

# Facilitating Services Scheme Pamphlet

Buildings Developed under  
Civil Servants' Co-operative Building Society Scheme



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## **OBJECTIVES AND SCOPE OF FACILITATING SERVICES SCHEME**

1. The Urban Renewal Strategy, which was promulgated on 24<sup>th</sup> February 2011, states that the Urban Renewal Authority (“URA”) may provide assistance to owners as consultant to help them assemble titles for commencing owner-initiated redevelopment. To this end, the URA has established a wholly-owned subsidiary, Urban Redevelopment Facilitating Services Company Limited (“URFS”) which is holding an estate agent’s licence, to provide the consultation services to interested owners under the Facilitating Services Scheme (“the Scheme”).
2. URFS will provide facilitating services to eligible owners of buildings developed under the Civil Servants’ Co-operative Building Society (“CBS”) Scheme and the Government Built Housing Scheme (“GBHS”) (hereinafter collectively referred to as “CBS Buildings”) to help them assemble titles for joint sale of their property interests. The services include acting as a “Facilitator” to provide suitable information at the appropriate stages for property owners to make their own informed decision about the future of their properties including whether to participate in the services or not; assisting owners to remove alienation restrictions (if any) in respect of their units for the purpose of joint sale; appointing consultants on behalf of the owners; coordinating and monitoring the services provided by the appointed consultants.
3. No acquisition, compensation, rehousing or resumption actions on the part of the URA or URFS will be involved under the Scheme.

## **SUBMISSION OF APPLICATION**

4. The application form for the Scheme (“Application Form”) can be collected from URFS’s office or downloaded from URFS’s website. There is a quota for the number of projects for CBS Buildings to be handled at any one time. URFS will announce on its website the remaining quota for the projects for CBS Buildings to be processed.
5. The owners shall nominate a coordinator (“the Coordinator”) and provide his/her name in the Application Form.
6. If the site under application (“the Application Site”) is found to be duplicating with the sites included in other applications under the Scheme, URFS will require the Coordinator(s) of the applications concerned to reply in writing within a specified time as to their choices of which application is considered as the final application to be submitted.
7. If owners have submitted an application under the scheme for CBS Building of the Hong Kong Housing Society (“HKHS”) and such application is still being processed, the owners should first withdraw such application prior to submission of an application under the Scheme. After receipt of the application for the Scheme, URFS will check with HKHS whether such application has been withdrawn.
8. Owners are required to submit the duly completed and signed Application Forms (“the Applicants”). The Applicants are required to attend relevant owners’ meetings and provide relevant information to URFS.

9. In deciding whether to select a particular application for further processing, URFS will check whether the application has fully satisfied the requirements listed below and will take into account of other relevant factors <sup>Note 1</sup>:
- (a) In each application, the Applicants shall jointly own not less than 40% of the undivided shares in each lot of the application site. Please refer to the examples as stated in **Appendix A** for illustration.
  - (b) The majority of the buildings (i.e. buildings on more than 50% of the site area) in the Application Site are not classified as “Good” by URA in its Building Conditions Survey.
  - (c) If a District Urban Renewal Forum (“DURF”) has been set up in the district covering the Application Site, the Application Site should be situated within redevelopment zones identified by the DURF or at least not within the preservation areas proposed by the DURF.
  - (d) The Application Site does not form part of the area of a redevelopment project commenced by URA.
  - (e) For CBS Scheme :
    - (i) All the CBS(s) in the Application Site have been dissolved; and
    - (ii) All the CBS members have acquired legal titles to their units.
  - (f) For GBHS :
    - (i) A letter of modification to modify the Government lease of the Application Site has been granted to allow transfer of title to individual underlessees; and
    - (ii) All the underlessees have acquired legal titles to their units.
10. The Coordinator(s) will be notified by URFS in writing of the outcome of the application within about 2 weeks from the date of receipt of the duly completed and signed Application Forms. The selected application will become a facilitation project (“the Facilitation Project”). URFS will state in the notification letter the date of selection of the Facilitation Project (“Project Selection Date”).
11. For an application which has been selected as Facilitation Project, URFS will enter into a Facilitation Agreement with each of the Applicants and each of the other owners in the Application Site who participates subsequently (“the Participants”). The Facilitation Agreement will detail the rights and obligations of URFS and of the Participants.
12. With the authorization of the Participants, URFS will provide assistance to the Participants whose units are subject to alienation restriction to obtain short term waivers/ approvals from Civil Service Bureau (“the Waiver”) permitting them to enter into sale and purchase agreements or other relevant agreements before payment of the requisite land premium. At the same time, URFS will assist the Participants to apply for removal of the alienation restriction for their units and assessment of the requisite land premium by the Lands Department.

## **WORKFLOW OF FACILITATION PROJECT**

13. URFS aims at arranging joint sale of the assembled property interests' ownerships within about 10 months <sup>Note 2</sup> since the date of the selection of application. Please refer to **Appendix B** for details of the overall procedures.
14. Upon the request of all the Participants and subject to URFS's absolute discretion, the Participants may be allowed one opportunity to put up the assembled interests for joint sale even if the Joint Sale Threshold as stated in **Appendix B** (Joint Sale Threshold) cannot be reached before the deadline for the Facilitation Project stated in the Facilitation Agreement.
15. After reaching Stage IV, an independent valuation consultant will be appointed by URFS on behalf of the Participants to assist them in setting the reserve price and agreeing on the sharing ratios for distribution of the sale proceeds obtained from a successful joint sale. The Participants shall sign a Joint Sale Agreement confirming their agreement to sell their property interests jointly ("Joint Sale Agreement Participants") subject to the reserve price and to share the sale proceeds among themselves in accordance with the agreed sharing ratios.
16. However, to increase the chances of a successful joint sale, URFS will, after the first failure in tender or joint sale auction, go over the services of Stage IV for the Joint Sale Agreement Participants for one more time, subject to the following conditions:-
  - (a) Within 3 months from the date of tender or auction, the owners whose aggregate undivided shares reaching the Joint Sale Threshold shall submit a request to URFS to go over again the Stage IV service for one more time together with appropriate adjustments made to the conditions of sale and joint sale agreement among owners, including reserve price, and
  - (b) URFS is unaware of any acquisition activities by developers after the failure of the first joint sale attempt by auction or tender.
17. Property interests covered by the Joint Sale Agreement will be sold in an auction or by tender to the purchaser offering the highest bid which attains the reserve price. If the reserve price is not met, the joint sale services will be terminated.

## **UNITS SUBJECT TO ALIENATION RESTRICTION**

18. Under the alienation restriction clause, owners of units 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.

19. The Participants whose units are subject to alienation restriction shall obtain the Waivers prior to entering into any agreements (including the Joint Sale Agreement) with URFS. With the authorization of the Participants, URFS will apply for extension of the Waivers before their expiry to ensure that the validity of the Waivers will cover the entire project period.
20. The Participants who have signed the Joint Sale Agreement and whose units are subject to alienation restrictions shall pay the requisite land premium to the Government of the HKSAR to remove the alienation restriction upon successful joint sale. The detailed arrangement of the same will be stated in the Joint Sale Agreement.

### **WITHDRAWAL / TERMINATION OF FACILITATING PROJECT**

21. The Applicants may withdraw their applications at any time prior to their signing of Facilitation Agreement. The Participants may cancel the Facilitation Agreement and withdraw from / terminate the Facilitation Project at any time prior to their signing of Joint Sale Agreement.
22. If any of the stages mentioned in **Appendix B** cannot be reached or when the joint sale is not successful, the Facilitation Project will be aborted and all the signed Facilitation Agreements and Joint Sale Agreements (if any) will be terminated.

### **FEES AND EXPENSES**

23. No fee is needed for submission of the Application Form.
24. On behalf of the Participants, URFS will engage consultants (including but not limited to solicitor, valuation consultant and property agency consultant) to provide services to the Participants in the process of reaching a joint sale. When signing of the Facilitation Agreement has reached the Joint Sale Threshold (or even if the Joint Sale Threshold has not been reached but upon the request of the Participants and the exercise of the absolute discretion as stated in Paragraph 14 by URFS), the Participants shall pay the amount below (“the Contribution”):
  - Standard Fee: HK\$2,000 per unit <sup>Note 3</sup> (payable for each unit) or
  - Concessionary Fee for elderly owners <sup>Note 4</sup>: HK\$500 per unit

In the event that the total amount of the Contribution received is less than the actual amount of the expenses for the consultants’ services, URFS will make up the shortfall.

25. The Participants who decide to withdraw from the Facilitation Project on their own accord at any time will not be eligible for a refund of any payment.

26. Upon successful joint sale of property interests, URFS will charge the Participants who have signed the Joint Sale Agreement a service fee of 1% of their shares of the sale proceeds derived from the joint sale. At the same time, the Contribution will be refunded by URFS from the 1% service fee received. Generally, URFS will also charge the purchaser 1% of the sale price as service fee<sup>Note 5</sup>.

Note 1: Other relevant factors may include the available manpower and financial resources of URFS at the time of application; whether the application has passed the test of financial viability; building conditions; planning considerations; property ownership structure and project implement ability; etc.

Note 2: The actual period of time depends on the total number of applications for the Waivers and the removal of alienation restriction required to be processed for the Participants.

Note 3: “Unit” means any premises that are described by reference to a specific number of undivided shares in a lot in any instrument registered in the Land Registry.

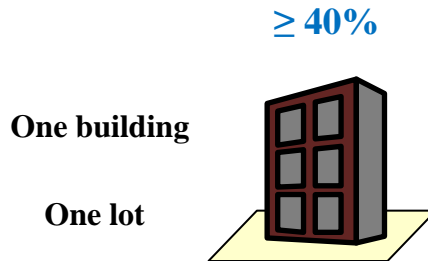
Note 4: For owner or one of the co-owners holding the properties in personal names who has attained the age of 60 at the Project Selection Date (according to the date of birth as shown on the identity card or passport). Those owners or co-owners who will attain the age of 60 within 1 year from Project Selection Date are also eligible.

Note 5: The 1% charge received from the purchaser upon successful joint sale shall not be interpreted as URFS acting for the benefits of the purchaser in the joint sale process (no matter by auction or tender).

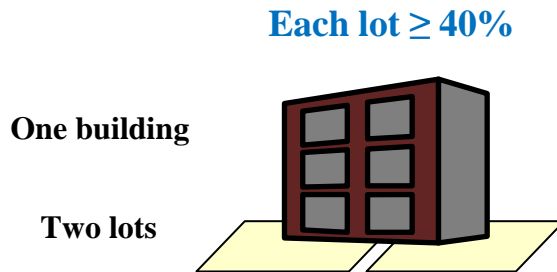
**FOR ILLUSTRATION PURPOSE ONLY**

**Examples on calculation of ownership of not less than 40% of the undivided shares in each lot of the Application Site**

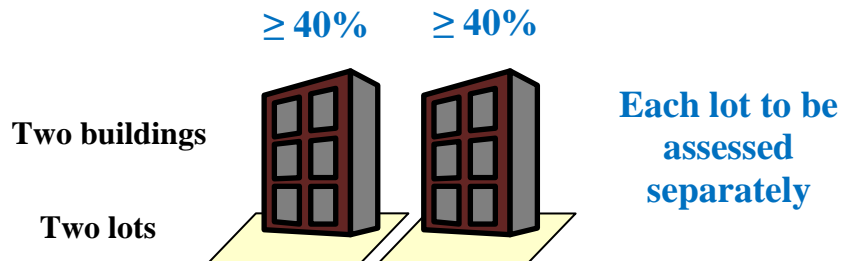
**Example 1:** If the Application Site consists of one single building and one lot only, not less than 40% of the undivided shares in that lot.



**Example 2:** If the Application Site consists of only one single building which is situated on 2 or more lots, not less than 40% of the undivided shares in each individual lot in the Application Site.

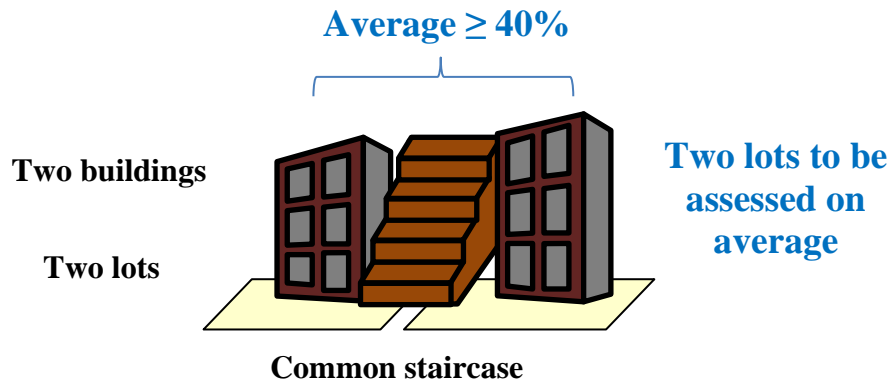


**Example 3:** If the Application Site consists of more than one building which is situated on 2 or more lots, not less than 40% of the undivided shares in the relevant lot(s) on which each individual building is situated.



**FOR ILLUSTRATION PURPOSE ONLY**

**Example 4:** If the Application Site consists of more than one building which is situated on 2 or more lots and one building is connected to another building by a common staircase, not less than **40%** of the undivided shares on average in the lots on which the buildings stand.



Remarks: The above examples are for reference only. Paragraph 9 in the Pamphlet and URFS's decision shall prevail.



**WORKFLOW OF FACILITATION PROJECT**

| <b>Stages</b>   | <b>Service</b>   |
|---|--|
| Stage I<br>(Receiving enquiries)  | <ul style="list-style-type: none"> <li>- Receiving enquiries</li> <li>- URFS replying enquiries and providing information about Joint Sale Service</li> </ul>  |
| Stage II<br>(From receiving an application to decision on the application)  | <ul style="list-style-type: none"> <li>- Processing the applications by URFS</li> <li>- Selection of application</li> </ul>  |
| Stage III<br>(From accepting the application to the percentage threshold of owners' participation for Joint Sale)<br>(About 6 months) | <ul style="list-style-type: none"> <li>- URFS holding an initial meeting with all owners to provide information on the preliminary feasibility studies and procedures for the Joint Sale Services</li> <li>- Owners returning their Joint Sale Intention Slips to URFS for their Joint Sale consensus</li> <li>- Participants signing Facilitation Agreement with URFS to reach the Joint Sale Threshold* and paying the service fees</li> </ul>   |
| Stage IV<br>(From confirmation that threshold to proceed Joint Sale has been reached to Joint Sale to take place)<br>(About 4 months) | <ul style="list-style-type: none"> <li>- URFS appointing consultants on behalf of the Participants, coordinating and monitoring the services provided by the consultants</li> <li>- URFS assisting the owners applying for the Waivers from Civil Service Bureau and the assessment of land premium</li> <li>- Participants signing Joint Sale Agreements after reaching an agreement on the reserve price and sharing ratios</li> <li>- URFS arranging the Joint Sale by auction or tender</li> </ul> |

| <b>* Joint Sale Threshold</b> <small>Note 6</small> |   |                               |
|---|---|-------------------------------|
| <b>Age of buildings (years)</b>                     | <b>“Designated areas”</b> <small>Note 7</small> | <b>“Non-designated areas”</b> |
| <50   | 90%   |                               |
| 50 to 59  | 70%   | 80%                           |
| 60 to 69  | 65%   | 70%                           |
| ≥70   | 65%   |                               |

[ \* The Joint Sale Threshold must align with the Compulsory Sale Application Threshold under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) to facilitate the purchaser in consolidating property interests for redevelopment. For the multiple lots applications, the respective Joint Sale Threshold would be reviewed in accordance with the latest statutory requirements.]

- Note 6: Referring to Compulsory Sale Application Thresholds set out on page 5 of the Legislative Council Brief of the Land (Compulsory Sale for Redevelopment) (Amendment) Bill 2023 issued by the Development Bureau on 19<sup>th</sup> December 2023 [File Ref: DEVB (PL-UR)70/41/85/15]
- Note 7: Designated areas cover: Cheung Sha Wan (the same Outline Zoning Plan covering Sham Shui Po), Ma Tau Kok (covering Kowloon City and To Kwa Wan), Mong Kok, Sai Ying Pun and Sheung Wan (covered by the same Outline Zoning Plan), Tsuen Wan, Wan Chai, and Yau Ma Tei

**This pamphlet is issued for the purpose of general reference only. The information contained herein is with reference to the principles and practice of URFS prevailing at the date of issue of the pamphlet. It shall not constitute any representation on the part of URA or URFS or give rise to any expectation whatsoever and shall not be relied on as such. Each application will be considered on its own merits having regard to all factors and circumstances. URFS has absolute discretion in reviewing the principles stated herein from time to time and reserves its right to add to, amend or delete the whole or any part of this pamphlet.**