

立法會
Legislative Council

LC Paper No. CB(1) 2029/99-00

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and cleared by the Chairman)

Ref: CB1/HS/1/99/1

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

**Minutes of meeting held on
Friday, 19 November 1999, at 10:45 am
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
Ir Dr Hon Raymond HO Chung-tai, JP
Hon NG Leung-sing
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Hon Christine LOH
Hon CHAN Yuen-han
Hon TAM Yiu-chung, GBS, JP

Member attending : Hon Emily LAU Wai-hing, JP

Members absent : Hon LEE Wing-tat
Dr Hon LEONG Che-hung, JP
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP
Dr Hon TANG Siu-tong, JP

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

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

Attendance by invitation

: Hong Kong Institute of Architects

Mr Barry WILL
President

Mr Anthony NG
Chairman, Board of Local Affairs

Hong Kong Institute of Landscape Architects

Mr Craig DOUBLEDAY
Member

Hong Kong Institution of Engineers

Ir Dr CHOI Yu-leuk
Fellow Member

Hong Kong Institute of Planners

Mr Kenneth TO
Convenor - Public Affairs Committee

Mr Andrew LAM
President

Hong Kong Institute of Surveyors

Mr David C LEE
Chairman, Urban Renewal Committee

Mr Edwin TSANG
Member, Urban Renewal Committee

Mr Benson WONG
Convenor, Building Safety Study Group

Hong Kong Society of Urban Renewal

Mr TANG Hoi-tong
Chairman

Mr LI Kwok-ming
Chairman, Committee of Rehabilitation

Mr Otto CHENG Ping-lun
Vice Chairman, Committee of Strategic Development

Hong Kong General Chamber of Commerce

Mr Nicholas BROOKE
Chairman, Real Estate Services Committee

Mr Kyran SZE
Member of Real Estate Services Committee

Federation of HK, KLN and NT Public Housing
Estates Resident and Shopowner Organization

Ms FUNG Choi-yuk
Vice-Chairman

Ms LO Tip-chun
Vice-Chairman

Mr CHAN Yuk-man
Honorary Chairman

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 deputations

Hong Kong Institute of Architects (HKIA)

Mr Barry WILL gave a brief introduction of the views of HKIA on the Urban Renewal White Bill (the White Bill). He stressed that the success of urban renewal would not only hinge on redevelopment of old and dilapidated buildings but also on rehabilitation of existing buildings. The proposed Urban Renewal Authority (URA) should have in place effective financial and management systems to cope with the difficulties that might arise in the redevelopment of old urban areas. He informed members that HKIA would give its detailed comments in writing to the Subcommittee in due course.

2. Mr Anthony NG said that the Planning, Environment and Lands Bureau had arranged briefings on the White Bill for members of HKIA. While supporting the urban renewal exercise, HKIA members held the view that URA should focus on the strategic planning and design of the urban renewal projects. It should be a facilitator of urban renewal and should not take on the role of developer unless strictly necessary. Efforts should be made to encourage the private sector to participate in urban renewal. To this end, redevelopment projects should be packaged to suit developers of different sizes. A mechanism for transfer of development rights should be provided under the White Bill. He added that the Buildings Ordinance (Cap. 123) (BO) and the Fire Services Ordinance (Cap. 95) should be enhanced to facilitate the rehabilitation of existing buildings. The plan approval system for alteration works should also be improved.

Hong Kong Institute of Landscape Architects (HKILA)
(LC Paper No. CB(1)401/99-00(01))

3. Mr Craig DOUBLEDAY considered that the overall quality of the urban fabric of Hong Kong could not be improved by the White Bill alone. For example, the White Bill did not mention how URA could achieve improvements to the townscape environment for the general public. He opined that modern standards of urban design, such as proper landscaping of street corridors and inclusion of open space, should be included in the White Bill to ensure that these would not be neglected in the redevelopment process for financial or administrative reasons.

Hong Kong Institution of Engineers (HKIE)
(LC Paper No. CB(1)585/99-00)

4. Ir Dr CHOI Yuk-leuk said that HKIE agreed with the need for a comprehensive planning to improve the environment of old built-up areas. This should be done using a systematic approach based on sound scientific and engineering principles. HKIE supported the proposal that URA should undertake both redevelopment and rehabilitation of buildings. They urged that URA should set standards for the maintenance and repair of buildings on the basis of the most up-to-date knowledge of material science and the best engineering practice, and should update these standards and practices regularly. On the proposal for empowering URA to apply for direct resumption of land, Ir Dr CHOI stressed that such power should only be invoked for public interest. In this connection, a definition for "public interest" should be provided in the White Bill.

Hong Kong Institute of Planners (HKIP)
(LC Paper No. CB(1)401/99-00(02))

5. Mr Kenneth TO said that urban renewal was a social responsibility and should be supported by public resources. It should be people-oriented and broader than the physical redevelopment of designated areas. The Administration should expressly state in the White Bill that that urban renewal was based on a people-oriented approach. HKIP opined that URA should conduct social impact assessment, in particular on the need of residents and the effect of disintegration of social network, before implementing any redevelopment plans. On financial arrangements for urban renewal, HKIP considered that the principle of self-financing would constrain the work of URA as the benefits of

urban renewal might not be quantified in money terms. HKIP had reservation on the proposed relaxation of plot ratio controls as a means to enhance the financial viability of URA projects. The accountability of URA and its Board should be enhanced. Apart from requesting members of the URA Board to declare any conflict of interests, the White Bill should also specify the objectives of URA as well as the procedures for appeal and for the public to monitor the work of URA.

Hong Kong Institute of Surveyors (HKIS)

6. Mr David LEE said that HKIS would send a written submission to the Administration before the end of the consultation period. In general, HKIS agreed with the Administration's strategy to continuously renew the fabric of Hong Kong's built-up areas through timely urban redevelopment. The consultation paper however lacked an overall view of the urban renewal strategy. He also made a number of comments on the White Bill as follows:

- (a) Apart from URA, other organizations, such as the Housing Authority (HA), the Housing Society (HS) and the private sector, should be encouraged to take part in urban renewal;
- (b) Guidelines on valuation of property should be drawn up and published for public information;
- (c) Ex gratia payment should be offered to affected owners and occupiers of both residential and non-residential premises;
- (d) A proper mechanism should be set up to resolve obsolete encumbrances. Quasi-judicial organizations in the form of a tribunal would be suitable for taking up the task; and
- (e) The threshold (which was at present the acquisition of 90% of the undivided shares in a lot) for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) should be relaxed to facilitate the assembly of land for redevelopment.

7. Mr Benson WONG said that the criteria for selecting buildings for inclusion in the proposed preventive maintenance scheme and the responsibility of owners under such a scheme should be made known to the public. The division of duties between URA and the Buildings Department (BD) should also be clearly delineated and coordinated.

Hong Kong Society of Urban Renewal (HKSUR) (LC Paper Nos. CB(1)417/99-00(01) and 495/99-00)

8. Mr TANG Hoi-tong drew members' attention to the following points:

- (a) BD should be responsible for building safety and issue of repair orders within the target areas to avoid overloading URA. The Administration should apprise the public of their responsibilities in respect of building

maintenance.

- (b) The financial controller of URA should be appointed by the URA Board. Financial report should include the change in value of fixed assets transferred from the Land Development Corporation (LDC) to URA; and
- (c) URA should submit redevelopment projects to the Legislative Council for approval. It should establish channel to communicate with the public and maintain transparency in its operation. It should also receive views, handle complaints and adjudicate cases relating to urban renewal.

9. On rehousing of residents affected by URA projects, Mr LI Kwok-ming pointed out that there should be better coordination amongst Government departments involved in urban renewal so that rehousing problems of affected residents could be resolved expeditiously. Appropriate social services such as counselling should be provided to residents after rehousing to assist them to adapt to the new environment.

10. Mr Otto CHENG pointed out that urban renewal was an on-going process which would become an onerous financial burden if it was to be undertaken by the Government alone. As public resources were limited, these should be used to help renewal projects on a competitive basis. The private sector should play a major role in urban renewal. Moreover, consideration could be given to assisting owners to undertake redevelopment by themselves. To facilitate the resumption of land, the present threshold for compulsory sale should be relaxed.

Hong Kong General Chamber of Commerce (HKGCC)
(LC Paper No. CB(1)401/99-00(03))

11. Mr Nicholas BROOKE said that HKGCC intended to submit further comments on the White Bill before the end of the consultation period. HKGCC welcomed the establishment of URA and the acceleration of the urban renewal process. As a general principle, the private sector should play a major part in urban renewal, while URA should proactively deal with difficult cases involving demonstrable degree of public interest. He also drew members' attention to the following key areas of concern of HKGCC:

- (a) An overall urban renewal strategy, which was crucial to the work of URA, was left out in the consultation paper. Such a strategy was necessary to deal with issues relating to urban upgrading and regeneration which might not be covered under URA projects. These might include educating the public on the importance of building maintenance and the responsibilities associated with property ownership; encouraging private developers to upgrade urban streetscape and involvement of the local community to preserve cultural heritage;

- (b) HKGCC supported the proposal of empowering URA to apply for direct resumption of land instead of first negotiating with owners for acquisition of land. Nevertheless, individual building owners should be given the chance to become stakeholders in urban renewal and to join forces in redevelopment;
- (c) Instead of adopting an all-or-nil approach, URA should explore other options for premium calculation;
- (d) The concept of "linked projects", which linked financially viable projects to non-viable ones, as a means to encourage private developers to undertake urban renewal projects would no longer be necessary upon the establishment of URA. URA should take up those financially non-viable projects but were considered necessary for social benefits.

The Federation of Hong Kong, Kowloon and New Territories Public Housing Estates Resident and Shopowner Organization (the Federation)

(LC Paper No. CB(1)401/99-00(04))

12. Ms FUNG Choi-yuk said that the Federation supported the establishment of URA with a view to expediting the process of urban renewal and improving the living environment of residents in old urban areas. URA should be accountable to the public and transparent in operation. Representatives from the grass-root level should be appointed to the URA Board to reflect the needs of the low-income class. URA should coordinate with HA and HS to ensure that public resources could be put to the best use in implementing urban renewal projects and redevelopment of public housing estates. The Building Safety Inspection Scheme should be reviewed to enhance coordination between urban renewal and building rehabilitation projects. The Federation had great concern on the proposed power of URA to resume land without first negotiating with owners on compensation. There should be a proper and effective channel through which aggrieved persons could lodge their complaints or appeal against the resumption of land by URA. On compensation, the Federation considered that a five-year flat of comparable size in the same locality of the flat being resumed should be used as the calculation basis for compensation.

13. Ms LO Tip-chun added that as the majority of residents in old urban areas belonged to the low-income class, proper rehousing arrangements and special ex gratia allowance should be offered to them upon resumption of their premises. In this connection, assistance from HA and HS should be sought to rehouse those affected by urban renewal to public housing flats.

Discussion session

Resumption of land for urban renewal

14. Mr James TO shared HKIS's concern about the impact of obsolete encumbrances on land resumption and asked what should be done to tackle the problem. Mr David LEE/HKIS responded that a quasi-judicial organization in the form of a tribunal

should be established to dispose of or remove any covenants which were manifestly out of date. The tribunal should comprise a lawyer, a surveyor and possibly a planner to ensure that the impact of such disposal or removal could be carefully assessed from different perspectives. Alternatively, the Lands Tribunal or the Town Planning Board could be entrusted with such a task. Similar arrangements had been adopted in the United Kingdom and proved to be effective.

15. Mr TO sought elaboration on HKIS's proposal for relaxing the threshold for compulsory sale of land. He pointed out that in determining the new threshold, a proper balance should be struck between facilitating land resumption and protecting the right of private property owners. Mr David LEE/HKIS replied that instead of stipulating in the legislation the need for acquiring a fixed percentage of undivided shares in a lot for compulsory land resumption, a flexible approach should be adopted to assess the circumstances and merits of individual cases. HKIS was exploring the feasibility of implementing redevelopment by "scheme" rather than by "lot". He explained that a "scheme" could include as many buildings as the majority owners might propose but the extent of the "scheme" would have to be approved by a tribunal. Whilst the majority owners were free to propose the boundary of the "scheme", they would have to demonstrate to the tribunal concerned the planning gain and public benefit of the "scheme". This new concept would facilitate the formulation of comprehensive and multi-functional redevelopment projects and avoid undesirable "pencil developments" with low usable floor area.

Financial arrangements

16. On the proposed relaxation of plot ratio controls, Mr NG Leung-sing noted with concern about the circumstances where different redevelopment projects implemented at different stages would be subject to different plot ratio controls. He solicited HKIP's views on the acceptable limit for the proposed relaxation and the mechanism required to keep the plot ratios within that limit.

17. Mr Kenneth TO/HKIP explained that at present, the plot ratio of a particular area was governed by BO and the relevant Outline Zoning Plan under the Town Planning Ordinance (Cap. 131) (TPO). To maximize redevelopment gain, developers would tend to redevelop areas with a lower existing plot ratio with priority leaving those areas with a higher existing plot ratio at a later stage. He suggested that for project areas with lower existing plot ratios, consideration could be given to increasing the plot ratios to the maximum permissible limit under BO. The proposed relaxation however might not be suitable for project areas with plot ratios close to the limit lest this would exacerbate the demand on infrastructure, transport and community facilities in that area. Other financial means for redevelopment should be explored under such circumstances.

18. Mr David LEE/HKIS however pointed out that the demand on infrastructure, transport and community facilities in a project area would hinge on the population density in that area. Given that the relaxation of plot ratio of a project area might not necessarily result in the same degree of increase in population in the area after redevelopment, Mr LEE considered that the concern about increased demand on infrastructure and other facilities should not be an obstacle to the proposed relaxation of

plot ratio controls.

19. While agreeing that an increase in plot ratio might not necessarily bring about the same increase in population within a project area, Mr Andrew LAM/HKI remarked that plot ratio remained an important planning factor in determining the population density of a particular area and hence the demand for infrastructure and community facilities. It would be undesirable to allow excessive increase in plot ratios in the course of urban redevelopment as this might end up with failures of related infrastructure and community facilities to meet demand.

20. Ms Emily LAU noted that contrary to the views of some deputations that property owners and private developers should be encouraged to take part in urban renewal, HKIP considered that urban renewal was a social responsibility which should be supported by public resources. Mr Kenneth TO/HKIP responded that the need for urban renewal emerged as a result of the rapid population and economic growth which all Hong Kong people had enjoyed over the past decades. As such, the burden of redeveloping the dilapidated built-up areas should not be placed solely on the property owners in these areas. Besides, urban renewal would benefit Hong Kong as a whole. Therefore, it should be considered as a social responsibility and public resources should be used to finance urban renewal projects.

21. While agreeing that public funds might be used for financing urban renewal projects, the Chairman pointed out that owners of individual buildings should be responsible for the maintenance and improvement of their own buildings. They should ensure the structural stability, integrity of external finishes, fire safety as well as the physical appearance and conditions of the environs of their buildings.

22. Ir CHOI Yuk-leung/HKIE opined that the question of whether public resources should be used to subsidize urban renewal projects and the appropriate amount of subsidy to be granted were two separate issues. The important point was to ensure that public resources would be put to the best use to achieve maximum benefits for the community at large. Besides redeveloping dilapidated buildings and promoting proper maintenance of existing buildings in the course of urban renewal, the Administration should also take this opportunity to promote the use of advanced art, science and technology in building construction so that new buildings would have a longer life span. This would help reduce the need for future redevelopment.

23. Mr Otto CHENG/HKSUR reiterated that the financial burden on the Government might be too big if it had to fund the on-going urban renewal programme using public resources. He considered that public resources should only be used in cases involving dangerous buildings or land resumption. He urged the Administration to consider the propriety of financing the urban renewal programme taking into account the scale and the continuous nature of the programme.

24. Mr Barry WILL/HKIA opined that problems relating to urban renewal might not be possibly resolved by the White Bill alone. He pointed out that the present mortgage system in which financial institutions were reluctant to provide mortgage loans for flats over 30 years of age had discouraged investment in older buildings. Unless there was a

change in the present system and financial institutions would assess the value of a property in a pragmatic manner, people would be unwilling to invest in aged buildings.

25. Mr Ronald ARCULLI shared the views of some representatives that the Administration should re-assess the public resource requirement of the urban renewal programme. In view of the onerous financial requirement and the possible difficulties in making all the projects commercially attractive to the private sector, he doubted if URA could be self-financing as expected in the long run. He urged the Administration to provide an estimate on the amount of public funds required to finance the programme so that the public could be better informed of the cost for urban renewal.

26. Mr Nicholas BROOKE/HKGCC noted that the White Bill had put forward a new system on land premium where major subsidy would be provided for the public sector through the introduction of a nil-premium provision. There was also the concept of cross-subsidy in which financially viable projects would be used to subsidize non-viable ones.

27. Mr Craig DOUBLEDAY/HKILA commented that the concept of urban renewal should be broader than the physical redevelopment of designated areas. The scope of the White Bill should be expanded to encompass objectives such as the improvement of quality of life, social enhancement and improvement of the city outlook.

28. The Chairman thanked the representatives for attending the meeting and their valuable views. He reminded the deputations that written submissions on the White Bill should be forwarded to the Subcommittee before 8 December 1999 so that Members could take these into consideration at the motion debate on the White Bill.

II Any other business

29. Members noted that the next meeting was scheduled for Wednesday, 24 November 1999 at 10:45 am to receive oral representation from other deputations. Members also agreed to hold three additional meetings on:

- Tuesday, 30 November 1999 at 2:30pm;
- Tuesday, 7 December 1999 at 4:30 pm; and
- Tuesday, 14 December 1999 at 4:30 pm.

(Post-meeting note: The meeting on 7 December 2000 was subsequently rescheduled for Monday, 6 December 1999 at 2:30 pm.)

30. There being no other business, the meeting ended at 12:35 pm.

Legislative Council Secretariat

13 November 2000