



Submission on Proposals to Facilitate Redevelopment by the Private Sector by lowering applications Threshold under the Land (Compulsory Sale for Redevelopment) Ordinance

Legislative Council Panel on Development

Civic Party opposes any amendment to lower the application threshold for the Land (Compulsory Sale for Redevelopment) Ordinance to not less than 80% for any classes of buildings. Our reasons are as follow;-

- 1. Over-Capacity of Urban Conditions** - While we agree that parts of Hong Kong face an urban decay problem, we do not believe 'redevelopment' is the only way forward to solving it. Redevelopment should be the last resort and every solution consistent with sustainable development and preventing demolition (with our already overflowing landfills) must be exhausted first. Most of our old buildings are situated in dense urban areas within our city cores. These areas are already overdeveloped. Encouraging high density redevelopments in these areas will place additional pressure on our overloaded infrastructure and environment; hence adversely affecting our quality of life. We believe urban renewal needs to balance both 'redevelopment' and 'rehabilitation'. The government should consider encouraging innovation and economic incentives in 'rehabilitating' old buildings, in so doing, keeping urban density in check while help retaining the characteristics of old neighborhoods and the communities who live and work in them. Without better laws to ensure lower urban density and more stringent protection for heritage buildings, and without an overriding reason to build up our urban density further, we do not see any rationale for extending the circumstances in which (private) compulsory purchase can take place.
- 2. Private Developers vs. Public Interest** – Private developers are answerable to their owners and investors and not to the public interest. Their priorities are in generating maximum profit through taking full advantage of permissible plot ratios and development potential. Private developers will select sites based on profitability, not on public needs. Without a holistic perspective on urban planning, ill conceived high

density private redevelopments are likely to cause further detrimental effects on our urban fabric. We cannot expect the private sector to take sole responsibility in improving our inner urban conditions. Except for the existing (and arguably weak) requirements for developers to subscribe to town planning provisions, environment and traffic impact studies and building regulations, private developments are not required to take into account the views of its neighbors through public consultation. In order to safe guard public interest, private redevelopments in city cores should ideally be done in partnership with a public entity. Despite of over-capacity and other operational problems faced by 'Urban Renewal Authority' (which is being addressed in the ongoing URS Summit), they are ultimately accountable to the public and are best suited to address urban decay. Private developers need to continue to work with the URA on inner city redevelopments.

3. Heritage Preservation and Urban Planning – The government paper cites Hong Kong as having one of the highest thresholds among world class cities. But this fact has to be viewed with the current lack of administrative policy to protect and preserve heritage buildings and neighborhood, and control high urban densities. Plot ratios in our inner city cores are high, and heritage building protection mechanisms are weak. In other world cities, where such concerns are addressed, a lower threshold is perhaps acceptable. But in Hong Kong, where we face over-development, high property rates and a lack of a preservation policy, the incentive to build higher and yield larger profits often over-shadows concerns for good urban quality. Hence, in our current system, a high threshold for compulsory sales serves as a last line of defense. Ultimately, allowing a system of private compulsory purchase is inimical to the preservation of diverse communities with their own idiosyncratic characteristics and promotes a homogenized, sanitized 'sameness' which we do not want to see.

4. Right to one's home or business vs. Right to Making a Profit – While all property owners should enjoy the right to make a profit from property sales, we believe that the 'right to one's home and business' should override the 'right to profit'. In most cases, forces against redevelopment come from old neighborhoods that have lived and

worked in the area for decades. Forcing out these minorities, and destroying their communities, is against our ideals for a fair and just society, and it harms the roots of our heritage. Secondly, our laws do not guarantee a fair return for small owners in case of a 'compulsory sale', and we cannot rely on the often inadequate compensation options offered by private developers. For these reasons, we cannot support an amendment to a law which would threaten the interest of a minority group which is at a disadvantage.

5. **Bidding Monopoly** – Although in theory, the bidding process for any lot is open to all. In reality, the bidding process is often monopolized by the majority owner/s (which in many cases is a single private developer, who has the financial resources to monopolize the process). Majority owner/s with a clear strategic interest in acquiring the remaining property rights would be the only parties to enter bid. Lowering the threshold for compulsory sale will simply place the minority group at a further disadvantage, and make forcing them out easier.

6. **Hiring of Surveyors** - Minority owners often lack the financial resources to hire their own surveyors and present their reserve price to the Tribunal. Majority owner/s (which in many cases, are single developer with financial resources) are often the only parties to submit a reserve price to the Tribunal for consideration, which again allows them to monopolize the process.

7. **Huge impact on many old large developments** – Many mid to high density private housing estates are approaching 50 years old (e.g. Mei Foo Sun Cheun was built in stages between 1965 and 1978). These housing estates are homes to many families and neighborhoods, it is unimaginable to contemplate the social impact from forcing some 20% of the residents to sell their properties and relocate against their will. The sheer number of people which would be affected will create an enormous rift in our society.

In conclusion, given Hong Kong's current over-crowded urban conditions, inadequate laws to ensure fair protection for small owners of redevelopment, lack of sound planning guidelines and laws to control



urban densities, and lack of protection policies for heritage building and neighborhood preservations, we take the view that the thresholds for compulsory sales must not be lowered.

Instead, we encourage the government to look at 'rehabilitation' as a model in reusing old building stocks, and possibly consider relaxing or modifying the laws pertaining to 'Alteration and Additions' works. This will in turn encourage innovation and economic incentive to rehabilitating old buildings and neighborhoods. 'Redevelopment' alone, is not the solution to solving our urban environment problems.

Civic Party
16 July 2009