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To: Panel_Dev@Legco.gov.hk
From: victor Sin
Date: 07/03/2009 08:23AM
Subject: Fwd: Comments on the HKIS

To: Chairperson of Panel on Development
Hon Lau Wong Fat
Legislative Council

Enclosed is the comments form a minority owner on the HKIS letter to the chairman of panel on Development dated 31 March 2008 and the letters of the other minority owners who advocate to lower the compulsory sale threshold.
Please inform the secretary to submit this document to the Legislative Council.

Thank You

Comments on the HKIS letter to the Chairman of Panel on Development dated 31 March 2008.

1st Para. 1st Sentence.

The future economic development of Hong Kong depends on the future land use planning and not on piecemeal redevelopment. The Government has and shall continue to reveal the current outline zoning plans to accommodate future needs. Urban redevelopment constitutes a very small portion of property supply. It is common knowledge the Government is the largest landowner of Hong Kong and the availability of land depends a lot on its policy.

Hong Kong Government can refuse to sell if it is not satisfy with the price offered by developers. On the other hand, by CAP. 545, individual owners are forced to sell even they are unwilling. This is unfair and violate the current administration of governance on “human based” principle and free market.

1st Para. 2nd Sentence

It is true that many Hong Kong people consider their properties the greatest lifetime investment. The Government should by every mean to protect their legal right to enjoy their properties. It is unfair for the government to grant them a long lease term and force them to transfer their properties prematurely because “the buildings (not land) are old or aged”, bearing in mind that each property or building has its unique location and history. People should be free to buy or sell according to their needs.

2nd Para.

Instead of passing an ordinance at large, the government should form task force or appoint URA to study target industrial areas and grant incentives to facilitate redevelopment in these target industrial areas. CAP. 545 is robbing Peter to pay John. It is against free market economy and should not be continued.

3rd and 4th Para.

We strongly oppose HKIS to use phrases “combat multiple ownership” and “ransom” in Para. 6. All individual owners are legal owners and do not offend any law in Hong Kong. It is unfair and biased that the Government shall form an Ordinance to facilitate developers to “make profit” and penalize individual owners to hold their properties legally. It is stated clearly in the DMC that each and every individual owner, no matter the type of property, shall have free and uninterrupted right to enjoy his property and observe his liabilities. The ordinance is surely “extortion by developers”.

40 year or 50 year building life-span has no basis. According to our knowledge, the registered structure engineers did not state that buildings erected in the 50's or 60's have a limited life-span in the structure plans approved by B.O.O. at that time. It is very common to find sound and save buildings aged 40 years or above in Hong Kong.

5th & 6th Para.

The Judicial System is one of the pillars of Hong Kong's achievement. We strongly oppose the Court of Appeal holds a predetermined view "to facilitate redevelopment" and consider the last 10% owners are asking for ransom. The court must protect each and every individual legal interest. Robbing Peter to pay John is not a solution to urban renewal and should not form a cornerstone of our legal system. We uphold that property price should be determined by the market and not by valuation at a fixed date. The property market is very dynamic and property prices changes according to the economic environment. All investments are buying the future and could not be valued with a rear mirror. This is particularly true for shops, commercial properties and when the property market is volatile. It is common sense that each property sector responds differently to changing market condition. The only way to protect all individual owners is "a freedom to buy and sell according to their needs".

7th – 9th Para.

According to the track record, most of the cases have only one bidder – the Applicant. An auction is considered a failure if there is only one bidder. It is abnormal that there was only one bidder in most of the cases, bearing in mind that land is a scarce resource. On the other hand, the minority owners have to bear the burden of legal costs, mental stress and to share the higher than normal selling cost. They are laymen, do not commit any crime, work hard and put their live savings in their properties but yet penalized by the Ordinance. There is also no basis that the property values of all units vary according to a pro-rata ratio all the time.

Comments on the Appendix B

Letter dated 6 Jan 2009

The electricity supply in the common area should cost little. The building is having property management problem more than on repair cost. Regarding the poor safety in the area, the owner should complain to the police, how can the redevelopment of a building help?

Letter dated 15 Jan 2009

The owner who is not satisfied with the present living conditions can sell his/her property and move to a new building where he/she thinks appropriate. According to the letter, there are active investors interested in aged buildings, thus providing liquidity in the market. There should be no difficulty in selling. If they are looking for a small or big fortune, they have to observe the title deeds and DMC. The legitimate expectation at the time of their purchase is on existing use basis.

Letters dated 10 Jan 2009 and 26 May 2009

In addition to the legitimate expectation, this owner should aware that the shop value may be multiples of the domestic units although each may have the same share. The location and character of each shop is unique.

Conclusions

1. CAP. 545 is not for public interest.
2. HKIS admits CAP. 545 is not working. It advocates lowering the threshold to 80% to speed up redevelopment process. We think the whole idea is to rob Peter and pay John gimmick and does not work. It interfere the interest of individual owners to benefit developers who are desperate for redevelopment land.
3. There is no academic or official basis of a 50 years building life-span.
4. HKIS accused those who refused to sell as greedy enemies and asking for ransom. This is biased. All owners are legal and shall be treated equally and shall have freedom to enjoy their properties.
5. HKIS advocate developers to make profit at the cost of minority owners.
6. We advocate a free property market instead of a judicial system with a policy to “facilitate redevelopment”. Hong Kong government can decide when to sell land according to its will. We should have the same right.
7. We are good citizens of Hong Kong and have contributed to Hong Kong economy. We work hard to own our properties and expect the government to protect our interest. This is in line with the “human based” principle of Hong Kong governance.
8. According to the letters in Appendix B, there is a market for old buildings and thus provided liquidity for those who want to sell.
9. In the same appendix, there is a demand for special home for the elderly people who are willing to move. The government should provide such accommodation.