

立法會
Legislative Council

Ref: CB1/HS/1/99/2

LC Paper No. CB(1)735/99-00
(These minutes have been
seen by the Administration)

**Subcommittee to study
the Urban Renewal Authority White Bill**

**Minutes of meeting held on
Tuesday, 9 November 1999, at 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon HO Sai-chu, SBS, JP
Hon LEE Wing-tat
Hon NG Leung-sing
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han
Dr Hon LEONG Che-hung, JP
Hon Andrew WONG Wang-fat, JP
Hon Jasper TSANG Yok-sing, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
- Member attending** : Hon Emily LAU Wai-hing, JP
- Members absent** : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Christine LOH
Hon WONG Yung-kan
Dr Hon YEUNG Sum
- Public officers attending** : **Planning, Environment and Lands Bureau**

Mr Stephen FISHER
Deputy Secretary (Urban Renewal and Buildings)

Ms Olivia NIP
Principal Assistant Secretary (Urban Renewal)

Planning Department

Mr T K LEE
Chief Town Planner/Urban Renewal

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 Election of Chairman

Mr CHENG Kai-nam nominated Mr Edward HO Sing-tin who was absent as Chairman of the Subcommittee. Mr CHENG said that Mr HO had accepted the nomination. The nomination was seconded by Mr TSANG Yok-sing. There being no other nominations, Mr HO Sai-chu declared that Mr Edward HO was elected Chairman of the Subcommittee.

2. Nominated by Mr Ronald ARCULLI and seconded by Mr James TO, Mr CHENG Kai-nam was elected Deputy Chairman of the Subcommittee.

3. In the absence of the Chairman, Mr CHENG Kai-nam took over the chair for the meeting.

II Meeting with the Administration

(Legislative Council Brief (Ref. : PELB(CR) 150/78(99)IV))

4. Before commencing discussion, the Deputy Secretary for Planning, Environment and Lands (Urban Renewal and Buildings) (DS/PEL (UR&B)) advised that in response to Members' request, the Administration had decided to extend the consultation period for the Urban Renewal Authority Bill (the Bill) from 3 to 31 December 1999. DS/PEL (UR&B) then highlighted the salient points in the Consultation Paper on the Bill which had been published in the Gazette in the form of a White Bill. He said that after considering the comments collected during the public consultation exercise, the Administration would refine and introduce the Blue Bill into the Legislative Council in February 2000. Subject to the enactment of the Blue Bill, the Administration aimed to establish the Urban Renewal Authority (URA) within the year 2000.

Legislative timetable

5. In view of the complexity of urban renewal, Miss CHAN Yuen-han and Ms Emily LAU were not optimistic that members could complete scrutiny of the Bill within the tight schedule. Expressing similar concern, Mr Andrew WONG considered that the two-month consultation period for the Bill was inadequate despite the extension. He also questioned the rationale for using a White Bill for public consultation. DS/PEL (UR&B) explained that consultation in respect of urban redevelopment and rehabilitation had been underway since the release of the consultation document on urban renewal in July 1995. As a result of the consultation exercise, the Government published a policy statement on "Urban Renewal in Hong Kong" in June 1996 which, among other things, proposed the establishment of a new statutory authority to take forward a new urban renewal strategy. The Bill was formulated taking into account views collected over the past three years. As the public should be fairly familiar with the plan to establish URA, the Administration considered that the current consultation exercise should be focused on the actual operation and power of URA, hence the use of a White Bill for public consultation. The Administration would refine the Bill in the light of comments from both members and the public before it was introduced into the Legislative Council in February 2000. After enactment of the Blue Bill, a Provisional URA would be set up in June 2000 to carry out the necessary preparatory work for the establishment of URA in November 2000.

Need for introducing a new bill and establishing URA

6. On the need for establishing a new statutory body for undertaking urban renewal, DS/PEL (UR&B) advised that the Land Development Corporation (LDC) was required under section 10 of the Land Development Corporation Ordinance (Cap. 15) (LDCO) to conduct its business according to prudent commercial principles. In the course of implementing the urban renewal programme, LDC had experienced major difficulties which included the scarcity of sites for profitable redevelopment, protracted land acquisition process and a shortage of rehousing resources. In a recent urban renewal strategy study conducted by the Planning Department, 200 projects in nine target areas had been identified for priority redevelopment having regard to the age as well as the physical and fire safety conditions of these buildings. It would take LDC 30 years or more to complete these projects if the present approach was to be continued. Such redevelopment pace would not be able to arrest the overall deterioration of the urban areas. As such, a more rigorous and comprehensive urban renewal strategy was required to tackle the problem of urban decay. To overcome the inherent difficulties of LDC, the Administration proposed that a new URA with wider powers to assemble land for redevelopment be set up to implement the strategy. It was anticipated that when URA was established and the new initiatives were implemented, all the 200 priority projects could be completed within two instead of three decades as previously estimated.

7. Dr LEONG Che-hung and Mr Andrew WONG pointed out that if inadequate power and resources given to LDC had been identified as the major difficulties in proceeding with urban renewal, the Administration should consider amending LDCO to rectify these inadequacies instead of introducing a new bill. DS/PEL (UR&B) stressed that the objectives of LDC and URA were different. The scope of work undertaken by LDC was confined to redevelopment of buildings while that of the latter was more comprehensive, covering redevelopment of dilapidated buildings; rehabilitation of buildings; and preservation of buildings of historical, cultural or architectural interest in the target areas. If the present legal framework was to be retained, nearly each and every provision of LDCO would need to be amended to achieve the broadened objectives of urban renewal.

8. On the difference in establishment between LDC and URA, DS/PEL (UR&B) advised that the existing LDC Management Board comprised a non-executive Chairman; a Chief Executive; not less than five other members who were non-officials; and not more than three other members who were public officers. The Board of URA would however comprise an executive Chairman; two other executive directors (one of whom might be appointed Deputy Chairman); seven non-executive directors who were non-officials; and four non-executive directors who were public officers. DS/PEL (UR&B) said that the proposed establishment of URA was modelled after that of the Mass Transit Railway Corporation and the Kowloon-Canton Railway Corporation.

9. Ms Emily LAU asked how the proposed structural changes could enhance the performance of URA in respect of urban renewal. DS/PEL (UR&B) explained that as URA would be responsible for the implementation of a large number of redevelopment projects and building repair works, the arrangement of an executive Chairman and executive directors to take on executive functions would ensure that they would be directly accountable for the work of URA. To enhance public accountability of URA, clause 9 of the Bill expressly stipulated that the Chairman and the executive directors of URA had to attend meetings of the Legislative Council upon request and answer questions raised by Members. To facilitate a better understanding on the difference between LDC and URA, members requested and the Administration undertook to provide a comparison table of the existing provisions of LDCO and the Bill.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 398/99-00(02).)

10. Noting that the Land Development Corporation (LDC) would be dissolved upon the establishment of URA, Miss CHAN Yuen-han expressed concern about the position of the 26 outstanding LDC urban renewal projects. DS/PEL (UR&B) affirmed that LDC would continue with its existing redevelopment projects pending the establishment of URA. Any uncompleted projects would then be transferred to URA under clause 31 of the Bill.

11. Expressing concern on the extensive power conferred on URA under clause 5(e) of the Bill, Mr Ronald ARCULLI enquired about the legislative intent of this

subclause. He also asked if orders made by the Chief Executive under the subclause would be subject to the scrutiny of the Legislative Council. DS/PEL (UR&B) clarified that clause 5(e) conferred on URA residual power to undertake activities and functions incidental to those specified in clauses 5(a) to (d). This was a common empowering provision in legislation relating to the establishment of statutory bodies. Orders made by the Chief Executive under clause 5(e) were administrative instructions and were not subject to the scrutiny of the Legislature.

12. Mr Ronald ARCULLI was not convinced of the Administration's response. He said that if clause 5(e) referred to residual power, wordings such as "ancillary to the above duties" or "for the better performance of the above duties" should be used. Members noted the Assistant Legal Adviser's advice that clause 5(e) was the same as section 4(c) of LCDO.

Division of responsibilities between URA and Buildings Department

13. Noting that the Buildings Department (BD) had already put in place a voluntary Building Safety Inspection Scheme and a Building Safety Improvement Loan Scheme to encourage better maintenance of buildings by owners, Mr NG Leung-sing enquired about the division of work between BD and URA in respect of rehabilitation of buildings. DS/PEL (UR&B) advised that as the two Schemes were not well received by the public, the Administration was reviewing these Schemes with a view to formulating a new proposal for the preventive maintenance of buildings to improve building safety. Under the proposal, BD would conduct preliminary assessment of all buildings over 30 years of age. Notices to repair would be issued to owners of the buildings if improvement works were considered necessary. Low interest or interest-free loans would be made available to those owners who had financial difficulties in carrying out the maintenance works. Alternatively BD would undertake the improvement works first and then recover the cost from the owners concerned. Coordination and division of work between BD and URA would also be a subject of review. It was anticipated that URA would be tasked for the implementation of the preventive maintenance of buildings scheme within the nine target areas. This would ensure that owners and tenants affected by a URA redevelopment project would not be required to repair or rehabilitate their properties by BD.

Financial arrangements

14. On financing arrangements for URA, Mr Ronald ARCULLI noted that unlike LDC, URA would be allowed to borrow from the Government for purposes related to the implementation of urban renewal projects. He expressed concern about the financial implications of such an arrangement on the community as a whole.

15. DS/PEL(UR&B) advised that apart from the option of borrowing from the Government, URA would have access to other financial and non-financial tools to enable it to implement urban renewal projects. These included forgoing land premia for urban renewal sites which would result in a reduction of at least 20% of the total

redevelopment cost; packaging redevelopment projects so that financially viable projects could cross-subsidize non-viable projects; relaxing the plot ratio for the project areas to enhance the financial viability of projects; and exempting the Government/Institution/Community facilities within project areas from the calculation of the gross floor area. Moreover, unlike LDC which was required under LDCO to take all reasonable steps to acquire affected properties within the project areas which usually involved protracted negotiations with the owners, URA was empowered under the Bill to apply for direct resumption of the land required. This would expedite the process of land assembly and save the substantial amount of interest incurred from protracted negotiations on land resumption as in the case of the Tsuen Wan Seven Streets Project where LDC had to pay an interest of \$1 million per day. To illustrate the effect of these financing options, DS/PEL (UR&B) tabled a set of comparison tables which described different scenarios for projects under LDC and URA (circulated to members vide LC Paper No. CB(1)388/99-00). He was confident that URA could achieve a balanced account in 20 years' time with these options. To facilitate members' understanding, the Administration undertook to provide the estimated income and expenditure for the 20-year urban renewal programme of URA.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 417/99-00(02).)

Compensation arrangements

16. Dr TANG Siu-tong expressed concern that the use of a statutory offer by URA in land resumption would deprive property owners of any chance for negotiation. He asked if there was a channel through which owners concerned could appeal against the offer. DS/PEL (UR&B) advised that protection of owners' interest was one of the main concern in the urban renewal process. Affected owners would be compensated fairly in accordance with the existing compensation formula, viz the amount of compensation should be sufficient to purchase a ten-year old flat of a comparable size in the same locality. It was intended that after the publication in the Gazette of a notice for resumption of land under the Land Resumption Ordinance (Cap. 124) (LRO), owners would have 90 days to negotiate with the Administration on the agreed amount of compensation before the land would be reverted to the Government. Should an agreement fail to be reached, affected land owners could appeal to the Lands Tribunal. The Administration was considering the option of discussing with the affected owners on compensation matters after publication of the redevelopment proposal but before publication of the land resumption notice in the Gazette. DS/PEL (UR&B) added that since disputes over compensation usually arose because of different valuation criteria adopted by the Government and the surveyors appointed by owners, the Administration intended to draw up guidelines on the valuation criteria with a view to minimizing arguments.

17. Mr James TO considered it necessary to review the principles of assessment adopted by LT in determining the amount of compensation payable to claimants affected by land resumption. He pointed out that the present LRO required LT to take into account the nature and conditions of a property to be resumed. Given the age

and the dilapidated state of the buildings under redevelopment, the amount of compensation awarded by LT would likely be less than that offered by URA since the latter amount should be sufficient to purchase a 10-year flat of a comparable size in the same locality. As such, there was no point of bringing the case to LT. Mr TO called on the Administration to review the existing compensation criteria for land resumption under LRO. DS/PEL (UR&B) agreed to consider Mr TO's view.

Rehousing arrangements

18. Although the Administration stressed that assistance of the Housing Authority (HA) and the Housing Society (HS) would be sought in rehousing residents affected by urban renewal, the Chairman remarked that as a member of HA, he was not aware of any discussion between the Administration and HA in this respect. Mr TAM Yiu-chung expressed concern that the proposal would affect the supply of public housing flats to other committed categories. In reply, DS/PEL (UR&B) confirmed that consultation with HA and HS was underway and the Administration was confident that a consensus could be reached with these organizations. He added that as only 5,000 reception flats would be required to rehouse affected residents over the next five years, this should not have significant impact on the allocation of public housing flats to eligible persons. Besides, many of the affected residents were in fact applicants on the Waiting List (WL). They would be given priority for public rental housing flats upon redevelopment if their turn for allocation of flat would come up within 12 months.

19. The Chairman pointed out that the Administration had to take into account the impact of the recent relaxation of the residence rule on the demand for public housing flats. 5,800 families on WL had become immediately eligible for allocation of PRH and 6,000 more families would soon be so eligible. To ensure that adequate rehousing resources would be provided for URA to take forward its urban renewal projects, Mr LEE Wing-tat suggested that land should be allocated to HA and HS now for construction of reception flats so that these could be ready for occupation by 2004. Before that time, URA need to resort to casual vacancies of HA and HS to rehouse affected persons. Mr LEE said that the Administration should also consider providing temporary rent assistance to affected residents during the interim before rehousing could be arranged. This would ensure that the pace of urban renewal would not be dictated by the availability of rehousing resources.

20. DS/PEL (UR&B) confirmed that sufficient land had been earmarked for HA and HS to build reception flats for affected residents. The Administration was considering advancing land allocation to HA and HS for that purpose. He said that apart from using casual vacancies to rehouse affected persons in the interim, URA would also consider building flats in areas in the vicinity of large project areas for rehousing purpose. He undertook to consider the proposal on the provision of temporary rent assistance to affected persons.

21. Mr James TO enquired about the availability of a contingency plan in the event that HA and HS were not able to provide sufficient rehousing resources to URA.

DS/PEL (UR&B) advised that public housing flats were not the only resources for rehousing, URA could also purchase flats from private developers or build its own flats to rehouse affected residents. He added that URA was required under the Bill to submit every year to the Financial Secretary (FS) for approval a five-year corporate plan and an annual business plan which would include, among other things, rehousing details for affected residents. FS would not approve these plans unless he was satisfied that adequate rehousing would be arranged. As to whether the Administration would consider announcing the preliminary rehousing arrangements for the nine target areas to ease the concern of affected residents, in particular those new immigrants who might not be eligible for rehousing to public housing flats, DS/PEL (UR&B) said that it would be inappropriate to disclose any details at this stage before the Administration had reached an agreement with HA and HS. He nevertheless assured members that no one would be rendered homeless as a result of urban renewal.

22. Given that the supply of flats in urban areas would be increased as a result of the redevelopment programme, Mr James TO expressed concern about its effect on the property market. He asked if the Administration would withhold the redevelopment projects of URA to ease off the pressure on supply of urban flats. DS/PEL (UR&B) stressed that the Administration did not have any policy to control the supply of private flats. Based on the findings of the urban renewal strategy study, the Administration had worked out the long-term housing plans for the next 20 years. Although additional flats would be made available as a result of the redevelopment programme, these were dedicated to rehouse the residents concerned. The excess number of flats would be too few to have an impact on the property market. He agreed to provide the estimated numbers of rehousing flats required and flats produced by URA in 20 years.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1)401/99-00(05).)

Co-ordination with other ordinances

23. As to how the Bill would tie in with other relevant ordinances, in particular with the Town Planning Ordinance (Cap. 131) (TPO), DS/PEL (UR&B) assured members that all URA redevelopment projects would be implemented in compliance with the relevant ordinances. For instance, clauses 22 and 23 of the Bill provided that the implementation of development projects and development schemes by URA should be subject to the requirements under TPO. At members' request, the Administration undertook to provide the planning procedures for development projects and development schemes under the Bill.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 398/99-00(03).)

Way forward

24. In view of the far-reaching implications of the Bill, members agreed that consultation with relevant parties was essential. To this end, the Administration was requested to provide a list of consultees to the Subcommittee for reference.

III Any other business

25. Subject to the availability of the consultation list, members agreed that deputations should be invited to present their views on the Bill at the next two meetings scheduled for:

- Friday, 19 November 1999, at 10:45 am; and
- Wednesday, 24 November 1999, at 10:45 am.

(Post-meeting note: The consultation list was circulated vide LC Paper No. CB(1) 398/99-00(01).)

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

Legislative Council Secretariat
6 January 2000