

LEGISLATIVE COUNCIL BRIEF

Land Development Corporation Ordinance (Chapter 15)

URBAN RENEWAL AUTHORITY BILL

INTRODUCTION

At the meeting of the Executive Council on 25 January 2000, the Council ADVISED and the Chief Executive ORDERED that:

- A
- (a) the Urban Renewal Authority Bill (the Bill), at Annex A, should be introduced into the Legislative Council; and
 - (b) the proposals set out in paragraphs 16 to 20 should be adopted for implementation, subject to the Bill being passed into law.

BACKGROUND AND ARGUMENT

(A) Background

2. The existing approach to urban renewal is inadequate to tackle the problems of urban aging and deterioration. A new legislative and institutional framework is required for the implementation of the new urban renewal strategy.

3. In his 1999 Policy Address, the Chief Executive announced a new and proactive approach to urban renewal and a plan to establish an Urban Renewal Authority (URA) to implement Government's urban renewal strategy.

4. On 22 October 1999, the Urban Renewal Authority Bill was published in the Gazette in the form of a White Bill for public consultation. A consultation paper, including a copy of the White Bill, was also issued for public comments. The consultation period lasted from 22 October 1999 to 31 December 1999 and a total of 298 written submissions were received. A copy of the "Report on the Public Consultation on the Urban Renewal Authority Bill" is at Annex B.

B

5. The public was generally supportive of our proposals. The main issues raised during the consultation period concerned -

- (a) rehousing arrangements for tenants affected by the redevelopment projects of the URA;
- (b) compensation for owners whose properties are resumed under the Lands Resumption Ordinance (Cap. 124); and
- (c) drafting and technical points concerning the White Bill.

(B) Rehousing Arrangements

6. To facilitate urban renewal, the URA will need adequate rehousing resources. During consultation, the public expressed support for the idea that both the Housing Authority (HA) and the Housing Society (HS) should act as rehousing agents for the URA. We have discussed with the HA and the HS on how they could assist in this regard.

7. The HS has agreed to assist by-

- (a) providing a number of rental flats from its existing housing stock or from its newly-built units to the URA for rehousing affected tenants; in return, the Government will grant land to the HS for constructing an equivalent number of flats provided by the HS; and
- (b) constructing pump-priming blocks on sites granted to the HS for the purpose of rehousing tenants affected by the URA redevelopment projects.

Under both modes, the new flats will be owned and managed by the HS upon completion. The HS intends to form a “strategic partnership” with the URA in future.

8. Considerable progress has been made in our discussions with the HA. The HA is prepared to consider providing an annual quota of rental flats from its existing housing stock for rehousing affected tenants. It has proposed a set of terms and conditions which we need to put to the future URA.

(C) Compensation for Property Owners

9. The main comments concerning compensation for property owners are -

- (a) the Home Purchase Allowance (HPA) for owner-occupiers should be enhanced;
- (b) the compensation for owners of commercial properties (mainly shops) should be improved;
- (c) a set of guidelines on how the Government assesses the value of properties for the purpose of calculating offers of compensation should be issued for public information; and
- (d) an appeal channel should be provided to property owners so that they could appeal against the determination of the Director of Lands (D of Lands) on the HPA.

(D) White Bill

10. We received a wide range of comments on the White Bill. In the light of the views gathered, we have made a number of amendments to the Bill.

ISSUES AND PROPOSALS

(A) HPA

11. Owners of domestic premises are eligible for statutory compensation if their premises are resumed by the Government for a public purpose under the Lands Resumption Ordinance. This statutory compensation will be the fair market value of the resumed premises. Owner-occupiers are also eligible for the HPA, which is an ex-gratia allowance payable to enable affected owners to purchase a replacement flat of a similar size in the locality of the resumed flat. The amount of HPA payable is the difference between the cost of a replacement flat and the amount of statutory compensation. Under the current policy, we estimate the cost of a replacement flat on the basis of a ten-year-old flat of a size similar to the one being resumed and in the same locality.

12. The existing practice of calculating the HPA on the basis of a ten-year-old replacement flat was introduced in April 1997. There have been calls from Legislative Council Members and community groups to improve the HPA. We will review the HPA to see whether there is any need for change.

(B) Compensation for Commercial Properties

13. It has been pointed out to us that the strongest opposition to land resumption is likely to come from owners of commercial properties, particularly shopkeepers. At present, owners of commercial properties whose premises are to be resumed by the Government are offered -

- (a) the market value of their properties, plus an ex-gratia removal allowance; or
- (b) the market value of their properties, plus an amount for business loss (if substantiated).

14. As commercial property owners (mostly shopkeepers) are often unable to prove business loss, the amount of compensation they are likely to receive are relatively modest. When compared with owners of domestic premises, owners of commercial premises considered that they are compensated less generously.

15. We will review the compensation package for commercial properties to see whether there is any need for change.

(C) Guidelines for Valuation

16. Some Legislative Council Members have suggested that the criteria used by the Government for assessing the value of properties for the purpose of calculating compensation offers should be made public.

17. Arguments over compensation for resumed land are often caused by differences in the method of valuation. Subject to the Bill being passed into law, we will issue a set of guidelines for valuation so that members of the public are aware how the Government (or its consultant) assesses the value of properties.

(D) Appeal Channel

18. It has been suggested that there should be an appeal channel for property owners who are aggrieved by the D of Lands' decision on their eligibility for HPA or by the D of Lands' method of calculating HPA (e.g. method of calculating floor area).

19. We propose that, subject to the Bill being passed into law, a non-statutory appeal mechanism for dealing with the HPA be set up to deal with appeals against the D of Lands' determination on the HPA and his calculations of such payments. An owner who is aggrieved by the

D of Lands' decision should, within 30 days of such a decision, be allowed to appeal to an Appeals Committee consisting of non-officials. If the D of Lands does not accept the determination, the Secretary for Planning and Lands (SPL) will review the case and make a decision on it.

20. An owner who claims to have suffered injustice in consequence of maladministration in connection with the decision of the D of Lands or SPL may lodge a complaint with the Ombudsman as at present. The owner may also seek a judicial review of the case.

THE BILL

(A) Introduction

21. Members of the public and Legislative Council Members have raised a number of drafting and technical points concerning the White Bill. In view of these comments, we have now revised the Bill. The Bill now comprises 33 clauses (in eight parts) and one schedule. The principal provisions of the Bill and the main amendments are set out in the following paragraphs.

(B) Preliminary (Part I)

22. This Part includes a short title for the Ordinance and a provision for the SPL to determine the date for the Ordinance to come into operation (**clause 1**). **Clause 2** defines certain terms used in the Bill.

(C) Urban Renewal Authority (Part II)

23. The URA will comprise a Board which will be its governing body and managing board. The Chief Executive will appoint a Chairman, two executive directors, seven non-executive directors who are non-officials and four non-executive directors who are public officers to the Board (**clause 4**). In order to enhance the public accountability of the Chairman of the URA and the efficiency of the URA, the Chairman will be an executive Chairman, i.e. he is both the Chairman and an executive director. Since the Chairman will take on executive functions, there is no need to appoint a Chief Executive Officer to run the daily activities of the URA.

24. The purposes and powers of the URA are set out in **clauses 5 and 6**. **Clause 5** sets out the purposes of the URA which reflects the Government's overall objectives on urban renewal. Compared with those for the LDC, the purposes of the URA are more comprehensive and balanced, covering both redevelopment of dilapidated buildings and rehabilitation of buildings not in good repair. In response to comments collected during the consultation period, we have amended **clause 5** to make the preservation of buildings, sites and structures of historical,

cultural or architectural interest one of the principal purposes of the URA.

(D) Public Accountability (Part III)

25. This Part contains provisions aimed at enhancing the public accountability of the URA as a statutory public body. The directors of the Board of the URA will be required to declare interests in writing and all such disclosures of interests will be recorded. Moreover, a register of declared interests will be set up and made available for public inspection (**clause 7**).

26. In order to ensure that the public interest is taken into account when the URA deliberates on matters which may affect that interest, **clause 8** has been included to provide that public officers sitting on the Board of the URA are duty-bound to point out what the public interest is and how that interest could be affected by the action or activities of the URA.

(E) Financial Provisions (Part IV)

27. The URA is required to exercise due care and diligence in handling its finances (**clause 10**). The financing requirements for the implementation of all URA projects, whether financially viable or otherwise, will be covered in an annual business plan which has to be submitted to the Financial Secretary for approval every year (**clause 19**).

28. The Government may make loans to the URA. Any such loans would need the approval of the Finance Committee of Legislative Council. **Clauses 11 and 12** empower the URA to borrow and lend money for purposes related to the implementation of urban renewal projects.

(F) Planning Procedures (Part V)

29. In order to expedite the urban renewal programme, new planning procedures will be introduced for processing the projects of the URA. We will finalize an urban renewal strategy which identifies projects for priority implementation by the URA. The URA may also implement the uncompleted projects of the LDC. On the basis of the Government's urban renewal strategy, the URA will prepare a draft corporate plan setting out its proposed programme of projects for the next five years (**clause 18**) and a draft annual business plan setting out the projects to be implemented in the next financial year (**clause 19**). The URA is required to submit its draft corporate plan and draft business plan to the Financial Secretary for approval each year. We have amended **clauses 18 and 19** to empower the Financial Secretary to approve the draft plans with amendments to provide flexibility in his consideration and approval of the plans.

30. The above procedure provides a high degree of flexibility to the URA in scheduling its programme of projects. It will no longer have to seek the Government's approval on a proposal-by-proposal basis so long as it operates within the parameters and guidelines set out in the Government's urban renewal strategy. The planning procedure also ensures an appropriate level of Government supervision of the URA. To provide flexibility in planning individual proposals, the URA may put forward proposals which are not identified in the Government's urban renewal strategy when there are justifications for doing so.

(G) Publication of Project

31. Before implementing a project by way of a "development scheme" (**clause 22**) or a "development project" (**clause 23**), the URA is required to publish in the Gazette the commencement date of the project and to exhibit general information about the project for public inspection (**clause 20**). A development scheme requires amendment to the zoning of the project site on the outline zoning plan, whereas a development project requires no such amendment. The date on which the project is first published will be regarded as the commencement date of the project.

32. The purpose of announcing a commencement date for a project is to provide a cut-off date for determining eligibility for payment of ex-gratia allowances to affected property owners and tenants and also for determining rehousing eligibility for affected tenants. On the day of the announcement of the commencement date, the URA will conduct a freezing survey to determine eligibility for rehousing and ex-gratia allowances. The logistics for carrying out such freezing surveys will be worked out in detail.

33. After the publication of a development project, any person affected by the project may raise objections. Details of the procedures for dealing with objections are set out in **clause 21** of the Bill. We have refined the provisions in **clause 21** and included a procedure to provide an opportunity for eligible owners affected by the amendments made by the SPL to the project to raise objections to such amendments.

34. Objections to a development scheme are dealt with by the Town Planning Board under the Town Planning Ordinance, instead of under this Bill.

(H) Resumption and Disposal of Land (Part VI)

35. The time-consuming land assembly process is the main reason why it takes the LDC such a long time to implement urban renewal projects. Under the existing mechanism, the LDC is first required to take

all reasonable steps to acquire affected properties within the project area. This usually involves protracted negotiations with the owners. If there are any properties which the LDC is unable to acquire, the LDC may then request the SPL to recommend to the Chief Executive in Council the resumption of such outstanding properties.

36. In order to expedite the process, instead of requiring the URA to first negotiate and acquire the land needed for an urban renewal project, the URA is empowered under the Bill to apply direct to the SPL to recommend resumption of the land by the Chief Executive in Council. Affected property owners will be compensated fairly under the Lands Resumption Ordinance.

37. In the case of a development project, the URA has to make an application for resumption within 12 months after the project has been authorized by the SPL. In the case of a development scheme, the URA has to make an application for resumption within 12 months after the plan for the scheme prepared under the Town Planning Ordinance has been approved by the Chief Executive in Council in accordance with section 9 of that Ordinance (**clause 24**).

(I) Miscellaneous (Part VII)

38. This Part includes miscellaneous provisions such as those empowering the SPL to obtain information required from the URA (**clause 27**), providing the Chief Executive with the power to give directions to the URA (**clause 28**) and setting out the procedures and conditions for the URA to make any necessary bylaws (**clause 29**).

(J) Transitional Provisions (Part VIII)

39. This Part includes provisions covering transitional matters. The LDC will be dissolved immediately upon the establishment of the URA (**clause 31**). All the assets and liabilities of the LDC will be transferred to the URA, including its properties, documents, accounts and contractual agreements, etc (**clause 32**). It is intended that all existing staff of the LDC will also be transferred to the URA. To speed up the implementation of the uncompleted LDC projects, the URA may apply for direct resumption of properties not yet acquired by the LDC/URA for such projects. However, proper justifications have to be provided to the SPL (**clause 31**).

PROVISIONAL URBAN RENEWAL AUTHORITY

40. A non-statutory provisional body, to be called the Provisional Urban Renewal Authority (PURA), will be set up to carry out the necessary preparatory work for the establishment of the URA. The

PURA's main tasks will be the arrangement of the transfer of assets and liabilities from the LDC to the URA, the handling of staff transfer matters and the preparation of the URA's first draft five-year corporate plan and the first draft annual business plan.

41. The PURA will be managed by a Board with the same composition as that of the URA comprising an executive Chairman, two executive directors and 11 non-executive directors. Four of the non-executive directors will be public officers. The rest will be non-officials. All directors, including the Chairman, will be appointed by the Chief Executive. It is expected that all members of the Board of the PURA will be appointed to the Board of the URA. A consultants' firm has been commissioned to recruit the Chairman and the two executive directors and another has been engaged to determine their remuneration packages.

42. The PURA will be set up after the Bill is passed into law. It is expected that the PURA will complete its work in less than six months' time. It will be dissolved upon the establishment of the URA.

43. We will agree with the PURA the administrative arrangements between the Government and the URA, including the format, submission and processing of corporate and business plans, proposals and resumption applications.

PUBLIC CONSULTATION

44. As mentioned in paragraph 4 above, we conducted a public consultation exercise on the Urban Renewal Authority Bill from 22 October 1999 to 31 December 1999. The public was generally supportive of our objective to speed up urban renewal in Hong Kong and to set up a URA. Details of the public consultation are set out in the report at Annex B.

BASIC LAW IMPLICATIONS

45. The Department of Justice advises that the Bill does not conflict with those provisions of the Basic Law carrying no human rights implications.

BILL OF RIGHTS IMPLICATIONS

46. The Department of Justice advises that the Bill is consistent with the human rights provisions of the Basic Law.

FINANCIAL AND STAFFING IMPLICATIONS

47. We are considering a package of both financial and non-financial measures to facilitate the URA in implementing its projects. These measures include the waiver of land premium for the URA's projects, exemption of Government/Institution/Community facilities within project areas from the calculation of gross floor area, relaxation of plot ratio controls up to the maximum permitted levels under the Building (Planning) Regulations made under the Buildings Ordinance (Cap. 123), as well as packaging of financially viable and non-viable projects to make the overall package commercial attractive to private developers. The URA may need funds to start up the urban renewal programme in its initial years. If necessary, we may make loans to the URA. Approval of the Finance Committee of the Legislative Council will be sought if loans are to be made to the URA.

48. Dedicated urban renewal teams have been set up in the Planning and Lands Bureau (seven posts), Lands Department (30 posts) and Planning Department (21 posts) to facilitate and expedite the work of the LDC and to formulate urban renewal policies. These posts will continue to be funded by the LDC until its dissolution. We need to retain these posts after the establishment of the URA to process planning submissions and resumption applications and projects of the Authority. We intend to ask the URA to continue to fund these posts initially upon its establishment. We will consider transferring the funding responsibility from the URA to the Government in light of a review of the deployment of resources in the Lands Department and the Planning Department relating to the policy objective on Developing Hong Kong.

49. We are working out the details for setting up the Appeals Committee mentioned in paragraphs 18 to 20 above. The resource requirements will be assessed.

ECONOMIC IMPLICATIONS

50. An accelerated programme of urban renewal will have a positive impact on the economy. Through urban redevelopment, we can rationalize obsolete and incompatible land uses and provide more efficient transport and road networks. The well-being of the community as a whole will be improved.

51. We estimate that the 200 priority projects will produce some 62,800 flats, or a net gain of 36,000 flats if the 26,800 old flats in the original redevelopment sites are excluded. These new flats will be made available to the market gradually over a period of some 20 years.

Although the URA could sell land it assembled by way of land resumption with the prior approval of the Chief Executive in Council, we anticipate that the URA would undertake most of the urban renewal projects either by itself or through joint venture partnerships with private developers.

ENVIRONMENTAL IMPLICATIONS

52. Obsolete urban design and overcrowding are two major factors leading to environmental problems in old urban areas. Comprehensive redevelopment is an effective solution. The proposed establishment of the URA would expedite urban renewal and hence improve the urban environment. Intensive construction works during the renewal period will have noise, construction traffic and dust impacts on nearby residents that will need to be managed effectively both through enforcement of pollution control legislation and by allowing reasonable time to complete works.

LEGISLATIVE TIMETABLE

53. The legislative timetable of the Bill is as follows –

Publication in the Gazette	3 February 2000
First Reading and commencement of Second Reading debate	16 February 2000
Resumption of Second Reading debate, committee stage and Third Reading	to be notified

PUBLICITY

54. The Bill will be published in the Gazette on 3 February 2000 and a press release will be issued on the same day.

ENQUIRIES

55. For enquiries, please contact Ms. Olivia NIP, Principal Assistant Secretary (Urban Renewal) at 2848 2656.

URBAN RENEWAL AUTHORITY BILL

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A BILL

To

Establish the Urban Renewal Authority for the purpose of carrying out urban renewal and for connected purposes.

Enacted by the Legislative Council.

PART I

PRELIMINARY

1. Short title and commencement

(1) This Ordinance may be cited as the Urban Renewal Authority Ordinance.

(2) This Ordinance shall come into operation on a day to be appointed by the Secretary for Planning and Lands by notice in the Gazette.

2. Interpretation

In this Ordinance, unless the context otherwise requires -

“auditor” (核數師) shall be construed in accordance with section 43 of the Professional Accountants Ordinance (Cap. 50);

“Authority” (市建局) means the Urban Renewal Authority established under section 3;

“building” (建築物) has the same meaning as “building” in section 2(1) of the Buildings Ordinance (Cap. 123);

“business plan” (業務計劃) means a business plan prepared by the Authority and approved by the Financial Secretary under section 19;

“corporate plan” (業務綱領) means a corporate plan prepared by the Authority and approved by the Financial Secretary under section 18;

“executive director” (執行董事) means a person who, by virtue of section 4, is a member and an executive director of the Board of the Authority;

“financial year”(財政年度) means the period commencing on 1 April each year and ending on 31 March the year after;

“land” (土地) means land, whether covered by water or not, of whatever description and includes a building erected thereon and where an undivided share of a leasehold interest in land has appurtenant to it rights to the exclusive use and occupation of a building or part thereof erected thereon, includes such share in the land and all rights appurtenant thereto, and any estate, right, share or interest in land;

“Land Development Corporation” (土發公司) means the Land Development Corporation established by section 3(1) of the repealed Ordinance;

“non-executive director” (非執行董事) means a person who, by virtue of section 4, is a member of the Board of the Authority who is not an executive director;

“owner” (擁有人) has the same meaning as “owner” in section 2(1) of the Buildings Ordinance (Cap. 123);

“project” (項目) means -

- (a) a development scheme of the description mentioned in section 22;
- (b) a development project of the description mentioned in section 23;
- (c) a development proposal of the description mentioned

in section 5(2) (b) of the repealed Ordinance; or

(d) a development scheme of the description mentioned in section 13(1) of the repealed Ordinance,

which is included in a business plan and approved by the Financial Secretary for implementation under section 19;

“proposal” (提案) means a proposal for a project;

“repealed Ordinance” (已廢除條例) means the Land Development Corporation Ordinance (Cap. 15) repealed under section 31;

“Secretary” (局長) means the Secretary for Planning and Lands;

“Town Planning Board” (城規會) means the Town Planning Board appointed under section 2 of the Town Planning Ordinance (Cap. 131).

PART II

URBAN RENEWAL AUTHORITY

3. Establishment of Authority

(1) There shall be established a body corporate to be named the Urban Renewal Authority which shall have such powers and duties as are conferred and imposed on it by, or by virtue of, this Ordinance.

(2) The Authority shall have perpetual succession and a common seal and shall in its own name be capable of suing and of being sued.

(3) The Authority shall not be regarded as a servant or agent of the Government or as enjoying any status, immunity or privilege of the Government.

(4) Part VII of the Interpretation and General Clauses Ordinance (Cap. 1) shall apply to the Authority and appointments

to the Authority except where the context of this Ordinance otherwise requires.

4. Establishment of Board of Authority

(1) There shall be established a Board to be named the Board of the Urban Renewal Authority comprised of the following members -

- (a) a Chairman of the Board of the Authority (“the Chairman”), who is at the same time an executive director and is not a public officer;
- (b) 2 other executive directors, not being public officers;
- (c) 7 non-executive directors, not being public officers; and
- (d) 4 non-executive directors who are public officers.

(2) All members of the Board of the Authority, including the Chairman, shall be appointed by the Chief Executive for a term not exceeding 3 years.

(3) The Chief Executive may appoint an executive director to be the Deputy Chairman of the Board of the Authority for a term not exceeding 3 years.

(4) The Board of the Authority shall be the governing and executive body of the Authority and as such shall, in the name of the Authority, exercise and perform the powers and duties as are conferred and imposed on the Authority by, or by virtue of, this Ordinance.

(5) A member of the Board of the Authority who is appointed as an executive director shall be responsible to the Board of the Authority for the day to day management and administration of the

affairs of the Authority.

(6) The Schedule shall have effect with respect to the Board of the Authority and its members.

5. Purposes of Authority

The purposes of the Authority are to -

- (a) replace the Land Development Corporation as the body corporate established by statute having the responsibility of improving the standard of housing and the built environment of Hong Kong by undertaking, encouraging, promoting and facilitating urban renewal;
- (b) improve the standard of housing and the built environment of Hong Kong and the layout of built-up areas by replacing old and dilapidated areas with new development which is properly planned and, where appropriate, provided with adequate transport and other infrastructure and community facilities;
- (c) achieve better utilization of land in the dilapidated areas of the built environment of Hong Kong and to make land available to meet various development needs;
- (d) prevent the decay of the built environment of Hong Kong by promoting the maintenance and improvement of individual buildings as regards their structural stability, integrity of external finishes and fire safety as well as the improvement of the physical appearance and conditions of that built environment;

- (e) preserve buildings, sites and structures of historical, cultural or architectural interest; and
- (f) engage in such other activities, and to perform such other duties, as the Chief Executive may, after consultation with the Authority, permit or assign to it by order published in the Gazette.

6. General power of Authority

(1) The Authority shall have power to do anything which is expedient for or conducive or incidental to the attainment of the purposes declared in or permitted or assigned under section 5 and shall exercise that power so as to improve the standard of housing and the built environment of Hong Kong by way of development.

(2) Without prejudice to the generality of subsection (1), the Authority shall have power to and may -

- (a) enter into contracts, including employment contracts, or other agreements with any person;
- (b) prepare draft corporate plans and draft business plans for the operation of the Authority;
- (c) lease, purchase or otherwise acquire and hold land of any description in Hong Kong for the purpose of either undertaking development, providing accommodation for the Authority, or for providing residential accommodation for persons displaced by the carrying out of the purposes of the Authority;
- (d) implement projects by way of -
 - (i) a development scheme under section 22;
 - (ii) a development project under section 23;
 - (iii) the continuation and completion of a

development proposal under section 31(4);

(iv) the continuation and completion of a development scheme under section 31(7);

- (e) alter, construct, demolish, maintain or repair any building, premises or structure ancillary thereto;
- (f) provide and where appropriate alter, maintain or repair roads, footways, parks, recreational facilities and similar open spaces, bridges, drains, sewers and water courses other than those the maintenance of which the Government or other public body has undertaken or decides to undertake;
- (g) manage any building, premises, or structures which it has leased, purchased, acquired or otherwise holds and any common parts thereof including any land ancillary thereto, having regard to the interests, welfare and comfort of the tenants, owners or occupiers thereof and may charge fees for its services in connection with such management;
- (h) manage any roads, footways, parks, car parks, parking spaces, recreational facilities and similar open spaces, bridges, drains, sewers and water courses and other transport and recreational facilities owned or held by the Authority and may charge fees for the provision of such services;
- (i) set aside as use for car parks any land held by the Authority, designate parking spaces, control the use of car parks and parking spaces and may allocate any place in a car park or parking place for the use of vehicles of any description or any

particular type or class or for the use of any person or persons or any particular class;

- (j) provide fixtures, fittings or furniture in buildings acquired by or under the control of the Authority and may let, lend, hire or otherwise dispose of such fixtures, fittings or furniture on such terms and conditions as to payment or otherwise as the Authority may think fit;
- (k) grant, sell, convey, assign, surrender, yield up, demise, let, transfer or otherwise dispose of any land or building, messuages, tenements, vessels, goods and chattels for the time being owned or held by the Authority on such terms and conditions as the Authority thinks fit;
- (l) enter into agreements with any person for the management by such person of any land owned or held by the Authority;
- (m) conduct any survey and census as it thinks fit for the purpose of drawing up any plans and for the purposes of ascertaining a rehousing commitment resulting from any project of the Authority;
- (n) surrender any lease or apply for and agree to the modification of lease conditions or enter into any exchange;
- (o) undertake and execute any trust which has for its object the furtherance of urban renewal or any other object similar or incidental to any of the purposes of the Authority;

- (p) accept gifts and donations, whether of property or otherwise and whether subject to any trust or not;
- (q) appoint such employees as it may determine on such terms and conditions as the Authority thinks fit including the payment of allowances, benefits and remuneration;
- (r) make or provide ex gratia payments to any employee, or to the personal representative of a deceased employee or to any other person who was dependent on such employee at his death;
- (s) establish any body corporate for the purpose of doing all such things which the Authority may do and may vest in any such body corporate so established such objects and powers as in the opinion of the Authority are calculated to facilitate the attainment of the purposes of the Authority under this Ordinance;
- (t) exercise any of its powers either alone or in association with any other person or persons.

PART III

PUBLIC ACCOUNTABILITY

7. Members to declare interests

(1) As soon as is practicable after appointment to membership or as and when the occasion may thereafter require, a member of the Board of the Authority, including the Chairman and the Deputy Chairman, if any, shall declare to the Authority in such manner as is for the time being determined by the Authority,

whether by standing orders or otherwise, any interest of his which is of a class or description so determined.

(2) The Authority shall establish and maintain a register (“the register”) for the purposes of this section.

(3) Where a member of the Board of the Authority makes a declaration required under subsection (1), the Authority shall cause the name of the member to be entered in the register together with the particulars contained in the declaration, and if, in accordance with such a requirement, a member subsequently makes any such declaration, the particulars already so entered shall be added to or otherwise amended in such manner as the Authority considers appropriate.

(4) The Authority shall make the register available for public inspection at its principal office at any reasonable time.

(5) A member of the Board of the Authority, including the Chairman and the Deputy Chairman, if any, who is in any way directly or indirectly interested in a contract made or proposed to be made by the Authority, or in any other matter whatsoever which is to be considered, decided or determined by the Board, shall comply with the following requirements -

- (a) he shall, if present, disclose to the relevant meeting of the Board the nature of his interest and such disclosure shall be recorded in the minutes of the meeting;
- (b) he shall withdraw from the meeting while the matter is being discussed or considered unless -
 - (i) if he is not the person presiding at such meeting of the Board, he is permitted to take part in such discussion or

consideration by the person so presiding; or

(ii) if he is the person so presiding, the majority of the other members present at the meeting decide so to permit him;

(c) he shall not vote or otherwise act as a member of the Board in relation to the matter unless so permitted; and

(d) he shall neither influence nor seek to influence a decision of the Board as regards the matter otherwise than with the Chairman's prior approval or in accordance with paragraph (b).

(6) Where a disclosure is made under subsection (5) and the person concerned is neither required to withdraw from the relevant meeting nor permitted to vote, then for so long as the matter to which the disclosure relates is being discussed or otherwise considered at such meeting, the presence of the person by whom the disclosure was made shall be disregarded for the purposes of forming a quorum for the meeting.

(7) The validity of any proceedings of the Authority shall not be affected by the failure by a member of the Board of the Authority to comply with this section.

(8) A member of the Board of the Authority need not attend in person at the meeting of the Authority in order to make a disclosure which he is required to make under subsection (5) if he takes reasonable steps to secure that the disclosure is made by a notice in writing which is brought up and read at the meeting.

**8. Duty of public officers to
state public interest**

Where at a meeting of the Board a member who is a public officer and is present considers that any matter whatsoever which is to be or is being considered, decided or determined by the Authority, is or could be contrary to, or otherwise raises or puts in issue, or could so raise or put in issue, the public interest as perceived by him, the following shall apply -

- (a) he shall state to the meeting his opinion regarding the relation between the public interest, as so perceived, and the matter, and, where appropriate, he shall also state how, in his opinion, an actual or potential conflict with that interest, as so perceived, arises or could arise; and
- (b) unless he has made a declaration or disclosure under section 7(1) or (5) which is relevant to the matter, section 7(5) (b), (c) and (d) shall not apply as regards the matter.

9. Answer to Legislative Council

The committees and subcommittees of the Legislative Council may request the Chairman and the executive directors to attend its meetings and they shall comply. The Chairman and the executive directors shall answer questions raised by the Members of the Legislative Council at the meetings.

PART IV

FINANCIAL PROVISIONS

10. Resources of Authority

- (1) The resources of the Authority shall consist of -
 - (a) all money paid by the Government to the Authority and appropriated for that purpose by the Legislative Council;
 - (b) all other money and property, including fees, rent, interest and accumulations of income received by the Authority for its purposes.

(2) All money paid to or received by the Authority shall be deposited with banks licensed by the Hong Kong Monetary Authority.

(3) The Secretary for the Treasury may give directions in writing of a general or specific character to the Authority in relation to the amount of money which may be expended by the Authority in any financial year and the Authority shall comply with those directions.

- (4) The Authority shall exercise due care and diligence in the handling of its finances.

11. Borrowing powers

(1) The Authority may borrow from the Government, such money as may be required for the performance of the duties of the Authority under this Ordinance, on such terms and conditions as may be approved by the Financial Secretary.

(2) Subject to subsection (3), the Authority may borrow by way of overdraft from sources other than the Government such money as it may require for meeting its obligations or performing its duties under this Ordinance.

(3) The Secretary for the Treasury may give directions in writing of a general or special character to the Authority in

relation to the amount of money which may be borrowed under subsection (2) and the Authority shall comply with those directions.

(4) The Authority may with the approval of the Financial Secretary borrow, otherwise than by way of overdraft from sources other than the Government, such money as it may require for meeting its obligations or performing its duties under this Ordinance.

(5) A person lending money to the Authority shall not be concerned to inquire whether the borrowing of the money by the Authority is legal or regular or whether the money lent has been properly applied by the Authority and shall not be prejudiced by any illegality or irregularity or by misapplication or non- application by the Authority of the money.

(6) The Authority may with the approval of the Financial Secretary charge all or any part of its property as security for the repayment of money borrowed.

12. Power to lend money

(1) The Authority may lend money on such terms and conditions as the Authority thinks fit to any person or persons for the purposes of implementing a project of the Authority.

(2) The Secretary for the Treasury may give directions in writing of a general or specific character to the Authority in relation to the amount of money which may be lent under subsection (1) and the Authority shall comply with those directions.

13. Guarantee by Government

(1) The Legislative Council may from time to time by

resolution authorize the Financial Secretary on behalf of the Government to grant guarantees in respect of -

(a) the repayment of loans made to, or the discharge of other indebtedness of, the Authority and the payment of interest, premium or other charge thereon; and

(b) the redemption or repayment of, and the payment of interest, premium or other charge on, any bonds, notes or other securities issued by the Authority, up to an amount not exceeding in total that specified in the resolution and subject to any terms or conditions specified therein.

(2) A guarantee granted under subsection (1) which includes interest, amounts payable in consequence of the operation of any price variation clause, premium or other charges, shall not be invalid by reason only of the fact that such interest, amounts, premiums or charges, although specified in the resolution authorizing the granting of the guarantee, are not quantified as to total amount or included in the amount quantified in such resolution.

(3) Any sum required for fulfilling a guarantee granted under subsection (1) by the Government shall be charged on and paid out of the general revenue and any sum received by the Government by way of repayment of a sum so paid out, or for interest thereon, shall be paid into the general revenue.

(4) If, pursuant to a guarantee granted under subsection (1), the Government makes a payment to a creditor of the Authority in respect of a debt secured by a mortgage or a specific or floating charge, such sum shall be repayable to the Government by

the Authority, together with interest thereon at such rate as the Financial Secretary may determine, and the Government shall as from the time of payment have the benefit of all the remedies vested in the creditor by virtue of such mortgage or charge with liberty to exercise the rights and powers arising thereunder in its own name and without any assignment by the creditor.

14. Use of surplus funds

(1) The Authority may invest money that in any financial year is not immediately required to be expended in such forms of investment as the Financial Secretary may approve.

(2) If in any financial year there is an excess of revenue of the Authority over the total sum required by it to be expended -

(a) to meet the total outgoings of the Authority properly chargeable to revenue;
and

(b) to enable the Authority to -

(i) make such allocations to reserve as it may reasonably consider adequate;

(ii) pay any moneys owing by it, whether or not payment is legally due at the time,

the Financial Secretary may, after consultation with the Authority, give the Authority directions requiring it to pay the whole or part of the excess to the Government and the Authority shall comply with those directions.

(3) Subject to any directions given under subsection (2), the Authority may deal with any such excess as is mentioned in that subsection -

(a) by applying it for such of the purposes of the

Authority as the Authority may determine; or

(b) by allocating it to reserve, whether generally or for a particular purpose, or partly in one of those ways and partly in another.

(4) Any sums received by the Government under subsection (2) shall be paid into the general revenue.

15. Debt of Authority

(1) The Authority shall be indebted to the Government in a sum equal to -

(a) all money received by the Authority under section 10 (1) (a);

(b) all expenditure directly or indirectly incurred by the Government for the benefit of the Authority.

(2) The Financial Secretary shall determine the amount of such indebtedness and any interest thereon by certificate under his hand and may for sufficient cause reduce or increase any amount so certified.

(3) The indebtedness of the Authority under subsections (1) and (2) and any interest thereon shall be discharged in such manner as the Financial Secretary directs.

16. Accounts, audit and annual report

(1) The Authority shall keep proper accounts and proper records in relation to the accounts.

(2) The Authority shall, as soon as is practicable and in any case not later than 3 months after the expiry of a financial year, prepare a statement of the accounts of the Authority, which statement shall include an income and expenditure account and a

balance sheet.

(3) The Authority shall appoint an auditor who shall, as soon as is practicable, audit the accounts required under subsection (2) and shall submit a report on the accounts to the Authority.

(4) The Authority shall, as soon as is practicable and in any case not later than 6 months after the expiry of a financial year, furnish -

- (a) a report on the affairs of the Authority for that year;
- (b) a copy of its accounts thereof; and
- (c) the auditor's report on the accounts,

to the Financial Secretary who shall cause the same to be tabled in the Legislative Council.

17. Exemption from taxation

The Authority shall be exempt from taxation under the Inland Revenue Ordinance (Cap. 112).

PART V

PLANNING PROCEDURES

18. Corporate plan

(1) The Authority shall not later than 3 months before the end of each financial year submit to the Financial Secretary for approval a draft corporate plan for a period of 5 years beginning on the first day of the next financial year covering in relation to that period -

- (a) its programme of proposals to be implemented

including commencement dates of implementation, and for each proposal, whether it is to be implemented by way of a development scheme under section 22 or by way of a development project under section 23;

(b) its programme of implementation for development proposals and development schemes of the description mentioned in section 6(2) (d) (iii) and (iv), including commencement dates and for each project, whether it is to be implemented by way of a development scheme under section 13(1) of the repealed Ordinance or by way of a development proposal under section 5(2) (b) of the repealed Ordinance;

(c) its financial plan to achieve the programme mentioned in paragraph (a), including -

(i) the projected income and expenditure for -

(A) the projects that have already commenced;

(B) the proposals to be commenced during that period;

(C) the development proposals and development schemes of the description mentioned in section 6(2) (d) (iii) and (iv) that have already commenced;

(D) the development proposals and development schemes of the description mentioned in section 6(2) (d) (iii) and (iv) to be

commenced during that period;

(ii) the amount of any money required to be borrowed from the Government or from sources other than the Government for financing the implementation of the proposals and projects that have already commenced or are to be commenced before the end of the financial year and the repayment schedule for any such loan; and

(iii) the staffing requirements of the Authority to implement such programme.

(2) The Authority shall submit its first draft corporate plan to the Financial Secretary for approval as soon as is practicable after the Authority is established.

(3) The Authority, when preparing its programme of proposals and its programme of implementation for projects -

(a) shall follow any guidelines set out in an urban renewal strategy prepared from time to time by the Secretary for the purposes of this section in relation to the implementation of those proposals and projects;

(b) shall, as far as is practicable, include proposals of projects of the description mentioned in section 6(2) (d) to the extent as may be set out in such an urban renewal strategy;

(c) may suggest, for the approval of the Financial Secretary, for inclusion in its corporate plan any other proposal or the implementation of any other project as it thinks fit.

- (4) Upon submission of a draft corporate plan the Financial Secretary may -
- (a) approve it with or without amendments; or
 - (b) refuse to approve it.

19. Business plan

(1) At the same time as the submission of the draft corporate plan mentioned in section 18(1), the Authority shall submit to the Financial Secretary for approval a draft business plan for the next financial year covering in relation to that financial year -

- (a) its programme of proposals to be implemented including commencement dates of implementation, and for each proposal, whether it is to be implemented by way of a development scheme under section 22 or by way of a development project under section 23;
- (b) its programme of implementation for development proposals and development schemes of the description mentioned in section 6(2) (d) (iii) and (iv), including commencement dates and for each project, whether it is to be implemented by way of a development scheme under section 13(1) of the repealed Ordinance or by way of a development proposal under section 5(2) (b) of the repealed Ordinance;
- (c) the resources required to implement
 - (i) the projects that have already commenced;
 - (ii) the proposals to be commenced in the next financial year;

- (iii) the development proposals and development schemes of the description mentioned in section 6(2) (d) (iii) and (iv) that have already commenced;
- (iv) the development proposals and development schemes of the description mentioned in section 6(2) (d) (iii) and (iv) to be commenced in the next financial year;
- (d) the estimated revenue and expenditure of the Authority;
- (e) the amount of any money required to be borrowed from the Government or from sources other than the Government for financing the implementation of the proposals and projects that have already commenced or are to be commenced before the end of the financial year and the repayment schedule for any such loan; and
- (f) an estimate of the number of residential accommodations that need to be made available to receive persons who will be displaced by the proposals and projects.

(2) The Authority shall submit its first draft business plan to the Financial Secretary for approval as soon as is practicable after the Authority is established.

(3) The Authority shall not implement any proposal not included in or covered by the corporate plan or the business plan, whether it is to be implemented by way of a development scheme under section 22 or by way of a development project under section 23, except with the prior approval of the Financial Secretary.

(4) The Authority shall not implement any development proposal or development scheme of the description mentioned in section 6(2) (d) (iii) and (iv) not included in or covered by the corporate plan or the business plan, whether it is to be implemented by way of a development scheme under section 13(1) of the repealed Ordinance or by way of a development proposal under section 5(2) (b) of the repealed Ordinance, except with the prior approval of the Financial Secretary.

(5) Upon submission of a draft business plan the Financial Secretary may -

- (a) approve it with or without amendments; or
- (b) refuse to approve it.

20. Publication of project

(1) For the purpose of the implementation of a project, the Authority shall publish in each issue of the Gazette within the space of a period of one month (“the publication period”), and once a week during the publication period in a Chinese language and an English language local newspaper, notice of the commencement date of the implementation of the project, together with a summary of the information mentioned in subsection (3) (a) and the times and places where information on the project shall be exhibited and be available for public inspection.

(2) The commencement date of the implementation of the project shall be the date on which notice of the project is first published in the Gazette.

(3) The Authority shall exhibit for public inspection the following information related to the project -

- (a) a description of the general nature and effects of

the project; and

(b) a plan delineating the boundaries of the project.

(4) Without prejudice to the Lands Resumption Ordinance (Cap. 124), the Authority may make reference to the commencement date of the implementation of the project notified in the Gazette or, the commencement date for the implementation of the part of the project determined under section 21(8) or 22(8), as the case may be, for determining, in accordance with the Authority's policies as published from time to time, the eligibility of any person to receive compensation, payments or other benefits including the provision of alternative residential accommodation where necessary as a result of the Authority's implementation of the project.

(5) For the purposes of this section, "project" (項目) means -

(a) a development scheme of the description mentioned in section 22; or

(b) a development project of the description mentioned in section 23

as the case may be.

21. Objections to projects to be implemented

by way of development project

(1) Any person who considers that he will be affected by a project to be implemented by way of a development project under section 23 referred to in a notice published under section 20(1) and who wishes to object to the implementation of the development project may, within the publication period, send to the Authority a written statement of his objections to the project.

(2) The written statement mentioned in subsection (1) shall set out -

- (a) the nature and reasons for the objection;
- (b) where the objection would be removed by an amendment of the development project any amendment proposed.

(3) The Authority shall consider all objections and shall, not later than 3 months after the expiration of the publication period, submit the development project, the Authority's deliberations on the objections and any objections which are not withdrawn, to the Secretary for his consideration.

(4) The Secretary shall consider the development project and any objections which are not withdrawn and determine, consequent upon those objections, whether to make an amendment to the development project to meet an objection raised under subsection (1), whether to authorize the Authority to proceed with the development project with or without any amendment, or whether to decline to authorize the development project.

(5) The Secretary may authorize the Authority to proceed with the development project if after the expiration of the publication period no objections have been lodged.

(6) Where an amendment made by the Secretary under subsection (4) to meet an objection raised under subsection (1) appears to the Secretary to affect any land, other than that of the objector, the Secretary shall serve notice in writing of that amendment on the owner of that other land or give such other notice by advertisement or otherwise as he deems desirable and practicable to the owner of that other land to inform that owner of the amendment.

(7) The owner of the other land mentioned in subsection (6)

who wishes to object to the amendment made by the Secretary under subsection (4) shall, within 14 days after the service or giving of notice by the Secretary under subsection (6), send to the Secretary a written statement of that objection. The Secretary shall consider the written statement to determine, in view of that objection, whether to authorize the Authority to proceed with the project with or without the amendment and shall serve notice in writing of that determination on the owner who made the objection.

(8) Where the Secretary authorizes the Authority to proceed with a development project under subsection (4) or (7), as the case may be, with amendments which include an expansion of the boundaries of the project, the commencement date of the implementation of the part of the project concerning the land not included in the original development project submitted under subsection (3) shall be the date when notice was served or given under subsection (6). The commencement date of the implementation of the part of the project concerning the land included in the original development project submitted to the Secretary under subsection (3) shall remain as provided under section 20(2).

(9) Where the Secretary determines to authorize the Authority to proceed with a development project under subsection (4) or (7), as the case may be, with or without amendments, he shall order the Authority to publish in the Gazette notice of authorization of the project, together with a summary of the information of the description mentioned in section 20(3) (a) and (b) concerning the project as authorized by the Secretary. The Authority shall, upon request, made to it by any person in that behalf, make available for inspection, information of the description mentioned in section 20(3) (a) and (b) concerning the

authorized project.

22. Development schemes

(1) The Authority may, in accordance with this section, implement a project by way of a development scheme.

(2) No objection shall be entertained or considered in respect of a project which is to be implemented by way of a development scheme under this section and the objection procedures set out in section 21 shall not be applicable in respect of any such project or in respect of the implementation of that project by way of a development scheme.

(3) A development scheme shall contain such matters as the Authority considers relevant and shall -

- (a) comprise a plan which may contain any thing that a draft plan may contain under section 3 or 4 of the Town Planning Ordinance (Cap. 131);
- (b) set out how the Authority intends that the development scheme will be implemented, including whether implementation will be by the Authority alone or the Authority in association with another person and in relation to land within the boundaries of the development scheme, what portion of the land is owned or leased by the Authority and what arrangements have been made or are contemplated by the Authority for the acquisition of any land not so owned or leased;
- (c) contain an assessment by the Authority as to the likely effect of the implementation of the development scheme including, in relation to the

residential accommodation of persons who will be displaced by the implementation of the development scheme, an assessment as to whether or not, insofar as suitable accommodation for such persons does not already exist, arrangements can be made for the provision of such residential accommodation in advance of any such displacement which will result as the development scheme is implemented.

(4) Without affecting the generality of subsection (3) (a), a plan prepared under that subsection may provide for the grant of permission under section 16 of the Town Planning Ordinance (Cap. 131), for all purposes or for any purpose, and may prohibit any development not compatible with any development scheme prepared under that subsection.

(5) The Authority may submit any plan prepared under subsection (3) (a) to the Town Planning Board for consideration under subsection (6).

(6) Upon the submission to it of a plan prepared under subsection (3) (a), the Town Planning Board may -

- (a) deem the plan as being suitable for publication;
- (b) deem the plan as being suitable for publication subject to such amendments as the Town Planning Board shall specify; or
- (c) refuse to deem the plan as being suitable for publication.

(7) A plan which the Town Planning Board deems suitable for publication under subsection (6) (a) or (b) shall be deemed to be a draft plan prepared by the Town Planning Board for the purposes of the Town Planning Ordinance (Cap. 131) and the provisions of that

Ordinance shall apply accordingly.

(8) Where a draft plan of a development scheme deemed to be a draft plan prepared by the Town Planning Board under subsection (7) is amended by the Town Planning Board under section 6 or section 7 of the Town Planning Ordinance (Cap. 131) and such amendment includes an expansion in the boundaries of the plan, the commencement date of the implementation of the part of the development scheme concerning the additional land within the expanded boundaries shall be the date when a notice is first given under section 6(7) of that Ordinance or the date when the amendment is first exhibited for public inspection under section 7 of that Ordinance, as the case may be. The commencement date of the implementation of the part of the development scheme concerning the land included in the original development scheme published by the Town Planning Board under subsection (6) shall remain as provided under section 20(2).

(9) Where under section 5 of the Town Planning Ordinance (Cap. 131) a plan which is deemed to be a draft plan by virtue of subsection (7) is exhibited, such plan shall, from the date that the exhibition of the plan is first notified in the Gazette, replace or amend according to its tenor, any draft or approved plan under that Ordinance relating to the area delineated and described therein.

(10) Where under section 9 of the Town Planning Ordinance (Cap. 131) the Chief Executive in Council refuses to approve a plan which is deemed to be a draft plan by virtue of subsection (7), such refusal shall be notified in the Gazette and shall revive any draft or approved plan under that Ordinance which, under subsection (9), was replaced or amended thereby.

**23. Development projects to accord
with Town Planning Ordinance**

(1) Subject to subsection (2), the Authority may implement a project by way of a development project.

(2) In implementing a project as a development project, the Authority shall ensure that the project is a project that may be lawfully implemented by virtue of any draft or approved plan for the purposes of the Town Planning Ordinance (Cap. 131) and, in the case where by virtue of such plan, permission under section 16 of that Ordinance is required for that implementation, the permission required has been obtained.

PART VI

RESUMPTION AND DISPOSAL OF LAND

24. Power of Secretary to recommend resumption

(1) The Authority may apply in writing to the Secretary requesting him to recommend to the Chief Executive in Council the resumption, under the Lands Resumption Ordinance (Cap. 124) -

- (a) in relation to a development scheme contained in a corporate plan and a business plan or approved by the Financial Secretary under section 19, of any land within the area of a plan which is deemed to be a draft plan by virtue of section 22(7) of this Ordinance, after the approval of such plan by the Chief Executive in Council under section 9 of the Town Planning Ordinance (Cap. 131); or
- (b) in relation to a development project contained in a corporate plan and a business plan or approved by

the Financial Secretary under section 19, of any land that the Authority requires to implement such development project, after the authorization of such development project by the Secretary under section 21(4), (5) or (7).

- (2) The Secretary shall not make a recommendation under subsection (1) unless -
- (a) in the case of a development scheme, application is made to him not later than 12 months after the approval by the Chief Executive in Council under section 9 of the Town Planning Ordinance (Cap. 131) of the plan prepared under section 22(3) (a);
 - (b) in the case of a development project, application is made to him not later than 12 months after the authorization by the Secretary under section 21(4), (5) or (7) for the project to proceed.

(3) The Authority shall set out in the application under subsection (1) the following information for consideration of the Secretary -

- (a) whether the Authority will implement the development scheme or development project on its own, in association with any other person or persons, or sell the land so resumed to any other person or persons;
- (b) for a development scheme, an assessment by the Authority as to the likely effect of the implementation of the development scheme including, in relation to the residential accommodation of persons who will be displaced by the implementation

of the development scheme, an assessment as to whether or not, insofar as suitable residential accommodation for such persons does not already exist, arrangements can be made for the provision of such residential accommodation in advance of any such displacement which will result as the development scheme is implemented;

- (c) for a development project, an assessment by the Authority as to the likely effect of the implementation of the development project including, in relation to the residential accommodation of persons who will be displaced by the implementation of the development project, an assessment as to whether or not, insofar as suitable residential accommodation for such persons does not already exist, arrangements can be made for the provision of such residential accommodation in advance of any such displacement which will result as the development project is implemented.

(4) A resumption in pursuance of a recommendation by the Secretary under this section shall be deemed to be a resumption for a public purpose within the meaning of the Lands Resumption Ordinance (Cap. 124).

25. Disposal of land resumed under

Lands Resumption Ordinance

(1) The Authority shall not sell or dispose of land resumed under the Lands Resumption Ordinance (Cap. 124) that it has resumed for the purpose of a development scheme or a development project, unless prior approval for such sale or disposal has been

granted by the Chief Executive in Council.

(2) The Chief Executive in Council may, in granting approval under subsection (1), determine whether the Authority may sell or dispose of all of the resumed land or only part of it.

26. Power to enter and inspect

(1) The Secretary or any person authorized by him in writing may, at a reasonable time, enter and inspect any land or any premises on it situated within the boundaries of a development scheme or a development project for the purpose of preparing an assessment required by sections 22(3) (c) and 24(3) (b) and (c).

(2) The Secretary may delegate to the Authority the powers to enter and inspect as provided under subsection (1).

(3) An authorization issued under subsection (1) may authorize the Authority or any person authorized by the Authority in writing before the issue of the authorization to enter the land or any premises on it on such occasions and at such times as may be necessary for the purpose for which the authorization was issued.

(4) Where the Secretary, the Authority or any person authorized in writing by the Secretary or the Authority under delegated authority is unable to effect an entry to the land or into any premises on it in accordance with subsection (1), he may serve on the owner and occupier a notice in writing requiring permission to so enter and inspect and after the expiry of 48 hours from the service of the notice or when service of the notice is deemed to have been effected, whichever is the later, he may, at any reasonable time during daylight, enter, using such force as is necessary therefor, and inspect such land or premises and take

such particulars as he thinks fit.

(5) Where the Authority or any person authorized in writing by the Secretary or the Authority under delegated authority enters any land or premises under an authorization issued under this section he shall produce his authorization and may require any person present on that land or in those premises -

(a) to give details of his identity, name and address and produce his identity card issued under the Registration of Persons Ordinance (Cap. 177) for inspection;

or

(b) who appears at the time to be a person responsible for or in charge of that land or those premises to give such information or render such assistance as may be necessary for the purposes of this section.

(6) An authorization issued under subsection (3) shall continue in force until the purpose for which the entry is necessary has been satisfied.

(7) Any person who without reasonable excuse -

(a) obstructs the Secretary, the Authority or any person authorized in writing by the Secretary or the Authority under delegated authority from entering or inspecting any land or any premises on it under this section;

(b) refuses to give details of his identity, name and address and produce his identity card issued under the Registration of Persons Ordinance (Cap. 177) for inspection when so required under subsection (5) (a); or

(c) refuses to give such information or render such

assistance as may be necessary for the purposes of this section when so required under subsection(5) (b),

commits an offence and is liable -

- (i) on first conviction to a fine of \$2,000;
- (ii) on second or subsequent conviction to a fine of \$10,000.

PART VII

MISCELLANEOUS

27. Secretary may obtain information

The Authority shall upon request by the Secretary afford to him sufficient facilities for obtaining information with respect to the property and affairs of the Authority and shall, in such manner and at such times as the Secretary may require, furnish him with returns, accounts and other information with respect thereto and afford to him facilities for the verification of information furnished.

28. Chief Executive may give directions

The Chief Executive may, if he considers the public interest so requires, give directions in writing to the Authority in relation to the exercise of its powers or the performance of its duties and the Authority shall comply with those directions.

29. Authority may make bylaws

- (1) The Authority may make bylaws regulating the conduct of persons within any -

- (a) land, building, premises or structure which it has leased, purchased, acquired or otherwise owns or holds and any common parts thereof;
- (b) roads, footways, parks, car parks, parking spaces, recreational facilities and similar open spaces, bridges, drains, sewers and water courses and other transport and recreational facilities owned or held by the Authority.

(2) The following provisions shall apply in relation to bylaws made by the Authority under subsection (1) -

- (a) any bylaw so made may provide that a contravention of specified provisions thereof shall be an offence and may prescribe penalties therefor not exceeding a fine of \$10,000;
- (b) without prejudice to any Ordinance relating to the prosecution of criminal offences or to the powers of the Secretary for Justice in relation to the prosecution of criminal offences, prosecutions under any bylaw so made may be brought in the name of the Authority;
- (c) all bylaws so made shall be subject to the approval of the Legislative Council;
- (d) the Authority shall cause to be printed copies of all bylaws so made which shall be kept at its principal office and be available for sale to any person at a reasonable cost.

30. Service of notices

A notice to be served under this Ordinance may be served by

serving a copy -

- (a) personally;
- (b) by registered post addressed to the last known place of business or residence of the person to be served;
- (c) where the notice relates to any premises or part thereof, by leaving the same with an adult occupier of the premises or part thereof to which the notice relates or by posting the same in a prominent position upon or near such premises or upon a conspicuous part of such premises or part thereof; or
- (d) where the notice relates to land, by posting the same in a prominent position upon or near such land.

PART VIII

TRANSITIONAL PROVISIONS

31. Repeal of Land Development

Corporation Ordinance

(1) On the same date when Parts II to VIII of this Ordinance come into operation, the Land Development Corporation Ordinance (Cap. 15) shall be repealed and the Land Development Corporation shall be dissolved.

(2) With effect from the date mentioned in subsection (1), any lease, tenancy, permit or licence granted to the Land Development Corporation under the repealed Ordinance and in force immediately before the commencement of Parts II to VIII of this Ordinance shall, on the date when Parts II to VIII of this

Ordinance come into operation, continue to be in force and have effect upon the same terms, covenants and conditions as if that lease, tenancy, permit or licence, as the case may be, were granted to the Authority.

(3) With effect from the date mentioned in subsection (1), any document referring to the repealed Ordinance shall, so far as may be necessary for preserving its effect, be construed as referring to or as including a reference to this Ordinance.

(4) Subject to subsections (5) and (6), where at the date of commencement of Parts II to VIII of this Ordinance, a development proposal has been prepared in accordance with section 5(2) (b) of the repealed Ordinance, the development proposal may be continued and completed by the Authority as if the repealed Ordinance had not been repealed and the powers and duties of the Land Development Corporation shall be exercised and performed by the Authority.

(5) Upon the request in writing of the Authority to the Secretary in that behalf, the Secretary may treat section 15(4) (c) and (5) of the repealed Ordinance as having no application to a resumption in pursuance of a development proposal of the description mentioned in subsection (4), and the circumstances specified in section 15(2) (b) of the repealed Ordinance may be construed as being such that the land in respect of which the recommendation for resumption is made is required by the Land Development Corporation to implement such development proposal authorized under section 5(2) (b) of the repealed Ordinance.

(6) The Secretary may request the Authority to furnish him with such information as he considers necessary to justify a request made under subsection (5).

(7) Subject to subsections (8) and (9), where at the date of commencement of Parts II to VIII of this Ordinance, a development scheme has been prepared in accordance with section 13(1) of the repealed Ordinance, the development scheme may be continued and completed by the Authority as if the repealed Ordinance had not been repealed and the powers and duties of the Land Development Corporation shall be exercised and performed by the Authority.

(8) Upon the request in writing of the Authority to the Secretary in that behalf, the Secretary may treat section 15(3) (b) and (5) of the repealed Ordinance as having no application to a resumption in pursuance of a development scheme of the description mentioned in subsection (7), and the circumstances specified in section 15(2) (a) of the repealed Ordinance may be construed as being such that the land in respect of which the recommendation for resumption is made is within the area of a plan which is deemed to be a draft plan by virtue of section 14(3) of the repealed Ordinance.

(9) The Secretary may request the Authority to furnish him with such information as he considers necessary to justify a request made under subsection (8).

**32. Transfer of properties, assets,
contracts, etc.**

(1) All immovable property owned by the Land Development Corporation at the date of commencement of Parts II to VIII of this Ordinance shall, at that date, be owned by the Authority by virtue of this Ordinance for the residue of the term of years created by the respective Government leases, subject to the covenants, conditions, stipulations, exceptions, reservations, provisos and powers contained in and reserved by those respective

Government leases.

(2) All permissions and approvals obtained by the Land Development Corporation from the Town Planning Board, the Secretary, the Financial Secretary, or the Chief Executive in Council which were in force immediately before the commencement of Parts II to VIII of this Ordinance shall, on the commencement of Parts II to VIII of this Ordinance, be transferred to the Authority on the same terms and conditions.

(3) Any movable property, right and privilege vested in the Land Development Corporation shall, on the commencement of Parts II to VIII of this Ordinance, be vested in the Authority on the same terms and conditions, and the Authority shall be subject to the same obligations and liabilities to which the Land Development Corporation was subject at the date of commencement of Parts II to VIII of this Ordinance.

(4) At the date of commencement of Parts II to VIII of this Ordinance, all books, papers, documents, minutes, equipment, receipts and accounts relating to the Land Development Corporation and to its operation under the repealed Ordinance shall be delivered to the Authority.

(5) Every contract, including every employment contract or other agreement with any person, entered into by the Land Development Corporation which was in force immediately before the commencement of Parts II to VIII of this Ordinance shall, as from that date, have effect as if the Authority is substituted for the Land Development Corporation, and the contract or other agreement may be enforced by or against the Authority.

(6) The legal claims including present, future, actual and contingent claims by or against the Land Development Corporation

and judicial proceedings instituted by or against the Land Development Corporation that existed immediately before the commencement of Parts II to VIII of this Ordinance, do not abate by reason only of the fact of the repeal of the Land Development Corporation Ordinance (Cap. 15), and the Authority is substituted for the Land Development Corporation in any proceedings pending before any court or tribunal.

(7) The property of the Land Development Corporation owned by it immediately before the commencement of Parts II to VIII of this Ordinance is transferred to and is owned by the Authority subject to any existing claim or liability, and the Authority may sue on, recover or enforce a chose in action transferred by this subsection without having to give notice of the transfer to a person bound by the chose in action, and without limitation it is provided that the insurance policies and any benefit of trade marks, copyright and other intellectual property rights held by the Land Development Corporation are transferred to the Authority.

(8) Any contributory or non-contributory scheme for payment of provident funds to the employees of the Land Development Corporation which was in place immediately before the date of commencement of Parts II to VIII of this Ordinance shall, as from that date, continue to operate as if the scheme had been put in place by the Authority. The employees of the Land Development Corporation under the arrangements of such a scheme shall be taken to be the employees of the Authority, and the Authority shall replace the Land Development Corporation in all the arrangements of such a scheme.

(9) on the commencement of Parts II to VIII of this Ordinance, the Authority is to repay any outstanding balance of

the loan referred to in paragraph 1(k) of Part I of the Schedule to the Loan Fund (Cap. 2 sub. leg.) of the Land Development Corporation to the Government under the same terms and conditions as was determined between the Land Development Corporation and the Government prior to that commencement.

33. Consequential amendments

(1) Schedule 1 to the Prevention of Bribery Ordinance (Cap. 201) is amended by repealing item 51 and substituting -

“51. Urban Renewal Authority.”.

(2) Part IVA of the Schedule to the Protection of Investors Ordinance (Cap. 335) is amended by repealing item 8 and substituting -

“8. Urban Renewal Authority.”.

(3) Part I of Schedule 1 to the Ombudsman Ordinance (Cap. 397) is amended by repealing “Land Development Corporation” and substituting -

“Urban Renewal Authority”.

SCHEDULE

[s. 4]

PROVISIONS WITH RESPECT TO BOARD OF AUTHORITY AND ITS MEMBERS

1. Terms and conditions of appointment and dismissal

(1) The Chief Executive shall determine the terms and conditions of appointment of -

- (a) the Chairman;
- (b) the Deputy Chairman, if any; and
- (c) the executive directors;

of the Board of the Authority.

(2) A non-executive director not being a public officer shall hold and vacate his office in accordance with the terms of his appointment and shall, on ceasing to be a member, be eligible for reappointment.

(3) A non-executive director not being a public officer may at any time resign his office by notice in writing to the Chief Executive.

(4) A public officer appointed as a non-executive director shall hold office at the discretion of the Chief Executive.

(5) If the Chief Executive is satisfied that a member of the Board of the Authority appointed under section 4 of this Ordinance -

- (a) has been absent from 3 consecutive meetings of the Board of the Authority without the permission of the Board of the Authority;
- (b) has become bankrupt or made an arrangement with his creditors;
- (c) is incapacitated by physical or mental illness; or
- (d) is otherwise unable or unfit to perform the duties of a member,

the Chief Executive may declare his office as a member of the Board of the Authority to be vacant, and shall notify the fact in such manner as the Chief Executive thinks fit; and upon such declaration, the office shall become vacant.

2. Fees and allowances payable to members of Board of Authority

(1) The Board of the Authority may pay its non-executive directors such fees and allowances as the Financial Secretary may

determine.

(2) Subsection (1) shall not apply to any member of the Board of the Authority who is a public officer.

3. Quorum

(1) The quorum of the Board of the Authority shall not be less than half the members thereof for the time being and, while a member is disqualified from taking part in a decision or deliberation of the Board of the Authority in respect of a matter, he shall be disregarded for the purpose of constituting a quorum of the Board of the Authority for deciding, or deliberating on, that matter.

(2) All matters for determination at a meeting of the Board of the Authority shall be decided by a majority of votes of the members present and voting and where there is an equality of votes the Chairman or other member presiding shall have a casting vote in addition to his original vote.

4. Procedure of Board of Authority

(1) Subject to this Schedule, the Board of the Authority shall have power to regulate its own procedure including the manner in which decisions of the Board of the Authority may be made by a quorum of its members otherwise than at a meeting of the Board of the Authority.

(2) The Board of the Authority may transact any of its business by circulation of papers amongst members whether any such member is in or outside Hong Kong, and a resolution in writing which is approved in writing by a majority of the members shall be as valid and effectual as if it had been passed at a meeting of the Board of the Authority.

**5. Board of Authority may
establish committees**

(1) The Board of the Authority may create, and appoint the members of, such committees for the better carrying out of the purposes and powers of the Authority as it thinks fit.

(2) Persons who are not members of the Board of the Authority are eligible for appointment to committees.

(3) The chairman of a committee created under subsection (1) shall be appointed by the Board of the Authority and the number of members of a committee shall be determined by the Board of the Authority.

(4) Subject to the terms of any delegation by the Board of the Authority, or to any directions of the Board of the Authority, a committee -

- (a) may exercise and perform the delegated powers and duties with the same effect as if it were the Board of the Authority itself;
- (b) shall be presumed to be acting in accordance with the terms of the delegation in the absence of proof to the contrary;
- (c) may regulate its own procedure.

(5) The proceedings of any committee created under subsection (1) shall not be invalidated by any defect in the appointment of any member thereof, the absence of any such member from the meeting at which any such proceedings occurred or any vacancy among such members.

**6. Delegation of Board of
Authority's powers**

(1) Subject to subsection (2), the Board of the Authority

may, with or without restrictions or conditions as it thinks fit, delegate in writing any of its powers to any committee created under section 5(1).

- (2) The Board of the Authority shall not delegate the power -
 - (a) to create any committee;
 - (b) to determine matters relating to the remuneration, and terms and conditions of employment, of the employees of the Authority;
 - (c) to establish, manage and control, or enter into an arrangement for the establishment, management and control of any fund or scheme for the purpose of providing for the pensions, gratuities, and retirement benefits to the employees of the Authority;
 - (d) to furnish after the expiry of the financial year a report on the affairs of the Authority for that year, a copy of its accounts therefor, and the auditor's report on the accounts;
 - (e) to submit a plan of a development scheme to the Town Planning Board; or
 - (f) to request the Secretary to recommend to the Chief Executive in Council the resumption of any land.

7. Documents of Authority

(1) The Board of the Authority may make and execute any document in the exercise of its powers or the performance of its duties or in connection with any matter reasonably incidental to or consequent upon the exercise of its powers or the performance of its duties.

(2) Any document purporting to be executed under the common seal of the Authority shall be admitted in evidence and shall, unless the contrary is proved, be deemed to have been duly executed.

(3) A certificate signed by the Chairman of the Board of the Authority that an instrument of the Authority purporting to be made or issued by or on behalf of the Authority was so made or issued shall be conclusive evidence of that fact.

(4) Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not be required to be entered into or executed under seal, may be entered into or executed on behalf of the Authority by the Chairman of the Board of the Authority or any of its executive director generally or specifically authorized in writing by the Board of the Authority for that purpose.

8. Employees of Authority

(1) The Board of the Authority shall determine -

- (a) The remuneration, and the terms and conditions of employment, of the employees of the Authority; and
- (b) the standards of work and conduct of the employees of the Authority, and matters relating to their suspension or dismissal from office.

(2) The Board of the Authority shall determine the remuneration and the terms and conditions of engagement of technical and professional advisers, and the manner of their engagement.

(3) The Board of the Authority may -

- (a) grant, or make provision for the grant of, pensions, gratuities and retirement benefits to the

employees of the Authority;

(b) provide other benefits for the welfare of the employees of the Authority and their dependants; and

(c) authorize payments, whether or not legally due, to the personal representatives of a deceased employee of the Authority or to any person who was dependent on such employee at his death.

(4) The Board of the Authority may -

(a) establish, manage and control; or

(b) enter into an arrangement with the Government, any company or association for the establishment, management and control by the Government, that company or association either alone or jointly with the Authority of,

any fund or scheme for the purpose of providing for the pensions, gratuities, benefits and payments referred to in subsection (3).

(5) The Board of the Authority may make contributions to and may require employees to make contributions to any fund or scheme referred to in subsection (4).

Explanatory Memorandum

The objects of this Bill are -

(a) to establish a statutory corporation named the Urban Renewal Authority to replace the Land Development Corporation, for the purpose of improving the built environment of Hong Kong by undertaking urban renewal;

(b) to provide for the structure, purposes and powers

of the Urban Renewal Authority; and

- (c) to set out procedures for planning and land resumption which relate to development schemes and development projects to be implemented by the Urban Renewal Authority.

2. Part I comprises clauses 1 and 2 is preliminary and, in clause 2, the terms used in the Bill are defined.

3. Part II, which comprises clauses 3 to 6, establishes the Urban Renewal Authority -

- (a) clause 3 establishes the Urban Renewal Authority (the “Authority”);
- (b) clause 4 provides that the members of the Board of the Authority shall be the governing and executive body of the Authority;
- (c) clause 5 sets out the purposes of the Authority;
- (d) clause 6 sets out the general power of the Authority.

4. Part III, which comprises clauses 7 to 9, deals with the public accountability of the Authority -

- (a) clause 7 requires members of the Board of the Authority to declare interests;
- (b) clause 8 deals with the duty of public officers to state the public interest;
- (c) clause 9 requires the Chairman and executive directors of the Board of the Authority to attend before the Legislative Council if so requested.

5. Part IV, which comprises clauses 10 to 17, deals with the financial side of the operations of the Authority -

- (a) clause 10 deals with resources;

- (b) clause 11 sets out the borrowing powers of the Authority;
- (c) clause 12 deals with lending powers;
- (d) clause 13 enables the Government to guarantee the Authority's borrowings;
- (e) clause 14 provides for the use of surplus funds;
- (f) clause 15 relates to the debt of the Authority;
- (g) clause 16 provides for accounts, audit and annual reports;
- (h) clause 17 exempts the Authority from taxation.

6. Part V, which comprises clauses 18 to 23, deals with the planning procedures that are required to implement the urban renewal programme -

- (a) clause 18 requires the Authority to prepare 5-year forward planned corporate plans;
- (b) clause 19 requires the Authority to prepare business plans for each next financial year;
- (c) clause 20 deals with the publication of information relating to projects to be implemented by way of a development project or development scheme for the purposes of the urban renewal programme;
- (d) clause 21 enables persons who will be affected by projects to make objections to the Authority;
- (e) clause 22 deals with projects to be implemented by way of a development scheme for the purposes of the urban renewal programme;
- (f) clause 23 requires development projects to be implemented in accordance with any draft or approved plan prepared under the Town Planning

Ordinance (Cap. 131).

7. Part VI, which comprises clauses 24 to 26, deals with the resumption of land for the purposes of the implementation of the urban renewal programme -

- (a) clause 24 enables the Secretary for Planning and Lands to recommend to the Chief Executive in Council the resumption of land so required;
- (b) clause 25 restricts the sale by the Authority of resumed land;
- (c) clause 26 provides for powers of entry and inspection.

8. Part VII, which comprises clauses 27 to 30, contains miscellaneous provisions -

- (a) clause 27 empowers the Secretary for Planning and Lands to request information from the Authority;
- (b) clause 28 empowers the Chief Executive to give directions to the Authority;
- (c) clause 29 enables the Authority to make bylaws;
- (d) clause 30 provides for the method service of notices to be served under the Ordinance.

9. Part VIII, which comprises clauses 31 to 33 and a Schedule, is transitional -

- (a) clause 31 sets out various matters which are to apply as a result of the repeal of the Land Development Corporation Ordinance (Cap. 15);
- (b) clause 32 provides for the transfer, to the Authority, of properties, assets, permissions and contracts;
- (c) clause 33 is consequential;

(d) the Schedule sets out the provisions which apply to the Board of the Authority and its members.

Report

on the

Public Consultation

on the

Urban Renewal Authority Bill

Planning and Lands Bureau
January 2000

On 22 October 1999, the Urban Renewal Authority Bill was published in the Government Gazette in the form of a White Bill for public consultation. A booklet containing a consultation paper on the Urban Renewal Authority Bill and a copy of the White Bill was issued for public comments on the same day. A copy of the booklet is in Appendix A.

2. Public consultation lasted from 22 October 1999 to 31 December 1999. During the consultation period, 34,000 copies of the booklet were distributed. Representatives of the Planning and Lands Bureau (formerly the Planning, Environment and Lands Bureau) and the Planning Department attended 32 briefing sessions, seminars and public forums on the White Bill. The Bureau also organized two public forums to gather views. A list of the briefing sessions, seminars and public forums is in Appendix B. The Legislative Council held a motion debate on the subject on 8 December 1999 during which 20 Members spoke. A total of 298 submissions were received. A list of these submissions is in Appendix C.

3. A summary of the main comments received and our response to those comments is in Appendix D.

CONSULTATION PAPER

ON THE

URBAN RENEWAL

AUTHORITY BILL

Planning, Environment and Lands Bureau

October 1999

PREFACE

This booklet contains a copy of the Urban Renewal Authority Bill which has just been published in the Government Gazette in the form of a White Bill for the purpose of public consultation and a consultation paper which sets out the main points in the Bill.

Comments on the Bill should be submitted in writing on or before 3 December 1999 to:

Planning, Environment and Lands Bureau

9/F, Murray Building

Garden Road

Central

Hong Kong

Facsimile No.: 2905 1002

E-mail Address: urabill@pelb.gov.hk

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CONSULTATION PAPER ON THE URBAN RENEWAL AUTHORITY BILL

INTRODUCTION

In his 1999 Policy Address, the Chief Executive announced that a statutory body, to be known as the Urban Renewal Authority (the Authority), will be established in 2000 to implement the Government's urban renewal strategy for the 21st century. The new Authority will replace the existing Land Development Corporation (the Corporation) and take over all its assets and liabilities, including redevelopment projects in progress. The Government's proposals for the establishment of the new Authority are set out in the Urban Renewal Authority Bill (a copy attached) which has been published in the Government Gazette in the form of a White Bill for public consultation.

BACKGROUND

2. In July 1995, the Government issued a public consultation document on urban renewal which put forward a package of proposals to expedite the process of urban redevelopment and rehabilitation. As a result of the consultation exercise, the Government published a policy statement entitled "Urban Renewal in Hong Kong" in June 1996. Most of the initiatives in the policy statement have now been implemented. The policy statement also proposed the establishment of a new statutory authority to take forward a new urban renewal strategy. The purpose of the Urban Renewal Authority Bill is to provide a legislative framework for the establishment and operation of the

new Authority.

3. The Corporation was set up in 1988 and has been shouldering the arduous task of urban renewal. It has completed a number of redevelopment projects, although not without difficulties. The obstacles include:

- (a) the original assumption that urban renewal could be wholly self-financing in the long run may not be valid in future as a result of the scarcity of sites for profitable redevelopment and a less exuberant property market;
- (b) the need to undertake protracted negotiations with property owners has prolonged the land assembly process and increased the financial burden of the Corporation's projects; and
- (c) as a result of a commitment not to make anyone affected by redevelopment projects homeless, the pace of urban renewal has been limited by the Corporation's shortage of rehousing resources.

4. In the past, private developers had played a significant role in redeveloping low-rise properties, where it was relatively easy to acquire the properties involved and where the development gains made the projects profitable. However, private developers' interest in urban renewal has declined in recent years because of the scarcity of low-rise buildings with redevelopment potential and the lengthy and uncertain process of land assembly. A new approach to urban renewal is needed.

5. The objective of urban renewal is not just to demolish dilapidated buildings and replace them with new ones. The goal is to plan more comprehensively and to improve the overall environment of the older built-up areas.

6. The Government's strategy is to continuously regenerate the fabric of Hong Kong's built-up areas through timely urban renewal. The main objectives of the urban renewal programme are to:

- (a) improve the built environment of Hong Kong and the layout of built-up areas by replacing old and run-down areas with new developments which are properly planned and provided with adequate transport and other infrastructure and community facilities;
- (b) achieve better use of land in the dilapidated built-up areas and under-utilized industrial areas and to make land available to meet various development needs;
- (c) prevent the decay of built-up areas by promoting the maintenance and improvement of individual buildings as regards their structural stability, integrity of external finishes and fire safety as well as the improvement of the physical appearance and conditions of the environs of these buildings;
- (d) preserve buildings of historical, cultural or architectural interest in urban renewal action areas; and

(e) engage in such other activities so as to promote and facilitate urban renewal.

7. The Authority will implement an urban renewal programme which is based on the urban renewal strategy.

URBAN RENEWAL AUTHORITY BILL

8. The Urban Renewal Authority Bill has been drafted with the above objectives in mind. It comprises 32 clauses (in eight parts) and one schedule. The main features of the Bill are highlighted in the following paragraphs.

Preliminary (Part I)

9. This Part includes a short title for the Ordinance and a provision for the Secretary for Planning, Environment and Lands (the Secretary) to determine the date for the Ordinance to come into operation (**Clause 1**). **Clause 2** defines certain terms used in the Bill.

Urban Renewal Authority (Part II)

10. The Authority will comprise a Board which will be its governing body and managing board. The Chief Executive will appoint a Chairman, two other executive directors, seven non-executive directors who are non-officials and four non-executive directors who are public officers to the Board (**Clause 4**). In order to enhance the public accountability of the Chairman of the Authority, he will be an executive Chairman, i.e. he is both the Chairman and an executive director. Since the Chairman will take on executive functions, there is no need to appoint a Chief

Executive Officer to run the daily activities of the Authority as the Corporation currently does.

11. The purposes and powers of the Authority are set out in **Clauses 5 and 6**. **Clause 5** sets out the purposes of the Authority which reflects the Government's overall objectives on urban renewal. Compared with those for the Corporation, the purposes of the Authority are more comprehensive and balanced, covering both redevelopment of dilapidated buildings and rehabilitation of buildings not in good repair.

Public Accountability (Part III)

12. The Bill contains provisions aimed at enhancing the public accountability of the Authority as a statutory public body. The directors of the Board of the Authority will be required to declare interests in writing and all such declarations of interest will be recorded. Moreover, a register of declared interests will be set up and made available for public inspection (**Clause 7**).

13. In order to ensure that the public interest is taken into account when the Authority deliberates on matters which may affect the public interest, **Clause 8** has been included to the effect that public officers sitting on the Board of the Authority are duty-bound to point out what the public interest is and how that interest could be affected by the action or activities of the Authority.

Financial Provisions (Part IV)

14. The Government is exploring various financing options for the Authority to implement urban renewal projects. A package of both financial and non-financial tools to enhance the

financial viability of urban renewal projects is being considered. We are studying the extent to which the financial viability of projects would be enhanced if plot ratio controls could be relaxed for the project areas and if the Government/Institution/Community facilities within the project areas could be exempted from the calculation of the gross floor area. We are also exploring the logistics and implications of making loans to finance the Authority's projects, in addition to forgoing land premia for urban renewal sites and packaging redevelopment projects so that financially viable projects can cross-subsidize non-viable projects, with the result that the overall return would be commercially attractive to encourage private sector participation. Our ultimate aim is to develop an arrangement that would be self-financing in the long run.

15. Without prejudice to the eventual financial arrangements, **Clauses 11 and 12**, which empower the Authority to borrow and lend money for purposes related to the implementation of urban renewal projects, have been included in the Bill. The Authority is required to exercise due care and diligence in handling its finances and to be accountable (**Clause 10**).

Planning Procedures (Part V)

16. In order to expedite the urban renewal programme, new planning procedures will be introduced for processing the development proposals of the Authority. The Government will formulate an urban renewal strategy which identifies projects for priority implementation by the Authority. The Authority may also implement uncompleted projects of the Corporation. On the basis of the Government's urban renewal strategy, the Authority will prepare a draft corporate plan setting out its proposed programme

of projects for the next five years (**Clause 18**) and a draft annual business plan setting out the projects to be implemented in the next financial year (**Clause 19**). The Authority is required to submit its draft corporate plan and draft business plan to the Financial Secretary for approval each year.

17. This procedure provides a high degree of flexibility to the Authority in scheduling its programme of projects. The Authority will no longer have to seek the Government's approval on a proposal-by-proposal basis as long as the Authority operates within the parameters and guidelines set out in the Government's urban renewal strategy. The planning procedures also ensure an appropriate level of Government supervision of the Authority. To provide flexibility in planning individual proposals, the Authority will be allowed to make proposals in areas which are not identified in the Government's urban renewal strategy when there are justifications for doing so.

Publication of Project

18. Before implementing a project, the Authority is required to publish in the Government Gazette the commencement date of the project and to exhibit general information about the project for public inspection (**Clause 20**). The project may be implemented either by way of a "development scheme" (**Clause 22**) or a "development project" (**Clause 23**). A development scheme requires amendment to the zoning of the project site on the outline zoning plan, whereas a development project requires no such amendment. The date on which the project is first published will be regarded as the commencement date of the project.

19. The purpose of announcing a commencement date

for a project is to provide a cut-off date for determining ex-gratia payments to affected property owners and tenants and also for determining rehousing eligibility for affected tenants. Immediately after the announcement of the commencement date, the Authority will conduct a freezing survey to determine rehousing eligibility and ex-gratia payments.

20. After the publication of a development project, any person affected by the project may raise objections. Details of the procedure for dealing with objections are set out in **Clause 21** of the Bill.

21. Objections to a development scheme are dealt with by the Town Planning Board under the Town Planning Ordinance.

Resumption and Disposal of Land (Part VI)

22. The time-consuming land assembly process is the main reason why it takes the Corporation such a long time to implement urban renewal projects. Under the existing mechanism, the Corporation is first required to take all reasonable steps to acquire affected properties within the project area. This usually involves protracted negotiations with property owners. If there are any properties which the Corporation is unable to acquire, the Corporation may then request the Secretary to recommend to the Chief Executive in Council the resumption of those properties.

23. In order to expedite the process, instead of requiring the Authority to first negotiate and acquire the land needed for an urban renewal project, the Authority is empowered under the Bill to apply for direct resumption of the land required. The Chief Executive in Council is the authority to approve such resumption

applications (**Clause 24**). Affected property owners will be compensated fairly under the Lands Resumption Ordinance.

24. In the case of a development project, the Authority has to make an application for resumption within 12 months after the project has been authorized by the Secretary. In the case of a development scheme, the Authority has to make an application for resumption within 12 months after the plan for the scheme prepared under the Town Planning Ordinance has been approved by the Chief Executive in Council in accordance with section 9 of that Ordinance (**Clause 24**).

Miscellaneous (Part VII)

25. This Part includes miscellaneous provisions such as those empowering the Secretary to obtain information required from the Authority (**Clause 27**), providing the Chief Executive with the power to give directions to the Authority (**Clause 28**) and setting out the procedures and conditions for the Authority to make any necessary bylaws (**Clause 29**).

Transitional Provisions (Part VIII)

26. This Part includes provisions covering transitional matters. The Corporation will be dissolved immediately upon the establishment of the Authority (**Clause 30**). All the assets and liabilities of the Corporation will be transferred to the Authority, including its properties, documents, accounts and contractual agreements, etc (**Clause 31**). To speed up the implementation of the uncompleted projects of the Corporation, the Authority may apply for direct resumption of properties not yet acquired by the Corporation or the Authority for such projects with proper

justifications provided to the Secretary (**Clause 30**).

COMMENTS SOUGHT

27. The Urban Renewal Authority Bill, if enacted, will replace and repeal the Land Development Corporation Ordinance to provide a legislative framework for the establishment of the new Urban Renewal Authority. It will affect not only the interests of land owners, tenants and developers, but also people from all walks of life.

28. Your comments are invited on the White Bill. The Bill will be finalized in the light of public comments before it is introduced into the Legislative Council.

Planning, Environment and Lands Bureau

Government Secretariat

October 1999

**URBAN RENEWAL
AUTHORITY BILL**

URBAN RENEWAL AUTHORITY BILL

URBAN RENEWAL AUTHORITY BILL

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A BILL

To

Establish the Urban Renewal Authority for the purpose of carrying out urban renewal and for connected purposes.

Enacted by the Legislative Council.

PART I

PRELIMINARY

1. Short title and commencement

(1) This Ordinance may be cited as the Urban Renewal Authority Ordinance.

(2) This Ordinance shall come into operation on a day to be appointed by the Secretary for Planning, Environment and Lands by notice in the Gazette.

2. Interpretation

In this Ordinance, unless the context otherwise requires—

“auditor” (核數師) shall be construed in accordance with section 43 of the Professional Accountants Ordinance (Cap. 50);

“Authority” (市建局) means the Urban Renewal Authority established under section 3;

“building” (建築物) has the same meaning as “building” in section 2(1) of the Buildings Ordinance (Cap. 123);

“business plan” (業務計劃) means a business plan prepared by the Authority and approved by the Financial Secretary under section 19;

“corporate plan” (事務計劃) means a corporate plan prepared by the Authority and approved by the Financial Secretary under section 18;

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- “executive director” (執行董事) means a person who, by virtue of section 4, is a member and an executive director of the Board of the Authority;
- “financial year”(財政年度) means the period commencing on 1 April each year and ending on 31 March the year after;
- “land” (土地) means land, whether covered by water or not, of whatever description and includes a building erected thereon and where an undivided share of a leasehold interest in land has appurtenant to it rights to the exclusive use and occupation of a building or part thereof erected thereon, includes such share in the land and all rights appurtenant thereto, and any estate, right, share or interest in land;
- “Land Development Corporation” (土發公司) means the Land Development Corporation established by section 3(1) of the repealed Ordinance;
- “non-executive director” (非執行董事) means a person who, by virtue of section 4, is a member of the Board of the Authority who is not an executive director;
- “project” (項目) means a development scheme or a development project set out in a business plan and approved by the Financial Secretary for implementation under section 19;
- “proposal” (提案) means a proposal for a project;
- “repealed Ordinance” (已廢除條例) means the Land Development Corporation Ordinance (Cap. 15) repealed under section 30;
- “Secretary” (局長) means the Secretary for Planning, Environment and Lands;
- “Town Planning Board”(城規會) means the Town Planning Board appointed under section 2 of the Town Planning Ordinance (Cap. 131).

PART II

URBAN RENEWAL AUTHORITY

3. Establishment of Authority

(1) There shall be established a body corporate to be named the Urban Renewal Authority which shall have such powers and duties as are conferred and imposed on it by, or by virtue of, this Ordinance.

(2) The Authority shall have perpetual succession and a common seal and shall in its own name be capable of suing and of being sued.

(3) The Authority shall not be regarded as a servant or agent of the Government or as enjoying any status, immunity or privilege of the Government.

(4) Part VII of the Interpretation and General Clauses Ordinance (Cap. 1) shall apply to the Authority and appointments to the Authority except where the context of this Ordinance otherwise requires.

4. Establishment of Board of Authority

(1) There shall be established a Board to be named the Board of the Urban Renewal Authority comprised of the following members—

- (a) a Chairman, who is at the same time an executive director and is not a public officer;
- (b) 2 other executive directors, not being public officers;
- (c) 7 non-executive directors, not being public officers; and
- (d) 4 non-executive directors who are public officers.

(2) All members of the Board of the Authority, including the Chairman, shall be appointed by the Chief Executive for a term not exceeding 3 years.

(3) The Chief Executive may appoint an executive director to be the Deputy Chairman of the Board of the Authority for a term not exceeding 3 years.

(4) The Board of the Authority shall be the governing and executive body of the Authority and as such shall, in the name of the Authority, exercise and perform the powers and duties as are conferred and imposed on it by, or by virtue of, this Ordinance.

(5) A member of the Board of the Authority who is appointed as an executive director shall be responsible to the Board of the Authority for the day to day management and administration of the affairs of the Authority and all matters relating to that responsibility shall be determined by the Chief Executive.

(6) The Schedule shall have effect with respect to the Board of the Authority and its members.

5. Purposes of Authority

The purposes of the Authority are to—

- (a) replace the Land Development Corporation as the body corporate established by statute having the responsibility of improving the standard of housing and the built environment of Hong Kong by undertaking, encouraging, promoting and facilitating urban renewal;
- (b) improve the standard of housing and the built environment of Hong Kong and the layout of built-up areas by replacing old and run-down areas with new development which is properly planned and, where appropriate, provided with adequate transport and other infrastructure and community facilities;
- (c) achieve better utilization of land in the dilapidated areas of the built environment of Hong Kong and to make land available to meet various development needs;

- (d) avoid the decay of the built environment of Hong Kong by promoting the maintenance and improvement of individual buildings as regards their structural stability, integrity of external finishes and fire safety as well as the improvement of the physical appearance and conditions of that built environment; and
- (e) engage in such other activities, and to perform such other duties, as the Chief Executive may, after consultation with the Authority, permit or assign to it by order published in the Gazette.

6. General power of Authority

(1) The Authority shall have power to do anything which is expedient for or conducive or incidental to the attainment of the purposes declared in or permitted or assigned under section 5 and shall exercise that power so as to improve the standard of housing and the built environment of Hong Kong by way of development.

(2) Without prejudice to the generality of subsection (1), the Authority shall have power to and may—

- (a) enter into contracts, including employment contracts, or other agreements with any person;
- (b) deal with all matters related to the transfer of assets and liabilities from the Land Development Corporation to the Authority;
- (c) request and receive information from the Land Development Corporation as to its assets, liabilities and operations;
- (d) recruit staff for the Authority, including determining the remuneration and the terms and conditions of employment;
- (e) carry out any activity as may be necessary for the establishment of the Authority;
- (f) prepare draft corporate plans and draft business plans for the operation of the Authority;
- (g) lease, purchase or otherwise acquire and hold land of any description in Hong Kong for the purpose of either undertaking development, providing accommodation for the Authority, or for providing residential accommodation for persons displaced by the carrying out of the purposes of the Authority;
- (h) implement projects by way of—
 - (i) a development scheme under section 22;
 - (ii) a development project under section 23;
 - (iii) the continuation and completion of a development proposal under section 30(4);

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- (iv) the continuation and completion of a development scheme under section 30(7);
- (i) alter, construct, demolish, maintain or repair any building, premises or structure ancillary thereto;
- (j) provide and where appropriate alter, maintain or repair roads, footways, parks, recreational facilities and similar open spaces, bridges, drains, sewers and water courses other than those the maintenance of which the Government or other public body has undertaken or decides to undertake;
- (k) manage any building, premises or structure which it has leased, purchased acquired or otherwise owns or holds and any common parts thereof including any land ancillary thereto, having regard to the interests, welfare and comfort of the tenants, owners or occupiers thereof and may charge fees for its services in connection with such management;
- (l) manage any roads, footways, parks, car parks, parking spaces, recreational facilities and similar open spaces, bridges, drains, sewers and water courses and other transport and recreational facilities owned or held by the Authority and may charge fees for the provision of such services;
- (m) set aside as use for car parks any land held by the Authority, designate parking spaces, control the use of car parks and parking spaces and may allocate any place in a car park or parking place for the use of vehicles of any description or any particular type or class or for the use of any person or persons or any particular class;
- (n) provide fixtures, fittings or furniture in buildings acquired by or under the control of the Authority and may let, lend, hire or otherwise dispose of such fixtures, fittings or furniture on such terms and conditions as to payment or otherwise as the Authority thinks fit;
- (o) grant, sell, convey, assign, surrender, yield up, demise, let, transfer or otherwise dispose of any land or building, messuages, tenements, vessels, goods and chattels for the time being owned or held by the Authority on such terms and conditions as the Authority thinks fit;
- (p) enter into agreements with any person for the management by such person of any land owned or held by the Authority;
- (q) conduct any survey and census as it thinks fit for the purpose of drawing up any plans and for the purposes of ascertaining a rehousing commitment resulting from any project of the Authority;

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- (r) surrender any lease or apply for and agree to the modification of lease conditions or enter into any exchange;
- (s) undertake and execute any trust which has for its object the furtherance of urban renewal or any other object similar or incidental to any of the purposes of the Authority;
- (t) accept gifts and donations, whether of property or otherwise and whether subject to any trust or not;
- (u) appoint such employees as it may determine on such terms and conditions as the Authority thinks fit including the payment of allowances, benefits and remuneration;
- (v) make or provide ex gratia payments to any employee, or to the personal representative of a deceased employee or to any other person who was dependent on such employee at his death;
- (w) establish any body corporate for the purpose of doing all such things which the Authority may do and may vest in any such body corporate so established such objects and powers as in the opinion of the Authority are calculated to facilitate the attainment of the purposes of the Authority under this Ordinance;
- (x) exercise any of its powers either alone or in association with any other person or persons.

PART III

PUBLIC ACCOUNTABILITY

7. Members to declare interests

(1) As soon as is practicable after appointment to membership or as and when the occasion may thereafter require, a member of the Board of the Authority, including the Chairman and the Deputy Chairman, if any, shall declare to the Authority in such manner as is for the time being determined by the Authority, whether by standing orders or otherwise, any interest of his which is of a class or description so determined.

(2) The Authority shall establish and maintain a register (“the register”) for the purposes of this section.

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(3) Where a member of the Board of the Authority makes a declaration required under subsection (1), the Authority shall cause the name of the member to be entered in the register together with the particulars contained in the declaration, and if, in accordance with such a requirement, a member subsequently makes any such declaration, the particulars already so entered shall be added to or otherwise amended in such manner as the Authority considers appropriate.

(4) The Authority shall make the register available for public inspection at its principal office at any reasonable time.

(5) A member of the Board of the Authority, including the Chairman and the Deputy Chairman, if any, who is in any way directly or indirectly interested in a contract made or proposed to be made by the Authority, or in any other matter whatsoever which is to be considered, decided or determined by the Board, shall comply with the following requirements—

- (a) he shall, if present, disclose to the relevant meeting of the Board the nature of his interest and such disclosure shall be recorded in the minutes of the meeting;
- (b) he shall withdraw from the meeting while the matter is being discussed or considered unless—
 - (i) if he is not the person presiding at such meeting of the Board, he is permitted to take part in such discussion or consideration by the person so presiding; or
 - (ii) if he is the person so presiding, the majority of the other members present at the meeting decide so to permit him;
- (c) he shall not vote or otherwise act as a member of the Board in relation to the matter unless so permitted; and
- (d) he shall neither influence nor seek to influence a decision of the Board as regards the matter otherwise than with the Chairman's prior approval or in accordance with paragraph (b).

(6) Where a disclosure is made under subsection (5) and the person concerned is neither required to withdraw from the relevant meeting nor permitted to vote, then for so long as the matter to which the disclosure relates is being discussed or otherwise considered at such meeting, the presence of the person by whom the disclosure was made shall be disregarded for the purposes of forming a quorum for the meeting.

(7) The validity of any proceedings of the Authority shall not be affected by the failure by a member of the Board of the Authority to comply with this section.

(8) A member of the Board of the Authority need not attend in person at the meeting of the Authority in order to make a disclosure which he is required to make under subsection (5) if he takes reasonable steps to secure that the disclosure is made by a notice in writing which is brought up and read at the meeting.

8. Duty of public officers to state public interest

Where at a meeting of the Board a member who is a public officer and is present considers that any matter whatsoever which is to be or is being considered, decided or determined by the Authority, is or could be contrary to, or otherwise raises or puts in issue, or could so raise or put in issue, the public interest as perceived by him, the following shall apply—

- (a) he shall state to the meeting his opinion regarding the relation between the public interest, as so perceived, and the matter, and, where appropriate, he shall also state how, in his opinion, an actual or potential conflict with that interest, as so perceived, arises or could arise; and
- (b) unless he has made a declaration or disclosure under section 7(1) or (5) which is relevant to the matter, section 7(5) (b), (c) and (d) shall not apply as regards the matter.

9. Answer to Legislative Council

The Legislative Council and its committees and subcommittees may request the Chairman and the executive directors to attend its meetings and they shall comply. The Chairman and the executive directors shall answer questions raised by the Members of the Legislative Council at the meetings.

PART IV

FINANCIAL PROVISIONS

10. Resources of Authority

- (1) The resources of the Authority shall consist of—
 - (a) all money paid by the Government to the Authority and appropriated for that purpose by the Legislative Council;
 - (b) all other money and property, including fees, rent, interest and accumulations of income received by the Authority for its purposes.
- (2) All money paid to or received by the Authority shall be deposited with banks licensed by the Hong Kong Monetary Authority.
- (3) The Secretary for the Treasury may give directions in writing of a general or specific character to the Authority in relation to the amount of money which may be expended by the Authority in any financial year and the Authority shall comply with those directions.

(4) The Authority shall exercise due care and diligence in the handling of its finances.

11. Borrowing powers

(1) The Authority may borrow from the Government, such money as may be required for the performance of the duties of the Authority under this Ordinance, on such terms and conditions as may be approved by the Financial Secretary.

(2) Subject to subsection (3), the Authority may borrow by way of overdraft from sources other than the Government such money as it may require for meeting its obligations or performing its duties under this Ordinance.

(3) The Secretary for the Treasury may give directions in writing of a general or specific character to the Authority in relation to the amount of money which may be borrowed under subsection (2) and the Authority shall comply with those directions.

(4) The Authority may with the approval of the Financial Secretary borrow, otherwise than by way of overdraft from sources other than the Government, such money as it may require for meeting its obligations or performing its duties under this Ordinance.

(5) A person lending money to the Authority shall not be concerned to inquire whether the borrowing of the money by the Authority is legal or regular or whether the money lent has been properly applied by the Authority and shall not be prejudiced by any illegality or irregularity or by misapplication or non-application by the Authority of the money.

(6) The Authority may with the approval of the Financial Secretary charge all or any part of its property as security for the repayment of money borrowed.

12. Power to lend money

(1) The Authority may lend money on such terms and conditions as the Authority thinks fit to any person or persons for the purposes of implementing a project of the Authority.

(2) The Secretary for the Treasury may give directions in writing of a general or specific character to the Authority in relation to the amount of money which may be lent under subsection (1) and the Authority shall comply with those directions.

13. Guarantee by Government

(1) The Legislative Council may from time to time by resolution authorize the Financial Secretary on behalf of the Government to grant guarantees in respect of—

- (a) the repayment of loans made to, or the discharge of other indebtedness of, the Authority and the payment of interest, premium or other charge thereon; and
- (b) the redemption or repayment of, and the payment of interest, premium or other charge on, any bonds, notes or other securities issued by the Authority,

up to an amount not exceeding in total that specified in the resolution and subject to any terms or conditions specified therein.

(2) A guarantee granted under subsection (1) which includes interest, amount payable in consequence of the operation of any price variation clause, premium or other charge, shall not be invalid by reason only of the fact that such interest, amount, premium or charge, although specified in the resolution authorizing the granting of the guarantee, is not quantified as to total amount or included in the amount quantified in such resolution.

(3) Any sum required for fulfilling a guarantee granted under subsection (1) by the Government shall be charged on and paid out of the general revenue and any sum received by the Government by way of repayment of a sum so paid out, or for interest thereon, shall be paid into the general revenue.

(4) If, pursuant to a guarantee granted under subsection (1), the Government makes a payment to a creditor of the Authority in respect of a debt secured by a mortgage or a specific or floating charge, such sum shall be repayable to the Government by the Authority, together with interest thereon at such rate as the Financial Secretary may determine, and the Government shall as from the time of payment have the benefit of all the remedies vested in the creditor by virtue of such mortgage or charge with liberty to exercise the rights and powers arising thereunder in its own name and without any assignment by the creditor.

14. Use of surplus funds

(1) The Authority may invest money that in any financial year is not immediately required to be expended in such forms of investment as the Financial Secretary may approve.

(2) If in any financial year there is an excess of revenue of the Authority over the total sum required by it to be expended—

- (a) to meet the total outgoings of the Authority properly chargeable to revenue; and
- (b) to enable the Authority to—

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- (i) make such allocations to reserve as it may reasonably consider adequate;
- (ii) pay any money owing by it, whether or not payment is legally due at the time,

the Financial Secretary may, after consultation with the Authority, give the Authority directions requiring it to pay the whole or part of the excess to the Government and the Authority shall comply with those directions.

(3) Subject to any directions given under subsection (2), the Authority may deal with any such excess as is mentioned in that subsection—

(a) by applying it for such of the purposes of the Authority as the Authority may determine; or

(b) by allocating it to reserve, whether generally or for a particular purpose, or partly in one of those ways and partly in another.

(4) Any sum received by the Government under subsection (2) shall be paid into the general revenue.

15. Debt of Authority

(1) The Authority shall be indebted to the Government in a sum equal to—

(a) all money received by the Authority under section 10(1)(a);

(b) all expenditure directly or indirectly incurred by the Government for the benefit of the Authority.

(2) The Financial Secretary shall determine the amount of such indebtedness and any interest thereon by certificate under his hand and may for sufficient cause reduce or increase any amount so certified.

(3) The indebtedness of the Authority under subsections (1) and (2) and any interest thereon shall be discharged in such manner as the Financial Secretary directs.

16. Accounts, audit and annual report

(1) The Authority shall keep proper accounts and proper records in relation to the accounts.

(2) The Authority shall, as soon as is practicable and in any case not later than 3 months after the expiry of a financial year, prepare a statement of the accounts of the Authority, which statement shall include an income and expenditure account and a balance sheet.

(3) The Authority shall appoint an auditor who shall, as soon as is practicable, audit the accounts required under subsection (2) and shall submit a report on the accounts to the Authority.

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(4) The Authority shall, as soon as is practicable and in any case not later than 6 months after the expiry of a financial year, furnish—

- (a) a report on the affairs of the Authority for that year;
- (b) a copy of its accounts thereof; and
- (c) the auditor's report on the accounts,

to the Financial Secretary who shall cause the same to be tabled in the Legislative Council.

17. Exemption from taxation

The Authority shall be exempt from taxation under the Inland Revenue Ordinance (Cap. 112).

PART V

PLANNING PROCEDURES

18. Corporate plan

(1) The Authority shall not later than 2 months before the end of each financial year submit to the Financial Secretary for approval a draft corporate plan for a period of 5 years beginning on the first day of the next financial year covering in relation to that period—

- (a) its programme of proposals to be implemented including commencement dates of implementation, and for each proposal, whether it is to be implemented by way of a development scheme under section 22 or by way of a development project under section 23;
- (b) its programme of implementation for projects of the description mentioned in section 6(2) (h)(iii) and (iv), including commencement dates and for each project, whether it is to be implemented by way of a development scheme under section 13(1) of the repealed Ordinance or by way of a development proposal under section 5(2) (b) of the repealed Ordinance;
- (c) its financial plan to achieve the programme mentioned in paragraph (a), including—
 - (i) the projected income and expenditure for—
 - (A) the projects that have already commenced;
 - (B) the proposals to be commenced during that period;
 - (C) the projects of the description mentioned in section 6(2)(h)(iii) and (iv) that have already commenced;

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- (D) the projects of the description mentioned in section 6(2)(h)(iii) and (iv) to be commenced during that period;
- (ii) the amount of any money required to be borrowed from the Government or from sources other than the Government for financing the implementation of the proposals and projects that have already commenced or are to be commenced before the end of the financial year and the repayment schedule for any such loan; and
- (iii) the staffing requirements of the Authority to implement such programme.

(2) The Authority shall submit its first draft corporate plan to the Financial Secretary for approval as soon as is practicable after the Authority is established.

(3) The Authority shall as far as is practicable include the proposals and projects of the description mentioned in section 6(2)(h)(iii) and (iv) and follow any guidelines set out in an urban renewal strategy prepared from time to time by the Secretary when preparing the programme of proposals and projects in the draft corporate plan. The Authority may suggest any other proposal it thinks fit for inclusion into the draft corporate plan.

- (4) Upon submission of a draft corporate plan the Financial Secretary may—
- (a) approve it; or
 - (b) refuse to approve it.

19. Business plan

(1) At the same time as the submission of the draft corporate plan mentioned in section 18(1), the Authority shall submit to the Financial Secretary for approval a draft business plan for the next financial year covering in relation to that financial year—

- (a) its programme of proposals to be implemented including commencement dates of implementation, and for each proposal, whether it is to be implemented by way of a development scheme under section 22 or by way of a development project under section 23;
- (b) its programme of implementation for projects of the description mentioned in section 6(2) (h)(iii) and (iv), including commencement dates and for each project, whether it is to be implemented by way of a development scheme under section 13(1) of the repealed Ordinance or by way of a development proposal under section 5(2) (b) of the repealed Ordinance;

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- (c) the resources required to implement—
 - (i) the projects that have already commenced;
 - (ii) the proposals to be commenced in the next financial year;
 - (iii) the projects of the description mentioned in section 6(2)(h)(iii) and (iv) that have already commenced;
 - (iv) the projects of the description mentioned in section 6(2) (h)(iii) and (iv) to be commenced in the next financial year;
- (d) the estimated revenue and expenditure of the Authority;
- (e) the amount of any money required to be borrowed from the Government or from sources other than the Government for financing the implementation of the proposals and projects that have already commenced or are to be commenced before the end of the financial year and the repayment schedule for any such loan; and
- (f) an estimate of the number of residential accommodations that need to be made available to receive persons who will be displaced by the proposals and projects.

(2) The Authority shall submit its first draft business plan to the Financial Secretary for approval as soon as is practicable after the Authority is established.

(3) The Authority shall not implement any proposal not included in or covered by the corporate plan or the business plan, whether it is to be implemented by way of a development scheme under section 22 or by way of a development project under section 23, except with the prior approval of the Financial Secretary.

(4) The Authority shall not implement any project of the description mentioned in section 6(2) (h)(iii) and (iv) not included in or covered by the corporate plan or the business plan, whether it is to be implemented by way of a development scheme under section 13(1) of the repealed Ordinance or by way of a development proposal under section 5(2) (b) of the repealed Ordinance, except with the prior approval of the Financial Secretary.

- (5) Upon submission of a draft business plan the Financial Secretary may—
 - (a) approve it; or
 - (b) refuse to approve it.

20. Publication of project

(1) For the purpose of the implementation of a project, the Authority shall publish in each issue of the Gazette within the space of a period of 1 month (“the publication period”), and once a week during the publication period in a Chinese language and an English language local newspaper, notice

of the commencement date of the implementation of the project, together with a summary of the information mentioned in subsection (3) (a) and (b) and the times and places where information on the project shall be exhibited and be available for public inspection.

(2) The commencement date of the implementation of the project shall be the same date on which the project is first published in the Gazette.

(3) The Authority shall exhibit for public inspection the following information related to the project—

- (a) a description of the general nature and effects of the project;
- (b) whether the project shall be implemented by way of a development scheme under section 22 or by way of a development project under section 23; and
- (c) a plan delineating the boundaries of the project.

(4) Without prejudice to the Lands Resumption Ordinance (Cap. 124), the Authority may make reference to the commencement date of the implementation of the project notified in the Gazette for determining, in accordance with the Authority's policies as published from time to time, the eligibility of any person to receive compensation, payments or other benefits including the provision of alternative residential accommodation where necessary as a result of the Authority's implementation of the project.

21. Objections to projects to be implemented by way of development project

(1) Any person who considers that he will be affected by a project to be implemented by way of a development project under section 23 in relation to a notice published under section 20(1) and who wishes to object to the implementation of the development project may, within the publication period, send to the Authority a written statement of his objections to the project.

(2) Such written statement shall set out—

- (a) the nature and reasons for the objection;
- (b) if the objection would be removed by an alteration of the boundaries of the development project delineated on the plan, any alteration proposed.

(3) The Authority shall consider all objections and shall, not later than 3 months after the expiration of the publication period, submit the development project, the Authority's deliberations on the objections, and any objections which are not withdrawn to the Secretary for his consideration.

(4) The Secretary shall consider the development project and any objections which are not withdrawn and determine whether to authorize the Authority to proceed with the project with or without amendments, or whether to decline to authorize the project.

22. Development schemes

(1) The Authority may, in accordance with this section, implement a project by way of a development scheme.

(2) No objection shall be entertained or considered in respect of a project which is to be implemented by way of a development scheme under this section and the objection procedures set out in section 21 shall not be applicable in respect of any such project or in respect of the implementation of that project by way of a development scheme.

(3) A development scheme shall contain such matters as the Authority considers relevant and shall—

- (a) comprise a plan which may contain any thing that a draft plan may contain under section 3 or 4 of the Town Planning Ordinance (Cap. 131);
- (b) set out how the Authority intends that the development scheme will be implemented, including whether implementation will be by the Authority alone or the Authority in association with another person and in relation to land within the boundaries of the development scheme, what portion of the land is owned or leased by the Authority and what arrangements have been made or are contemplated by the Authority for the acquisition of any land not so owned or leased;
- (c) contain an assessment by the Authority as to the likely effect of the implementation of the development scheme including, in relation to the residential accommodation of persons who will be displaced by the implementation of the development scheme, an assessment as to whether or not, insofar as suitable residential accommodation for such persons does not already exist, arrangements can be made for the provision of such residential accommodation in advance of any such displacement which will result as the development scheme is implemented.

(4) Without affecting the generality of subsection (3) (a), a plan prepared under that subsection may provide for the grant of permission under section 16 of the Town Planning Ordinance (Cap. 131), for all purposes or for any purpose, and may prohibit any development not compatible with any development scheme prepared under that subsection.

(5) The Authority may submit any plan prepared under subsection (3) (a) to the Town Planning Board for approval.

(6) Upon submission of a plan the Town Planning Board may—

- (a) approve it; or
- (b) refuse to approve it.

(7) A plan approved by the Town Planning Board under subsection (6) shall be deemed to be a draft plan prepared by the Town Planning Board for the purposes of the Town Planning Ordinance (Cap. 131) and the provisions of that Ordinance shall apply accordingly.

(8) Where under section 5 of the Town Planning Ordinance (Cap. 131) a plan which is deemed to be a draft plan by virtue of subsection (7) is exhibited, such plan shall, from the date that the exhibition of the plan is first notified in the Gazette, replace or amend according to its tenor, any draft or approved plan under that Ordinance relating to the area delineated and described therein.

(9) Where under section 9 of the Town Planning Ordinance (Cap. 131) the Chief Executive in Council refuses to approve a plan which is deemed to be a draft plan by virtue of subsection (7), such refusal shall be notified in the Gazette and shall revive any draft or approved plan under that Ordinance which, under subsection (8), was replaced or amended thereby.

23. Development projects to accord with Town Planning Ordinance

(1) Subject to subsection (2), the Authority may implement a project by way of a development project.

(2) In implementing a project as a development project, the Authority shall ensure that the project is a project that may be lawfully implemented by virtue of any draft or approved plan for the purposes of the Town Planning Ordinance (Cap. 131) and, in the case where by virtue of such plan, permission under section 16 of that Ordinance is required for that implementation, the permission required has been obtained.

PART VI

RESUMPTION AND DISPOSAL OF LAND

24. Power of Secretary to recommend resumption

(1) The Authority may apply in writing to the Secretary requesting him to recommend to the Chief Executive in Council the resumption, under the Lands Resumption Ordinance (Cap. 124)—

- (a) in relation to a development scheme contained in a corporate plan and a business plan or approved by the Financial Secretary under section 19, of any land within the area of a plan which is deemed to be a draft plan by virtue of section 22(7), after the

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approval of such plan by the Chief Executive in Council under section 9 of the Town Planning Ordinance (Cap. 131); or

- (b) in relation to a development project contained in a corporate plan and a business plan or approved by the Financial Secretary under section 19, of any land that the Authority requires to implement such development project, after the authorization of such development project by the Secretary under section 21(4).
- (2) The Secretary shall not make a recommendation under subsection (1) unless—
- (a) in the case of a development scheme, application is made to him not later than 12 months after the approval by the Chief Executive in Council under section 9 of the Town Planning Ordinance (Cap. 131) of the plan prepared under section 22(3) (a);
 - (b) in the case of a development project, application is made to him not later than 12 months after the authorization by the Secretary under section 21(4) for the project to proceed.
- (3) The Authority shall set out in the application under subsection (1) the following information for consideration of the Secretary—
- (a) whether the Authority will implement the development scheme or development project on its own, in association with any other person or persons, or sell the land so resumed to any other person or persons;
 - (b) for a development scheme, an assessment by the Authority as to the likely effect of the implementation of the development scheme including, in relation to the residential accommodation of persons who will be displaced by the implementation of the development scheme, an assessment as to whether or not, insofar as suitable residential accommodation for such persons does not already exist, arrangements can be made for the provision of such residential accommodation in advance of any such displacement which will result as the development scheme is implemented;
 - (c) for a development project, an assessment by the Authority as to the likely effect of the implementation of the development project including, in relation to the residential accommodation of persons who will be displaced by the implementation of the development project, an assessment as to whether or not, insofar as suitable residential accommodation for such persons does not already exist, arrangements can be made for the provision of such residential accommodation in advance of any such displacement which will result as the development project is implemented.

(4) A resumption in pursuance of a recommendation by the Secretary under this section shall be deemed to be a resumption for a public purpose within the meaning of the Lands Resumption Ordinance (Cap. 124).

**25. Disposal of land resumed under
Lands Resumption Ordinance**

(1) The Authority shall not sell or dispose of land it has assembled for a development scheme or a development project which includes land resumed under the Lands Resumption Ordinance (Cap. 124) unless prior approval for such sale or disposal has been granted by the Chief Executive in Council.

(2) The Chief Executive in Council shall have the power to determine whether the Authority may sell or dispose of the entire area or only part of the area of the development scheme or the development project.

26. Power to enter and inspect

(1) The Secretary or any person authorized by him in writing may enter and inspect any building, structure or part thereof situated within the boundaries of a development scheme or a development project for the purposes set out in sections 22(3) (c) and 24(3) (b) and (c).

(2) The Secretary may delegate to the Authority the powers to enter and inspect as provided under subsection (1).

(3) Where the Secretary or any person authorized by him in writing or the Authority under delegated authority is unable to effect an entry into the building, structure or part thereof under subsection (1), he may serve on the owner and occupier a notice in writing requiring permission to so enter and inspect and after the expiry of 48 hours from the service of the notice may, at any reasonable time during daylight, enter, using such force as is necessary therefor, and inspect such building, structure or part thereof and take such particulars as he thinks fit.

(4) Any person who obstructs the Secretary or any person authorized by him in writing or the Authority under delegated authority from entering or inspecting any building, structure or part thereof under subsections (1) and (2) commits an offence and is liable—

(a) on first conviction to a fine of \$2,000;

(b) on second or subsequent conviction to a fine of \$10,000.

(5) A notice under subsection (3) may be served by serving a copy—

(a) personally;

(b) by registered post addressed to the last known place of business or residence of the person to be served; or

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- (c) by leaving the same with an adult occupier of the building, structure or part thereof to which the notice relates or by posting the notice upon a conspicuous part of such building, structure or part thereof.

PART VII

MISCELLANEOUS

27. Secretary may obtain information

The Authority shall upon request by the Secretary afford to him sufficient facilities for obtaining information with respect to the property and affairs of the Authority and shall, in such manner and at such times as the Secretary may require, furnish him with returns, accounts and other information with respect thereto and afford to him facilities for the verification of information furnished.

28. Chief Executive may give directions

The Chief Executive may, if he considers the public interest so requires, give directions in writing to the Authority in relation to the exercise of its powers or the performance of its duties and the Authority shall comply with those directions.

29. Authority may make bylaws

- (1) The Authority may make bylaws regulating the conduct of persons within any—
 - (a) building, premises or structure which it has leased, purchased, acquired or otherwise owns or holds and any common parts thereof;
 - (b) roads, footways, parks, car parks, parking spaces, recreational facilities and similar open spaces, bridges, drains, sewers and water courses and other transport and recreational facilities owned or held by the Authority.
- (2) The following provisions shall apply in relation to bylaws made by the Authority under subsection (1) —
 - (a) any bylaw so made may provide that a contravention of specified provisions thereof shall be an offence and may prescribe penalties therefor not exceeding a fine of \$2,000;

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- (b) without prejudice to any Ordinance relating to the prosecution of criminal offences or to the powers of the Secretary for Justice in relation to the prosecution of criminal offences, prosecutions under any bylaw so made may be brought in the name of the Authority;
- (c) all bylaws so made shall be subject to the approval of the Legislative Council;
- (d) the Authority shall cause to be printed copies of all bylaws so made which shall be kept at its principal office and be available for sale to any person at a reasonable cost.

PART VIII

TRANSITIONAL PROVISIONS

30. Repeal of Land Development

Corporation Ordinance

(1) On the date when Parts II to VIII come into operation, the Land Development Corporation Ordinance (Cap. 15) shall be repealed and the Land Development Corporation shall be dissolved.

(2) With effect from the date mentioned in subsection (1), any lease, tenancy, permit or licence granted to the Land Development Corporation under the repealed Ordinance and in force immediately before the commencement of Parts II to VIII shall, on the date when Parts II to VIII come into operation, continue to be in force and have effect upon the same terms, covenants and conditions as if that lease, tenancy, permit or licence, as the case may be, were granted to the Authority.

(3) With effect from the date mentioned in subsection (1), any document referring to the repealed Ordinance shall, so far as may be necessary for preserving its effect, be construed as referring to or as including a reference to this Ordinance.

(4) Subject to subsections (5) and (6), where at the date of commencement of Parts II to VIII, a development proposal has been prepared in accordance with section 5(2) (b) of the repealed Ordinance, the development proposal may be continued and completed by the Authority as if the repealed Ordinance had not been repealed and the powers and duties of the Land Development Corporation shall be exercised and performed by the Authority.

(5) Upon the request in writing of the Authority to the Secretary in that behalf, the Secretary may treat section 15(4)(c) and (5) of the repealed Ordinance as having no application to a resumption in pursuance of a development proposal of the description mentioned in subsection (4), and the

circumstances specified in section 15(2) (b) of the repealed Ordinance may be construed as being such that the land in respect of which the recommendation for resumption is made is required by the Land Development Corporation to implement such development proposal authorized under section 5(2)(b) of the repealed Ordinance.

(6) The Secretary may request the Authority to furnish him with such information as he considers necessary to justify a request made under subsection (5).

(7) Subject to subsections (8) and (9), where at the date of commencement of Parts II to VIII, a development scheme has been prepared in accordance with section 13(1) of the repealed Ordinance, the development scheme may be continued and completed by the Authority as if the repealed Ordinance had not been repealed and the powers and duties of the Land Development Corporation shall be exercised and performed by the Authority.

(8) Upon the request in writing of the Authority to the Secretary in that behalf, the Secretary may treat section 15(3) (b) and (5) of the repealed Ordinance as having no application to a resumption in pursuance of a development scheme of the description mentioned in subsection (7), and the circumstances specified in section 15(2) (a) of the repealed Ordinance may be construed as being such that the land in respect of which the recommendation for resumption is made is within the area of a plan which is deemed to be a draft plan by virtue of section 14(3) of the repealed Ordinance.

(9) The Secretary may request the Authority to furnish him with such information as he considers necessary to justify a request made under subsection (8).

31. Transfer of properties, assets, contracts, etc.

(1) All immovable property owned by the Land Development Corporation at the date of commencement of Parts II to VIII shall, at that date, be owned by the Authority by virtue of this Ordinance for the residue of the term of years created by the respective Government leases, subject to the covenants, conditions, stipulations, exceptions, reservations, provisos and powers contained in and reserved by those respective Government leases.

(2) All permissions and approvals obtained by the Land Development Corporation from the Town Planning Board, the Secretary, the Financial Secretary, or the Chief Executive in Council which were in force immediately before the commencement of Parts II to VIII shall, on the commencement of Parts II to VIII, be transferred to the Authority on the same terms and conditions.

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(3) Any movable property, right and privilege vested in the Land Development Corporation shall, on the commencement of Parts II to VIII, be vested in the Authority on the same terms and conditions, and the Authority shall be subject to the same obligations and liabilities to which the Land Development Corporation was subject at the date of commencement of Parts II to VIII.

(4) At the date of commencement of Parts II to VIII, all books, papers, documents, minutes, equipment, receipts and accounts relating to the Land Development Corporation and to its operation under the repealed Ordinance shall be delivered to the Authority.

(5) Every contract entered into by the Land Development Corporation which was in force immediately before the commencement of Parts II to VIII shall, as from that date, have effect as if the Authority is substituted for the Land Development Corporation, and the contract may be enforced by or against the Authority.

(6) The legal claims including present, future, actual and contingent claims by or against the Land Development Corporation and judicial proceedings instituted by or against the Land Development Corporation that existed immediately before the commencement of Parts II to VIII, do not abate by reason only of the fact of the repeal of the Land Development Corporation Ordinance (Cap. 15), and the Authority is substituted for the Land Development Corporation in any proceedings pending before any court or tribunal.

(7) The property of the Land Development Corporation owned by it immediately before the commencement of Parts II to VIII is transferred to and is owned by the Authority subject to any existing claim or liability, and the Authority may sue on, recover or enforce a chose in action transferred by this subsection without having to give notice of the transfer to a person bound by the chose in action, and without limitation it is provided that the insurance policies and any benefit of trade marks, copyright and other intellectual property rights held by the Land Development Corporation are transferred to the Authority.

32. Consequential amendments

(1) Part I of the Schedule to the Loan Fund (Cap. 2 sub. leg.) is amended by repealing paragraph 1(k).

(2) Schedule 1 to the Prevention of Bribery Ordinance (Cap. 201) is amended by repealing item 51 and substituting—

“51. Urban Renewal Authority.”.

(3) Part IVA of the Schedule to the Protection of Investors Ordinance (Cap. 335) is amended by repealing item 8 and substituting—

“8. Urban Renewal Authority.”.

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(4) Part I of Schedule 1 to The Ombudsman Ordinance (Cap. 397) is amended by repealing “Land Development Corporation” and substituting—
“Urban Renewal Authority”.

SCHEDULE

[s. 4]

PROVISIONS WITH RESPECT TO BOARD OF AUTHORITY AND ITS MEMBERS

1. Terms and conditions of appointment and dismissal

- (1) The Chief Executive shall determine the terms and conditions of appointment of—
(a) the Chairman;
(b) the Deputy Chairman, if any; and
(c) the executive directors;

of the Authority.

(2) A non-executive director not being a public officer shall hold and vacate his office in accordance with the terms of his appointment and shall, on ceasing to be a member, be eligible for reappointment.

(3) A non-executive director not being a public officer may at any time resign his office by notice in writing to the Chief Executive.

(4) A public officer appointed as a non-executive director shall hold office at the discretion of the Chief Executive.

(5) If the Chief Executive is satisfied that a member of the Board of the Authority appointed under section 4 of this Ordinance—

- (a) has been absent from 3 consecutive meetings of the Authority without the permission of the Authority;
(b) has become bankrupt or made an arrangement with his creditors;
(c) is incapacitated by physical or mental illness; or
(d) is otherwise unable or unfit to perform the duties of a member,

the Chief Executive may declare his office as a member of the Board of the Authority to be vacant, and shall notify the fact in such manner as the Chief Executive thinks fit; and upon such declaration, the office shall become vacant.

2. Fees and allowances payable to members of Authority

(1) The Authority may pay its non-executive directors such fees and allowances as the Financial Secretary may determine.

(2) Subsection (1) shall not apply to any member of the Board of the Authority who is a public officer.

3. Quorum

(1) The quorum of the Authority shall not be less than half the members thereof for the time being and, while a member is disqualified from taking part in a decision or deliberation of the Authority in respect of a matter, he shall be disregarded for the purpose of constituting a quorum of the Authority for deciding, or deliberating on, that matter.

(2) All matters for determination at a meeting of the Authority shall be decided by a majority of votes of the members present and voting and where there is an equality of votes the Chairman or other member presiding shall have a casting vote in addition to his original vote.

4. Procedure of Authority

(1) Subject to this Schedule, the Authority shall have power to regulate its own procedure including the manner in which decisions of the Authority may be made by a quorum of its members otherwise than at a meeting of the Authority.

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(2) The Authority may transact any of its business by circulation of papers amongst members whether any such member is in or outside Hong Kong, and a resolution in writing which is approved in writing by a majority of the members shall be as valid and effectual as if it had been passed at a meeting of the Authority.

5. Authority may establish committees

(1) The Authority may create, and appoint the members of, such committees for the better carrying out of the purposes and powers of the Authority as it thinks fit.

(2) Persons who are not members of the Authority are eligible for appointment to committees.

(3) The chairman of a committee created under subsection (1) shall be appointed by the Authority and the number of members of a committee shall be determined by the Authority.

(4) Subject to the terms of any delegation by the Authority, or to any directions of the Authority, a committee—

- (a) may exercise and perform the delegated powers and duties with the same effect as if it were the Authority itself;
- (b) shall be presumed to be acting in accordance with the terms of the delegation in the absence of proof to the contrary;
- (c) may regulate its own procedure.

(5) The proceedings of any committee created under subsection (1) shall not be invalidated by any defect in the appointment of any member thereof, the absence of any such member from the meeting at which any such proceedings occurred or any vacancy among such members.

6. Delegation of Authority's powers

(1) Subject to subsection (2), the Authority may, with or without restrictions or conditions as it thinks fit, delegate in writing any of its powers to any committee created under section 5(1).

(2) The Authority shall not delegate the power—

- (a) to create any committee;
- (b) to determine matters relating to the remuneration, and terms and conditions of employment, of the employees of the Authority;
- (c) to establish, manage and control, or enter into an arrangement for the establishment, management and control of any fund or scheme for the purpose of providing for the pensions, gratuities, and retirement benefits to the employees of the Authority;
- (d) to furnish after the expiry of the financial year a report on the affairs of the Authority for that year, a copy of its accounts therefor, and the auditor's report on the accounts;
- (e) to submit a plan of a development scheme to the Town Planning Board; or
- (f) to request the Secretary to recommend to the Chief Executive in Council the resumption of any land.

7. Documents of Authority

(1) The Authority may make and execute any document in the exercise of its powers or the performance of its duties or in connection with any matter reasonably incidental to or consequent upon the exercise of its powers or the performance of its duties.

(2) Any document purporting to be executed under the common seal of the Authority shall be admitted in evidence and shall, unless the contrary is proved, be deemed to have been duly executed.

(3) A certificate signed by the Chairman of the Authority that an instrument of the Authority purporting to be made or issued by or on behalf of the Authority was so made or issued shall be conclusive evidence of that fact.

(4) Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not be required to be entered into or executed under seal, may be entered into or executed on behalf of the Authority by the Chairman or any executive director generally or specifically authorized in writing by the Authority for that purpose.

8. Employees of Authority

- (1) The Authority shall determine—
 - (a) the remuneration, and the terms and conditions of employment, of its employees; and
 - (b) the standards of work and conduct of its employees, and matters relating to their suspension or dismissal from office.
- (2) The Authority shall determine the remuneration, and the terms and conditions of engagement, of technical and professional advisers, and the manner of their engagement.
- (3) The Authority may—
 - (a) grant, or make provision for the grant of, pensions, gratuities and retirement benefits to its employees;
 - (b) provide other benefits for the welfare of its employees and their dependants; and
 - (c) authorize payments, whether or not legally due, to the personal representatives of a deceased employee of the Authority or to any person who was dependent on such employee at his death.
- (4) The Authority may—
 - (a) establish, manage and control; or
 - (b) enter into an arrangement with the Government, any company or association for the establishment, management and control by the Government, that company or association either alone or jointly with the Authority of, any fund or scheme for the purpose of providing for the pensions, gratuities, benefits and payments referred to in subsection (3).
- (5) The Authority may make contributions to and may require employees to make contributions to any fund or scheme referred to in subsection (4).

Explanatory Memorandum

The objects of this Bill are—

- (a) to establish a statutory corporation named the Urban Renewal Authority to replace the Land Development Corporation, for the purpose of improving the built environment of Hong Kong by undertaking urban renewal;
 - (b) to provide for the structure, purposes and powers of the Urban Renewal Authority; and
 - (c) to set out procedures for planning and land resumption which relate to development schemes and development projects to be implemented by the Urban Renewal Authority.
2. Part I comprises clauses 1 and 2 is preliminary and, in clause 2, the terms used in the Bill are defined.
3. Part II, which comprises clauses 3 to 6, establishes the Urban Renewal Authority—
 - (a) clause 3 establishes the Urban Renewal Authority (the “Authority”);
 - (b) clause 4 provides that the Board of the Authority shall be the governing and executive body of the Authority;
 - (c) clause 5 sets out the purposes of the Authority;
 - (d) clause 6 sets out the general power of the Authority.

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4. Part III, which comprises clauses 7 to 9, deals with the public accountability of the Authority—

- (a) clause 7 requires members of the Board of the Authority to declare interests;
- (b) clause 8 deals with the duty of public officers to state the public interest;
- (c) clause 9 enables the Chairman and executive directors of the Board of the Authority to attend before the Legislative Council if so requested.

5. Part IV, which comprises clauses 10 to 17, deals with the financial side of the operations of the Authority—

- (a) clause 10 deals with resources;
- (b) clause 11 sets out the borrowing powers of the Authority;
- (c) clause 12 deals with lending powers;
- (d) clause 13 enables the Government to guarantee the Authority's borrowings;
- (e) clause 14 provides for the use of surplus funds;
- (f) clause 15 relates to the debt of the Authority;
- (g) clause 16 provides for accounts, audit and annual reports;
- (h) clause 17 exempts the Authority from taxation.

6. Part V, which comprises clauses 18 to 23, deals with the planning procedures that are required to implement the urban renewal programme—

- (a) clause 18 requires the Authority to prepare 5-year forward planned corporate plans;
- (b) clause 19 requires the Authority to prepare 5-year forward planned business plans;
- (c) clause 20 deals with the publication of information relating to projects to be implemented by way of a development project for the purposes of the urban renewal programme;
- (d) clause 21 enables persons who will be affected by projects to make objections to the Authority;
- (e) clause 22 deals with projects to be implemented by way of a development scheme for the purposes of the urban renewal programme;
- (f) clause 23 requires development projects to be implemented in accordance with any draft or approved plan prepared under the Town Planning Ordinance (Cap. 131).

7. Part VI, which comprises clauses 24 to 26, deals with the resumption of land for the purposes of the implementation of the urban renewal programme—

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- (a) clause 24 enables the Secretary for Planning, Environment and Lands to recommend to the Chief Executive in Council the resumption of land so required;
 - (b) clause 25 restricts the sale of resumed land by the Authority;
 - (c) clause 26 provides for powers of entry and inspection.
- 8. Part VII, which comprises clauses 27 to 29, contains miscellaneous provisions—
 - (a) clause 27 empowers the Secretary for Planning, Environment and Lands to request information from the Authority;
 - (b) clause 28 empowers the Chief Executive to give directions to the Authority;
 - (c) clause 29 enables the Authority to make bylaws.
- 9. Part VIII, which comprises clauses 30 to 32 and a Schedule, is transitional—
 - (a) clause 30 sets out various matters which are to apply as a result of the repeal of the Land Development Corporation Ordinance (Cap. 15);
 - (b) clause 31 provides for the transfer, to the Authority, of properties, assets, permissions and contracts;
 - (c) clause 32 is consequential;
 - (d) the Schedule sets out the provisions which apply to the Board of the Authority and its members.

**List of briefing sessions, seminars and public forums
attended by representatives of
the Planning and Lands Bureau
during public consultation on
the Urban Renewal Authority Bill
from 22 October to 31 December 1999**

No.	Date	Organization
1	26 October	Antiquities Advisory Board
2	27 October	Land Development Corporation (Managing Board)
3	30 October	Central and Western District Residents
4	30 October	Land Development Corporation (Managing Board)
5	2 November	Town Planning Board
6	11 November	Land and Building Advisory Committee
7	12 November	Hong Kong Institute of Surveyors
8	13 November	Public Forum
9	15 November	Hong Kong Council of Social Service
10	16 November	Hong Kong Housing Society (Chief Executive and Directors)
11	16 November	Hong Kong General Chamber of Commerce (Real Estate Subcommittee, Hong Kong Coalition of Services Industries)
12	17 November	Land Development Corporation (Staff)
13	17 November	Hong Kong Institute of Architects
14	18 November	Hong Kong Council of Social Service
15	19 November	Real Estate Developers Association of Hong Kong
16	22 November	Hong Kong Society of Urban Renewal
17	24 November	Hong Kong Policy Research Institute
18	25 November	Hong Kong Institute of Planners
19	29 November	Advisory Council on the Environment

No.	Date	Organization
20	1 December	Hong Kong Policy Research Institute
21	6 December	Hong Kong Policy Research Institute
22	7 December	American Institute of Architects
23	7 December	Shau Kei Wan and Sai Wan Ho Residents
24	15 December	Centre for Social Policy Studies, Hong Kong Polytechnic University
25	16 December	Hong Kong Institute of Real Estate Administration
26	16 December	Kwai Tsing Provisional District Board
27	16 December	Hong Kong Housing Authority
28	17 December	'Designing Hong Kong' Forum
29	17 December	Hong Kong People's Council on Housing
30	18 December	Public Forum
31	21 December	Mong Kok Kai Fong Welfare Association
32	21 December	Tai Kok Tsui and Mong Kok Residents
33	28 December	To Kwa Wan '13 Streets' Residents
34	29 December	S.K.H. Kei Oi Social Service Centre
	Total:34	

**Public Consultation on the Urban Renewal Authority Bill
Submissions Received**

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
Political Parties		
1	民權黨	
2	民主黨	
3	自由黨	
4	民建聯港島西支部	
5	民建聯	
6	港進聯	
	Sub-total	6
Provisional District Board/Provisional Urban Council/Provisional Regional Council Members		
1	Mr Alfred Lam Provisional Regional Council Member	
2	九龍城區區議員朱初昇	
	Sub-total	2
Academics		
1	Mr Bo-sin Tang Hong Kong Polytechnic University	
2	Mr Roger Bristow University of Manchester, United Kingdom	
3	Mr Bryan Bachner City University of Hong Kong	
4	伍美琴 香港大學城市規劃及環境管理研究中心 (3 separate submissions)	

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
5	Glenn Sweitzer Senior Research Fellow Hong Kong Polytechnic University	
6	Dr Stanley Chi-Wai Yeung Assistant Professor Department of Building & Real Estate Hong Kong Polytechnic University	
7	Mr Kevin Manual, Lecturer Division of Building Science & Technology City University of Hong Kong	
	Sub-total	9

Professional bodies and individual professionals

- 1 Hong Kong Institute of Surveyors (2 separate submissions)
- 2 Hong Kong Society of Urban Renewal (2 separate submissions)
- 3 Hong Kong Institute of Planners (2 separate submissions)
- 4 Urbis Limited (Planning, Urban Design, Landscape, Golf & Environmental Consultants)
- 5 Hong Kong Bar Association
- 6 Chartered Institute of Housing (HK Branch) & Hong Kong Institute of Housing
- 7 Liang Peddle Thorp Architects & Planners Ltd.
- 8 Mr John Yuan, Architect (2 separate submissions)
- 9 Hong Kong Institution of Engineers
- 10 Hong Kong Institute of Land Administration (2 separate submissions)
- 11 Mr Richard Wooding

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
12	Law Society of Hong Kong	
13	9 qualified surveyors from Land Development Corporation	
14	American Institute of Architects, Hong Kong	
15	Hong Kong Institute of Architects	
16	M Y Wan & Associates Ltd.	
17	Mr Francis K F Lam Chartered Surveyor and Chartered Town Planner	
18	Hong Kong Institute of Real Estate Administration	
19	Urban Watch	
	Sub-total	24

Business Sector/Trade Groups/Developers

1	Hip Shing Hong Development Co. Ltd.
2	翠華建屋合作社
3	Mr Henry Fong
4	Real Estate Developers Association of Hong Kong (2 separate submissions)
5	Hong Kong General Chamber of Commerce
6	大中建屋有限責任合作社
7	順寧建屋有限責任合作社
8	忠信建屋有限責任合作社
9	百福建屋有限責任合作社
10	安廬建屋有限責任合作社
11	保安建屋有限責任合作社
12	樂園建屋有限責任合作社

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
13	Federation of Hong Kong Industries	
14	Hong Kong General Chamber of Commerce	
15	安興建屋有限責任合作社	
16	A member of The Heritage Foundation Hong Kong	
17	香港中華廠商聯合會	
18	Sinowick Engineering Limited	
19	Business and Professionals Federation of Hong Kong	
20	Hong Kong Institute of Real Estate	
	Sub-total	22

Community Groups

- 1 爭取觀塘市中心重建委員會
(3 separate submissions)
- 2 香港房屋政策評議會
(2 separate submissions)
- 3 公屋聯會
- 4 荃灣舊區居民重建組織
(3 separate submissions)
- 5 香港社會服務聯會
(3 separate submissions)
- 6 九龍慈雲山商戶居民聯會
- 7 Rehabaid Centre
- 8 Johnston Apartments Owners Club
- 9 聖雅各福群會市區重建社會服務隊
(2 separate submissions)
- 10 葵涌私人樓宇居民聯會

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
11	聯區重建居民爭取權益大聯盟 (2 separate submissions)	
12	Designing Hong Kong Organizing Committee	
13	Independent Owners' Association for Fair Treatment	
14	舊區原居民權益關注組	
15	聖雅各福群會團體及社區工作部理想城市規劃工作小組	
16	聯區重建居民爭取權益大聯盟〔西營盤居民〕	
17	香港基督教服務處	
18	善導之母天主堂關社組暨一群九龍城區天主教徒	
19	十三街重建受影響業主租客聯合大會	
20	路向四肢傷殘人士協會	
21	中西區賢毅社	
22	港九勞工社團聯會	
23	中上環舊區重建關注組	
24	荃灣七街重建租客關注組	
25	獨居長者互助權益會	
26	Tai Po Environmental Association	
27	香港傷殘青年協會	
28	香港復康聯盟	
29	新世紀論壇	
30	鄰社輔導會	
31	觀塘民聯會 - 觀塘市中心區重建關注組	

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
32	香港基督教女青年會	
33	聖公會基愛社會服務中心市區重建青年關注社	
34	旺角街坊會陳慶社會服務中心舊區重建組	
35	Hong Kong Policy Research Institute Ltd.	
36	荃灣明愛社區中心	
	Sub-total	41
Statutory bodies and advisory committees		
1	Town Planning Board	
2	Antiquities Advisory Board (2 separate submissions)	
3	Mass Transit Railway Corporation	
4	Land Development Corporation (2 separate submissions)	
5	Hong Kong Tourist Association	
6	Hong Kong Housing Society	
7	Land and Buildings Advisory Committee	
	Sub-total	8
	Members of the public	64
	Proforma Letters from Residents	122
	Total	298

**Planning and Lands Bureau's
Response to Public Comments
on the Urban Renewal Authority Bill**

(1) **Urban Renewal Strategy**

(i) **Formulation of the Strategy**

Comment: There is no explanation of what the urban renewal strategy is about or how the strategy is formulated in the consultation paper and the White Bill.

Response: The Planning Department (PlanD) has recently completed an Urban Renewal Strategy Study. In this study, 200 projects have been identified for priority redevelopment, having regard to the age, physical conditions and fire safety design of the individual buildings. Nine urban renewal target areas have also been delineated for comprehensive restructuring and replanning. On the basis of this study, the Planning and Lands Bureau (PLB) is finalizing an urban renewal strategy which will serve as a road map for the future urban renewal programme. The Government will issue an Urban Renewal Strategy Statement to the Urban Renewal Authority (URA) when it is established. On the basis of the Government's Urban Renewal Strategy Statement, the URA will prepare its urban renewal programme.

Our strategy is to continuously renew the fabric of Hong Kong's built-up areas through timely urban renewal. Our policy is based on a people-oriented approach. People always come first under our strategy. The main elements of the urban renewal strategy include:-

- (a) providing appropriate rehousing for tenants affected by URA's redevelopment projects;

- (b) providing fair and reasonable compensation to owners whose properties are resumed for the implementation of redevelopment projects;
- (c) restructuring and replanning designated older built-up areas;
- (d) designing more effective and environmentally friendly local transport and road networks;
- (e) rationalizing land uses which are incompatible with the surrounding areas;
- (f) providing more open space and community facilities;
- (g) redeveloping dilapidated buildings into new buildings of modern design and standard;
- (h) rehabilitating buildings in need of repairs within the urban renewal target areas;
- (i) preserving buildings, sites and structures of historical, cultural or architectural interest within urban renewal priority project areas and target areas; and
- (j) redeveloping or revitalizing under-utilized industrial areas.

On the basis of the Government's Urban Renewal Strategy Statement, the URA will prepare a corporate plan setting out its proposed programme of projects for the next five years. It will have to "follow any guidelines set out in an urban renewal strategy (i.e., the Urban Renewal Strategy Statement) prepared from time to time by the Secretary (i.e., the Secretary for Planning and Lands (SPL)) when preparing the programme of proposals and

projects in the draft corporate plan” (clause 18(3) of the Urban Renewal Authority Bill (the White Bill)).

An Executive Summary of PlanD’s Urban Renewal Strategy Study has now been issued for general information.

(ii) Terminology

Comment: “Urban renewal” is not an appropriate term. “Urban regeneration” is more accurate and appropriate.

Response: The term “urban renewal” has been traditionally used by the Government to refer generally to urban renewal, urban redevelopment, urban rehabilitation, urban regeneration and urban renaissance. It is widely understood and accepted by the public. For example, it is used in the public consultation document “Urban Renewal” published by the Planning, Environment and Lands Branch (PELB) in July 1995 and the policy statement “Urban Renewal in Hong Kong” published by PELB in June 1996. It is also used in existing legislation, for example, the Land Development Corporation Ordinance (Cap. 15).

Urban renewal is defined to include:

- (a) urban redevelopment; and
- (b) urban rehabilitation.

We are of the view that “urban renewal” is more useful and appropriate than trendy terms such as urban regeneration.

(iii) Concept of urban renewal

Comment: Clause 5 of the White Bill should be amended to include the preservation of the historical, cultural and architectural heritage of Hong Kong.

Response: We agree that the preservation of our heritage should be included as one of the purposes of the URA. We propose to revise Clause 5 of the White Bill by adding a new sub-clause after Clause 5(d) which reads (tentatively):

“(e) preserve buildings, sites and structures of historical, cultural or architectural interest; and”.

(iv) People-oriented approach

Comment: The Government should use a people-oriented approach to urban renewal and this policy should be written into the law.

Response: Our policy is to use a people-oriented approach to urban renewal. Under this policy, people always come first. However, the term “people-oriented” is not easily defined in legal language. It would not be helpful to use terms which are not capable of precise definition in the White Bill.

(v) Maintenance of buildings

Comment: Maintaining existing buildings is as important as redeveloping old buildings.

Response: We agree that the proper maintenance of buildings is an essential aspect of the comprehensive regeneration of old urban areas. The rehabilitation of buildings improves the urban environment and reduces the need for redevelopment. We are formulating a new proposal for the preventive maintenance of buildings and will consult the public shortly. If this proposal is supported, a statutory scheme will be introduced to require owners of older buildings which are not properly maintained to carry out preventive maintenance works for their buildings. The task of implementing this scheme will be shared between the Buildings Department (BD) and the URA. The URA will be empowered to implement the preventive maintenance of buildings scheme within

its nine urban renewal target areas. Amendments to the Buildings Ordinance (Cap. 123) are required in order to implement this scheme.

(2) **Role of Government/URA in urban renewal**

(i) **URA should only play a facilitating role**

Comment: The future URA should only be a facilitator of urban redevelopment. It should not be a developer. The private sector should be the dominant player in redevelopment.

Response: The URA may implement a redevelopment project either:

- (a) on its own (ie, acting as developer);
- (b) in association with a joint venture partner; or
- (c) sell the land (whole or part of it) to a private developer for redevelopment.

We envisage that (b) above will be the principal mode of implementing URA redevelopment projects. Private developers will play a major role in implementing the urban renewal programme as joint venture partners of the URA.

(ii) **URA should not be restricted to a facilitating role**

Comment: The Government and the URA should not only play an enabling or facilitating role in urban renewal. The Government and the URA should be proactive in planning and implementing urban renewal. Adequate resources should be provided to the URA.

Response: We are not proposing that the Government/URA should only play an enabling or facilitating role for the private sector in urban renewal. The URA will be tasked to carry out the Government's urban renewal strategy and the 20-year urban

renewal programme. We are not relying entirely on the private sector in carrying out urban renewal, although it has an important role to play. Adequate resources will be made available to the URA for it to implement the urban renewal programme.

(iii) Owners' participation scheme

Comment: Owners should be given an opportunity to participate in redevelopment projects.

Response: In order for an owners' participation scheme to work, owners must be prepared to take risks and share in any profit or loss. Experience has shown that this scheme is not really suitable for small property owners because of the high risks involved. It may be an option for persons or companies who hold a substantial interest in a redevelopment project site.

(iv) Financial assistance to owners

Comment: Financial assistance should be given to owners to facilitate redevelopment of their buildings by themselves.

Response: We do not think that it is appropriate for the Government to provide financial assistance to owners to facilitate redevelopment of their buildings by themselves.

(3) **Public participation**

(i) White Bill

Comment: The publication of a White Bill is not the most appropriate means to consult the public.

Response: We wish to provide the public with a detailed picture of our proposals. The White Bill sets out the legislative framework through which the urban renewal programme will be implemented by the URA. We believe that a detailed consultation paper, together with the White Bill, is an effective means of consulting the public.

(ii) Community participation

Comment: The public should be involved in formulating the urban renewal strategy.

Response: The public will be involved in formulating and updating the urban renewal strategy. The Planning Department will regularly review and update its Urban Renewal Strategy Study. The public will have an opportunity to participate in this review process.

(iii) Urban renewal social work teams

Comment: Social work teams should be set up to assist residents affected by redevelopment projects.

Response: We see merit in having urban renewal social work teams. The experience of the LDC has been that such teams facilitate the urban renewal process and act as a bridge between the LDC and affected owners and tenants. We intend to recommend to the URA that an urban renewal social work team be set up in each of the nine urban renewal target areas to provide assistance and advice to residents affected by URA's redevelopment projects. The team should be in place before the first redevelopment project commences in a target area.

(iv) Public views/information

Comment: The URA should have a mechanism for gathering views. Information on redevelopment projects should be made available to affected residents.

Response: The URA will put in place a programme for gathering public views. Information on redevelopment projects will be made available to the public.

(v) Resource centre

Comment: A multi-disciplinary resource centre should be set up to facilitate urban renewal.

Response: The proposal to set up a multi-disciplinary resource centre will be considered by the future URA.

(4) Structure of the URA

(i) Board of the URA

Comment: The “executive Chairman” model is not the most appropriate for the URA.

Response: Under Clause 4 (“Establishment of Board of Authority”) of the White Bill, the Board of the URA comprises:

- (a) a Chairman, who is at the same time an executive director (i.e., an executive Chairman);
- (b) two other executive directors (one of whom may be appointed Deputy Chairman);
- (c) seven non-executive directors not being public officers; and
- (d) four non-executive directors being public officers.

A managing board comprising an executive Chairman (similar to that of the Mass Transit Railway Corporation and the Kowloon-Canton Railway Corporation) and two executive directors is appropriate for the URA, as it will be responsible for the implementation of a large number of redevelopment, rehabilitation and conservation projects. The Chairman and the two executive directors will play a pivotal role in the operation and management of the URA and will be directly accountable for the performance of the URA.

(ii) Conservation architects

Comment: The URA should employ conservation architects to deal with the preservation of historical buildings.

Response: We agree that the URA should have conservation architects in charge of its conservation projects.

(iii) Financial controller

Comment: The financial controller of the URA should be appointed by the Board and not by the executive Chairman.

Response: We agree that the financial controller of the URA should be appointed with the approval of the Board of the URA.

(iv) Board of the URA

Comment: The Board of the URA should be representative and should include grassroots representatives.

Response: The Board of the URA will be representative of the community and will include professionals from the building industry. We have not yet considered the future membership of the URA Board. Subject to the enactment of the Urban Renewal Authority Ordinance, a Provisional URA Board will be appointed in June this year.

(5) **Public accountability of the URA**

(i) Public accountability

Comment: The public accountability of the URA should be enhanced. The public should be able to monitor the work of the URA.

Response: The following provisions are included in the White Bill to ensure that the URA is accountable:

- (a) Members of the URA Board are required to declare interests and a register of such declarations of interest will be made available for public inspection. This provision (clause 7) in the White Bill increases the transparency and accountability of the URA.
- (b) Public officers on the URA Board are duty-bound to state the public interest when the URA deliberates on matters which may affect the public interest (clause 8 of the White Bill). This provision ensures that the public interest is taken into account in the deliberations of the URA.
- (c) The Chairman and the two executive directors of the URA will be required to attend meetings of and be answerable to the Legislative Council, its committees and subcommittees (clause 9 of the White Bill). This provision provides for better monitoring of the performance of the URA. It also enhances the public accountability and transparency of the URA as a public body.
- (d) The URA will come under the jurisdiction of the Ombudsman (clause 32(4) of the White Bill).

(ii) Approval of redevelopment projects

Comment: Redevelopment projects of the URA should be approved by the Legislative Council on a case by case basis.

Response: It would not be appropriate to submit individual redevelopment projects of the URA to the Legislative Council for approval before implementation. It would mean that the Legislative Council is taking on a day-to-day executive and management role.

(iii) Trading Fund

Comment: A trading fund should be set up for implementing the urban renewal programme.

Response: The Board of the URA is responsible for the performance of the URA. It would not be appropriate to set up a trading fund for the urban renewal programme since the URA is not a government department.

(iv) Complaints unit

Comment: The URA should have a unit to deal with complaints and to gather public views.

Response: The URA will establish a system for dealing with complaints and for gathering public views.

(6) Financial arrangements

(i) Social responsibility

Comment: Urban renewal is a social responsibility. The social benefits of urban renewal cannot be quantified in money terms.

Response: We agree that the Government should play a pivotal role in urban renewal. Adequate financial and rehousing resources will be made available for the URA to implement the Government's urban renewal strategy and the 20-year urban renewal programme. We agree that 'the social benefits of urban renewal cannot be quantified in money terms'.

(ii) Financing

Comment: Adequate financing should be provided to the URA. The principle of self-financing should not be used to restrain the work of the URA.

Response: A package of both financial and non-financial arrangements is proposed to enhance the financial viability of URA's urban renewal projects, including the waiver of land premia, the exemption of Government/Institution/Community facilities of URA projects from the calculation of gross floor area, and the relaxation of plot ratio controls up to the maximum levels permitted under the Buildings Ordinance (Cap. 123) and its regulations. The Government is also prepared to consider making loans to the URA, if necessary. Our aim is to develop an arrangement that would enable the URA to be self-financing in the long run.

(iii) Financial burden

Comment: Urban renewal should not become a recurrent financial burden on the Government.

Response: As mentioned above, our intention is that the urban renewal programme should be self-financing in the long run. The urban renewal programme would not be an onerous financial burden on the Government.

(iv) Waiver of land premia

Comment: The waiver of land premia for URA's redevelopment sites will distort the property market.

Response: The waiver of land premia is the Government's contribution to the urban renewal programme. It will not distort the property market.

(v) Relaxation of plot ratio controls

Comment: Relaxation of plot ratio controls for URA projects will create "double standards".

Response: Each application for relaxation of plot ratio controls will have to be submitted to the Town Planning Board for approval. There will be no "double standards". Any application to the Town

Planning Board will be considered on its own merit.

(vi) Accounts

Comment: Accurate accounts should be maintained for assets transferred from the LDC to the URA.

Response: Accurate and detailed accounts will be kept by the URA. All the assets and liabilities of the LDC, including fixed assets, will be transferred to the URA, upon the establishment of the URA and the dissolution of the LDC.

(vii) Packaging of projects

Comment: Financially viable projects should not be linked to non-viable projects as a package.

Response: One way of financing non-viable projects is to package them with viable ones so as to make them commercially attractive to the private sector. Under this arrangement, financially viable projects can cross-subsidize non-viable ones. This option may be helpful in some cases. However, the URA will ensure that any delay in one project will not cause delay in another project linked to it.

(7) Planning procedures

(i) Impact assessment

Comment: Impact assessment studies on urban renewal projects should be undertaken.

Response: The impact of a development scheme on the local community, the environment of the locality, local traffic conditions and the townscape will be assessed in URA's submission to the Town Planning Board. The impact of redevelopment on the social networks of affected residents will also be taken into account.

(ii) One-month objection period

Comment: The one-month objection period for development projects is too short.

Response: The one-month objection period for development projects is appropriate.

(iii) Appeal mechanism

Comment: There should be an appeal mechanism for development projects.

Response: At present, there is no objection/appeal mechanism against LDC projects implemented by way of a “development proposal” (similar to URA’s development projects).

(iv) Objections against development schemes

Comment: There are no provisions in the White Bill for dealing with objections against development schemes.

Response: Objections against development schemes are dealt with under the Town Planning Ordinance (Cap. 131), as development schemes involve amendments to the Outline Zoning Plans.

(v) Basis for formulation of the five-year corporate plan and the annual business plan

Comment: The basis for formulating the five-year corporate plan and the annual business plan is unclear.

Response: The Government will formulate an urban renewal strategy which, inter alia, identifies projects for priority implementation by the URA. On the basis of the Urban Renewal Strategy Statement, the URA will prepare a draft corporate plan setting out its programme of projects for the next five years (clause 18 of the White Bill) and a draft annual business plan setting

out the projects to be implemented in the next financial year (clause 19 of the White Bill). The URA is required to submit its draft corporate plan and draft business plan to the Financial Secretary for approval each year. PLB will vet and advise the Financial Secretary on the draft plans.

(8) **Redevelopment of buildings**

(i) Transfer of development rights

Comment: A system for the transfer of development rights should be set up to facilitate urban renewal and the preservation of historical buildings.

Response: The proposal to allow the transfer of development rights is complicated and has far-reaching implications. It should be considered carefully and is beyond the scope of the White Bill.

(ii) Packaging of redevelopment projects

Comment: Smaller developers should be allowed to compete for urban renewal projects.

Response: Redevelopment projects will be packaged in such a way that smaller developers will also have a chance to compete with larger developers.

(9) **Rehabilitation of buildings**

(i) Preventive maintenance of buildings

Comment: The URA should also focus on the rehabilitation of older buildings.

Response: Under the urban renewal strategy, besides redevelopment of dilapidated buildings, we will also focus on the proper maintenance of buildings. We will announce early next year a proposal for a statutory scheme of preventive maintenance of buildings for public consultation. If this proposal is supported, a statutory scheme will be introduced to require owners of older

buildings which are not properly maintained to carry out preventive maintenance of their buildings. The task of implementing this scheme will be shared between BD and the URA.

(ii) Division of responsibilities

Comment: In respect of rehabilitation, there should be a clear division of responsibilities between BD and the URA.

Response: The URA will be tasked with the implementation of the preventive maintenance of buildings scheme within its nine urban renewal target areas. BD and the URA will work closely in implementing this scheme. The demarcation of duties and responsibilities between BD and the URA will be clearly set out.

(iii) Financial assistance

Comment: Financial assistance should be given to owners who have difficulties in paying for repairs.

Response: Under the proposed preventive maintenance of buildings scheme, financial assistance will be provided to owners who have difficulties paying for the maintenance and repair costs.

(iv) Public education

Comment: The Government should educate the public about proper building maintenance. Repairs should be carried out in a scientific manner.

Response: We will continue to promote public awareness of building safety and proper building maintenance. We will also investigate how preventive maintenance can be carried out in a scientific manner and will set down general maintenance standards for the reference of building professionals.

(v) Criteria for selecting buildings

Comment: The criteria for selecting buildings for inclusion in the preventive maintenance of buildings scheme should be announced.

Response: The criteria for selecting buildings for the issue of “preventive maintenance notices” will be made known when the proposal for the preventive maintenance of buildings scheme is announced. The criteria will be the same for the urban renewal target areas and other urban areas.

(vi) Antiquities Advisory Board

Comment: Historical buildings outside urban renewal target areas should also be preserved.

Response: We generally agree that historical buildings outside urban renewal target areas and redevelopment project areas should be preserved and that the preservation of historical buildings on a “locality basis” (i.e., a cluster of such buildings) should be the preferred option.

(vii) Other issues

Comment: The present mortgage system should be changed to make investment in older buildings more worthwhile. The plan approval system should also be simplified to facilitate renovation works.

Response: The mortgage system of Hong Kong and the plan approval system for alteration works are beyond the scope of the White Bill. These issues should be dealt with separately.

(10) Land resumption and disposal

(i) Resumption for a public purpose

Comment: Land should only be resumed in the public interest.

Response: In order to resolve land assembly difficulties and to expedite the urban renewal programme, the URA is empowered under the White Bill to apply through SPEL for “direct resumption” of the land required. The Chief Executive in Council is the authority to approve such resumption applications (clause 24 of the White Bill). Affected property owners will be fairly compensated.

(ii) Sale of resumed land

Comment: The URA should not be allowed to dispose of resumed land too easily.

Response: The URA will only be allowed to sell or dispose of resumed for a public purpose and in the public interest. Prior approval of the Chief Executive in Council is required.

(11) Compensation for land resumed

(i) Criteria for evaluation

Comment: The criteria for the valuation of properties should be clarified and agreed.

Response: Arguments over compensation for resumed land are often caused by differences in the method of valuation. We will issue guidelines for valuation so that surveyors will know how we assess property values.

(ii) Ex-gratia allowance for owners/occupiers of non-residential premises

Comment: The compensation package for owners and tenants of non-residential properties should be improved.

Response: We are prepared to review the compensation package for owners and tenants of non-residential properties. We will complete this review as soon as possible.

(iii) 10-year flats

Comment: The Home Purchase Allowance should be improved to enable owners to buy a five-year-old replacement flat.

Response: Owner-occupiers of residential properties affected by urban redevelopment are eligible for statutory compensation plus an ex-gratia allowance (Home Purchase Allowance) to enable them to purchase a replacement flat of a similar size and about ten years' old in the same locality. We have received divergent views on the proposed package for compensation. Some have argued that owners should be given a home purchase allowance to enable them to buy a five-year-old flat (or even a new flat) of the same size in the same locality, whilst some are of the view that the existing 'ten-year flat' principle is generally acceptable. We will review the position in the light of comments received.

(iv) Sentimental value

Comment: Owners should be compensated for the sentimental value of their properties.

Response: It is difficult to assess the sentimental value of a piece of property to a person. It is even more difficult to place a monetary value on sentimental value.

(12) Rehousing

Comment: Proper rehousing should be provided to the tenants affected by URA's redevelopment projects.

Response: The Government has made a commitment that nobody will be rendered homeless as a result of the urban renewal programme. The URA will ensure that all affected tenants will be properly rehoused. We have now come to a preliminary agreement with the Housing Society. Our discussions with the Housing Authority are making good progress. The URA will work closely with the Housing Authority and the Housing Society to rehouse all affected tenants properly.

(13) **Loan Scheme**

Comment: A loan scheme should be provided to enable affected tenants to purchase a private residential flat.

Response: We think that rehousing in public rental housing is a more appropriate option. However, we will explore the possibility of offering financial assistance to affected tenants under one of the existing housing loan schemes administered by the Housing Authority and the Housing Society.

(14) **Transitional matters**

Comment: The transition from the LDC to the URA should be smooth.

Response: We will ensure that there will be a smooth and seamless transition from the LDC to the URA.

(15) **Miscellaneous**

(i) **Building technology**

Comment: Hong Kong should make use of the opportunity of urban renewal to improve our building technology.

Response: We will use the opportunity of urban renewal to upgrade building technology and techniques in Hong Kong.

(ii) **Obsolete encumbrances**

Comment: Obsolete encumbrances to land should be removed as part of urban renewal.

Response: The scope of the White Paper does not include the removal of obsolete encumbrances to land. The problem should be dealt with as a separate exercise. Perhaps the Land Titles Bill will be a more approach vehicle for resolving this problem.

(iii) Cap. 545

Comment: The Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) should be amended to make it easier for private developers to assemble land for redevelopment.

Response: The Land (Compulsory Sale for Redevelopment) Ordinance was only implemented in 1999. We should let the Ordinance operate for a while before reviewing it.

(iv) Working relationship between the Government and the URA

Comment: The working relationship between the Government and the URA should be clearly set out.

Response: A well-established working relationship between the Government and the LDC has developed over the years. Dedicated urban renewal teams have been set up in the Planning and Lands Bureau, Planning Department and Lands Department to facilitate the work of the LDC and coordinate the work of concerned departments. This working relationship will be upgraded with establishment of the URA.

(v) Closing date for public consultation

Comment: The closing date for public consultation should be extended.

Response: The closing date for public consultation was extended from 3 December 1999 to 31 December 1999.