

10 December, 2010

Mr. Stephen Lam
Clerk to the Panel on Development
Legislative Council Secretariat
3/F Citibank Tower
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Central, Hong Kong

Urgent by e-mail only
(e-mail: slam@legco.gov.hk)

Dear Sir,

Re: Urban Renewal Strategy (URS) Review

Over the past two years, the Development Bureau has gathered public views for the URS review on how best to create a quality living environment in older urban areas of Hong Kong by involving the 4Rs – Redevelopment, Revitalization, Regeneration and Rehabilitation – with a view to regenerating these older urban areas while at the same time maintaining the unique characters of these various older urban areas. RICS, as a leading global property professional institution, has actively participated in all the three consultation stages, namely the “Envisioning”, “Public Engagement” and “Consensus Building” stages of the URS review over the past two years. On 25 July 2009, we had organized a Conference on URS with the topic of “Urban Renewal: Get it Right – Learning from Global Experience” by inviting three overseas UR experts to share their views and experience on URS in the Conference. We had also compiled the views expressed by these overseas experts, the panelists and attendees into a report named “the Best Practice in Urban Renewal” and submitted to the Development Bureau for reference.

RICS supports the strategy that urban renewal is not a slash and burn process. A comprehensive and holistic approach should be adopted with strong leadership, long term vision and financially sustainable options to rejuvenate older urban areas by the 4Rs. In response to the revised URS as outlined in the draft URS Consultation Paper dated October, 2010 prepared by the Development Bureau, we have comments on the following aspects:

LEADERSHIP

- **URA to act as the Facilitator** – We support that URA should place more weight on acting as a facilitator to provide consultation service to the individual owners of owner-initiated redevelopment on those sites that have been identified by DURF for redevelopment.

For situations where a majority of the owners have already come to the

consensus for redevelopment, URA can also act as a consultant facilitator to assist owners in taking forward the project under the prevailing market mechanism and legal framework. Under this scenario, URA can act as an independent and impartial ‘middle-man’ to assist these owners to reach agreements among themselves with the perspective developers who are willing to undertake and proceed with these redevelopment projects.

Although it is the responsibility of owners to maintain or redevelop their buildings when it has come to the end of their physical or economic life, URA acting as a facilitator for owners would enhance and even speed up the redevelopment process since an opportunity or potential for redevelopment would have already been an incentive for private owners eagerly to put forward a project themselves. URA can play a vital role in facilitating these private owners to redevelop their buildings.

- **Owners’ Aspirations in Redevelopment** – We agree that URA should take on a more diverse form as an “implementer” or “facilitator” in response to the diversified needs of different owners. URA shall be an implementer to initiate a redevelopment project on its own but also shall respond to any joint approach from building owners to initiate redevelopment of their lot(s) or building(s). URA can also act as a facilitator to provide assistance to owners as consultant to help them to unify titles for owner-initiated redevelopment.
- **Priority of URA-implemented Redevelopment** – We concur with the paper (para.17) on those “factors” that shall be considered in determining the priority of individual redevelopment. However, we are of the view the macro consideration shall be the first priority, thus, whether a redevelopment project will improve the area as a whole by re-planning and restructuring - should come first. Improvement of the living conditions of the residents in a single redevelopment project may not revitalize a dilapidating area in which the project falls.
- RICS members have extensive experience and expertise in working with property owners in planning, redevelopment and valuation issues, and we would encourage URA to draw on this pool of experts in advising owners on such projects.

LONG TERM VISION

- **Public Engagement** – In “district-based” urban regeneration planning, public consultation through local focus groups is important and it is necessary to ensure the “representativeness” of the participants of these focus groups. Public engagement is vital yet it is equally important to articulate a clear vision for the district over the long term. However, we envisage that the “representativeness” of consultations is not wide enough or otherwise will not fully cover all sectors of affected people and the general public. For a balanced discussion and for resolving potential conflicts, invitation of professional bodies, members of local District Boards, and local residents e.g. RICS and HKIS, and not just “pressure groups”, to attend the focus group meetings would be useful.
- **Rehabilitation and Preservation** – We concur that there should be an ideal

balance of different approaches to urban regeneration, whether redevelopment,, rehabilitation, or preservation. A district always has its own local characteristics and different approaches of urban regeneration should therefore be adopted to different districts or areas. The local characteristics of a particular district will be the main factor to decide which approach of the 4Rs, and what mix of the 4Rs should be adopted. It must be noted that an ideal balance or mix of approaches may not be achievable owing to the diverse views of the different stakeholders. URA should continue its role in rehabilitation (assistance to owner in building refurbishment and maintenance) and preservation (preservation and restoration of building of historical, cultural or architectural interest) in urban renewal projects.

- **Social Impact** – In view of the fact that there may be diversified views on the renewal of a district or an area, early social impact assessments (which shall also refer to the long term goal or vision) shall be initiated and conducted by DURF before redevelopment is recommended and supported. The proposed social impact assessment as stated in paragraph 36 of the Paper is supported. On the other hand, we consider that the “interim” social impact (which refers to short term impact) that may occur during the redevelopment stage shall also be considered when planning for urban renewal. For example, when a huge redevelopment project (such as the Kwun Tong Town Centre Redevelopment Project K7 for which the redevelopment process will last for over 10 years) is undertaken, there would also be social impact on the nearby districts / areas that needs to be addressed.

FINANCIAL SUSTAINABILITY

- **Acquisition and Resumption** – The existing compensation mechanism and standard is fair and should be maintained. URA’s proposal on the adoption of a compassionate approach in assessing the eligibility of owners of tenanted domestic units for ex-gratia payment on par with owner-occupiers in exceptional circumstances is welcomed and supported, since elderly owners who rely on the rental of their properties for a living should be individually and separately taken care.
- **“Flat-for-Flat”** – Redevelopment needs to take into account of the owners’ aspirations, for those who have personal expectation especially those who have strong will to live in the same locality, the “flat-for-flat” proposal can provide an alternative choice to cash compensation. However, it may not be fair and may not be financially viable if such compensation is on a square foot -to- square foot and floor-to-floor basis. We support that in the spirit of fairness, such options for flat-for-flat must be based on valuation and the amount of cash compensation. An owner who opts for “flat-for-flat” should not benefit more than someone who chooses cash compensation. In view of the fact that the family or financial situation of an owner may change during the long redevelopment period, an option for the owners who had selected flat for flat option to withdraw from the scheme and get back the cash agreed compensation should be given.

The other way round would be for URA to offer those affected the option of “priority purchase” of new flats or shops within the new development upon

completion at market value. Offering an “option to purchase” should be considered as this will not increase redevelopment costs or diminish the land value payable by developer to URA, and could maintain a sense of community in the area.

- **Financial Arrangements** – Urban regeneration should not only be sustainable in terms of social, environmental, hygiene and preservation angles but must also financially be sustainable. Hong Kong requires a long-term self-financed urban renewal strategy such that all funds that required are self-generated from urban renewal projects. With the Government policy support on land premia waiver, URA has already gained a good financial support to implement the urban regeneration. Therefore, URA should exercise due care and diligence in pursuing urban renewal projects such that the urban regeneration programme can be self-financing in the long run. Besides, in the context of financial viability when considering an urban renewal project we should not just take into financial benefit but also the social and economical benefits gained to the project area, its neighborhood as well as the improvement of the social and economical environment of a district / area as a whole.

Yours faithfully,



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