

**For the People By the People**  
**Research Report on Urban Regeneration Strategy**  
**Table of Contents**

**Executive Summary**

- I. Introduction**
  
- II. Background of Urban Decay**
  - A. Rapid Ageing of Buildings**
  - B. Poor Urbanscape in Old Areas**
  - C. Poor Housing Management**
  - D. Lax Regulatory Regime on Building Maintenance**
  - E. Unsustainable Built Environment**
  
- III. Problems of the Urban Renewal Strategies**
  - A. Tilted Balance of “4Rs”**
    - a. Over-emphasis on Redevelopment**
    - b. Half-heartedly Support to Rehabilitation**
    - c. Fallacies in Preservation Projects**
    - d. Minimal Revitalization Projects**
    - e. Unlimited Extension**
  
  - B. Self-financing Principle and Private Sector Participation**
    - a. Profit Maximization Mentality**
    - b. “Collusion” with the Private Sector**
    - c. Prospective Loss**
  
  - C. “Property-led” Redevelopment Model**
    - a. “Bulldozing ” Approach**
    - b. High Plot Ratios**
    - c. Poor Urbanscape**
    - d. Gentrification of the Redeveloped Areas**

**D. Land /Title Resumption and Compensation Policies**

- a. **Fallacies of the “seven year rule”**
- b. **Lack of Profit Sharing Mechanism**
- c. **Failure to Assess Intangible Values for Shopowners**

**E. Lack of Community Involvement in Regional Planning**

- a. **Failures of Recognition of Community Voices**
- b. **Inadequacy of Community Input in the Strategic Planning Stage**
- c. **Disintegration of Community Network**
- d. **Inadequacies in Social Impact Assessment**
- e. **Social Service Teams**
- f. **District Advisory Committees**

**F. Lack of Overall Policy on Rehabilitation in Dilapidated Areas**

**IV. Policy Recommendations**

**A. Government-led**

**B. Resident-led**

**C. The Way Forward for the “4Rs”**

- a. **“Rehabilitation First” and Complementary Policy Measures**
- b. **Resident-led Redevelopment Model**
- c. **District Council-led Revitalization**
- d. **Relieving the preservation function from the URA**

**D. Spreading out of the Metro Core**

**Appendix 1: Submission to the LegCo Panel on Development Regarding the Review of the Urban Renewal Strategy on 15 April 2009**

**Appendix 2: Plot Ratio of Redevelopment Projects of the URA (Hong Kong and Kowloon)**

**Appendix 3: Functions of the New URA**

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**Executive Summary**

1. Urban renewal is one of the parameters in the territorial development strategy and overall development of Hong Kong. Hence, the Government should head for a broad vision and designate a holistic policy with a more comprehensive policy framework for urban regeneration and for the development of Hong Kong as a whole. These include:

- Reviewing and revamping the territorial development strategy of Hong Kong, as well as readjusting the development pressures between the urban core and the New Territories;
- Facilitating a better control over built environment, in a bid to mitigate the impact of the private property development towards urban environment and, in the long run, to improve the overall quality of life;
- Asserting the principle of the urban regeneration policy and relevant policy measures, which is “Resident-led as the Core, Rehabilitation as the Priority, and Mutual Sharing of the Fruits of the Regeneration”;
- Reprioritizing the “4Rs” mission of the Urban Renewal Authority (hereafter URA).

2. A broad and genuine public participation is the key factor towards the success of urban regeneration process. The participation of the community at large, particularly the involvement of individual property owners plus residents and even members of the public at the district level, are of crucial importance to reflecting majority views towards the rehabilitation or redevelopment. This in turn helps nurture atmosphere of harmony across the community. The specific arrangements are as follows:

- “Sustainable Development Councils” at various local levels should be established to design and conduct envisioning work at respective level following the guideline of the “Local Agenda 21”;
- The agenda of public participation should cover sensitive issues such as decisions over redevelopment and preservation, as well as issues in relation to the preservation of heritage and social network;
- Opinions collected from public participation process should be respected and assured to be the key factors for future consideration;
- A higher level of objective on public engagement is to promote wider participation in community development. The landlords and the tenants

should be encouraged to directly involve in urban rehabilitation and redevelopment, and share the fruits of urban regeneration.

3. The “4Rs” strategy of the URA should be reprioritized, whereas rehabilitation should be placed in the most important position. The Government should also designate a holistic rehabilitation programme to ensure all buildings would be subject to regular inspections. It would also be of utmost importance to ensure all residential buildings would be rehabilitated without excuse of lack of financial or managerial abilities, and have had a certain basic of management and maintenance after the rehabilitation programme. The specific measures are as follows:

- The “Mandatory Buildings Inspection Scheme” and the “Mandatory Windows Inspection Scheme”, together with their supporting measures, should be expedited as soon as possible;
- To realign the funding schemes of the Hong Kong Housing Society (hereafter the HKHS) and the URA, together with the “Operation Building Bright” programme from the Government and relevant subsidies from the proposed “Mandatory Buildings Inspection Scheme”. These funding schemes should be targeted at different groups of the general public. Subsidies from the Operation Building Bright should only be available to the problematic residential blocks of inadequate management capacity;
- To facilitate the establishment of owners’ corporation or other property management mechanism, so as to improve the maintenance of property management. This would help lower the occurrences of the heavy decay of the buildings.

4. Urban redevelopment has to address the core issue of “who will be benefited”. Redevelopment cooperatives formed by landlords would be a viable alternative which could help realize the principle of “resident-led”. It seems that this new mode of redevelopment can address the needs of residents, tenants, as well as public goods. The characteristics of the redevelopment mode are as follows:

- Landlords decide collectively on the selection of redevelopment plan, supervise the realization of the projects and own the shares of the cooperative;
- Landlords have to bear the gains and risks in redevelopment;
- A wide array of options would be available for the landlords, ranging from a premature sale of their shares for cash, dividend sharing to early choice in “flat-for-flat” and “shop-for-shop”;

- Individual residents are entitled to compensation from the cooperatives;
- Social network could be maintained via support of the Government.

5. The new redevelopment mode should strive a balance between the need of landlords and the community at large. It should also be a sustainable business model, so that it could be operational besides the private and public modes of practice. The operation model of the new mode could be summarized as follows:

- “Resident-led, Government Facilitates”: The residents shall decide collectively on whether a particular site shall be redeveloped, as well as the redevelopment plan. The Government would provide financial assistance to the redevelopment cooperatives via collaborative organizations;
- “Environmental and Public Need as the Foremost”: The redevelopment proposals should be designated in accordance with the principles of sustainable development. Plot ratio should be maintained at a low level in most cases but flexible arrangement would be accepted in order to foster a higher value for the benefit of the society as a whole. Planning and design should be optimized to improve the built environment;
- Comprehensive Care, Community Support: Negative impact on the community would be minimized through the provision of support to the underprivileged, maintaining their social network and safeguarding healthy development of the local economy;
- After the redevelopment projects are completed, the collaborative organization in charge would be allowed to collect a service charge from the landlords or claim government’s subsidy in accordance with the number of completed projects.

6. The URA, the HKHS, and new collaborative organizations would have an active role to play in the execution of the redevelopment cooperative model, under the proposition of “resident-led” principle. Their specific works include:

- Conducting social impact assessment in accordance with international standards in the designated “old areas”;
- Building trust as well as networking among the landlords pave the way for the “redevelopment cooperative”;
- Formulating “collaborative redevelopment” options for residents’ consideration according to the “environment-first” principle;
- Exercising statutory buyout to assist in “collaborative redevelopment”, and facilitating financing and financial arrangements where necessary.

7. There should also be some strategic adjustments in terms of scope of responsibilities of the URA. It should only conduct the preservation of heritage within the redevelopment area on a limited scale.

8. District Councils are more appropriate than the URA in promoting revitalization in urban areas. In view of this, the Government should empower District Councils with more authorities and resources, including:

- Each District Council should have an independent secretariat staffed by non-civil servants;
- The resources of all small scale projects should be consolidated to put forward revitalization programmes;
- Each of the District Councils should have their own team of town planners and relevant professionals to assist in designating development plans, so as to address needs of the community in a feasible manner.

9. “Urban Renewal Authority” should be renamed as “Urban Regeneration Authority” in a way to reflect the transformation of its new missions and mode of work. Instead, URA is advised to focus on rehabilitation work of run-down buildings, and play the role of supporter through provision of financial resources and project supervision. It should also act as an enabler in the cause of urban redevelopment with particular emphasis on “Resident-led” and “Environmental and Public Need as the Foremost” principle.

10. Urban redevelopment activities have in recent years intensified the development density and pressures of the urban areas. This could only be solved through the adjustment of the overall planning setting of Hong Kong, especially through the rectification of the spatial imbalance between the metro core and “peripheries”, such as the New Territories. The Government should consider a more decentralized land use pattern and modify the land use as stipulated by the Outline Zoning Plan. In addition, the new planning direction should not be confined to the relocation of the population from the metro core to the New Territories. It should also enhance the economic vibrancy in the New Territories through exploring business potential specifically for job creation. Developing new business nodes such as the “secondary city centres” of which the Professional Commons has proposed appears to be a feasible alternative for future considerations.

The Professional Commons  
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**Research Report on Urban Regeneration Strategy**

**I. Introduction**

1. The replacement of the Land Development Corporation by the Urban Renewal Authority (hereafter “URA”) cannot save the urban renewal works from criticism. Loads of incidents indicate that the urban renewal strategy has failed to meet the expectation of general public. For instance, the redeveloped properties of the URA have brought about a deterioration of the cityscape; the “bulldozer” mode of redevelopment has violated the principles of conservation, whereas compulsory acquisition is in stark contrast to its underlying “people-based principle”. Although the URA has emphasized more upon conservation and preservation than what it did in the past, criticisms in regard to their efforts overcome the merits. On the other hand, hope for the URA to cope with the core work of the “4Rs” (redevelopment, rehabilitation, preservation and revitalization) dwindles in the light of its stringent financial conditions, urban renewal work is by no means an easy task. The urban renewal strategy must keep abreast of the times and be revamped accordingly in order to meet the challenges from the ever changing social environment and government policies.

2. The evolution of social atmosphere has intensified the conflicts between development and preservation. Recently, there has been an increasing awareness on preservation of heritage amongst civil society activists and members of the general public. Their scope of concerns has further been extended to numerous non-material values, such as the interpersonal and community networks, collective memory and the means of their daily lives. More importantly, many people stand up and actively express their opinions on matters regarding preservation through various social movements. Among them were both the Star Ferry and Queen’s Pier incidents that betoken the prominence. Subsequent to the recent public awareness of utter prevalence on matters regarding conservation, a number of urban redevelopment projects involving large-scale bulldozing like the Lee Tung Street one resulted in torrents of protests. Against this background, the Government is bound to be looking into issue of heritage preservation seriously in the course of urban regeneration.

3. Development pressure along both sides of Victoria Harbour in the metro core is expected to be pilling up. An official document namely “Hong Kong 2030: Planning Vision and Strategy” (hereafter the “Hong Kong 2030 Report”) has mapped

out Government's "preferred development option" for directions of future development, in which it suggested "the core urban areas will still remain as the focal point of development and urban activities ... the future supply of new housing land will be provided mostly in the existing urbanized areas, including the Metro Area (accommodating some 40 per cent of the additional population)".<sup>1</sup> Such move will further exacerbate the overcrowded problems over urban areas, which is in stark contrast with rising public aspiration to better built and living environment in urban areas. On the other hand, New Territories is "underdeveloped" and its economic and social potentials have also not been fully brought into play. Even worse, residents of considerable proportion might be continuously obsessed with soaring unemployment rate or to say, the displacement between their places of residence and work.

4. In a foreseeable future, lands erecting with dilapidated buildings is expected to be, amongst all, of the most important source of land in the metro core, which will result in the escalation of development pressure aforementioned. The ruling from the Court of Final Appeal in 2004, which stipulates all reclamation projects along the Victoria Harbour must follow the "overriding public needs" test, has made it even more difficult to increase land supply alongside the Victoria Harbour. Many older buildings in the metro core have not utilized the plot ratio in full. Hence, in property developers' perspective, these buildings are having enormous development potential. In this connection, there would be fierce competition in acquiring the development rights of those properties. Urban redevelopment undertaken by private developers would unavoidably increase the development pressure in the urban area, and subsequently deteriorates the built environment as well as urbanscape.

5. Meanwhile, it is dubious if the ongoing urban renewal strategy review is steering towards a more appropriate direction of urban regeneration. The fact is the Government has adopted a "segregation" strategy in the review of urban renewal strategy. Its urban renewal strategy review merely covers the areas of responsibility of the URA, which is confined to the jurisdiction of a public body. In reality, the private sector has been pushing redevelopment projects forward by demolition of old buildings, the official scope of this review apparently failed to address the negative effects facing the urban environment. On the other hand, the Government, by dint of its own capacity or other advisory bodies, has conducted a number of consultations and reviews concerning urban development, in which a public consultation entitled "Building Design to Foster a Quality and Sustainable Built

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<sup>1</sup> *Hong Kong 2030 Planning Vision and Strategy: Executive Summary*, pp. 19-20.



Environment” and a review on the “Land (Compulsory Sale for Redevelopment) Ordinance” from the Council for Sustainable Development and Development Bureau respectively are, in the long run, highly related and far-reaching. These policy agendas lie mostly under the portfolio of the Development Bureau but the segregation arrangement wards some of the higher level policy agendas off from public scrutiny on regular basis. It would also weaken the comprehensiveness of the new policy framework and the availability of policy options for consideration of the optimization of policies.

6. In the light of this, The Professional Commons has conducted an in-depth research on the issue of urban regeneration. A holistic approach has been adopted in the course of this study while the urban renewal strategic review is a mere component. We have also analyzed the issues of built environment, as well as development strategy of Hong Kong at large in a bid to put the review in perspective, to shape future direction of urban regeneration, and to propose sustainable ways in collaboration with the community at large so as to develop a healthy cityscape. This Report also focuses on our research findings regarding urban renewal strategy, as well as relevant sections of the development strategies in Hong Kong as a whole

7. The Professional Commons has actively participated in a number of major forums to share our views derived from professional evidence-based research. At the Special Meeting of the Panel on Development of the Legislative Council on 15 April 2009, we presented some initial observations arising from the preliminary review on the urban renewal strategies. Major defects as exposed in the past experience of urban renewal are as follows:

- Flawed strategy in territorial development;
- Insistence on high land price and high development density model;
- Inadequacy of community input in the strategic planning stage;
- Disintegration of community network;
- Poor professional performance; and
- Segregation of roles between the Government and the Urban Renewal Authority (see Appendix 1).

8. To facilitate the consolidation of public views on the way forward to urban regeneration, we were delighted to share our research findings with stakeholders and interested parties at a public forum on 29 August 2009, in which participants actively shared with us their insights on the urban renewal strategy and more importantly, gave us their valuable feedback on it. Their inspiring views were well

received not only by other participants but research team of The Professional Commons. We hope this research report can create a common ground for future deliberation via which public can help formulate policy regarding directions of urban regeneration.

9. Apart from the introductory chapter, there are three more chapters in this research report. The next chapter sketches urban development with reference to both the past and latest policy that lead to the problem of urban decay and shed light on the further deterioration of cityscape. Chapter three then summarizes major criticism arising from the performance of the URA in the past decade. The fourth chapter outlines our major policy recommendations in an attempt to interpret the urban renewal strategy from a more holistic angle. In addition, to facilitate public participation in a broader sense and enable them to share fruits of urban regeneration, a model involving the overhaul of urban regeneration has been suggested and in so doing, Hong Kong is likely to have itself developed into one of the “most liveable cities” in the world.

## II. Background of Urban Decay

1. Several local scholars have warned that “urban decay is one of the urban problems in Hong Kong which threatens its social and economic growth and demands immediate attention.”<sup>2</sup> Most criticisms have been hurled against urban renewal projects undertaken by the disbanded Land Development Corporation and the URA. On the other hand, problems of urban decay as well as unexpected outcomes arising from the urban renewal process are by and large part of the consequence of wider social and policy developments in the past half a century. It is noteworthy that many policy changes in recent years also take shape the future direction of urban regeneration.

### A. Rapid Ageing of Buildings

2. The tremendous population growth since the Second World War had triggered a rapid pace of construction of residential buildings, resulting in enormous amount of buildings which are not stringent enough in terms of their physical qualities. The colonial government only responded as late as mid 1970s through enactment of the Building Regulations, as well as the establishment of the Buildings Department. However, it only renders a limited effect on decelerating the natural deterioration of the built structure. This led to the sharp increase in dilapidated buildings in the old urban areas.

3. In recent years, the ageing of buildings has become a hazardous problem. Private buildings aged 30 years or above accounted for 34 per cent (13 000 buildings) of the total private housing stock in 2007. Among them, some have had significant structural problems and many others are in serious decay. Public safety is under threat and therefore required immediate rectification. About 80 per cent of statutory repair orders demanding rectification for reasons of danger or dilapidation were issued against the buildings over 30 years old between 2005 and 2006.<sup>3</sup> It is estimated that the number of buildings aged 30 years or above will further increase to 22 000 in the next 10 years.<sup>4</sup> It would be unrealistic to replace all these old

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<sup>2</sup> Eddie C. M. Hui, Joe T. Y. Wong and Janice K. M. Wan, “A Review of the Effectiveness of Urban Renewal in Hong Kong,” *Property Management*, Vol. 26, No. 1 (2008), pp. 25-42.

<sup>3</sup> <[http://www.devb-plb.gov.hk/eng/publication/mbi\\_full\\_paper.htm](http://www.devb-plb.gov.hk/eng/publication/mbi_full_paper.htm)>.

<sup>4</sup> Eddie C.M. Hui, Joe T.Y. Wong and Janice K. M. Wan, “A Review of the Effectiveness of Urban Renewal in Hong Kong,” *Property Management*, Vol. 26, No. 1 (2008), pp. 25-42; and Legislative Council Panel on Development, “Background Brief on Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme,” (LC Paper No. CB(1)570/08-09(07) ), <<http://www.legco.gov.hk/yr07-08/chinese/plw/papers/dev0624cb1-1602-5-c.pdf>>.

building by new blocks in order to keep up with the pace of urban decay.

## B. Poor Urbanscape in Old Areas

4. In many old areas, the urbanscape is unpleasant. This is partly due to the outlook of dilapidated buildings, plus inadequate public open space and facilities at community level. Even the Government had put in place the Hong Kong Planning Standards and Guidelines, the built environment of many old places in the metro core is still below the official standard. Lack of public open space is apparently one of the common problems. Six out of the nine districts located in the urban area fail to reach either the minimum per capita “Local Open Space” or per capita “Public Open Space” of one square metre per person in respective district. Wan Chai even fails to meet both of these standards. The situation might further deteriorate due to the high density developments underway in the district in the past few years. The details are illustrated in the table below:

Districts	Per Capita Local Open Space (m <sup>2</sup> )	Per Capital Public Open Space (m <sup>2</sup> )
Eastern	1.34	0.97
Wan Chai	0.88	0.97
Central and Western	0.60	1.15
Yau Tsim Mong	0.61	1.60
Kowloon City	0.95	1.47
Wong Tai Sin	1.94	0.80
Kwun Tong	1.80	0.74

Remark: the box in gray indicates per capita open space in that district is below 1 square metre

(Source: 〈康文署申 193 億 4 年推 29 新工程 825 公頃休憩地發展無期〉, *Ming Pao*, 12 February 2009)

## C. Poor Housing Management

5. The emergence of dilapidated buildings is largely attributed to under performance in housing management. In 2003, there were as many as 8 000 private multi-storey buildings; most of them were old tenement buildings without any form of management bodies, which account for one-fifth of private multi-storey buildings across the territories.<sup>5</sup> The increase of OCs is far from satisfactory in recent years,

<sup>5</sup> The remaining 14 000 (37 per cent) and 12 400 (32 per cent) buildings had either incorporated themselves into owners’ corporations (OCs) or had some form of residents associations respectively in

which might shed light on slow improvement in housing management amongst private residential buildings. Currently merely 16 267 private residential buildings have Owners' Corporation,<sup>6</sup> an increase of merely 2 000 buildings in comparison with the figures in 2003. The pace of incorporation was approximately 280 buildings per year during the period of October 2002 to September 2008<sup>7</sup>, but a faster pace of OCs' establishment has been recorded from August to November this year, seeing a growth of 117 new OCs within four months. It is partly attributed to the implementation of the Operation Building Bright. Therefore we wonder whether the upward trend is going to be sustainable even the completion of this programme.

#### **D. Lax Regulatory Regime on Building Maintenance**

6. It is certain that the responsibility of maintaining the physical structure of buildings in good quality lays mainly on the landlords or property owners.<sup>8</sup> However, government departments should maintain a monitoring and supervision role. In fact, government's primary concern seems to be quite narrow in a sense of limiting itself to setting and enforcing safety, health and environmental standards for private buildings. As an example, the Government published the Building Maintenance Guidebook to provide the best practice of maintenance of private residential buildings for public reference.<sup>9</sup> More importantly, there is no legislative provision whereby property owners are required to conduct regular checkups and maintenance on their buildings. The legislative provisions and regulations on the quality of built environment is quite restrictive to the areas of unauthorized building structure, dangerous signage, lift safety, water pollution, or structures which are not abide with the legislations in relation to fire safety, slope safety and electrical and gas safety.<sup>10</sup>

7. It is often the case that the motivations of many property owners in terms of house maintenance and rehabilitation are weak in Hong Kong. The situation is particularly annoying for those buildings without OCs. In most cases, minimal scale of

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2003. See Press Releases of the HKSAR Government, "LCQ16: Environmental hygiene of single private residential buildings," 28 May, 2003,

<[http://www.buildingmgt.gov.hk/en/reference\\_materials/10\\_3\\_1.htm](http://www.buildingmgt.gov.hk/en/reference_materials/10_3_1.htm)>.

<sup>6</sup> Compiled from the data of "Database of Private Buildings in Hong Kong," from the Home Affairs Department, accessed on 7 December 2009.

<sup>7</sup> In each year between 2003 and 2008, approximately 280 buildings have established an Owner's Corporation. Press Releases of the HKSAR Government, "LCQ9: Building Management," 5 November 2008, <<http://www.info.gov.hk/gia/general/200811/05.htm>>.

<sup>8</sup> <<http://www.bd.gov.hk/english/documents/code/bmg/ch2.pdf>>.

<sup>9</sup> <<http://www.bd.gov.hk/english/documents/code/bmg/bmg.htm>>.

<sup>10</sup> <<http://www.bd.gov.hk/english/documents/code/bmg/ch2.pdf>>.

repairment is undertaken until the building is in serious decay or under the instruction of statutory repair order. The Government has at certain extent recognized the prominence of this problem and become more proactive by providing some financial assistance. Despite this, to what extent this new move can help improve urban environment merits further attention.

#### **E. Unsustainable Built Environment**

8. Private developers used to exercise great influence in shaping the built environment across the territories, in particular through privately-led development and redevelopment projects. In recent years, many private developers have been trying hard to maximize their profit through manipulating grey areas in planning and building of guidelines and regulations. Many of these projects have seriously damaged the built environment and cityscape; including:

- Skyscrapers with high podium;
- The creation of the screen effects;
- Excessive plot ratio;
- Abuse of public open space;
- Causing further traffic congestion; etc.

9. The negative impact of these new buildings has aroused widespread discontent among not only civil society activists but also residents in neighbouring areas. They have staged a number of societal actions, ranging from “citizens’ hearing”, to formation of concern groups, protests and alternative proposals. Amongst all are Sai Wai Terrance in mid-levels, the Hopewell Center II (formerly known as “Mega Tower”), and King Wah Road project in North Point the most notable ones.

<b>Projects</b>	<b>Problems</b>
Sai Wai Terrance	Creation of screen effects in the area
Hopewell Center II	<ul style="list-style-type: none"> <li>● Causing further traffic congestion</li> <li>● Abuse of public open space</li> </ul>
King Wah Road project	Excessive plot ratio

### III. Problems of the Urban Renewal Strategies

#### A. Tilted Balance of “4Rs”

##### a. Over-emphasis on Redevelopment

1. Although the URA has adopted a “4Rs” strategy to replace the widely criticized LDC development model, what had been done during the first few years of its operation apparently deviated from its commitment. Pursuant to the Urban Renewal Strategy released in 2001, all 225 projects under planning were “demolition for redevelopment” in nature.<sup>11</sup> This also demonstrated the prominence of the “property-led redevelopment” element in terms of urban renewal. Comparatively speaking, the other “3Rs” (i.e. Rehabilitation, Revitalization and pReservation) are not actively pursued.

2. On the other hand, the current pace of urban redevelopment could not achieve the target as suggested in the Urban Renewal Strategy. Only 49 out of the 225 proposed projects have been actualized, in which they were either completed or just underway. It is unlikely the URA could materialize the remaining redevelopment projects in the decade to come. In fact, there were newspaper report quoting an insider of the URA, who said that “it would not be possible to conduct (urban renewal works) on all the dilapidated properties in Hong Kong, there is simply too much of them”, and “as the full list of urban redevelopment projects are yet to be revealed, our list including 200 plus projects currently in URA’s agenda could have been written off completely”.<sup>12</sup> In the light of this, there exists somewhat plenty of room for us to revisit the portfolio of the URA, in particular the reprioritization of the “4Rs”.

3. From international perspectives, many European countries have gradually given up any urban renewal strategy simply based on redevelopment of bulldozer’s mode as early as in the 1970s, largely due to the “destructive social impacts” caused by these redevelopment projects.<sup>13</sup> Hong Kong is way behind on its strategic goals of

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<sup>11</sup> Urban Renewal Authority, “Urban Renewal Development Strategy” (Hong Kong: Urban Renewal Authority, 2001).

<sup>12</sup> 〈拆舊樓惹爭議 設小組檢討策略市建局研重保育減重建〉, *Sing Tao Daily*, 12 February 2008, p. A6.

<sup>13</sup> I. Elander, “Policy Networks and Housing Regeneration in England and Sweden,” *Urban Studies*, Vol. 32, No. 6 (1995), pp. 913-34; and C. Wood, “Urban Renewal: The British Experience”, in R. Alterman and R. Cars., (eds), *Neighbourhood Regeneration: An International Evaluation*, Mansell, London, pp. 44-69.

urban renewal, when compared to global trend and contemporary social norms.

**b. Half-heartedly Support to Rehabilitation**

4. First and foremost, there was no corresponding measure to promote rehabilitation works when the URA first adopted the “4Rs” strategy. Not until 2004 did the URA pay greater effort to facilitating rehabilitation projects through introduction of two loan schemes, which are the "Building Rehabilitation Materials Incentive Scheme" and the "Building Rehabilitation Loan Scheme". By virtue of the assistance via these schemes, buildings that have their rehabilitation work finished amounted to 100 in both 2006 and 2007. Up to March 2009, rehabilitation works for 490 buildings were completed or in progress. As there are thousands of dilapidated buildings in the old areas, such a pace can definitely not catch up with the rate regarding natural deterioration of building structures. It is also expected that the URA will be running short of resources to cope with the huge demand on rehabilitation amongst dilapidated buildings.

**c. Fallacies in Preservation Projects**

5. The performance of the URA on preservation of urban heritage is far from satisfactory. At present, there are a total of 12 preservation projects, as revealed in the URA website. Amongst them, only three projects, i.e. Western Market, 60-66 Johnston Road and 18 Ship Street, had been undertaken in the era of the Land Development Corporation. The remaining 9 were launched mainly after the heritage preservation movements across the community in 2007, these include: 186-190 Queen's Road East, Prince Edward Road West, Shanghai Street/Argyle Street, Yu Lok Lane, Graham Street/10-12 Wing Lee Street, Bridges Street, Mallory Street/Burrows Street, Blue House, and the Central Market, which has been put on the list recently.

6. It is also of our frustration that most projects failed to realize the aim of revitalizing heritage sites and exploring space for public enjoyment, or to say further, these “revitalized areas” are not in harmony with their surrounding area. For example, the way Wo Cheung Pawn Shop in Wan Chai is preserved arouses serious criticism. Furthermore, the partial preservation of Wan Chai Market involving only the façade also received rebuke of some kind. It is probably attributed to an absence of related expertise within the authorities on one hand, and the lack of urban heritage policy from the Government on the other hand.



The Wo Cheung Pawn Shop has been transformed into a deluxe dining restaurant which is not affordable to ordinary citizens. Even worse, it is totally subject to owners' discretion to decide when and how the rooftop, which is designated as a public open space, is to allow public access.

7. No formal Heritage Impact Assessments had been conducted on the 42 redevelopment projects of the URA. It was because cultural and heritage impact assessments were not statutorily required in the Urban Renewal Authority Ordinance. Moreover, neither none of the URA projects were defined as designated projects under the Environmental Impact Assessment Ordinance nor major capital projects under the guidelines from the Development Bureau on Heritage Impact Assessment respectively. However, the URA has recently conducted a number of heritage assessments on the latest projects for the Staunton Street/Wing Lee Street, and Lee Tung Street/ McGregor Street projects.<sup>14</sup> It is likely that both of them were launched in response to the increasing public pressures on heritage preservation.

**d. Minimal Revitalization Projects**

8. Revitalization constitutes the least amount of URA projects amongst the "4Rs". Despite the fact that, as proclaimed by the URA, there are six revitalization projects underway, they have all been announced in the past three years.<sup>15</sup> Meanwhile, the projects on Tung Street in Central and Western District, Tai Kok Tsui District and Mong Kok are merely "street improvement schemes". Only minor landscaping has been done for the purpose of street beautification, of which it is dubious to help revitalize the social and economic aspects of the respective areas. Recently, the Development Bureau, the URA and Wan Chai District Council have jointly pushed forward a district-based revitalization plan.<sup>16</sup> There come two heritage trails under the themes of "architecture" and "cultural heritage." Relevant information has been incorporated into the maps and uploaded to some specific web pages, and so the introductory plaques have been put around the buildings concerned. However, these are merely promotional and marketing gimmicks in essence but far from enough to add value to heritage revitalization.

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<sup>14</sup> Reply from an email enquiry made directly to the URA, 3 June 2009.

<sup>15</sup> Revitalization projects: <<http://www.ura.org.hk/html/c804000e1e.html>>.

<sup>16</sup> The revitalization programme is under the leadership of Old Wan Chai Revitalization Special Committee of Wan Chai District Council, in which the URA acts as the Secretariat. See the website of the Wan Chai Heritage Trail <<http://www.wcheritage.org.hk>>.

**e. Unlimited Extension**

9. In the past two years, the URA has attached significant attention to heritage preservation and environmental protection. In fact, these policy measures, largely orchestrated by the Government and the URA, only implemented the new initiatives highlighted in the last two Policy Addresses. In an attempt to enlarge the scale of preservation involving the “Cantonese Verandah-type Shophouses” (commonly known as “Tong Lau”), the URA planned to buy in 30 old tenement buildings in Shanghai Street and Prince Edward Road West amounting to HK\$1.5 billion in June 2008.<sup>17</sup> In May 2009, the URA has put up an additional HK\$50 million for realization of the environmentally friendly design of buildings in Lee Tung Street, Wan Chai. To complement Government’s agenda regarding preservation of the Central District in October 2009, HK\$500 million will be allocated by the URA for renovation works of the New Central Market. Although these projects mentioned above are subsumed under the scope of the “4Rs”, preservation of pre-war residential buildings is a brand-new task assigned by the Government. The Central Market was originally on the land sale list, and definitely not a preservation project of the URA at the outset.

**B. Self-financing Principle and Private Sector Participation**

**a. Profit Maximization Mentality**

10. It is obvious that the financial model under the Urban Renewal Strategy is aspired to be “self-financing” of all urban renewal programmes in the long run, whilst no provision is available for the URA to make profit. As most of the “3Rs” projects are expected to yield negative gain, the URA is forced to squeeze every single penny from the redevelopment projects in a bid to balance the book. Eventually, the URA has recorded a total of HK\$7 billion of profits between the financial year of 2004-05 and 2007-08. However, the profit maximization mentality has triggered off a series of defects, including unenthusiastic towards the other “3Rs”, negligence over people-oriented approach, etc.

**b. “Collusion” with the Private Sector**

11. 41 out of 49 redevelopment projects of the URA are in collaboration with private developers, who are more than willing to capitalize on expertise in project design and market manipulation to generate as much profit as possible. As regards

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<sup>17</sup> <30 幢廣州式騎樓 市局 15 億活化>, *Hong Kong Economic Times*, 17 June 2008, p. A24.

the private developers, they are put in charge with the design, construction and marketing of the redevelopment projects. In the light of this, the URA could easily shift the responsibilities in relation to public accountability to these developers when the general public is in rage over any of these redevelopment projects. There is therefore a general view in which the URA has successfully played its role as a facilitator assisting property developers but incompetent as a watchdog safeguarding public interest.

### **c. Prospective Loss**

12. Despite the fact that the URA could make a profit in the past few years, it will be increasingly difficult to balance its book due to its accruing commitments relating to preservation, revitalization and rehabilitation since 2007. It is highly likely that most of these projects are not able to generate any profit at all, and they might further impose great financial burden on the organization. Moreover, the financial risk associated with redevelopment is greater than that in the past, in the light of increasing acquisition costs and exceedingly large outlay required for the implementation of redevelopment projects, such as the Kwun Tong Town Centre project. The URA has envisaged in its 2008 Corporate Plan that it might have to seek external financing, such as bank borrowing, in order to implement the “4Rs” plans over the next five years.<sup>18</sup> Fixed interest bonds of HK\$1.5 billion were issued for this sake in July 2009. Despite this, whether it is able to scrap up sufficient funds to actualize every “R” in the “4Rs” plan in the future remains questionable somehow.

### **C. “Property-led” Redevelopment Model**

13. There is a general view that the current urban renewal practices are based upon a “property-led” model.<sup>19</sup> Emphases on these projects follow the routine of property market, like demolishing old buildings for redevelopment, increasing the development potential of a site, as well as maximizing the total economic gain. Many of them are intent upon “raising the intensity of land use through replacement of low

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<sup>18</sup> Legislative Council Panel on Development, “Progress of Work of the Urban Renewal Authority,” (LC Paper No. CB(1) 1951/07-08(04)).

<sup>19</sup> See Mee Kam Ng, “Property-led Urban Renewal in Hong Kong: Any Place for the Community,” *Sustainable Development*, Vol. 10, No. 3(2002), pp. 140-146; Edwin H. W. Chan, Grace K. L. Lee, “Contribution of urban design to economic sustainability of urban renewal projects in Hong Kong,” *Sustainable Development*, Vol. 16, No. 6 (2008), pp. 353-364; Bo-sin Tang and Roger M. H. Tang, “Development control, planning incentive and urban redevelopment: evaluation of a two-tier plot ratio system in Hong Kong,” Vol. 16, No. 1 (1999), pp. 33-43.

by high quality and/or density houses to increase the total revenue.”<sup>20</sup>

**a. “Bulldozing” Approach**

14. The most common practice adopted in redevelopment projects is generally described as “bulldozing” approach under which most of the old buildings, regardless of importance in terms of their non-materialistic value, are being demolished for the sake of redevelopment. Many streets of local character were eventually erased and replaced with commercial and residential developments subsequently. At least six old streets disappeared in the past few years under URA projects. These include Yuen On Lane and Yu Lok Lane in Sheung Wan; Cornwall Avenue in Tsim Sha Tsui; “Bird Street” in Mong Kok; Tsung Sau Lane East and Tsung Sau Lane West in Sheung Wan; Sai Lau Street in Tsuen Wan.<sup>21</sup> It is also noteworthy that Yan Shun Lane, Tung Yan Street and Yue Man Square in Kwun Tong is going to disappear under the proposed “Kwun Tong Town Centre” redevelopment plan.

Yuen On Lane in Sheung Wan, former site of one of the Hong Kong's earliest newspapers, Wah Kiu Yat Po, was eaten up by Henderson Land's Hollywood Terrace.

Tsing Kai Lane and its small open market in Wan Chai were replaced with an office building now named 248 Queen's Road East.

Tung Man Street in Sheung Wan, once the wholesale centre of industrial materials and now a dead-end, was mostly wiped out by The Centre, a development by Cheung Kong (Holdings).

The Grand Millennium Plaza used to be in Wing Shing Street, where people sold duck eggs and dined at the traditional Tak Wan tea house. The street was called Duck Egg Street. There was also a traditional tea house—The Tak Wan Tea House.

Bird Street in Mong Kok, wiped out by Langham Place, it used to be popular amidst bird owners who always hung out at Wan Loy tea house in the company of their pet(s) in cage.

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<sup>20</sup> Edwin H.W. Chan and Grace K. L. Lee, “Contribution of Urban Design to Economic Sustainability of Urban Renewal Projects in Hong Kong,” *Sustainable Development*, Vol. 16, (2008), No. 353-364.

<sup>21</sup> “Old Streets Being Wiped Off Map,” *South China Morning Post*, 18 August 2008, p. 1.

15. As far as we are concerned, the URA is lacking sincerity for preservation of local character. The most prominent case is the redevelopment of the Lee Tung Street Area, which is of utmost fame with respect to its presence of a number of wedding card printing shops. Shop owners there groused that their original network of wedding card business would be lost once moving out of the street. However, the URA insisted upon demolishing all buildings along the street and only allowed some of them to move back on condition that they accept to pay market rent.

**b. High Plot Ratios**

16. “Rationalizing land uses” appears to be a “main objective” of urban renewal that has been seriously manipulated in the bare hands of private developers with URA’s acquiescence. Increases in plot ratios amongst numerous redevelopment sites have gone beyond acceptable level of any sense.<sup>22</sup> Not only are short storey buildings replaced by highly-dense skyscrapers, but in most cases have the plot ratios after redevelopment exceeded the permitted level stipulated under the “Hong Kong Planning Standards and Guidelines” (HKPSG). Out of the 41 sole redevelopment sites in Hong Kong Island and Kowloon in which the URA worked jointly with private developers from 2001 to 2008,<sup>23</sup>

- The average plot ratio of these redevelopment sites has trebled from 3 to 9 after redevelopment (See Appendix 1);
- 39 redevelopment projects (All of the URA projects in Hong Kong Island, and over 93 per cent of projects in Kowloon) have exceeded the highest permitted plot ratio. (See Table 1)

More astonishingly, out the 39 projects that have exceeded the maximum plot ratio allowed,

- 10 have a plot ratio of 10 or over;
- 23 have a plot ratio stood between 9 and below 10;
- 6 have a plot ratio stood between 8 and below 9. (see Table 2)

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<sup>22</sup> Plot ratio is defined as the ratio between the gross floor area (GFA as defined under B(P)R) of a building and the area of the site on which it is erected (the Net Site Area).

<sup>23</sup> The projects include those between the URA and private developers, the projects between the URA and the Hong Kong Housing Society, and the projects inherited from the LDC. The number of projects included those which are completed or in progress on or before 31 March 2008. Compiled from the data on the plot ratios of redevelopment sites of the Urban Renewal Authority, as listed by the Development Bureau in its submission to the LegCo in June 2009. The data set came from Development Bureau, “Progress of Work of the Urban Renewal Authority,” <[http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623\\_panel\\_paper\\_1\\_appendix.pdf](http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623_panel_paper_1_appendix.pdf)>.

**Table 1: Plot Ratios of URA Projects and the Maximum Plot ratio allowed as stipulated in the “Hong Kong Planning Standards and Guidelines”**

	HK Island	Kowloon	Total
<b>Maximum Plot ratio Allowed as stipulated in the “HKPSG”</b>	8*	7.5	
<b>Number of URA Projects which have exceeded the maximum plot ratio allowed</b>	11	28	39
<b>Total Number of URA Projects in the Respective Areas</b>	11	30	41
<b>Percentage of URA Projects that have exceeded the maximum plot ratio allowed</b>	100%	93.3%	

#Except specified otherwise, redevelopment projects in here refer to those without preservation elements.

\*For Class A residential properties. Class A Site means sites that are abuts on one street not less than 4.5m wide.

**Table 2: Plot Ratios of URA Projects**

	Plot Ratios				
	7-7.99	8-8.99	9-9.99	10 and above	Total
<b>Projects between the URA and the private developers</b>					
HK Island	0	1	0	5	6
Kowloon	2	2	16	1	21
<b>Sub-total</b>	<b>2</b>	<b>3</b>	<b>16</b>	<b>6</b>	<b>27</b>
<b>Projects between the URA and the Hong Kong Housing Society</b>					
HK Island	0	1	0	1	2
Kowloon	0	1	4	0	5
<b>Sub-total</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>7</b>
<b>Ex LDC Projects</b>					
HK Island	0	1	1	1	3
Kowloon	0	0	2	2	4
<b>Sub-total</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>7</b>
<b>Grand Total</b>	<b>2</b>	<b>6</b>	<b>23</b>	<b>10</b>	<b>41</b>

Source: See Appendix 2

### c. Poor Urbanscape

17. Many redevelopment projects have adversely affected the physical outlook of urban areas rather than improving them. Some new building blocks are so disconnected and not in consonance with the neighbouring area. Some of these new high rise towers have created wall-effect that further exacerbated problems in relation to air ventilation. This is especially prominent in the joint-development projects with the private sector. For instance,

- The open space in the design of Vision City in Tsuen Wan was besieged by buildings and shopping arcades;<sup>24</sup>
- The public open space in the Hanoi Road redevelopment project looks like a covered walkway rather than an open space for the public enjoyment. Part of the public open space is merely 16 metres wide and is covered by a canopy, whilst the rest is actually located under a four-storey-high footbridge;<sup>25</sup>
- At least five private redevelopment projects in Wan Chai involve a construction of 20 plus storey buildings between 2005 and 2008.<sup>26</sup>

### d. Gentrification of the Redeveloped Areas

18. The redevelopment projects undertaken by the URA are most likely resulting in the gentrification in the redeveloped areas. Most residents of the old buildings are unable to move back to the new buildings simply because the new ones are positioned as “luxury residential properties”. Many new shopping malls in the redevelopment site are aimed at attracting the patronage of high spending individuals rather than serving the residents of the neighbouring areas, mostly the grassroots. For instance, the new city centre of Kwun Tong and Vision City in Tsuen Wan. Their market position appears to be determined by the high rental policy.<sup>27</sup>

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<sup>24</sup> “Hanoi Road Project Lacks Open Public Space, Says Green Group,” *South China Morning Post*, 26 March 2008, p.3.

<sup>25</sup> 〈休憩地「不見天」環團促改善〉, *Hong Kong Economic Times*, 26 March 2008, A27。

<sup>26</sup> 〈灣仔重建潮被轟製屏風團體促設特別區引入高限保舊城風貌〉, *Ming Pao*, 6 November 2008, p. A6.

<sup>27</sup> 〈理大共融社區研究批評重建方案割裂〉, *Ming Pao*, 17 December 2008, p. A8.

## **D. Land /Title Resumption and Compensation Policies**

### **a. Fallacies of the “seven year rule”**

19. Despite the fact that compensation arrangement in accordance with the so-called “seven year rule” is what the stakeholders, LegCo members as well as members of the public have achieved via serious deliberation, there is still massive grievance against compensation in the course of land acquisition. Some residents even criticized that the compensatory mechanism was a means of “forcing” them to relocate to other areas, which are often less desirable.

The established policies for compensating domestic owners comprise payment in market value of the property concerned, plus provision of either Home Purchase Allowance (HPA) or Supplementary Allowance (SA). HPA is for owner-occupiers, which fills the difference between value of a notional replacement flat based on a seven year old flat in similar locality and market value of the flat under acquisition. This is commonly known as the “seven-year rule”.

SA is exclusively for owners who are not the sole owner-occupiers of the blocks under redevelopment. Partially tenanted flats would be paid 75 per cent of the HPA, while SA is set at a level of 50 per cent of the HPA for wholly tenanted and vacant flats.<sup>28</sup>

20. Many property owners complained the compensation is inadequate for them to purchase a unit of the same size in neighbouring district(s), due to the inflated prices for properties when facing a sudden increase in demand. The latest transaction records involving properties indicated that all thirteen completed redevelopment residential properties since the establishment of the URA are above HK\$5,000 per square feet and seven are priced HK\$7,000 or above. Details please check the following table:

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<sup>28</sup> Paper submitted to the Panel on Development, “Urban Renewal Authority Acquisition Policy and Related Matters,” LegCo paper No.: CB(1)297/07-08(04), <<http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev1127cb1-297-4-e.pdf>>, and “Domestic Properties - Diagrammatic Illustration of HPA, SA and EUV (One Flat)”, <<http://www.ura.org.hk/html/c906000e9e.html>>.



HK\$/ft<sup>2</sup>

	Last Five Transactions					Average
<b>Queen's Terrace</b>	6,596	7,725	8,283	6,879	8,680	7,633
<b>Waterloo Road No.8</b>	5,740	5,290	6,291	5,137	5,787	5,649
<b>The Merton</b>	7,855	5,855	7,252	6,009	8,045	7,003
<b>The Zenith</b>	10,470	8,315	7,558	10,153	8,893	9,078
<b>Vision City</b>	6,461	5,854	6,020	5,771	6,287	6,079
<b>Mount Davis 33</b>	7,982	8,574	8,017	--	--	8,191
<b>The Dynasty</b>	8,269	7,109	8,721	9,302	8,306	8,341
<b>J-Residence</b>	13,631	12,234	10,598	11,275	10,134	11,574
<b>Florient Rise</b>	5,891	6,091	8,035	11,469	7,392	7,776
<b>Beacon Lodge</b>	5,166	6,207	5,066	5,361	5,005	5,361
<b>MOD 595</b>	5,009	5,118	5,402	--	--	5,176
<b>I-Home</b>	6,448	4,914	4,638	5,010	6,017	5,405
<b>Vista</b>	5,560	6,774	6,564	5,112	4,671	5,736

Source: <http://www.centadata.com>, accessed on 1 December 2009

21. The upsurge in property price follows high rental. This further exacerbates the difficulties facing the residents in finding new accommodation in neighbouring areas. Other complaints in relation to cash compensation could be summarized as follows:

- Plenty of floor areas is not included in the compensation;
- Compensation does not take intangible values into account, such as the values for the maintenance of a social network; etc.

**b. Lack of Profit Sharing Mechanism**

22. Another controversy is related to the entitlement of affected owners in connection with sharing their profit generated by the redevelopment projects. The "seven year rule" has not taken into account the potential investment returns and never built in any profit-sharing mechanism. From historical point of view, the LDC attempted to compensate the owners of affected properties in the redevelopment sites through promulgation of Owner's Participation Proposal (hereafter "OPP"). Under this proposed scheme, property owners are given the opportunity to participate in the redevelopment and, in the meantime, share profits and risks correspondingly. Owners can be as either cost-sharing or non-cost sharing participants while participating in the project. However, the trial measures ended up in failure.

In 1990, The LDC proposed an OPP offer for a project at Queen's Street, in addition to the standard option of cash allowance. However, the offer was eventually withdrawn because it did not receive any response from the property owners.<sup>29</sup>

In April 1998, the Corporation made a second trial by sending out a package of owner-participation proposals and cash offers to the property owners in Hanoi Road projects.<sup>30</sup> However, most individual owners sold their properties to a large property developer instead in view of its attractive offers. Eventually, the URA had to negotiate with the property developer instead of individual owners.<sup>31</sup>

23. The URA suggested that it would “consider joint-development with affected owners only on an ad hoc basis in which substantial pecuniary benefit is expected.”<sup>32</sup> Nga Tsin Wai Village project appears to be a typical example frequently cited by the URA. In fact, there was one major owner who owned as much as 70 per cent of the land interest. In such circumstance, the URA could do nothing but negotiate with the private developer in order to make the redevelopment project proceed.

24. Many property owners are of the view that they not only own respective property right but development right. If the existing compensation scheme denies their share generated from the redevelopments, they would be more than willing to settle their land lease through market mechanism, or more specifically make a deal directly with private developers. Failure to reach an agreement over profit sharing with owners of individual sites appears to be the main reason for the failures of not only the OPP, but also the setback in Nga Tsin Wai Village. As the property owners are not obliged to accept the suggested compensation proposals, it would be important for the URA to bear in mind as well the profit-seeking mentality of the property owners plus possible competition from property developers in land acquisition. In view of this, the URA is advised to explore new options to collaborate with individual owners in future redevelopment projects.

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<sup>29</sup> Urban Renewal Authority, *Review of Urban Renewal 1998-2008*, (Hong Kong, Urban Renewal Authority, 2008).

<sup>30</sup> Land Development Corporation, *Director's Report of the Land Development Corporation*, (Hong Kong: Land Development Corporation, 1998).

<sup>31</sup> 〈市局研檢討重建角色〉, *Hong Kong Economic Times*, 4 March 2008, p. A25.

<sup>32</sup> Legislative Council Panel on Development, “Urban Renewal Authority Acquisition Policy and Related Matters”, November 2007.

### c. **Failure to Assess Intangible Values for Shop owners**

25. The “seven year rule” is often criticized by the shop owners in a sense that it only takes account of the market values of units concerned but tends not to recognize intangible values when assessing the amount of compensation, such as the value of customer base, not to mention the business network.<sup>33</sup> Such an arrangement will adversely affect the compensation of the shop owners in areas undergoing redevelopment. The case in “Sneakers Street” is regarded as a good example.

The “Sneakers Street”, famously teeming with shops selling sportswear, consists of primarily the Fa Yuen Street and its adjoining area. The area is mainly composed of areas of buildings that were built in the 1950s and 1960s. In March 2007, the URA has relaunched the former LDC proposal to redevelop the “Sneakers Street.” Nonetheless, it received tremendous opposition due to the fact that the business network would be lost. A year later, numerous owners tried to form a corporation to collectively buy out some ownership rights in the Street, and expressed their intention, alongside the URA upon joint redevelopment. But these proposals did not receive any positive response from the URA.<sup>34</sup>

### E. **Lack of Community Involvement in Regional Planning**

#### a. **Failures of Recognition of Community Voices**

26. Most of the community shares the view that the “people-oriented” approach which served as the guiding principle of the Urban Renewal Strategy has not been actually applied in the past few years. Major issues arising from being devoid of community involvement in urban renewal projects are summarized as follows:

- The affected communities do not know the content of the redevelopment project until the commencement of implementation phase;
- It is devoid of community space at local level;
- Community history and networks have been ignored in the formulation of the Urban Renewal Strategy;
- Benefits and costs of redevelopment projects are not fairly distributed;

<sup>33</sup> 〈充滿挑戰的市區重建〉,《社聯政策報》, June 2009.

<sup>34</sup> 〈財團斥 5 億洽購波鞋街住宅〉, *Hong Kong Economic Times*, 14 March 2008, p. A34.

- Greater emphasis has been on physical improvement rather than sustainability;
- Effort on improvement of overall economic conditions is far from enough through any existing redevelopment projects.<sup>35</sup>

**b. Inadequacy of Community Input in the Strategic Planning Stage**

27. There are loads of complaints against the “announce first, consult later” approach under which the affected owners and tenants have not been engaged in the strategic planning stage. Many of the residents were caught by surprise when the URA suddenly made its decision to have their houses included for redevelopment. This is due to the fact that the URA has deliberately kept a high level of secrecy in the course of identification of redevelopment projects, alongside feasibility studies on them, in order to avoid speculation. As a result, public views on some fundamental issues like their possible preference to redevelopment or rehabilitation, their chance to move back after redevelopment, future design of the redeveloped site, heritage preservation, maintenance of social network, etc. are often neglected. Many residents have a strong negative feeling that their rights were being deprived of and they were forced to accept what the URA had imposed. The “announce first, consult later” approach obviously deviates from the “people-oriented” approach, the guiding principle of the URA in undertaking urban regeneration.

**c. Disintegration of Community Network**

28. The social fabrics including network of street level communities, agglomeration of any particular business sector, as well as presence of local business network, are yet to be considered in the formulation of redevelopment projects or schemes. In most cases, residents of targeted development areas were forced to leave and local community networks then disintegrated.

**d. Inadequacies in Social Impact Assessment**

29. Although the Urban Renewal Strategy suggested that “the URA should fully assess the social impact of a proposed project and the social and rehousing needs of the residents affected,”<sup>36</sup> it is a major contested area on whether such “social impact

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<sup>35</sup> Mee Kam Ng, Alison Cook & Ernest W. T. Chui, “The Road Not Travelled: A Sustainable Urban Regeneration Strategy for Hong Kong,” *Planning Practice & Research*, Vol. 16, No. 2 (2001), pp. 171-183.

<sup>36</sup> “Urban Renewal and Buildings”, <<http://www.devb-plb.gov.hk/eng/policy/urs.htm>>.

assessments” are being implemented effectively, as it is not a required process during the “public engagement” process, nor is it subject to scrutiny or endorsement from respective bodies. Even though the URA might have conducted these assessments in recent years, public engagement is absent in the course of these assessments, nor would the results be easily accessible to the public as well. Members of the general public would have to go to the office of the URA to view the assessment reports.

**e. Social Service Teams**

30. Despite URA’s commitment to set up a number of social service teams to help solve practical problems of the affected residents, it turned out that not every targeted area has its own social service team. Out of the URA’s nine targeted areas, only six district-based social service teams are still in operation in 2008.<sup>37</sup> It is also observed that there is a conflict concerning the roles played by various social service teams. On one hand, most of these social service teams can only enter the affected areas right after the publication of respective redevelopment project, rendering that its role to be confined as the remedial measures. On the other hand, the independence of these teams is questionable as their resources are mainly from the URA. Such an arrangement might constrain the organization from active participation at the community level.<sup>38</sup>

**f. District Advisory Committees**

31. The inadequacies of community input are further evident through the current mode of operations of the District Advisory Committee (DAC), the consultative mechanism at the district level. Although six DACs have been established to advise on the URA’s redevelopment plans, these committees are comprised of representatives of owners, tenants, District Councils, local NGOs and academics. These members do not have the mandate to reflect community opinions as they are appointed by the URA and met behind closed doors.<sup>39</sup>

**F. Lack of Overall Policy on Rehabilitation in Dilapidated Areas**

32. Rehabilitation in dilapidated areas is such a big mission that the URA cannot

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<sup>37</sup> Legislative Council Panel on Development, “Progress of Work of the Urban Renewal Authority,” 23 June 2009, <[http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623\\_panel\\_paper\\_1.pdf](http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623_panel_paper_1.pdf)>.

<sup>38</sup> 〈充滿挑戰的市區重建〉，《社聯政策報》，June 2009。

<sup>39</sup> Mee Kam Ng, “Property-led Urban Renewal in Hong Kong: Any Place for the Community?” *Sustainable Development*, Vol. 10 (2002), pp. 140-146.

shoulder alone, in particular the URS is bound by the self-financing principle. Meanwhile, the HKHS is another public body which is actively involved in urban rehabilitation. 810 applications for subsidies under the "Building Maintenance Incentive Scheme" have been approved.<sup>40</sup>

33. Government's latest effort to cater for rehabilitation needs is the "Operation Building Bright" in March 2009. The scheme has provided non-means tested subsidies to 1 000 buildings (500 allocations are given to the buildings with OCs and the other half are allocated to those without OCs) for carrying out of repair works. The Government has recently committed to inject another HK\$1 billion into the Scheme, and will hopefully double the number of benefited buildings from the scheme.<sup>41</sup>

"Operation Building Bright" is a "building-based" programme - Once a building is selected as a target building, owners of residential and commercial units in the building will be subsidised without the need to undergo income or asset means tests. Target buildings of the operation are divided into two categories: buildings with OCs (Category 1) and buildings without OCs or those with difficulties in coordinating repair works (Category 2). For those without OCs and having difficulties in coordinating repair works, the Buildings Department will get directly involved in cases concerned and serve statutory repair orders. If the orders are not complied with, the Buildings Department will directly arrange contractors to carry out the repair works.

For the category 2 buildings, a steering committee with representatives from Buildings Department, HKHS and URA will select buildings having difficulties in coordinating repair works, structural safety problems and defective sanitary facilities as target buildings.<sup>42</sup>

34. Rather than a forceful measure to enhance the quality of old buildings, the policy objective of this programme is simply a means to "preserve jobs". In his 2009-10 Budget Speech, the Financial Secretary primarily put the programme under

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<sup>40</sup> "LCQ10: Measures to relieve unemployment in the construction industry," Press Releases of the HKSAR Government, <<http://www.info.gov.hk/gia/general/200904/29/P200904290193.htm>>.

<sup>41</sup> "SDEV speaks on Operation Building Bright," Press Releases of the HKSAR Government, <<http://www.info.gov.hk/gia/general/200906/10/P200906100210.htm>>.

<sup>42</sup> "Operation Building Bright launched (with photos)," Press Releases of the HKSAR Government, <<http://www.info.gov.hk/gia/general/200905/07/P200905070245.htm>>.

the category of “Preserving Jobs”. And the Secretary for Development repeatedly quoted it as a measure to relieve unemployment in the construction industry,<sup>43</sup> improving quality of buildings and creating a better cityscape are always being put aside as the secondary goal only.

35. Moreover, there is no long-term goal, not to mention solid commitment, on how the issue of dilapidated buildings will be tackled. There are over 10 000 buildings that are over 30 years of age and 8 000 buildings do not have OCs as well as any form of management.<sup>44</sup> In the light of this, the number of buildings which could be benefited from the “Operation Building Bright” Scheme is actually quite small. Even worse, the Government failed to face the most difficult part of the rehabilitation issue, i.e. the buildings without OCs. It is highly likely that those without OCs will be much worse in terms of quality of management and maintenance, while the Government have failed to assist systematically the buildings without OCs. However, the Secretary for Development invited buildings with OCs to utilize the remaining funding under the category of buildings without OCs, although she had called for these buildings for early formulation of OCs and therefore avoiding a mismatch in resources. But there is also a possibility that the Owners’ Corporation will not be established eventually in these building, when the resources of the concerned plan are being used, these buildings could be in an even worsening state of decay, and hence worsening the urbanscape of the old districts.

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<sup>43</sup> The 2009-10 Budget, para. 29, <<http://www.budget.gov.hk/2009/eng/budget07.html>>, and “LCQ10: Measures to relieve unemployment in the construction industry,” Press Releases of the HKSAR Government.

<sup>44</sup> The Government did not even have the official figures of how many residential buildings do not possess any management organization. Email enquiry with the Home Affairs Department, June 2009.

#### **IV. Policy Recommendations**

1. The ideological development from urban renewal to urban regeneration represents a major step forward in social norm towards the development of the dilapidated areas. Despite the fact that the URA as well as the Government adopted the terminology which has been widely shared by the public, it is unlikely that the policy vision and development position have changed accordingly. Historical experiences on urban renewal in the past 20 years clearly indicated that the redevelopment of older districts is by no means a simple matter of simply being replaced by prevalence of new buildings, it also involves a wide spectrum of issues ranging from community network, public participation, heritage conservation, people's livelihood, local economy, built environment, development density, housing supply, private property rights, the development framework and long-term planning accordingly. The issue is significantly complicated in a sense that it could not be tackled by simply imposing minor amendments on the "urban renewal strategy". In view of this, the Government should pay serious attention to the new social situation and the multitude of problems in urban regeneration. It would also be important to put greater efforts to improve the living quality of Hong Kong people as a whole through incorporating the redevelopment of old areas into a key component of the long-term development of Hong Kong. By doing so, it is hopefully to develop Hong Kong into a world-class most liveable city.

##### **A. Government-led**

2. It is important to note that the urban renewal strategy is one of the territorial developments and therefore betokens an overall development for Hong Kong. Hence, the Government should head for a broad vision and designate a holistic policy with a more comprehensive policy framework for urban regeneration, whereby the URA is supposed to follow. Meanwhile, many private property developers have been proactively seeking development opportunities in the urban areas, with many of their property development projects impose negative impact on urbanscape of Hong Kong. In view of this, the Government should address the following policy issues in the review of urban renewal strategy, including:

- Reviewing and revamping the territorial development strategy of Hong Kong, as well as readjusting the development pressures between the urban core and the New Territories;
- Facilitating a better control over built environment, in a bid to mitigate the impact of the private property development towards urban environment



and, in the long run, to improve the overall quality of life;

- Asserting the principle of the urban regeneration policy and relevant policy measures, which is “Resident-led as the Core, Rehabilitation as the Priority, and Mutual Sharing of the Fruits of the Regeneration”;
- Reprioritizing the “4Rs” mission of the URA.

## **B. Resident-led**

3. The dilemma between development and preservation, redevelopment and rehabilitation, as well as improvement of living environment and preservation of community network have become an agenda of utter controversy throughout the course of urban redevelopment. The URA and the Government used to make the decisions hastily, paying inadequate attention to opinions from those people directly affected by the projects, as well as those for the society as a whole. A broad and genuine public participation is the key factor towards any success of urban regeneration process. The specific arrangements are as follows:

- “Sustainable Development Councils” at various local levels should be established to design and conduct envisioning work at respective level following the guideline of the “Local Agenda 21”;
- The agenda of public participation should cover sensitive issues such as decisions over redevelopment and preservation, as well as issues in relation to the preservation of heritage and social network;
- Opinions collected from public participation process should be respected and assured to be the key factor for future consideration;
- A higher level of objective on public engagement is to promote wider participation in community development. The general public should be encouraged to directly involve in urban rehabilitation and redevelopment, and share the fruits of urban regeneration.

## **C. The Way Forward for the “4Rs”**

### **a. “Rehabilitation First” and Complementary Policy Measures**

4. The existing “4Rs” strategy should be reprioritized with greater importance attached to rehabilitation. In fact, natural deterioration of building structure is by no means the problem restricted to the urban areas, but will also happen across the territory. Hence, deterioration of built environment should be positioned by the Government as a territorial-wide issue and there formulates a “Rehabilitation First”

strategy. The merits of the new strategy could be summarized as follows:

- Living environment could be improved in a more cost-effective way and environmentally friendly ways through extending the service time of buildings;
- Demand of the grassroots and underprivileged on low cost house could be addressed and met at certain extent;
- Preservation of local characteristics and networks so as to help breed economic and social diversity, etc.

Seeing many owners are reluctant, or without the capability, to undertake the rehabilitation works, the Government should be more proactive and exert a higher degree of intervention as well as to provide further assistance for rehabilitation. To this end, a holistic policy should be put in place to address the problems regarding deterioration of buildings, particularly those of urban decay, regularly in a timely manner.

#### **i. Mandatory Building Inspection Scheme+**

5. Self-initiated rehabilitation of buildings should become a compulsory and permanent exercise as it is property owners' responsibility to ensure the quality of buildings in compliance with the building code requirements. The Professional Commons is of the view that the proposed Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme (hereafter the two schemes are abbreviated as MBIS+) should be incorporated as the integral part of the territorial-wide rehabilitation scheme. The Government should expedite the respective legislative procedure which has already been deferred from the beginning of the 2008-2009 legislative session to late 2009.<sup>45</sup>

6. If implemented effectively, the proposed MBIS+ would be able to tackle the problem of urban decay in the long term. Under the proposed inspection mechanism, 500 private buildings (excluding those of 3 storeys or less) aged 30 or above per quarter (or 2 000 buildings per annum) will be selected by the Building Authority with the assistance of a selection panel. Owners of these selected building will be required to appoint a qualified inspector to examine their buildings and carry out rectification works where necessary.<sup>46</sup> By doing so, the rehabilitation works of the

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<sup>45</sup> Legislative Council Panel on Development, "Background Brief on Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme," (LC Paper No. CB(1)570/08-09(07) ) and Development Bureau, "'Operation Building Bright' – Progress and Update," Paper for Legislative Council Panel on Development, June 2009, p. 5.

<sup>46</sup> Legislative Council Panel on Development, "Background Brief on Mandatory Building Inspection

existing 13 000 buildings of 30 years of age or over, which might be the most difficult task of the rehabilitation process, could be achieved in less than 10 years. Furthermore, a ten-year inspection cycle will be imposed under which property owners is about to repeat the inspection exercise and ensure that the building is in good condition. It is noteworthy that compulsory inspection can only be used to discover the problem, if any, but physical condition of these buildings will not be improved automatically. As far as we are concerned, complementary measures should be in place to tackle various kinds of issues in the course of rehabilitation, such as financial and management problems facing the property owners.

## **ii. Establishment of the OCs or Other Forms of Management Bodies**

7. Government's track records show its effort to promoting formulation of OCs were far from satisfactory. Currently, there are more than 8 000 buildings without any forms of management bodies. Against this background, it would be of critical importance to capitalize on mandatory building inspection in a way to improve building management across the territories. More forceful measures should be in place to promote formulation of OC or certain forms of management bodies, e.g.

- The District Building Management Liaison Teams under the Home Affairs Department and the Property Management Advisory Centre under the HKHS should make use of the building inspection to encourage owners of private buildings enlisted under the proposed MBIS to incorporate an OC or formulate certain form of management structure;
- Effective "after-sale" service for newly established OCs to help the owners to overcome complex management issues, even to get rid of possible legal liability, would be of equal importance. By doing so, there would be a healthy and sustainable mechanism under this best case scenario. As regards the worst case, a loosely organized management body should also be maintained to handle daily management matters of buildings such as garbage cleansing, immediate maintenance works, etc. in the long term. With routine management service, it will help reduce the chance of building deterioration at its earliest stage.

## **iii. Financial Assistance**

8. Urban decay is at certain extent a reflection of urban poverty. In numerous old areas, flats in dilapidated buildings contribute a major portion of assets of owner

occupiers. Many of them do not have a stable source of income or a large amount of cash savings to pay for the mandatory inspection and the renovation works where necessary. It would be an embarrassment for the Government to impose highhanded measures of law enforcement. Hence, it would be advisable for the Government to provide extra resource in a bid to push forward an extensive scale of rehabilitation. Property owners subject to the following categories deserve a higher priority in the entitlement of financial assistance:

- Owners of dilapidated buildings with genuine financial difficulties;
- Owners of old buildings without OCs or any form of management bodies.

9. Various forms of financial assistance should be in place through consolidation of existing incentive systems under the HKHS and URA, as well as those under the newly established Operation Building Bright and the proposed MBIS. However, it is legitimate for the Buildings Department, under the proposed MBIS, to recover all costs incurred from the defaulting owners/OCs after carrying out building inspection and necessary repair works. There should be a clearer delineation on responsibilities between different funding schemes including:

- The criteria of HKHS and URA incentive schemes which provide allowances to property owners in needs should be maintained and wealthier owners should only enjoy assistance in the form of loans;
- Operation Building Bright should focus on helping fix those “problematic” buildings identified by the MBIS. A maximum of HK\$7 billion public funding might be required to assist the remaining 7 000 odd private buildings without any OCs and aged 30 years or above, on top of the latest commitment of HK\$1 billion designated for the same purpose;
- HKHS is bound to keep its promise of setting aside HK\$4 billion to complement the launch of the schemes aiming at providing financial and technical assistance to eligible building owners.<sup>47</sup> Subsidies will be provided to eligible owners to cover the cost of first mandatory building inspection, as well as grants and/or interest-free loans to carry out rectification works for buildings and windows. It is estimated that about 80 per cent of the 13 000 target buildings will enjoy the subsidy for their first inspection.<sup>48</sup>

10. To pacify the anxiety and concerns of the affected owners under the

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<sup>47</sup> “Background brief on Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme,” (LC Paper No. CB(1)570/08-09(07)), p. 2.

<sup>48</sup> *Report on the Public Consultation on Mandatory Building Inspection - Executive Summary*, <[http://www.devb-plb.gov.hk/eng/publication/mbi\\_summary\\_2007.htm](http://www.devb-plb.gov.hk/eng/publication/mbi_summary_2007.htm)>.

proposed MBIS, there should be a “one-stop” service in the provision of technical advices as well as financial assistance. An information kit containing general information and application forms of respective financial assistance schemes, together with the MBIS notification of the Building Department, should be delivered to the property owners.

**iv. Capacity Building of the Buildings Department**

11. The Buildings Department should strengthen its works management capacity due to its commitment towards the Operation Building Bright scheme. The Department should at least double its yearly capacity of handling 300 target buildings without OCs to 600. Even so, it will take more than ten years to help fix the 8 000 buildings without any form of management bodies, if all of them were unable to manage the repair works properly on their own.

**b. Resident-led Redevelopment Model**

**i. The Third Way: Beyond the Public and Private Redevelopment Models**

12. As there is growing criticism against both privately led and URA-led redevelopments, the local community is looking for a viable alternative. It is likely that the “resident-led” approach would be a feasible option for further consideration. However, some practical problems might hinder the owners from proceeding with redevelopment of their property. This is represented in the presence of mistrust and lack of co-ordination, shortage of capital and related knowledge in comparison with the developers, etc. It seems that the existing business model relying heavily on market force is undesirable. That provides room for an appropriate level of intervention of the Government to have a new redevelopment model nurtured, ranging from facilitating the establishment of new numerous non-profit making players in the property market who could win owners’ trust to providing financial assistances of some forms.

**ii. Redevelopment Cooperatives: Basic Concepts**

13. The “resident-led” redevelopment model is primarily conducted through the “redevelopment cooperative”, in which the landlords will have more say on their redevelopment plan. They are set to determine, on their own, the redevelopment targets and principles of the cooperative, then share the results of redevelopment

including some of the profits the cooperative obtains and eventually return to their own flat after the works. Most importantly the “resident-led” model can serve the needs of landlords, tenants and the society as a whole. The basic concepts are as follows:

- Landlords decide collectively on the selection of redevelopment plan, supervise the realization of the projects and own the shares of the cooperative;
- Landlords have to bear the gains and risks of redevelopment;
- A wide array of options would be available for the landlords, ranging from a premature sale of their shares for cash, dividend sharing to early choice in “flat-for-flat” and “shop-for-shop”;
- Individual residents are entitled to compensation from the cooperatives;
- Social network could be maintained via support of the Government.

A housing cooperative is a non-profit legal entity — usually a corporation—that owns real estate, consisting of one or more residential buildings. Each shareholder in the legal entity has the right to occupy at least one housing unit, or sometimes subject to an occupancy agreement which is similar to a lease. A co-op can contract with other companies to help develop the property or to seek service provision.<sup>49</sup> Housing cooperatives have been established in many countries.

### iii. **Operation Principles of Redevelopment Cooperatives**

14. The new redevelopment mode is supposed to strike a balance between the need of landlords, tenants and the community at large. On top of this, it should also be a sustainable business model in a sense that it is operable besides the private and public ones. The operation is summarized as follows:

- “Resident-led, Government Facilitates”: The residents shall decide collectively on whether a particular site shall be redeveloped, whether any redevelopment plan is worthy of consideration, and so on. The Government would also provide financial assistance to the redevelopment cooperatives via collaborative organizations;
- “Environmental and Public Need as the Foremost”: The redevelopment proposals should be designated in accordance with the principles of sustainable development. Plot ratio should be maintained at a low level in most cases but flexible arrangement would be accepted in order to foster a higher value for the benefit of the society as a whole. Planning and design

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<sup>49</sup> <[http://en.wikipedia.org/wiki/Housing\\_cooperative](http://en.wikipedia.org/wiki/Housing_cooperative)>

should be optimized to improve the built environment;

- Comprehensive Care, Community Support: Negative impact on the community would be minimized through the provision of support to the underprivileged, in a way to maintaining their social network and safeguarding healthy development of local economy.
- After the redevelopment projects are completed, the collaborative organization in charge would be allowed to collect a service charge from the landlords or claim government's subsidy in accordance with the number of completed projects.

#### **iv. Prospective Enablers**

15. It would be advisable for the Government to provide assistance through credible public or semi-public bodies which play the role of an enabler. The URA and HKHS, the two public organizations that are heavily involved in urban renewal, should continue to play an active role in the future. It is mainly attributed to their longstanding history of service in housing development as well as their knowledge at the district level. However, their new portfolio is to assist the landlords in redeveloping their property. However, they are one of the ordinary players in property market only and have to follow normal market practices. Their prospective portfolios include the following:

- Conducting social impact assessment in accordance with international standards in the designated "old areas";
- Building trust as well as networking among the landlords that pave the way for the "redevelopment cooperative";
- Formulating "collaborative redevelopment" options for residents' consideration according to the "environment-first" principle;
- Exercising statutory buyout to assist in "collaborative redevelopment", if necessary, it would be responsible for financing and financial arrangements, but they should not possess any shares in the cooperative;
- Engaging in project supervision, and even property management work after the redevelopment;
- Coordinating government departments and nongovernmental organizations for provision of community support towards the underprivileged.

#### **c. District Council-led Revitalization**

16. Comparatively speaking, District Councils are more appropriate than the

URA does in promoting revitalization in urban areas. Many District Councilors, in particular those elected ones, might have a rich and well-established network in their constituency. Their daily involvement in local affairs is also an edge that the URA is unrivalled.

17. Recently, the District Councils have been empowered by the Government to manage certain government facilities, such as public libraries and recreational facilities, as well as to carry out district-based minor projects. Moreover, the Government also provides them extra funding on dedicated capital works, increasing from 300 million dollars in 2007 to 600 million dollars in 2008.<sup>50</sup> Against this background, it would be of utmost importance to capitalize on these financial resources in a bid to facilitating better development at district level, particularly in the revitalization of heritage.

18. In addition to the enhanced roles in areas of leisure and cultural activities as well as district minor projects, The Professional Commons is of the view that the District Councils should play a more active role in urban revitalization. In fact, some of the District Councils has attempted to formulate district development plan through strengthening their research capabilities. The Wan Chai District is a good example:

The previous term of Wan Chai District Council (2004-2007) has conducted a number of district-based research studies concerning the socio-economic conditions of the district. A set of recommendations concerning the urban renewal policies of the Wan Chai area has been formulated for the reference of the URA in October 2004. It is said specifically that the District Council should become the facilitator in the urban regeneration process.

Initiated and funded by the Wan Chai District Council, a “Wan Chai Development Blueprint Working Group” was set up in 2005 in collaboration with the Baptist University Geography Faculty and St James' Settlement. It held numerous workshops, forums and conducted interviews with more than 2,000 Wan Chai residents in 2006.<sup>51</sup> The findings of the Working Group were published by the District Council as a report as well. It also assisted the residents in the formulation of citizen-based alternative for the Lee Tung Street redevelopment project.<sup>52</sup>

<sup>50</sup> “Exco endorses implementation of DC review recommendations,” Press Release from the Home Affairs Department, <[http://www.had.gov.hk/en/publications/press\\_releases/press\\_20060928.htm](http://www.had.gov.hk/en/publications/press_releases/press_20060928.htm)>.

<sup>51</sup> “Wan Chai plan was ‘borrowed’ think-tank says,” *The Standard*, 24 December 2007, p. 10.

<sup>52</sup> <[http://wc.had.pbase.net/wc\\_d/chinese/Hopewell/S\\_h24\\_6/URA\\_paper\\_final\\_draft-4.doc](http://wc.had.pbase.net/wc_d/chinese/Hopewell/S_h24_6/URA_paper_final_draft-4.doc)>



19. The Eastern District Council is going to revitalize some streets involving a number of restaurants in Tin Hau into an area teeming with restaurants or food stores of a wide range of variety in the near future. The District Council has collaborated with the HKHS to conduct a study regarding the revitalization of Tin Hau. According to the research proposal, the District Council will launch a revitalization plan involving HK\$13 million in a bid to convert the existing restaurants areas comprised of Electric Road, Lau Sin Street and Wing Hing Street into a thematic “food street”. The designated area will be further beautified by adding sculptures, re-surfacing road tiles, improving street lamps and signage, and so on.<sup>53</sup>

20. To this end, the District Councils should be further empowered to formulate brand new strategies for revitalization of areas undergoing urban decay :

- Each District Council should have an independent secretariat staffed by non-civil servants;
- The resources of all small scale projects should be consolidated to put forward revitalization programmes;
- Inviting local talents with a good knowledge of the socio-economic and cultural fabrics of the district concerned to help formulate revitalization plans;
- Each of the District Councils should have their own team of town planners and relevant professionals to assist in designating development plans, so as to address needs of the community in a feasible manner.

**d. Relieving the preservation function from the URA**

21. The preservation of heritage is indeed a territorial-wide issue. More importantly, redevelopment activities have been more and more prominent recently in urban areas, even throughout the territory. Against this background, the Government should formulate a holistic policy, dedicated mechanism is to be established so as to strive for a right balance between development and conservation. Being merely a “district” organization with a geographical focus on the urban areas, URA is not appropriate to assume major responsibility of heritage preservation in urban area.

22. In view of this, there should also be some strategic adjustments in terms of

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<sup>53</sup> 〈房協擬斥資美化天后食街〉,《生活區報 (香港經濟日報)-港島東》, 19 September 2008 , p. 8 ; 〈房協搞活天后食街招徠〉 , *Sing Tao Daily*, 13 April 2009, p. A16.

scopes of responsibilities of the URA. It should only conduct the preservation of heritage within the redevelopment area on a limited scale. Such arrangements would be in consonance with the overall direction of streamlining the responsibilities of the URA. It would also be helpful in relieving part of its financial burden. However, there is no need to totally scrap the URA from its involvement in preservation work. If there is a built heritage fallen within any redevelopment area, it is logical for the URA to take care of it. Despite this, cases regarding preservation of the Central Market and the Guangzhou-style tenement housing (“Tong Lau”) in Shanghai Street do not count, which should be within the ambit of the Government.

23. “Urban Renewal Authority” should be renamed as “Urban Regeneration Authority” in a way to reflect the transformation of its new missions and mode of work. Instead, URA is advised to focus on rehabilitation work of run-down buildings, and play the role of supporter through provision of financial resources and project supervision. It should also act as an enabler in the cause of urban redevelopment with particular emphasis on “Resident-led” and “Environmental and Public Need as the Foremost” principles. (See Appendix 3)

#### **D. Spreading out of the Metro Core**

24. Urban redevelopment activities have in recent years intensified the development density and pressures of urban areas. This could only be solved through careful adjustment of the overall planning setting of Hong Kong, especially through the rectification of the spatial imbalance between the metro core and “peripheries”, such as New Territories. The Government should consider a more decentralized land use pattern and modify the land use as stipulated by the Outline Zoning Plan. In addition, the new planning direction should not be confined to the relocation of the population from the metro core to New Territories. It should also enhance the economic vibrancy in New Territories through exploring business potential specifically for job creation. There are two areas attempting to improve the urban environment:

- Lowering the objective of housing 40% of the increased population in the metro core area under the “Hong Kong 2030 Report” ;
- Improving the urbanscape of the metro core through provision of more public open space and facilities in various regenerated urban areas on one hand and lowering development density and plot ratio on the other.

25. One of the directions for further study in terms of the adjustment of

development directions would be developing new business nodes such as the “secondary city centres”, in which the Professional Commons has proposed in March 2008. The Government should also consider changing the permitted land use as stipulated in the Outline Zoning Plan in the New Territories on a limited basis, for the sake of promoting economic vibrancy and creating job opportunities, so as to foster a “win win” situation for the metro core areas and the New Territories as a whole.

**For the People By the People**  
**Research Report on the Urban Regeneration Strategy**

**Advisory Board**

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**The Professional Commons**

**December 2009**



## **Submission to the LegCo Panel on Development regarding the Review of the Urban Renewal Strategy**

This is a preliminary response by the Professional Commons on the current review exercise related to the Urban Renewal Strategy. At this stage, we focus on the fundamental and structural problems that hindered the development of a healthy and sustainable urbanscape.

### **1. Flawed Strategy in Territorial Development**

Although the Victoria Harbour focused Metro Plan promulgated in the late 1980s was a proper response to the weak confidence and investment before the re-unification with the Mainland, it no longer suits our present needs and even worse adversely affects the spatial development of Hong Kong. Not only most of the major development projects in the short and median term will be built along the shores of the Victoria Harbour, future supply of housing land, according to the “Hong Kong 2030 Report”, will be provided mostly in the urbanized areas, with the majority of them be created through urban renewal. Such a move will result in further intensification of overcrowdedness of the urban area. Against this background, development pressure of the Metro Core would only be resolved through major adjustment in the overall planning for Hong Kong.

### **2. Insistence on High Land Price and High Development Density Model**

Many stakeholders as well as members of the public have casted doubt to the appropriateness of the high land price, high density and low quality approach undertaken by the Development Bureau, Town Planning Board, Lands Department and Planning Department in our town plan and in land management. According to “IMD World Competitiveness Yearbook 2008”, Hong Kong’s ranking was as low as 53 in “Apartment Rent” and 45 (out of 55 economies) in “Office Rent”. High land price leads to high development density, which damages the competitiveness of Hong Kong especially the competing edges of SMEs. It adversely affects our health as well. Our research in cities like Singapore and Shanghai shows that lower density

redevelopment only exists if the Government is willing to accept lower land development return. On the contrary, there is no room for a lower development density if the Government insists to adopt a high land price policy. Continuous high land price policy and high density development will dampen the urbanscape rather than improve it, if the Urban Renewal Authority (URA) and the Government maintain the present model of replacing short storey buildings by high rise, high density blocks of high development ratio. It is contrary to the fundamental principle of urban regeneration in view of public aspiration for better built and living environment. The situation could only be improved as if the Government abolished the high land price policy and the URA scrapped its mentality of full utilization of the permitted plot ratio and restraints be imposed by the Government in granting high development/plot ratio in redevelopment projects.

### **3. Inadequacy of Community Input in the Strategic Planning Stage**

There are many complaints against the “announce first, consult later” approach being adopted by the URA. Such an arrangement has led to numerous problems, ranging from negligence on residents’ acceptance towards redevelopment, controversies over profit sharing and compensation arising from the redevelopment projects, disputes on heritage preservation, and the disintegration of social network. It is obviously deviated from the “people-oriented” approach, the guiding principle of the URA in undertaking urban regeneration. Most of these problems might have a better solution if they could be addressed at the earliest stage, particularly when the strategic planning is still underway.

### **4. Disintegration of Community Network**

The social fabrics, especially the network of the street level communities, are often not considered in the formulation of redevelopment projects or schemes. In most cases, the residents of the targeted development areas would be moved out and the local communities would disintegrate. Greater importance should be given not only to heritage conservation, but the preservation of the community networks as well.

### **5. Poor Professional Performance**

Despite the fact that there are an ample number of trained and highly paid professionals in the URA as well as in relevant government departments, their performance is not professionally sound if we look at the outcome of our urban

fabric, both in terms of the quantity and quality. Such a situation is attributed to a couple of reasons. For instance, Social Impact Assessments and Cultural and Heritage Impact Assessments are not statutorily required in the Ordinance, so that they do not have significant roles in the administrative procedure of the redevelopment projects. Traffic Impact Assessment and other development studies are always manipulated by the consultants hired by developers in the planning process. The “Hong Kong Planning Standard and Guidelines” aiming at a better environment and urban design are often ignored by the majority of the professionals in planning (representing either the developers or the public sector) in the process. The Town Planning Board is more or less a rubber stamp of the administration (or even the developers) and usually fails to safeguard public interests.

## **6. Role Segregation between the Government and the URA**

On one hand, the principle of self-financing has pushed the URA to act like a property developer. Recently, the URA has been required to pay greater efforts in heritage preservation, etc. On the other hand, government subsidies to several urban regeneration projects in the past couple of months appeared to be the outcome of arbitrary decisions. It is unrealistic to expect urban regeneration as a convenient task, and would involve minimal costs. The Government should help delineate the role of the URA through streamlining its responsibilities and reviewing its self-finance principle. It would be of equal importance for the Government to abandon the “arms length” approach and adopt an enabling role through the provision of a holistic urban regeneration policy and respective financial subsidies.

The Professional Commons is currently examining the details of the problems and consolidating alternative solutions that might help in shaping a new direction on future Urban Renewal Strategy. We will issue a comprehensive set of policy analysis and recommendations in due course.

**The Professional Commons**

**2 April 2009**

**Appendix 2a**

**Redevelopment Projects Conducted between the URA and the Private Developers**

	Year	Project Name	Site Area (sq m)	Pre-Development		Post-Development		% increased of GFA Before and After Renewal
				Existing GFA (sq m)	Plot Ratio	Total GFA (sq m)	Plot Ratio	
1	2002	First Street/Second Street, Western	3536	15690	4.4	38178	10.8	143.3
2	2002	Reclamation Street, Mong Kok (MOD 595)	535	2411	4.5	4921	9.2	104.1
3	2003	Pine Street/Anchor Street, Tai Kok Tsui	2328	11802	5.1	20952	9.0	77.5
4	2003	Larch Street/Fir Street, Tai Kok Tsui	2195	10332	4.7	19753	9.0	91.2
5	2003	Lee Tung Street/McGregor Street, Wan Chai	8220	36534	4.4	79697	9.7	118.1
6	2003	Baker Court, Hung Hom	277	834	3.0	2316	8.4	177.7
7	2003	Bedford Street/Larch Street, Tai Kok Tsui	1229	6313	5.1	10363	8.4	64.2
8	2003	Queen's Road East, Wan Chai	378	1806	4.8	3984	10.5	120.6



9	2003	Po On Road/Shun Ning Road, Sham Shui Po	1394	4898	3.5	12534	9.0	155.9
10	2005	Fuk Tsuen Street/Pine Street, Tai Kok Tsui	536	4071	7.6	5040	9.4	23.8
11	2005	Yu Lok Lane/Centre Street, Sai Ying Pun	2156	4140	1.9	16464	7.6	297.7
12- 13	2005	Lai Chi Kok Road/Kwelin Street & Yee Kuk Street, Sham Shui Po (2 projects)	3330	13197	4.0	29538	8.9	123.8
14	2006	MacPherson Stadium, Mong Kok	2400	2788	1.2	24768	10.3	788.4
15- 17	2006	Hai Tan Street/Kwelin Street & Yee Kuk Street, Sham Shui Po (3 projects)	7440	25344	3.4	66960	9.0	164.2
18	2007	Nga Tsin Wai Village, Wong Tai Sin	4637	2051	0.4	37097	8.0	1708.7
19	2007	Peel Street/Graham Street, Central and Western	5320	20219	3.8	68300	12.8	237.8

20	2007	Kwun Tong Town Centre	53500	96104	1.8	401250	7.5	317.5
21	2007	Sai Yee Street, Mong Kok	2465	14434	5.9	22185	9.0	53.7
22	2008	Anchor Street/Fuk Tsun Street, Tai Kok Tsui	726	3348	4.6	6534	9.0	95.2
23	2008	Chi Kiang Street/Ha Heung Road, To Kwa Wan	928	5226	5.6	8352	9.0	59.8
24	2008	Pak Tai Street/Mok Cheong Street, Ma Tau Kok	776	3772	4.9	6984	9.0	85.2
25		Cherry Street, Tai Kok Tsui	4510	14416	3.2	43231	9.6	199.9
26		Fuk Wing Street/Fu Wah Street, Sham Shui Po	1384	5129	3.7	12453	9.0	142.8
27		Johnston Road, Wan Chai	1970	7640	3.9	20567	10.4	169.2
		<b>Total*</b>	<b>112170</b>	<b>312499</b>	<b>2.8</b>	<b>962421</b>	<b>8.6</b>	<b>230.0</b>

Notes:

1: As at 31 March 2009, there are 31 redevelopment projects between the URA and the private developers, only 27 projects are listed.

2: The information on the GFA before renewal is unavailable from the Staunton Street redevelopment project in Sheung Wan, and is therefore unable to make a comparison with the plot ratio before and after the renewal process. Hence, it is not listed in this table.

3: The Mallory Street Burrows Street project in Wan Chai, the Prince Edward Road West Yuen Ngai Street, and the Shanghai Street Argyle Street projects are primarily preservation projects, and therefore it should not be considered as a redevelopment project. Hence, they are not listed in this table.

4: The plot ratios are calculated by the following formula: (Total GFA/Area).

5: The GFA of the Residential Area is calculated under this formula: (Total GFA—Commercial Space—Government, Infrastructure and Community Facilities)

6: Part of the data set came from Development Bureau, "Progress of Work of the Urban Renewal Authority,"  
<[http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623\\_panel\\_paper\\_1\\_appendix.pdf](http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623_panel_paper_1_appendix.pdf)>.

**Appendix 2b**

**Redevelopment Projects between URA and HKHS**

	Year	Project Name	Site Area (sq m)	Pre-Development		Post-Development		% increased of GFA Before and After Renewal
				Existing GFA (sq m)	Plot Ratio	Total GFA (sq m)	Plot Ratio	
1	2003	Shau Kei Wan Road, Shau Kei Wan	1870	9834	5.3	19756	10.6	100.9
2	2003	Po On Street/Wai Wai Road, Sham Shui Po	2592	9923	3.8	21219	8.2	113.8
3	2004	Castle Peak Road/Cheung Wah Street, Sham Shui Po	1000	5935	5.9	9000	9.0	51.6
4	2004	Castle Peak Road/Un Chau Street, Sham Shui Po	2609	14193	5.4	23482	9.0	65.4
5	2004	Un Chau Street/Fuk Wing Street, Sham Shui Po	2222	10114	4.6	19998	9.0	97.7
6	2004	Castle Peak Road/Hing Wah Street, Sham Shui Po	1382	8286	6.0	12438	9.0	50.1
7	2005	Sai Wan Ho Street, Shau Kei Wan	712	3796	5.3	5791	8.1	52.6
		<b>Total</b>	<b>12387</b>	<b>62081</b>	<b>5.0</b>	<b>111684</b>	<b>9.0</b>	<b>79.9</b>

Notes:

1: As at 31 March 2009, there are 8 redevelopment projects between the URA and the HKHS, only 7 projects are listed.

2: The Stone Nullah Street (Blue House) project is primarily a preservation project, and therefore it should not be considered as a redevelopment project. Hence, it is not included in this table.

3: The plot ratios are calculated by the following formula: (Total GFA/Area).

4: The GFA of the Residential Area is calculated under this formula: (Total GFA—Commercial Space—Government, Infrastructure and Community Facilities).

5. Part of the data set came from Development Bureau, “Progress of Work of the Urban Renewal Authority,”

<[http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623\\_panel\\_paper\\_1\\_appendix.pdf](http://www.devb-plb.gov.hk/eng/business/pdf/2009/20090623_panel_paper_1_appendix.pdf)>.

## Redevelopment Projects Conducted by the Ex-LDC

	Year	Project Name	Site Area (sq m)	Pre-Development		Post-Development		% increased of GFA Before and After Renewal
				Existing GFA (sq m)	Plot Ratio	Total GFA (sq m)	Plot Ratio	
1	1997	Kennedy Town New Praya (The Merton)	6075	24808	4.1	62904	10.3	153.6
2		Hanoi Road	8299	27309	3.3	102625	12.4	275.8
3		Wan Chai Road/Tai Yuen Street, Wan Chai (The Zenith)	6308	12555	2.0	62310	9.2	396.3
4		Queen Street (Queen's Terrace)	7964	25792	3.2	66233	8.3	156.8
5		Waterloo Road/Yunnan Lane, Yau Ma Tei (Waterloo Road No.8)	3869	6610	1.7	32012	9.0	384.3
6		Argyle Street/Shanghai Street, Mong Kok (Langham Place)	11976	40810	3.4	167414	14	310.2
7		Kwong Yung Street, Mong Kok (Paradise Square)	1607	4190	2.6	15160	9.4	261.8
		<b>Total</b>	<b>46098</b>	<b>142074</b>	<b>3.1</b>	<b>508658</b>	<b>11.0</b>	<b>258.0</b>

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Notes:

1: There are 10 redevelopment projects from the ex-LDC, there are only 7 projects listed.

2: The information from the Yeung Uk Road and Kar Wai Man Road redevelopment projects on the GFA before renewal is unavailable, and is therefore unable to make a comparison with the plot ratio before and after the renewal process. Tsuen Wan Centre is not located in Hong Kong Island or Kowloon. Hence, they are not listed in the table.

3: The plot ratios are calculated by the following formula: (Total GFA/Area).

4: The GFA of the Residential Area is calculated under this formula: (Total GFA—Commercial Space—Government, Infrastructure and Community Facilities)

5: Part of the data set came from Development Bureau, “Progress of Work of the Urban Renewal Authority,”

<http://www.legco.gov.hk/yr07-08/english/panels/plw/papers/dev0624cb1-1951-4-e.pdf>

Functions of the New URA

