



Legislative Council

Panel on Development

**Meeting on Saturday, 10 July 2010, at 9:00 am
in the Chamber of the Legislative Council Building**

HKIS Views on "Review of the Urban Renewal Strategy - Stage 3 Public Engagement"

Ever since the recent launch of the review of the Urban Renewal Strategy ("URS"), our Institute has been actively involved in collating views from our members which include holding Open Discussion Forum as well as urging our members to act as moderators or otherwise participating in various public engagement workshops organized for such purpose. In general, our Institute is supportive of the preliminary proposals put forward by the Steering Committee and contained in the Public Views and Future Direction Paper for the Consensus Building Stage of the Urban Renewal Strategy Review particularly on the following key issues:

- Vision and scope of urban regeneration
- 4Rs strategy in urban regeneration
- Role of stakeholders (public and private sector participation and owners' participation in urban regeneration)
- Compensation and rehousing policies
- Public engagement
- Social impact assessment
- Financial arrangement

The main objective of "urban renewal" is to tackle the problem of urban decay and to improve the living conditions and quality of life of residents in dilapidated areas. We agree that Redevelopment should not be the only option but may include the other Rs (Rehabilitation, pReservation and Revitalisation). Considering the impact on environment and local community, and unless the buildings are fallen into disrepair to a state creating potential hazard to occupiers and the public, Redevelopment should be taken as the last resort. By experience, however, we note that, in terms of disturbance to the community, especially to the existing occupiers of the affected premises, there may not be significant difference between Revitalisation and Redevelopment because in carrying out Revitalisation, the existing trades or occupiers would most likely be displaced over time by market forces if not



evicted by the landlords or the authority. Reference might be made to the former trades or occupiers of Russell Street/Yiu Wah Street which had completely disappeared after the development of Times Square, resulting in a complete change of the local characteristics. Other examples are the transformation of Soho district and Lan Kwai Fong in Central. On the other hand, preservation may cause less destruction to the area but will usually be cost inefficient unless the premises can be put to financially sustainable uses. The need for introducing the concept of proper preventive building maintenance (not just building repairs) to building owners cannot be underestimated.

The Hong Kong Institute of Surveyors also concurs that the choice for urban regeneration projects should best be a “bottom-up” approach to reflect local aspirations and avoid unnecessary misunderstanding or conflict between Government and the local residents. However, when more and more buildings in our society aged and its structure and fabrics deteriorated and becoming decayed, requests for redevelopment is likely to predominate. In this regard the Urban Renewal Authority has to deal with over hundreds of renewal projects. As such, the Authority should set out the selection criteria and implementation priority in a more open and fair manner to avoid disputes or grudges in the society. There should be a system established to allow review of the decision on the priority by the Authority. Having said that, the selection criteria and priority setting should not be in conflict with the objectives of urban re-generation and also the aim of the passing of the Land (Compulsory Sale for Redevelopment) Ordinance, Cap. 545 which encourages private participation in the urban regeneration process. For the latter purpose, the Government has recently lowered the application threshold for compulsory sale to be made to the Lands Tribunal from ownership of not less than 90% to not less than 80% of the undivided shares in respect of certain classes of lot.

On the topic of compensation, small business operators in particular affected by large scale urban redevelopment projects are unlikely able to find suitable replacement shop premises within the same district. There should be assistance to help them to identify suitable alternative premises elsewhere. Alternatively, for business operators, additional ex-gratia payment should be determined by reference to the number of years of such business operated at the affected premises. The longer the history the higher the ex-gratia payment should be.

While our Institute accepts that the notional value of seven-year-old flat as the basis for calculating compensation to affected flat owners, the current difference in ex-gratia compensation (i.e. the Home Purchase Allowance) payable to affected owner-occupiers and non-owner-occupiers is too wide. Given the nature of such payment, we consider other factors like the period of ownership, current living conditions, level of income or even the



number of other residential units owned should be taken into account in determining the level of the ex-gratia payable to those non-owner-occupiers. In addition, there should be difference in ex-gratia payment between such owners who are individual and corporations, the latter of which normally are purely established for investment purposes.

Our Institute is also supportive of more options available to those owners affected in lieu of cash compensation. The idea of “flat-for-flat” is good but details of the arrangement have to be sorted out to ensure fairness and practicality of implementation. The replacement new flat needs not be in the same level/orientation/size of the old flat acquired. It is proposed that the unit price difference between the replacement new flat and notional value of seven-year-old flat be fixed by reference to a relevant date; the difference between the two should be settled by cash payment by the affected owners who opt for the “flat-for-flat” option upon handing over of the replacement new flat to them. Moreover, such affected owners should be given the right to change their choice and to receive the entitled cash payment at any-time prior to the completion of the purchase of the replacement new flat.

Apart from the “flat-to-flat” option, the feasibility of “owner-participations” in redevelopment project on a “project-sharing” approach should also be explored.

To conclude, urban regeneration embraces the concepts of sustainable development and building a quality city. In assessing the cost-effectiveness of a project, the economic benefits it brings both inside or outside the project boundary should be taken into account. To this end, Government financial subsidies would probably be required so as to make urban regeneration projects successful and acceptable.

Prepared by
The Hong Kong Institute of Surveyors
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