

February 27, 2008

To whom it may concern,

I find the proposal both shocking and disturbing. It has only been a few years since the compulsory land sale application threshold was lowered to 90%. Although the government may wish to accelerate the pace for redevelopment of ageing buildings and neighbourhoods, it seems ill advised for it to rush into such proposal that is or could be perceived to be unfair and unjust.

Before the compulsory land sale application threshold was lowered to 90%, it was not uncommon for potential redevelopment projects to be blocked or held back by a single owner. The interests of all other owners were also often compromised in these cases. Lowering the threshold to 90% enhances balance of interests among the various owners and between owners and private developers. Although one may argue that the current proposal is merely the government's continuing effort to further facilitate private redevelopment of the city, I think it has simply gone too far and threatens to upset the delicate balance of interests among various parties already achieved.

The inclusion of the first class of lot under the current proposal (where the 20% ownership not yet acquired represents only one unit) seems fair and reasonable, and will help avoid deadlocks between owner and developer. However, the implications for the second class of lot included in the proposal are far reaching and could affect a significant number of owners for a given building. By slashing the threshold to 80% for buildings aged 40 or above, the balance is heavily tilted to the benefits of private developers. If this becomes law, it could open up a floodgate. Private developers can reasonably be expected to lobby for further "facilitation".

One must bear in mind that many of the owners in these "older" buildings are probably seniors who have spent much of their lives securing what they consider to be a "permanent" home. These people may also be among the most vulnerable in our community. If the current proposal as is becomes law, many of the elderly who helped build Hong Kong may be driven away from their home against their will by private developers with the aid of the government no less. This contradicts the government's slogan of "governance with the people as its foundation and maintenance of stability and prosperity". There will no doubt be prosperity for some but at the same time instability for many others.

Even though the Lands Tribunal has the final say in considering the application for compulsory sale based on the age and state of repair of the building, the final decision may be highly subjective. I think it will be fairer and more sensible for the owners to judge for themselves, thereby establishing a self-regulating mechanism (rather than leaving their livelihood in the hands of a committee). If the building is in a very poor state of repair, it is only logical that the owners will jump at the opportunity to relocate. On the other hand, if a building is in very good repair conditions, it is highly debatable whether a compulsory sale is justified on age alone. The decision will very likely be a subjective one.

I urge that members of the Legislative Council treat this matter with great care. If it is judged that it is in the long term interest of Hong Kong to continue to lower the compulsory land sale application threshold for the second class of lot stated in the proposal, it should at least be implemented more gradually. Also, more consideration should be given to minority interests. To this end, I would like to suggest that revisions to the current proposal be made. I would further propose the following for consideration in the revision.

- Include an additional condition for the second class of lot under the proposal – that is, the compulsory land sale application threshold of 80% is only applicable for this class when the number of units not yet acquired does not exceed five,

and/or

- Revise the 80% threshold to 85% in the proposal.

I believe the suggestions above will 1) help protect minority interests and minimize the number of involuntary sale and 2) provide a reasonable transition period for property owners potentially affected by such legislation.

Last but not least, I think it is in the public interest that the government clarifies its intention and long term target for the compulsory land sale application threshold – how much further reduction in the threshold can the public expect and over what period of time will it be implemented. This will help remove much uncertainty and speculation from the market – which is always a good thing to do.

Yours truly,
Henry Tang