

FAQ for Pilot Scheme

Q: Why does HKHS implement the Pilot Scheme?

A: CBS/GBHS buildings are generally old, with many aged over 50 years. The lack of modern-day building facilities, such as lift provision, has posed access problems to aged occupants with impaired mobility. CBS/GBHS buildings are generally located in the urban areas. It is considered that some of these buildings possess redevelopment potential and their redevelopment can release additional floor areas, increase the supply of residential units, thereby alleviating the acute housing shortage. HKHS has launched the Pilot Scheme in anticipation to :

- (i) satisfy the wish of some CBS flat owners for redevelopment and move out; and
- (ii) redevelop CBS/GBHS buildings for the purpose of providing subsidized sale flats to meet the housing needs.

Q: Why the consent of 100% owners to participate in the Pilot Scheme is necessary?

A: As HKHS has no statutory land resumption power and there is no certainty that the Land Tribunal would grant an order of compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance, it has to secure the legal titles of all flats in a participating CBS/GBHS building to ensure the smooth implementation of the redevelopment project. Besides, there are some 500 serving civil servants residing in CBS/GBHS flats and their right to continue to reside at the CBS/GBHS flats is a civil service housing benefit to which they are entitled should be respected. It may not be fair to require them to leave the CBS/GBHS flats and give up their housing benefits with a view to enabling the redevelopment of the CBS/GBHS buildings. In view of the past successful cases of redevelopment of CBS buildings, it does not consider that 100% owners' consent is an insurmountable hurdle to the redevelopment of CBS/GBHS buildings.

Q: Why should HKHS require a site area of not less than 1,400m² (15,000ft²) for the Pilot Scheme?

A: To maximize the development potential of the site, achieve reasonable efficiency ratio and effectively provide the required facilities (such as car park, refuse room, common access and facilities etc.), in line with other HKHS developments providing subsidized sale flats, the site area or aggregated site area of the CBS/GBHS building(s) for redevelopment should be no less than 1,400m² (15,000ft²).

Q: Do applicants have to pay any fees when applying for the Pilot Scheme?

A: No fee is required to be paid for the application. When the application has been confirmed by HKHS for further process, applicants should jointly appoint one solicitor firm as their own legal consultant at their own cost and expense.

Q: If an owner has not obtained a waiver letter from Civil Service Bureau of the alienation restriction on their units, can the owner apply for the Pilot Scheme?

A: Under the alienation restriction clause, owners of units of a CBS/GBHS building are not permitted to sell, assign, mortgage, charge, underlet, or part with possession of, or otherwise dispose of their units, or enter into any agreement for such purposes. If the owner does not obtain a short term waiver / approval of the alienation restriction on the unit, he/she can apply for the Pilot Scheme. HKHS will assist the owners for the application of short term under the Pilot Scheme waiver. Anyway, owners whose units are subject to alienation restriction shall obtain the waivers prior to entering into any agreements with HKHS.

Q: Would HKHS consider to offer higher acquisition prices for the CBS flats?

A: HKHS is not a profit-making organization and does not receive direct subsidy from the Government. It is a self-financing organization that has to bear the market risk of its projects. For a redevelopment project to be undertaken under the Pilot Scheme, HKHS will expect that the gross receipt from the project will at least be capable of paying for all the development and acquisition costs and expenses, i.e. “no loss” principle. It will not be financially viable if the acquisition offer is significantly above the existing use land value or redevelopment value of the CBS/GBHS building, since HKHS is required to pay the outstanding land premium to the Government for the removal of the alienation restriction of the flats, and the level of the land premium will be assessed according to the prevailing land lease of the CBS/GBHS building. Nevertheless, to make the offer more appealing to the CBS/GBHS owners, HKHS under the “no loss” basis, will still offer an acquisition price slightly above the Existing Use Value (EUV) (about 10% above the EUV).