

Land and Building Advisory Committee

Comments on the Urban Renewal Authority White Bill

A. Compensation Arrangements

Members are generally of the view that the proposed compensation package tends to be generous as an owner of a flat in a building of over 30 years' of age would receive compensation which would enable him/her to buy a flat of a similar size of about 10 years' of age in the same locality. This is more generous than the arrangement in Singapore where the affected owners would only be compensated on the basis of a flat of a similar size and similar age.

2. Members are concerned that too generous compensation package may attract speculation and proper measures should be put in place to preempt speculative activities and to deal with such situations as the same person owning more than one unit in the same target building or in different target buildings within the same target area (registered under different companies' names) etc. In addition, an eligibility criteria in respect of length of ownership may also need to be imposed.

3. Nevertheless, Members have noted that compensation in respect of property value would be made on the basis of full market value. As regards the ex-gratia allowance to be given to the affected owners to enable them to buy a flat of a similar size of about 10 years of age in the same locality, the spirit was to help the affected owners to find comparable alternative accommodation within the same district so as to maintain the communal ties.

4. In addition, Members have noted that when a person owns more than one flat in the target area, only up to two flats would be granted full ex-gratia allowance provided the owner and his immediate family resided in both and if an owner is not in residence he would only receive half the allowance for one flat only.

B. Relhousing Arrangement for Tenants Affected

5. Members are in general content with the proposed rehousing arrangement for the affected tenants. Members have noted that all tenants affected would be rehoused in either public housing units or interim housing units, and given ex-gratia removal allowance. Eligible tenants could also apply for other forms of subsidized housing such as Home Ownership Scheme flats, and Home Purchase Loan Scheme etc.

6. Members have also noted that the urban renewal projects should not have any significant impact on the waiting time of those on the general waiting list for public rental housing. The Administration has estimated that only 5,000 rehousing units will be required during the initial five years. This is insignificant when compared with the total number of housing units provided by the Housing Authority and Housing Society each year.

C. Objection Mechanism

7. Some Members have expressed concern about the proposal under clause 21 of the Bill which allows the URA and SPEL to deal with objections

on their own without providing an independent channel for objectors to air their grievances. They have suggested that an independent panel should be appointed to hear representations from objectors and the views of the government departments. The panel would then prepare a summary and make recommendation to SPEL for consideration. The above proposal has the following advantages-

- a) to enable objectors to have the right to be heard;
- b) to enhance transparency and impartiality of the system; and
- c) to enhance public confidence in and the public image of the URA and the Administration.

D. Roles of the URA viz the Private Sector

8. There are diverse views among Members on the above subject. Some Members are of the view that the ability to control the timing of the negotiation process is a major advantage of the URA and the URA could best achieve the objective of urban renewal by concentrating on its strength, i.e. land assembly, and involve the private sector in other work for the redevelopment projects. However, some are concerned that the power to resume land might be abused and certain urban renewal projects which generate no profits might be affected if the URA simply acted as a land assembly agent.

9. Nevertheless, Members agree that private participation in urban renewal projects should be encouraged as far as practicable, especially when this represents a better approach of implementing a particular urban renewal project in terms of cost effectiveness and for the benefit of comprehensive redevelopment.

10. Members have also noted that it is not the intention of URA to become a land assembly agency for private developers. URA would only assemble land for the purpose of urban renewal and for improving the living environment in the area. Only under exceptional circumstances would the Administration consider recommending to ExCo for the sale of resumed land, and in each case the Administration would need to present full justifications to ExCo and seek the latter's approval before a sale could be effected.

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