

The HKIE's Further Comments on Urban Renewal Authority (URA) Bill

The HKIE has submitted comments on the URA White Bill in the letter addressed to LegCo Subcommittee to study the URA White Bill on 8 December 1999. These general comments are still relevant to the present version of URA Bill. The following more focused comments elaborate on certain specific issues.

1. Optimizing Land Use - Transport Pattern

Urban renewal presents a rare and invaluable opportunity to rationalize land use as well as to reorganize the street pattern. This is a most cost-effective way to solve the urban traffic problem as well as improving the built environment. Traffic problems are often caused by an imbalance between residential population and employment. In the overall planning of development schemes and development projects, the proposed use of the development areas and the proposed new road pattern should aim for achieving the optimum coordination of both land use and transportation at global as well as local levels. When redressing the imbalance in one area, care should be taken to consider balance in other areas. A systematic optimization approach to this planning and urban development management problem should be adopted.

In considering the use of proposed development areas, other social needs should also be considered alongside with housing. For example, use for small and medium business, and use for cultural activities should not be overlooked. They are often the powerful forces for urban regeneration.

2. Rehabilitation of Building

Rehabilitation of old buildings should be pursued wherever feasible. This is extremely important both economically and socially. The economic impact of extending the serviceable life of a building, say from 50 years to 80 years, is enormous. Rehabilitation also avoids many social disruptions which are inevitable with redevelopment, e.g. uprooting of people to a new area, transfer of ownership, land reassembly, and allocation of re-housing. Therefore, with reference to S6(1), we would ask the Government to confirm that the URA "shall exercise that power so as to improve the standard of housing and the built environment of Hong Kong" not only by way of development, but also by way of rehabilitation of existing buildings.

3. Technological Advancement in Defect Detection, Repair and Maintenance of Buildings

The appropriate balance between redevelopment and rehabilitation depends largely on the reliability and economics of detecting and repairing defects, and of maintaining buildings to adequate safety assurance standards within a specified period of time. These new technical issues are not adequately covered by the existing Buildings Ordinance and regulations, and indeed require contributions from new engineering disciplines other than the traditional inputs of architecture, building surveying and structural engineering.

We consider it essential to fully grasp the urban renewal opportunity as a means to develop Hong Kong's excellence in this new technical area. The Government should facilitate the development of appropriate new technology, in addition to putting new regulations in place. This is not only in line with the Government's policy of promoting technology and innovation, but also has strong economic impact both because of the size of the aging building stock and in view of the potential to export such technical know-how in future.

4. Fair Distribution of Urban Renewal Benefits

The improved built environment and development pattern brought about by urban renewal action will enhance land value. Certain lots will benefit from it. On the other hand, certain lots and occupants would suffer in the land assembly and development process. Reasonable estimation of benefits and loss together with fair distribution of benefit and compensation for loss is critically important in order to avoid serious conflict.

We urge the Government to set out clear principles for the fair distribution of urban renewal benefits before the first development project is published, (preferably even before URA comes into operation). The principles should include

- (a) the basis of estimation;
- (b) the apportionment between the Government, lot owners adversely affected by an URA project, and lot owners benefited by the project;
- (c) the apportionment amongst the co-owners of a lot; and
- (d) how and when the distribution of net benefit will be enforced.

We consider it essential for these general principles to be well promulgated early

so that the public has a firm basis to comment on any proposed projects of urban renewal. URA projects must not become sources of windfall profit for some and involuntary loss to others.

5. Land Resumption

We are equally concerned that private property rights must be well respected. Compulsory resumption should normally be restricted to a prescribed list of circumstances. We urge the Government to set out such a list or provide the guidelines to URA for drawing up such a list for its operation. The HKIE is prepared to assist. We strongly believe that the argument of public interest should not be used lightly to infringe on property rights.

If resumption of part of a lot is determined to be required for a project, the affected lot owner should have the right to request the Government to resume the entire lot. This is necessary to ensure optimum utilization of land.

In determining “fair” compensation for resumption, the redevelopment value including the benefits of urban renewal should be taken into account.

6. Implementation of Development Projects or Schemes

We note that S21 has been expanded to give detailed procedures for affected owners to lodge objection and for such objection to be dealt with. We would ask the administration to further clarify the following points-

Re S21(6): Is there a time limit for the Secretary to serve “notice of amendment on the owner of the other lot”?

Re S21(7): Is there a time limit for the Secretary to serve notice of determination on the objecting owner? Also, if the owner is dissatisfied with the determination, what is the mechanism for appeal?

Re S21(9): Will the Government consider promulgating the criteria for approving a development project?

Re S22: Will the Government confirm that a similar set of procedures is available for objection to a development scheme to be raised and processed?

7. Operation of URA

We consider that URA should primarily function as the facilitator and coordinator of urban renewal. It should liaise with government departments to formulate overall plans, to identify development and rehabilitation projects, and to prepare master plans for these projects.

However, in the implementation process, URA should avoid acting as developer as far as possible. This is to minimize potential conflict of roles, e.g. in arranging land resumption or in coordinating government department's regulatory actions. Further, as most of the "provider's role" including that of developer, consultants, contractor etc. can be very well performed by the private sector, a public-sector organisation should not engage in unnecessary competition with private firms.

In rehabilitation projects, URA may have to take on a wider role. As the existing Buildings Ordinance is inadequate in this area, there may be merit for URA to assume more responsibilities in the control as well as maintenance and repair of buildings identified for urban renewal. This point should be considered in more detail in conjunction with the technical issues of defect detection and repair, maintenance and safety assurance, (see section 3 above).

8. Financing of URA

We support the flexible arrangement provided in the Bill. It is appropriate for the Government to exercise control of the overall direction. URA should not and cannot be run as a commercial undertaking. It is thus all the more important that URA receives the best engineering input and that the projects are designed with the best engineering practice in order to ensure value for money.