

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

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29 November 2017

Ms Doris Lo
Clerk to Panel on Development
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong.

Dear Ms Lo,

**Legislative Council Panel on Development
Work of the Urban Renewal Authority**

Thank you for your e-mail of 2 November 2017, inviting us to respond to the three motions passed concerning the work of the Urban Renewal Authority during the meeting of the Legislative Council (“LegCo”) Panel on Development held on 31 October 2017. Having consulted the Urban Renewal Authority (“URA”), our response to the issues raised by Members’ in the three motions is set out as follows.

Urban Renewal Strategy

In accordance with the Urban Renewal Ordinance (Cap. 563), and after a two-year consultation period, the Government promulgated in February 2011 a new Urban Renewal Strategy (“the 2011 URS”), which provides a clear policy blueprint for addressing the problem of urban decay. To forge the consensus, the Government conducted extensive consultation on various issues on urban renewal which were of public concern during the review process, including consulting the LegCo Panel on Development and relevant District Councils on numerous occasions. To implement the initiatives in the 2011 URS, URA is tasked to adopt

“Redevelopment” and “Rehabilitation” as its core businesses, and URA has rolled out a number of pilot schemes including the Demand-led redevelopment projects, facilitating services and “Flat-for-Flat” Scheme.

Some Members raised in the motions that the relevant policies and issues on urban renewal, including the role of URA, should be reviewed. To explore sustainable ways of addressing the problem of an aging building stock, URA commenced in May 2017 a district planning study on a pilot basis for Yau Ma Tei and Mong Kok (“Yau Mong District Planning Study”). The study will explore ways of enhancing the efficiency of existing land use and modes in building rehabilitation in Yau Ma Tei and Mong Kok which are two typical old urban districts so as to meet the development needs of the community through better utilisation of land. Based on the outcome of the study, URA will identify more effective and efficient ways for urban renewal, and extend practicable ideas and modus operandi to other districts and the work strategy of urban renewal in future. The outcome of the Yau Mong District Planning Study will provide a solid basis to assist the Government in examining how to further enhance the 2011 URS in future.

Public Housing Development

Some Members also raised in the motions that the land resumed by URA should be used to develop public housing in response to the housing demand.

Although URA converted 338 units in its Kai Tak Development originally earmarked for the “Flat-for-Flat” Scheme into subsidised sale flats (“SSF”) as a one-off measure in 2015, URA, as a statutory body with the statutory function of promoting urban renewal, has all along maintained an appropriate division of labour with the Hong Kong Housing Authority / Hong Kong Housing Society in terms of roles and ambits in that the latter is responsible for providing SSF and public rental housing.

The redevelopment projects undertaken by URA since its establishment mainly focus on the redevelopment of private properties. To replenish the number of residential units in the private property market after redevelopment and to maintain the balance in the supply of public and private housing, the units to be provided after project completion are also private residential units. In addition, the modus operandi of URA has all along been generating revenue through the sale of units constructed after redevelopment, so as to achieve the long-term objective

of a self-financing urban renewal programme. The surplus accumulated by URA over the years are used to finance the acquisition, compensation and rehousing for redevelopment projects, and other works of URA which would bring benefits to the public but would not generate any income, e.g. building rehabilitation, preservation and revitalisation. If the redevelopment projects of URA are used to develop public housing, the Government and URA have to carefully consider the impact of this fundamental change on the supply of public and private housing and the self-financing mode of operation of URA. On this premise, we would make reference to the outcome of the Yau Mong District Planning Study and explore with URA whether or not there is room to pursue different types of housing in suitable redevelopment projects.

Redevelopment Approaches and Compensation Mechanism

Some Members requested that URA should review the compensation mechanism for redevelopment and introduce more attractive and sustainable development approaches, such as “shareholding” approach, so as to expedite the redevelopment of old areas.

The prevailing acquisition policy of URA is based on the “Home Purchase Allowance and Ex-gratia Allowance for Owners and Legal Occupiers of Commercial Properties” approved by the LegCo Finance Committee in March 2001 and on the principle that public funds must be prudently managed. In assessing the amount of compensation, URA will select, through open lot-drawing, seven valuation consultancies to provide independent valuation. The mechanism is open, fair and impartial, and is widely accepted and well established. URA will review the property acquisition and rehousing policy on the above-mentioned basis from time to time where feasible.

Moreover, URA will in general invite tenders from private developers to implement development projects as joint-venture partners. Upon completion of the projects, units will be sold in private market. This mode of operation will ensure that URA has sufficient resources to commence new redevelopment projects, carry out other works such as buildings rehabilitation and preservation, and take forward urban renewal in a sustainable manner. Through the Yau Mong District Planning Study mentioned above, URA will examine the feasibility of different development approaches and their financial implications on URA, so as to take forward urban renewal more effectively.

Grateful if you would kindly pass the aforementioned information to Panel Members for their reference. Thank you.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a smaller 'S'.

(Raymond Sy)
for Secretary for Development