties under the divestment portfolio and the long lead-time required for the HA to procure legal titles¹ for those held under vesting order at the time when The Link REIT was listed in November 2005, it was only possible to transfer to The Link REIT the legal titles for 76, out of the 180 facilities sold to The Link REIT. For the remaining 104 facilities, only beneficial ownership was transferred at that time. It was the then HA's intention to transfer the legal titles of the remaining properties to The Link REIT upon procurement of the government leases concerned in batches by mid 2008. However, due to unforeseen complications and new requirements of government departments as elaborated in the following paragraphs, only the formal legal titles for another 44 properties (including all the 24 List 1 properties²) had been transferred by end February 2008, leaving 60 properties with titles yet to be assigned. Based on existing known regulatory requirements and experience with resolving complications of individual estates, our latest estimate is that the lease procurement and title assignment programme for divested properties will not be completed until early 2010 at the earliest.

4. The work involved in the procurement of leases/DMCs after the sale of beneficial interest of the retail and carparking facilities pertaining to some 80 existing HA estates is much more complex and onerous than originally anticipated. One major task encountered in the exercise is the need to address new requirements introduced by various government departments from August 2006 onwards which understandably, could not have been envisaged at the time when the original procurement programme was set. These new requirements are needed to address public concerns and for the sake of protecting the mutual interest of all parties concerned. They

¹ The land on which most of the public housing estates (including retail and car-parking facilities within the estates) are situated is vested with the HA by the Government through vesting order. To complete the transfer of ownership of the divested commercial properties to The Link REIT, it is necessary for the HA to be granted formal legal titles of those properties by the Government through granting land leases to the HA.

² The divested properties are categorised into List 1 properties and List 2 properties, based on the nature of HA's legal interest over the properties. List 1 properties are HA's properties within HOS courts/housing estates which are subject to existing Government leases. List 2 properties are properties within housing estates to which the HA does not have legal title. The control and management of which have been vested in the HA through a vesting order under Section 5 of the Housing Ordinance (save for one estate which is covered under a possession licence).

included certification of the gross floor area under a lease; the need to carve out free standing Government, Institution and Community facilities from lease boundaries; imposition of building height restrictions; and revisions to the Model DMC arising from updated DMC requirements and legislative amendments. The situation was further aggravated by other unforeseen complications, such as presence of structures with historical values within the site, transplantation of vegetation over drainage reserve areas and reservation of land stratum for new railway lines to pass through.

5. We have taken every possible measure to speed up the work progress. Taking into account the increased workload arising from the need to deal with all the new requirements and complications, and to facilitate the Legal Advisory and Conveyancing Office (LACO) of the Lands Department and the Government Property Agency (GPA) to deal with the substantial volume of procurement works within a tight time frame, we have already engaged temporary staff on HA contract terms, for secondment to the LACO and GPA to work on the lease and DMC procurement project. These notwithstanding, we are unable to finish the transfer of legal titles of all properties sold to The Link REIT by mid 2008.

6. Based on existing known requirements and experience with resolving complications of individual estates, our latest estimate is that the lease procurement and title assignment programme for divested properties will not be completed until early 2010 at the earliest. Heavy directorate input from the CES is crucial to spearhead the uncompleted work due to the complicated and diverse situation of each and every estate.

Progress on the sale of surplus HOS flats and PSPS flats

7. We resumed selling of surplus HOS and PSPS flats in early 2007. So far, we have completed Phases 1 and 2 sales of about 6 300 flats. As at end January 2008, 10 300 units remained unsold and these units will be put up for sale in four phases from early 2008 to early 2010. The sales work is far more complicated than originally planned. A flexible approach in the sale programme has been adopted to ensure the HOS and PSPS flats will be released to the property market in a progressive and orderly manner. The logistic arrangement regarding the sale of existing surplus flats is also more complicated than former sale of flats under construction. Pre-sale inspection of vacant flats in occupied buildings also required tactful strategic negotiation

with related Owners Corporations and local pressure groups. The professional estate surveying input at the directorate level will still be required for mapping out sale strategies and arrangements and supervising assessment of flat prices.

8. On account of the continual need for directorate input in taking forward the lease procurement and title assignment programme and the sale of surplus HOS and PSPS flats in the coming two years, there is an operational need for the extension of the supernumerary CES post for another two years.

9. We have exhausted all redeployment opportunities. At present, there is another CES post in the Estate Management Division of the HD (Chief Manager/Management (Support Services 4)) responsible for managing, among other things, all non-domestic properties of the HA, including 27 100 parking spaces and different types of premises such as retail shops, community facilities, schools and factories with an internal floor area of 2 870 000 m². The workload of the incumbent is already very heavy and asking him to take over the land administration duties currently performed by the supernumerary CES post on top of his own will seriously compromise the quality of both jobs.

Financial implication

10. The extension of the supernumerary CES post for another two years will entail an additional staff cost of \$3.56 million. The full cost will be recovered from the HA under the usual arrangement for the HD staff seconded to the HA.

Way forward

11. Subject to Members' views, we intend to put the proposals to the Establishment Sub-committee of the Finance Committee in May 2008 for consideration.

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Job Description

Post Title : Chief Estate Surveyor/Land Administration

Rank : Chief Estate Surveyor (D1)

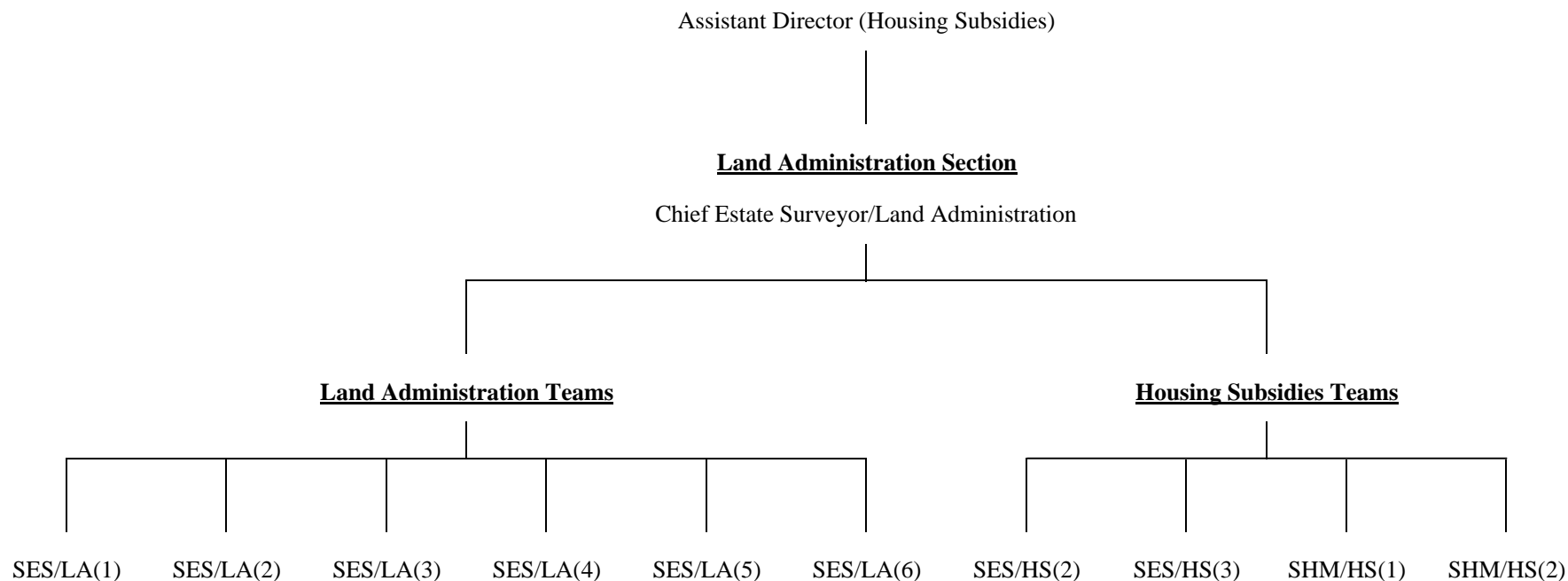
Responsible to : Assistant Director (Housing Subsidies)

Major Duties and Responsibilities:

1. to oversee the preparation of government leases and deeds of mutual covenant (DMCs) of the housing estates with divested properties and the proper transfer of the legal title of such properties to The Link REIT;
2. to advise on matters relating to the transfer of legal and beneficial ownership of divested properties;
3. to co-ordinate and oversee arrangement for the sale of surplus Home Ownership Scheme (HOS) and Private Sector Participation Scheme flats, including preparation of sale and publicity programmes, value assessment, flat pricing, and preparation of government leases and DMCs;
4. to oversee and advise on the post-sale services, post-loan matters, HOS secondary market issues and related matters concerning buyback and mortgage default claims; and
5. to liaise with other government departments and public organisations on land administration matters.

Note: Organisation chart of the Land Administration Section is at **Annex A1**.

**Organisation Chart of Land Administration Section,
Housing Subsidies Sub-division, Strategy Division**



Legends:

- SES - Senior Estate Surveyor (MPS 45 - 49)
- SHM - Senior Housing Manager (MPS 45 - 49)
- HS - Housing Subsidies
- LA - Land Administration

Notes:

- (1) As mentioned in EC(2006-07)11, the supernumerary Chief Estate Surveyor (CES) post was underpinned by nine teams. To strengthen the staffing support of the land administration work for divested properties, one additional team has been placed under the supervision of CES/LA since October 2006.
- (2) Considering that ownership of both human and financial issues by the same division will bring added benefit of managing resources in a more holistic and focused manner; and that given the wider policy content of the areas of responsibility under the Housing Subsidies Sub-division (HSSD), we have reshuffled the schedule of the Strategy Division (SD) and the Corporate Services Division (CSD) and transferred the Finance Sub-division from the SD to the CSD with effect from 3 July 2007; and the HSSD from the CSD to the SD on the same day.