

**LEGISLATIVE COUNCIL
PANEL ON PLANNING, LANDS AND WORKS**

Work Plans of the Urban Renewal Authority

Introduction

The purpose of this paper is to report on:

- (a) the progress of the work of the Urban Renewal Authority (URA) since its establishment on 1 May 2001;
- (b) the work plans of the URA; and
- (c) the progress made by the URA in taking forward the Government's recommendations on acquisition and rehousing arrangements to the URA, as set out in the letter from the Planning and Lands Bureau to the Panel on Planning, Lands and Works dated 8 March 2001.

Progress of Work of the URA and its Work Plans

2. Since its establishment on 1 May 2001, the URA has undertaken preparatory work to carry out the urban renewal programme, including the formulation of its acquisition and rehousing policies. The URA announced on 11 January 2002 the implementation of three "early launch" projects in Wan Chai, Sham Shui Po and Tai Kok Tsui. These three projects are among the 25 uncompleted projects of the former Land Development Corporation (LDC). The URA is currently preparing its first draft five-year corporate plan and the first draft annual business plan for the Financial Secretary's approval.

3. A report by the URA on the progress of its work and its work plans is at the Annex.

Progress of the URA in taking forward the Government's Recommendations contained in the letter of 8 March 2001

4. During public debate on the proposed ex gratia compensation package for land resumption, a number of proposals were put to us by Legislative Council (LegCo) Members and residents in older urban areas. Following serious consideration, we found that we were able to accept some of the proposals.

5. The acquisition policy and the rehousing policy of the URA are matters that should be determined by the URA Board. We therefore agreed at the time to make certain recommendations in these two areas to the URA when it was formally established. On 8 March 2001, we wrote to the Clerk to the Panel on Planning, Lands and Works informing Members of the recommendations we would make to the URA when it was established. The seven undertakings contained in the 8 March 2001 letter are as follows.

- (a) We would recommend to the URA that its acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to the URA.
- (b) We would recommend to the URA that priority should be given to the 25 uncompleted projects of the LDC.
- (c) We were prepared to recommend to the URA that, in respect of the 25 uncompleted projects of the LDC, the acquisition

offers of the URA should have regard to the fact that the residents in these project areas had waited for redevelopment for quite some time.

- (d) We would suggest to the URA that the removal allowance for flat owners should not be less favourable than that offered to flat owners in the Tsuen Wan project.
- (e) We would suggest to the URA that, under the proposed flat-for-flat exchange scheme, at least 1.2 times the number of flats in proportion to the number of participating owners should be provided for allocation.
- (f) We would recommend to the URA that the cash compensation for tenants of cubicles and bunk beds should not be less favourable than that currently offered to tenants by the LDC.
- (g) We would be prepared to discuss with the Housing Authority and the Housing Bureau the residents' proposal that the income and assets test for applicants for a flat under the Home Ownership Scheme or a loan under the Home Purchase Loan Scheme should be more flexible in the case of tenants affected by URA redevelopment projects.

6. On 3 April 2001, a full set of the papers on the recommendations of the Government and other background materials was sent to the then Chairman of the LDC, who is now the Chairman of the URA.

7. The current position on the above recommendations is as follows.

- (a) As regards recommendation (a), the URA has decided to use a seven-year-old flat as the basis for calculating the Home Purchase Allowance payable to owners of domestic properties. The URA will also offer an incentive to owner-occupiers and owners of tenanted flats to cover removal costs and expenses related to the purchase of a replacement property. Details of the incentive are being finalised and will be communicated to owners after the commencement of each project.
- (b) As regards recommendation (b), the URA plans to include all 25 uncompleted projects of the LDC in its first draft five-year corporate plan.
- (c) As regards recommendation (c) on the acquisition offers of the URA in respect of the 25 uncompleted LDC projects, the matter is still being considered by the URA.
- (d) As regards recommendation (d) on removal allowance for flat owners, the issue is still being considered by the URA.
- (e) As regards recommendation (e), the URA is still considering the proposed flat-for-flat exchange scheme.
- (f) As regards recommendation (f), the URA is considering cash compensation for affected tenants as an alternative to rehousing. In cases where cash compensation is paid, the

amount will be similar to that offered by the LDC.

- (g) As regards recommendation (g) on income and assets test, the Government is still discussing with the Housing Authority.

8. We consider that the seven recommendations are reasonable and practicable. So far the URA has not set any policies which contradict any of them. Like LegCo Members and residents of old districts, we see urban renewal as a priority. The Government will continue to monitor developments closely.

First Draft Corporate Plan and Draft Business Plan

9. An important task for the URA is to finalise its first draft five-year corporate plan and its first draft annual business plan for submission to the Financial Secretary (FS) for approval. Sections 21(2) and 22(2) of the Urban Renewal Authority Ordinance require the URA to submit its first draft corporate plan and first draft business plan to the FS for approval as soon as practicable after its establishment. In this respect, we are rendering all necessary assistance to the URA in finalising the two plans.

10. The Government will consider, in the context of the draft corporate plan of the URA, the necessary funding support to the URA for the implementation of the urban renewal programme.

**Legislative Council Planning, Lands and Works Panel Meeting
On 22 January 2002**

Work Plan on Urban Renewal Authority (URA)

The Urban Renewal Authority Ordinance (URAO) and the Urban Renewal Strategy (URS)

1. The URAO requires the URA to follow the guidelines set out in the URS in preparing its programme of proposals in its draft 5-year Corporate Plan and draft Annual Business Plan. The URS was finalized after a period of public consultation and issued to the URA by Planning and Lands Bureau (PLB) on 26 October 2001.
2. Sections 21 and 22 of the URAO require the URA to prepare and submit the draft Annual Business Plan and 5-year Corporate Plan as soon as practicable for approval by the Financial Secretary; no project in either plan can be commenced without such approval. We are working very closely with Government to finalize the draft Plans for formal submission to the Financial Secretary.

The Objectives of the URA

3. The objectives of the URA as set out in the URS can be summarized as the four Rs :
 - **R**edevelop where the environment, building condition and safety factor make this necessary;
 - **R**ehabilitate, in conjunction with Government departments concerned, existing buildings where feasible so as to prolong their economic and structural life;
 - **R**evitalize, in conjunction with Government departments concerned, run-down areas to generate economic and social benefits in terms of increased business activity, better living conditions and enhanced community involvement;
 - **p**Reserve buildings and features of architectural, historical and cultural interest.

Early Launch and 25 LDC Announced Projects

4. As the first draft plans have yet to be formally submitted, the URA has sought and received separate approval from the Financial Secretary under Section 22(4) of the URAO to commence three of the 25 LDC announced projects as Early Launch projects without incurring any Government funds. These projects can therefore be started ahead of any project to be approved in the draft Annual Business Plan and

5-year Corporate Plan. Early implementation of these three pilot projects will also provide valuable experience for implementation of other future projects.

5. On 11 January 2002, the URA announced the commencement of the three Early Launch projects, namely Johnston Road redevelopment in Wan Chai, Fuk Wing Street/Fuk Wa Street redevelopment in Sham Shui Po and Cherry Street redevelopment in Tai Kok Tsui. These projects have been selected on the following criteria :
 - a) they are projects announced by the LDC for which all necessary planning procedures have now been completed and for which acquisition of properties can begin immediately;
 - b) the three projects taken together are expected to be commercially viable and therefore will not have adverse financial impact on the Annual Business Plan and 5-year Corporate Plan; and
 - c) the estimated rehousing requirements generated by the projects can be adequately met.
6. During the period 11-14 January 2002, a freezing survey was conducted by the staff of the URA. A total of 160 staff have been mobilized and visits to individual households are being made. This will be followed by a series of 56 group briefings to those affected. The data and feedback collected during the survey and the briefings will provide a useful basis for the implementation of the pilot projects, especially with regard to proposals for compensation to owners and rehousing of tenants.
7. Purchase offers to individual owners will be made around late March/early April 2002. Rehousing/compensation arrangements for tenants will be handled after the completion of transaction. By then, it is intended that action would have already been taken by the URA to follow up on the various concerns raised by the affected residents.
8. As for the remaining 22 projects announced by the LDC in 1998, given the public expectation created after the 1998 announcement, and Members' views expressed previously, we have given priority attention to these projects by including them in the draft first 5-year Corporate Plan for early implementation. In doing so, we have also taken into account the individual merits of each project, including their need for renewal, the community and planning benefits that can be derived, the financial viability, and the availability of suitable rehousing units.

Acquisition, Compensation and Rehousing Policy

9. Having carefully considered views of various sectors of the community, in particular, those of the affected residents and bearing in mind the overall financial implication as well as the need to strike a balance for the reasonable and fair allocation of resources, the URA has decided to adopt the Government policy of taking a 7-year-old flat as the basis for calculating the Home Purchase Allowance (HPA) payable to owner-occupiers of domestic units.

10. On top of this, the URA will offer an incentive for owner-occupiers who surrender their properties ahead of resumption. Details of the incentive scheme are being finalized and will be communicated directly to individual owners together with the purchase offers.

District Advisory Committees (DAC) and Social Service Teams (SST)

11. In pursuance of the URS, the URA has established initially four DACs in the Central & Western, Wan Chai, Yau Tsim Mong and Sham Shui Po districts. The objectives of setting up the DACs are to promote a better link between the public and the relevant agencies, and to encourage community participation in the urban renewal process. Views and needs of the districts, especially on planning aspects, will be reflected through representatives of local residents, professional and academics appointed to these committees in their personal capacities. They will advise and promote the understanding towards the work of the URA and urban renewal in general. The first round of meetings of the four DACs will be conducted in mid to late January 2002.
12. The URA will also set up Social Service Teams (SSTs) as outlined in the URS. Initially, teams will be established under pilot scheme for two years by a lump sum grant similar to the funding arrangements made by the Social Welfare Department to welfare agencies. The SSTs will provide assistance and professional service, e.g. counseling, to the affected residents in the Early launch projects. Operating independently, it is intended that the SSTs will work closely with URA's district front-line staff to avoid overlap of responsibilities and duplication of resources. Selection of the SSTs is being made and the appointment is expected to be completed within this month.

5-year Corporate Plan and Annual Business Plan

13. The URAO requires the draft 5-year Corporate Plan and draft Annual Business Plan to show, inter alia,
 - The programme of proposals
 - Financial plan to achieve the programme including :
 - i) The projected income and expenditure for commenced and proposed projects;
 - ii) The amount of money required to be borrowed; and
 - iii) The staffing requirements of the URA to implement such programme
 - Estimated rehousing units needed (as part of Annual Business Plan only).
14. The URA is working closely with the Planning and Lands Bureau and relevant Government departments to finalise the draft corporate plan and business plan for submission to the Financial Secretary.

The Organization

15. Based on the recommendations of a consultant study undertaken last year, the URA is in the process of reorganizing itself into a more efficient, cost-effective and task-focused organization to meet the challenges ahead. A new Managing Director and two Executive Directors have been appointed by the Chief Executive, with the appointments commencing in 1st January and 1st February 2002 respectively for a term of 3 years.
16. In addition, efforts are being made to more fully utilize in-house resources with a view to enhancing productivity and to achieving greater value for money. For example, the Occupancy Survey for the three Early Launch Projects is being conducted by mobilizing staff from different departments and divisions of the URA on top of district staff. And special training has been provided to front line staff to ensure that a more caring and people-oriented approach will be adopted in dealing with affected residents and clients.
17. As part of its efforts in achieving better cost-effectiveness, negotiations are under way for relocating URA offices from the Center to Sheung Wan when the current lease expires in the middle of the year.

Urban Renewal Authority
January 2002