

立法會
Legislative Council

Ref: CB1/BC/9/99/2

LC Paper No. CB(1) 2012/99-00

(These minutes have been
seen by the Administration and
cleared by the Chairman)

**Bills Committee on
Urban Renewal Authority Bill**

**Minutes of meeting held on
Monday, 15 May 2000, at 4:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon HO Sai-chu, SBS, JP
Hon LEE Cheuk-yan
Hon NG Leung-sing
Hon James TO Kun-sun
Hon Christine LOH
Hon CHAN Yuen-han
Hon LEUNG Yiu-chung
Hon WONG Yung-kan
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP

Members absent : Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon Ronald ARCULLI, JP
Dr Hon LEONG Che-hung, JP
Hon Andrew WONG Wang-fat, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

Public officers attending : Mr Stephen FISHER
Deputy Secretary for Planning and Lands
(Urban Renewal and Buildings)

Ms Olivia NIP
Principal Assistant Secretary for Planning and Lands
(Urban Renewal)

Mr T K LEE
Assistant Director/Urban Renewal (Acting)
Planning Department

Mr J D SCOTT
Senior Assistant Law Draftsman

Ms R CHAI
Government Counsel

Clerk in attendance : Miss Odelia LEUNG
Chief Assistant Secretary (1)1

Staff in attendance : Ms Bernice WONG
Assistant Legal Adviser 1

Miss Becky YU
Senior Assistant Secretary (1)3

I Meeting with the Administration
(LC Paper No. CB(1) 1463/99-00(01))

Members continued to discuss the Administration's response to comments made in submissions to the Bills Committee circulated vide LC Paper CB(1) 1463/99-00(01).

Rehabilitation of buildings

2. While acknowledging that repair of dangerous buildings would be dealt with under the Buildings Ordinance (Cap. 123) (BO), Mr LEUNG Yiu-chung enquired about the maintenance of dilapidated buildings with no imminent danger. In response, the Deputy Secretary for Planning and Lands (DS/PL) affirmed that proper maintenance of buildings was an essential part of the comprehensive regeneration of old urban areas. Rehabilitation of buildings could improve the built environment and reduce the need or urgency for the demolition and redevelopment of older buildings. To this end, the Administration was formulating a new proposal for the preventive maintenance of buildings and would consult the public shortly. Under the proposal, a statutory scheme would be introduced to require owners of older buildings which were not properly maintained to carry out preventive maintenance and proper repairs of their buildings. The task of implementing the scheme would be shared between the Urban Renewal Authority (URA) and the Buildings Department (BD). URA would be empowered to implement the scheme within the nine urban renewal target areas and BD the rest of the territory. Amendments to BO would be required in order to

implement the scheme. Mr LEUNG however expressed concern about the maintenance of these older buildings before implementation of the scheme, particularly if the owners concerned refused to maintain their buildings during the interim.

Preservation of buildings

3. On the basis upon which a building would be selected for preservation, DS/PL explained that in the urban renewal strategy study conducted by the Planning Department (PlanD), 27 historical buildings and buildings of cultural or architectural interest had been identified for preservation and the Antiquities Advisory Board would be consulted. More buildings might be included in future as PlanD would update the urban renewal strategy study every two years. Indeed, URA could have its own preservation initiatives. The preservation of these buildings would be included in the Corporate Plans of URA as conservation projects if and when the areas where they were located were incorporated into a proposed project. Ms Emily LAU asked how the public would be consulted on these conservation projects. DS/PL advised that as URA would be required to publish a proposed project in the Gazette, this would provide an opportunity for the public to comment on the relevant conservation projects. The location of the buildings identified for preservation would be released together with the Urban Renewal Strategy (URS) for public consultation, where appropriate.

4. As to how URA would implement conservation projects, DS/PL acknowledged that at present, the Land Development Corporation (LDC) was not tasked with preservation work. Hence, URA would require a new unit to deal with conservation projects. Consideration would also be given to setting up a subcommittee comprising relevant professionals and interested individuals under the URA Board to steer the work of the new unit. In view of the significant role of the subcommittee in respect of conservation, Mr LEE Cheuk-yan opined that instead of allowing URA to decide on the need for such a subcommittee, the Administration should press for its mandatory establishment. DS/PL noted Mr LEE's concern but advised that it would not be appropriate for the Administration to interfere with the operation of URA. He nevertheless assured members that the Administration would recommend to URA the establishment of the subcommittee.

5. On the impact of preservation work on redevelopment projects, DS/PL advised that this should be minimal. He pointed out that as URA projects would be relatively large in scale, this would provide greater flexibility for planning. Through the transfer of plot ratio of the buildings to be preserved to other buildings in the project area, the resources of URA would then be used for preserving the heritage on the one hand and improving the built environment by redevelopment on the other.

Role of the Government vis-à-vis the private sector in urban renewal

6. Mr James TO opined that URA should consider selling more resumed land to private developers with a view to tapping the resources of the private sector to expedite the pace of urban renewal. The Assistant Director/Urban Renewal (Acting), PlanD (AD of P (Ag)) considered the proposed sale of resumed land to private developers not desirable having regard to the possible selling price of the land and the high cost for

resuming the land. In order to reap the profits from redevelopment, URA would need to be involved in the physical development of the site, either on its own or in partnership with other developers. Ms Emily LAU however pointed out that the sale of completed flats might not be profitable, particularly in the event of poor property market conditions. Given the scarcity of land in the urban area, DS/PL was optimistic that the flats produced under the URA projects in the nine target urban areas would be welcomed by prospective buyers.

7. Mr NG Leung-sing asked how URA could complete a redevelopment project if the joint venture partner concerned went bankrupt in the course of redevelopment. DS/PL advised that URA might borrow from the Government such money necessary for the purposes of implementing the redevelopment project.

8. On the pace of urban renewal, DS/PL said that URA would complete the 200 priority projects within a period of 20 years. It was anticipated that a new cycle of urban renewal would start after all the projects under the 20-year urban renewal programme had commenced in the fifteenth year. On the feasibility of expediting the urban renewal programme, AD of P (Ag) advised that this would hinge on the financial situation of URA. The Administration however considered that a moderate pace should be adopted to avoid overloading URA.

General power of URA

9. While acknowledging that the granting of mortgages or reverse mortgages would be outside the ambit of URA, Mr TAM Yiu-chung remained of the view that URA should seriously consider such an option in the long run which would help expedite the pace of urban renewal. DS/PL noted Mr TAM's view.

Structure of URA

10. Mr LEE Cheuk-yan remarked that members of the URA Board should include LegCo Members to ensure proper checks and balances. DS/PL assured members that the future URA Board would be representative and would have directors from different walks of life. However, in view of the distinct role of the Legislature, it would not be appropriate to include in the Bill the appointment of a certain number of LegCo Members to the URA Board as proposed.

Public accountability

11. Ms Emily LAU expressed grave concern on the lack of public representatives in the URA Board. She enquired about the channels through which the public could participate in the process of urban renewal. In reply, DS/PL reiterated that the urban renewal programme was formulated on the basis of URS which was subject to public consultation. Consideration was being given to including in the Bill a provision for an independent appeal channel through which the public could object to the decision of the Secretary for Planning and Lands (SPL) to authorize URA to proceed with a development project. The Administration would also recommend URA to set up a social work team for each of the nine target areas to act as a bridge between URA and

affected residents. As to whether meetings of the URA Board could be open to public, DS/PL considered this not desirable as sensitive issues such as the award of contracts would be discussed during these meetings.

12. Ms LAU was not convinced of the Administration's response. She remained of the view that there should be a formal channel through which the public could participate in the process of urban renewal. Expressing similar concern, Mr LEE Cheuk-yan asked if the Administration would consider setting up advisory committees in each district for the purpose of collecting public views on redevelopment. Residents' representatives should sit on these advisory committees. DS/PL advised that under the existing Land Development Corporation Ordinance, LDC was required to consult the District Councils concerned and hold public meetings to inform local residents of its proposed projects and to gather public views. Similar arrangements could be considered for URA. Given the important role of the advisory committees, Mr LEE urged the Administration to stipulate in the Bill the establishment of such committees. DS/PL agreed to consider the suggestion.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 1679/99-00(04).)

Financial provisions

13. As to whether the Government would inject capital into URA, DS/PL advised that the Administration had earmarked sufficient financial resources for URA. A decision on whether funding should be given in the form of capital injection or loan had yet to be determined after the establishment of the Provisional URA when the Administration had a better knowledge of the financial situation of URA. The thinking at present was that providing loans was the preferred option. On the difference between capital injection and loan, DS/PL explained that although URA was not obliged to repay the Government in the former case, the Financial Secretary might give directions requiring URA to pay the whole or part of any excess of revenue to the Government and URA should comply with those directions. In the latter case, URA would need to repay the loan according to the predetermined interest rate approved by the Finance Committee.

14. Mr NG Leung-sing questioned the need for clause 12(2) which empowered the Secretary for the Treasury (S for Tsy) to give directions to URA in relation to the amount of money it might lend to any person for the purpose of implementing an urban renewal project. DS/PL advised that S for Tsy would not give directions normally. The clause conferred on S for Tsy residual power to ensure proper control on URA's power to lend money where necessary.

Clause 21(4)

15. As to whether property owners affected by urban renewal projects could object to the resumption of their premises on the ground that they would undertake the redevelopment by themselves, DS/PL affirmed that there was no role for URA if property owners or private developers were willing to redevelop or capable of

redeveloping the project area by themselves. Mr James TO enquired about how the Administration would deal with the situation where owners of a building reached an agreement to form a joint entity and claimed that they would redevelop the building by themselves with the intention of maximizing their bargaining power for compensation in the event of resumption of the building by URA. In reply, DS/PL considered it appropriate to offer a higher compensation to include the development potential of the site to owners concerned if they could prove that the building to be resumed was one single property.

Land resumption

16. Ms CHAN Yuen-han enquired about the criteria for compulsory land resumption. DS/PL explained that under the Lands Resumption Ordinance (Cap. 124), resumption could only be effected for a public purpose. Land resumption was feasible under the Bill because clause 24(4) stipulated that a resumption in pursuance of a recommendation by SPL should be deemed to be a resumption for a public purpose. As to how the 200 priority projects for urban renewal were selected, DS/PL advised that they were selected on the basis of the age, physical conditions and fire safety design of the individual buildings and the opportunities for improving the local infrastructure, the built environment and community facilities in the project areas. Accordingly, only buildings which were old and/or dilapidated would be resumed for redevelopment by URA.

17. Mr TAM Yiu-chung asked if URA would undertake redevelopment projects even if they were not profitable. DS/PL advised that as URA had to achieve a balanced account over the 20-year urban renewal programme, it would need to package redevelopment projects so that financially viable projects could cross-subsidize non-viable ones.

II Any other business

18. There being no other business, the meeting ended at 6:30 pm.

Legislative Council Secretariat

16 October 2000