



## General Practice Division

Sr Alnwick Chan GPD Council Chairman

### A Momentous 2022

This year has been a momentous one for all of Hong Kong with the installation of a new Government cabinet led by Mr John Lee and the celebration of the 25th anniversary of the establishment of the Hong Kong SAR, which ushered in a new era for the city.

As 2022 draws to a close, I am delighted to present a summary of the GPD's main accomplishments since the start of the year.

### Official Launch of the Overview (3rd Edition)

On 25 May, the HKIS launched its third edition of the Overview of the Land (Compulsory Sale for Redevelopment) Ordinance (「強拍條例」概覽).

Overview debuted in April 2009 as a guide to help the general public gain a deeper understanding of the compulsory sale regime. It outlines the basic framework and procedures of compulsory land sales in Hong Kong.

In 2010, the Government ordered the lowering of the compulsory sale application threshold to 80 percent for three lot classes. As a result, the HKIS updated Overview and released its second edition in June 2011.

Given the changes to the regime derived from Land Tribunal cases over the last 11 years, a working group was formed to publish a new edition. The Working Group on the Cap 545 Review (hereafter the WG) streamlined and enhanced the contents to make Overview more easily understandable to the general public.

Other major updates to the third edition of Overview include the following:

1. Mediation Obligation between Majority and Minority Owners
2. Reimbursement of Litigation Costs by Majority Owners
3. Exemption of Stamp Duty for Minority Owners

Moreover, the working group introduced a concise version of Overview in booklet format. It provides simple answers to many common questions asked by affected owners during a compulsory sale case. Both versions of Overview have been uploaded to the HKIS website. Members may download them for free at the links below:

#### Overview

<https://tinyurl.com/yyz5jchm>

#### Overview: Executive Summary

<https://tinyurl.com/y4xy23g4>

A press conference was held on 25 May to launch the third edition of Overview and was well-attended by various media outlets. During the conference, the GPD reported on the progress of the then-ongoing policy review, which was being undertaken by the same working group.

### Policy Review of the Land (Compulsory Sale for Redevelopment) Ordinance

During the 2021 Policy Address, the HKSAR Chief Executive proposed lowering the compulsory sale application threshold under the Land (Compulsory Sale for Redevelopment) Ordinance (hereafter the Ordinance).

After six months of hard work, the WG issued its recommendation to the Development Bureau (DevB) on 21 June and held a press conference to discuss its findings on 22 June.

During the course of the policy review, the WG solicited the views of various stakeholders concerning the current compulsory land sale regime. They included the Real Estate Developers Association of Hong Kong (REDA), professional members of the GPD and BSD, and a community outreach organisation.

To examine if the current regime provided adequate protection to minority owners, the WG carried out a study, among others, which featured:

- 1) A Replacement Flat Test
- 2) A Review of Final Offers vs Apportioned Reserve Prices
- 3) A Review of the Objections to Compulsory Land Sales

Based on the findings of the stakeholder engagement and various studies, the WG identified areas for improvement in the current regime and put forward six suggestions to the Government:

1. Lower the compulsory sale threshold.
2. Review the restrictions on lot applications.
3. Establish an appeal mechanism and allocate additional resources to the Lands Tribunal (LT).
4. Establish reasonable vacant possession delivery requirements and minimise the impact of missing owners.
5. Provide financial assistance to minority owners to protect their interests.
6. Enhance the role of surveyors.

The WG supports the Government's proposal to lower the threshold for a compulsory sale application for "three-nil buildings," or buildings that are at least 60 years old, to address pressing problems that arise from the lack of building management and maintenance, especially for buildings with obsolete sewerage systems and outdated means of escape, which pose fire hazards.

By increasing the public's understanding of the compulsory land sale regime, the Government can better safeguard the interests of majority and minority owners. As such, I gave interviews to TVB and Metro Radio to discuss the regime

and promote the significance of surveyors in compulsory sale cases. The TVB interview was aired during its News Magazine programme (《新聞透視》) on 18 June.

For the same purpose, I wrote an article on urban renewal, which was published by the Hong Kong Economic Times on 27 June.

On 19 October, I was pleased to hear the new Chief Executive, in accordance with the WG's advice, propose lowering the compulsory sale thresholds in his 2022 Policy Address. Thus, the application thresholds for private buildings aged 50-69 years would drop from 80 to 70 percent of ownership and further to 60 percent for those aged 70 years or above. For industrial buildings in non-industrial zones, the threshold would drop to 70 percent of ownership for buildings aged 30 years or above.

The Government will also relax the requirements on compulsory sale applications covering abutting lots, streamline the legal procedures for compulsory sales, and set up a dedicated office to provide additional support to affected minority owners.

I recognise the tremendous contributions made by WG members. Apart from myself, members of the working group include Sr Leo Cheung, Sr Dorothy Chow, Sr Ken Chung, Sr Anne Lam, Sr Alvin Leung, Sr Paul MH Li, and Sr Joel Teh.

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## Proposed Amendments to the Compulsory Sale Regime

For the purpose of discussion on 22 November by the LegCo Panel on Development, DevB published a paper outlining its proposed amendments to streamline the compulsory sale regime.

The Government is currently undertaking a stakeholder engagement exercise to gauge the public's views on its proposal. It aims to

propose an amendment to LegCo in the latter half of 2023.

DevB's paper was uploaded to the LegCo website under reference LC Paper No CB(1)776/2022(05). It can be downloaded at the link below:

<https://www.legco.gov.hk/yr2022/english/panels/dev/papers/dev20221122cb1-776-5-e.pdf>

Members are invited to offer their comments to the GPD Council by e-mailing [alnwickchan.hkis@gmail.com](mailto:alnwickchan.hkis@gmail.com) or writing directly to DevB.

On this matter, I will conduct a face-to-face CPD on 20 December 2022 at the SLC. Please register early, as seats are limited to 90.

approval process before suggesting ways for the Planning Department (PlanD) and Town Planning Board (TPB) to resolve such issues.

### **3) Excessive Requirements of New Tender Sites**

This paper reviews the land sale conditions for the: (1) provision of public car park and GIC facilities and (2) different impact assessments over the past three financial years (2019-2022).

A total of 36 tender documents were reviewed including three unsuccessful tenders. The Panel recommends several areas for improvement including building covenant periods and lease covenants pertaining to multi-use facilities such as Government accommodations and public car parks.

I thank all members of the Land Policy Panel who worked diligently to prepare these policy reviews under the direction of Sr CK Lau.

## Land Policy Panel

The HKIS Land Policy Panel issued three policy review papers to the Government on the following subjects:

### **1. Unreasonable Car Park Requirements for New Developments**

This paper sets out the HKIS's views and concerns over the unreasonable car park requirements endorsed by the Transport Department for new developments, particularly small sites with deep basements.

The document also makes recommendations, including those that modify the Hong Kong Planning Standards and Guidelines, to account for various site areas and building uses, as well as reviews the GFA concession for aboveground car parks with the goal of encouraging developers to build more parking spaces on sites with suitable attributes.

### **2) Lengthy Planning Approval Process**

This study aims to identify areas of delay and problems of "comments" in the planning

## Remuneration of Professional Fees by Stage Payment

Occasionally, LandsD tenders contracts for the valuation of compensation arising from land acquisitions and resumptions to general practice surveyors in private practice.

According to past consultancy contracts, the Government would only make a full payment when a case concludes. For example, for an LT case, the Government will pay its consultant when the case concludes without an appeal, which could take years. Such an arrangement has caused concern and cash flow issues among many surveyors in the industry.

Along with fellow GPD delegates, I met with LandsD representatives to discuss this matter in 2021. The GPD recommended that the

Government consider stage payments as a possible solution.

In June 2022, the LandsD decided to revamp the payment arrangement and began to implement stage payments for new contracts based on the progress of the consultancy services. This new arrangement is seen as fair and vastly improved over the prior procedure.

On behalf of the GPD, I thank the responsible LandsD assistant director for his wise decision and heeding the views of industry representatives.

## Pop Quiz

Social distancing measures have prevented the GPD from hosting large-scale gatherings since the beginning of the pandemic.

On 20 July, the GPD held an online pop quiz and offered prizes such as cash coupons and/or whiskey to the winners.

I applaud the organisers, hosts, and HKIS administrative staff for putting together such a fantastic event via Zoom. Particular appreciation goes to Sr Chris Chan, Sr Kason Cheung, Sr Jason CS Chan, Sr Tracy Wong, Sr Cara Ng, Sr Camman Chan, and Ms Sharon Cheung.

## Discussion between DevB and the HKIS

I am pleased to see that DevB has been closely collaborating with industry professionals to advance Hong Kong's future development.

On 2 August, it invited me and other HKIS delegates to exchange views on issues pertaining to the property industry. The meeting was convened by the Secretary for Development, Ms Bernadette Linn.

### 1) Streamlining Statutory Procedures

I was pleased to hear that DevB would prioritise the streamlining of the statutory procedures. The Secretary also informed attendees that DevB had heeded feedback from various stakeholders during earlier consultation sessions. It intended to submit legislative amendment proposals to LegCo before the end of 2022.

### 2) Streamlining Administrative Procedures

The Secretary advised that DevB hoped to also streamline administrative procedures next year. She invited the HKIS to submit recommendations to DevB for its consideration. DevB shall consolidate all views from the HKIS, Hong Kong Institute of Architects, Hong Kong Institute of Planners, and the Real Estate Developers Association of Hong Kong before deciding on the necessary changes.

### 3) Expediting Urban Redevelopment

DevB endeavors to expedite Hong Kong's urban renewal with the help of the URA and private sector. It commended the HKIS for submitting its recommendations following a policy review of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545).

During the meeting, I brought up the implication of the Court of Final Appeal's decision in the case of Fully Profit (Asia) Limited vs The Secretary for Justice for and on behalf of the Director of Lands (FACV 17/2012). The "House" restriction in Government leases has led to more uncertainties over redevelopment projects throughout the years and slowed down Hong Kong's urban renewal process. DevB took note of the issue and will address the industry's concerns.

### 4) Creating Opportunities for Youth

The Secretary also discussed the opportunities for younger Hong Kongers in the city and GBA. The HKIS urged the Government to provide younger surveyors with more opportunities to work in Government projects.

At the DevB's invitation, the GPD submitted the CVs of several young surveying professionals for possible appointment to the Government's various advisory panels, committees, and work groups. The HKIS wishes to collaborate with the Government to mentor the next generation of competent surveyors in Hong Kong.

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## GPD Annual Conference

The GPD Annual Conference 2022 held on 15 October was a huge success with over 400 participants turning up physically and virtually. The GPD sincerely appreciated the participation of its Guest of Honour, Mrs Regina Ip Lau Suk-ye, GBM, GBS, JP, and all esteemed speakers. I extend my gratitude to the Organising Committee under the leadership of Sr Alexander Lam. The committee worked tirelessly to ensure that the landmark event's success. Other members of the committee included Sr Andrew Chan, Sr Charles Chan, Sr Kelly Lam, Sr CK Lau, Sr Paul MH Li, and Sr Joel Teh.

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## New Members

This year, the Education Committee, under the leadership of Sr Leo Cheung and Sr Alex Fong, continued to ensure that all examination-related venues provided adequate social distancing.

By strictly adhering to the Government's social distancing guidelines, the APC Part I Assessment was successfully held on 8 and 15 October. In total, 27 candidates sat for the Part I Assessment, while 48 attempted the Professional Task written assessment. Sixty-three candidates have applied to sit for the Part II Assessment in December 2022.

Under the Memorandum of Mutual Recognition of Membership, the HKIS admitted ten new members who were also RICS corporate members this year.

I express my gratitude to Sr Leo Cheung and Sr Alex Fong of the Education Committee, Sr Jason CW Chan of the HKIS/RICS Working Group, and all voluntary assessors for their contributions over the past year.

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## CPD Events

A total of 15 CPDs have been organised by the CPD Panel and generated around \$200,000 in income for the GPD. A big thanks go to Sr Alvin Leung, Sr Jason CS Chan, Sr Paul MH Li, Sr Jason Kwong, Sr Jeffrey Wong, and those who participated in this worthy and profitable cause.

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## Valuation Liaison Meeting with the Lands Department

In keeping with the Government's aim to streamline Hong Kong's development process, representatives of LandsD's Valuation Section and the GPD met on 12 October. The established premium appeal protocol adopted by LandsD was one of the main subjects of discussion.

Delegates from the GPD included Sr Ken Chung, Sr Jason Kwong, Sr Anne Lam, Sr Alvin Leung, Sr Paul Li, Sr Joel Teh, Sr Kent Yeung, and myself.

While surveyors from the public and private sectors adopt the same residual valuation method to calculate 'Before' and 'After' values in lease modification cases, they often hold different views of the appropriate valuation assumptions.

The GPD took this opportunity to request more transparent discussions with the Valuation Section on valuation parameters, especially during the appeal process. It also encouraged

LandsD to engage with applicants during the early stages of the appeal process to narrow down variances and, hopefully, reach mutual agreements on the premium assessment sooner.

## GPD Christmas Gathering 2022

The GPD has planned a Christmas celebration for 19 December 2022 at the Alto Bar & Grill, 31/F, V Point, 18 Tang Lung St. I look forward to reconnecting with members after several Covid-19 waves in Hong Kong.

## Acknowledgement

The Annual General Meeting was held on 16 November and concluded my third year as Chairman. I want to thank all GPD Council Members, co-opted members, and YSG representatives for giving their time, knowledge, and resources over the past 36 months. The GPD's continued prosperity testifies to the Council's passion and commitment.

I will not seek re-election when my current term, which ends in November 2023, expires. Those who are considering becoming the next GPD Chairman are encouraged to express their interest in the coming months with the backing of the Council and other GP surveyors.

Finally, I want to express my gratitude to all GPD members for their unwavering support as the GPD continues to broaden its influence as general practice surveyors throughout Hong Kong and the GBA.

## Members Corner Needs Contributions from You!

Editorial Board invites articles for the Members Corner, a regular column in *Surveyors Times* for members to share their views on current topics and future trends, implications of new technologies and recent court decisions, the sharing of lessons learnt in members' professional practices, the highlights of new practice notes, the introduction of practical apps and ideas gained during members' recent gatherings with fellow professionals, good-natured and industry-related humour, etc.

An article need not be restricted to the professional practice of a surveyor, but neither is it intended to express a member's views on everything. It should connect or have implications for fellow members, be they serious thoughts on the constitution or future of the profession or simply as a gadget or trick that can benefit the day-to-day practices of surveyors. Articles should not be political or directly related to one's personal benefit for fear of litigation from individuals or organisations. The sensitivity and security of information presented also need to be borne in mind.

### House rules:

- Articles should not be academic.
- Articles from the same author(s) will not be published consecutively for more than two issues within a six-month period.
- The final decision on publication or otherwise rests with the *Surveyors Times* Editorial Board.
- Word limit: 1,300 words
- Format: Word file via email to [steditor@hkis.org.hk](mailto:steditor@hkis.org.hk)
- Credential: Author's name, designation (FHKIS/MHKIS, not any other\*), division affiliation(s)

\*For HKIS corporate members' submission only

