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Panel on Development

Meeting on 20 January 2009

Background brief on Urban Renewal Strategy

Purpose

The Administration would brief the Panel on Development on the progress of the comprehensive review of the Urban Renewal Strategy (URS) at the Panel meeting on 20 January 2009. This paper gives background information on the existing URS and other major arrangements relating to the work of the Urban Renewal Authority (URA), and a summary of members' concerns and views expressed during the relevant discussions at the Panel on Development in recent years.

Establishment of the Urban Renewal Authority and promulgation of the Urban Renewal Strategy in 2001

2. The Land Development Corporation (LDC) was set up in 1988 as a statutory body to carry out urban renewal projects. Under section 10 of the repealed Land Development Corporation Ordinance (Cap. 15), LDC had to conduct its business according to prudent commercial principles. Although LDC had successfully completed a number of redevelopment projects, it had experienced some major difficulties in pursuing its redevelopment programme, including --

- (a) the original assumption that urban renewal could be wholly self-financing might not be valid as a result of a scarcity of sites for profitable redevelopment and a less exuberant property market;
- (b) the need by law to undertake protracted negotiations with property owners had prolonged the land assembly process and increased the financial burden of LDC's projects; and

- (c) with a commitment not to make anyone affected by redevelopment projects homeless, the scope of urban renewal had been restrained by LDC's shortage of rehousing resources.

3. Following a public consultation exercise conducted in 1995 and an urban renewal strategy study completed by the Planning Department in 1999, the Chief Executive announced in his 1999 Policy Address a new and proactive approach to urban renewal and a plan to establish URA to implement Government's urban renewal strategy. Under the new approach, the Government would plan urban redevelopment and rehabilitation more rigorously and comprehensively for larger areas, with a view to restructuring and replanning more effectively the older built-up areas, redesigning more effective and environmentally-friendly transport and road networks, replacing incompatible land uses, providing more open space and community facilities, and designing buildings which met the demands of modern living. The Government would also plan for the rehabilitation of buildings not in good repair and the preservation of buildings of historical, cultural or architectural interest in the project areas. Under-utilized industrial areas should also be included in the urban renewal programme so as to rationalize incompatible land uses and re-vitalize economic activities within these areas.

4. On 22 October 1999, the Government published in the Gazette the Urban Renewal Authority Bill in the form of a White Bill for public consultation. The Subcommittee formed by the House Committee to study the White Bill submitted its report to the House Committee on 11 February 2000.

5. The URA Blue Bill was gazetted on 3 February 2000. The objects of the Bill were --

- (a) to establish a new statutory body, named URA, to replace LDC, for the purpose of undertaking urban renewal;
- (b) to provide for the structure, purposes and powers of URA; and
- (c) to set out the procedures for planning and land resumption in respect of redevelopment projects to be implemented by URA.

The Bill was passed by the Legislative Council on 27 June 2000.

6. The URA was established on 1 May 2001. Pursuant to section 20 of the Urban Renewal Authority Ordinance (Cap. 563) (URAO), the Administration consulted the public on a draft URS from 1 August to 30 September 2001. Over a hundred submissions were received. The draft URS was revised taking into

account the comments received and the URS was promulgated by the Government in November 2001. Under section 21 of URAO, URA is required to follow any guidelines set out in the URS in preparing its programme of proposals and its programme of implementation for projects. The full text of the URS is in **Appendix I**.

Financial arrangements

7. Under URAO, URA is required to exercise due care and diligence in handling its finances. At the time the URS was promulgated, the Government had not yet finalized the financial arrangements for URA. On 7 May 2002, the Chief Executive in Council ordered that --

- (a) all urban renewal sites for new projects set out in URA's corporate plans and business plans, approved by the Financial Secretary from time to time, may in principle be granted to URA at minimal premium, subject to satisfying the Financial Secretary of the need therefor;
- (b) sites for meeting rehousing requirements for URA as identified in the approved corporate plans and business plans may in principle be made available at nominal premium, subject to satisfying the Financial Secretary of the need therefor; and
- (c) in future, the Director of Lands exercise the power delegated from the Chief Executive to lease or grant land, and to modify land grants which are in compliance with (a) and (b) above.

8. In accordance with the transitional provisions under URAO, URA has taken over all the assets and liabilities of LDC, including the on-going projects. The then Panel on Planning, Lands and Works noted at the meeting on 31 May 2002 that URA had not started in a strong financial position and estimated that the total deficit for implementing the 10 on-going projects of the LDC would amount to around \$1.7 billion upon their completion. Against this background, the Administration proposed to inject \$10 billion into URA by phases in the five years from 2002-2003 to 2006-2007. The Administration's proposal was subsequently approved by the Finance Committee on 21 June 2002.

Acquisition and rehousing policies

9. According to the URS, although URA may request resumption of land for redevelopment under URSO, it should consider acquiring land by agreement before

making such a request to the Secretary for Development. Offers of purchase should be made after a project has been approved but before the land reverts to the Government. Details of URA's acquisition and rehousing policies, as advised by URA in a paper for the Panel on Development in November 2007, are given in **Appendix II**.

Members' concerns and views expressed during recent discussions of the Panel on Development

10. URA has launched a number of urban renewal projects since its establishment in May 2001 and various problems/issues have come to light during the implementation process. These problems/issues relate to the approaches adopted by URA for urban renewal; the compensation policies of URA; the outturn built environment of completed redevelopment projects; and the way URA gauges stakeholders' views and conciliates conflicting demands in the project planning and acquisition processes. In view of rising public concern about the work of URA, in particular the implementation approach of URA's redevelopment projects, the Panel on Development held a series of meetings with the Administration and URA to discuss the work of URA, its acquisition and rehousing policies, and the review of the URS from April 2007 to June 2008. The major concerns and views of members expressed during the Panel discussions are summarized in the ensuing paragraphs.

General issues

11. Members pointed out that the public were expecting lower development density, more open space and preservation of places of collective memories. A new approach to urban renewal in response to these aspirations would inevitably raise costs, and the revenue from URA's redevelopment projects would inevitably be affected. Clear objectives and values in urban renewal were thus required and the community as a whole would need to arrive at a consensus on these issues.

12. Further views made by individual members on some general issues are as follows --

- (a) Urban renewal could be carried out under different modes, with some districts having high-density and others low-density developments, and some districts erecting new buildings and others retaining old ones.
- (b) Homogeneity should be avoided after redevelopment of an area. Instead of building monotonous malls, URA should aim at

encouraging more street-level activities that would add diversity and vibrancy to the city after redevelopment.

- (c) It would be impossible to satisfy the conflicting demands of all parties concerned. The Administration had to strike a balance in carrying out urban renewal. Going after the desirables of heritage conservation and low-density development would mean a corresponding reduction in usable area for development and individual living space. As in the case of Tokyo, this was something the community as a whole had to face and live with in future.

Financial and acquisition arrangements

13. The financial arrangements for URA and its acquisition policies are the major concerns of members. Some members criticized that URA had been acting like a private estate developer and had overlooked its responsibilities as a public body entrusted with the mission of improving the quality of life of residents in the urban area. Some other members appreciated that urban renewal was a complicated task and often involved conflicting interests. They considered it most important to balance the interests and needs of all sectors of the community without sacrificing the lawful rights of any particular group as stated in the URS.

14. Some individual members expressed the following views --

- (a) Although URA should balance its books, it should not make unreasonable profits from its redevelopment projects.
- (b) The time had come for the Administration to consider whether URA should continue to adopt a self-financing approach, and put in place new and innovative measures to assist URA with its work in future.
- (c) Viewing urban renewal from the economic perspective could be problematic, but without adequate financial resources, it would be impossible to carry out any urban renewal work.
- (d) The focus of urban renewal should be placed on the stakeholders rather than the developers. Stakeholders should be allowed to participate in and share the fruits of urban renewal.
- (e) The present arrangements that URA would not pay compensation before completion of planning work required a fundamental review.

- (f) Affected parties should be given options, such as flat-for-flat and shop-for-shop compensation and owners' participation in joint redevelopment, so that those who wanted to stay could stay and those who wanted to receive compensation could move out.
- (g) The Administration should consider providing URA with further financial support or greater flexibility in land use matters.
- (h) Compensation based on the value of a 7-year-old notional flat was insufficient for purchasing a comparable flat within the same district under most circumstances.
- (i) The present compensation arrangement of making acquisition offers based on the value of a comparable 7-year-old notional flat had already struck an appropriate balance and the policy should still be workable.

15. As regards the suggestion of "flat-for-flat" and "shop-for-shop" compensation, URA had advised that it had considered the suggestion in detail. In view of the practical problems involved such as preference of the affected parties on the location and configuration of the replacement units, and the difficulties involved in holding sufficient housing stock for yet to be affected residents, cash compensation was considered by most people affected to be the most flexible option in allowing affected parties to purchase a unit of their own choice. For example, 72% of the residents previously living in Lee Tung Street had moved to another flat within the same district. Besides, URA staff and social workers from the Social Service Teams engaged by URA for individual projects would provide assistance to affected parties in locating suitable units.

Joint redevelopment with affected owners

16. According to URA, the feasibility of joint redevelopment with owners would depend on the timeframe of the project concerned, overall planning for the district and interest from affected owners. As joint redevelopment was a long-term investment with high risks, not all affected owners would be interested in such an arrangement. In the past, the joint redevelopment arrangement had only been implemented in one project at Hanoi Road of the former LDC where there was a major owner who had acquired a number of land interests with market value of more than 70% of the total. For the Nga Tsin Wai Village project, URA had invited small property owners to indicate whether they would be interested in participating in joint redevelopment, but most of them were not interested. Given that a major owner

developer had acquired about 70% of the land interests, joint redevelopment with that developer would be a practical arrangement.

17. Some members expressed the view that it should be possible for URA to adopt the same approach for other redevelopment projects by consolidating the dispersed land interests from owners who wanted to participate in joint redevelopment. Owner participation in redevelopment projects was crucial and a people-oriented approach would mean providing a choice for affected parties. It was unfair if only major owners could participate in joint redevelopment. URA should have transparent criteria in this regard, such as offering the option of joint redevelopment to affected owners when the total percentage of land interests of those owners interested in this option had reached a certain level.

18. URA responded that URA's cash compensation was very generous and flexible, and many affected owners preferred to receive cash compensation to improve their living environment as soon as possible. The enhancement measure introduced in November 2007 whereby affected owners were invited to express interest in purchasing redeveloped residential units was to cater for those affected owners who wished to purchase units in the same area where they once lived.

19. Some members referred to the Lai Sing Court private redevelopment project on Tai Hang Road, and commented that the project was successful, profitable and implemented through negotiation between the developer and affected owners. As such, the members considered that URA should give further consideration to offering joint redevelopment as an option for affected owners.

20. URA explained that the plot ratio of the site of the Lai Sing Court redevelopment project had not been fully utilized before redevelopment, thus making the redevelopment project profitable through raising the plot ratio. The project had also taken a long time to complete. For URA's redevelopment projects, the circumstances were different. The plot ratios of some sites had already been fully utilized and there was urgency in implementing the priority projects (i.e. those 25 projects that had been announced by the former LDC). Private developers could launch redevelopment projects according to market situations but URA had to follow a predetermined timetable.

Preservation of local characteristics and social fabrics

21. Although URA had carried out some preservation work in its projects, members in general considered that the preservation efforts were inadequate and should be stepped up. The following views were expressed by individual members in this regard --

- (a) Urban renewal should provide room for the continued existence of traditional trades. The unique characters of old districts should be maintained and efforts should be made to integrate these districts with the new ones.
- (b) Borrowing the experience of Singapore, consideration could be given to inviting owners of old shops to operate their business in the redeveloped areas.
- (c) Preservation of buildings alone was inadequate and how to make the best use of the preserved buildings was equally important.
- (d) The URS review should address issues relating to connectivity between old and redeveloped areas.
- (e) Conservation was primarily the Administration's responsibility but was intertwined with urban renewal. However, given the growing demand for conservation from the society, URA might not be able to carry out urban renewal work if the Administration did not provide it with sufficient resources, whether directly or indirectly.
- (f) URA's approach to urban renewal was not people-oriented and did not take into account the social ecology and network of the affected districts.

Transparency of URA's financial information

22. Some members considered that URA should be a highly transparent public organization operating not on commercial values and principles, but for the benefits of the community. As such, URA should provide Members and the general public with clear and up-to-date financial results of each redevelopment project.

23. The Administration responded that since the operation of URA involved highly sensitive information on commercial dealings with private developers and affected parties, it would not be advisable to release indiscriminately all financial information. However, URA would provide financial information and analysis of its financial position on a yearly basis similar to the information contained in the paper LC Paper No. CB(1)1951/07-08(04) for the Panel meeting on 24 June 2008.

URS Review and on-going redevelopment projects launched by URA during the Review

24. According to the Administration, the URS Review launched in July 2008 would be an open exercise with no pre-determined agenda or conclusions. Instead of making it an assessment on the performance of URA in the past seven years, it was hoped that the review should aim at the formulation of a new strategy for URA to take urban regeneration forward.

25. Some members considered that the Administration should have already fully gauged the views of the community. The issue was whether the Administration could find the best way forward. While the Administration should adopt an open-minded approach, it should play a leading role and give direction for the review. There was a view that instead of trying to draw reference from experiences of overseas places, it would be adequate for the concerned parties to critically look back at what Hong Kong had done on urban renewal in the past 20 years.

26. Members noted that while the URS Review would take about two years to complete, URA would continue with its on-going projects in accordance with the existing policies. Some members were concerned that the pace of urban renewal would be slowed down during the two-year review period. They considered that the existing redevelopment projects, which were long overdue, should be implemented as soon as practicable. On the other hand, some other members expressed the view that those controversial projects such as H19 in Central and the Sai Yee Street project in Mong Kok should be put on hold for further review. URA should refrain from demolishing buildings of historic values during the review period.

27. A member suggested that "flat-for-flat" and "shop-for-shop" compensation and joint redevelopment with owners should be put on a trial basis in some ongoing redevelopment projects to test their effectiveness. Another member considered that it was not yet the right time to try out such new approaches.

28. The Administration advised that URA would focus on less controversial projects, for instance those relating to preservation and rehabilitation, during the review period. It was in the best interests of the affected parties and the community for URA to adhere to the existing plans and schedule in completing the commenced projects and the sooner the better, given that the implementation of these projects had gone through a lot of difficulties. Putting on hold commenced projects would not be beneficial to residents and tenants awaiting to improve their living environment.

29. A list of relevant papers is in **Appendix III**.

Council Business Division 1
Legislative Council Secretariat
19 January 2009

**Urban Renewal Strategy
(issued in November 2001)**

Tackling the problem of urban decay

- Introduction
- 1 At present, there are about 9 300 private buildings in the Metro Area (i.e. Hong Kong Island, Kowloon, Tsuen Wan and Kwai Tsing) which are 30 years' old and above. In ten years' time, the number of buildings over 30 years' old will increase by 50%. The problem of ageing buildings is most serious in older urban areas.
 - 2 To address the problem of urban decay and to improve the living conditions of residents in dilapidated urban areas, the Urban Renewal Authority Ordinance (Chapter 563) was enacted in July 2000. The Ordinance provides a new institutional framework for carrying out urban renewal. The Urban Renewal Authority (URA) was established on 1 May 2001.
- Quality of life in our urban area
- 3 A "people-centred" approach should be used to carry out urban renewal. The purpose of urban renewal is to improve the quality of life of residents in the urban area. The Government has to balance the interests and needs of all sectors of the community without sacrificing the lawful rights of any particular group. The aim is to reduce the number of inadequately housed people.
 - 4 The key principles underlying the Government's approach to urban renewal are --
 - (a) owners whose properties are acquired or resumed for the implementation of redevelopment projects should be offered fair and reasonable compensation;
 - (b) tenants affected by redevelopment projects should be provided with proper rehousing;
 - (c) the community at large should benefit from urban renewal; and
 - (d) residents affected by redevelopment projects should be given an opportunity to express their views on the projects.

- 5 The main objectives of urban renewal are --
 - (a) restructuring and replanning designated target areas;
 - (b) designing more effective and environmentally-friendly local transport and road networks;
 - (c) rationalizing land uses;
 - (d) redeveloping dilapidated buildings into new buildings of modern standard and environmentally-friendly design;
 - (e) promoting sustainable development in the urban area;
 - (f) promoting the rehabilitation of buildings in need of repair;
 - (g) preserving buildings, sites and structures of historical, cultural or architectural interest;
 - (h) preserving as far as practicable local characteristics;
 - (i) preserving the social networks of the local community;
 - (j) providing purpose-built housing for groups with special needs, such as the elderly and the disabled;
 - (k) providing more open space and community/welfare facilities; and
 - (l) enhancing the townscape with attractive landscape and urban design.

- 6 The Government aims to achieve the following targets through a 20-year urban renewal programme --
 - (a) redevelopment of some 2 000 ageing or dilapidated buildings;
 - (b) improvement of the environmental quality of 67 hectares of old and run-down urban areas;
 - (c) rehousing of some 27 000 tenant households;
 - (d) provision of around 60 000 m² of open space;
 - (e) provision of about 90 000 m² of floor space for use as community/welfare facilities; and

(f) provision of seven new schools.

7 Urban renewal is not a "slash and burn" process. A comprehensive and holistic approach should be adopted to rejuvenate older urban areas by way of redevelopment, rehabilitation and heritage preservation.

Role of the URA

Introduction

8 The URA is tasked to implement an urban renewal programme consisting of 200 new projects and 25 uncompleted projects of the Land Development Corporation (LDC) in 20 years. The aim is to contain the problem of urban deterioration by the end of this period.

Accountability and transparency

9 The URA must be accountable and responsive to the needs of the community. The URA Board should be accountable, open and transparent.

10 To increase its public accountability and transparency, the URA should issue guidelines on the declaration of interests to its Board directors. The URA Board should consider opening its meetings to the public as far as practicable. The URA should also consider setting up an independent audit team.

Target areas

11 To facilitate better restructuring and replanning, nine sizeable target areas have been designated, including --

- (a) Kwun Tong;
- (b) Ma Tau Kok;
- (c) Sai Ying Pun;
- (d) Sham Shui Po;
- (e) Tai Kok Tsui;
- (f) Tsuen Wan;
- (g) Wan Chai;
- (h) Yau Ma Tei; and
- (i) Yau Tong.

Redevelopment

12 The Government has included 200 new projects and 25 uncompleted projects of the LDC for redevelopment. The 225 project areas cover a total area of 67 hectares. It is

estimated that there are 126 000 persons living in 32 000 flats in these areas.

- 13 Among the 225 projects, priority should be given to the 25 uncompleted projects of the LDC since the residents in these project areas have waited for redevelopment for quite some time. The URA should consider the following factors in determining the priority of individual redevelopment projects --
- (a) whether the proposed project area is old and dilapidated and requires urgent redevelopment;
 - (b) whether the buildings lack basic sanitation facilities or are exposed to potential fire risks;
 - (c) whether the living conditions of the residents in the proposed project area are satisfactory;
 - (d) whether the proposed project will improve the area by replanning and restructuring;
 - (e) whether the proposed project area will achieve a better utilization of land after redevelopment; and
 - (f) whether the rehabilitation of buildings in the proposed project area is a practicable and viable option.

Rehabilitation

- 14 Proper maintenance of buildings is an essential aspect of the regeneration of older urban areas. The rehabilitation of buildings improves the built environment and reduces the need or urgency for redevelopment. It is also in line with the Government's policy of sustainable development.
- 15 In order to promote the proper maintenance of buildings before redevelopment, the URA should consider introducing a maintenance costs reimbursement scheme for property owners affected by land acquisition for its projects. The purpose of such a scheme is to assure owners that money expended on maintenance is well spent even if the buildings are likely to be redeveloped in few years' time. Owners should be allowed to apply for reimbursement of the costs of the remaining useful life of the works which are required by the relevant authorities, including the maintenance or repair works required by the Buildings Department (under the

Buildings Ordinance (Chapter 123)), the provision or improvement of fire service installations or equipment required by the Fire Services Department (under the Fire Safety (Commercial Premises) Ordinance (Chapter 502)), and the lift works or escalator works required by the Electrical and Mechanical Services Department (under the Lifts and Escalators (Safety) Ordinance (Chapter 327)), if their properties are eventually acquired by the URA for redevelopment.

Heritage
preservation

16 Heritage preservation should be part of urban renewal, and the URA should preserve heritage buildings if such preservation forms part of its urban renewal projects. Preservation should include --

(a) preservation and restoration of buildings, sites and structures of historical, cultural or architectural interest; and

(b) retention of the local colour of the community and the historical characteristics of different districts.

17 As far as practicable, the preserved heritage buildings should be put to proper community, public or other beneficial use. The aim is that these buildings should be a living and functional part of the community and not mere historical artefacts for display.

18 The URA should consider setting up an advisory committee under its Board to advise on preservation work. The URA should also ensure proper interface with the relevant authorities, such as the Culture and Heritage Commission, the Antiquities Advisory Board, the Home Affairs Bureau and the Leisure and Cultural Services Department.

Land assembly process

Resumption of land

19 Under the Urban Renewal Authority Ordinance, the URA may apply to the Secretary for Planning and Lands (SPL) requesting him to recommend to the Chief Executive in Council the resumption of land required for urban renewal.

20 Under the Urban Renewal Authority Ordinance, there is a time limit for application for land resumption. In case of a development project, the URA has to make an

application for resumption within 12 months after the project has been authorized by SPL. In case of a development scheme, the URA has to make an application for resumption within 12 months after the plan for the scheme prepared under the Town Planning Ordinance (Chapter 131) has been approved by the Chief Executive in Council in accordance with section 9 of that Ordinance. The purpose of this time limit is to ensure that the residents do not have to wait too long to know whether their properties will be resumed.

Acquisition agreement by 21 Although the URA may request resumption of land for redevelopment under the Ordinance, it should consider acquiring land by agreement before making such a request to SPL. Offers of purchase should be made after a project has been approved but before the land reverts to the Government.

Processing of projects

Planning procedures 22 In order to expedite the urban renewal programme, new planning procedures have been introduced for processing URA projects. The URA may implement a project by way of a development project or a development scheme. The public can lodge objections to a development project under the Urban Renewal Authority Ordinance or to a development scheme under the Town Planning Ordinance. Procedures are in place to process such objections.

23 Under sections 21 and 22 of the Urban Renewal Authority Ordinance, the URA has to prepare a draft corporate plan setting out its proposed programme of projects for the next five years and a draft business plan setting out the projects to be implemented in the next financial year. The URA is required to submit its draft corporate plan and draft business plan to the Financial Secretary for approval each year.

Freezing surveys 24 Under section 23(2) of the Urban Renewal Authority Ordinance, the date on which a project (development project or development scheme) is first published in the Government Gazette will be regarded as the commencement date of the implementation of the project. The purpose of notifying the commencement date of the implementation of the project is that the URA

may make reference to the said commencement date for determining the eligibility for ex gratia allowances and rehousing in accordance with the policy of the URA.

- 25 On commencement day, the URA should conduct a freezing survey to determine eligibility for ex gratia allowances and rehousing. The survey should be completed on the same day or at most within a couple of days. It is important that a comprehensive and accurate survey is conducted to prevent and deter "imposters" from taking up residence in the project area afterwards and abusing the rehousing scheme.
- District advisory committees 26 The URA should establish a district advisory committee in each of the nine target areas to give advice and assistance to the URA with regard to its urban renewal projects. The district advisory committees should be appointed by the URA Board and should be representative of the local community. Representatives of owners, tenants, District Councils and local non-governmental organizations with an interest in urban renewal should be appointed.
- Consultation on development projects and development schemes 27 Under section 23 of the Urban Renewal Authority Ordinance, the URA is required to publish in the Government Gazette the commencement date of the implementation of a project (development project or development scheme) and to exhibit general information about the project for public inspection. The URA should hold public meetings to inform local residents of its projects and to gather public views on them. It should also consult the concerned District Council on the project. Easy-to-understand pamphlets should also be printed for distribution to persons affected.
- Social impact assessment 28 The URA should fully assess the social impact of a proposed project and the social and rehousing needs of the residents affected.
- 29 Social impact assessment studies should be carried out in two phases as follows --
- (a) a non-obtrusive social impact assessment to be conducted before the publication of the proposed project in the Government Gazette; and
 - (b) a detailed social impact assessment after the

proposed project has been published in the Government Gazette.

30 The main elements of the non-obtrusive social impact assessment to be conducted before the publication of the proposed project in the Government Gazette should include --

- (a) the population characteristics of the proposed project area;
- (b) the socio-economic characteristics of the area;
- (c) the housing conditions in the area;
- (d) the characteristics of local business activities, including small shops and street stalls;
- (e) the degree of overcrowding in the area;
- (f) the availability of amenities, community and welfare facilities in the area;
- (g) the historical background of the area;
- (h) the cultural and local characteristics of the area;
- (i) an initial assessment of the potential social impact of the proposed project; and
- (j) an initial assessment of the mitigation measures required.

31 The main elements of the detailed social impact assessment to be conducted after the proposed project has been published in the Government Gazette should include --

- (a) the population characteristics of the residents affected by the proposed project;
- (b) the socio-economic characteristics of the affected residents;
- (c) the rehousing needs of the affected residents;
- (d) the housing preferences of the affected residents;
- (e) the employment status of the affected residents;
- (f) the place of work of the affected residents;
- (g) the social networks of the affected residents;

- (h) the educational needs of the children of the affected families;
- (i) the special needs of the elderly;
- (j) the special needs of the disabled;
- (k) the special needs of single-parent families, particularly those with small children;
- (l) a detailed assessment of the potential social impact of the proposed project; and
- (m) a detailed assessment of the mitigation measures required.

32 Most of the factual data for the detailed social impact assessment should be collected as part of the freezing survey to be conducted immediately after the publication of the proposed project in the Government Gazette. The URA should submit a report of the detailed social impact assessment to SPL when it submits a development project under section 24 of the Urban Renewal Authority Ordinance. The URA should also submit a report of the detailed social impact assessment to the Town Planning Board when it submits a development scheme under section 25 of the Urban Renewal Authority Ordinance. The URA should release this report for public information.

Urban renewal social service teams 33 The URA should set up an urban renewal social service team in each of the nine target areas to provide assistance and advice to residents affected by URA's redevelopment projects. Such a team should operate independently and should preferably be in place before the first redevelopment project has actually commenced in a target area.

Financial arrangements

34 The Government is exploring the following financial or related tools to enhance the viability of the URA projects under its 20-year urban renewal programme --

- (a) waiver of land premia for redevelopment sites;
- (b) waiver of land premia for rehousing sites; and
- (c) loans to the URA.

- 35 The objective is to encourage private sector participation and a self-financing urban renewal programme in the long run.
- 36 Under section 10(4) of the Urban Renewal Authority Ordinance, the URA shall exercise due care and diligence in the handling of its finances.

Parameters and guidelines

- 37 The Government will issue a set of documents setting out the planning parameters and financial guidelines to the URA as annexes to this urban renewal strategy. The documents will include --
 - (a) the detailed plans of the 225 redevelopment projects;
 - (b) the concept plans of the nine target areas;
 - (c) a list of the historical buildings to be preserved;
 - (d) the priorities of the projects; and
 - (e) planning parameters and financial guidelines.

As the documents contain sensitive information, it would not be in the public interest to disclose them.

- 38 Section 21(3) of the Urban Renewal Authority Ordinance requires the URA to follow any guidelines set out in the urban renewal strategy prepared by SPL when it prepares its five-year corporate plans.
- 39 The urban renewal strategy will be reviewed and updated regularly (every two or three years). The public will be consulted on the revised urban renewal strategy before it is finalized for implementation.

**Acquisition and rehousing policies of the Urban Renewal Authority
(extracted from LC Paper No. CB(1)297/07-08(04))**

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2. The URA's acquisition policies are based on the Government's resumption policy which was debated and agreed by the Legislative Council's Finance Committee, after considerable discussion. However, URA's policies include more generous incentives than Government's resumption policy, such as an ex-gratia Incidental Costs Allowance (ICA), so as to encourage early acceptance of URA's offers.

3. Briefly, the policies for domestic owners comprise payment of the market value of the property plus Home Purchase Allowance (HPA) or Supplementary Allowance (SA). HPA is the difference between the value of a notional replacement flat, based on a seven year old flat in a similar locality, and the market value of the flat under acquisition. This has become known commonly as the "seven-year rule". HPA is paid to owner-occupiers. SA is paid to owners of tenanted and vacant flats at 50% of HPA.

4. The policies for domestic tenants comprise a choice of either ex-gratia payments based on the Rateable Values (RV) of the flats which they occupy plus cash incentives or, in cases where the tenants are eligible and prefer it, rehousing in public housing estates. Ex-gratia payments are subject to a minimum of \$70,000 for a single-member family and \$80,000 for a multiple-member family. Moreover, in response to LegCo's concerns over the compensation payable to domestic tenants in the remaining ex-Land Development Corporation projects during the passage of the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004, the URA has also agreed to provide eligible tenants with ex-gratia payments calculated on the basis of the previous formula in force before the enactment of the Ordinance.

5. The policies applicable to non-domestic owners and tenants are based on the Market Values (MV) and RV of their respective premises. Business owner-operators receive compensation equal to the MV plus the higher of either 35% x MV or 4 x RV. Alternatively, owner-operators can make Business Loss Claims (BLC) in lieu of the above mentioned ex-gratia compensation. Business landlords receive compensation of the MV plus the higher of either 10% x MV or 1RV. Business tenant-operators receive compensation of either BLC or 3RV.

6. Detailed information on URA's acquisition and rehousing policy is given by the URA, along with other information, to affected owners and tenants at the times when the URA launches each of its projects and conducts occupancy or freezing surveys on all of the properties within the boundaries of each of the URA's projects.

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9. On 19 November 2007, the URA announced a new package of enhancement policies for the benefit of residents and business operators affected by its redevelopment projects. These new initiatives, which were designed under the existing policy framework, respond to aspirations and concerns of the affected residents and the community. They have three important objectives, namely, to help retain the social networks of residents as much as practicable, to assist long-time business operators in re-establishing themselves in the locality and to preserve retail trades that are considered to have a special character in a district. The enhancement package comprises:

- (i) expression of interest in purchasing arrangement for residential units;
- (ii) designation of space exclusively for the purpose of social enterprise for commenced projects;
- (iii) additional ex-gratia business allowance for business operators; and
- (iv) special Local Sports Shops Arrangement for the Sai Yee Street project.

10. The first enhancement policy, expression of interest in purchasing arrangement (EIPA), is intended for owner-occupiers of domestic flats in a redevelopment site to facilitate their purchasing of new units at prevailing market prices and moving back to the same area where they once lived. Owner-occupiers, who accept the URA's acquisition offers unconditionally within the usual 60-day offer period and register their interest with the URA within this period, will be given priority, subject to the number of available units, to apply for selection by balloting from the reserved flats prior to commencement of pre-sale of the development concerned, subject to this being permitted under the land grant. This will help enable them to retain their social networks and lifestyles in the same neighbourhood. Whether they accept this arrangement or not, their entitlement to receiving Home Purchase Allowance based on the existing "seven-year rule" acquisition policy, i.e. the value of a notional seven-year-old flat, will remain unchanged.

11. The second enhancement policy, designation of space for social enterprises, aims at helping affected residents re-establish and strengthen their social networks in the district. For sizeable projects in which allocation of space is possible, URA will consider reserving floor space for non-government organizations (NGOs) to make bids for the purpose of operating social enterprises involving active participation of residents and shop operators of the projects concerned. Details of this policy are still being worked out but URA intends to try it out first in the Lee Tung Street and Peel Street/Graham Street projects. With experience thus gained, URA may consider extending this policy to other suitable projects.

12. The third enhancement policy, in the form of an additional payment of ex-gratia business allowance (EGBA) is designed to enhance the overall amount payable to all businesses operating out of non-domestic properties within a redevelopment project area i.e. owner-operators and tenant-operators. This new allowance is payable in addition to the existing compensation whereby owner-operators receive cash payment equivalent to the MV of their properties plus the higher of either 35% x MV or 4 RV of their properties, and tenant-operators receive cash payment of 3 RV. EGBA will be paid at a rate of 0.1 times the RV per year for a maximum of 30 years so that a business with 30 years' history or more will enjoy a maximum of three times the RV. The maximum amount of allowance payable is capped at \$500,000. To ensure that businesses operators occupying small units or with a not-so-long history would also benefit to some extent, the policy provides a minimum allowance of \$70,000 to any eligible business operator.

13. The fourth enhancement policy concerning Local Sports Shops Arrangement aims at preserving the special local character created by a cluster of sports commodities retail trades in the to-be-commenced Sai Yee Street project of Mong Kok. URA shares the views expressed by members of the Legislative Council, the community and, in particular, the affected sports shop operators that efforts should be made to preserve, and if possible enhance, the local character of this district. URA will therefore introduce a special Local Sports Shops Arrangement exclusively for the Sai Yee Street project, in conjunction with a "Sports Retail City" design which will further strengthen the local character of this neighbourhood. Under the arrangement, all 19 sports shop operators in the project site will be offered priority to lease shop spaces on the ground and upper floors of the retail section of the new development, for periods of up to three years, at the then prevailing market rental level. Details of this arrangement are being worked out and will be announced upon formal commencement of the project before the end of this financial year.

14. These enhancements have been devised in response to the community's changing needs and aspirations, taking into account existing practical and resources constraints. They have been introduced on the basis of the compensation policy for land resumption approved by the Legislative Council's Finance Committee in 2001.

In this context, the 2001 policy, which has been tried and proven effective in many redevelopment projects in the past six years, must remain as the URA's fundamental policy.

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Work of the Urban Renewal Authority

List of relevant events and papers

| Date | Committee / event | References |
|------------------|---|--|
| 21 October 1999 | The Administration announced the proposal to set up a new institutional framework to replace the Land Development Corporation to tackle the problems of urban deterioration and the publication of an Urban Renewal Authority (URA) White Bill for public consultation. | Administration's press release http://www.info.gov.hk/gia/general/199910/21/1021136.htm Legislative Council Brief http://www.legco.gov.hk/yr99-00/english/hc/sub_com/hs01/papers/lcb_e.pdf |
| 11 February 2000 | The Subcommittee set up to scrutinize the URA White Bill reported its deliberations to the House Committee. | Report of the Subcommittee (LC Paper No. CB(1)939/99-00) http://www.legco.gov.hk/yr99-00/english/hc/papers/cb1-939.pdf Minutes of meeting of House Committee (LC Paper No. CB(2)1085/99-00) http://www.legco.gov.hk/yr99-00/english/hc/minutes/hc110200.pdf |
| 3 February 2000 | Gazettal of the URA Blue Bill | Legislative Council Brief http://www.legco.gov.hk/yr99-00/english/bc/bc09/general/89_brf.pdf |

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| 23 June 2000 | The Bills Committee set up to scrutinize the URA Blue Bill reported to the House Committee. | Report of the Bills Committee (LC Paper No. CB(1)1924/99-00) http://www.legco.gov.hk/yr99-00/english/bc/bc09/reports/a1924.pdf |
| 26 and 27 June 2000 | The URA Blue Bill was passed by the Council. | Official Record of Proceedings http://www.legco.gov.hk/yr99-00/english/counmtg/hansard/000626fe.pdf http://www.legco.gov.hk/yr99-00/english/counmtg/hansard/000627fa.pdf |
| 6 November 2000 | The Panel on Planning, Lands and Works (PLW Panel) discussed the progress of the establishment of URA. | Discussion paper http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a115e03.pdf Follow-up paper on "Property Acquisition by the Land Development Corporation and Land Resumption by the Government" http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a288e.pdf Minutes of meeting (LC Paper No. CB(1)352/00-01) http://www.legco.gov.hk/yr00-01/english/panels/plw/minutes/pl061100.pdf |
| 27 February, 1 and 2 March 2001 | PLW Panel discussed with the Administration and deputations on the compensation arrangements for land resumption for urban renewal projects. | Discussion papers (LC Paper Nos. CB(1)630/00-01(01) and (02)) http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a630e01.pdf http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a630e02.pdf The Administration's response to views expressed by some members/deputations http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a788e.pdf Minutes of meetings (LC Paper Nos. CB(1)2063, 2045 and 2047/00-01) http://www.legco.gov.hk/yr00-01/english/panels/plw/minutes/pl270201.pdf |

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| | | http://www.legco.gov.hk/yr00-01/english/panels/plw/minutes/pl010301.pdf http://www.legco.gov.hk/yr00-01/english/panels/plw/minutes/pl020301.pdf |
| 10 March 2001 | The Finance Committee (FC) approved the proposals to revise the Home Purchase Allowance, Supplementary Allowance and ex-gratia allowance for owners and tenants affected by land resumption. | Discussion paper http://www.legco.gov.hk/yr00-01/english/fc/fc/papers/f00-83e.pdf Minutes of meeting (LC Paper No. FC135/00-01) http://www.legco.gov.hk/yr00-01/english/fc/fc/minutes/fc300301.pdf |
| 9 July 2001 | PLW Panel discussed the work plan, estimated expenditure and pay review of URA. | Discussion paper (LC Paper No. CB(1)1659/00-01(03)) http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a1659e03.pdf Minutes of meeting (LC Paper No. CB(1)2077/00-01) http://www.legco.gov.hk/yr00-01/english/panels/plw/minutes/pl090701.pdf |
| 3 October 2001 | PLW Panel discussed with the Administration and deputations on the Administration's consultation paper on the draft Urban Renewal Strategy (URS). | Discussion paper (LC Paper No. CB(1)2038/00-01(01)) http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a2038e01.pdf Consultation paper http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/a1854e.pdf Minutes of meeting (LC Paper No. CB(1)1046/01-02) http://www.legco.gov.hk/yr00-01/english/panels/plw/minutes/pl011003.pdf |

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| | | <p>Consultation report http://www.legco.gov.hk/yr00-01/english/panels/plw/papers/report-e.pdf</p> |
| November 2001 | The Administration published the URS. | <p>Urban renewal strategy http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0208-217-1e-scan.pdf</p> |
| 22 January and 8 February 2002 | PLW Panel discussed the work plans of URA. | <p>Discussion papers (LC Paper Nos. CB(1)825/01-02(01) and 1011/01-02(01)) http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0122cb1-825-1e.pdf http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0208cb1-1011-1e.pdf</p> <p>Paper on "Undertakings made by the Administration in respect of urban renewal" prepared by the Legislative Council Secretariat http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0122cb1-843-1e.pdf</p> <p>Minutes of meetings (LC Paper Nos. CB(1)1962 and 1442/01-02) http://www.legco.gov.hk/yr01-02/english/panels/plw/minutes/pl020122.pdf http://www.legco.gov.hk/yr01-02/english/panels/plw/minutes/pl020208.pdf</p> |
| 25 January 2002 | PLW Panel presented a report to the House Committee reflecting Members' concern about the delay in the implementation of the 25 | <p>Paper to House Committee (LC Paper No. CB(1)900/01-02) http://www.legco.gov.hk/yr01-02/english/hc/papers/hc0125cb1-900.pdf</p> <p>Minutes of meeting of House Committee (LC Paper No. CB(2)1014/01-02) http://www.legco.gov.hk/yr01-02/english/hc/minutes/hc020125.pdf</p> |

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| | uncompleted projects of the Land Development Corporation. | |
| 31 May 2002 | PLW Panel discussed the financial support for URA and the Administration's proposal to inject \$10 billion into URA. | <p>Legislative Council brief http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plb(cr)51_66(2002)viii(eng).pdf</p> <p>Discussion paper http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0531cb1-1828-1e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)538/02-03) http://www.legco.gov.hk/yr01-02/english/panels/plw/minutes/pl020531.pdf</p> <p>Supplementary information related to the acquisition of properties by URA in the three "early launch" projects: provided by the Administration after the meeting (LC Paper No. CB(1)2026/01-02) http://www.legco.gov.hk/yr01-02/english/panels/plw/papers/plw0531cb1-2026-e.pdf</p> |
| 21 June 2002 | FC approved a new commitment of \$10 billion under the Capital Investment Fund for injection as equity into URA. | <p>Financial proposal http://www.legco.gov.hk/yr01-02/english/fc/fc/papers/f02-24e.pdf</p> <p>Minutes of meeting (LC Paper No. FC21/02-03) http://www.legco.gov.hk/yr01-02/english/fc/fc/minutes/fc020621.pdf</p> |

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| 2 May 2003 | PLW Panel discussed the work of URA in 2002-2003 and the future work plans of URA. | <p>Discussion paper (LC Paper No. CB(1)1485/02-03(04)) http://www.legco.gov.hk/yr02-03/english/panels/plw/papers/plw0502cb1-1485-4e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1832/02-03) http://www.legco.gov.hk/yr02-03/english/panels/plw/minutes/pl030502.pdf</p> |
| 29 June 2004 | PLW Panel discussed the progress of the work of URA since April 2003 and its business plan for 2004-2005. | <p>Discussion paper (LC Paper No. CB(1)2221/03-04(05)) http://www.legco.gov.hk/yr03-04/english/panels/plw/papers/plw0629cb1-2221-5e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)2487/03-04) http://www.legco.gov.hk/yr03-04/english/panels/plw/minutes/pl040629.pdf</p> |
| 23 November 2004 | PLW Panel discussed with the Administration and deputations the compensation arrangements for land resumption for urban renewal projects. | <p>Discussion paper (LC Paper No. CB(1)263/04-05(02)) http://www.legco.gov.hk/yr04-05/english/panels/plw/papers/plw1123cb1-263-2e.pdf</p> <p>Background brief prepared by the Secretariat (LC Paper No. CB(1)263/04-05(03)) http://www.legco.gov.hk/yr04-05/english/panels/plw/papers/plw1123cb1-263-3e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)509/04-05) http://www.legco.gov.hk/yr04-05/english/panels/plw/minutes/pl041123.pdf</p> <p>Follow-up paper on "Assessment of Home Purchase Allowance rates for Urban Renewal Authority projects" (LC Paper No. CB(1)1202/04-05(01)) http://www.legco.gov.hk/yr04-05/english/panels/plw/papers/plw1123cb1-1202-1e.pdf</p> |

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| July 2005 | Information paper on the work of URA since April 2004 and its business plan for 2005-2006 was circulated to members of PLW Panel. | Information paper (LC Paper No. CB(1)2019/04-05(01)) http://www.legco.gov.hk/yr04-05/english/panels/plw/papers/plwcb1-2019-1e.pdf |
| July 2006 | Information paper on the work of URA since April 2005 and its business plan for 2006-2007 was circulated to members of PLW Panel. | Information paper (LC Paper No. CB(1)2013/05-06(01)) http://www.legco.gov.hk/yr05-06/english/panels/plw/papers/plwcb1-2013-1e.pdf |
| 17 May 2006 | A motion on "Review on Urban Renewal Strategy" was debated at the Council. The motion was negated. | Official Record of Proceedings (Pages 242 to 337) http://www.legco.gov.hk/yr05-06/english/counmtg/hansard/cm0517ti-translate-e.pdf |
| 5 July 2006 | A written question was raised on "retail links and open-air bazaars with special characteristics". | Official Record of Proceedings (Pages 75 to 77) http://www.legco.gov.hk/yr05-06/english/counmtg/hansard/cm0705-translate-e.pdf |
| 17 January 2007 | Two motions were carried at the Council on "policy | Official Record of Proceedings (Pages 128 to 288) http://www.legco.gov.hk/yr06-07/chinese/counmtg/floor/cm0117-confirm-ec |

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| | on conservation of monuments" and "retaining and supporting the development of commercial districts and bazaars with local characteristics". | .pdf Progress report on the motion (LC Paper No. CB(3)448/06-07) http://www.legco.gov.hk/yr06-07/english/panels/plw/papers/plwcb3-448-e.pdf |
| 7 February 2007 | An oral question was raised on "urban renewal strategy". | Official Record of Proceedings (Pages 45 to 55) http://www.legco.gov.hk/yr06-07/english/counmtg/hansard/cm0207-translat-e-e.pdf |
| 7 March 2007 | An oral question was raised on "open-air bazaars". | Official Record of Proceedings (Pages 33 to 42) http://www.legco.gov.hk/yr06-07/english/counmtg/hansard/cm0307-translat-e-e.pdf |
| 23 April 2007 | PLW Panel discussed with the Administration the progress of the work of URA. | Discussion paper (LC Paper No. CB(1)1184/06-07(07)) http://www.legco.gov.hk/yr06-07/english/panels/plw/papers/plw0327cb1-1184-7-e.pdf Minutes of meeting (LC Paper No. CB(1)1934/06-07) http://www.legco.gov.hk/yr06-07/english/panels/plw/minutes/pl070423.pdf |
| 26 June 2007 | The Administration briefed the PLW Panel on the latest progress of the work of URA. | Information paper (LC Paper No. CB(1)1940/06-07(03)) http://www.legco.gov.hk/yr06-07/english/panels/plw/papers/plw0626cb1-1940-3-e.pdf Minutes of meeting (LC Paper No. CB(1)2304/06-07) http://www.legco.gov.hk/yr06-07/english/panels/plw/minutes/pl070626.pdf |

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| 24 September 2007 | PLW Panel further discussed with the Administration the work of URA. | <p>Information paper (LC Paper No. CB(1)2371/06-07(01)) http://www.legco.gov.hk/yr06-07/english/panels/plw/papers/plw0924cb1-2371-1-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)284/07-08) http://www.legco.gov.hk/yr06-07/english/panels/plw/minutes/pl070924.pdf</p> |
| 27 November 2007 | The Development Panel (DEV Panel) discussed with the Administration the property acquisition policy of URA and related issues. | <p>Information paper (LC Paper No. CB(1)297/07-08(04)) http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev1127cb1-297-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)606/07-08) http://www.legco.gov.hk/yr07-08/english/panels/plw/minutes/de071127.pdf</p> |
| 24 June 2008 | DEV Panel discussed with the Administration the review of the Urban Renewal Strategy and the work of URA | <p>Information paper on Review of the Urban Renewal Strategy (LC Paper No. CB(1)1951/07-08(03)) http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev0624cb1-1951-3-e.pdf</p> <p>Information paper on the work of URA (LC Paper No. CB(1)1951/07-08(04)) http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev0624cb1-1951-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. LC Paper No. CB(1)2322/07-08) http://www.legco.gov.hk/yr07-08/english/panels/plw/minutes/de080624.pdf</p> |

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| 17 July 2008 | The Development Bureau formally launched a review of the URS on 17 July 2008. | Information paper (LC Paper No. CB(1)2193/07-08(01)) http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/devcb1-2193-1-e.pdf |