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Report of the Panel on Development for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Development from October 2009 to June 2010. It will be tabled at the meeting of the Legislative Council (LegCo) on 7 July 2010 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

The Panel

2. The Panel was formed by resolution of LegCo on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters. The terms of reference of the Panel are in **Appendix I**.

3. For the 2009-2010 session, the Panel comprises 25 members. Hon LAU Wong-fat and Prof Hon Patrick LAU Sau-shing were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major work

Urban renewal strategy

4. The Administration launched the review of the Urban Renewal Strategy (URS review) in July 2008. The URS review comprised three stages, namely "Stage 1 -- Envisioning", "Stage 2 -- Public Engagement" and "Stage 3 -- Consensus Building". The Administration briefed the Panel on the progress of the URS review on 23 February 2010 and 25 May 2010. Matters discussed included the new approaches and media used to gauge community views, District Aspirations Studies launched by relevant District Councils, study on urban

renewal experience in six Asian cities and five topical studies, and the 10 preliminary proposals put forward by the Steering Committee on the Review of the Urban Renewal Strategy on the future direction of urban renewal.

5. Panel members in general supported the broad principles and directions of the URS review, and agreed that there should be more urban regeneration and compensation options. Suggestions made by members included paying affected owners cash upfront to meet their temporary accommodation expenses and then offering a unit of the same size in the redeveloped property, and allowing business operators to continue operations in the redeveloped area, perhaps, at a concessionary rent. Alternatively, affected owners should be offered compensation up to two or three times the current property value with the proviso that they would forfeit any claim of the profits from redevelopment. Vacant units in existing markets might help small business operators continue their business, and the rights of affected tenants should be protected. There should be a mechanism for resolving disputes on compensation matters. The Administration advised that various compensation options would be worked out for consideration. Some members commented that the Administration should adopt a macro planning perspective, and conserve the characters and activities of a district in addition to heritage buildings. To evaluate the impacts of urban redevelopment projects, there should be tracking studies. There was a need to review the role of and funding arrangements for the social service teams tasked to provide assistance to affected residents. The URS review should also study how the Urban Renewal Authority (URA) should be appropriately empowered and funded in future.

6. Some members suggested introducing a more equitable system so that affected property owners could share the profits upon the completion of redevelopment projects, while developers who reaped huge profit from such projects should be levied a charge similar to windfall tax for distribution among affected property owners. There were also concerns about the transparency of URA's financial information on individual redevelopment projects. The Administration advised that it would consider how URA could facilitate small property owners to redevelop their properties without affecting URA's other initiatives, and subject to availability of resources. As regards housing issues faced by affected residents, there was a suggestion of providing public rental housing to affected residents in-situ. However, a Panel member held the view that relocating affected residents to another district would be an acceptable arrangement if transportation issues and community facilities were adequately addressed. In June 2010, the Administration reported to the Panel the progress of the work of URA and its work plans for the coming year, and URA released the financial information on its completed redevelopment projects.

Buildings

Building safety

7. There was wide public concern about building safety following the collapse of a building in Ma Tau Wai on 29 January 2010. To address the safety concerns about the aging buildings spread over the territory, the Panel discussed with the Administration in February 2010 the relevant issues. Panel members also noted the Administration's proposal to introduce the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme. While supporting that the Administration should take enhanced measures to address the concerns of building safety, members considered that the requirement to conduct periodic inspections and repairs should not cause undue hassle to property owners, particularly elderly owners of old buildings, because they might not have the financial means and technical know-how to organize regular maintenance. The Administration should ensure that clear information and comprehensive assistance were available to the owners concerned. The Administration should also co-ordinate with URA to avoid duplication of efforts where a building has already been identified for redevelopment.

8. The Panel set up the Subcommittee on Building Safety and Related Issues to examine issues on enhancing building inspection and maintenance, supervision of building maintenance, enforcement and penalties against unauthorized alteration works; encouraging owners to undertake building maintenance; enhancing public education; and study building safety and relevant complementary issues arising from urban renewal of older districts. In April 2010, the Administration briefed the Subcommittee on the report on the collapse of the building at 45J Ma Tau Wai Road. The Subcommittee urged the Administration to release further details about the cause of the collapse incident.

9. As regards future enforcement strategies against unauthorized building works (UBWs), members noted that the Administration would continue to handle UBWs according to the existing enforcement policy against UBWs, which was promulgated in April 2001 with a view to achieving the purposes of protecting public safety and containing the problem of UBWs, and at the same time optimizing use of the available resources. Under the policy, UBWs were prioritized for clearance. UBWs such as those constituting obvious or imminent danger to life or property, major individual items and new UBWs would be accorded priority in removal.

10. Some Panel members suggested that the Administration should provide professional input to owners to ensure safe clearance operation, and co-ordinate the clearance among owners to remove all UBWs in one operation. The cost could be shared among the owners. The Administration explained that it was ultimately a question of resources as to how much the Administration could do

against UBWs. Any enforcement action taken outside the priority clearance policy would create a precedent that should be supported by policy.

11. In collaboration with the Hong Kong Housing Society and URA, the Administration implemented the \$2-billion Operation Building Bright (the Operation) to provide subsidies and one-stop technical assistance to help owners of old and dilapidated buildings to carry out repair and maintenance works. At the meeting on 26 January 2010, the Administration briefed members on the progress of the Operation. The Panel was consulted on the criteria for selection of target buildings if there were remaining funds, and whether the current criteria, such as "the buildings comprise no more than 400 residential units", should be relaxed if it was decided that more target buildings with owners' corporations should be supported.

12. Some members considered that the Administration should seek additional resources to launch another round of the Operation and relax the eligibility criterion of "the buildings comprise no more than 400 residential units" so that more buildings, including those with more than 400 residential units, could benefit from the Operation. Apart from expediting the repair works under the Operation, members also suggested engaging Hong Kong Housing Society, professional institutes, accredited professionals and social enterprises to undertake the future management of target buildings having difficulties in forming owners' corporations. In June 2010, the Administration briefed the Panel on the progress of the Operation and proposed to relax "the buildings comprise no more than 400 residential units" eligibility criterion and seek additional funding of \$500 million to implement another round of the Operation. Panel members in general supported the Administration's proposals.

Lift safety

13. Accidents involving lifts in both private buildings and public rental housing had aroused public concern about the need to strengthen the current regulatory regime on lift safety. At the meeting on 27 October 2009, the Administration provided an update on the various improvement measures to enhance lift safety and solicited members' views on the legislative proposal to amend the Lifts and Escalators (Safety) Ordinance (Cap. 327) in areas relating to, among other things, registration of lift/escalator workers, upgrading the qualification of registered lifts/escalator engineers, and the level of penalty.

14. Panel members welcomed the Administration's proposal to introduce legislative amendments and urged the Administration to heed the views of workers' unions, such as requiring at least two workers to carry out prescribed activities in lift maintenance to enhance work safety. Some members suggested upgrading the qualification requirements for lift and escalator engineers through provision of continuing education courses and conducting sharing sessions with veterans and academics in the sector. They also suggested making lift

engineering a specific academic discipline, educating owners' corporations on lift maintenance requirements to facilitate them in choosing and monitoring lift contractors and providing district-based advisory services to owners' corporations. In June 2010, the Administration briefed members on the outcome of the public consultation exercise on the legislative amendment proposal and the Administration's proposed way forward. Panel members welcomed the Administration's proposal to enhance lift safety.

Kai Tak Development and waterfront enhancement

15. The Panel continued to monitor the progress of the 320-hectare Kai Tak Development (KTD) in the current session. In May 2010, the Administration reported to the Panel the progress of the implementation of KTD. Panel members welcomed the Administration's proposal to locate roads away from the harbourfront so as to provide more space for leisure activities along the harbourfront areas in KTD. There should be good connectivity and integration between KTD and the nearby old districts to help revitalize those districts, and the Administration should pursue the proposed environmentally friendly transport system. Some members opined that the Administration should have made use of the implementation of KTD to facilitate redevelopment of nearby old districts. The Administration assured members that the proposed environmentally friendly transport system and pedestrian links would provide good connectivity within KTD and between KTD and nearby districts, and that KTD would facilitate the revitalization of nearby old districts.

16. The Subcommittee on Harbourfront Planning formed under the Panel continued its work in the current session and discussed with the Administration on subjects including the urban design framework for the new Central harbourfront and pedestrian connectivity of the harbourfront areas on the Kowloon side. In order to better understand the Administration's enhancement initiatives and existing constraints; and to gain information on the operation, design features and management mode of selected facilities, the Subcommittee also conducted two site visits in November 2009 and January 2010 to places including the Kwun Tong Waterfront Promenade, which was near to KTD. Preparation work for a duty visit to study the experience of selected cities in waterfront planning and management was in progress.

Heritage conservation

17. In March 2010 and April 2010, the Administration briefed members on the progress of the key initiatives of its heritage conservation work, including declaration of monuments, grading exercise for 1 444 historic buildings and projects under the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme), and consulted members on the funding proposals for revitalising the former Lai Chi Kok Hospital into Jao Tsung-I Academy/Hong Kong Cultural Heritage, conversion of Lui Seng Chun into Hong Kong Baptist

University Chinese Medicine and Healthcare Centre and conversion of Mei Ho House as City Hostel.

18. Some members expressed concern about the cost implication of the Revitalisation Scheme and the criteria for using public funds on heritage conservation projects, and suggested that such projects should be linked up with the tourist spots nearby to enhance their long-term sustainability. The Administration could display models of all heritage conservation projects in an easily accessible location to encourage visitors to visit these sites. The Administration should also promulgate its heritage conservation initiatives as soon as practicable and consult the affected owners. The responsible management agents of revitalised buildings should actively communicate with the users and tenants and involve them in the planning process as far as possible. Conservation initiatives in Central should supplement one another in producing a concerted impact, and the Administration should adopt the concept of retaining a "historic city" rather than a few isolated historic buildings. The Administration should also carry out studies to assess the impact of these initiatives.

Public open space in private developments

19. In the previous legislative session, the Administration briefed members on the preliminary findings and recommendations of its review concerning the provision of public open space (POS) in private developments and sought members' specific views on a number of policy and operational issues as well as the way forward. On 26 January 2010, the Administration briefed members on its refined arrangements on designing and managing POS in private developments, and a set of proposed guidelines for designing and managing such POS. Panel members in general welcomed the arrangement of not requiring the provision of POS on private land in residential developments and expressed support for handling POS in a flexible manner. While some members considered that the guidelines marked a significant progress, others considered that the management guidelines should be made simpler and clearer. There were also concerns about the effectiveness of the management guidelines, and that the consent of all owners of a residential development was required in applying for a waiver. There could be different types of POS to cater for different purposes, and the boundaries and conditions of use should be shown at the entrance of the POS. As a long-term measure to increase the provision of open space, the Administration should reduce the density of the city by turning vacated land into open space. Although such a move would reduce public revenue, this was a price that the community as a whole had to pay.

Optimizing the use of industrial buildings to meet Hong Kong's changing economic and social needs

20. In October 2009, the Administration briefed the Panel on its proposed measures to optimize the use of specified old industrial buildings through

facilitating compulsory sale, lease modification and conversion of such buildings. Panel members urged the Administration to impose appropriate safeguards to guard against exploitation of the measures for profiteering. While some members considered that the measures would help improve the outlook and environment of old industrial areas, some other members were worried that the measures would lead to an increase in the rentals of industrial premises.

Planning and engineering studies

21. In November 2009, the Administration briefed the Panel on the Draft Development Plan proposed in the consultancy study entitled Land Use Planning for the Closed Area. Panel members urged the Administration to adopt a prudent and balanced approach in planning for the land to be released from the Closed Area. The Administration also briefed the Panel on the North East New Territories New Development Areas Planning and Engineering Study. Panel members considered that there should be good connectivity between the New Development Areas and the nearby districts, a suitable scale of development, appropriate relocation arrangements and timely provision of community facilities to tie in with the implementation of residential developments.

Green buildings

22. On 14 December 2009, the Panel held a joint meeting with the Panel on Environmental Affairs to discuss the subject of green buildings. The Administration briefed members on its initiatives and efforts in promoting green buildings. To enhance environmental performance and energy efficiency of buildings, the Administration would adopt a multi-pronged approach through various means, such as setting mandatory standards; providing funding support for promoting green buildings in the private and non-governmental sectors; benchmarking with international practices and promoting best practices in collaboration with the professional sector.

23. Some members considered that the Administration should have holistic planning and targets when implementing energy saving measures. Issues related to green buildings should be considered from a wider perspective and the Administration should allow more flexibility in building design. The Administration should also step up the promotion of green building materials, greening and energy efficient measures, and consider providing incentives in this regard. There was a suggestion of setting standards on the green coverage ratio for new developments. The Administration should consider requiring public rental housing and developments of the MTR Corporation, Limited and URA to adhere to the Hong Kong Green Building Council's standards.

Hong Kong Special Administrative Region's post-quake reconstruction support work in Sichuan

24. On 24 November 2009, the Administration briefed the Panel on the progress of Hong Kong Special Administrative Region's reconstruction support work in Sichuan, which was financed by the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas. The Administration reported that except for complicated projects like the Mian Mao Highway and Management and Prevention of Geology Disaster in the Wolong Nature Reserve package, other projects were expected to be completed within three years. To address concerns about the monitoring of those projects financed by the Hong Kong Special Administrative Region, the Administration had engaged independent professional consultants. The independent professional consultants' reports and supervision engineers' reports were deposited at the Development Bureau for Members' perusal. The Administration advised that it would closely monitor the use of the Trust Fund and release the funds according to the actual progress of individual projects to ensure that the funds were properly spent.

25. Some members expressed concern that the quality of the work of the independent professional consultants might be affected if their workload was too heavy. They were also concerned about the certification standards adopted for certifying the completed works projects. Some other members considered it reasonable to adopt national standards for the facilities under the reconstruction support projects. On whether it was possible to enhance the standards of some projects supported by other provinces/municipalities, the Administration explained that while Hong Kong would share its project management experience with the Mainland, its participation would not be extended to projects supported by other provinces/municipalities. To facilitate monitoring of the projects supported by Hong Kong, there was a suggestion of setting up a reporting mechanism for Mainland people. Members considered it important for the Administration to provide detailed reports on the reconstruction support projects.

Financial proposals and other initiatives

26. The Panel received a briefing in October 2009 from the Secretary for Development on the relevant policy initiatives under the Chief Executive's Policy Address 2009-2010. During the current legislative session, the Panel also received briefings by the Administration on a number of financial proposals and other initiatives including, among others, Budget-related initiatives of the Development Bureau, enhancing the delivery of Kai Tak Development and proposed creation of a D2 post and progress of implementation of Total Water Management initiatives.

Joint Subcommittees

27. The Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project formed under the Panel and the Panel on Home Affairs has deliberated various issues including the stage 1 public engagement exercise for the West Kowloon Cultural District project, the development of cultural software to complement the project, the recruitment of senior executives of the West Kowloon Cultural District Authority and the impact of the West Kowloon Terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link on the West Kowloon Cultural District.

28. The Joint Subcommittee on Amendments to Land Titles Ordinance formed under the Panel and the Panel on Administration of Justice and Legal Services has deliberated issues including the mandatory rectification rule, determination of land boundaries, a proposal to provide the Land Registrar with power to register a caution against conversion under the Land Registration Ordinance (Cap.128) for dealing with known cases of indeterminate ownership and other issues relating to the preparation of the amendments to the Land Titles Ordinance (Cap. 585).

Meetings held

29. From October 2009 to end of June 2010, the Panel has held a total of 12 meetings, including a joint meeting with the Panel on Environmental Affairs. The subcommittees and joint subcommittees under the Panel have held a total of nine meetings during the same period.

Panel on Development

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Panel on Development

Membership list for 2009-2010 session

Chairman Hon LAU Wong-fat, GBM, GBS, JP

Deputy Chairman Prof Hon Patrick LAU Sau-shing, SBS, JP

Members Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon CHEUNG Hok-ming, GBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
(up to 28 January 2010)(rejoined on 19 May 2010)
Hon Tanya CHAN
(up to 28 January 2010)(rejoined on 18 May 2010)
Hon Albert CHAN Wai-yip
(up to 28 January 2010)(rejoined on 19 May 2010)

(Total: 25 members)

Clerk Mr WONG Siu-yee

Legal Adviser Miss Winnie LO