

**The Hong Kong Institute of Architects**

2 March 2001

**Submission to LegCo on  
Compensation Arrangements for Owners Affected by  
Land Resumption for Urban Renewal Authority Projects**

The HKIA firmly supports the urban renewal of the dilapidated areas of our City as it would arrest urban decay and would improve the living environment of the residents in the area. Through renovation and redevelopment, these areas would be revitalized, making Hong Kong even more vibrant and interesting as a world-class city.

The present proposal which sets out the level of ex-gratia compensation package to property owners and tenants affected by the land resumption is therefore welcomed as it would help to expedite the implementation of the proposed 20-year urban renewal programme.

The Institute has no particular comment on the exact level of the ex-gratia payment. The Institute, however, is aware that the return of cost is very low even in the case of a 7-year replacement flat, not to mention that of a 5-year flat.

The Institute, however, has the following observation:

1. Architecturally, there is little difference between a 5-year old flat and a 7-year old flat. Buildings are designed to last for more than 30 years and the difference in physical conditions between a flat of 5 or 7 years is fairly minimal.
2. Mechanism of Review : The Institute considers that the whatever the outcome on the 5-year replacement flat or 7-year flat, there must be a mechanism of review available as the estimated Income & Expenditure scenario sets out in the paper refers to today's value.
3. Market participation : The Institute questions whether the 200-odd priority projects should all be handled by URA and on the terms of compensation stated in the paper. Perhaps the private sector should be tapped for other forms of participation eg. long-term tenancy against outright sale of land and alternative financing/property rights securitization to provide a flexible financial arrangement for participants etc.