



**Submission to
Legislative Council Panel on Development
Proposal to Facilitate Private Redevelopment**

Purpose

This paper expresses the views of the Hong Kong Institute of Surveyors (the Institute) on the proposals of Development Bureau to lower the compulsory land sale application threshold under the Land (Compulsory Sale for Redevelopment) Ordinance, Cap. 545 (the Ordinance).

Background

2. In August 2005, the Institute released a paper outlining the position and recommendations of the Institute relating to the Ordinance to the Government. In March 2006, the Government issued a public consultation document seeking views on the practicability of 3 proposed clauses of lots to enjoy a relaxed threshold.

3. The Institute has widely consulted its members and in general the consensus was in support of a legislated mechanism to curb the problems of site assembly caused by multi-ownership in Hong Kong as a means to facilitate urban renewal. The then Government's proposal of 3 classes of lots to enjoy lowered threshold was welcomed.

Current Proposal of Government

4. It is noted from the paper of January 2008 to LegCo that the Development Bureau intends to proceed with designating the following two classes of lots in a Gazette Notice, as subsidiary legislation, for a lower application threshold of not less than 80% :-

- a. lots with "all units but one" acquired; and
- b. lots with all building(s) aged 40 or above.

Institute's Views

5. A Working Group has been formed within the Institute and the latest proposals have been studied.

6. The Institute considers the latest proposals a step forward to foster the urban renewal process by the market forces. The proposal would create a greater degree of certainty for implementation of redevelopment project. This would serve to encourage more collective sales of buildings that are in need of redevelopment as well as enhancing the chance of success for similar exercises.



7. Through collective efforts, owners of individual units will be rewarded with an amount reflecting not only value of the individual units but also their shares in redevelopment value of the site. It is evident that the Ordinance serves its function as a catalyst in the urban renewal process. The provisions also helped to check the unjustified extortions of the minority on the majority yet generating opportunities of “win-win” to all the owners whilst having better use of the scarce land resources of the community and resurrecting urban decay.

8. There is the belief and trust that the Lands Tribunal has sufficiently been empowered under the provisions of the Ordinance to adjudicate and safeguard the interests of the minority owners over the valuation of properties and to consider whether redevelopment is justified having regard to the age and state of repair of the existing buildings. The Lands Tribunal will also consider whether the majority owner ie the applicant, has taken reasonable steps to acquire all the undivided shares in the lot before applying for an order for sale.

9. As for defining the “unit” in the “all but one” class, we have the following suggestion :

“An existing entry in the Land Registry which corresponds to an accommodation which has been shown on the approved building plans based on which an Occupation Permit has been issued, or the subsequent amended building plans approved by the Building Authority.”

10. Although the latest proposal of the Development Bureau is welcomed and supported, yet there were views expressed that more in depth review of the provisions of the Ordinance to improve efficiency and encourage urban renewal course be made.