公共專業聯盟
The Professional Commons

**Old Problems Remained Intact**
**ProCommons's Responses on "Urban Renewal Strategy" (Draft)**

1. The outcome of the review on the "Urban Renewal Strategy" (Draft) (hereafter the "Draft Strategy") is disappointing. Through struggles over the past years, as well as the statements they had presented at previous consultation meetings, members of the public made their dissatisfaction with the existing urban renewal policy very clear. However, the Draft Strategy indicated that the Government basically maintains the established practices, including unwilling to formulate an urban regeneration strategy, while the Urban Renewal Authority (hereinafter the "URA") insists on its work principle of "focusing on redevelopment, neglecting rehabilitation". The document also failed to address the question concerning redevelopment for whom, as well as to improve the disputes from compensation, and so on.

**No intention of developing an Urban Regeneration Strategy**

2. As the name implies, the Urban Renewal Strategy is strictly a strategy focusing on urban renewal, and is by no means a holistic strategy covering various aspects of urban regeneration, not to mention that from the theoretical level, putting urban regeneration under the concept of urban renewal is simply "placing the cart before the horse". Despite the fact that the Draft Strategy outlined the four major aspects of urban regeneration, i.e. redevelopment, rehabilitation, revitalization and heritage preservation where many stakeholders would be involved (paras. 3 and 4), the document only focus on how the URA should deploy on the redevelopment of old buildings. Not only did it certainly fail to cover redevelopment issues beyond the urban areas, it also did not shed light on how other stakeholders can accommodate the overall urban regeneration policies. More importantly, the Draft Strategy quoted the stipulations of the "Urban Renewal Authority Ordinance" as in laying guidelines for the URA, showing that the policy document is effectively and merely a working guideline of the institution.

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**The "Bulldozer" mode of Redevelopment: continue to run rampant**

3. In the consultation paper issued at the "consensus building" stage, the Hong Kong SAR Government (hereafter the Government) had put forward a "rehabilitation first" proposal in a bid to ensure building safety and sustainable development (page 15), while demolition and redevelopment of old buildings will be a supplementary measure only. But in the Draft Strategy, the "rehabilitation first" proposal has no longer been mentioned. Against this background, how the URA strikes a balance in setting the priorities between reconstruction and rehabilitation? Which one would be on a higher level of priorities? The Government has apparently chosen stubbornness and neglected public grievance over the "bulldozer" mode of development of the URA. As the sources of the resentment have not been ironed out, it would be difficult for the URA to run the redevelopment projects smoothly in the future.

**No specific rehabilitation strategy for the "Three NOs" buildings**

4. Although the Draft Strategy has stressed that "the URA will undertake building rehabilitation as its core business", the subsequent matching measures indicated that the Government is lacking determination to address the issue. Even a dedicated team is being assigned to provide necessary assistance, many owners of old buildings may still be unable to form Owners' Corporations, and subsequently lack the ability to manage building maintenance projects. In the future, there would still be thousands of "Three NOs" buildings with no property management companies, Owners' Corporation or other residents' organizations. Without proper rehabilitation, the physical condition of these buildings will, in the long run, deteriorate drastically. In fact, The Professional Commons (hereafter The ProCommons) has suggested that, as a means to completely resolve this problem, the Government should reposition the "Operation Building Bright" programme and target the Three "NOs" buildings as the main benefiters. Moreover, the Buildings Department should play a key role in assisting project management of the rehabilitation of these buildings.[1] However, the Government is not very keen on shouldering the respective responsibility. In sum, the Draft Strategy is in essence not an urban regeneration strategy at all, which is merely

[1] The Professional Commons, "For the People, By the People: Research Report on Urban Regeneration Strategy," December 2009, Chapter IV, para.11, and The Professional Commons, "Supplementary Proposal on Urban Regeneration Strategy," July 2010, para. 7.

the working guidelines of the URA. Therefore, any matters beyond terms of reference of the URA would naturally not be a matter of concern in this document.

**Continuation of "Sudden Preservation"**

5. Although heritage preservation is no longer its core task, but the Draft Strategy emphasized that the URA would continue to participate in the preservation of historic heritage buildings by taking government's heritage preservation policies into consideration. However, it is problematic that systematic policy on heritage preservation is lacking on one hand, the Government has no intention to outline a strategy for urban regeneration on the other. In the foreseeable future, it is very likely that the preservation projects of the URA would continue to be influenced by the Government in general, which is largely responsive to the public pressure, therefore arbitrary in nature. The Government has taken advantage of the "small coffer" of the URA to meet its ad hoc task on "sudden conservation," bypassing the scrutiny and approval of the Legislative Council. Such an arrangement is generally departed from the basic principle of "a district-based and public participatory approach". Despite the fact that the District Urban Renewal Forum is supposed to be a major component at the district level consultation mechanism, the Draft Strategy provided no specification on how the Forum could affect the decisions on heritage preservation.

**Building "luxury" flats of and the question of redevelopment for whom**

6. The "Public Views and Future Direction" paper issued at the "Consensus Building" phase proposed that "the rationale for reconstruction priorities and projects should depend on building conditions, planning considerations and the living conditions of residents, and not on the redevelopment value of the site, the nature of redevelopment should be a social one"(p. 19). On one hand, the Draft Strategy has given up "social redevelopment" as the work objectives of the URA. On the other hand, it has once again reiterated that "the long-term objective of a self-financing urban renewal programme will continue to be upheld," without a clarification on whether it would recoup the cost, or even charging a service fee for the revitalization and preservation projects entrusted by the Government. It is uncertain concerning the meaning of the statement "if there is policy support or a request from the Administration"(para. 21). To fulfill its own responsibilities as well as the tasks

assigned by the Government via generation of sufficient financial resources, the URA has to create substantial amount of funds proactively. Since the URA continues to play the role as a real estate developer, the most effective way of it to make money is to consolidate urban old buildings into high-quality sites, and then entrust property developers to package the projects into "luxury" flats.

7. The Draft Strategy has not explicitly clarified the market positioning of future redevelopment projects, deleting the goal of "social redevelopment" on one hand and refusing to commit on the construction of "no-frills" buildings for "flat for flat" purposes on the other. In the light of this, it would be difficult to win public confidence on the "flat for flat" schemes in where near the redevelopment area. It is generally worried that the redevelopment projects will eventually produce "luxury flats" which are far beyond the affordability of residents concerned to settle the price between the new and old flats. If so, the so-called "additional choices" beyond monetary compensation options are a mere empty promise.

8. As a response to the "social redevelopment" concept initiated at the "consensus building" stage, The ProCommons has suggested the construction of "Home Ownership Scheme standard" buildings on redevelopment sites of low economic value but must-needed to be redeveloped. The socio-economic levels of such new buildings would be closer to those before the redevelopment process. By doing so, it would tremendously narrow the price gap, and allow business owners and residents to return to their original area more easily, therefore keeping social network and community economy.[2] Such an arrangement can directly benefit those who are affected by the redevelopment projects, and help resolve conflicts.

**Controversies over compensation: still cannot be resolved**

9. The "flat for flat" option provided in the Draft Strategy was severely criticized in "consensus building" stage of consultation because the URA had basically maintained the "notional seven years old replacement flat" as the yardstick of compensation. The residents would be required to pay back the difference in price between the old and new unit if they accepted the "flat for flat" arrangement in order to return to live in the same area. The revised strategy also insists on rejecting the

[2] The Professional Commons, "Supplementary Proposal on Urban Regeneration Strategy," para. 12.

compensatory arrangements of “shop for shop”, so most shop owners would lose not only their property but also their means of conducting business. More importantly, in collaboration with the real estate developers, the URA has earned huge profits due to the soaring property prices, while those being affected by the redevelopment would feel that they were exploited by reaping the benefits from the redevelopment projects. The tension intensified due to overall upward trend in local property prices, together with the widening rich-poor gap. It is then natural for those who are living in dilapidated urban areas to cherish their only remaining valuable assets, and to take full advantage of the opportunities in redevelopment projects to gain compensation in the fullest extent for their future needs in living expenses. We can foresee that each and every of the future acquisitions of old buildings will be transformed into intensive struggles for compensation. Should the URA build "no frills" buildings, or specifically those of “HOS standards,” for “flat for flat” compensation, it would be conducive in reducing the conflicts in compensation.

**Against the additional commercial "facilitator" role**

10. To facilitate owners’ participation in redevelopment, the Draft Strategy recommended the URA to assume an extra role of “facilitator” to provide consultancy services to property owners in exchange for services fees rendered, on top of its original role as an "implementer". It should be noted that the proposed "facilitator" role will not be allowed to exercise any public authority and the redevelopment projects it assists would not aim at any specified social meaning as catering for public needs. Such a project is a purely commercial deal and therefore the URA, as a public body and funded by public money, should not engage in this kind of business. It would also be in direct competition with private companies, which is in contrary to the principle of market-oriented and fair competition. Therefore, The ProCommons opposed the idea of allowing URA to provide redevelopment consulting services in a purely commercial mode.

11. Comparatively speaking, The ProCommons has regarded that owners’ participation in the redevelopment is more preferable and also suggested the URA to act as a "facilitator" but on a conditional manner. We welcome the URA to do so only if the redevelopment project can bring greater public interest and is in accordance

with the principles of "Environmental and Public Need as the Foremost" and "Comprehensive Care, Community Support".[3]

**"Communicating with government-appointed representatives": different from "communicating with the civil society"**

12. The Draft Strategy proposed the establishment of "District Urban Renewal Forum" (hereinafter the "DURF") as a strategic measure for the realization of the "people-centered" approach. However, the DURF members will be solely appointed by the Government and therefore will be in lack of legitimacy and representation. Such an arrangement is totally inconsistent with the principle of "democratic planning", therefore difficult to win public trust and support. Against this background, the public participation activities organized by these appointed representatives, the results of the social impact assessments, etc. would be very difficult in gaining public trust. The ProCommons called on the Government to change the formation of the DURF by giving up government appointed members and having them replaced with elected representatives. In order to effectively reverse its negative image, the DURF should have an independent secretariat, social work teams and financial sources.[4]

**District Urban Renewal Forum: a rubber stamp only**

13. On the other hand, the institutional relationship between the DURF and the URA is unclear, although the DURF is created to "advise the Government on district-based urban renewal initiatives from a holistic and integrated perspective" (para. 8). When the URA chooses its redevelopment projects, it would merely "take reference" of the proposals from the DURF, rather than a mandatory requirement for the URA to follow the latter's recommendations. Besides, there has been no mechanism requiring the URA to clarify on the reasons for rejection. As shown by government documents, dilapidated buildings redeveloped by the URA were limited

[3] "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; 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. The Professional Commons, "For the People, By the People: Research Report on Urban Regeneration Strategy," Chapter IV, para.14.

[4] The Professional Commons, "Supplementary Proposal on Urban Regeneration Strategy," para. 8.

in number, amounting to sixty-five buildings each year. It is doubtful that DURF's recommendations would be manipulated, therefore only serving the purpose of justifying the redevelopment proposals of the URA.

**Social Impact Assessments: in name only, not in essence**

14. The Draft Strategy basically repeated most of the contents of the social impact assessments (hereafter the "SIA") a decade ago, and merely put greater emphasis on the wellbeing of property owners on individual issues. A relatively bigger change in the new proposal is to require the DURF to begin SIAs once an urban site is designated for redevelopment. The official version of SIA demonstrated that the primary concern of the Government is the possible impact of urban redevelopment on the public, rather than a wider public need for urban regeneration. It is expected that the SIAs conducted by appointed DURFs would not seriously deviate from the main thought of the Government. On the other hand, the government's version is distanced from the fundamental purposes of SIAs. The ProCommons has recommended the Government to refer to the international standards proposed by the International Association for Impact Assessment in a bid to improve the existing assessment mechanism, but it apparently has not adopted it. One of the international guidelines is being quoted to shed light on the inadequacies of the existing SIA system: social impact assessment should not be confined to detection or elimination of any negative results. Instead, it should strive to promote development and to create a better development results, so as to facilitate the community at large and stakeholders for consolidation of development objectives, to explore different alternatives in regeneration, to designate remedial measures, and to produce maximum positive effects from the projects, etc.[5] SIA is in fact a concrete manifestation of the public participatory approach in urban regeneration through which members of the general public could actively involve in the formulation of new visions. It might be a "noisy" process with diverged opinions, which the Government and the URA might not want to encounter.

[5] The Professional Commons, "Supplementary Proposal on Urban Regeneration Strategy," para. 20.

**Social service teams: rootless in organization structure**

15. As the social service teams were under the URA in the past, the affected residents were naturally skeptical to them. The social workers were also confused regarding whom they are actually working with. According to the Draft Strategy, they will be accountable to the new Urban Renewal Trust Fund in the future. But whether the social service teams can truly serve the neighborhood is doubtful due to the following reasons: no clear indication on the tasks and missions of the social service teams although they are now independent from the URA; no appropriate supervision and monitoring to the teams as the Fund is not a standing department; no definite role for the teams in various DURF activities such as district-level consultations, public participation, and SIAs. In the light of this, it is unlikely for the social service teams to play a crucial role in the process of urban regeneration.

**Guiding principle of "Financial Supremacy"**

16. It must be noted that the "self-financing" principle is the most important guiding principles in the urban renewal strategy, perhaps even an overriding one. The URA must raise sufficient funds not only to meet the needs for flat acquisition, compensation and redevelopment, but also to complete government-entrusted missions of heritage preservation. As the profit generated from property redevelopments is the only source of income that the URA can rely on, it brings about a solid explanation for its policy direction which deviates public expectation. To correct malpractices and wrongdoings in urban renewal, the most concrete measure is to reverse the prominent guideline of "financial self-sufficiencies".

**Scrutinize URA's "small coffer"**

17. The URA owns a "small coffer" which is independent from the scrutiny of the Legislative Council. It provides great convenience to the Government by deploying resources flexibly to complete government's assignment on heritage preservation. This situation is not healthy and should be rectified by putting the URA under the "value for money audit" of the Audit Commission to ensure that the appropriations for the URA are spent wisely, therefore raising its cost effectiveness.

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