

香港特別行政區政府

The Government of the Hong Kong Special Administrative Region

發展局(規劃地政科)

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11 April 2013

Clerk to the Panel on Development
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Ms Sharon CHUNG)

Dear Ms CHUNG,

Civil Servants' Co-operative Building Society Scheme

Thank you for your email of 20 March 2013 regarding the Civil Servants' Co-operative Building Society Scheme.

I have pleasure in enclosing an information paper on the Civil Servants' Co-operative Building Society Scheme for reference by the Legislative Council Panel on Development please.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mann MH CHOW'.

(Mann MH CHOW)

for Secretary for Development

c.c.

Civil Service Bureau (Attn: Ms Winnie YEUNG)
Lands Department (Attn: Ms Karen CHAN)

Information Paper for Legislative Council Panel on Development

Civil Servants' Co-operative Building Society Scheme

Purpose

This paper aims to provide information on the background and the present position of the Civil Servants' Co-operative Building Society (CBS) Scheme and to respond to recent comments on the redevelopment of the CBS buildings.

Background

2. The CBS Scheme was launched in 1952. Its main objective is to provide accommodation to the CBS members and their families. CBSs are set up under the Co-operative Societies Ordinance and registered by the Registrar of Co-operative Societies. Under the Scheme, eligible civil servants were granted land by the Government at a concessionary premium, which was normally set at one-third of the full market value, to enable them to build residential buildings under co-operative societies. The legal title of the land and the buildings would be held by the CBS which would be responsible for the building management and maintenance. Pursuant to the respective underleases the CBS signed with its members, the CBS members would have the right to the exclusive use of the respective properties but they do not possess legal titles to these properties. No CBS buildings have been built since the mid-1980s.

3. In response to the requests of CBS members, the Government promulgated the "Guidelines to be followed to achieve the transfer of title to flats and land from Civil Servants' Co-operative Building Societies and Government Built Housing Schemes to their individual members and underlessees" (that is, the Surrender and Regrant Approach (SRA)) in 1987. Under the SRA, the dissolution of CBSs and the transfer of legal titles from CBSs to individual CBS members is allowed subject to the unanimous consent

of all members. As there was considerable difficulty in achieving unanimous consent, the Government replaced the SRA with the “Guidelines to be followed to achieve the transfer of title to flats and land from Civil Servants’ Co-operative Building Societies to their individual members” (that is, the Modification of Lease Approach (MLA)) in 1993. Under the MLA, a CBS may, upon obtaining the consent of 75% of its members, apply for dissolution following the procedures set out in the guidelines. Individual members may then acquire titles to their properties and land by deeds of assignment. The MLA guidelines were distributed to all CBSs at the time.

4. The Civil Service Bureau (CSB) is responsible for the formulation and implementation of policies for the management of the civil service, including the CBS Scheme, which is a form of civil servants’ housing benefit. As for matters relating to the modification of land lease and land premium payment, they fall under the jurisdiction of the Lands Department (LandsD).

5. There are a total of 238 CBSs in Hong Kong, of which 177 have already been dissolved. The list of dissolved CBSs and the number of flats under each CBS are set out at Annex I in chronological order by their year of dissolution. Corresponding information on the remaining 61 CBSs which have yet to be dissolved is set out at Annex II.

6. Upon dissolution of a CBS, the former members of this CBS will, upon acquisition of the legal titles of their properties, execute a legal charge in favour of the Financial Secretary Incorporated such that the title deed of the individual flats will be retained by the Government and the flats will be subject to alienation restrictions, which prohibit the former CBS members to assign, mortgage, let, part with possession of, or otherwise dispose of their flats, or to enter into any agreement for such purposes. To remove the alienation restrictions, the former CBS members may apply to LandsD and upon payment of a premium as determined by LandsD in accordance with the terms of the lease, the alienation restrictions may be removed and the legal charge released. The title deeds of the properties will be returned to the individual owners, who will be at liberty to dispose of their flats as they wish.

7. Upon completion of the abovementioned discharge, if there is unanimous consent of all the individual owners, the whole building can be demolished for redevelopment. As yet, the redevelopment potential of the land may still be restricted by other conditions in the lease. This will be similar to the cases with other old buildings under multiple ownership. All the individual owners may then jointly apply to LandsD for lease modification and pay the necessary premium to facilitate redevelopment. The amount payable will be based on the difference in value of the lot before and after the lease modification, which is the prevailing practice in processing lease modification for redevelopment.

Simplified Procedures

8. To help speed up the dissolution process so that the former CBS members can readily complete the assignment procedures and remove the alienation restrictions of their properties, the Government has kept the relevant procedures under constant review. The following revised/streamlined arrangements are already put in place:

- (i) under the arrangement introduced in 1987, the consent of all members was required to support a dissolution application. In view of the considerable difficulty involved in obtaining such consent, the Government, after consulting members of all CBSs, put in place the current arrangement in 1993, under which a CBS, upon obtaining the consent of 75% of its members, might apply for dissolution in accordance with established procedures;
- (ii) since 2001, individual former CBS members may apply to CSB for a short-term waiver of the alienation restriction on their flat. This will allow them to enter into a sale and purchase agreement with the purchaser before payment of the requisite land premium; and
- (iii) since 2012, the CSB has streamlined the verification procedures on the eligibility of members and the

underleases concerned. Under the streamlined procedures, the CBS concerned is only required to confirm the number of categories of underleases, and CSB will only examine one underlease from each category, thus shortening the verification process.

Vacancy Rate of the CBS Buildings

9. As regards the vacancy rate of the CBS buildings, according to CSB, there is a “live-in” requirement under the CBS by-law which applies to all members of CBSs that have yet to be dissolved. In other words, these CBS members must reside at the properties concerned.

10. For former members of dissolved CBSs, if they are serving civil servants and have yet to pay the land premium of their properties to remove the alienation restrictions, they are required to comply with the “live-in” requirement as stipulated under the Civil Service Regulations and reside at the properties concerned. If they are no longer serving civil servants, regardless of whether they have paid the land premium of these properties or not, there are no CSB regulations which mandate that they must reside at the properties concerned. While some owners of CBS buildings are not bound by the “live-in” requirement, many of them still prefer staying at their properties as many CBS buildings enjoy premier locations and the flats are spacious. It is believed that vacancy at CBS buildings is only confined to isolated cases.

Payment of Land Premium by Former Members of Dissolved CBSs

11. According to information available at LandsD, as at end March 2013, of the buildings under the 177 dissolved CBSs (covering 4 640 flats), about 46% of the property owners have applied to LandsD for removal of the alienation restriction. Of these owners, some 67% have already paid the assessed land premium to remove the restriction on alienation of their flats. The above statistics show that nearly 70% of the owners belonging to the dissolved CBSs who intend to seek to remove the restriction on alienation of their properties have accepted the land premium assessed by LandsD and have the alienation restriction of their properties removed. As such, we consider that the payment

of land premium should not be a major factor that hinders the transfer of CBS flats. Furthermore, according to available information, currently, there are 11 dissolved CBSs which have been redeveloped by private developers, and the owners of two other dissolved CBSs have just paid up in full the land premium for removal of alienation restrictions.

Involvement of the Urban Renewal Authority

12. According to the Urban Renewal Strategy promulgated in February 2011, redevelopment projects undertaken by the Urban Renewal Authority (URA) may be initiated by URA itself or URA may respond to the requests of owners for redevelopment, that is, under its “Demand-led” Redevelopment Scheme.

13. As such, apart from redevelopment by private developers, former CBS members may consider applying to URA for redevelopment under the “Demand-led” Scheme after they have acquired the legal titles to their properties. Under URA’s “Demand-led” Pilot Scheme, URA will identify suitable redevelopment projects from applications received, based on a uniform set of assessment criteria, which include the conditions of the building and the residents’ living conditions, etc.

Other Options

14. Lately, during discussions on the redevelopment of buildings under dissolved CBSs, we have heard suggestions that the Government should grant concession or even waive the land premium that these property owners of dissolved CBSs should pay so as to expedite the redevelopment of their buildings to release the under-utilised floor area of the lots, with a view to increasing housing supply.

15. It is our view that to exempt the property owners of dissolved CBSs from the payment of land premium is tantamount to providing them with subsidy from the public purse. This approach must be justified on strong public interest grounds. We note that community views are divided on this subject. The Government is open-minded over how to facilitate the

redevelopment of CBS buildings. We will continue our dialogue with all stakeholders with a view to exploring feasible options to optimise the use of land resources.

Development Bureau
Civil Service Bureau
Lands Department

April 2013

Name of Dissolved Co-operative Building Societies and Number of Flats Involved

	Name of Society	No. of flats	Year of Dissolution
1	Cornwall Street	20	1989
2	Alpha	12	1990
3	Bonavista	40	1990
4	Cooper Villa	12	1990
5	Everest	20	1990
6	Pine Court	12	1990
7	Pok Oi	12	1990
8	Standard	20	1990
9	Sunny	20	1990
10	Wing Yat	20	1990
11	Begonia Road	12	1991
12	Briar Avenue	16	1991
13	Dragon Phoenix	30	1991
14	Dumbarton	16	1991
15	Ede	16	1991
16	Fidelity	10	1991
17	Hyde	24	1991
18	Pokfulam Heights	16	1991
19	Social Alliance	12	1991
20	Wing Yip	12	1991
21	Yau Kam Tau	10	1991
22	Briar Caine	17	1992
23	Clover	16	1992
24	Merrington Mansion	20	1992
25	Mount Butler	12	1992
26	Orion Court	16	1992
27	Pine Gardens	16	1992
28	Arcadia Gardens	24	1993
29	Concord	24	1993
30	Constancy	12	1993
31	Green Villa	20	1993
32	Happy Height	12	1993
33	High View	18	1993
34	La Salle Court	16	1993
35	New Haven	18	1993
36	Serene Villa	12	1993
37	Shatin Lodge	60	1993

	Name of Society	No. of flats	Year of Dissolution
38	Sun Lok	10	1993
39	Sunlight	12	1993
40	Tai Hong	10	1993
41	Verdun Villa	24	1993
42	Elite House	20	1994
43	Grace Mansion	20	1994
44	Lancas	16	1994
45	Moderate	10	1994
46	Homer	12	1995
47	Olympus	12	1995
48	Pokfield	24	1995
49	Sai Wan Ho	30	1995
50	Tai Ning	10	1995
51	Wah Yuen Chuen	600	1995
52	All Up	10	1996
53	Evergreen Villa	20	1996
54	Fa Yuen Street	10	1996
55	Good View	12	1996
56	Greenside Villa	48	1996
57	H.K. Civil Servants' Co-operative Building Society, Ltd. (Belcher Garden)	224	1996
	H.K. Civil Servants' Co-operative Building Society, Ltd. (Chatham Garden)	140	
58	Honour Terrace	24	1996
59	Inverness	12	1996
60	Lancashire	18	1996
61	Pentland Court	10	1996
62	Pine Hill Villa	18	1996
63	Prosperity	20	1996
64	Saloon	10	1996
65	San Wai	14	1996
66	Tsung Man	10	1996
67	Villa Piubello	12	1996
68	Arden Court	46	1997
69	Broom Road	11	1997
70	Govt. Teachers'	16	1997
71	Grand View Court	10	1997
72	Hillview Garden	48	1997
73	Hong Garden	30	1997

	Name of Society	No. of flats	Year of Dissolution
74	Lannox Gardens	16	1997
75	Liberty	10	1997
76	Merricourt Scheme I	10	1997
	Merricourt Scheme II	24	
	Merricourt Scheme III	12	
77	Mount Davis	16	1997
78	Mutual	48	1997
79	Parker View	10	1997
80	Princess Court	54	1997
81	Ruby Court	88	1997
82	Sanitarian	24	1997
83	Sincere	12	1997
84	Sunshine	10	1997
85	Winsome	12	1997
86	Caron	10	1998
87	Cypress Court	18	1998
88	Fortunatus	10	1998
89	Glen Circuit	48	1998
90	Harbour View	40	1998
91	Jade Garden	36	1998
92	Laford	30	1998
93	Marigold	12	1998
94	Mount Parker Road	20	1998
95	New Ede	24	1998
96	Park View	32	1998
97	Parker Court	10	1998
98	Sylvanbrook	12	1998
99	United	10	1998
100	Welfare	10	1998
101	Yee On	10	1998
102	Argog House	30	1999
103	Belmont	10	1999
104	Blue Garden	10	1999
105	Blue Pool Road	12	1999
106	Forward View	30	1999
107	Friendship	10	1999
108	Fuk Kwan	12	1999
109	Green Lane	24	1999
110	Greenvale	27	1999
111	Happy Garden	10	1999
112	Hoi An Terrace	48	1999
113	Hoi Tong	12	1999

	Name of Society	No. of flats	Year of Dissolution
114	Perpetual Scheme I	20	1999
	Perpetual Scheme II	78	
115	Po On	20	1999
116	Renown	30	1999
117	Tin Hau	20	1999
118	Welcome	12	1999
119	Chung Shun	10	2000
120	Grandeur	20	2000
121	Hacienda	48	2000
122	H.K. Technical College & the Victoria Technical School, Ltd.	12	2000
123	Longview	20	2000
124	Perfect Unity	20	2000
125	Poksmith Villa	36	2000
126	Tai Tung	12	2000
127	Valley View	32	2000
128	Venus	20	2000
129	Arts	10	2001
130	Bella	12	2001
131	Dragon Heights	24	2001
132	King Tak	30	2001
133	Mega	20	2001
134	Pine Crest	18	2001
135	Pleasant Villa	12	2001
136	Rock View	24	2001
137	Smiley	24	2001
138	Health Mansion	10	2002
139	Homestead Mansion	20	2002
140	On Lok	24	2002
141	Sea Breeze	25	2002
142	Bradford	10	2003
143	Goodwill	20	2003
144	Sapphire	20	2003
145	Unitpoly	24	2003
146	Civil Aviation	20	2005
147	Harmony	18	2005
148	Lok Lo	10	2005
149	Shunning	30	2006
150	Thesaurus	20	2006
151	Blossom	36	2007
152	Fortuna	15	2007

	Name of Society	No. of flats	Year of Dissolution
153	Galaxy Mansion	18	2007
154	Gayland	10	2007
155	Lanford Court	12	2007
156	Mei Kong	10	2007
157	Nga Tsin Villa	12	2007
158	Park's Drive	12	2007
159	Tai On	24	2007
160	Emerald	12	2008
161	Gaumont	10	2008
162	Hup Kwun	90	2008
163	King Fung	10	2008
164	Nairn Road	18	2008
165	Tong Mi Road	24	2008
166	Virtue Villa	50	2008
167	Island Road	100	2009
168	Kosan	10	2009
169	View Court	24	2009
170	Wing Yuen	12	2009
171	Port View	10	2010
172	Smithfield Garden	35	2010
173	Aurora	12	2011
174	On Hing	24	2011
175	Tai Hang	24	2011
176	Cheerful	10	2012
177	Kai Yip	10	2012

Name of Not Yet Dissolved Co-operative Building Societies and Number of Flats Involved

	Name of Society	No. of flats
1	Aberdeen	15
2	Acme	10
3	Amity	20
4	Anhui Street	10
5	Arch Court	36
6	Ascot	24
7	Awning	12
8	Bonnie	12
9	Comfort	20
10	Concurrent	12
11	Daniel House	10
12	Felix	12
13	Forwell	12
14	Fraternity	20
15	Friends	10
16	Gala	20
17	Good Hope	18
18	Good Luck Mansion	30
19	Happy	10
20	H.K. Chinese Civil Service Pensioners' (Evergreen)	40
21	Hong Yee	20
22	Jasper	12
23	Kinney	20
24	Lily Garden	18
25	Little Hut	10
26	Lucky	10
27	Lung Wa	10
28	Magnolia Garden	15
29	Maidstone	30
30	Maine	10
31	Mansion	20
32	Mataukok	12
33	Maxim	16

	Name of Society	No. of flats
34	Mayfair	12
35	Okay	10
36	On Yip	24
37	Pak Kung Street	10
38	Peace	12
39	Peerless	20
40	Pokfield Garden	72
41	Popular	40
42	Salim	20
43	Shaukiwan	18
44	Sincerity	30
45	Sinclair	20
46	Siu Yuen	12
47	Snug-Home	10
48	Splendid	20
49	St. Luke's Garden	15
50	Success	12
51	Sweethome	10
52	Sycamore	20
53	Tai Chung	20
54	Tai Wah	10
55	Union	15
56	Universal	10
57	Valley	15
58	Wang Wah	12
59	Wun Sha	16
60	Y Hing	12
61	Yick Kwan	10