

From the Desk
of
David Lai,
Chair, *Independent Owners' Association for Fair Treatment*

Fax: 25764207; Tel: 257764197
2B, 9 Kingston Street
Causeway Bay, Hong Kong
e-mail: DLWilshire@aol.com

Legislative Council
Panel on Planning, Lands and Works
Legislative Council Building
6 Jackson Road
Central
Hong Kong

24th September, 2001

RE: Submission on Urban Renewal Strategy

Dear Panel members,

Our association is a board-based organization which help analyze redevelopment situations in Hong Kong and how it affects owners, tenants, property rights, the society and their respective rights and help to ease problems related to the redevelopment. In April of 2000 we submitted our comments to the Subcommittee on the Urban Redevelopment Bill about the neglect of the Urban Renewal Authority Bill in its form as of the Consultation paper on the URA Bill during the October 1999 printing. In February of 2001, we further pointed out the unfair practice by the Urban Development Authority (URA) and previous Land Development Corporation (LDC). With the assumed background and input from the Legco panel's in the past, we feel that the URA has not yet acted on the suggestion from the Panel's hearing although the wording in print has changed according to the topics discussed.

The Urban Renewal Authority Bill (URAB) addressed the issue of redevelopment and specifically spelled out one of its objectives is to "improve the living conditions of residents in dilapidated urban areas.... provides a new institutional framework for carrying out urban renewal." This is precisely why our association needs to underline the following further comments.

A "people-centered" approach is not sufficient

The URA can label that their approach is 'people-centered' when addressing Legco and Exco members when their bill needs to be passed into law. In the past few months, when owners and members of the IOAFT dealt with the URA, the approach by the URA has been very bureaucratic. Every document from the URA has been 'almighty' and 'non-negotiable' despite every effort from owners to simply ask the document to reflect reality. The attitude from the URA has been a

'take-it-or-leave it approach' and insisted that all their wordings be included in any document and none of the owners', even though owners simply want to reflect reality. Such approach is in which is in direct contradiction with the Lands Department and quite distance from a "people center" approach.

URA's mind of its own

The URA, like many ineffective and inefficient bureaucracies, has a mind of its own, in justifying its doing. Although the recent investigation into the alleged conflict of interest with its Executive buying properties with each another was cleared, it was cleared NOT by an independent panel. It was cleared by a panel that the alleged executives appointed. The way that a non-independent panel 'clears' anything for the URA ended up clouding the URA's ability to earn trust from the public.

Corporate approach vs. real people-centered action

The way the URA operates reminds what the LDC left off, use a corporate approach in looking at more profitable projects like that at Hanoi Road in TST, Wan Chai and Central, where the project is more profitable. The projects in Tai Kok Tusi, Castle Peak Road, and other announced projects had not been put into any action for more than 3 years. Owners, tenants, businesses all faces uncertainties as to what to do with their homes and livelihood.

Transferring of diverse ownership to major developers

The projects handled LDC are now taken over by the URA have involved in various 'questionable' transactions. The URA sold its 20% of the TST Hanoi Road project to New World Development without public bids nor requesting any hearing from intrinsic owners after misleading the owners about what type of project it was going to built in its "Owners' Participation Scheme." After failing to convince intrinsic owners why an office building would be better than a mixed-used project that the owners would prefer, the URA changed its plan after eliminating the intrinsic owners with the exception of New World Development. Recently, after using the cost of projects as a reason to ask for Legco funding to develop the projects by itself, the URA sold the TST Hanoi Road Project to New World Development.

The development approach used by the LDC and currently succeed by the URA is to eliminate the diverse ownership of the areas into single ownership by the URA or the developer the URA is eventually going to sell to. How is that going to improve the livelihood of the affected owners when their properties is taken by force and is chased away from their homes?

Two valuations, both from URA; owners' valuers are often ignored

The URA's practice misuses the law, which required at least 2 surveyors to value the owners' properties and the higher one will be used. It sounds fair and reasonable if one of the surveyors is representing the URA and the other representing owners, or alternatively, an independent forum can decide the appropriate compensation rate to acquire the properties from owners. Unfortunately, the way it is practice is that the URA (and previous LDC) utilized BOTH surveyors and have not allowed the value proposed by the owners' valuers to be any part of a mechanism to arrive at a comprise.

The question is whether the redevelopment is going to eliminate the communities or to help them. The LDC's policy has been to eliminate the communities and replace them by a format likened by major developers in Hong Kong. The "Kai Fong" businesses are being replaced by major brand names that can afford to lease a shop front from the LDC/ New World (or another major developer) new indoor shopping mall. The communities which live on the interrelations of the owners, residents and the small businesses are eliminated and replaced by chain stores, expansive restaurants, brand names. The multi-ownerships of the older areas are now replaced by single ownership by the URA, a Joint Venture of the URA or a major developer. Is the Urban Redevelopment Authority going to replace the hundred and thousands of independent owners as the biggest landlord in the redeveloped areas? **Is the purpose of the urban Renewal Authority trying to help the communities or to eliminate them?**

The LDC's Hanoi Road project is a good example of how the LDC, using the "Owners' Participation Scheme," obtaining 70% of participation by New World or its affiliates, together owning properties by "shell companies" tactfully eliminate the community by putting a 62 story office tower in lieu of the small shops owners and independent owners, allowing one large ownership in lieu of individual ownership.

In order to make any governmental department or any public institutions successful, major social issues has to be addressed and the only certain way to do it is to set a balancing act that automatically put a check on the system itself. The criteria has to include the follows:

1. The need of the people, namely the independent owners, residents, small business owners alike to participate in the redevelopment.
2. A mechanism for the intrinsic owners to take part, to continue his/her ownership in the rebuild areas fairly and openly.
3. The need of getting the communities' involvement. If the Bill is to help the people of Hong Kong, then the involvement of the communities are needed in order to know what do the communities need and want as a result of the redevelopment.
4. An appointed panel according to the URA owns preference is NOT the best way to earn trust from the communities and the public.
5. The need to decentralize the planning and redevelopment process. At the current practice, these are limited, if any check-and-balance bodies or mechanism built into the decision making process. Such bodies should be inclusive of affected owners, businesses in the affected areas, elected council members, professionals, tenants, and people from many walks of life. The current centralized, or should I say, decision by the few, has been a great failure as evidenced by the many objections to the LDC's type of redevelopment.
6. Once the project is planned, the owners should have a right to decide and a mechanism to sell their properties to the Authority at any time, therefore reducing their uncertainties of waiting for the URA to provide them with a formal offer.

It is only with a system that is set up correctly that the system will work. Many owners have been affected by centralized redevelopment projects. It is absolutely possible, and actually inevitable that such a good system will smooth out of the problems we have already learned from the LDC's problems. It is again with that spirit that our association submits the above inputs.

We request to be informed of any hearings or any input sessions with enough time notifications so that our members can be informed and be responsive to the further process.

Thank you for the opportunity in providing the inputs for a public decision.

Sincerely,

David D L
David Lai
Chair, IOAFT