

LEGCO QUESTION NO.12

(Written Reply)

(Translation)

Asked by : Hon Ma Lik

Date of meeting : 23 February 2005

Replied by: Secretary for Housing,
Planning and Lands

Question

It has been reported that the Urban Redevelopment Authority ("URA") had commenced the private sale of the residential units of a property redevelopment project in Kennedy Town before putting them on public sale recently. The arrangement was criticized by some members of the public as chaotic, unfair and lacking in transparency. In this connection, will the Government inform this Council whether it knows:

- (a) the URA's arrangements for selling redevelopment properties in the past and the principles it followed;
- (b) how the sale arrangement for projects jointly developed by URA and private developers compares to that for URA's own projects, and whether URA has assessed if the sale arrangement for these joint projects is reasonable and in line with the principles for the operation of public organizations, i.e. being open, transparent and accountable to the public, if it has, of the assessment results; and
- (c) whether URA will require that the residential units of property redevelopment projects participated by URA should all be sold in an open and transparent manner in future; if it will not, the reasons for that?

Reply

President,

The role of the Government is to formulate and co-ordinate the overall urban renewal policy and to monitor the implementation of the urban renewal programme. The Urban Renewal Authority (URA) is an independent statutory body set up under the Urban Renewal Authority Ordinance (URAO) to undertake urban renewal. The URA Board is empowered to determine its own operational matters, including the sale arrangements of redevelopment properties with its joint venture partners.

2. We understand that the URA and its joint venture partner have recently put the redevelopment properties of the Kennedy Town project to sale through both internal and public sales. On the day when the internal sale buyers selected the flats and completed the purchase procedures, there were jostles among some of the prospective buyers but the situation was quickly brought under control. During the ensuing public sale, a registration-and-ballot mechanism was adopted and the sale was conducted in a smooth and orderly manner.

3. Regarding the three-part question asked by the Honourable Ma Lik, we have sought clarifications from the URA and our reply is as follows –

- (a) When putting redevelopment properties to sale in the open market, the URA and its joint venture partners have to comply with the relevant Government rules and regulations as well as follow the prevailing market practices and mode of operation. Before making the relevant decision, the URA has to carefully consider various important factors, including the following –
- (i) as the URA is funded by public money, the URAO stipulates that the URA shall exercise due care and diligence in the handling of its finances, and
 - (ii) when marketing its redevelopment properties, the URA and its joint venture partners have to face open competition in the property market, no different from any other private developer.

Generally speaking, the URA's redevelopment properties are put to sale through internal and public sales.

- (b) Since its establishment in 2001, the URA has generally taken the approach of working with joint venture partners in redeveloping and selling redevelopment properties. The mode of sale adopted by the URA and its joint venture partners has largely followed the prevailing market practices (i.e. through internal and public sales). The arrangements

must also be in compliance with the relevant Government rules and regulations. These practices are reasonable and are generally well-known to and accepted by the public.

- (c) In future, the URA will continue to abide by the relevant Government rules and regulations and follow the mode of operation adopted by the open property market when determining its sale arrangements.