

立法會
Legislative Council

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Legislative Council
Panel on Planning, Lands and Works

Minutes of special meeting
held on Friday, 2 March 2001 at 4:00 pm
in the Chamber of the Legislative Council Building

Members present : Dr Hon TANG Siu-tong, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP
Hon James TO Kun-sun
Hon IP Kwok-him, JP

Members attending : Hon Cyd HO Sau-lan
Hon NG Leung-sing
Hon Margaret NG
Hon CHAN Yuen-han
Hon Michael MAK Kwok-fung
Hon Frederick FUNG Kin-kee
Hon Audrey EU Yuet-mee, SC, JP

Members absent : Hon LAU Ping-cheung (Deputy Chairman)
Hon WONG Yung-kan
Hon LAU Wong-fat, GBS, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip

Public officers attending : Mr Stephen FISHER
Deputy Secretary for Planning and Lands
(Urban Renewal and Buildings)

Ms Olivia NIP
Principal Assistant Secretary for Planning and Lands
(Urban Renewal)

Attendance by invitation : **The Federation of Hong Kong, Kowloon and New Territories Public Housing Estates Resident and Shopowner Organization**

Mr MAN Yu-ming
Vice Chairman

M Y Wan and Associates Limited

Mr WAN Man-ye, JP
Director

The Hong Kong General Chamber of Commerce

Mr Nicholas BROOKE
Chairman of Real Estate Services Committee

St. James' Urban Redevelopment Social Service Team, Wan Chai Redevelopment Affected Owners Group

Ms May YIP
Owners' Representative

Hong Kong Institute of Architects

Mr Robert LAM
Chairman of Board of Local Affairs

Land Development Corporation

Mr Barry CHEUNG
Member of Managing Board

**Concern Group on the Rights of Tenants upon
Redevelopment of Tai Kok Tsui**

Ms CHU Chuk-ying
Tenants' Representative

**Centre of Urban Planning and Environmental
Management, The University of Hong Kong**

Dr NG Mee-kam
Associate Professor

Resident Group Concerning about the Redevelopment

Ms CHENG Lai-king
Central and Western District Council Member

Hong Kong Institute of Surveyors

Mr David C LEE
Chairman of Town Planning and Urban Renewal Committee

Clerk in attendance : Miss Salumi CHAN
Chief Assistant Secretary (1)5

Staff in attendance : Mrs Queenie YU
Senior Assistant Secretary (1)6

Action

I. Compensation arrangements for land resumption for urban renewal projects

The Chairman welcomed representatives of the ten organizations and of the Administration to the meeting. He advised that the purpose of the special meeting was for Members to exchange views with the ten organizations on the Administration's proposed ex gratia compensation arrangements for land resumption. Written submissions from seven of the organizations had already been circulated to Members while the following submissions were tabled at the meeting:

- (a) Submission from The Hong Kong Institute of Architects (LC Paper No. CB(1)711/00-01(05));
- (b) Submission from The Hong Kong Institute of Surveyors (LC Paper No. CB(1)711/00-01(09));
- (c) Further submission from the Hong Kong YWCA Urban Renewal Social Services Team (LC Paper No. CB(1)746/00-01(01)); and
- (d) Further submission from the Concern Group on the Rights of Tenants upon Redevelopment of Tai Kok Tsui (LC Paper No. CB(1)746/00-01(02)).

(Post-meeting note: The four submissions tabled at the meeting were circulated to Members vide LC Paper No. CB(1) 746/00-01 on 6 March 2001.)

2. The Chairman also drew Members' attention to the submissions from the following organizations, the representatives of which were not available to attend the meeting:

- (a) Central Redevelopment Affected Owners Group (LC Paper No. CB(1)711/00-01(10));
- (b) A Group of Residents Affected by Redevelopment in Sai Ying Pun and Central and Western District (LC Paper No. CB(1)711/00-01(11)); and
- (c) Hong Kong People's Council on Housing Policy (LC Paper No. CB(1)711/00-01(12)).

Presentation of views by organizations

3. The Chairman reminded representatives of the organizations that when addressing the Panel, they were not covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382). Owing to time constraint of the meeting, the Chairman invited each representative to make an oral representation of not more than five minutes, highlighting the main points of their submissions.

*The Federation of Hong Kong, Kowloon and New Territories Public Housing Estates Resident and Shopowner Organization
(LC Paper No. CB(1)711/00-01(01))*

4. Mr Man Yu-ming, Vice Chairman of the Federation of Hong Kong, Kowloon and New Territories Public Housing Estates Resident and Shopowner Organization presented the submission, the main points of which were as follows:

- (a) The Federation supported the use of a not more than five-year-old replacement flat in the same locality of the resumed flat as the basis for calculating the Home Purchase Allowance (HPA);
- (b) The Housing Authority and the Housing Society should provide adequate units for the Urban Renewal Authority (URA) to rehouse the affected tenants;
- (c) Eligibility criteria for compensation and rehousing should be flexible to cater for the needs of different types of owners/tenants; and
- (d) The URA should enhance transparency in its planning and operation. An Appeal Committee should be established by using the existing resources of the Lands Tribunal.

M Y Wan and Associates Limited
(LC Paper No. CB(1)711/00-01(02))

5. Mr WAN Man-ye, Director of M Y Wan and Associates Limited highlighted the following salient points in the submission:

- (a) In the absence of the specific characteristics of a flat such as storey height and view, it was not meaningful to argue whether a seven-year-old or a five-year-old flat should be used as the basis for calculating the HPA;
- (b) It would be more cost-effective to set up a system to monitor the efficiency of the operation of the URA to reduce its expenditure on interest costs of urban renewal projects; and
- (c) Upon the establishment of the URA, consideration should be given to convert the HPA, an ex gratia allowance, to become part of the statutory compensation set out in the Lands Resumption Ordinance (Cap. 124).

The Hong Kong General Chamber of Commerce
(LC Paper No. CB(1)711/00-01(03))

6. Mr Nicholas BROOKE, Chairman of the Real Estate Services Committee (the Committee) of the Hong Kong General Chamber of Commerce highlighted the following salient points in the submission:

- (a) Compensation should always be assessed in monetary terms. The proposed Flat-for-flat Exchange Scheme would complicate the situation;
- (b) Compensation on the basis of a seven-year-old replacement flat would be an adequate measure. However, the Administration's claim that a five-year-old flat was generally regarded as "new" while a seven-year-old flat was not perceived as such was very subjective. Other factors such as the location, size and view of the flat also affected its value;
- (c) Compensation for a tenanted flat should be assessed on a "subject to tenancy" basis. However, the Committee questioned the need and fairness of the Administration's proposal to limit the number of tenanted flats for which each owner might be compensated; and
- (d) The Committee was pleased to note that affected owners and tenants of commercial properties would still have the right to claim for business loss if they considered the ex gratia allowances provided to them inadequate.

*St. James' Urban Redevelopment Social Service Team, Wan Chai Redevelopment Affected Owners Group
(LC Paper No. CB(1)711/00-01(04))*

7. Ms May YIP, owners' representative of St. James' Urban Redevelopment Social Service Team, Wan Chai Redevelopment Affected Owners Group highlighted the following salient points in the submission:

- (a) Compensation policy should be people-oriented. Many owners in Wan Chai district were elderly people who were unwilling to move away from the district;
- (b) The Government had the responsibility to ensure that the affected owners were sufficiently compensated so that they could purchase a five-year-old replacement flat in the same locality of a similar size as that of the resumed flat;
- (c) The affected owners should be given an indication of the "offer price" before resumption took place. An Appeal Committee comprising representatives of the affected owners should be established to deal with appeal cases;
- (d) Domestic tenants should be rehoused in-situ or provided with the same compensation options previously offered by the Land Development Corporation (LDC); and

- (e) Compensation for owners/tenants of ground floor shops should be based on the same principles previously adopted by the LDC.

Hong Kong Institute of Architects
(LC Paper No. CB(1)711/00-01(05))

8. Mr Robert LAM, Chairman of the Board of Local Affairs of Hong Kong Institute of Architects highlighted the salient points in the submission:

- (a) Buildings were designed to last for more than 30 years and the difference in physical conditions between a five-year-old flat and a seven-year-old flat was minimal. Other factors such as location of the building might be more important;
- (b) A mechanism for review of the basis of calculating the HPA should be put in place to cater for any significant changes in market conditions; and
- (c) Private sector should be allowed to participate in the URA projects.

Land Development Corporation
(LC Paper No. CB(1)711/00-01(06))

9. Mr Barry CHEUNG, member of the Managing Board of the Land Development Corporation (LDC) highlighted the following salient points in the submission:

- (a) The URA should be set up as soon as possible. Any delay would impose uncertainty and great pressure on staff of the LDC;
- (b) The Administration's proposal of using a seven-year-old replacement flat as the basis for calculating the HPA was acceptable; and
- (c) The URA should adopt a flexible approach in handling individual compassionate cases when acquiring properties for its urban renewal projects.

Concern Group on the Rights of Tenants upon Redevelopment of Tai Kok Tsui
(LC Paper No. CB(1)711/00-01(07))

10. Ms CHU Chuk-ying, tenants' representative of the Concern Group of the Rights of Tenants upon Redevelopment of Tai Kok Tsui highlighted the following salient points in the submission:

- (a) Compensation policy should be people-oriented and a minimum amount of compensation should be set. Proper channels should be established to gather public views on redevelopment projects;

- (b) The URA should adopt measures to enhance its transparency. For example, the public should be consulted on the urban renewal strategy and plans, and be kept informed of any changes;
- (c) The URA Board should be chaired by an elected member and comprise representatives of the affected residents;
- (d) Freezing surveys should be conducted at day and night times to ensure registration of all affected residents. The affected residents should not be subject to any means test or other eligibility test for rehousing; and
- (e) The Government should provide sufficient units in West Kowloon district for rehousing of the affected residents in Tai Kok Tsui.

Centre of Urban Planning and Environmental Management, The University of Hong Kong

(LC Paper No. CB(1)711/00-01(08))

11. Dr NG Mee-kam, Associate Professor of Centre of Urban Planning and Environmental Management of the University of Hong Kong presented the following salient points in the submission:

- (a) A proper cost-benefit analysis of different development options for urban renewal projects should be conducted. Their impact on different stakeholders in the society should also be assessed; and
- (b) Urban renewal in Hong Kong was no longer a profitable business based solely on commercial principles. Rather, it had become a matter of social concern and a new approach involving participation of the affected owners and consideration of non-financial benefits should be adopted.

Resident Group Concerning about the Redevelopment

12. Ms CHENG Lai-king, member of the Resident Group Concerning about the Redevelopment presented the following points:

- (a) In making acquisition offers, the URA should consider the valuation report(s) of independent surveyor(s) employed by the affected owners;
- (b) A transparent appeal mechanism at a cost affordable by appellants should be put in place;

- (c) Members of the URA Board should broadly represent different sectors of the community. To avoid any possible conflict of interest, private developers should not be appointed as members of the URA;
- (d) The Government should undertake basic repair and maintenance works for buildings already announced for redevelopment by the LDC;
- (e) A five-year-old replacement flat should be used as the basis for calculating the HPA. Saleable areas of resumed flats should be adopted as the basis for calculating compensation; and
- (f) Owners of commercial units used for residential purpose should be eligible for the same HPA as owners of residential flats.

Hong Kong Institute of Surveyors
(LC Paper No. CB(1)711/00-01(09))

13. Mr David LEE, Chairman of the Town Planning and Urban Renewal Committee of the Hong Kong Institute of Surveyors declared that he was a member of the Managing Board of the LDC. He then highlighted the following salient points in the submission:

- (a) Implementation of the URA projects should be expedited to reduce interest costs of the projects;
- (b) The Administration's proposal of using a seven-year-old replacement flat as the basis for calculating the HPA was reasonable. However, the market value of a property should also be determined by factors other than building age, such as the state of maintenance of the building concerned;
- (c) Early payment of ex gratia allowances would enable shop-owners to have sufficient cash flow to continue business elsewhere; and
- (d) An independent appeal mechanism should be established for handling disputes over compensation matters. Simplified procedures should be adopted for the processing of cases.

Discussion

Basis for calculating the HPA

14. Responding to some Members, Deputy Secretary for Planning and Lands (Urban Renewal) (DS/PL) advised that before putting up the proposal of using a seven-year-old replacement flat as the basis for calculating the HPA, the

Administration had taken as the starting point that a reasonably modern flat in the same locality and having a similar area as that of the resumed flat should be used as the basis for calculating the cost of a replacement flat. As revealed from the Administration's study on the sale prices of over 1 000 property transactions in the districts of the 225 projects to be undertaken by URA, the depreciation in value of the flats with a building age of five years or below was moderate. However, the depreciation in value of the flats with a building age of seven years or more was more obvious. This reflected the fact that a five-year-old flat was perceived as almost "new" and that a seven-year-old flat was reasonably modern, but no longer perceived as "new". The Administration therefore considered it fair to use a seven-year-old flat as the basis for calculating the HPA. If a seven-year-old flat was not available in the same district, the value of a flat close to seven years' old in the same district would be used and suitable adjustment would be made to the value to reflect the age difference.

15. Mr IP Kwok-him invited representatives of the organizations to give views on whether the notional value of a flat should be determined by factors other than building age. Ms CHU Chuk-ying, tenants' representative of the Concern Group of the Rights of Tenants upon Redevelopment of Tai Kok Tsui considered that it should be the case. She also added that a five-year-old replacement flat should be used as the basis for calculating the HPA.

16. Mr WAN Man-ye, Director of M Y Wan and Associates Limited reiterated that it was not meaningful to argue about the difference between a five-year-old or seven-year-old flat in the absence of specific characteristics such as the location and view. Responding to Miss Margaret NG, Mr WAN clarified that he had not formed an opinion on which basis should be adopted for the calculation of compensation. However, he envisaged that it would be difficult to implement the Administration's proposed compensation policy in the absence of a clear definition of a "seven-year-old flat".

17. Mr Nicholas BROOKE, Chairman of the Real Estate Services Committee of the Hong Kong General Chamber of Commerce considered that there was little difference in value between a five-year-old flat and a seven-year-old flat of the same characteristics, such as same storey height, view and location.

18. To ensure fair and equitable valuation of flats, Ms May YIP, owners' representative of St. James' Urban Redevelopment Social Service Team, Wan Chai Redevelopment Affected Owners Group expressed that representatives of the affected owners should be allowed to participate in the valuation process. Mr David LEE, Chairman of the Town Planning and Urban Renewal Committee of the Hong Kong Institute of Surveyors considered it important for the Administration to draw up a set of valuation guidelines. At the request of Members, Mr WAN Man-ye agreed to provide a set of draft guidelines for the Panel's reference.

(*Post-meeting note:* The draft guidelines for the determination of the rate for calculating the HPA for urban renewal projects provided by Mr WAN Man-yeo was circulated to members vide LC Paper No. CB(1) 757/00-01 on 6 March 2001.)

19. Responding to Ms Cyd HO, DS/PLB advised that the Administration would issue a set of guidelines on resumption and valuation matters. It was hoped that by using the same set of guidelines, the differences between the Administration's valuation and that of the owners would be minimized. Moreover, the Administration would establish a Home Purchase Allowance Appeals Committee to deal with appeals against the Administration's decisions on HPA payments. The Appeal Committee would comprise eminent members of the community and representatives from the accounting, surveying and legal professions.

Removal Allowance

20. Miss CHAN Yuen-han pointed out that many residents of old districts were elderly people and/or low-income groups who needed assistance from the community. She therefore supported the use of a five-year-old flat as the basis for calculating the HPA. In this regard, she suggested the Administration to consider providing a Removal Allowance to make up the difference between the amounts of HPA calculated on the basis of a five-year-old flat and a seven-year-old flat. DS/PLB advised that in line with the offer of the LDC, each affected owner would be eligible for a Removal Allowance of about \$100 000.

Implications of the proposed Flat-for-flat Exchange Scheme

21. Ms Cyd HO Sau-lan noted that under the proposed Flat-for-flat Exchange Scheme, the URA would provide the affected owners with a new replacement flat of the same size to that of the resumed flat. However, the replacement flat might not be in the same locality of the resumed flat. Ms HO was concerned about the implications of the proposed Scheme on the "community" of the districts concerned. Dr NG Mee-kam, Associate Professor of Centre of Urban Planning and Environmental Management of the University of Hong Kong considered that the Administration should, in planning a redevelopment project, conduct sustainability impact assessments. She was of the view that the characteristics of the "community" for a district planned for redevelopment could be preserved through careful planning and allocation of land in the vicinity for temporary rehousing of the affected residents during the redevelopment period.

Way forward

22. In view of the controversy over the basis for calculating the HPA, Ms Cyd HO considered that more time should be allowed for Members to discuss the issues with the Administration and the affected parties. She therefore suggested the

Administration to submit its proposal to the Finance Committee at a later date. DS/PLB reiterated that the Administration's proposal was made after careful consideration and that the proposal of using a seven-year-old replacement flat as the basis for calculating the HPA was the baseline of the Administration. However, the Administration was prepared to consider any options other than cash compensation, such as the proposed Flat-for-flat Exchange Scheme.

(Post-meeting note: The Administration's written response to the submissions of the organizations was circulated to members vide LC Paper No. CB(1) 854/00-01 on 16 March 2001.)

II. Any other business

23. There being no other business, the meeting ended at 5:55 pm.

Legislative Council Secretariat

28 August 2001