

香港地產行政學會的信頭  
Letterhead of HONG KONG INSTITUTE OF REAL ESTATE ADMINISTRATION

18<sup>th</sup> April, 2000

Hon. Edward S. T. Ho  
Chairman  
URA Bill's Committee  
Legislative Council

Dear Hon. Ho,

**Urban Renewal Authority Bill**

We thank you for inviting us to the Bill's Committee meeting on April 14.

After thorough scrutiny of the Blue Paper Bill and Government's responses to previous comments, we concur to the basic principle of the Bill and the revisions but we are still greatly concerned about the role of the URA and we are still of the opinions, some of which had been voiced in our letter to SPL dated 1999/12/29, as follows: -

**1. Main Objectives**

We are pleased that one of the objectives 'reserve buildings of historical, cultural or architectural interest in urban renewal action areas' had been more specifically addressed but its mechanism and procedures to such effect should be clearly spelled out. An ad-hoc committee under the URA may be set up to identify and monitor such areas and to coordinate relevant boards and professional bodies for advisory purposes.

**2. Interpretation**

The term 'urban' should be legally defined as to whether it includes new towns, or old towns in the N.T. like Yuen Long and whether there should be a physical boundary to the 'urban' area.

**3. Establishment of Board of Authority**

We accept the response to the comment of role of the Executive Chairman although we consider that the appointment of a CEO to run the daily activities is still necessary while the Chairman will take on supervisory and monitoring functions of the Board. The term of appointment of 3 years may be too short since duration of development projects is usually longer than 3 years. We suggest that the Board shall not be replaced altogether in 3 years. Instead, 2 new non-executive directors shall be appointed each year (or every 2 years) to replace two existing non-executive members and no individual member shall serve more than 2 consecutive terms to avoid aggregation of relationship and power.

The remuneration of the Chairman and the directors who are non-public officers should be compatible to their experience and competence but should be in line with top Government officials' remuneration and subject to LEGCO monitoring.

#### **4. Role and Purpose of the Authority**

It is well expressed in item (a) that one of the purpose of URA is 'facilitating urban renewal', but the underlying meaning as we perceive, may not be properly reflected. We actually consider that the major purpose of the Authority, among others, is to act as a 'facilitator, provider and supervisor' for urban renewal. As such, the involvement to 'undertake' property development should be kept to a minimum as absolutely necessary. The main reason for the URA to be a 'Bystander' is that the value of assembled land and property parcel should best be determined by the market. Projects that are of low redevelopment potential can be injected with incentives like increase and concessions in plot ratio but the land premium should be determined by the market by way of tendering or auction. URA participation in development projects may prevent land value to be tested by the market thus distorting the real market situation. Direct involvement in development as its major activities would lead to another bureaucratic giant with full range of professionals and staffs.

#### **5. Urban Regeneration or Rejuvenation**

Projects that can be undertaken by the URA may include maintenance, urban regeneration (or rejuvenation) and preservation programmes which will, in turn generate economical values to the neighbourhood and enhance commercial value to surrounding sites for redevelopment. Return on such projects may not be immediate or tangible but will definitely be value-added to the society.

Prior to the formulation of Business Plans and development proposals, URA should liaise with concerned community groups to arrive at the best possible compromise to maximize the project's development value while minimizing the impacts those affected. Requirements of such regeneration projects can also be incorporated in land disposal conditions such that private developers can work with quasi or non- government organizations to the best interests of the affected ones and the community at large. To minimize impact to affected residence due to resettlement and decentralization, re-housing of those concerned can be by way of : -

- Relocation to mixed housing developed by private developers in adjoining districts (e.g. mixed housing projects can be planned in Kai Tak area to cater for affected residence in Tokwawan.)
- Private lots in the renewal areas can be swap with land elsewhere (non-insitu exchange) so that such lots can be redeveloped into private or public housing to cater for local residents.

## **6. Financial Provisions**

We reiterate that Government should set up a special purpose trading fund, say, 'Urban Renewal Fund' to finance the operation of URA since it is not a government department. Purpose of the fund should be clearly stated for urban renewal and not for profit. This will improve the position of URA when challenged in court by property owners whose properties are resumed under the new ordinance at price which URA may make a profit eventually.

During the initial setting up period (say 5 years), it may be possible for URA to arrange its source of finance by the following ways : -

- Loan from Government
- Banks or other financial institutions
- Redevelopment partner(s)
- Disposal of assembled land

We suggest that Government guarantee shall only be granted to URA for projects undertaken by URA only as mentioned above. Granting Government guarantee to joint venture projects is not recommended since Government's contingent liabilities will be increased. For such projects that are commercially viable, there is no reason why URA cannot raise fund from the market at market terms. Otherwise the market may misjudge the risk factor and financial viability of such projects. Again, we reiterate that URA should preferably be acting as a 'project provider' to generate its revenue in order to minimize its financial risks. The major revenue of the URA can be from disposal of assembled land, and possibly from collection of premium from commercially regenerated areas.

## **7. Planning Procedures**

The URA should be allowed to identify or propose projects for implementation to cope with its Corporate or Business Plan. Similarly, private developers, quasi-government organisations like the TDC, HKTA may propose projects that are consistent with the urban renewal strategy through the URA. This would provide incentives to the general public to formulate projects that are economically and socially viable.

We also consider that the programme of implementation of both 'Corporate Plan' and 'Business Plan' of URA should be available publicly before submitting to the Financial Secretary for approval.

## **8. Resumption of Land**

Efficiency in obtaining possession of land is key to success on redevelopment. It is advisable that resumption procedures should be simplified to save time and cost and the actual resumption period should be within a reasonable time of say 2 years. However, the society must acknowledge that property owners affected are actually sacrificing their rights for 'Public Interest', and they should reasonably be compensated. There is a 12-month time lag between the date of publication of the projects and application of resumption to the Secretary. Since the Commencement Day shall be taken as the cutoff date for determining ex-gratia payments to affected property, it should be fair if the interest (time value) of the affected property from the Commencement Day to the actual Resumption Day is included. There should also be an option for property owners to participate in the redevelopment in the form of Joint Venture or issuance of shares in that particular project.

Finally, we feel that the URA should make use of its renewal proposals as urban design and neighbourhood improvement opportunities, allowing innovative solutions not necessarily abide by the rigid building restrictions of relevant legislation.

Yours truly,

For and on behalf of

HK Institute of Real Estate Administration

---

Danny Cheung

President

DC/JH/ml