Protection of private property rights is a core value in Hong Kong, and it is also specified in the Basic Law. The 2010 amendment to the Land (Compulsory Sale for Redevelopment) Ordinance has been under criticism of violating this basic right, the foundation of the success of Hong Kong’s economy. But are there no justifications or merits for such amendment?

In accordance with Rating and Valuation Department, among the 20,000 plus number of buildings in the territory, about 4,000 were built in 1960s or before. With an estimate of about an addition of 500 more every year in the next 10 years, it is of utmost importance to address the potential economic and safety problems likely to be brought about by these, very often dilapidated old buildings. The horrific building collapse in Ma Tau Wai Road in 2010 is an unforgettable lesson: maintenance works in these old buildings are often non-existent, and the ultimate results a matter of life and death.

It is not uncommon that many of the old buildings are of few owners, and one unit may represent more than 10% of the undivided shares of the building. Therefore the refusal to sell by only one unit owner would frustrate the redevelopment and renewal of a great piece of land. The relaxation of the threshold for forced sale to 80% of ownership would no doubt speed up site acquisitions and redevelopment process. The effectiveness of this change can be witnessed in the drastic increase of applications of compulsory: 20 in 2010, 46 in 2011 and 25 in the first quarter of 2012. On the other hand, under the old requirement, only 65 cases of compulsory auctions were successful over the decade. This certainly gives a boost to the pace of urban renewal, but some say this is a tilting of the balance toward developers. It needs to be clarified that a less lengthy negotiation and more certainty in acquiring all interest of a building will encourage developers to offer higher prices to individual owners, which in turn reflects increased leverage of small owners during negotiations, resulting in better means for them in seeking more acceptable relocation.

Another argument against a lower auction threshold is money may not solve all the problems. Sentimental value of one’s long time home, and the community fabric of the district, maybe of utmost importance to these often elderly flat owners. This is where the Urban Renewal Authority (URA) comes into play. As a public body it can act as an adjudicator between developers and flat owners, hammering out the details for a flat swap at the development for owners to move back in once the project is finished. Since it is not solely motivated by profit maximization, URA will be able to balance the gains between the two parties, and in the long run, help encourage a faster pace in our economic development. It is accepted that solely relying on market forces to revitalize old neighbourhoods, unless there are compelling attractions such as change of land usage or density, developers may not be attracted to contribute to a faster rebuilding pace.

Of course there is a down side to this arrangement. Critics point out it may cost the public coffers, and the idea of tax-payers subsidizing individual owners is not the most appealing thought. But as the leader and policy maker of the city, should the government treat each and every project as a chance to fatten our coffers, or should it have more foresight and consider redevelopment as a component of Hong Kong’s overall economic policy, with far wider synergy implications to the future of the city?

The URA acts as a government agent in pushing a more pro-active redevelopment programme, its role is not only limited in revitalizing old communities, but also practicing a sustainable conservation of our cultural and historical heritage, just like Star Street in Wan Chai and Tianzifang and Xintiandi in Shanghai. Taking considerations that it has full responsibility for profits and losses, paying out in one project can be covered in other more profitable ones, and in the bigger picture, the long term benefits of the whole society, the continuance of community relations are of greater priorities than mere monetary rewards.