



3 July 2015

By Fax (2978 7569) & Post

Clerk to Panel on Development
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Sirs,

Facilitating the Redevelopment of Buildings under the Civil Servants' Co-operative Building Society ("CBS") Scheme

On behalf of The Hong Kong Institute of Surveyors (HKIS), I have much pleasure in submitting our views on "Facilitating the Redevelopment of Buildings under the Civil Servants' Co-operative Building Society Scheme".

1. Increase in Housing Supply

- 1.1 As many of the existing CBS sites based on today's development density under the current town planning parameters are under-utilised, the HKIS is supportive to measures facilitating the redevelopment of the existing buildings on these sites so as to increase housing supply in urban areas.

2. Facilitating the Dissolution of Existing CBSs

- 2.1 Government should also facilitate the dissolution of the existing CBSs so that more ex-CBS sites are ready for redevelopment.
- 2.2 The lack of initiative for dissolution of the existing CBSs may be due to:
- (i) that they have not been approached by private developers;
 - (ii) the dissolution process, which entails holding of general meeting, application for dissolution, application for lease modification, appointment of liquidator, execution of Deed of Mutual Covenant, formation of Incorporated Owners, assignment of undivided shares to the owners, etc., being complicated and time-consuming; and
 - (iii) some members being unwilling to incur expenses for the dissolution.
- 2.3 Government should approach these CBSs and offer assistance in initiating their dissolution; for example, by holding talks, providing a full set of sample documents, setting up an enquiry hot-line, streamlining the approval process, etc.

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3. Dissolved CBSs

- 3.1 HKIS agrees with the general principle, that it is not fair for the government to provide any premium concession to the individual owners for removal of alienation restriction, as it relates to public money.
- 3.2 The proposed administrative arrangement of consolidating the premium assessments for the removal of alienation restriction and for the relaxation of development restrictions may help private developers in making their own feasibility assessment. This, however, should be an option for the developers to select as they may have different views on the market trend.
- 3.3 Government should also clarify if the Land (Compulsory Sale for Redevelopment) Ordinance Cap. 545 is applicable to such sites. If applicable, the interest of developers in acquiring these sites would be higher.

4. Redevelopment by the HKHS

- 4.1 HKIS considers that HKHS is an appropriate organisation for redeveloping CBS sites and the proposed pilot scheme is supported. However, its implementation is not without challenges as the following criteria have to be satisfied:-
 - (i) 100% owners' participation has to be secured, and
 - (ii) the acquisition price will be at 110% of the market price of the existing flats.
- 4.2 While the 100% participation may still be achievable as the number of owners are usually small, the proposed acquisition price may not be attractive to the owners.

5. Redevelopment by the URA

- 5.1 HKIS considers that the URA is also an appropriate organisation for acquiring CBS sites for redevelopment as it has the financial advantage of being exempted from lease modification premium.
- 5.2 The relatively small number of units in one CBS building, and there being no shop units are advantageous factors for acquisition, both in financial terms and, in terms of the time required.
- 5.3 However, after paying the premium for removal of alienation restriction, the remainder of the acquisition price may not be sufficient for buying an alternative accommodation. The owners, if no topping up is made out of their own pockets, may have to move to another location and buy a flat older than seven years but still of a condition better than the CBS flat sold.

6. Conclusion

- 6.1 HKIS supports measures that would lead to an increase in housing supply. Government should also facilitate the dissolution of existing CBSs.



- 6.2 Administrative arrangement to reduce the uncertainty due to the two-stage premium for potential redevelopment sites will help developers in assessing the financial viability of redeveloping a CBS site.
- 6.3 Both HKHS and URA are appropriate organisations for taking up the redevelopment of these CBS sites, though the implementation of the proposed schemes are not without challenges.

Thank you for your attention.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Vincent Ho', is written over a horizontal line.

Sr Vincent Ho
President
The Hong Kong Institute of Surveyors