For discussion
on 22 November 2022

Legislative Council Panel on Development

Proposed Measures to
Update and Streamline the Compulsory Sale Regime

PURPOSE

This paper briefs Members on Government's proposals to update and streamline the compulsory sale regime with a view to expediting redevelopment of the rapidly ageing building stock, and at the same time to enhance support to protect the private property rights of minority owners affected by compulsory sale.

BACKGROUND

Current Compulsory Sale Regime

2. In view of the scale and pace of urban decay, both the public sector and the private sector in Hong Kong have been carrying out urban renewal. For the former, the Urban Renewal Authority ("URA") has been carrying out redevelopment projects and rehabilitation works to help arrest urban decay. To encourage private sector participation in urban renewal, the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) ("the LCSRO") was enacted and came into operation in June 1999 to facilitate owners of buildings in multiple ownership to redevelop their lots. The threshold for making a compulsory sale application was first set at no less than 90% of all undivided shares for all classes of lots. Taking into account views from the public, the Legislative Council and various stakeholders, a lower threshold being no less than 80% of all undivided shares was introduced through the enactment of the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (Cap. 545A) ("the Notice") in April 2010 for three classes of lots, viz. –

(a) a lot with each of the units on the lot representing more than 10% of all the undivided shares in the lot;

(b) a lot with each of the buildings erected on the lot aged at least 50 years;

(c) a lot that is not located within an industrial zone and each of the buildings erected on the lot –

(i) is an industrial building ("IB"); and

(ii) aged at least 30.

Rapidly Ageing Building Stock in Hong Kong

3. With the efforts of URA and the private sector in redevelopment, the number of private buildings redeveloped in the past ten years from 2011 to 2020 are estimated to be about 1 600 (i.e. an average of 160 per annum). At the same time, the number of buildings reaching the age of 50 years has been increasing at a faster pace. According to the Buildings Department ("BD")'s record, the number of private buildings[1] aged 50 or above significantly increased from 3 900 as of end 2010 to 8 700 as of end 2020 (i.e. an average increase of 480 per annum), whilst their corresponding percentage against the total number of private buildings doubled from 8.9% to 19.6%. The number is projected to rise further to 13 900 in 2030 (i.e. an average increase of 520 per annum) and 21 700 in 2040 (i.e. an average increase of 780 per annum), which is some 2.5 times the number in 2020. For private buildings aged 70 or above, it rose from 800 in 2010 to 1 000 in 2020, and is projected to increase by more than six times to 6 400 by 2040.

4. Up to 30 September 2022, 421 applications have been made to the Lands Tribunal ("the Tribunal") for an order for compulsory sale. Among the above 421 applications, 170 cases have been granted with compulsory sale orders by the Tribunal, 198 were discontinued, withdrawn, settled by other means or dismissed. 53 cases are under processing. Details of the application statistics are in **Annex I**.

Calls for Reviewing the Compulsory Sale Regime

5. As the pace of redevelopment of old buildings is unable to catch up with the rapidly ageing building stock in Hong Kong, there is an imminent

[1] Excluding New Territories Exempted Houses, Government buildings and buildings of Hong Kong Housing Authority.

need to adopt more effective policy measures to expedite redevelopment of old buildings and improve urban living environment. In this regard, the Government embarked on a policy review in late 2021 with a view to coming up with legislative and administrative proposals to update and streamline the compulsory sale regime under the LCSRO.

THE PROPOSALS

6. As announced in the Chief Executive's 2022 Policy Address, we have proposed initiatives to speed up the consolidation of property interests to facilitate urban renewal of old areas along **four directions** (see relevant extract at **Annex II**). Specific details are elaborated in the ensuing paragraphs.

(I) Lowering the Thresholds for Compulsory Sale Applications

(A) Private buildings aged 50 or above (lowered to no less than 70%)

7. The construction of buildings of steel and concrete in Hong Kong is generally guided by the assumption of a design working life of 50 years[2]. If a building exceeding the design working life is not properly maintained and repaired, its conditions may rapidly deteriorate. As aged buildings grow older, continual repairs may become less economical in terms of extending the remaining life. For such cases, redevelopment is a more practical and sustainable option in tackling the urban decay problem as well as eliminating potential safety concerns to residents and the public at large. In view of the above, we **propose that the application threshold for private buildings aged 50 or above be reduced from the existing no less than 80% to no less than 70%**.

(B) Private buildings aged 70 or above (lowered to no less than 60%)

8. As at 2020, there were about 1 000 private buildings aged 70 or above, accounting for 2.3% of total private building stock, or around 12% of private buildings aged 50 or above. We note from BD's records that about 70% of private buildings aged 70 or above (i.e. about 700 in number) have four or fewer units. Moreover, missing or untraceable owner issue tends to

[2] Code of Practice for Structural Use of Concrete 2013 (2020 Edition) published by the BD (paragraph 2.1.6 refers).

be more common in aged buildings. As such, failure in acquiring even one unit and / or a single missing / untraceable owner will already imply that compulsory sale of many buildings aged 70 or above is a non-starter for not being able to meet the current threshold. Lowering the application threshold to no less than 70% of all undivided shares may partly help resolve the deadlock situation. According to URA's study, about 27% of buildings aged 70 or above are towards the end of their physical life where rehabilitation works may no longer be financially viable[3]. Many have considerable residual plot ratio with good potential redevelopment on its own or through amalgamation with adjoining lots. However, only one compulsory sale application involving private building aged 70 or above has been filed since April 2010. We see a case for further expediting redevelopment and therefore **propose that a lower application threshold for private buildings aged 70 or above pitched at no less than 60%**.

(C) IBs aged 30 or above and not located within industrial zones (lowered to no less than 70%)

9. Some aged IBs are located in areas which have already been rezoned for other uses[4] to encourage redevelopment through private initiatives. With the lowering of application threshold for IBs aged 30 or above and not located within industrial zones since April 2010, we have seen a substantial increase in the number of IB compulsory sale applications. Since April 2010, a total of 23 applications involving IBs have been made to the Tribunal[5], vis-à-vis two applications between the commencement of LCSRO in June 1999 and March 2010.

10. As of September 2022, out of the some 1 650 IBs, 75% (some 1 230 IBs) are situated in non-industrial zones while only 25% (about 420 IBs) are situated in industrial zones. For IBs in non-industrial zones, 76% (about 930 out of 1 230 IBs) are aged 30 or above. To intensify the momentum for transforming the non-industrial zones, we **propose** giving a further policy push to redevelopment of **IBs in non-industrial zones** by **lowering the existing threshold for those IBs which are aged 30 or above**

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[3] Source from Rehabilitation Index compiled by URA, with information collected by visual inspection on buildings' common areas.

[4] Such zones include "Other Specified Uses" annotated "Business" (OU(B)) zone, "Comprehensive Development Area (CDA) zone, "Commercial" (C) zone, etc..

[5] Out of these 23 applications involving IBs, 21 involve IBs aged 30 or above and not located within industrial zones (of which 15 met the 80% threshold (see Annex I) and the remaining 6 filed by applicants owning no less than 90% of all undivided shares at the time of application) and the remaining two involve IBs located within industrial zones.

from no less than 80% to no less than 70%, in tandem with the other specified class of lots with private buildings erected thereon aged 50 or above (see paragraph 7 above).

(D) Baseline threshold (lowered to no less than 60%)

11. With the introduction of a lower threshold to no less than 60% for private buildings aged 70 or above (see paragraph 8 above), there is a need to correspondingly amend the **baseline threshold under section 3(6) of the LCSRO**[6]. As such, we **propose to lower it from no less than 80% to no less than 60%**.

12. In sum, we **propose**, as shown in the table below, **lowering the thresholds for compulsory sale applications under the LCSRO as follows**, with the existing threshold of no less than 90% for private buildings aged below 50 continues to apply –

Building type	Age	Existing threshold of no less than	Proposed threshold of no less than
Private buildings	< 50	90%	Not applicable (unchanged)
	≥ 50 and < 70	80%	**70%**
	≥ 70		**60%**
IBs not located within industrial zones	≥ 30		**70%**
A lot with units each accounting for >10% of all undivided shares	Age is irrelevant in this class	80%	Not applicable (unchanged)

[6] Under section 3(5) of the LCSRO, the Chief Executive in Council may, by notice in the Gazette, specify a lower compulsory sale threshold in respect of specified classes of lots. Currently, under section 3(6) of the LCSRO, such percentage should not be less than 80% which is commonly known as the "baseline threshold" for the compulsory sale regime.

(II) Allowing More Flexibility for Multiple Adjoining Lots Compulsory Sale Applications

13. Currently, an applicant is allowed to put under the same compulsory sale application two or more lots so long as the applicant owns not less than the applicable threshold percentage (currently at 90% or 80% as applicable) of the undivided shares in each lot (section 3(2)(a) of the LCSRO refers). The LCSRO allows an applicant to take average of the percentages of undivided shares owned by the applicant in two or more lots covered by the same application ("**averaging arrangement**") for the purpose of meeting the application threshold only if the buildings erected on the lots are connected to one another by a common staircase (section 3(2)(b) of the LCSRO refers). There are comments that the current requirement of "connected by a common staircase" is too restrictive, thus frustrating compulsory sale applications (and thus redevelopment) of adjoining lots with buildings erected thereon not connected by common staircases. This may not be conducive to facilitating assembly of land for a sizeable redevelopment which generally offers more scope for better urban planning and more efficient land use.

14. Separately, the lack of express provisions in the LCSRO to permit, or not permit, an application to be made in respect of a number of lots where the applicant already owns the entirety (i.e. 100% of the undivided shares) of one or more of those lots has been the point of contention in some compulsory sale applications in past years. This ambiguity was brought before the Court of Appeal which has ruled in the *Bond Star Development Limited v Capital Well Limited* (2003) that the LCSRO does not allow lots wholly owned by the applicant being included in a compulsory sale application.

15. We consider that allowing flexibility to facilitate redevelopment of multiple adjoining lots as a package will provide more scope for better urban planning, more efficient land use and innovative building designs with enhanced facilities. From the perspective of minority owners, it is likely that the reserve price taking into account the redevelopment value of the entire site of the multiple adjoining lots is higher than that for individual lots, thus allowing them to take advantage of the full redevelopment value of the entire developable site (i.e. the "marriage value of a larger size"). In view of the above, there is a strong case to allow more flexibility to facilitate multiple adjoining lots applications under the LCSRO in the manner proposed in the paragraphs below.

(A) Allowing averaging of ownership percentage for adjoining lots

16. We **propose** that an applicant is allowed to **apply the averaging arrangement so long as the lots are adjoining** (i.e. each of the lots is adjoining to at least one of the other lots) in the same application regardless of whether the buildings erected thereon are connected by common staircases. A hypothetical example illustrating this proposal is depicted in **Annex III**.

(B) Allowing inclusion of adjoining lots wholly owned by an applicant

17. To encourage genuine developers to undertake redevelopment of larger sites, which will hopefully result in higher planning gains and better utilization of land, we **propose** allowing a compulsory sale application to **cover adjoining lots wholly owned by the applicant**, regardless of whether the buildings erected thereon are connected by common staircases, for the purpose of calculating the average percentage of undivided shares owned by the applicant in all the adjoining lots (including the wholly-owned ones). A hypothetical example illustrating this proposal is set out in **Annex IV.**

(C) Minimum threshold and weighted averaging arrangement for adjoining lots with buildings erected thereon not connected by common staircases

18. We acknowledge there maybe concerns on situations in which the applicants have not acquired any undivided shares (or acquired only a small percentage of them) in one or more of the adjoining lots notwithstanding meeting the prescribed threshold on average for all the lots. To address such concerns, we **propose** that for applications covering **adjoining lots but the buildings erected thereon are not connected by common staircases**, the percentage of the undivided shares held by an applicant in **each** of the adjoining lots covered in the same compulsory sale application should be **no less than the baseline percentage prescribed in section 3(6) of the LCSRO (i.e. 60%)**. A hypothetical example illustrating this proposal is set out in **Annex V.**

19. Moreover, noting that in reality a compulsory sale application will likely cover a number of adjoining lots of different sizes and are subject to different application thresholds (e.g. the buildings erected thereon fall into different age cohorts), we **propose** applying **weighted average** which will take into account the lot sizes for the "averaging arrangement" and the calculation of applicable application thresholds, as illustrated in an

hypothetical example in **Annex VI**.

20. For avoidance of doubt, for applications covering adjoining lots with buildings erected thereon connected by common staircases, the current averaging arrangement as laid down in section 3(2)(b)(ii) of the LCSRO will continue to apply. In other words, the above proposed minimum threshold and weighted averaging arrangement will not be applicable to adjoining lots with buildings erected thereon connected by common staircases.

(D) Imposition of conditions on redevelopment of multiple adjoining lots

21. The policy intent of the proposals stated in paragraphs 16 to 19 above to facilitate multiple adjoining lots applications is to encourage joint redevelopment of a larger site in order to achieve better urban planning and improved building design. To achieve this policy objective, we **propose imposing certain condition(s) to the effect that all multiple adjoining lots covered by the same compulsory sale order would be redeveloped as a whole** (or together with other lots) **to realise the intended full benefits of the application**. This may be achieved, for example, by requiring that for commencement of building works in any of the lots covered by one single compulsory sale order, such works should be covered by a general building plan encompassing all the lots as a site (or part of a site) that is approved by the Building Authority under section 14(1) of the Buildings Ordinance. Such condition(s) will be applicable to multiple adjoining lots application so long as there is a building erected on one of the adjoining lots which is not connected to other building erected on another lot in the same application by a common staircase.

(III) Streamlining the Process of Compulsory Sale Regime

22. There have been comments that the litigation process of compulsory sale may have been unnecessarily lengthened due to arguments over the interpretation of some aspects of the law, which often result in the Tribunal being obliged to examine large number of reports filed by both sides as well as to spend considerable time in resolving disputes. We therefore consider it necessary to examine whether and how the drafting of the LCSRO could be improved as well as possible measures to streamline case processing. Indeed, a shorter processing time of compulsory sale applications would reduce uncertainties to both the applicant and minority owners, and enable better planning.

(A) Tests for assessing "age" and "state of repair"

23. According to section 4(2) of the LCSRO, the Tribunal shall not make an order for sale unless, after hearing the objections, if any, of the minority owners of the lot the subject of the application, the Tribunal is satisfied that –

(a) the **redevelopment of the lot is justified** —

(i) due to **the age** or **state of repair** of the existing development on the lot (section 4(2)(a)(i) of the LCSRO refers); or

(ii) on one or more grounds, if any, specified in regulations made under section 12 of the LCSRO (section 4(2)(a)(ii) of the LCSRO refers)[7] ; and

(b) the majority owner has taken reasonable steps to acquire all the undivided shares in the lot (including, in the case of a minority owner whose whereabouts are known, negotiating for the purchase of such of those shares as are owned by that minority owner on terms that are fair and reasonable) (section 4(2)(b) of the LCSRO refers).

24. The terms "age" and "state of repair" under section 4(2)(a)(i) of LCSRO are not defined in the LCSRO, with the intention to allow the Tribunal flexibility in applying these factors in determining compulsory sale applications with different circumstances. It is not uncommon for the applicants and minority owners to engage experts of various disciplines to produce reports and submissions to justify redevelopment based on "age" and / or "state of repair". There could be divergent views as to what standard of "repair" (and hence cost estimates which in turn depend on the method of carrying such "repair") should be adopted in order to justify "redevelopment".

25. We see merits in specifying in the law the tests the Tribunal should apply in considering "age" and "state of repair" so that both applicants and minority owners could be more focused in adducing expert evidence, which would hopefully help shorten the processing time of compulsory sale applications. With reference to and derived from past judgements of the Tribunal, we **propose** specifying in the LCSRO that **the Tribunal**, in determining whether redevelopment is justified having regard to "age" or

[7] According to section 4(2)(a)(ii) of the LCSRO, the Secretary for Development may specify in regulations under section 12 of the LCSRO one or more grounds that the Tribunal must be satisfied in justifying the redevelopment.

"state of repair", **shall only apply one or more of the following tests** –

(a) whether the building has reached the end of its physical life;

(b) whether the building has reached the end of its economic lifespan. The economic lifespan comes to an end when the cleared site value of the lot significantly exceeds the existing use value of the building;

(c) whether the state of repair of the building is such that it has rendered the building a substantial danger to the residents or the public at large;

(d) whether the necessary maintenance and repairs will inevitably be more frequent and extensive, making the continued occupation of the building not economical. This includes situation where (i) the costs of repair exceed the existing use value of the building, or (ii) the costs of repair significantly exceed the enhancement value arising from or attributable to the repairs; or

(e) whether the costs of repair to bring the building to a tenantable condition fit for the enjoyment of its tenants and visitors, which is reasonable in the present day circumstances for the type of building in question, are disproportionate to the costs of redevelopment.

We note that the Tribunal applied the above tests in the hearings of many compulsory sale cases when determining whether redevelopment is justified having regard to "age" or "state of repair", whereas in some individual cases the Tribunal applied other test(s). While the tests stated above are not exhaustive, they are generally representative.

(B) Confining factors of consideration

26. The existing law has been crafted in such a way that the Tribunal is entitled to take into consideration factors not specified in section 4(2)(a) and 4(2)(b) of the LCSRO. It has been the policy intent to allow such flexibility to the Tribunal to cater for special and warranted circumstances which the Administration might not foresee at the point of law drafting. We note however from past judgements that the Tribunal has been consistently granting sale orders based on the factors of "age" or "state of repair" of the existing development on the lot. To remove any lingering doubts on other grounds that the Tribunal shall take into account and thus help expedite the hearing process, we **propose** amending section 4(2) of the LCSRO to require **the Tribunal to grant an order for sale if it is satisfied that the requirements in sections 4(2)(a) and 4(2)(b) have been fulfilled**, and

amending section 4(2)(a) of the LCSRO to **confine the factors for justifying redevelopment to "age" or "state of repair"**. We acknowledge that some members of the public may be concerned about other valid grounds being excluded under special circumstances. This should be addressed by the retention of the Secretary for Development's power under section 4(2)(a)(ii) of the LCSRO to make regulations to specify other grounds as considered necessary in future.

(C) Streamlining process for cases with no dispute on "age" and "state of repair"

27. According to the written judgment of 163 compulsory sale applications handed down up to September 2022[8], only 17 cases (10%) involved dispute on the "age" or "state of repair" of the existing developments on the lots concerned. In other words, 90% of the above cases in which the minority owners did not dispute on the "age" or "state of repair" issues. However, under the current legislation, the Tribunal is duty bound by the law to consider if redevelopment is justified regardless of whether the minority owners dispute on it. To streamline the legal process, we see the merits to efface the applicant and the Tribunal from the duty to produce and examine reports respectively on the "age" and "state of repair" of buildings above a certain age and if all minority owners have no dispute. Having regard to the analysis of the building stock profile as set out in paragraph 3 above, as well as the design working life of reinforced concrete buildings, we may consider pitching this at buildings not less than 50 years old.

28. It is proposed that a written consent should be required from minority owners on their having "no dispute" with redevelopment should both the applicant and minority owners intend to go down the route of "streamlined arrangement". To err on the side of being cautious, the streamlined arrangement for dispensing with the requirement to justify redevelopment will not apply in cases where there is any "missing owner(s)" or "untraceable owner(s)" who cannot be identified for whatever reasons. This will ensure protection of the rights of minority owners who may have been erroneously regarded as "missing or untraceable".

29. In sum, we **propose dispensing with the requirement for the**

[8] They include 159 written judgements handed down for compulsory sale cases granted with sale orders, and another four written judgements handed down for compulsory sale applications dismissed. The Tribunal also granted sale orders for another 11 compulsory sale cases but no written judgements were made.

applicant to justify redevelopment where (a) **all buildings** on the lot are of age **at least 50 years**; and (b) **all minority owners** affected by the compulsory sale application have been identified and have given written consent to confirm **no dispute with redevelopment**.

(D) Operation of the Tribunal

30. We note that the Tribunal has adopted a number of case management practices in handling compulsory sale applications in past years, for example, the promotion of mediation to facilitate the settlement of disputes under Practice Direction LTPD: CS No. 1/2011 and the achievement of procedural economy by encouraging parties to appoint a single joint expert. We have invited the Judiciary to consider if such and other helpful practices could be "codified" administratively, e.g. by way of a consolidated Practice Direction governing compulsory sale applications for easy reference of the parties, especially the minority owners after the enactment of the draft legislative amendments.

(IV) Enhancing Support to Minority Owners Affected by Compulsory Sale

31. Currently, there are provisions under the LCSRO protecting the rights of minority owners, whose property interests are subject to compulsory sale, at different stages and in various aspects. Relevant provisions in the LCSRO are set out in **Annex VII**. In particular, the LCSRO provides for the rights of the affected minority owners to raise objections to compulsory sale of their properties; and where an order for sale is granted by the Tribunal, the minority owners shall be entitled to a fair and reasonable compensation as the concerned lot shall be disposed by public auction, subject to a reserve price (taking into account the redevelopment value of the lot) approved by the Tribunal.

32. Apart from the statutory protection provided under the LCSRO, the Government has been engaging a non-governmental organisation ("NGO") to provide outreaching support services since January 2011. Apart from organising talks, workshops and roadshows from time to time to explain the general practice of property acquisition and the process of compulsory sale under the LCSRO, the NGO provides consultation service and counselling support to minority owners and their immediate family members affected by compulsory sales. From January 2011 up to 30 September 2022, the NGO has rendered assistance to minority owners affected by compulsory sale in a total of 599 cases (mainly in the form of

consultation service and counselling support) and organised about 380 public education programmes to promote the understanding of compulsory sale under the LCSRO and mediation in compulsory sale.

33. We acknowledge that the proposals in paragraphs 7 to 29 above will inevitably affect more minority owners. To strike a balance between expediting redevelopment of old buildings and protecting property interests, we are mindful of the need to enhance support services to affected minority owners, in particular those who lack knowledge or means to seek professional assistance.

(A) Setting up a dedicated office to provide enhanced support services

34. According to the feedback from different sectors including Legislative Council members, NGOs and the industry, we note that many minority owners are either not aware of the types of professional assistance they should seek or not having the means to access to such services. With the updating of the compulsory sale regime, we consider it important to provide support to enable minority owners to assert their existing statutory rights and to target at those in need, i.e. those who lack the knowledge or means to access to support services to protect their legitimate rights. We also hope to tailor our support services in such way that minority owners will perceive mediation more positively, thus resulting in more successful mediation cases and obviating the need of litigation.

35. We **propose setting up a dedicated office within the Government to provide one-stop support services to minority owners** at different stages of compulsory sale as outlined in the ensuing paragraphs. We expect that the dedicated office will commission different agencies and / or collaborate with professional bodies in delivering the services as appropriate.

(i) Early stage of compulsory sale

36. After a notice of compulsory sale application is served, the dedicated office will offer preliminary professional advisory service to the affected minority owners to brief them on the compulsory sale regime, including the legal procedures involved and their statutory rights. The office will encourage them to engage in mediation which is often an effective alternative means to resolve disputes and is less stressful and time-consuming compared to the compulsory sale litigation process. The office

could assist by providing independent third-party valuation on the estimated existing and redevelopment values of the properties for reference so as to enable minority owners to make more informed decisions on whether to accept the applicant's acquisition offers or to proceed with the litigation.

(ii) Litigation for compulsory sale

37. Should minority owners decide to proceed with litigation (after mediation fails) to object the compulsory sale application and / or to challenge the valuation produced by the applicant, the dedicated office will assist them to access to professional / expert services to handle the hearing. While reasonable fees incurred for engaging professional and expert services by minority owners are normally reimbursed by the applicant as ordered by the Tribunal after the hearing[9], minority owners may have genuine liquidity problem in paying upfront the fees. In this connection, the dedicated office may provide bridging loans to eligible minority owners who shall repay the loan after the award of cost order by the Tribunal upon completion of the compulsory sale hearing.

38. Noting that some minority owners, especially elderly ones, may have emotional needs during the litigation process, the dedicated office would continue to engage NGO(s) to provide counselling support for the needy. If so requested, the social workers of the commissioned NGOs may accompany minority owners in attending meetings with professionals / experts and the hearings.

(iii) After completion of the compulsory sale

39. After the Tribunal has granted an order for sale to an compulsory sale application, the minority owners concerned will have to make preparation to deliver up vacant possession of their properties once the lots are sold by public auction (or other means as appropriate), which shall be conducted within three months from the granting of sale order. The dedicated office may render assistance to needy minority owners in identifying replacement flats and relocation. Similar relocation assistance will also be provided to the affected tenants.

[9] Established by the ruling of Court of Appeal in *Good Faith Properties Ltd and Others v Cibean Development Co Ltd* (2014).

(B) Buffer period for relocation

40. Under the existing LCSRO, while there are provisions on the delivery of vacant possession of the property by tenants not later than six months following the sale of the lot, there is no express provisions on the part of minority owners, who may be residing in the property concerned. Arguably, the owner-occupiers lose the title on the day the lot is sold and no longer have the right to reside. It is not unreasonable to take some time to identify a replacement flat and to relocate, which could be unexpected and disruptive to owner-occupiers. For example, we note that in URA's redevelopment projects, owner-occupiers are given a grace period to deliver vacant possession of their properties and, during this reasonable grace period, the owner-occupiers can stay in their properties free of charge but have to settle the utility charges. We therefore **propose** amending the LCSRO to **allow minority owners who are owner-occupiers to stay in their properties up to a specified period of time** (say, six months to be in line with the existing buffer period for tenants) subject to certain conditions (such as payment of reasonable amounts for living-in similar to "market rent" and for utilities).

WAY FORWARD

41. The Government will consult stakeholders including professional institutes, property industry and owners' organisations to collate their views on the proposals mentioned in the above paragraphs. Subject to the stakeholders' views over the proposals, we aim to introduce amendment bill into the Legislative Council in the latter half of 2023.

ADVICE SOUGHT

42. We welcome views from Members on the proposals.

Development Bureau
November 2022