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PLB(UR) 25/99/06^{Pt. 4}

13 March 2001

Miss Salumi Chan
Clerk to Panel
LegCo Panel on Planning, Lands and Works
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Miss Chan,

LegCo Panel on Planning, Lands and Works
Home Purchase Allowance and
Ex Gratia Allowance for Owners
and Legal Occupiers of Commercial Properties

Thank you for your letter of 8 March 2001.

2. I would like to respond to the Hong Kong Bar Association's submission dated 7 March 2001 as follows:

(a) **Urban Renewal Authority Ordinance**

The Urban Renewal Authority Bill was passed by the Legislative Council in June 2000. The Government has made a commitment to review the current ex gratia allowances for

property owners and tenants affected by the resumption of land before bringing the legislation into operation. Accordingly, the Urban Renewal Authority Ordinance (Ord. No. 63 of 2000) has not yet be brought into effect.

(b) Review of the Ordinance

We are of the view the Urban Renewal Authority Ordinance should first be brought into operation before a review of its provisions is undertaken. Any review should be conducted in the light of the experience of implementing the Ordinance.

(c) Section 5(f) of the Ordinance

Section 5(f) of the Ordinance states that one of the purposes of the Urban Renewal Authority (URA) is to “engage in such other activities, and to perform such as duties, as the Chief Executive may, after consultation with the Authority, permit or assign to it by order published in the Gazette”. This section is necessary to ensure that the URA can carry out its functions properly. Similar provisions are found in other ordinances.

(d) Section 6(1)

Section 6(1) of the Ordinance states that:

“The Authority shall have power to do anything which is expedient for or conducive or incidental to the attainment of the purposes declared in or permitted or assigned under section 5 and shall exercise that power so as to improve the standard of housing and the built environment of Hong Kong”. We do not agree that this section is “poorly-drafted”. This section is necessary to ensure that the URA can carry out its functions properly. A similar provision is found in the Land Development Corporation Ordinance (Cap. 15).

(e) Planning blight

Planning blight is a general issue and should not be dealt with under the Urban Renewal Authority Ordinance. The approval process for urban renewal projects has been streamlined under the Ordinance to reduce the period of time an area is under the “shadow of resumption”.

(f) Transitional arrangements

The transitional provisions set out in sections 36 and 37 of the Ordinance are necessary to ensure a smooth transition from the Land Development Corporation (LDC) to the URA. They help to facilitate the implementation of the 25 uncompleted LDC projects.

(g) Bylaws

Section 34 is necessary to ensure that the URA can make bylaws regulating the conduct of persons within urban renewal project areas. All bylaws so made are subject to the approval of the Legislative Council.

(h) Ex gratia compensation

Property owners are eligible for statutory compensation if their properties are resumed by the Government. This statutory compensation will be the open market value of the resumed properties. It is not always the case that property prices are depressed by the shadow of resumption. There have been cases where the market values of domestic properties have actually increased as a result of the announcement of an urban renewal project. In any case, we have streamlined the project approval process to minimize any “shadow period”.

(i) Appeal Board

The appeal procedure had been discussed in some detail by the Bills Committee on the Urban Renewal Authority Bill, and the relevant provisions were agreed by Members. We are of the view that the appeal procedures are proper and practical.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands