

Tel. No.: 2848 2598

Fax No.: 2905 1002

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24 January 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

Fax No.: 2877 8024
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Dear Miss Leung,

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

Thank you for your letter of 21 January 2000.

Our response to the points raised in the second paragraph of your letter is as follows:

(a) Compensation for owners

Some Members have suggested any ex-gratia allowance for owners whose properties are resumed for the redevelopment projects of the Urban Renewal Authority (URA) should be set out in the Urban Renewal Authority Bill.

Under clause 24 of the Bill, the URA may apply to the Secretary for Planning and Lands (SPL) requesting him to recommend to the Chief Executive in Council the resumption of land required for its redevelopment projects. SPL may recommend to the Chief Executive in Council the resumption of land so required. Any land resumption for the URA will be conducted under the Lands Resumption Ordinance (Cap. 124), and compensation will be paid under that Ordinance. The principles and rules for determining compensation are set out in sections 11 and 12 of that Ordinance. However, ex-gratia allowances payable to owners are not set out in that Ordinance.

The statutory compensation for owners of domestic premises will be the fair market value of the resumed premises. Owner-occupiers are also eligible for the Home Purchase Allowance (HPA), which is an ex-gratia allowance payable to enable affected owners to purchase a replacement flat of a similar size in the locality of the resumed flat. The amount of HPA payable is the difference between the cost of a replacement flat and the amount of statutory compensation. Under the current practice, we estimate the cost of a replacement flat on the basis of a ten-year-old flat of a size similar to the one being resumed and in the same locality.

The HPA for all resumptions under the Lands Resumption Ordinance is the same. It would not be appropriate to single out the HPA for owners affected by the redevelopment projects of the URA by making their HPA statutory.

The HPA will be paid according to the established policy and practices. An owner who claims to have suffered injustice in consequence of maladministration in connection with the payment of HPA may lodge a complaint with the Ombudsman. The owner may also seek a judicial review of the case.

(b) Preventive maintenance

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 would 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 proposed that the task of implementing this scheme should be shared between the Buildings Department (BD) and the URA. The URA would be empowered to implement the scheme within the nine urban renewal target areas. Amendments to the Buildings Ordinance (Cap. 123) would be required to implement this proposed scheme. The details of the scheme will be set out in the consultation paper.

Under this proposal, BD would continue to be responsible for taking enforcement actions against owners whose buildings are in imminent danger. The URA would not be tasked to take enforcement actions against owners whose buildings require emergency repairs.

(c) Chairman of the URA

Under clause 4(1) of the Bill, the Chairman of the URA will be an executive Chairman, ie, he is both the Chairman and an executive director. Since the Chairman will take on executive functions, there is no need to appoint a Chief Executive Officer to run the daily activities of the URA. We believe that this model will enhance the public accountability of the Chairman and the efficiency of the URA. However, we are prepared to have a further look at clause 4 of the Bill.

(d) Composition of the URA Board

As requested by Members, we will have a further look at the composition of the URA Board.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands

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