

**Comments
of The Real Estate Developers Association of Hong Kong
on the Urban Renewal Strategy**

27 September 2001

A People-Centred Approach to Urban Renewal

We are pleased to note that the Consultation Paper has acknowledged the need to address the social implications of urban renewal on affected residents. It is worth noting that a delicate balance has to be struck between efficiency and public participation to avoid well-intentioned measures such as social impact assessments, consultations with District Advisory Committees and other civic organizations etc from turning into obstacles to urban renewal.

URA as Facilitator

We welcome the recent announcement of the URA that it will limit its role to being a facilitator of projects through land assembly and disposal of sites, leaving their development and construction to the private sector. With its access to statutory resumption powers and its partnership with rehousing agencies such as HKHA and HKHS, the URA is in our view the most suitable agent to tackle both land assembly and rehousing effectively and in a timely manner. Once sites have been acquired and cleared, the land should be packaged for sale to the private sector either by way of tender or auction, subject to the co-ordination of land supply as recommended below. In this way, the costs of acquisition and clearance can be recouped to finance further undertakings.

We are pleased to note the welcoming absence of financial returns to the URA among the six factors to be considered in determining the priority of its individual redevelopment projects. We fully support the three underlying principles of urban renewal as enunciated in the Consultation Paper, in particular

the one which maintains that the community at large should benefit from urban renewal. We would suggest that this principle of benefiting the community at

large should be enshrined as an overriding factor to be considered by the URA in determining the priority of its projects.

Coordination of Land Supply

As the URA will become another major source of land supply in addition to the MTRC, KCRC, HKHA and HKHS, it is important for the Government to coordinate sensitively the overall supply of land from these various sources to avoid flooding the market, and in this regard we suggest that the Lands Department is best suited to act as URA's agent in the disposal of its assembled land.

Private Sector Initiatives

In the Urban Renewal Strategy Study (Executive Summary 10/1999), the contribution and importance of private sector involvement in urban renewal was fully recognized and it was recommended in the Study that "more initiatives should be introduced to facilitate the private sector to overcome site assembly problems and to encourage private sector involvement in urban renewal." and that "Private developers should not be prevented from redeveloping the priority areas prior to the URA action". We fully applaud this spirit of private and public sector participation and would like to emphasize that the private sector has always played an important role in the urban renewal process.

We would like to propose that the URA with its resumption powers can help in expediting the land assembly process of privately initiated projects. In many instances where the private sector has already assembled a sizeable proportion of landed interest, it will not be right nor equitable for the URA to resume the entire area. In doing so, no private projects will be undertaken in the future for fear that URA may at any time declare these projects as Renewal Project/Scheme and thereby resuming all interests, eradicating all the time, effort and resources expended by the private sector. Instead, the URA should, under these circumstances, enter into an agreement with the private sector regarding either a joint redevelopment or a joint sale. Either option will require URA to resume

the remaining unacquired balance of the site. Depending on the agreement reached, the site shall be either jointly redeveloped or jointly sold.

We would also propose an amended version of the Land (Compulsory Sale for Redevelopment) Ordinance ("Compulsory Sale Ordinance") be applied to lot acquisition. While the Compulsory Sale Ordinance has been serving as a useful tool to the private sector, our members have encountered difficulties in applying it in many cases. For example, the Compulsory Sale Ordinance allows owner(s) holding not less than 90% of the shares in a lot to apply for compulsory sale. Only in special circumstances can the CE in C approve applications where the holding is less than 90% but over 80%. Our members have found this a major hurdle to land assembly. We would propose that a lower percentage be applied as the trigger point. The Compulsory Sale Ordinance also stipulates that the acquisition threshold must be calculated on a single lot basis. This restriction is too inflexible and would only unduly delay the site assembly process.

Regeneration of Under-utilized Industrial Buildings

Within the nine target areas, there are a large number of industrial buildings left half vacant by the relocation of manufacturing activities to the Mainland of China. While some of them may benefit from a change of use made possible by the new "Business" use, there are others that with suitable restructuring can be rejuvenated into uses that will cater for the demand of GIC and related amenities by the local communities. With its statutory resumption powers, the URA is in an ideal position to kick-start the process by firstly acquiring a number of multi-owned sites and converting them into communal facilities, such as a park. This will induce regeneration of the old industrial areas into higher economic uses in an organic manner largely by way of redevelopment through private sector initiatives. We believe our Urban Renewal Strategy will not be complete without taking into account the regeneration of our very sizeable stock of industrial buildings in the urban areas.

Regeneration of Public Housing Estates under the Tenant Purchase Scheme

Our final comment relates to the Tenant Purchase Scheme (TPS). Introduced in 1998, the TPS has unwittingly created a major problem in urban renewal. In ten to twenty years, some of these TPS estates will likely suffer serious dilapidation judging from the current state of their maintenance and management. Any effort to regenerate such estates will be constrained by the strata-titled ownership which could otherwise have been avoided had they remained under the ownership of the Housing Authority. We strongly recommend that the URA should formulate a strategy to contain this problem before it is too late. To address the root cause of the problem, Government should put a stop to the TPS scheme except for those estates where a high proportion of the units have already been sold.

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