

立法會
Legislative Council

Ref: CB1/HS/1/99/2

LC Paper No. CB(1)1066/99-00

(These minutes have been
seen by the Administration)

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

**Minutes of meeting held on
Tuesday, 30 November 1999, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Hon Edward HO Sing-tin, SBS, JP (Chairman)
Hon Gary CHENG Kai-nam, JP (Deputy Chairman)
Hon LEE Wing-tat
Hon NG Leung-sing
Hon Ronald ARCULLI, JP
Hon Christine LOH
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP
Hon TAM Yiu-chung, GBS, JP

Member attending : Hon Emily LAU Wai-hing, JP

Members absent : Hon HO Sai-chu, SBS, JP
Ir Dr Hon Raymond HO Chung-tai, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han
Dr Hon LEONG Che-hung, JP
Hon Andrew WONG Wang-fat, JP
Dr Hon TANG Siu-tong, JP

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

Ms Olivia NIP
Principal Assistant Secretary for Planning,
Environment and Lands (Urban Renewal)

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

Clerk in attendance : Miss Odelia LEUNG
Chief Assistant Secretary (1)1

Staff in attendance : Ms Bernice WONG
Assistant Legal Adviser1

Miss Becky YU
Senior Assistant Secretary (1)3

I Meeting with the Administration

The Deputy Secretary for Planning, Environment and Lands (DS/PEL) briefed members on the information papers setting out the Administration's response to various concerns raised by members at the previous meetings.

A comparison of the Land Development Corporation Ordinance (Cap. 15) and the Urban Renewal Authority White Bill
(LC Paper No. CB(1) 398/99-00(02))

2. On public accountability, Ms Emily LAU noted that under clause 9 of the White Bill, the Chairman and the executive directors of the Urban Renewal Authority (URA) should answer questions raised by Members of the Legislative Council at the meetings. She asked if such an arrangement also applied to Council meetings. DS/PEL advised that according to clause 4 of the White Bill, the Chairman and the two executive directors of URA must not be public officers. As such, they would not be assigned as designated public officers to answer questions or speak on motions at Council meetings on behalf of the Government. Nevertheless, Members could at their discretion invite the Chairman and the executive directors of URA to attend Council meetings. Ms LAU opined that the latter arrangement was at variance with the existing practice whereby the Administration would decide which designated public officers should answer questions relating to the work of the Government, including that of statutory bodies. To facilitate a better understanding, the Administration was requested to clarify the issue in writing.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 554/99-00(01).)

3. On financial provisions, the Chairman noted that unlike the Land Development Corporation (LDC), URA would be exempt from taxation. He enquired about the rationale for the change. DS/PEL explained that LDC was required under the Land

Development Corporation Ordinance (Cap. 15) (LDCO) to conduct its business according to prudent commercial principles. It was a self-financing organization and was therefore subject to taxation. URA however was tasked to take forward the urban renewal strategy promulgated by the Government. Given that not all redevelopment projects were profitable, and that URA would have to package these projects so that financially viable projects could cross-subsidize non-viable ones, the Administration took the view that URA should be exempt from taxation. Such an exemption however would not apply to partners of URA in joint-venture redevelopment projects. DS/PEL added that under clause 14(2), the Financial Secretary (FS) might give directions to URA requiring it to pay the whole or part of the surplus funds to the Government.

4. On planning procedures, the Chairman enquired about the difference between a corporate plan and a business plan. DS/PEL explained that the former was a rolling programme of proposals to be implemented over a period of five years while the latter was a programme of proposals to be implemented for the next financial year. A business plan was in fact part of a corporate plan. The Chairman questioned the need for FS to approve the business plan each year if this formed part of an approved corporate plan. DSPEL advised that the corporate plan was intended to provide a longer term planning for URA projects to ensure that sufficient resources would be made available for the implementation of redevelopment projects. However, implementation details such as the estimated revenue and expenditure of URA for that financial year, the amount of money to be borrowed and the number of reception flats required to rehouse residents affected by the proposed redevelopment projects would need to be spelt out in the business plan. To facilitate a better understanding, the Administration was requested to provide a bar chart to explain the work involved once a proposal under a corporate plan was approved by FS.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 554/99-00(01).)

5. On publication of projects, Mr LEE Wing-tat asked when freezing surveys on residents affected by redevelopment projects would be conducted. DS/PEL advised that before implementing a redevelopment project, URA was required to publish the details of the project in the Gazette. The date on which the project was first published would be the commencement date of the project. The purpose of announcing a commencement date was to provide a cut-off date for determining the rehousing eligibility of affected tenants. A freezing survey would be conducted on the same day as the publication of the project. Mr LEE expressed concern that the long lag time between the inclusion of a proposal in a corporate plan and the conduct of a freezing survey would provide opportunities for people to move into the project area with a view to acquiring the rehousing eligibility for public rental housing (PRH) as in the case of Tsuen Wan Seven Streets. In reply, DS/PEL considered it unfair to residents if a freezing survey was conducted a few years before the commencement of the redevelopment project, particularly to those who moved into the project area shortly after the freezing survey. Besides, the Administration would be subject to challenge in court for conducting a freezing survey at such an early stage, depriving some residents of the opportunity for rehousing to PRH. Therefore, the

Administration considered it more appropriate to conduct a freezing survey 12 months before the commencement of the project. To avoid possible abuse by "imposters", all necessary measures would be taken to keep both the corporate and the business plans confidential.

6. Mr LEE however stressed that the aim of conducting freezing surveys after the announcement of a corporate plan was not to prohibit people from moving into the project area but to avoid queue jumping in the allocation of PRH. This was also in line with the clearance policy of the Housing Authority (HA). He was not optimistic that the Administration could protect the confidentiality of both the corporate and the business plans given that various parties would be involved in the planning of redevelopment projects. Expressing similar concern, Mr TAM Yiu-chung cautioned that owners in the project areas would have less incentive to maintain their buildings if they happened to know that their buildings were included in a corporate plan. DS/PEL advised that as only some of the projects in a corporate plan would be included in a business plan, the chances for abuse would be reduced. Notwithstanding, necessary measures would be taken to prevent leakage of sensitive information concerning the urban renewal programme.

7. On objections to development projects, the Assistant Legal Adviser 1 (ALA1) drew members' attention to the Administration's response circulated vide CB(1) 398/99-00(04) that URA had to submit a development project to the SPEL for authorization even if URA had not received any objection within the publication period. ALA1 pointed out that such an intention was not reflected in the Bill. DS/PEL undertook to consider ALA1's view.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 554/99-00(01).)

Planning procedure under the Urban Renewal Authority White Bill
(LC Paper No. CB(1) 398/99-00(03))

8. As it might take the Town Planning Board (TPB) more than one month to process planning applications submitted under section 16 of the Town Planning Ordinance (Cap. 131) (TPO), the Chairman enquired about how TPB could refuse to grant permission to planning applications of URA after expiration of the one-month publication period for the projects. The Assistant Director/Urban Renewal (Acting), Planning Department (AD of P (Ag)) explained that development projects which required planning permission prior to implementation would probably associate with certain uses, for example building community facilities in the project area. As such, planning permission would likely be granted. For any proposal which required a major change in the land use, URA should implement it by way of a development scheme. URA would synchronize the publication of a development project with planning permission granted by TPB, as appropriate. The Chairman suggested that the Administration should revise the flow chart to reflect more accurately the sequence of planning procedure for an URA development project. AD of P (Ag) agreed .

(*Post-meeting note:* The Administration's response was circulated vide LC Paper No. CB(1) 554/99-00(01).)

Administration's response to concerns raised at the meeting on 9 November 1999
(LC Paper No. CB(1)401/99-00(05))

9. On the division of work between URA and the Housing Society (HS)/HA in rehousing residents affected by urban renewal, DS/PEL explained that assistance from HS/HA was being sought to provide a certain number of PRH flats each year for the rehousing purpose. These flats would be allocated to residents displaced by URA's redevelopment projects in accordance with the prevailing eligibility criteria for PRH. These residents would become tenants of HS/HA upon rehousing to PRH.

10. On compensation arrangements, the Chairman enquired about the time-table for the review on the compensation system, including its appeal mechanism. DS/PEL advised that a decision in this regard had yet to be made.

Estimated income and expenditure for the 20-year urban renewal programme
(LC Paper No. CB(1) 417/99-00(02))

11. In the absence of detailed breakdown by projects, the Chairman found it difficult to comment on the financial feasibility of the 20-year urban renewal programme. He asked if the Administration could provide for members' reference the presumptions used in working out the estimated income and expenditure for the 20-year programme. In response, DS/PEL said that it was inappropriate to disclose detailed information project by project at the present stage as this would affect the bargaining position of URA in future negotiations. The estimated income and expenditure for the 20-year programme were based on present day value. The figures reflected the total revenue (proceeds from the sale of flats) and costs incurred (development and rehousing costs as well as interest payment) if all the redevelopment projects were to be carried out and completed today. It was apparent from the cost computation that an increase in revenue could be achieved using the modes of operation of URA instead of LDC.

12. Noting that the estimated increase in revenue was made on the presumption of relaxation of plot ratio controls on redevelopment projects up to the maximum permitted level under the Buildings Ordinance (Cap. 123) (BO) and its Regulation, the Chairman pointed out that volume was previously used in the calculation of gross floor area in some very old developments. Redevelopment of these buildings in accordance with the prevailing calculation method on the basis of plot ratio would result in reduction of floor area. Under such circumstances, an increase in revenue could not be achieved. Mr LEE Wing-tat also cautioned that there was no guarantee that TPB would approve every application by URA for relaxation of plot ratio control. In response, AD of P (Ag) emphasized that the objective of URA was to improve the built environment of Hong Kong rather than making a profit from redevelopment. Besides, the relatively large scale of URA projects would provide greater flexibility for the planning of infrastructure to meet the requirements identified in traffic and environmental impact assessments. The Administration was therefore optimistic that

TPB would approve applications by URA for relaxation of plot ratio controls. DS/PEL added that the proposed relaxation of plot ratio controls was only one of the proposed means to enhance the financial viability of URA's redevelopment projects. In the event that TPB refused to relax the plot ratio controls, URA could borrow from the Government the money required to implement the redevelopment projects.

13. Mr LEE Wing-tat asked if a private developer who owned a site of a size comparable to a nearby URA project and undertook to use the URA planning approach in developing the site could similarly apply for relaxation of the plot ratio controls. DS/PEL advised that under the existing legislation, any person could submit an application to TPB for approval for amendment to a draft or approved plan. TPB would take into account merits of the individual project in considering the application and the identity of the applicant was not a relevant factor.

14. As most of the nine target areas were in old urban districts, the Chairman pointed out that a considerable amount of the resumed land would have to be used for the provision of additional open space, road networks and community facilities if the built environment was to be redeveloped up to the present day standards. The result would be that less land would be made available for housing construction despite the proposed relaxation of plot ratio controls. He asked if the Administration had assessed the effect of the proposed relaxation in the target areas. AD of P (Ag) advised that the impact of relaxing plot ratio controls in Kowloon would be examined in the context of the second stage of the Metroplan. A preliminary transport assessment had indicated that implementation of the proposed priority projects would not impose insurmountable strategic transport constraints to the old urban area. He assured members that consultants would be employed to re-examine the impact of the proposed relaxation for individual URA projects before implementation.

15. On financial arrangements, Mr NG Leung-sing considered that the provision under clause 11(2) which empowered URA to borrow by way of overdraft was not desirable in view of the high interest rate. He enquired about the rationale for such an arrangement. DS/PEL replied that the clause aimed to provide greater flexibility for URA since approval from the Financial Secretary would not be required if the borrowing was in the form of overdraft. The Chairman however pointed out that under clause 11(3), the Secretary for Treasury might give directions to URA in relation to the amount of money borrowed under clause 11(2). He added that the Administration might need to review the English and Chinese versions of clause 11(3) to ensure consistency.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 554/99-00(01).)

16. Ms Emily LAU remarked that apart from financial constraints, there were other statutory requirements which might affect the pace of urban renewal. DS/PEL said that the major difficulties experienced by LDC in the implementation of urban renewal programme included the requirement for it to conduct its business according to prudent commercial principles, the scarcity of sites for profitable redevelopment, protracted land acquisition process and a shortage of rehousing resources. However, the wider

powers conferred upon URA by the Bill, including the power to resume land for redevelopment without the need to negotiate with owners, would overcome the inherent difficulties of LDC.

Future working relationship between the Urban Renewal Authority and the Government

(LC Paper No. CB(1) 463/99-00(02))

17. The Chairman enquired about the division of work between the Planning Department (PD) and URA in respect of urban renewal projects in the nine target areas. AD of P (Ag) explained that land use in urban areas was spelt out in the respective Outline Zoning Plans (OZPs). In the event that the planning of development projects by URA involved changes of land use in OZPs, URA would have to submit these plans to TPB for approval.

18. As to whether URA had its own team of planners, AD of P (Ag) answered in the affirmative and advised that the structure of the team would be similar to that of LDC. The Chairman however pointed out that LDC only had a small team of planners as its projects were usually of a joint-venture nature and of a smaller scale. Besides, LDC normally contracted out the planning work to outside consultants. He opined that a large team of planners would be required if URA were to undertake the planning work for all its projects. AD of P (Ag) clarified that URA would also be allowed to outsource the planning work to consultants.

19. Referring to paragraph 13 of the information paper, ALA1 pointed out that there was no provision in the White Bill empowering URA to implement the proposed scheme of preventive maintenance of buildings within the nine target areas. DS/PEL explained that subject to public consultation, the scheme would be implemented by way of amendment to BO. There would be a clear demarcation of duties and responsibilities between the Buildings Department (BD) and URA in the implementation of the scheme. It was intended that URA would administer the scheme within the target areas, whereas BD would be responsible for implementing the scheme in other areas. As regards control over dangerous buildings within the target areas, DSPEL advised that this would remain the responsibility of BD.

Proposed amendment to clause 5 of the Urban Renewal Authority White Bill

(LC Paper No. CB(1) 463/99-00(03))

20. On preservation of buildings, Mr Ronald ARCULLI asked how URA could ascertain the cultural value of a building. Citing the Yau Ma Tei Theatre and Yau Ma Tei Fruit Market as examples, AD of P (Ag) explained that although these buildings were not unique from an architectural point of view, they represented the way of living in the old days, particularly the Yau Ma Tei Theatre which was the only pre-war theatre left in Hong Kong. While the future uses of these buildings had yet to be decided, they would be preserved on account of their cultural interest. Another example was the "blue house" in Stone Nullah Lane of Wanchai. Mr ARCULLI remarked that the Administration might need to review the drafting of clause 5 as the word "buildings" might not be able to cover the intended scope of objects to be

preserved. DS/PEL agreed to review the drafting.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 554/99-00(01).)

21. Before concluding, the Chairman requested the Administration to provide a paper setting out the views received on the White Bill after expiration of the public consultation period.

(Post-meeting note: The Administration's response was circulated vide LC Paper No. CB(1) 954/99-00.)

II Any other business

22. The Chairman reminded members of the next meeting scheduled for Monday, 6 December 1999, at 2:30 pm.

23. There being no other business, the meeting ended at 4:30 pm.

Legislative Council Secretariat
24 February 2000