

# LCQ11: Processing lease modification/land exchange applications

Following is a question by the Hon Lau Kwok-fan and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 26):

Question:

In 2008, the Lands Department (LandsD) set up the first dedicated team in its District Lands Office (DLO) (Hong Kong West and South) to expedite the processing of lease modification/land exchange applications by streamlining and enhancing procedures and work flow, fostering stronger links with other departments, enhancing and rationalizing communication with the applicants, etc. Moreover, the LandsD established in 2019 an in-house Land Supply Section (LSS), which is dedicated to handling land sale cases and major lease modification/land exchange cases, to expedite the relevant processing procedures. In this connection, will the Government inform this Council:

(1) as the Government told this Council in December 2007 that about one year after the establishment of the aforesaid dedicated team, it would sum up the work experience from the implementation of the pilot scheme of the dedicated team, and consider how the experience could be applied to other DLOs and the relevant timetables, of the results of its summing up the work experience, and whether the target of shortening the case processing time by 10 per cent has been met;

(2) whether the Government has retained the aforesaid dedicated team after summing up its work experience; if not, of the reasons for that; whether it has established relevant dedicated teams in other DLOs; if not, of the reasons for that;

(3) of the (i) numbers of lease modification/land exchange applications processed, and (ii) average numbers of days taken to process each case, respectively by the 12 DLOs under LandsD in each year since 2018;

(4) of the division of work between LSS and the dedicated team in respect of the work to expedite the processing of lease modification/land exchange applications;

(5) of the respective numbers of major lease modification/land exchange cases (a) completed by LSS since its establishment, and (b) being processed by LSS; the following information on such cases: (i) the area of the land involved in each case, (ii) the gross floor area of the residential/commercial buildings proposed to be built under each case, and (iii) the average time taken to process each completed case; whether it has summed up the work experience of LSS in the past two years and assessed if LSS's work met the targets; if so,

of the results; and

(6) whether it sought the views on enhancing the work of LSS from representatives of the relevant trades, academics or experts in the past two years; if not, of the reasons for that?

Reply:

President,

To increase land supply, the Government has been making all-out efforts to identify and produce land as well as to expedite the land development process, which includes reviewing the approval procedures for applications related to private development projects from time to time and introduction of new operation models to streamline the approval process.

My reply to the various parts of the question is as follows:

(1) & (2) The Lands Department (LandsD) established a dedicated team at the District Lands Office (Hong Kong West and South) (DLO(HKW&S)) on April 1, 2008 as a pilot scheme to handle all lease modification and land exchange applications within the district in order to expedite their processing. Concurrently, the LandsD also implemented the "Centralised Premium Assessment" pilot scheme in that district, under which premium assessment of the relevant applications would be handled centrally by the Headquarters of the LandsD (LandsD HQ) to shorten the processing time.

According to the statistics around a year after the establishment of the dedicated team (i.e. March 2009), the average number of days required for issuing the Binding Basic Terms offer (premiums payable included) (BBT0) for the lease modification and land exchange applications received after April 1, 2008 (when comparing with those in 2007-08 financial year) was reduced by over 10 per cent. In short, the performance of the dedicated team had lived up to its established objective.

After consolidating the experience from the two aforementioned pilot schemes, the LandsD was of the view that the "Centralised Premium Assessment" was more effective in expediting the approval process. To optimise the use of resources, starting from July 2009, cases from across the districts involving more gross floor area (GFA) or higher estimated premium amount were handled centrally by the LandsD HQ instead of the DLOs to shorten the processing time, and the dedicated team at the DLO(HKW&S) ceased operation in April 2011. Subsequently, the premium assessment of all land transactions (including lease modification and land exchange) were assigned to be handled centrally by the Valuation Section of the LandsD HQ since September 2018. To further expedite the processing of lease modification and land exchange applications, the LandsD also established the Land Supply Section (LSS) in April 2019 dedicated to handling cases under the Government's Land Sale Programme and large-scale lease modification and land exchange cases across the territory.

(3) The number of lease modification and land exchange applications approved

and executed by the LandsD within the past three years (i.e. 2018-2020) is as follows:

	No. of Lease Modification/Land Exchange Cases (See note)		
Year	2018	2019	2020
Total	94	65	68

As regards the processing time of lease modification and land exchange applications, since the processing from receipt of a valid application to the execution of the lease involves many different procedures, including time required for premium negotiations etc., and the processing time of each application varies depending on the complexity of the case and the issues involved, the LandsD therefore has not compiled relevant statistics.

(4) & (5) The dedicated team at the DLO(HKW&S) ceased operation in April 2011 and the LSS was established in April 2019. The two did not operate concurrently. Since its establishment, the LSS has been dedicated to handling cases under the Government's Land Sale Programme and large-scale lease modification and land exchange cases across the territory. The LSS keeps close liaison with the applicants and proactively arranges inter-departmental meetings with a view to resolving any issues arising from the approval process expeditiously.

As at mid-May 2021, the LSS has issued 15 BBT0s, involving site area of about 107 000 square meters and providing domestic and non-domestic GFA of about 528 000 sq m (about 8 400 flats) and 295 000 sq m respectively. The LSS has also completed and executed three large-scale lease modification and land exchange cases, involving site area of about 25 000 sq m and providing domestic and non-domestic GFA of about 57 000 sq m (about 1 300 flats) and 50 000 sq m respectively. In addition, 38 large-scale lease modification and land exchange cases are currently under processing, involving site area of about 1 500 000 sq m and providing domestic and non-domestic GFA of about 2 600 000 sq m (about 45 000 flats) and 730 000 sq m respectively. Furthermore, the LSS has also completed 22 land sale transactions, providing domestic and non-domestic GFA of about 760 000 sq m (about 10 700 flats) and 270 000 sq m respectively.

Regarding the processing time of lease modification and land exchange applications, since the processing from receipt of a valid application to the execution of the lease involves many different procedures, including time required for premium negotiations etc., the LandsD has not compiled relevant statistics on the average time it takes for the LSS to complete the applications. Nevertheless, the LandsD's established performance pledge in relation to lease modification and land exchange applications is to provide a

provisional offer with basic terms, a rejection or an indication of in-principle agreement to the applicant within 22 weeks upon receipt of a valid application. Given that the issuance of provisional offer with basic terms as well as premium offer are two key milestones in a lease modification application, the Steering Group on Streamlining Development Control convened by the Development Bureau will also follow up with the LandsD on shortening the time required for these two procedures.

(6) In addition to closely liaising with the applicants, the LSS has also been exchanging views with the industry (including the Real Estate Developers Association of Hong Kong and related professional associations, etc.) through regular meetings since its establishment. Industry stakeholders have expressed very positive views on the establishment of the LSS and its work.

Note: The LandsD does not have readily available records on the annual number of lease modification and land exchange cases completed by the 12 DLOs.