

HONG KONG INSTITUTE OF REAL ESTATE ADMINISTRATION

CONSULTATION ON URBAN RENEWAL STRATEGY HIREA's Presentation to LegCo Penal on Planning, Lands and Works 2001/09/24

As executives and professionals in the property development industry, we welcome the establishment of the Urban Renewal Authority (URA) on 1st of May, for the effective and efficient implementation of urban renewal with the support of the URA Ordinance.

We had written to the Secretary for Planning, Environment and Lands in 1999 and the Chairman of the LegCo URA Bill's Committee in 2000 to raise our opinions and concerns as to the role of the URA, the mode of urban regeneration, financial provisions and manner of land assembly.

We are pleased to note that some of the key points had been adopted in the Strategy. Yet we must reiterate our concerns as mentioned and expend to comment on some of the issues raised in the draft : -

TRACKING THE PROBLEMS OF URBAN DECAY

- Urban renewal are not isolated projects- before embarking onto each project, thorough study should be carried out to cope with the ongoing metro planning studies and adopted policies including ; Metro Plan Development Strategy, Urban Design guidelines, district level population policies, population movement and decentralization, district public housing programme etc.
- Improvement of quality of life by first adopting space standards upon renewal. E.g. living space per capita, 'green' space per capita etc.
- Concur to the key principles and main objective of urban renewal. Careful considerations must be taken to minimize contradictions in different objectives, e.g. dispersal of residents upon rehousing vs preservation of local social networks, isolated preservation of historical buildings vs preservation of local characteristics.

ROLE OF THE URA

- It was well expressed in the URA Ordinance that one of the purposes of URA is 'facilitating urban renewal'. We concur and advocate that the major purpose of URA, among others, is to act as a '**facilitator, provider and supervisor**' for urban renewal. As such, the involvement to 'undertake' property development should be kept to a minimum as absolutely necessary. The main reason for the URA to be a 'Bystander' is that the value of assembled land and property parcel should best be determined by the market. Projects that are of low redevelopment potential can be injected with incentives like increase and concessions in plot ratio but the land premium should be determined by the market by way of tendering or auction. URA's major participation in development projects may prevent land value to be tested by the market thus distorting the real market situation. Direct involvement in development as its prime activities would possibly lead to its self expansion into another mega property developer creating more interference and unfair competition in the market.
- URA's targeted 200 new projects, together with 25 uncompleted LDC projects, constitute a substantial real estate market in Hong Kong. URA & Government should tactfully consider how these would benefit the Hong Kong's economy through timely implementation, creating job opportunities and enhance its "money effect" rather than yet re-establishing a vast mechanism to handle everything of these 200-odd projects by itself.
- Concur to the suggestion that the URA should issue guidelines on the declaration of interests and setting up an independent audit team.
- On redevelopment and rehabilitation, urban renewal should be extended to explore possibilities to interact with public housing programme. This can only be mutually beneficial.

The following are some of the possibilities :-

1. Development of mixed housing within or adjacent to the UR zone with a certain % allotted as subsidized flats for re-housing of affected local residents.
2. Swap of private lots with portions of old public housing lots scheduled to be redeveloped within or adjacent to the UR zone for better architectural and spatial planning.
3. Allotting the recent unsold HOS housing in adjacent or other districts (with some incentives such as more ex-gratia compensation or bigger size of flats) to affected residents.
4. Linked site renewal with some old public housing sites (e.g. Ngau Tau Kok Housing Estate together with some dilapidated residential or industrial area in Kwun Tong.) for economic viability and phasing of resettlement of affected residents.

All in all, UR is transformation and enhancement of neighbourhoods and not stand-alone projects. We suggest that an UR exercise is not merely confined to its physical boundary on plan but must be tied in, extended to and interact with public housing programme for better allocation of housing and land resources and possibly enhanced efficiency.

- Dilapidated industrial buildings and districts should also be considered for rehabilitation.
- We support the introduction of a maintenance costs reimbursement scheme as an incentive to encourage upkeep safety and living conditions of dilapidated buildings prior to redevelopment.
- URA could be working with Government, NGO's and private owners on a broader concept of preserving the culture of Hong Kong through a proper **Heritage Preservation Strategy**, including transfer of Plot Ratio, buying back heritage from private; larger scale preservation in strategic location, etc.

LAND ASSEMBLY

- URA's major task as a site assembly agent should be adopted and participation as a developer should preferably be avoided.
- Efficiency in obtaining possession of land is key to success on redevelopment. It is advisable that resumption procedures should be simplified to save time and cost and the actual resumption period should be within a reasonable time of say 2 years. There is a 12-month time lag between the date of publication of the projects and application of resumption to the Secretary. Since the Commencement Day shall be taken as the cut-off date for determining ex-gratia payments to affected property, it should be fair if the interest (time value) of the affected property from the Commencement Day to the actual Resumption Day is included.

PROCESSING OF PROJECT

- The URA should be allowed to identify or propose projects for implementation to cope with its Corporate or Business Plan. Similarly, private developers, quasi-government organisations like the TDC, HKTA may propose projects that are consistent with the urban renewal strategy through the URA. This would provide incentives to the general public to formulate projects that are economically and socially viable.
- We consider that the programme of implementation of both 'Corporate Plan' and 'Business Plan' of URA should be available publicly before submitting to the Financial Secretary for approval.
- Projects that can be undertaken by the URA may include maintenance, urban regeneration (or rejuvenation) and preservation programmes which will, in turn generate economical values to the neighbourhood and enhance commercial value to surrounding sites for redevelopment. Return on such projects may not be immediate or tangible but will definitely be value-added to the society.

- Prior to the formulation of Business Plans and development proposals, URA should liaise with concerned community groups to arrive at the best possible compromise to maximize the project's development value while minimizing the impacts those affected.
- Requirements of such regeneration projects can also be incorporated in land disposal conditions such that private developers can work with quasi or non-government organizations to the best interests of the affected ones and the community at large.
- We support that social impact of a project should be assessed. But we opine that in order to avoid abortive planning procedures, some of the elements of the detailed social impact assessment like population in/outflow, affects on social network and rehousing needs, should be carried out prior to Gazetting to justify the project and to minimize impact.
- The setting up of a urban renewal social service liaison unit to liase and coordinate the existing local social service organisations, which are more acquainted with local residents and affairs, will be more effective than a separate team.

FINANCIAL ARRANGEMENTS

We reiterate that Government should set up a special-purpose trading fund, say, 'Urban Renewal Fund' to finance the operation of URA since it is not a government department. Purpose of the fund should be clearly stated for urban renewal and not for profit. This will improve the position of URA when challenged in court by property owners whose properties are resumed under the new ordinance at price which URA may make a profit eventually.

During the initial setting up period (say 5 years), it may be possible for URA to arrange its source of finance by the following ways : -

- Loan from Government
- Banks or other financial institutions
- Redevelopment partner(s)
- Disposal of assembled land

Finally, we feel that the URA should make use of its renewal proposals as urban design and neighbourhood improvement opportunities, allowing innovative solutions not necessarily abide by the rigid restrictions of relevant building legislations.

Presented by

John W.T. Hui, President, HK Institute of Real Estate Administration