

Letterhead of The Hong Kong Institute of Architects

CB(1)721/99-00(02)

December 29, 1999

Planning, Environment and Lands Bureau
9th floor, Murray Building
Garden Road
Hong Kong

Dear Sirs,

Consulation Paper on the Urban Renewal Authority Bill

The Hong Kong Institute of Architects commends the Chief Executive and the PEL Bureau on their initiative towards urban renewal. The Consultation Paper on the Urban Renewal Authority Bill (herein refer to as URAB) was duly circulated within our Institute. Having studied the Bill and the explanatory statements, the Hong Kong Institute of Architects (HKIA) wishes to present the following recommendations for your due consideration:

1.0 General

The HKIA supports the URAB in principle. We would, however, like to propose a number of amendments to the draft Bill in the context of our concern on the effect of the Bill to the future built environment, to the building and development industry, and to the practice of the architectural profession in Hong Kong. These suggestions are in part drawn from the experience of our members having worked closely with the Land Development Corporation in the last 10 years.

2.0 Goals and Strategies

The HKIA supports the six goals of urban renewal, in particular, the promotion of the rehabilitation of older buildings and the preservation of heritage buildings. We are concerned with the fact that little detail on the mechanism to promote and to implement rehabilitation and preservation of buildings has been made available in the Bill or in the explanatory statements. It is observed that the existing Buildings Ordinance (and its regulations) and other related legislations are not conducive to the concept of rehabilitation and preservation. The mortgage practice of the Hong Kong banking system also favours the sale and purchase of newer buildings with heavy penalties on buildings 30 years or older.

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2.1 Urban Renewal Strategy (URS)

The HKIA supports the provisions relating to the formulation and administration of the Urban Renewal Strategy. URS is the single most important document affecting the future of urban renewal in Hong Kong. It set the agenda and the priorities of the Urban Renewal Authority. The formulation of this Strategy should be open to public debate and to consultation with professional institutions and other interested groups.

2.2 Public Accountability

The HKIA supports the preparation of a 5-year corporate and an annual Business Plan by the Board of the URA. To promote public accountability, both the Corporate and Business Plan should be immediately made known to the public once agreed with the Financial Secretary.

3.0 Purposes of the Authority

The HKIA is of the view that the priority of the URA should be in facilitating, encouraging and promoting urban renewal, in this order. It should only undertake the day-to-day task of urban renewal as the last resort. Instead the URA should tap the resources of the private sector to undertake urban renewal projects.

3.1 Facilitating Urban Renewal

The objective to facilitate, to encourage, and to promote private sector participation in the urban renewal process is the key to unlocking the market participation in a sustainable manner. As such, to facilitate this process means the URA would have to take on resumption of property rights and to rehouse the populations that are displaced.

3.2 Undertaking as a Last Resort

The HKIA recommends that URA's involvement in redevelopment within an action area should be kept to the minimum after exhausting every possible means to attract participation from the private sector. Given the large number of buildings to be rehabilitated, and the large number of sites made available for development, it does not make practical or commercial sense for URA to build up a huge bureaucracy to handle the work. The URA should refrain from acting as a developer on a day-to-day basis.

4.0 Market Participation

To encourage private sector participation in the urban renewal process, the HKIA has the following suggestions:

- a) Alternative participation in long-term tenancy against out-right sale of land;
- b) Alternative Financing / Property Rights Securitization to provide a flexible financial arrangement for participants;
- c) Rehabilitation and redevelopment of smaller lots to allow smaller developers to participate;
- d) Early participation of developers to allow genuine commercial potentials to be explored.

4.1 Working in concert with other legislations

To make the URAB effective, other legislations relating to the control and processing of building works would need to be re-examined. The HKIA recommends, for instance, a review of the effectiveness of the BSIS, and an examination of the proper role of the Buildings Development within the URA action areas.

We would be happy to discuss these proposals with representatives of the Bureau should you need any amplification to our recommendations.

Yours faithfully,

Barry Will
President HKIA

cc: Mr. Edward Ho