

Hong Kong General Chamber of Commerce

**Consultation on Urban Renewal Authority  
Preliminary views**

*Introduction*

1. The following represents the preliminary views of the Chamber's Real Estate Services Committee. The Chamber intends to submit further comments on the Bill before the consultation deadline of 31 December, subject to further and more detailed consideration of the Consultation Paper within the Chamber.

*General comments*

2. As a general comment, we welcome the establishment of the Urban Renewal Authority and the speeding up of the process of urban renewal. To maintain our position as a modern, world class service economy, Hong Kong needs to constantly maintain its urban landscape as well as upgrade the quality of life of the urban inhabitants.

3. As a general principle, the private sector should be encouraged to play a major part in urban renewal, while the role of the URA should be to deal proactively with "difficult" cases which involve a demonstrable degree of public interest.

*Urban renewal strategy*

4. The Consultation Paper states that the URA is to implement urban renewal "on the basis of the Government's urban renewal strategy". However, nowhere in the Bill is there mention of the urban renewal strategy (URS) nor is it clear from the Consultation Paper how the strategy is formulated. For urban renewal to succeed, however, it is critical that there is the right URS to guide the URA's tasks.

5. Our understanding is the URS will be formulated through a professional and technical process undertaken by the Administration. The practical effect of the URS will be to define a number of designated projects for the URA. However, our view is that the scope of urban renewal is much broader than a few designated locations.

6. Rehabilitation is one case in point. While URA will be responsible for rehabilitation of buildings in URA-designated projects, rehabilitation of buildings in other areas will fall under the ambit of the Building Department. We appreciate the need for such division of labour but we believe it demonstrates the case for some overall mechanism to ensure proper coordination between the URA and other agencies, in this case the Building Department.

7. A comprehensive URS should thus address other issues of urban upgrading and regeneration which the URA projects may not cover. These may include educating the public on the importance of maintenance and the responsibilities associated with property ownership; examination of innovative approaches (such as transfer of plot ratio) to encourage private developers to upgrade the urban streetscape, involvement of the local community to preserve cultural heritage, etc.

8. We suggest, therefore, that the Administration explain to the public more fully the process in formulating the URS. The possibility of establishing some form of institution that gives the business community and members of the public the opportunity to provide input, should be examined.

### *Resumption and owner participation*

9. One of the key impediments to urban renewal has been the slow process in resumption of sites and the consequent economic and social costs arising therefrom. Thus we support the greater power of resumption provided for the URA.

10. Nevertheless, in negotiating for urban renewal, the priority should always be to encourage owners' participation. Individual building owners should be provided that chance to become stakeholders in urban renewal and to join forces for re-development.

### *Premium*

11. While we appreciate the need for the nil-premium provision for the URA, we suggest there may be merits in exploring options other than an all-or-nil approach to premium calculation. This will require careful examination but a formula relating back to the nature of the development itself may be worth exploring reflecting not only the anticipated returns to be generated by the scheme but also the rehousing and compensation liabilities faced by the URA and the extent of an GIC/social facilities to be provided by the developer.

### *Link projects*

12. In a previous report on urban renewal by the Administration, the concept of "link projects" was proposed as a means of encouraging the private developer to undertake urban renewal projects. However, the definition of "viable" versus "non-viable" projects and the linking of the two would be a process that involves a lot of ambiguity and uncertainty. Also based on recent experience when there is a downturn in the property market, projects which have been "viable" can become "unviable" and be delayed or deferred and this in turn could delay the linked project. By tying different (and by definition dissimilar) projects together it also reduces the flexibility of both. With the establishment of the URA, we believe the "link project" concept would no longer be necessary. If there are economically non-viable projects which nevertheless should be undertaken for social benefits, this should be made clear from the outset and the project undertaken by the URA. The measure of success of non-viable projects should be the social benefits which they generate in themselves, not the extent to which they can be tied to a viable project.