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9 February 2000

Miss Odelia Leung
Clerk to Subcommittee
Subcommittee to study the
Urban Renewal Authority White Bill
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Leung,

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

Thank you for your letter of 1 February 2000.

2. My response to the points raised in the first paragraph of your letter is as follows:

- (a) Estimate of the number of households
not eligible for rehousing

It is difficult to estimate the percentage of households affected by the redevelopment projects of the Urban Renewal Authority (URA) which do not meet the eligibility criteria for rehousing set by the Hong Kong Housing Society. However, as a working premise, we have assumed that 20% of the affected households would opt for cash compensation. For the first five years of the urban renewal programme (2001-2005), the estimated number of households that would opt for cash compensation is 720 (20% of a total of 3,600 households).

(b) Cash compensation for tenants

Our policy is to provide appropriate and affordable rehousing for tenants affected by URA's redevelopment projects and not to "buy off" affected tenants. However, we are considering introducing an ex-gratia allowance for tenants who are not prepared to accept rehousing or who are not eligible for rehousing.

(c) Report on public consultation

During the consultation period from 22 October 1999 to 31 December 1999, 34,000 copies of the consultation paper on the Urban Renewal Authority Bill (the White Bill) were distributed. About 300 submissions were received. A copy of our report entitled "Report on the Public Consultation on the Urban Renewal Authority Bill" is at Annex A.

(d) YWCA's submission

Our comments on the submission of the Hong Kong YWCA Urban Renewal Social Service Team dated 29 December 1999 are set out at Annex B.

3. My response to the points raised in the second paragraph of your letter is as follows:

(a) Chairmanship of the URA Board

In order to enhance the public accountability of the Chairman of the URA and the efficiency of the URA, we consider that the Chairman should be an executive Chairman, ie, he should be both the Chairman and an executive director.

A consultants' firm has been commissioned to recruit the Chairman and the two executive directors and another consultants' firm has been engaged to determine their remuneration packages.

The appointment of the Chairman (and the two executive directors) is subject to the Bill being passed into law.

(b) Appeal channel

Some Members have suggested that there should be an appeal channel for property owners who are aggrieved by the decision of the Director of Lands (D of Lands) on their eligibility for Home Purchase Allowance (HPA) or by his method of calculating HPA (eg, method of calculating floor area).

We propose that, subject to the Bill being passed into law, a non-statutory appeal mechanism for dealing with the HPA be set up to consider any appeal against the D of Lands' determination on HPA and his calculations of such payments. An owner who is aggrieved by the D of Lands' decision could, within 30 days of such a decision, apply to an Appeals Committee consisting of non-officials for a review of the case. If the D of Lands does not accept the determination of the Appeals Committee, the Secretary for Planning and Lands (SPL) will further review the case and make a decision on it.

There are also further complaint/review channels. An owner who claims to have suffered injustice in consequence of maladministration in connection with the decision of the D of Lands or SPL may lodge a complaint with the Ombudsman as at present. The owner may also seek a judicial review of the case.

(c) Compensation for owners and tenants of non-residential properties

At present, an owner of non-residential property whose premises are to be resumed by the Government will be offered –

- (i) the fair market value of his property, plus an ex-gratia allowance; or
- (ii) the fair market value of his property, plus an amount for business loss (if substantiated).

As commercial property owners (mostly shopkeepers) are often unable to prove business loss, the amount of compensation they are likely to receive are relatively modest. When compared with the compensation package of owners of domestic premises, owners of commercial premises often consider that they are compensated less generously. We will review the compensation package for owners of non-residential properties to see whether there is any need for change. According to existing legislation, business tenants whose tenancies are terminated by their landlords are not entitled to any compensation or other payments. The Government has the policy of paying an ex-gratia allowance to business tenants upon resumption. We will take another look at the ex-gratia allowance for business tenants to see whether there is any need for change.

(d) Temporary rent allowance

We support in principle the payment of a temporary rent allowance to tenants displaced by URA's redevelopment projects as an interim arrangement, pending allocation of a suitable rehousing flat. We will put this proposal to the URA when it is formed.

(e) Housing loans to affected tenants

We are discussing with the Housing Society the possibility of offering a housing loan under the Home Starter Loan Scheme (HSLs) to tenants affected by URA's redevelopment projects.

The HSLs was set up in 1998 and is administered by the Housing Society on behalf of the Government. Its purpose is to assist low and middle income families to acquire their own homes in Hong Kong for the first time. The maximum loan amount under the HSLs is \$600,000 repayable over 10 years after a three-year grace period.

(f) One-month objection period

We remain of the view that a one-month objection period is appropriate and sufficient.

(g) Channel for appeals against SPL's decision on objections against proposed development projects

The Bill (the "blue" Bill) now provides an elaborate system to consider objections against proposed development projects put forward by the URA (a statutory public body). SPL will consider any proposed development project and objections against it and may either -

- (i) make an amendment to the development project to meet an objection; or
- (ii) authorize the URA to proceed with the development project with or without any amendment; or
- (iii) decline to authorize the project.

Under the "blue" Bill, the procedure for processing objections to a proposed development project has also been improved by providing an opportunity for owners affected by any amendments made by SPL to raise objections to such amendments and for the objections to be considered.

We do not consider that a further appeal channel is necessary. Such a channel would significantly prolong the planning procedures and delay the implementation of the project.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands

c.c. Director of Planning
(Attn: Mr T K Lee)

Report

on the

Public Consultation

on the

Urban Renewal Authority Bill

Planning and Lands Bureau
January 2000

On 22 October 1999, the Urban Renewal Authority Bill was published in the Government Gazette in the form of a White Bill for public consultation. A booklet containing a consultation paper on the Urban Renewal Authority Bill and a copy of the White Bill was issued for public comments on the same day.

2. Public consultation lasted from 22 October 1999 to 31 December 1999. During the consultation period, 34,000 copies of the booklet were distributed. Representatives of the Planning and Lands Bureau (formerly the Planning, Environment and Lands Bureau) and the Planning Department attended 32 briefing sessions, seminars and public forums on the White Bill. The Bureau also organized two public forums to gather views. A list of the briefing sessions, seminars and public forums is in Appendix B. The Legislative Council held a motion debate on the subject on 8 December 1999 during which 20 Members spoke. A total of 298 submissions were received. A list of these submissions is in Appendix C.

3. A summary of the main comments received and our response to those comments is in Appendix D.

**List of briefing sessions, seminars and public forums
organized or attended by representatives of
the Planning, Environment and Lands Bureau
during public consultation on
the Urban Renewal Authority Bill
from 22 October to 31 December 1999**

No.	Date	Organization
1	26 October	Antiquities Advisory Board
2	27 October	Land Development Corporation (Managing Board)
3	30 October	Central and Western District Residents
4	30 October	Land Development Corporation (Managing Board)
5	2 November	Town Planning Board
6	11 November	Land and Building Advisory Committee
7	12 November	Hong Kong Institute of Surveyors
8	13 November	Public Forum organized by the Planning, Environment and Lands Bureau
9	15 November	Hong Kong Council of Social Service
10	16 November	Hong Kong Housing Society (Chief Executive and Directors)
11	16 November	Hong Kong General Chamber of Commerce (Real Estate Subcommittee, Hong Kong Coalition of Services Industries)
12	17 November	Land Development Corporation (Staff)
13	17 November	Hong Kong Institute of Architects
14	18 November	Hong Kong Council of Social Service
15	19 November	Real Estate Developers Association of Hong Kong
16	22 November	Hong Kong Society of Urban Renewal
17	24 November	Hong Kong Policy Research Institute
18	25 November	Hong Kong Institute of Planners
19	29 November	Advisory Council on the Environment
20	1 December	Hong Kong Policy Research Institute

No.	Date	Organization
21	6 December	Hong Kong Policy Research Institute
22	7 December	American Institute of Architects, Hong Kong
23	7 December	Shau Kei Wan and Sai Wan Ho Residents
24	15 December	Centre for Social Policy Studies, Hong Kong Polytechnic University
25	16 December	Hong Kong Institute of Real Estate Administration
26	16 December	Kwai Tsing Provisional District Board
27	16 December	Hong Kong Housing Authority
28	17 December	'Designing Hong Kong' Forum
29	17 December	Hong Kong People's Council on Housing
30	18 December	Public Forum organized by the Planning, Environment and Lands Bureau
31	21 December	Mong Kok Kai Fong Welfare Association
32	21 December	Tai Kok Tsui and Mong Kok Residents
33	28 December	To Kwa Wan '13 Streets' Residents
34	29 December	S.K.H. Kei Oi Social Service Centre

Total: 34

**Public Consultation on the Urban Renewal Authority Bill
Submissions Received**

No.	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
Political Parties		
1	民權黨	
2	民主黨	
3	自由黨	
4	民建聯港島西支部	
5	民建聯	
6	港進聯	
	Sub-total	6
Provisional District Board/Provisional Urban Council/Provisional Regional Council Members		
1	Mr Alfred Lam Provisional Regional Council Member	
2	九龍城區區議員朱初昇	
	Sub-total	2
Academics		
1	Mr Bo-sin Tang Hong Kong Polytechnic University	
2	Mr Roger Bristow University of Manchester, United Kingdom	
3	Mr Bryan Bachner City University of Hong Kong	
4	伍美琴 香港大學城市規劃及環境管理研究中心 (3 separate submissions)	

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
5	Glenn Sweitzer Senior Research Fellow Hong Kong Polytechnic University	
6	Dr Stanley Chi-Wai Yeung Assistant Professor Department of Building & Real Estate Hong Kong Polytechnic University	
7	Mr Kevin Manual, Lecturer Division of Building Science & Technology City University of Hong Kong	
	Sub-total	9

**Professional bodies and
individual professionals**

1	Hong Kong Institute of Surveyors (2 separate submissions)	
2	Hong Kong Society of Urban Renewal (2 separate submissions)	
3	Hong Kong Institute of Planners (2 separate submissions)	
4	Urbis Limited (Planning, Urban Design, Landscape, Golf & Environmental Consultants)	
5	Hong Kong Bar Association	
6	Chartered Institute of Housing (HK Branch) & Hong Kong Institute of Housing	
7	Liang Peddle Thorp Architects & Planners Ltd.	
8	Mr John Yuan, Architect (2 separate submissions)	
9	Hong Kong Institution of Engineers	
10	Hong Kong Institute of Land Administration (2 separate submissions)	
11	Mr Richard Wooding	
12	Law Society of Hong Kong	

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
13	9 qualified surveyors from Land Development Corporation	
14	American Institute of Architects, Hong Kong	
15	Hong Kong Institute of Architects	
16	M Y Wan & Associates Ltd.	
17	Mr Francis K F Lam Chartered Surveyor and Chartered Town Planner	
18	Hong Kong Institute of Real Estate Administration	
19	Urban Watch	
	Sub-total	24

Business Sector/Trade Groups/Developers

1	Hip Shing Hong Development Co. Ltd.
2	翠華建屋合作社
3	Mr Henry Fong
4	Real Estate Developers Association of Hong Kong (2 separate submissions)
5	Hong Kong General Chamber of Commerce
6	大中建屋有限責任合作社
7	順寧建屋有限責任合作社
8	忠信建屋有限責任合作社
9	百福建屋有限責任合作社
10	安廬建屋有限責任合作社
11	保安建屋有限責任合作社
12	樂園建屋有限責任合作社
13	Federation of Hong Kong Industries
14	Hong Kong General Chamber of Commerce

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
15	安興建屋有限責任合作社	
16	A member of The Heritage Foundation Hong Kong	
17	香港中華廠商聯合會	
18	Sinowick Engineering Limited	
19	Business and Professionals Federation of Hong Kong	
20	Hong Kong Institute of Real Estate	
	Sub-total	22

Community Groups

1	爭取觀塘市中心重建委員會 (3 separate submissions)	
2	香港房屋政策評議會 (2 separate submissions)	
3	公屋聯會	
4	荃灣舊區居民重建組織 (3 separate submissions)	
5	香港社會服務聯會 (3 separate submissions)	
6	九龍慈雲山商戶居民聯會	
7	Rehabaid Centre	
8	Johnston Apartments Owners Club	
9	聖雅各福群會市區重建社會服務隊 (2 separate submissions)	
10	葵涌私人樓宇居民聯會	
11	聯區重建居民爭取權益大聯盟 (2 separate submissions)	
12	Designing Hong Kong Organizing Committee	
13	Independent Owners' Association for Fair Treatment	

No.	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
14	舊區原居民權益關注組	
15	聖雅各福群會團體及社區工作部 理想城市規劃工作小組	
16	聯區重建居民爭取權益大聯盟 〔西營盤居民〕	
17	香港基督教服務處	
18	善導之母天主堂關社組 暨一群九龍城區天主教徒	
19	十三街重建受影響業主租客聯合大會	
20	路向四肢傷殘人士協會	
21	中西區賢毅社	
22	港九勞工社團聯會	
23	中上環舊區重建關注組	
24	荃灣七街重建租客關注組	
25	獨居長者互助權益會	
26	Tai Po Environmental Association	
27	香港傷殘青年協會	
28	香港復康聯盟	
29	新世紀論壇	
30	鄰社輔導會	
31	觀塘民聯會 - 觀塘市中心區重建關注組	
32	香港基督教女青年會	
33	聖公會基愛社會服務中心 市區重建青年關注社	
34	旺角街坊會陳慶社會服務中心舊區重建組	
35	Hong Kong Policy Research Institute Ltd.	

<u>No.</u>	<u>Submission Groups</u>	<u>Number of Written Submissions</u>
36	荃灣明愛社區中心	
	Sub-total	41
	Statutory bodies and advisory committees	
1	Town Planning Board	
2	Antiquities Advisory Board (2 separate submissions)	
3	Mass Transit Railway Corporation	
4	Land Development Corporation (2 separate submissions)	
5	Hong Kong Tourist Association	
6	Hong Kong Housing Society	
7	Land and Buildings Advisory Committee	
	Sub-total	8
	Members of the public	64
	Proforma Letters from Residents	122
	Total	298

**Planning and Lands Bureau's
Response to Public Comments
on the Urban Renewal Authority Bill**

(1) **Urban Renewal Strategy**

(i) **Formulation of the Strategy**

Comment: There is no explanation of what the urban renewal strategy is about or how the strategy is formulated in the consultation paper and the White Bill.

Response: The Planning Department (PlanD) has recently completed an Urban Renewal Strategy Study. In this study, 200 projects have been identified for priority redevelopment, having regard to the age, physical conditions and fire safety design of the individual buildings. Nine urban renewal target areas have also been delineated for comprehensive restructuring and replanning. On the basis of this study, the Planning and Lands Bureau (PLB) is finalizing an urban renewal strategy which will serve as a road map for the future urban renewal programme. The Government will issue an Urban Renewal Strategy Statement to the Urban Renewal Authority (URA) when it is established. On the basis of the Government's Urban Renewal Strategy Statement, the URA will prepare its urban renewal programme.

Our strategy is to continuously renew the fabric of Hong Kong's built-up areas through timely urban renewal. Our policy is based on a people-oriented approach. People always come first under our strategy. The main elements of the urban renewal strategy include:-

- (a) providing appropriate rehousing for tenants affected by URA's redevelopment projects;
- (b) providing fair and reasonable compensation to owners whose properties are resumed for the implementation of redevelopment projects;
- (c) restructuring and replanning designated older built-up areas;

- (d) designing more effective and environmentally friendly local transport and road networks;
- (e) rationalizing land uses which are incompatible with the surrounding areas;
- (f) providing more open space and community facilities;
- (g) redeveloping dilapidated buildings into new buildings of modern design and standard;
- (h) rehabilitating buildings in need of repairs within the urban renewal target areas;
- (i) preserving buildings, sites and structures of historical, cultural or architectural interest within urban renewal priority project areas and target areas; and
- (j) redeveloping or revitalizing under-utilized industrial areas.

On the basis of the Government's Urban Renewal Strategy Statement, the URA will prepare a corporate plan setting out its proposed programme of projects for the next five years. It will have to "follow any guidelines set out in an urban renewal strategy (i.e., the Urban Renewal Strategy Statement) prepared from time to time by the Secretary (i.e., the Secretary for Planning and Lands (SPL)) when preparing the programme of proposals and projects in the draft corporate plan" (clause 18(3) of the Urban Renewal Authority Bill (the White Bill)).

An Executive Summary of PlanD's Urban Renewal Strategy Study has now been issued for general information.

(ii) Terminology

Comment: "Urban renewal" is not an appropriate term. "Urban regeneration" is more accurate and appropriate.

Response: The term "urban renewal" has been traditionally used by the Government to refer generally to urban renewal, urban redevelopment, urban rehabilitation, urban regeneration and urban renaissance. It is widely understood and accepted by the public.

For example, it is used in the public consultation document “Urban Renewal” published by the Planning, Environment and Lands Branch (PELB) in July 1995 and the policy statement “Urban Renewal in Hong Kong” published by PELB in June 1996. It is also used in existing legislation, for example, the Land Development Corporation Ordinance (Cap. 15).

Urban renewal is defined to include:

- (a) urban redevelopment; and
- (b) urban rehabilitation.

We are of the view that “urban renewal” is more useful and appropriate than trendy terms such as urban regeneration.

(iii) Concept of urban renewal

Comment: Clause 5 of the White Bill should be amended to include the preservation of the historical, cultural and architectural heritage of Hong Kong.

Response: We agree that the preservation of our heritage should be included as one of the purposes of the URA. We propose to revise Clause 5 of the White Bill by adding a new sub-clause after Clause 5(d) which reads (tentatively):

“(e) preserve buildings, sites and structures of historical, cultural or architectural interest; and”.

(iv) People-oriented approach

Comment: The Government should use a people-oriented approach to urban renewal and this policy should be written into the law.

Response: Our policy is to use a people-oriented approach to urban renewal. Under this policy, people always come first. However, the term “people-oriented” is not easily defined in legal language. It would not be helpful to use terms which are not capable of precise definition in the White Bill.

(v) Maintenance of buildings

Comment: Maintaining existing buildings is as important as

redeveloping old buildings.

Response: We agree that the proper maintenance of buildings is an essential aspect of the comprehensive regeneration of old urban areas. The rehabilitation of buildings improves the urban environment and reduces the need for redevelopment. We are formulating a new proposal for the preventive maintenance of buildings and will consult the public shortly. If this proposal is supported, a statutory scheme will be introduced to require owners of older buildings which are not properly maintained to carry out preventive maintenance works for their buildings. The task of implementing this scheme will be shared between the Buildings Department (BD) and the URA. The URA will be empowered to implement the preventive maintenance of buildings scheme within its nine urban renewal target areas. Amendments to the Buildings Ordinance (Cap. 123) are required in order to implement this scheme.

(2) **Role of Government/URA in urban renewal**

(i) **URA should only play a facilitating role**

Comment: The future URA should only be a facilitator of urban redevelopment. It should not be a developer. The private sector should be the dominant player in redevelopment.

Response: The URA may implement a redevelopment project either:

- (a) on its own (ie, acting as developer);
- (b) in association with a joint venture partner; or
- (c) sell the land (whole or part of it) to a private developer for redevelopment.

We envisage that (b) above will be the principal mode of implementing URA redevelopment projects. Private developers will play a major role in implementing the urban renewal programme as joint venture partners of the URA.

(ii) **URA should not be restricted to a facilitating role**

Comment: The Government and the URA should not only play an enabling or facilitating role in urban renewal. The Government and the URA should be proactive in planning and implementing

urban renewal. Adequate resources should be provided to the URA.

Response: We are not proposing that the Government/URA should only play an enabling or facilitating role for the private sector in urban renewal. The URA will be tasked to carry out the Government's urban renewal strategy and the 20-year urban renewal programme. We are not relying entirely on the private sector in carrying out urban renewal, although it has an important role to play. Adequate resources will be made available to the URA for it to implement the urban renewal programme.

(iii) Owners' participation scheme

Comment: Owners should be given an opportunity to participate in redevelopment projects.

Response: In order for an owners' participation scheme to work, owners must be prepared to take risks and share in any profit or loss. Experience has shown that this scheme is not really suitable for small property owners because of the high risks involved. It may be an option for persons or companies who hold a substantial interest in a redevelopment project site.

(iv) Financial assistance to owners

Comment: Financial assistance should be given to owners to facilitate redevelopment of their buildings by themselves.

Response: We do not think that it is appropriate for the Government to provide financial assistance to owners to facilitate redevelopment of their buildings by themselves.

(3) **Public participation**

(i) White Bill

Comment: The publication of a White Bill is not the most appropriate means to consult the public.

Response: We wish to provide the public with a detailed picture of our proposals. The White Bill sets out the legislative framework through which the urban renewal programme will be implemented by the URA. We believe that a detailed consultation paper, together with the White Bill, is an effective means of consulting the public.

(ii) Community participation

Comment: The public should be involved in formulating the urban renewal strategy.

Response: The public will be involved in formulating and updating the urban renewal strategy. The Planning Department will regularly review and update its Urban Renewal Strategy Study. The public will have an opportunity to participate in this review process.

(iii) Urban renewal social work teams

Comment: Social work teams should be set up to assist residents affected by redevelopment projects.

Response: We see merit in having urban renewal social work teams. The experience of the LDC has been that such teams facilitate the urban renewal process and act as a bridge between the LDC and affected owners and tenants. We intend to recommend to the URA that an urban renewal social work team be set up in each of the nine urban renewal target areas to provide assistance and advice to residents affected by URA's redevelopment projects. The team should be in place before the first redevelopment project commences in a target area.

(iv) Public views/information

Comment: The URA should have a mechanism for gathering views. Information on redevelopment projects should be made available to affected residents.

Response: The URA will put in place a programme for gathering public views. Information on redevelopment projects will be made available to the public.

(v) Resource centre

Comment: A multi-disciplinary resource centre should be set up to facilitate urban renewal.

Response: The proposal to set up a multi-disciplinary resource centre will be considered by the future URA.

(4) Structure of the URA

(i) Board of the URA

Comment: The “executive Chairman” model is not the most appropriate for the URA.

Response: Under Clause 4 (“Establishment of Board of Authority”) of the White Bill, the Board of the URA comprises:

- (a) a Chairman, who is at the same time an executive director (i.e., an executive Chairman);
- (b) two other executive directors (one of whom may be appointed Deputy Chairman);
- (c) seven non-executive directors not being public officers; and
- (d) four non-executive directors being public officers.

A managing board comprising an executive Chairman (similar to that of the Mass Transit Railway Corporation and the Kowloon-Canton Railway Corporation) and two executive directors is appropriate for the URA, as it will be responsible for the implementation of a large number of redevelopment, rehabilitation and conservation projects. The Chairman and the two executive directors will play a pivotal role in the operation and management of the URA and will be directly accountable for the performance of the URA.

(ii) Conservation architects

Comment: The URA should employ conservation architects to deal with the preservation of historical buildings.

Response: We agree that the URA should have conservation architects in charge of its conservation projects.

(iii) Financial controller

Comment: The financial controller of the URA should be appointed by the Board and not by the executive Chairman.

Response: We agree that the financial controller of the URA should be appointed with the approval of the Board of the URA.

(iv) Board of the URA

Comment: The Board of the URA should be representative and should include grassroots representatives.

Response: The Board of the URA will be representative of the community and will include professionals from the building industry. We have not yet considered the future membership of the URA Board. Subject to the enactment of the Urban Renewal Authority Ordinance, a Provisional URA Board will be appointed in June this year.

(5) Public accountability of the URA

(i) Public accountability

Comment: The public accountability of the URA should be enhanced. The public should be able to monitor the work of the URA.

Response: The following provisions are included in the White Bill to ensure that the URA is accountable:

- (a) Members of the URA Board are required to declare interests and a register of such declarations of interest will be made available for public inspection. This provision (clause 7) in the White Bill increases the transparency and accountability of the URA.
- (b) Public officers on the URA Board are duty-bound to state the public interest when the URA deliberates on matters which may affect the public interest (clause 8 of the White Bill). This provision ensures that the public interest is taken into account in the deliberations of the URA.
- (c) The Chairman and the two executive directors of the URA will be required to attend meetings of and be

answerable to the Legislative Council, its committees and subcommittees (clause 9 of the White Bill). This provision provides for better monitoring of the performance of the URA. It also enhances the public accountability and transparency of the URA as a public body.

(d) The URA will come under the jurisdiction of the Ombudsman (clause 32(4) of the White Bill).

(ii) Approval of redevelopment projects

Comment: Redevelopment projects of the URA should be approved by the Legislative Council on a case by case basis.

Response: It would not be appropriate to submit individual redevelopment projects of the URA to the Legislative Council for approval before implementation. It would mean that the Legislative Council is taking on a day-to-day executive and management role.

(iii) Trading Fund

Comment: A trading fund should be set up for implementing the urban renewal programme.

Response: The Board of the URA is responsible for the performance of the URA. It would not be appropriate to set up a trading fund for the urban renewal programme since the URA is not a government department.

(iv) Complaints unit

Comment: The URA should have a unit to deal with complaints and to gather public views.

Response: The URA will establish a system for dealing with complaints and for gathering public views.

(6) **Financial arrangements**

(i) Social responsibility

Comment: Urban renewal is a social responsibility. The social benefits of urban renewal cannot be quantified in money terms.

Response: We agree that the Government should play a pivotal role in urban renewal. Adequate financial and rehousing resources will be made available for the URA to implement the Government's urban renewal strategy and the 20-year urban renewal programme. We agree that "the social benefits of urban renewal cannot be quantified in money terms".

(ii) Financing

Comment: Adequate financing should be provided to the URA. The principle of self-financing should not be used to restrain the work of the URA.

Response: A package of both financial and non-financial arrangements is proposed to enhance the financial viability of URA's urban renewal projects, including the waiver of land premia, the exemption of Government/Institution/Community facilities of URA projects from the calculation of gross floor area, and the relaxation of plot ratio controls up to the maximum levels permitted under the Buildings Ordinance (Cap. 123) and its regulations. The Government is also prepared to consider making loans to the URA, if necessary. Our aim is to develop an arrangement that would enable the URA to be self-financing in the long run.

(iii) Financial burden

Comment: Urban renewal should not become a recurrent financial burden on the Government.

Response: As mentioned above, our intention is that the urban renewal programme should be self-financing in the long run. The urban renewal programme would not be an onerous financial burden on the Government.

(iv) Waiver of land premia

Comment: The waiver of land premia for URA's redevelopment sites will distort the property market.

Response: The waiver of land premia is the Government's contribution to the urban renewal programme. It will not distort the property market.

(v) Relaxation of plot ratio controls

Comment: Relaxation of plot ratio controls for URA projects will create "double standards".

Response: Each application for relaxation of plot ratio controls will have to be submitted to the Town Planning Board for approval. There will be no "double standards". Any application to the Town Planning Board will be considered on its own merit.

(vi) Accounts

Comment: Accurate accounts should be maintained for assets transferred from the LDC to the URA.

Response: Accurate and detailed accounts will be kept by the URA. All the assets and liabilities of the LDC, including fixed assets, will be transferred to the URA, upon the establishment of the URA and the dissolution of the LDC.

(vii) Packaging of projects

Comment: Financially viable projects should not be linked to non-viable projects as a package.

Response: One way of financing non-viable projects is to package them with viable ones so as to make them commercially attractive to the private sector. Under this arrangement, financially viable projects can cross-subsidize non-viable ones. This option may be helpful in some cases. However, the URA will ensure that any delay in one project will not cause delay in another project linked to it.

(7) Planning procedures

(i) Impact assessment

Comment: Impact assessment studies on urban renewal projects should be undertaken.

Response: The impact of a development scheme on the local community, the environment of the locality, local traffic conditions and the townscape will be assessed in URA's submission to the Town Planning Board. The impact of redevelopment on the social networks of affected residents will also be taken into account.

(ii) One-month objection period

Comment: The one-month objection period for development projects is too short.

Response: The one-month objection period for development projects is appropriate.

(iii) Appeal mechanism

Comment: There should be an appeal mechanism for development projects.

Response: At present, there is no objection/appeal mechanism

against LDC projects implemented by way of a “development proposal” (similar to URA’s development projects).

(iv) Objections against development schemes

Comment: There are no provisions in the White Bill for dealing with objections against development schemes.

Response: Objections against development schemes are dealt with under the Town Planning Ordinance (Cap. 131), as development schemes involve amendments to the Outline Zoning Plans.

(v) Basis for formulation of the five-year corporate plan and the annual business plan

Comment: The basis for formulating the five-year corporate plan and the annual business plan is unclear.

Response: The Government will formulate an urban renewal strategy which, inter alia, identifies projects for priority implementation by the URA. On the basis of the Urban Renewal Strategy Statement, the URA will prepare a draft corporate plan setting out its programme of projects for the next five years (clause 18 of the White Bill) and a draft annual business plan setting out the projects to be implemented in the next financial year (clause 19 of the White Bill). The URA is required to submit its draft corporate plan and draft business plan to the Financial Secretary for approval each year. PLB will vet and advise the Financial Secretary on the draft plans.

(8) Redevelopment of buildings

(i) Transfer of development rights

Comment: A system for the transfer of development rights should be set up to facilitate urban renewal and the preservation of historical buildings.

Response: The proposal to allow the transfer of development rights is complicated and has far-reaching implications. It should be considered carefully and is beyond the scope of the White Bill.

(ii) Packaging of redevelopment projects

Comment: Smaller developers should be allowed to compete for urban renewal projects.

Response: Redevelopment projects will be packaged in such a way that smaller developers will also have a chance to compete with larger developers.

(9) **Rehabilitation of buildings**

(i) **Preventive maintenance of buildings**

Comment: The URA should also focus on the rehabilitation of older buildings.

Response: Under the urban renewal strategy, besides redevelopment of dilapidated buildings, we will also focus on the proper maintenance of buildings. We will announce early next year a proposal for a statutory scheme of preventive maintenance of buildings for public consultation. If this proposal is supported, a statutory scheme will be introduced to require owners of older buildings which are not properly maintained to carry out preventive maintenance of their buildings. The task of implementing this scheme will be shared between BD and the URA.

(ii) **Division of responsibilities**

Comment: In respect of rehabilitation, there should be a clear division of responsibilities between BD and the URA.

Response: The URA will be tasked with the implementation of the preventive maintenance of buildings scheme within its nine urban renewal target areas. BD and the URA will work closely in implementing this scheme. The demarcation of duties and responsibilities between BD and the URA will be clearly set out.

(iii) **Financial assistance**

Comment: Financial assistance should be given to owners who have difficulties in paying for repairs.

Response: Under the proposed preventive maintenance of buildings scheme, financial assistance will be provided to owners who have difficulties paying for the maintenance and repair costs.

(iv) **Public education**

Comment: The Government should educate the public about proper building maintenance. Repairs should be carried out in a scientific manner.

Response: We will continue to promote public awareness of building safety and proper building maintenance. We will also investigate how preventive maintenance can be carried out in a scientific manner and will set down general maintenance standards for the reference of building professionals.

(v) Criteria for selecting buildings

Comment: The criteria for selecting buildings for inclusion in the preventive maintenance of buildings scheme should be announced.

Response: The criteria for selecting buildings for the issue of “preventive maintenance notices” will be made known when the proposal for the preventive maintenance of buildings scheme is announced. The criteria will be the same for the urban renewal target areas and other urban areas.

(vi) Antiquities Advisory Board

Comment: Historical buildings outside urban renewal target areas should also be preserved.

Response: We generally agree that historical buildings outside urban renewal target areas and redevelopment project areas should be preserved and that the preservation of historical buildings on a “locality basis” (i.e., a cluster of such buildings) should be the preferred option.

(vii) Other issues

Comment: The present mortgage system should be changed to make investment in older buildings more worthwhile. The plan approval system should also be simplified to facilitate renovation works.

Response: The mortgage system of Hong Kong and the plan approval system for alteration works are beyond the scope of the White Bill. These issues should be dealt with separately.

(10) Land resumption and disposal

(i) Resumption for a public purpose

Comment: Land should only be resumed in the public interest.

Response: In order to resolve land assembly difficulties and to expedite the urban renewal programme, the URA is empowered under the White Bill to apply through SPEL for “direct resumption” of the land required. The Chief Executive in Council is the authority to approve such resumption applications (clause 24 of the White Bill). Affected property owners will be fairly compensated.

(ii) Sale of resumed land

Comment: The URA should not be allowed to dispose of resumed land too easily.

Response: The URA will only be allowed to sell or dispose of resumed for a public purpose and in the public interest. Prior approval of the Chief Executive in Council is required.

(11) **Compensation for land resumed**

(i) Criteria for evaluation

Comment: The criteria for the valuation of properties should be clarified and agreed.

Response: Arguments over compensation for resumed land are often caused by differences in the method of valuation. We will issue guidelines for valuation so that surveyors will know how we assess property values.

(ii) Ex-gratia allowance for owners/occupiers of non-residential premises

Comment: The compensation package for owners and tenants of non-residential properties should be improved.

Response: We are prepared to review the compensation package for owners and tenants of non-residential properties. We will complete this review as soon as possible.

(iii) 10-year flats

Comment: The Home Purchase Allowance should be improved to enable owners to buy a five-year-old replacement flat.

Response: Owner-occupiers of residential properties affected by

urban redevelopment are eligible for statutory compensation plus an ex-gratia allowance (Home Purchase Allowance) to enable them to purchase a replacement flat of a similar size and about ten years' old in the same locality. We have received divergent views on the proposed package for compensation. Some have argued that owners should be given a home purchase allowance to enable them to buy a five-year-old flat (or even a new flat) of the same size in the same locality, whilst some are of the view that the existing 'ten-year flat' principle is generally acceptable. We will review the position in the light of comments received.

(iv) **Sentimental value**

Comment: Owners should be compensated for the sentimental value of their properties.

Response: It is difficult to assess the sentimental value of a piece of property to a person. It is even more difficult to place a monetary value on sentimental value.

(12) **Rehousing**

Comment: Proper rehousing should be provided to the tenants affected by URA's redevelopment projects.

Response: The Government has made a commitment that nobody will be rendered homeless as a result of the urban renewal programme. The URA will ensure that all affected tenants will be properly rehoused. We have now come to a preliminary agreement with the Housing Society. Our discussions with the Housing Authority are making good progress. The URA will work closely with the Housing Authority and the Housing Society to rehouse all affected tenants properly.

(13) **Loan Scheme**

Comment: A loan scheme should be provided to enable affected tenants to purchase a private residential flat.

Response: We think that rehousing in public rental housing is a more appropriate option. However, we will explore the possibility of offering financial assistance to affected tenants under one of the existing housing loan schemes administered by the Housing Authority and the Housing Society.

(14) **Transitional matters**

Comment: The transition from the LDC to the URA should be smooth.

Response: We will ensure that there will be a smooth and seamless transition from the LDC to the URA.

(15) **Miscellaneous**

(i) **Building technology**

Comment: Hong Kong should make use of the opportunity of urban renewal to improve our building technology.

Response: We will use the opportunity of urban renewal to upgrade building technology and techniques in Hong Kong.

(ii) **Obsolete encumbrances**

Comment: Obsolete encumbrances to land should be removed as part of urban renewal.

Response: The scope of the White Paper does not include the removal of obsolete encumbrances to land. The problem should be dealt with as a separate exercise. Perhaps the Land Titles Bill will be a more approach vehicle for resolving this problem.

(iii) **Cap. 545**

Comment: The Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) should be amended to make it easier for private developers to assemble land for redevelopment.

Response: The Land (Compulsory Sale for Redevelopment) Ordinance was only implemented in 1999. We should let the Ordinance operate for a while before reviewing it.

(iv) **Working relationship between the Government and the URA**

Comment: The working relationship between the Government and the URA should be clearly set out.

Response: A well-established working relationship between the Government and the LDC has developed over the years. Dedicated urban renewal teams have been set up in the Planning and Lands Bureau, Planning Department and Lands Department to facilitate the work of the LDC and coordinate the work of concerned departments. This working relationship will be upgraded with

establishment of the URA.

(v) Closing date for public consultation

Comment: The closing date for public consultation should be extended.

Response: The closing date for public consultation was extended from 3 December 1999 to 31 December 1999.

**Planning and Lands Bureau
January 2000**

**The Administration's comments on the submission
of the Hong Kong YWCA
Urban Renewal Social Service Team
dated 29 December 1999**

General comments

The Land Development Corporation (LDC) is funding two urban renewal social service teams. The experience has been that such teams facilitate the urban renewal process and act as a bridge between the LDC and owners and tenants affected by redevelopment projects.

We are of the view that the Urban Renewal Authority (URA) should consider setting up an urban renewal social service team for each of the nine urban renewal target areas to provide assistance and advice to residents affected by URA's redevelopment projects. Such a team should be set up before the first redevelopment project actually commences in a target area. We generally agree with YWCA's view in paragraph 4.2 of the submission (survey report) that a social service team can help to meet the needs of affected residents.

Our urban renewal strategy is based on a people-oriented approach to urban redevelopment. Similar to YWCA's approach (paragraph 1), people always come first under our strategy. Our ultimate goal is to improve the quality of life for our generation and future generations. The Government's policy is to balance the interests and needs of all sectors of the community and not to sacrifice the rights of any particular group.

Specific comments

YWCA has proposed cash compensation as an alternative for tenants who are not eligible for rehousing (paragraph 2.4).

Our policy is to provide appropriate and affordable rehousing for tenants affected by URA's redevelopment projects. However, we are considering introducing an ex-gratia allowance for tenants who are not prepared to accept rehousing or who are not eligible for rehousing.

Some respondents to YWCA's survey were concerned about losing their homes as a result of urban redevelopment (paragraph 2.5). The Government has made a commitment not to let anyone affected by URA's redevelopment projects to be made homeless. We will ensure that there are sufficient rehousing resources to accommodate affected tenants.

22% of the respondents to the survey was over 60 years old (paragraph 2.7). Efforts will be made to provide local rehousing for elderly people. Small urban sites will be granted to the Housing Society for the construction of special housing blocks for rehousing elderly people affected by URA's redevelopment projects.

According to the survey, few people were aware of the public consultation exercise (paragraph 2.8). The public consultation on the Urban Renewal Authority Bill (the White Bill) lasted from 22 October 1999 to 31 December 1999. During this period, 34,000 copies of the consultation booklet (containing a consultation paper, plus a copy of the White Bill) were distributed. Representatives of the Planning and Lands Bureau and the Planning Department attended 32 briefing sessions, seminars and public forums on the White Bill. The Bureau also organized two open forums to gather public views. The Legislative Council held a motion debate on the subject on 8 December 1999 during which 20 Members spoke. Announcements of public interest (APIs) were aired regularly during the consultation period. About 300 submissions were received. We are of the view that sufficient publicity was given to the White Bill.

YWCA has suggested that the URA should not rely entirely on private developers for financing its redevelopment projects (paragraph 3.1). Adequate financial resources will be made available to

the URA. The Government is prepared to consider the following financial and non-financial measures to enable the URA to implement its urban renewal programme:

- (a) waiver of land premia for redevelopment sites;
- (b) waiver of land premia for rehousing sites;
- (c) exemption of Government/Institution/Community facilities within URA project areas from the calculation of Gross Floor Area;
- (d) relaxation of plot ratio controls to the maximum permitted levels under the Building (Planning) Regulations made under the Buildings Ordinance (Cap. 123) (at present buildings/developments are subject to plot ratio controls under both the Building (Planning) Regulations and the relevant Outline Zoning Plan); and
- (e) Government loans to the URA.

Respondents to the survey indicated that they would wish to see a more representative Managing Board of the URA (paragraph 3.2). The Managing Board of the URA will be representative of the community and will include members from the relevant professions.

Some respondents suggested extending the one-month objection period for a development project (paragraph 3.3). Before implementing a project by way of a development project, the URA is required (under the Urban Renewal Authority Bill) to publish in the Government Gazette the commencement date of the implementation of the project and to exhibit general information about the project for public inspection. During the one-month objection period, any person who considers that he will be affected by the project may raise objections. The URA has to consider all objections and to discuss with the objectors

the issues involved. The URA will then submit the development project, its deliberations on the objections which are not withdrawn to the Secretary for Planning and Lands for his consideration. We are of the view that the one-month objection period is appropriate and sufficient. An extension of the objection period would delay the implementation of a project.

The survey also touched on rehabilitation (paragraph 3.6). The Government is formulating a proposal for the preventive maintenance of buildings and will consult the public shortly. If this proposal is supported, a statutory scheme will be introduced to require owners of older buildings which are not properly maintained to carry out preventive maintenance and proper repairs of their buildings. It is the responsibility of owners to maintain their properties. However, financial assistance will be provided to those who have difficulties in paying for the repairs. The task of implementing this scheme will be shared between the Buildings Department and the URA.

Respondents to the survey were of the view that affected residents should be consulted (paragraph 3.7). The URA is required to publish in the Government Gazette the commencement date of a project (development project or development scheme) and to exhibit general information about the project for public inspection. The URA will be asked to hold public meetings to inform local residents of its projects and to gather public views. Easy-to-understand pamphlets should be printed for distribution to persons affected.

Planning and Lands Bureau
9 February 2000