

Government introduces Bill into Legislative Council for updating and streamlining compulsory sale regime and enhanced measures to support affected minority owners

The Development Bureau (DEVB) published the Land (Compulsory Sale for Redevelopment) (Amendment) Bill 2023 today (December 19, 2023), with a view to updating and streamlining the compulsory sale regime under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) to expedite the consolidation of property interests as one of the measures to facilitate the redevelopment of old and dilapidated buildings and improve people's livelihood. At the same time, support for and protection of the interests of minority owners will be enhanced.

A spokesperson for the DEVB said, "The Government's policy on the renewal of buildings emphasises both redevelopment and rehabilitation. However, redevelopment is a relatively practical option to tackle the safety risks of some aged and dilapidated buildings. At end-2022, the number of private buildings aged 50 or above was about 9 600. According to a sampling survey conducted by the Urban Renewal Authority (URA), it is estimated that about 400 of them are beyond economical repairs. Meanwhile, it is estimated that in the next 10 years, the number of private buildings aged 50 or above will increase by around 620 per year, some of which may require redevelopment. However, past data show that only about 160 private buildings were demolished for redevelopment per annum. In order to expedite the pace of redevelopment, the Government has long been adopting a policy-led and multipronged approach to support and encourage both public and private sectors to carry out urban renewal. While the URA is the Government's major partner in the public sector, the private sector is also playing an important role in taking forward redevelopment projects. In fact, 75 per cent of new flats from all redevelopment projects in the past 10 years came from private redevelopment projects."

The spokesperson continued, "The Bill, as one of the measures to speed up redevelopment of old buildings, proposes to enhance the existing compulsory sale regime in four directions, namely (1) lowering the compulsory sale application thresholds; (2) facilitating multiple adjoining-lot compulsory sale applications; (3) streamlining the legal process of compulsory sale regime; and (4) enhancing support for affected minority owners. Taking into account the views of the stakeholders, the Bill will lower the compulsory sale application thresholds in a more target-oriented approach and the general principle is that lower thresholds will be adopted for older buildings and areas with more aged buildings. This is to give a clearer policy message and help channel limited resources and efforts to

districts with a greater concentration of aged buildings that warrant redevelopment, and in turn facilitate the renewal of old areas."

Specifically, the Bill reduces the thresholds for private buildings aged 50 or above, from the existing 80 per cent to 70 per cent or 65 per cent, depending on the age groups (i.e. aged 50 – 59; aged 60 – 69; and aged 70 or above, with lower threshold for older buildings) and location of the buildings (lower threshold for buildings of same age group but located in designated areas). The compulsory sale application thresholds as provided in the Bill are tabulated below:

Age of private buildings (years)	Existing thresholds	Thresholds proposed in the Bill	
		"Designated areas"	"Non-designated areas"
<50	90% (regardless of location)	90% (regardless of location, same as current arrangement)	
50 to 59	80% (regardless of location)	70%	80% (same as current arrangement)
60 to 69		65%	70%
≥ 70		65% (regardless of location)	

The designated areas will be specified in subsidiary legislation. Based on areas covered by Outline Zoning Plans (OZPs), the first batch of designated areas are:

- (1) Cheung Sha Wan (the same OZP covering also Sham Shui Po);
- (2) Ma Tau Kok (including Kowloon City and To Kwa Wan);
- (3) Mong Kok;
- (4) Sai Ying Pun and Sheung Wan (covered by the same OZP);
- (5) Tsuen Wan;
- (6) Wan Chai; and
- (7) Yau Ma Tei.

To accelerate the transformation of non-industrial zones, the Bill proposes to reduce the compulsory sale application threshold for industrial buildings not locating within industrial zones, which are aged 30 or above, from the existing 80 per cent to 70 per cent.

Moreover, the Bill proposes to allow an applicant to amalgamate two or more adjoining lots and, even with no common staircases connecting the buildings thereon, take average of the ownership in those lots for the

purpose of facilitating joint redevelopment of adjoining lots, to provide holistic planning for urban renewal, enhance the land use efficiency, and at the same time allow minority owners to benefit from the higher redevelopment value of a larger-scale redevelopment.

On streamlining the legal process of compulsory sale regime, the Bill proposes that if the building erected on a lot is aged 50 or above and all minority owners do not object to redevelopment, an applicant will be dispensed with the requirement to submit expert reports to the Lands Tribunal to justify the need for redevelopment, thereby shortening the processing time of the application. On enhancing support for affected minority owners, the Bill proposes to allow minority owners who are owner-occupiers to stay in their former properties for a period of not more than six months after compulsory sale, to allow more time for them to arrange relocation.

"Apart from statutory protection, the DEVB plans to implement two administrative measures within 2024 to enhance the support for minority owners. Firstly, a dedicated office will be set up under the DEVB to provide one-stop, enhanced support services to minority owners at different stages of compulsory sale, including the legal rights of minority owners and general enquiry service, independent property valuation services, referral for legal and other professional services, emotion counselling, identification of replacement flats, etc. The dedicated office will also encourage minority owners to engage in mediation so that more cases can be resolved through mediation rather than litigation. Subject to the agreement of the Board of the URA, the above support services of the dedicated office will be provided by a new company to be set up by the URA. This company will report to the dedicated office of the DEVB directly. Secondly, the DEVB proposes setting up a dedicated loan scheme with government guarantee to assist eligible minority owners to obtain bank loans for engaging legal and other experts to handle compulsory sale litigation and tide them over to handle their liquidity problems," the spokesperson added.

The DEVB briefed the Legislative Council (LegCo) Panel on Development on the preliminary legislative proposals in November last year, and thereafter widely consulted different stakeholder organisations and professionals including owners' organisations, professional institutes, industry associations and academic bodies. The DEVB also organised three public forums in May this year to gather public views on the proposals. Taking into account the views collated, the DEVB has refined some the proposals where appropriate.

In recent years, the Government has introduced a number of measures to incentivise the private-sector participation in the redevelopment of old buildings. For example, the Government has been progressively putting in place the recommendations of the District Study for Yau Ma Tei and Mong Kok (YMDS) completed in 2021, including the new planning tools to pilot transfer of plot ratio and permit interchangeability of domestic and non-domestic plot ratio with a view to enhancing the financial viability of redevelopment projects and attracting the participation of private developers. Drawing from the experience of the YMDS, the Government, with the support of the URA, has

also commenced planning studies in Tsuen Wan and Sham Shui Po, to review the redevelopment potential of the two districts, with the comprehensive urban renewal master plans and restructuring proposals expected to be ready in phases from the second half of 2024. The Government has embarked on a study to explore feasible policy measures to use part of the future reclaimed land outside the Kau Yi Chau Artificial Islands central business district to facilitate the implementation of urban redevelopment projects by the public and private sectors.

The spokesperson said, "The Bill is one of the Government's measures to facilitate the redevelopment of old and dilapidated buildings. Having duly considered the views of the public and relevant stakeholders, the legislative proposals strive to strike an appropriate balance between expediting the redevelopment of old buildings and protecting the rights of minority owners. The Government will fully support the LegCo's examination of the Bill, with the hope that the Bill could be passed and implemented as soon as possible."

The Bill will be gazetted on Friday (December 22) and introduced into the LegCo for first reading on January 10, 2024. For details, please refer to the LegCo Brief issued today.