

Subcommittee to study the Urban Renewal Authority White Bill

Concerns raised at the meeting on 30 November 1999

Members requested the Administration -

- (a) to clarify whether clause 9 of the Bill implies that the Chairman and the executive directors of the Urban Renewal Authority (URA) shall attend Legislative Council meetings to answer questions at the request of the Legislative Council. Such an arrangement would be different from the existing practice whereby the Administration would decide which designated public officers shall answer questions or speak on a motion on the work of the Government including that of statutory bodies;
- (b) to provide a bar chart to explain the work involved once a proposal included in the corporate plan has been approved by the Financial Secretary. Please indicate the estimated time required for completion of each step of the work;
- (c) to consider the most appropriate time for conducting a freezing survey for the purpose of determining eligibility for compensation and rehousing. Members are gravely concerned that the long time gap 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 designated redevelopment areas;
- (d) to clarify whether the URA has to submit a development project to the Secretary for Planning, Environment and Lands for authorization. If so, at what stage should this be done and whether consideration would be given to reflecting such a requirement in the Bill;
- (e) to revise the flow chart on planning procedure for an URA development project where planning permission under section 16 of the Town Planning Ordinance (Cap 131) is required;
- (f) to expedite review of the compensation system under the Lands Resumption Ordinance (Cap. 124). Members consider that the outcome of the review would bear much weight on their consideration of the Bill;

- (g) to provide as far as practicable further information on the ways in coming up with the estimated income and expenditure for the 20-year urban renewal programme. Members consider the information provided by the Administration too scanty to enable a fruitful discussion;
- (h) to review the proposed amendment to clause 5 of the Bill as the word "buildings" may not cover the intended scope of objects which may be preserved;
- (i) to review whether the Chinese and English versions of clause 11(3) are consistent; and
- (j) to provide a paper to set out the views received on the White Bill after expiration of the public consultation period.

Legislative Council Secretariat

6 December 1999

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3 December 1999

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Dear Miss Leung,

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

Thank you for your letter of 1 December 1999.

Our response to the issues raised in paragraph 2 of your letter is as follows:

(a) Clause 9 (“Answer to Legislative Council”)

Clause 9 of the Urban Renewal Authority Bill (the White Bill) provides that:

“The Legislative Council and its committees and subcommittees may request the Chairman and the executive directors to attend its meetings and they shall comply. The Chairman and the executive directors shall answer questions raised by the Members of the Legislative Council at the meetings.”

Clause 4 of the White Bill also provides that the Chairman and the two executive directors of the Board of the Urban Renewal Authority (URA) must not be public officers. Accordingly, the Administration will not designate the Chairman and the two executive directors of the URA as designated public officers to answer questions or speak on motions at Legislative Council meetings on the Government's behalf.

(b) Processing of proposals

A chart outlining the processing of URA proposals is at Annex A for Members' information.

(c) Freezing surveys

Before implementing a redevelopment project, the URA is required to publish in the Government Gazette notice of the commencement date of the implementation of the project and to exhibit general information about the project for public inspection (clause 20 of the White Bill). The date on which the project is first published will be the commencement date of the project.

The main purpose of announcing a commencement date for a project is to provide a cut-off date for determining rehousing eligibility for affected tenants. On the same day as the publication of the project in the Gazette, the URA will conduct a freezing survey to determine rehousing eligibility and to prevent "imposters" from moving into buildings within the project area. Clause 26 ("Power to enter and inspect") of the White Bill provides for the conduct of such freezing surveys. A freezing survey is usually completed within a day or two.

We appreciate Members' concern about leakage of sensitive information concerning the urban renewal programme. The Government and the URA will take all necessary measures to protect the confidentiality of such information.

- (d) Clause 21 (“Objections to projects to be implemented by way of development project”)

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Our intention is that the URA has to submit a development project to the Secretary for Planning, Environment and Lands (SPEL) for authorization even if the URA has not received any objection within the publication period. This intention is implied in clause 24 (2)(b) which provides that in the case of a development project, the URA has to apply to SPEL requesting him to recommend to the Chief Executive in Council resumption of the land required not later than 12 months after the authorization by SPEL under clause 21(4) for the project to proceed.

We agree that the intention is not very clearly set out in clause 21. For the avoidance of doubt, we propose to amend clause 21 by adding a new sub-clause which reads (tentatively) as follows:

“The Secretary may authorize the Authority to proceed with the development project if after the expiration of the publication period no objections have been lodged.”

- (e) Flow chart on planning procedure

A revised flow chart on the planning procedure for a URA development project is at Annex B for Members’ information.

- (f) Compensation for owners and tenants

Owner-occupiers of residential properties affected by the URA’s redevelopment projects will be 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 compensation package.

Some have suggested that owners should be given compensation to enable them to buy a five years' old flat (some have suggested an entirely new flat) of the same size in the same area, while some are of the view that the existing "ten years' old flat" principle is generally acceptable. We will review the position at the end of the consultation period.

We are also prepared to review the compensation package for owners and tenants of non-residential properties.

(g) Estimated income and expenditure of the 20-year urban renewal programme

A paper providing supplementary information on the estimated income and expenditure of the 20-year urban renewal programme is at Annex C for Members' information.

(h) Clause 5 ("Purposes of Authority")

We propose to revise clause 5 of the White Bill by adding a new sub-clause after clause 5(d) which reads (tentatively) as follows:

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

(i) Clause 11 ("Borrowing powers")

The English version of clause 11(3) reads as follows:

"The Secretary for the Treasury may give directions in writing of a general or specific character to the Authority in relation to the amount of money which may be borrowed under subsection (2) and the Authority shall comply with those directions."

The Chinese version of the same sub-clause reads as follows:

“庫務局局長可就市建局根據第(2)款可借取的款額，向市建局作出一般性或具體性的書面指示，而市建局須遵從該等指示。”

We are of the view that the two versions are consistent.

(j) Report on public consultation

We will submit a report on the public consultation on the White Bill for Members' reference after the end of the consultation period.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning,
Environment and Lands

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

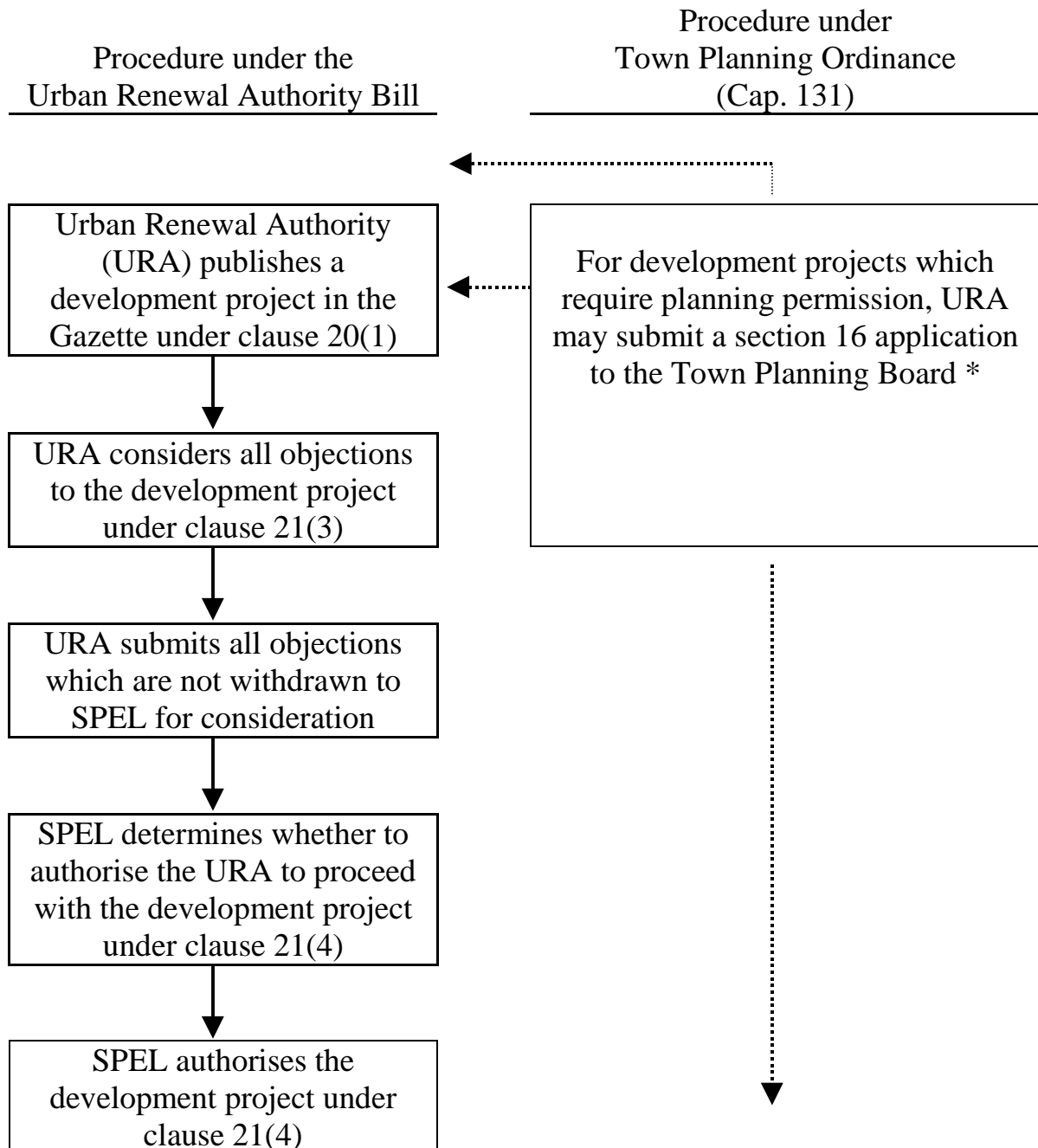
Major Steps and Broad Time Frame for Processing a URA Development Project

Time (in months)	1	2	3	4	5	6
Major Steps						
1. URA to publish the development project in the Gazette (1 month)						
2. URA to carry out a freezing survey within the project area on the day of the gazettal	*					
3. URA to consider all objections received (3 months)						
4. URA to submit the development project, its deliberations on the objections received, and any objections which are not withdrawn to SPEL				*		
5. SPEL to consider the development project and all objections which are not withdrawn (1 month)						
6. SPEL to decide whether to authorise the project to proceed with or without amendments						*

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Planning Procedure under the Urban Renewal Authority Bill (the White Bill)

Planning Procedure for a URA Development Project



Note: * Such planning applications are usually for minor uses that require planning permission in the project area, e.g. a public toilet. For any proposal which requires a major change in the land use, the URA should carry out the proposal by way of a development scheme rather than by way of a development project.

**Supplementary Information
on the Estimated Income and Expenditure
of the 20-year Urban Renewal Programme**

(I) Estimated Income and Expenditure

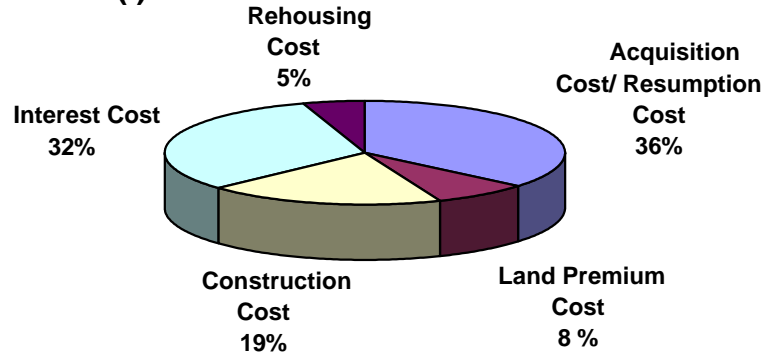
Mode of Operation	(a) Gross Development Value (\$ billion)	(b) Development Cost (\$ billion)	(c) Profit/Loss [(a)-(b)=(c)] (\$ billion)	(d) Return on cost [$\frac{(c)}{(b)} \times 100\% = (d)$]
LDC Mode	172.5	231.8	-59.3	-25.6%
URA Mode 1	179.0	195.5	-16.5	-8.4%
URA Mode 2	217.9	207.2	10.7	5.1%

(II) Analysis of Development Cost

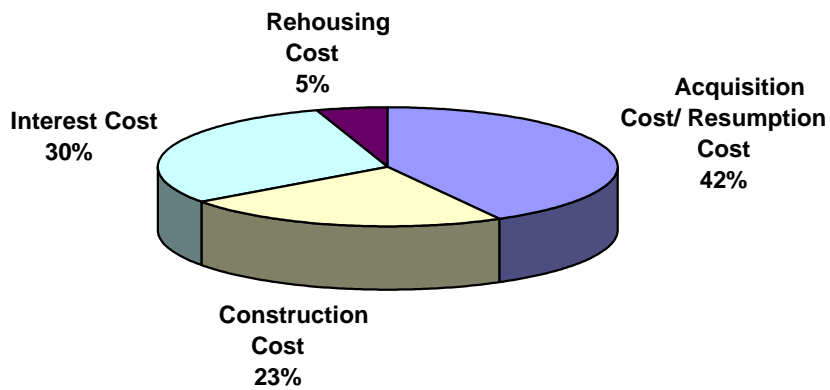
Cost item	LDC Mode		URA Mode 1		URA Mode 2	
	(\$ billion)	(%)	(\$ billion)	(%)	(\$ billion)	(%)
Acquisition/ resumption cost	81.2	36	81.2	42	81.2	39
Land premium cost	19.5	8	-	-	-	-
Construction cost	44.3	19	46	23	55.5	27
Interest cost	75.1	32	58.8	30	61.0	29
Rehousing cost	11.7	5	9.5	5	9.5	5
	231.8	100	195.5	100	207.2	100

(III) Analysis of Cost Structure

(i) Cost Structure of LDC Mode



(ii) Cost Structure of URA Mode 1



(iii) Cost Structure of URA Mode 2

