

立法會
Legislative Council

LC Paper No. CB(1) 664/00-01
(These minutes have been seen
by the Administration)

Ref: CB1/PL/PLW/1

LegCo Panel on Planning, Lands and Works

**Minutes of special meeting
held on Tuesday, 19 December 2000, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Dr Hon TANG Siu-tong, JP (Chairman)
Hon LAU Ping-cheung (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP
Hon James TO Kun-sun
Hon WONG Yung-kan
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip

Non-Panel members: Hon Cyd HO Sau-lan
attending Hon LEE Cheuk-yan
Hon CHAN Yuen-han
Hon CHAN Kam-lam
Hon Jasper TSANG Yok-sing, JP
Dr Hon YEUNG Sum
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee

Members absent : Hon LAU Wong-fat, GBS, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon IP Kwok-him, JP

Public officers : **Agenda Item I**
attending Mr Stephen FISHER, JP
Deputy Secretary for Planning and Lands
(Urban Renewal and Buildings)

Action

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

Agenda Item II

Mrs Helen CP Lai YU
Head of Task Force on Building Safety and
Preventive Maintenance

Mr Kevin CHOI
Member of Task Force on Building Safety and
Preventive Maintenance

Mr C M LEUNG
Director of Buildings

Mr Geoffrey WOODHEAD
Principal Assistant Secretary for Planning and Lands (Buildings)

Clerk in attendance : Miss Odelia LEUNG, Chief Assistant Secretary (1)1

Staff in attendance : Mrs Mary TANG, Senior Assistant Secretary (1)2

I Compensation arrangements for land resumption for urban renewal projects
(LC Paper No. CB(1)288/00-01)

The Deputy Secretary for Planning and Lands (DSPL) reported on the consultation on the review of the ex gratia allowances for urban renewal projects. He said that the most contentious issue was the building age of the replacement flat to be used for the calculation of the Home Purchase Allowance (HPA). The affected owners had requested that the calculation be based on a 5 years' old replacement flat while the Administration was prepared to consider calculating HPA on the basis of a 7 years' old flat. The Administration would continue to discuss with the affected residents with a view to narrowing the differences on the proposed compensation package before submitting them to the Finance Committee for approval.

The basis for calculating HPA

2. Referring to paragraph 10 and page 1 of the Annex to the Administration's paper which indicated that the Land Development Corporation (LDC) had been using a

Action 10 years' old replacement flat as the acquisition principle, Dr YEUNG Sum and Mr Albert CHAN queried the accuracy of the information. LDC had been known to offer prices to domestic property owners which would enable them to purchase a replacement flat of 1 to 5 years' old. Mr CHAN further pointed out that the Hanoi Road project, which used a 10 years' old flat as the acquisition principle, was an exception rather than the rule. DSPL explained in response that LDC's acquisition offers had all along been based on Government's HPA policy. In 1997, the Finance Committee approved the adoption of a 10 years' old replacement flat as the basis for calculating HPA. LDC had since April 1997 followed suit. The acquisition offers which were comparable to a 5 years' old flat for the urban renewal projects at Kennedy Town and Tsuen Wan were exceptional because these projects were formerly the Housing Society schemes and had been delayed for a long time. Other than these projects, LDC had all along followed the Government's HPA policy.

3. As the former Chief Executive of LDC, Mr Abraham SHEK confirmed that the information given by DSPL was true. Since 25 April 1997, LDC had adopted Government's policy of calculating HPA payments based on a 10 years' old flat. However, in actual practice, this calculation seldom applied except in the case of the redevelopment project at Hanoi Road which involved owners' participation. The projects at Kennedy Town and Tsuen Wan had both used a 5 years' old flat as the basis for calculating HPA. Mr SHEK stressed the need for the acquisition offers to be fair and reasonable so that urban renewal projects could be implemented smoothly and effectively. He suggested that affected owners be given the option to choose between HPA payments and flat-for-flat compensation. He also said that the Urban Renewal Authority (URA) should make reference to the land resumption arrangement adopted by urban renewal authorities in Singapore who were responsible for land resumption but did not necessarily develop the land by themselves. Dr YEUNG Sum thanked Mr SHEK for his clarification. He pointed out that affected owners were strongly against Government's proposal of using a 7 to 10 years' old flat as the basis for calculating HPA. If Government could use a replacement flat of 1 to 5 years' old as the basis for calculating HPA, this would certainly facilitate the urban renewal process.

4. Referring to the joint submission from the associations of tenants and owners affected by urban renewal projects tabled at the meeting (LC Paper No. CB(1)357/00-01), Miss CHAN Yuen-han said that the associations were all persistent in their request for a HPA based on a replacement flat of 5 years' old. DSPL however drew members' attention to the results of a survey conducted by Social Services Unit of YWCA (LC Paper No. CB(1)340/00-01), which indicated that about 70% of residents surveyed had indicated their willingness to accept a HPA based on a replacement flat of 7 years' old if this would result in an early resolution to the problem of urban decay. This showed that there was a difference of opinion amongst affected residents and some of them were willing to accept Government's proposal. He stressed that the Administration would welcome members' views on the HPA policy and would fully take these into account before finalizing its proposals.

5. Mr Frederick FUNG pointed out that the survey conducted by Social Services Unit of YWCA collected the views of the affected residents in Kowloon City and

Action Tokwawan only while the survey conducted by the associations of tenants and owners affected by urban renewal projects covered the affected residents of six districts. Affected residents in different districts had all along indicated that they would not be prepared to accept an HPA based on a 7 years' old flat. Miss CHAN Yuen-han urged the Administration to analyse the results of different surveys carefully.

6. Responding to Mr SHEK's enquiry about the respective financial analysis if a 5 year's old flat as opposed to a 7 years' old flat was used as the basis for calculating HPA, DSPL explained as follows -

- (a) Based on previous broadbrush financial analysis, if a 5 years' old flat as opposed to a 7 years' old flat was used as the basis for calculating HPA, the amount of HPA payment would be increased by about 8 to 10%. For illustration, the total amount payable to the owner of a domestic flat of 1000 sq ft aged 40 years would be around \$3.2 million and \$3 million if a 5 years' old flat and a 7 year' old flat was used as the calculation basis respectively;
- (b) The Administration was confident that the adoption of a 7 years' old flat as the basis for calculating HPA would enable URA to achieve a balanced budget for the 200 urban renewal projects and the 25 uncompleted projects of LDC in 20 years. With the use of a 5 years' old flat as the basis for calculating HPA, URA might not be able to break even in 20 years; and
- (c) As the main concern of affected owners was whether the HPA payment was sufficient to purchase a replacement flat, the Administration was considering the provision of a flat-for-flat option or the sale of Housing Society flats at a slightly discounted price in lieu of cash compensation.

7. Mr TAM Yiu-chung pointed out that the affected residents' were of the view that the Administration might be over-conservative in its financial estimate, which was based on the assumption that the 200 urban renewal projects would require a period of 20 years to complete. With the streamlining of the land resumption process, it was expected that the pace of urban renewal could be stepped up. As such, the savings in interest payments resulting from a shortened process should be able to cover the extra costs of enhancing HPA using a 5 years' old flat as the calculation basis.

8. DSPL said that while the streamlining of the land resumption process would result in savings in interest payments, the new role to be taken up by URA in rehousing affected tenants, preserving heritage and providing better amenities and facilities in the redeveloped areas would incur additional costs. The estimate of a 20-year period for completing the 200 urban renewal projects was reasonable having regard to the long time lapse between resuming and developing the land, and putting up the completed development for sale. In response to members, the Administration agreed to provide for members' reference the past acquisition offers of LDC and the respective financial

Action analysis if a 5 years' old replacement flat as opposed to a 7 years' old replacement flat was adopted as the basis for calculating HPA.

Compensation terms of URA and LDC

9. Mr LEE Cheuk-yan said that the compensation terms to be offered by URA, which were non-negotiable, should not be less favourable than those offered by LDC. Referring to the Annex of the paper, he was of the view that the information given in the table was scanty and more information on the terms of compensation, especially for tenanted premises, should be provided. DSPL said in response that the information given in the Annex was for comparison purposes only. He stressed that the terms offered by LDC were made on the basis of acquisition rather than land resumption. Therefore, LDC could exercise flexibility in its acquisition offers. Where LDC failed to acquire the property, it might request Government to resume the land under the Lands Resumption Ordinance (Cap. 124). In future, the URA to be set up might offer acquisition terms better than the compensation formula as provided under the Lands Resumption Ordinance.

10. Mr Abraham SHEK sought confirmation from the Administration that the terms offered by URA would be better than those of LDC. DSPL said that since the acquisition policy would be determined by the board of directors of URA which had yet to be set up, he was not in a position to give assurance on the terms to be offered by URA.

Financial viability of urban renewal projects

11. Miss Emily LAU was of the view that Government should not set its mind on achieving a balance budget for the urban renewal projects. There might be a need to inject funds for the implementation of these projects. The injection of funds for the enhancement of HPA would be considered justified if it would facilitate and expedite the entire urban renewal process. There could be savings on interest payments which would in turn help achieve self-financing.

12. DSPL said in response that in determining the HPA policy, the Administration had to ensure that this would not affect the financial viability of the urban renewal projects. The Administration was prepared not to charge any land premium for the urban renewal sites. It also intended to enhance the compensation packages for affected residents. The further enhancement of HPA from a 7 years' old flat to a 5 years' old would further increase the costs of urban renewal to the extent that the projects might no longer be financially viable. He pointed out that not all the affected residents were demanding for an HPA sufficient to buy a 5 years' old replacement flat. Some of them were prepared to accept a 7 years' old replacement flat if the urban renewal process could be expedited.

13. Mr Frederick FUNG shared the view that the Administration should not necessarily aim at a balance budget for its urban renewal projects as some benefits through the provision of better facilities in the redeveloped area could not be quantified.

Action He referred members to a previous paper provided by the Administration in 1999 which indicated that out of an estimated expenditure of \$200 billion of URA in 20 years, 39% would be allocated to affected residents as compensation. This would mean that about \$80 billion would be set aside for compensation to affected residents. Based on the Administration's advice, if the HPA was enhanced from a replacement flat of 7 years' old to 5 years' old, the amount would be increased by 8%. The total additional compensation cost would be increased by \$6.4 billion and constitute 3.2% of the total expenditure. He said that the affected residents had all along been asking for a HPA based on a replacement flat of 5 years' old. Since the compensation comprised less than half of the total expenditure of URA, the Administration should seriously consider acceding to the affected residents' request.

14. DSPL said that the using a 7 years' old replacement flat as the basis for calculating HPA was considered fair and reasonable. A further increase in the HPA payment might render the projects financially non-viable. As regards Mr FUNG's view that acquiring private property through an inequitable compensation arrangement would contravene the provisions of the Basic Law, DSPL said that there would not be any contravention as both the Basic Law and the Land Resumption Ordinance had provided for the acquisition of properties on terms that were fair and reasonable.

15. Mr James TO urged the Administration to explore any other means to help URA to achieve a balance budget for the urban renewal projects in the long run such as the provision of more land to URA for development. His views were shared by Mr Albert CHAN.

16. DSPL said in response that the Administration was committed to implementing urban renewal projects with a people-oriented approach. To this end, the Administration was considering other options such as flat-for-flat schemes and the offer of Housing Society flats at a slightly discounted price to assist owner-occupiers in purchasing replacement flats. It would continue to explore other measures to assist affected owners. DSPL stressed that the Government would subsidize the urban renewal programme by not charging a land premium for the redeveloped sites and relaxing their plot ratio. Mr TO's suggestion of providing more land to URA would be another means of further subsidizing the urban renewal projects. In response to Mr TO, the Administration would estimate the amount of land to be made available for development in the 200 projects identified for priority redevelopment by the URA and their estimated value.

Admin.

Rehousing arrangements

17. Ms Cyd HO opined that judging from the discussion at the meeting, the Administration's proposal of adopting an HPA based on a 7 years' old flat would unlikely have the approval from Members. Referring to the arrangement to set aside 20% of the annual rehousing quota from the Housing Authority to URA for allocation at its discretion, Ms HO enquired about the criteria for exercising discretion in the allocation of flats to the affected tenants. She was of the view that advance notice should be given to the affected residents so that they could be able to make the

Action necessary arrangements.

18. DSPL said that the future URA could exercise discretion in allocating 20% of the annual quota of flats to affected tenants, who might slightly fall short of the eligibility criteria and who should be rehoused on compassionate grounds. DSPL further advised that the freezing survey would take place on the day of gazettal of the urban renewal project. Usually, there would be a lapse of about one and a half years between the freezing survey and the actual implementation of the urban renewal project. This would allow sufficient time for the affected parties to make necessary arrangements.

II Building safety and timely maintenance - to control advertisement signboards

(LC Paper No. CB(1)328/00-01(01))

19. With the aid of a computer power point, the Member, Task Force on Building Safety and Preventive Maintenance gave a presentation on the control of advertisement signboards, making reference to an information pamphlet on the subject which was issued to members before the meeting.

Size of signboards

20. Mr James TO expressed support for the Administration's proposals to control advertisement signboards which had been requested by Members of the Legislative Council for a long time. He was however concerned about the parties who should be consulted before approval was given to erect oversize signboards which might be affixed on the external wall of a low floor, stretching up to a higher floor. In such cases, the party on the lower floor might have given consent while the parties on the upper floors might have strong objections against the erection of signboards.

21. The Head, Task Force on Building Safety and Preventive Maintenance (HTF) referred members to paragraph 9 of the paper which set out the design, construction, maintenance, removal and registration of signboards which were defined according to size. She said that for oversize signboards which stretched over several floors, signboard owners would be required to consult all the affected owners before erecting the signboard. Where the size of the signboard was so large that it blocked the air flow of the affected units, it would have contravened the provisions of the Buildings Ordinance. The dimensions of signboards in the different categories of registrable signboards would be subject to further consultation with building professionals and contractors before the Buildings Department (BD) finalized the details for implementation. The proposed registration of signboards aimed at promoting responsible maintenance and ensuring public safety. BD would establish a partnership approach with building professionals, and affected owners in the process. For buildings in which the developers retained their rights to install signboards on the external wall, signboard owners would need to address any objections raised by affected owners before proceeding with the erection of signboards.

Action

22. The Director of Buildings (D of B) agreed with Mr TO that there should be a limit on the size of overhanging signboards. Other factors such as the safety implications on traffic and the structural safety of signboards should also be taken into consideration. He also agreed to consider the need to require prior consent from owners who would be directly affected by the installation of signboards. Technical guidelines would be issued by BD on the construction, erection and maintenance of signboards, together with advice on the requirements of other Government departments in relation to other aspects of signboards. He stressed that it was not the intention of BD to over-regulate signboards to the extent that it would affect business activities. As such, BD did not consider it cost-effective to introduce an appeal mechanism to deal with possible objections from affected owners. It therefore proposed to introduce a fixed penalty system to keep enforcement simple and straightforward.

23. Ir Dr Raymond HO expressed appreciation for the Administration's proactive measures. He pointed out that the size restriction of a signboard should not only be confined to its area but also to its length as an overly extended signboard would pose a safety threat to the public.

24. HTF said that the details of the size, weight, length and structural safety of signboards would be worked out in consultation with building professionals and contractors. In this connection, a partnership culture would be established with them in ensuring the safety of signboards. As regards Dr HO's concern about the installation of occulting signboards, HTF said that the law was amended in late 1999 which had legalised the use of occulting lights except where they affected air or marine safety. According to the study conducted by the Transport Department, there was no evidence to suggest that occulting lights would cause traffic accidents.

Registration fees and requirements

25. Ir Dr Raymond HO was concerned that problems might arise on the design and construction of signboards if these were not undertaken by building professionals. He advised that there were altogether 16 disciplines of Registered Professional Engineers under the Engineers Registration Ordinance (Cap. 409). The disciplines which were relevant to the design and construction of signboards would include registered professional civil, building services and structural engineers. In response, D of B said that BD would work out the parameters for registration of signboard contractors in consultation with the building professionals. The signboard contractors would be required to fulfil certain criteria in order to be registered.

26. Mr Albert CHAN commended the Administration for the positive progress made in the control of advertisement signboards. He hoped that the proposed fees for registration of signboards should not become a revenue-raising measure. He considered it unfair that the moneys collected from registration fees should be used to pay for the expenses incurred in the removal of existing signboards that had been abandoned over the years. He suggested that the Government should inject an initial fund to resolve the long-standing problem of abandoned signboards. Thereafter, the

Action removal of abandoned signboards could be funded from the levies on registered signboard owners under a self-financing arrangement.

27. HTE said that the package of proposals aimed to take into account the interests of all affected parties. The registration fees would recover only the cost of administering the system. The registration of signboards would involve simple procedures and registered signboard contractors would be allowed to act as agents. She assured members that the proposed registration system would not be used as a revenue-raising measure. She stressed that it would be inappropriate to use public funds to subsidize commercial operators for the removal of signboards. It was therefore recommended that a levy similar to the existing levies related to absconding travel agents and assistance for victims of traffic accidents should be introduced to fund the expenses incurred in the removal of abandoned signboards. In any case, BD would always try its best to locate the owners for removing abandoned signboards. D of B added that there would be a grace period of two years for signboard owners to comply with registration requirements. Since owners of both existing and new signboards would be required to pay registration fees, there was no question of subsidization of removal of abandoned signboards. Since the registration numbers of both the signboard and the signboard contractor would be displayed on the signboard, BD could readily trace the owners/contractors who would be responsible for the proper maintenance or removal of the signboards.

28. As regards Mr Albert CHAN's concern about monopoly of the signboard trade, HTE said that this was unlikely as there would be a new register for signboard contractors in addition to the existing registers for general building contractors and specialist contractors for "building works" under the Buildings Ordinance (Cap. 123). She stressed that it was not the intention of the Administration to over-regulate.

Other considerations

29. Mr LAU Ping-cheung was concerned about the aesthetic aspects of signboards. He pointed out that the definition of signboard owners which included persons whose merchandise, trade or business were advertised might give rise to inconvenience to commercial operators who were invited by signboard owners to advertise their merchandise. He also suggested introducing an air right levy for the erection of overhanging signboards.

30. HTE said that since the objective of introducing the registration scheme was to ensure public safety and not to raise revenue, the Task Force had not considered charging an air right levy. Nevertheless, she would convey Mr LAU's suggestion to the Secretary for the Treasury. She agreed that care should be taken in defining signboard owners but it was logical that those who gained financial benefit from the signboard or signboard space should have the responsibility for their safety and maintenance. D of B added that BD would try to ensure that the signboards so installed would not destroy the harmony of the surrounding environment. BD would also determine those responsible for ensuring the safety of signboards, i.e. those who caused the signboards to be erected.

Action

(*Post-meeting note:* The Administration advised that Mr LAU's suggestion was relayed to Secretary for Treasury on 20 December 2000)

31. Mr James TO was concerned that since there was no need to seek consent from building owners to erect signboards at present, there might be a sudden surge in the number of signboards before the registration scheme took effect. In this connection, he suggested that consideration be given to proposing a cut-off date after which the installation of signboards should have the consent of owners.

32. Members noted a referral from the Wan Chai District Council members regarding their views on the regulation of advertisement signboards tabled at the meeting.

(*Post-meeting note:* The referral was circulated to members vide LC Paper No. CB(1) 357/00-01. As regards District Council members' suggestions, the Administration advised that BD as registration authority would be issuing technical guidelines and coordinating with other departments on any other relevant requirements. The Task Force had commenced the consultation with District Councils on 11 January 2001 through to early March.)

III Any other business

33. There being no other business, the meeting ended at 4:30 pm.

Legislative Council Secretariat
26 February 2001