

立法會
Legislative Council

LC Paper No. CB(1)509/04-05
(These minutes have been seen
by the Administration)

Ref : CB1/PL/PLW/1

Panel on Planning, Lands and Works

Minutes of meeting
held on Tuesday, 23 November 2004, at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon LAU Wong-fat, GBS, JP (Chairman)
Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon James TO Kun-sun
Hon CHOY So-yuk
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon LI Kwok-ying, MH
Hon Daniel LAM Wai-keung, BBS, JP
Hon Alan LEONG Kah-kit, SC
Hon CHEUNG Hok-ming, SBS, JP

Members attending : Hon Fred LI Wah-ming, JP
Hon CHAN Yuen-han, JP
Hon CHAN Kam-lam, JP
Hon Audrey EU Yuet-mee, SC, JP

Members absent : Hon WONG Yung-kan, JP
Hon Timothy FOK Tsun-ting, GBS, JP

Public officers attending : **Agenda items IV and V**

Ms Olivia NIP
Deputy Secretary for Housing, Planning and Lands
(Planning and Lands) 2

Ms Ivy LAW
Principal Assistant Secretary for Housing, Planning and
Lands (Planning and Lands) 4

Urban Renewal Authority

Mr Billy LAM
Managing Director

Mr Trevor KEEN
Co-ordinator, Corporate Strategy

Mr Ian WONG
General Manager, Property and Lands

Mr MOK Yiu-kwong
District Development Implementation Strategist

**Attendance by
invitation**

: Agenda item IV

Old Urban Tenant Alliance

Mr TSE Fuk-por
Convenor

Ms CHU Chuk-ying
Convenor

Urban Renewal Monitor

Mr YAM Wai-sang
Member

Mr Brandon K YOUNG
Member

H15 Concern Group (H15關注組)

Ms FOK Lai-ching, Juney
Representative

Ms WAN Suet-chun
Representative

Agenda item V

Wan Chai District Council

Ms Ada WONG
Chairman

Mr Steve CHAN
Chairman of Urban Renewal Task Force

Miss Mary Ann King
Vice-Chairman of Urban Renewal Task Force

Clerk in attendance : Miss Odelia LEUNG
Chief Council Secretary (1)4

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Ms Christina SHIU
Legislative Assistant

Action

I Confirmation of minutes

(LC Paper No. CB(1)265/04-05 -- Minutes of meeting on 26 October 2004)

The minutes of the meeting held on 26 October 2004 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)134/04-05(01) -- Letter dated 21 October 2004 from Dr Hon YEUNG Sum and Hon Martin LEE on “Potted Plant Garden in Ma Hang”

LC Paper No. CB(1)174/04-05 -- Letter dated 27 October 2004 from the Central & Wanchai District Council (C&WDC) expressing C&WDC’s concerns about the placing of skips on the streets

LC Paper No. CB(1)176/04-05(01) -- Information paper on 132CD – Drainage improvement works at

- LC Paper No. CB(1)217/04-05(01) -- Tsing Lun Road, Tuen Mun
Letter dated 27 October 2004
from the Hong Kong Japanese
Tour Operators Association on
the heritage tourism
development project at the
Central Police Station
Compound
- LC Paper No. CB(1)239/04-05(01) -- Letter dated 12 November 2004
from the Administration
providing information on
legislative proposal to resolve
the problem of missing and
illegible leases
- LC Paper No. CB(1)243/04-05(01) -- Information paper on
implementation of central
registration service by the Land
Registry
- LC Paper No. CB(1)252/04-05(01) -- Information paper on proposed
revision to fees in relation to oil
storage installation licence and
registration of building
professionals and contractors
- LC Paper No. CB(1)284/04-05(01) -- Letter dated 19 November 2004
from the Housing, Planning and
Lands Bureau providing a paper
on release of statistics on private
housing supply in primary
market)

2. Members noted the above information papers issued since the last monthly regular meeting of the Panel on 26 October 2004.

III Items for discussion at the next meeting

(LC Paper No. CB(1)263/04-05(01) -- List of outstanding items for discussion)

3. To facilitate their attendance, members agreed to advance the next regular meeting of the Panel originally scheduled for 28 December 2004 to either of the following dates –

(a) Tuesday, 21 December 2004, at 10:45 am; or

(b) Wednesday, 22 December 2004, at 2:30 pm.

It was agreed that the Clerk should issue a circular to invite members to indicate their preference in this regard.

(Post-meeting note: The said circular was issued vide LC Paper No. CB(1)320/04-05 on 24 November 2004.)

4. Members concurred that the item on 4112CD -“Drainage Improvement in Northern New Territories – Package A” proposed by the Administration would be discussed at the above meeting.

5. Members also agreed to schedule a three-hour special meeting for Thursday, 16 December 2004, to receive deputations concerning “Development of West Kowloon Cultural District”. The five proponents which had made proposals in response to the relevant Invitation for Proposals would be invited to attend the meeting. A circular on the organizations to be invited would be issued for members’ comments.

(Post-meeting note: The said circular was issued vide LC Paper No. CB(1)321/04-05 on 24 November 2004.)

6. Members further agreed to include in the Panel’s list of outstanding items for discussion issues concerning handling of applications for rezoning land from “Other Specified Uses” to residential or commercial uses.

7. In relation to item 12, Central Reclamation Phase III, on the list, Mr Alan LEONG Kah-kit suggested that the Administration be requested to provide planning details of the land to be reclaimed, such as the supporting road network, building height, percentage of land planned for commercial use etc. Deputations should also be invited to express views when the subject was discussed by the Panel.

8. Mr CHEUNG Hok-ming suggested that the Panel should discuss item 17 concerning issues raised by Heung Yee Kuk at meetings with LegCo Members in July 2005.

IV Compensation arrangements for land resumption for urban renewal projects

(LC Paper No. CB(1)196/04-05(02) --- Submission dated 6 October 2004 from Old Urban Tenant Alliance

LC Paper No. CB(1)287/04-05(01) --- Further submission from Urban Renewal Monitor

LC Paper No. CB(1)196/04-05(01) --- Submission dated 1 October 2004 from Urban Renewal Monitor

LC Paper No. CB(1)287/04-05(02) --- Submission from H15 Concern Group

LC Paper No. CB(1)263/04-05(02) -- Information paper provided by

LC Paper No. CB(1)263/04-05(03)-- the Administration Background brief on compensation arrangements for land resumption for urban renewal projects prepared by the Legislative Council Secretariat)

9. Members noted the following papers tabled at the meeting –

- (a) Annexes 2, 8, 9 and 11 to the submission from H15 Concern Group (LC Paper No. CB(1) 287/04-05(02));
- (b) Submission dated 22 November 2004 from Property Owners' Concern Group on Redevelopment of Staunton Street and Wing Lee Street (中區士丹頓街及永利街重建業主關注組) and Tenants' Concern Group on Redevelopment of Staunton Street and Wing Lee Street (士丹頓街及永利街重建租客組);
- (c) Submission dated 22 November 2004 from three Eastern District Council members; and
- (d) Submission dated 21 November 2004 from Ms Cyd HO.

(Post-meeting note: The above submissions were circulated to members vide LC Paper No. CB(1)317/04-05 on 24 November 2004.)

Meeting with deputations

Meeting with Old Urban Tenant Alliance
(LC Paper No. CB(1)196/04-05)(02))

10. Ms CHU Chuk-ying and Mr TSE Fuk-por, Convenors of Old Urban Tenant Alliance, briefed members on the Alliance's submission dated 23 November 2004 which was tabled at the meeting.

(Post-meeting note: The submission of the Alliance was circulated to members vide LC Paper No. CB(1)317/04-05(01) on 24 November 2004.)

Meeting with Urban Renewal Monitor
(LC Paper Nos. CB(1)196/04-05)(01) and 287/04-05(01))

11. Mr Brandon K YOUNG, Member of Urban Renewal Monitor (URM), briefed members on URM's latest submission (LC Paper No. CB(1)287/04-05(01)).

12. Quoting examples to show how arbitrary the Urban Renewal Authority (URA)'s valuations could be, Mr YAM Wai-sang, Member of URM, stressed the need for the URA to disclose its valuations to ensure fairness and acceptability. He also cast doubt on why URA incurred operating deficits in implementing urban renewal projects, as reported in the press.

Meeting with H15 Concern Group
(LC Paper No. CB(1)287/04-05(02))

13. Ms WAN Suet-chun, Representative of H15 Concern Group, briefed members on the Group's submission.

14. The Chairman thanked the above deputations for attending the meeting to express their views.

Meeting with the Administration and the Urban Renewal Authority

Admin

15. With the aid of a video, the Managing Director of URA (MD/URA) briefed members on URA's work and the compensation arrangements for property acquisition for urban renewal projects. In response to the Chairman, the Administration agreed to provide a consolidated response to the submissions made and concerns raised by the deputations.

(Post-meeting note: The hard copy of MD/URA's opening statement on this agenda item was circulated to members vide LC Paper No. CB(1)330/04-05(01) on 25 November 2004.)

Arbitration and valuations of Home Purchase Allowance rate

16. Mr James TO Kun-sun indicated support for the deputations' call for an independent arbitration mechanism to ensure fairness and minimize disputes between the URA and the affected residents on the assessment of the Home Purchase Allowance (HPA) rate. This could be achieved, for example, by expanding the scope of the Lands Tribunal to adjudicate on the HPA rate. The setting up of an independent arbitration mechanism was necessary because although the residents could appeal to the Executive Council against land resumption, the deliberations would be held behind closed doors. By providing an independent arbitration mechanism on the HPA rate, affected residents would be more willing to move out before the amount of payment was settled. In this regard, he also urged the URA to disclose the valuations made by the professional surveying firms appointed by it.

17. Commenting on the above proposals, the General Manager, Property and Lands of URA (GM/P&L) made the following points –

- (a) In recognition of the complexity in assessing the HPA rate for each project, the URA would appoint seven professional valuation firms

by open tender. The firms were required to assess the HPA in accordance with professional standards and guidelines issued by the Director of Lands. The HPA rate for the project was then determined by taking a weighted average of the seven valuations. This approach had been implemented in a number of urban renewal projects since 2002 and was accepted by a large majority of domestic flat owners.

- (b) In the event that the land needed to be resumed under the Lands Resumption Ordinance (Cap.124) because the URA could not acquire the properties by negotiations with the owners, affected persons might lodge appeal to the independent HPA Appeals Committee concerning eligibility for HPA payments. Where necessary, the case might be taken to the Lands Tribunal for adjudication on statutory compensation.

URA 18. GM/P&L agreed at the Chairman's request to provide a paper to explain how the HPA rate was assessed for projects undertaken by the URA.

19. Notwithstanding the above clarifications, Mr James TO reiterated that the URA should make available the professional valuations to owners and an independent arbitration mechanism should be set up to adjudicate the HPA rate where there were disputes. In his view, if the Lands Tribunal took on the additional responsibility for adjudicating HPA rate, it would not be overloaded and the progress of redevelopment would not be slowed down if many owners found URA's assessment of HPA acceptable as claimed.

20. In response, MD/URA agreed to consider disclosing the HPA rates assessed by the valuation firms appointed by the URA and the factors they considered in the process. As to the proposal to provide for an independent arbitration mechanism, he pointed out that the URA already had a Review Committee, which considered cases where property owners were dissatisfied with decisions relating to eligibility for HPA during the URA's acquisition stage. The Review Committee comprised a total of 35 members coming from a variety of sectors. Five, including the chairman who was a professor in social work, were members of the URA Board. There were also LegCo Members sitting on the Review Committee. The present composition of the URA's Review Committee already included members representing different interests and the Review Committee was discharging its function impartially. Notwithstanding, the URA would aim to further improve the operation of its Review Committee.

21. Mr James TO was unconvinced why the URA could not disclose its valuations. Messrs Albert CHAN Wai-yip and LEE Wing-tat were likewise unconvinced. In particular, Mr LEE opined that as professional surveyors, the valuation firms appointed by the URA should be willing to disclose their valuations. Such disclosure was important because it would help ensure the firms would not deliberately under-estimate the value of the property for fear of losing URA's service contracts.

URA

22. In response, MD/URA said that valuation reports on the open market value of properties to be acquired had been provided to the owners and their surveyors. He shared with members the concerns of some surveyors about disclosure of valuations. He said that some surveyors were concerned about possible confrontation by affected residents if the latter were unhappy with their valuations. Some surveyors also commented that if their valuations were to be disclosed, they might tend to make a higher valuation just to avoid confrontation. With such concerns, disclosure of valuations would not be conducive to ensuring impartiality. Nevertheless, in recognition of members' concern, he reiterated that the URA would carefully consider the proposal to disclose the professional valuations.

23. Mr LEE Wing-tat said that if professional surveyors did express such concerns about disclosure of their valuations, he would find it disappointing. He considered it an insult to residents to assume that they would confront surveyors if they found their valuations disagreeable. It was also an insult to surveyors to presume that they might deliberately over-estimate the HPA rate in the event that their valuations would be disclosed. He believed that professionals should have professional ethics and opined that MD/URA should not use excuses for not disclosing URA's valuations. Mr Albert CHAN also said that there should be no difficulty in disclosing URA's valuations because the URA could choose not to engage those valuation firms which disagreed to disclose their valuations.

24. In response, MD/URA emphasized that he was only making known to members some surveyors' comments and concerns on disclosure of professional valuations. It did not mean that he accepted such concerns being valid reasons for not disclosing their valuations. He emphasized the need to strike a balance between the views of different parties and would carefully examine the suggestion to disclose professional valuations.

Other views and concerns

25. Mr Albert CHAN expressed disappointment at the lack of improvement in the transparency of both the URA and the Lands Department. He urged MD/URA to introduce innovative measures to improve the urban renewal process. In response, MD/URA thanked the member for his support for URA's work. He said that 25 projects and many practices of the URA were carried over from the former Land Development Corporation (LDC) and he was obliged to follow. Nonetheless, various new measures to take forward URA projects were being actively explored.

26. Mr Albert CHAN expressed regret that despite the motion passed at the Council meeting on 4 July 2001 urging the Administration to review the compensation policy on land resumption, in particular in relation to resumption of commercial property, little improvement had been made in this regard. He also pointed out that it was unfair to require affected shop owners/operators to provide

minute details of their operations for the purpose of calculating compensation while the URA refused to disclose its valuations. Mr Abraham SHEK Lai-him shared his views.

27. In response, MD/URA clarified that where shops were acquired for development, the surveyors representing the URA and the shop owners/operators respectively would openly share the information on valuations with each other. The Deputy Secretary for Housing, Planning and Lands (Planning and Lands)2 (DSHPL(P&L)2) confirmed that in resumption of commercial property by the Government, the same practice would be adopted. She agreed that the processing of compensation claims could be further simplified and accelerated. She also elaborated that since 2001, improvement to compensation arrangements for non-domestic properties had been made to tackle disputes on business loss, and tenants, owners and owner-occupiers of commercial properties were offered ex gratia allowance calculated on the basis of a multiple of the amount of rateable value of the resumed properties.

28. Mr Albert CHAN urged the URA to consider introducing the “flat-for-flat” exchange scheme as requested by the deputations. He emphasized that although experimentation of the scheme by the former LDC had been unsatisfactory, more compensation options should be made available to affected owners because they were forced to give up their property. MD/URA noted his views.

29. Mr Abraham SHEK showed understanding of the deputations’ grievances. He also agreed with them that no ceiling should be imposed on the ex-gratia payments for tenants, and called upon the URA to adhere to the people-oriented approach advocated by it. In response, MD/URA clarified that there was no ceiling on the ex-gratia payments, and for ex-LDC projects, these would continue to be calculated on the basis of the previous formula in force before the enactment of the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004. Only the additional incentive, on top of the ex-gratia payment, to encourage affected residents to move out early would be subject to a maximum payment of \$200,000.

V Urban renewal of Wan Chai

(LC Paper No. CB(1)196/04-05(03) -- The position paper provided by Wan Chai District Council

LC Paper No. CB(1)263/04-05(04) -- Information paper provided by the Urban Renewal Authority)

Meeting with Wan Chai District Council

30. Ms Ada WONG, Chairman of Wan Chai District Council (WCDC), briefed members on WCDC’s position paper on urban renewal of Wan Chai.

Meeting with the Administration and the Urban Renewal Authority

31. MD/URA briefed members on URA's response to WCDC's position paper.

(Post-meeting note: The hard copy of MD/URA's opening statement on this agenda item was circulated to members vide LC Paper No. CB(1)330/04-05(02) on 25 November 2004.)

The overall approach

32. Mr Abraham SHEK highlighted the latest trend in urban redevelopment towards preservation of old districts, and indicated support for WCDC's position paper. He also showed appreciation for the willingness of WCDC to act as a facilitator in implementing urban renewal and urged the URA to positively respond to their initiative. Mr LEE Wing-tat shared his views. Pointing out that nearly all proposals in WCDC's position paper and H15 Concern Group's submission had been turned down, he questioned whether the URA really adhered to the people-oriented approach, encouraged public participation in its projects, and retained the characters of old districts. He asked MD/URA to use the Lee Tung Street Project as an example to show how the URA adhered to these principles.

33. In response, MD/URA said that although the priorities and emphases might be different, the URA was in broad agreement with WCDC's views on the need to regenerate the older urban districts while minimizing, as far as possible, disruption to local communities and businesses. He assured members that in taking forward urban renewal of Wan Chai, a comprehensive 4R approach combining redevelopment where appropriate, assistance to owners to rehabilitate their properties, preservation of buildings of architectural, historic or heritage value where possible, and the overall revitalization of older districts would be adopted. The URA would endeavour to work out how Wan Chai could be renewed in an optimal way to preserve its characteristics, and would ensure proper rehousing for residents affected with regard to their personal needs. In this regard, Miss CHAN Yuen-han opined that to really help residents overcome the difficulties in identifying replacement flats, the URA should relax the many restrictions relating to the purchase of replacement flats, or launch a "flat-for-flat" exchange scheme.

The Lee Tung Street Project

34. Mr Abraham SHEK stated that to encourage local communities to participate in the urban renewal process, the URA should seriously consider the alternative plan for implementing URA's Lee Tung Street Project (the alternative plan) put forward by the H15 Concern Group to preserve the Street as a wedding card centre.

35. In response, MD/URA explained that the alternative plan had already been examined in detail. However, the preservation of a particular trade or activity, as opposed to a building structure, presented a number of specific problems. For example, most of the wedding card operators on Lee Tung Street were tenants operating in rented premises. Even if the URA was able to preserve and renovate the existing buildings, there was no guarantee that the owners would be willing to continue renting them to their current tenants or for their current use. Neither could the URA be certain of how long the operators would wish to continue in business given changing market circumstances. Moreover, the URA had already reached agreements with owners to purchase 75% of the 647 separate property interests affected by the Lee Tung Street Project, and those who preferred to continue living in the same district were being actively assisted by URA frontline staff to identify replacement flats in the vicinity.

36. Mr Abraham SHEK maintained that the viability of the alternative plan should be more actively examined because it could offer both flat-for-flat compensation and in-situ rehousing. Moreover, the proponents of the alternative plan had put in much time to work out the plan and the URA should discuss the details with them. In this regard, Mr James TO urged the URA to seriously examine whether, as claimed by the H15 Concern Group, the alternative plan was as financially viable as URA's plan.

37. Miss CHAN Yuen-han echoed the above views and said that the alternative plan was a good example of how local community economy could be preserved instead of uprooted to aggravate the already serious unemployment problem. She opined that the URA should not refuse to reconsider the alternative plan because of financial constraints. She also pointed out that only very few old communities were left and they should be actively preserved. Arbitrary relocation of the cloth merchants operating in Wing On Street (aliased Cloth Alley) to the Western Market had proved unsuccessful and lessons should be learnt to avoid recurrence. Arrangement should be made to rehabilitate the buildings in Lee Tung Street as proposed in the alternative plan.

38. Responding to members' repeated calls to reconsider the alternative plan, MD/URA made the following points –

- (a) Some old buildings in Lee Tung Street might be structurally unsafe and could not be preserved. Even if some could be preserved, the affected residents still had to move out to enable renovation works to commence. This was because the renovations works would cause serious disturbance. As such, some residents might opt to move out for good in return for rehousing or compensation instead of moving back after the completion of the renovation works;
- (b) The development mode of Lee Tung Street was at a preliminary stage. Five designs had been identified through an open competition for reference and inspiration, and close consultation with WCDC

and the local communities would be conducted in due course to take forward the development concept in the context of a more holistic approach for total revitalization of the old Wan Chai centre covering Lee Tung Street and its neighbourhood. During the process, the alternative plan would be examined. Other ideas that could preserve the local character and include tourist attractions would also be considered; and

- (c) Apart from financial considerations, there was also the need to consider the technical and legal implications of the alternative plan.

39. Referring to para 38(a) above, Miss CHAN Yuen-han said that affected residents could be rehoused in rented properties during implementation of the works to facilitate moving back after the works had been completed.

40. Supplementing paragraph 38(c) above, DSHPL(P&L)2 clarified that while the URA was required to exercise due care and diligence in handling its finances, it had the flexibility to make up for losses incurred in some projects with income generated from other projects. Moreover, if certain projects were expected to incur deficits in order to better accommodate the needs and the views of the local communities, the URA could reflect how it planned to take forward such projects in its five-year business plan submitted to the Financial Secretary for approval every year and how the financial implications of such projects could be addressed. Views of local communities would not go unheeded because of mere financial considerations.

41. As a final remark, Ms Ada WONG emphasized that WCDC's position paper did not only centre around the Lee Tung Street Project. The project was only used as an example to illustrate the many fundamental problems in the urban renewal policy. She urged members to continue to follow up the subject and ensure that private property would only be resumed for a fully justified public purpose.

VI Any other business

42. There being no other business, the meeting ended at 4:30 pm.