

**Urban Renewal Strategy (URS) Review
Consensus Building Stage
Radio Response Programme (1) - Gist of Discussion**

Date: 6th February, 2010 (Saturday)
Time: 10a.m. – 11a.m.
Channel: Commercial Radio 1
Host: Mr. Michael Fung
Guests: Mrs. Carrie Lam Cheng Yuet Ngor, Secretary for Development, Mr. Vincent Ng, member of the Steering Committee on Review of the Urban Renewal Strategy (the 'Steering Committee')
Topic: 4Rs Strategy in Urban Regeneration and the Future Role of the Urban Renewal Authority

1. The radio show host said there were concerns in the press that this programme was sponsored by the Government and thus might only reflect the Government's point of view. The Secretary Mrs. Carrie Lam said there was no need to worry as the radio offered an open platform for everybody to have his say. She said the Government often used sponsored-programmes for promotion and this time the Government chose Commercial Radio 1 to listen to people's views.
2. Mr. Vincent Ng explained the formation and operation of the Steering Committee on the URS Review. He said the committee members would listen to people's opinion on urban renewal, and would give advice to the Government from a professional point of view.
3. Mrs. Lam stated that many people opined that the 4Rs¹ of URA should be district-based and match up with different features of the districts. They said that since some old buildings had fallen into disrepair and renovation was not viable, then the only solution was redevelopment.
4. A caller, who is a property owner in the K7 project, said the measurement of the unit's usable area in this project was not transparent. While the measurement was done by one surveyor who might make mistakes, the valuation was done by 11 surveyors. He did not understand why there was such a big difference in URA's policy. Mrs. Lam explained that K7 was URA's largest redevelopment project; therefore, 11 surveyors were hired for valuation in order to improve the degree of accuracy. It was technically

¹ 4Rs refer to redevelopment, rehabilitation, preservation, and revitalisation.

impractical however and too time-consuming to hire so many surveyors in every case.

5. The caller also said he still had no choice but to move out in the end no matter whether he wanted to sell his property or not. Mrs. Lam said this reflected the difficulties in carrying out rehabilitation or redevelopment in Hong Kong as property titles were dispersed and thus it was difficult to obtain consents from all property owners. Mr. Ng said redevelopment projects in other cities (e.g. Tokyo) might spend more than 10 years to negotiate before they could obtain consents from all property owners. He agreed that as the current 200 redevelopment projects were treated as confidential information, when the project was announced, the residents did not have sufficient discussion time. The residents thus had no option or bargaining power. Many people opined that residents ought to be given choices.
6. Another caller from Central and Western District said the building collapse incident in Ma Tau Wai Road reflected that there were problems in property inspection. He added that URA has spent much of its resources to acquire properties in Soho District but those tenement buildings have been renovated. URA should put the resources to other districts which have genuine needs for redevelopment. Mrs. Lam said that urban renewal was an issue of the society as a whole and its goal was to improve the living environment of residents in old areas. The Government could not yield to the wills of individual property owners and implement certain policies. Mrs. Lam said that there were so many buildings in Hong Kong and people should not simply rely on Government departments' effort in property inspection. She said the property owners also had obligations to maintain their properties and tenants should only rent properties that were safe.
7. Mr. Ng said redevelopment should consider the conditions of different districts and the needs of the residents. We should avoid bulldozing and try to keep those streets that have special features. Mrs. Lam said she agreed that, ideally, urban renewal should be an organic transformation, however many property owners were not capable of renovating their properties or providing timely maintenance to their buildings, thus Government's intervention was needed.
8. A caller suggested that developers should first acquire old buildings, whilst acquisition of those already renovated buildings should be deferred. Mrs. Lam said the objective criteria for redevelopment or rehabilitation lied in the building condition. During this Review, the Bureau has asked the URA to conduct a study on building conditions. In addition, developers could apply to the Lands Tribunal under "The Land (Compulsory Sale for Redevelopment) Ordinance" for a compulsory sale, however, the subject

building should be a dilapidated building.

9. A caller said he hoped that the compulsory sale threshold could be lowered to 80% as soon as possible. Mrs. Lam said the lowering of the threshold could speed up redevelopment of buildings over 50 years old. The majority of the property owners could apply for a compulsory sale themselves or they could sell their properties to a developer which would help improve the people's living standard.
10. Another caller said the residents of his building intended to carry out maintenance works but they faced a lot of difficulties. They lacked relevant information and the required majority of consent has not been obtained. Mrs. Lam said the Hong Kong Housing Society, the URA, and the Buildings Department have provided supporting measures to help repair and maintain old buildings and assistance would be given to those in need, such as elderly owners. She said that the authority would conduct a study in the future so as to improve and coordinate different schemes of assistance.
11. A caller said property owners had an obligation to repair their buildings and they should not simply wait for redevelopment so as to get compensations and wasting public money. He urged the Government to improve law enforcement and civic education. Mrs. Lam said the Government's policies included legislation, law enforcement, civic education and providing aids for those in needs., She said however that the disrepair old buildings had presented unsolvable problems as there were always people using loopholes to evade responsibility or breaching the law due to ignorance. Mr. Ng said it was not possible to rely on the Government alone to solve the problem, however the Government should provide aids and assistance to those in need.
12. A listener left a message on the Commercial Radio's website bulletin board. He suggested setting up four different organisations, namely Redevelopment Authority, Rehabilitation Authority, Preservation Authority, and Revitalisation Authority to strike a balance between the 4R. He said the URA has not set out the priority of the 4Rs and the goal of redevelopment was simply for property development. Mrs. Lam said it was necessary to review the current operation. For example, current redevelopment projects were kept confidential and thus it was not a bottom-up approach. Could a project be initiated by property owners who have agreed among themselves to redevelop the building and then invite the URA to participate? She hoped that through this review some common views could be obtained.
13. Mrs. Lam said one could only apply for a compulsory sale under "the Land (Compulsory Sale for Redevelopment) Ordinance" when 80% or more titles had been

obtained. The Lands Tribunal would review and approve the upset price of the public auction based on the redevelopment value. The money obtained would be distributed among the owners according to their title share. Mrs. Lam however said this Ordinance would not solve all the problems posed by urban decay.

14. Mrs. Lam said the target buildings of the “Operation Building Bright” also included old buildings without owners’ corporations, and those who had difficulties to co-ordinate property owners to carry out repair works would also be helped.

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Urban Renewal Strategy (URS) Review Consensus Building Stage Urban Renewal Multi-channel Gist (2)

Date: 13th February, 2010 (Saturday)
Time: 10:00 a.m. to 11:00 a.m.
Channel: Commercial Radio 1
Host: Mr. Michael Fung
Guests: Mrs. Carrie Lam, Secretary for Development and Mr. Andrew Chan, member of the Steering Committee on Review of the Urban Renewal Strategy (the 'Steering Committee')
Topic: Public Engagement in Urban Renewal

1. The radio show host clarified that as far as time permitted, he would read out all the opinions released by the netizens on the e-bulletin board of Commercial Radio and the the Secretary Mrs. Carrie Lam would also read each of the opinions. Commercial Radio would hand over all the messages on the e-bulletin board to the Development Bureau (DEVB) for follow-up¹.
2. The host read out the messages left on the e-bulletin:
 - A netizen agreed to the bottom-up approach to expedite urban renewal by lowering the threshold of the Land (Compulsory Sale for Redevelopment) Ordinance to 60% or lower.
 - Support was given to fair compensation by means of the "Flat for Flat" and "Shop for Shop" exchange methods to permit the small owners to take part in the investment and the redevelopment and which would help the URA to shed its image of transferring benefits to property developers.
 - For the purpose of compensation, in order to prevent "property speculation", owners having only one property should be compensated by means of the "flat for flat" exchange method. An owner having more than one property could not participate in this arrangement.
 - Some netizens queried whether the Government conducted the consultation as a routine exercise ignoring the purpose of listening to the citizens' opinions or without taking any action. They were worried whether the next Secretary for Development would continue the work.

¹ The opinions left on the e-bulletin board of Commercial Radio have been reproduced on the eForum in the webpage of Urban Renewal Strategy Review.

3. As emphasised by Mrs Lam, the DEVB had adopted a very open attitude for this review and expected to build up consensus with society in Stage 3 of the review. The citizens' opinions would also be considered when making the final proposals for the URS Review. After the consensus or the new direction was available, new URS would be launched to replace the one announced in 2001. In the process, the DEVB would not preclude the revision of relevant ordinances including the Urban Renewal Authority Ordinance.
4. Mrs. Lam explained the district-based urban renewal work: This January, the DEVB invited the seven district councils covering the nine target areas of the Urban Renewal Authority (URA) to take part in the forum to discuss the vision for urban renewal in their districts. The community had formed the following directions in principle, including (1) "district-based Approach" – taking the district characteristics, historical background and culture into consideration in order to decide on the ratio of the four major business strategies of urban renewal (4Rs); (2) "bottom-up Approach" – the 225 renewal projects as in 2001 were prepared under a top-down approach; whereas the "bottom-up approach" meant that the authority would listen to the residents' opinions of the districts concerned, take into consideration the district characteristics, add transparency to the project and so on. Just how a specific project should be carried out was however a major challenge, including the need to address issues such as abuse of procedure.
5. Mr. Andrew Chan added that the "bottom-up approach" was very complicated. First, the Government personnel had to change their way of thinking. Second, it concerned the issue of confidentiality. If the project was disclosed to the public too early, it might cause many problems that it was unlikely to be carried out. Third, who was actually going to manage the project? Fourth, it was necessary to coordinate the different appeals and demands of various districts. The important point of public engagement was to let the citizens express their own thoughts, employing the platform constructed by the district council or the Government. Moreover, relevant information and guidelines were provided for the purpose of achieving the feasible scheme.
6. Mrs. Lam pointed out that the population freezing survey was the basis for the resettlement and compensation arrangement of the urban renewal projects. Even if the affected residents moved out earlier than scheduled, the URA would try its best to make arrangements as well.
7. A caller was of the opinion that since the URA had often lacked the specific date for carrying out its renewal projects, many affected residents had to wait for a long time for

the compensation before they could move out. Consequently, they were forced to put up with a dangerous or poor living environment. Mrs. Lam indicated that in fact, most of the affected residents hoped that the URA would expedite the renewal process, including the arrangements for compensation and resettlement but some projects were opposed by many people in society. In response to the audience inquiring about the Shun Ning Road Project, Mrs. Lam said that she authorised the URA to proceed with the acquisition and compensation procedure of the project on 12th February. Mrs. Lam emphasised that the compensation method of the URA renewal projects was passed by the Legislative Council. The compensation for the owners was calculated on the basis of a 7-year-old building and the tenants could be resettled or compensated for moving out.

8. Another caller lived in a building which had taken part in "Operation Building Bright", however the progress of maintenance was delayed due to the presence of unauthorised rooftop structures. Mrs. Lam pointed out that the URA provided the owners of dilapidated buildings with a maintenance subsidy through "Operation Building Bright". She encouraged the owners to handle the unauthorised structures as well in the course of maintenance.
9. As for the handling and control of the unauthorised structures, the Government, after extensive consultation around ten years ago, launched the policy against the 800 thousand odd unauthorised structures all over Hong Kong, setting out the criteria for priority handling and demolition. From 2007 to 2008, the Government amended the ordinance including the adoption of the three-class minor works control and set up a system to verify and facilitate the handling of some of the existing unauthorised structures. Over these ten years, around 400 thousand unauthorised structures were demolished which required priority handling, posed an immediate danger, were large in size or were newly constructed,. As the society had recently been greatly concerned with the building safety problems, the DEVB would review the relevant policies and procedures again.
10. Mrs. Lam explained that "Operation Building Bright", with a budget of \$2 billion (\$1.7 billion to be borne by the Government, with the remaining \$0.3 billion shared by the Hong Kong Housing Society and the URA on equal basis) was implemented last year, which aimed at some dilapidated buildings in need of maintenance but which were without any owners' corporation or were unable to obtain all owners' consent to contribute to the fund. So far, the plan has subsidised around 600 buildings under this category. The Buildings Department (BD) would issue the maintenance order. If the owners of the relevant buildings were unable to perform, the BD would arrange the

contractor to proceed with the maintenance. After deducting the subsidies for the elderly and non-elderly owners, the owners would share the maintenance costs in proportion to the percentage of the undivided share they owned.

11. A caller living in the vicinity of the collapsed building in Ma Tau Wai Road said that his building had undergone maintenance for more than ten times in more than two decades and was of the opinion that repairing and maintaining such dilapidated tenement building was wasting resources. It was very difficult to gather all owners to contribute funds jointly or to organise the owners' corporation to proceed with the maintenance of the building. He urged the URA to complete the renewal plan of that district as soon as possible because to his knowledge, the majority of the residents in the vicinity agreed to the renewal.
12. Mrs. Lam responded that it was a must for the 4Rs to achieve an adequate balance but the long-persisting problem of building dilapidation in the old districts in Hong Kong must resort to the redevelopment in order to be solved completely. She pointed out that one of the initial directions of the URS Review was that the URA could take up the role of a "facilitator" or "intermediary". If a considerable proportion of the owners of a land lot hoped for redevelopment, they could take the initiative to propose it to the URA. The URA could assist in the matching of the appropriate developer and handle the relevant procedure, with the process monitored by the Government. This "bottom-up approach", in contrast to the unilateral purchase for redevelopment by the URA, helped to construct a harmonious society. Furthermore, the Legislative Council was discussing the amendment for the Land (Compulsory Sale for Redevelopment) Ordinance and studying the lowering of the threshold to 80% in order to expedite the implementation of the renewal projects.
13. Mr. Andrew Chan added that the direction of the urban renewal was the so-called "bottom-up approach". That is, the opinions raised and the problems faced by the residents in the neighborhood or the affected residents and their expectations of the district regarding the 4Rs were discussed at the district level in the first instance, followed by the implementation of the district planning procedure and so on. Apart from having the URA as the facilitator, the Steering Committee was also considering other feasible schemes, such as for the owners to invite the URA to an urban renewal project.
14. A caller pointed out that in the district of Kowloon City, there were many renewal projects covering only one dilapidated building with a small site area which then became

the “toothpick building” upon completion. He proposed to the authority to reinforce the planning for the entire district. Mrs. Lam was of the opinion that this reflected the advantage and importance of the district-based approach in order to avoid the example mention or the creation of the “screen building” when the site was too big in size, the Government in cooperation with the Sustainable Development Committee had just completed a public engagement process, namely “Building Design to Foster a Quality and Sustainable Built Environment” to study how to promote better building design, improve air ventilation and so on.

15. Mr. Andrew Chan said that these situations were confined by the current ordinances including the Building Ordinance, the Land (Compulsory Sale for Redevelopment) Ordinance and so on. Through the URS Review, the Steering Committee was considering the feasibility of allowing owners’ participation in redevelopment which must comply with the overall planning of the district concerned to avoid the building to become a “toothpick building” or a “screen building” after redevelopment.
16. Another caller alleged to have purchased a property over twenty years ago for the purpose of rental income during all the years and was definitely not a ‘nail’ household. He complained that the URA’s compensation was very low for owners who rented out their flats and often delayed the progress of the redevelopment until the tenants had moved out, which meant the owner was unable to receive rent. Mrs. Lam told the caller to leave information on his personal contact and the project to facilitate follow-up, and emphasised that the work of the URA should be people-centred and must carry out the renewal project having embarked on the arrangements for compensation and resettlement as soon as possible.
17. She made a brief introduction to the different compensation methods for owner-occupiers and investment-owners of residential flats. This was one of the topics which the URS Review being studied and discussed.

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Urban Renewal Strategy (URS) Review
“Consensus Building” Stage
Radio Response Programme (3) - Gist of Discussion

Date: 20th February 2010
Time: 10a.m. – 11a.m.
Channel: Commercial Radio 1
Host: Mr. Michael Fung
Guests: Mrs. Carrie Lam Cheng Yuet-ngor, Secretary for Development, and Prof. Stephen Cheung, member of the Steering Committee on Review of the Urban Renewal Strategy (the ‘Steering Committee’)
Topic: Compensation / Re-housing policies and financial arrangements

1. The Secretary Mrs. Carrie Lam explained the current Compensation / Re-housing policies under the Urban Renewal Strategy (URS), its review progress, and directions:
 - Since the URS review was launched in July 2008, a lot of public opinions had been received via different channels. Most of the opinions were about “Compensation / Re-housing”.
 - The current compensation mechanism was passed by the Legislative Council in 2001 after extensive discussions. At present, a property owner is offered the market value of the property plus a Home Purchase Allowance (HPA). Prior to 2001, the compensation was roughly based on the value of a 10-year-old notional flat.
 - Years ago when we discussed the establishment of the Urban Renewal Authority (URA), councillors and the public all expressed their wish to improve the compensation mechanism. The authority thus agreed that the assessment of HPA should be based on the value of a 7-year-old notional flat. This mechanism had been put in place since then.
 - Under the current scheme, property owners would be categorized into two groups: owner-occupiers and owner-investors. An owner-occupier would be offered the market value of his property plus the full amount of HPA. The lump sum equals the value of a notional 7-year-old flat in a similar locality to the property. An owner-investor (e.g. letting his property out) would be offered the market value of his property plus 50% of HPA. In a redevelopment project, the URA would also be responsible for providing re-housing and compensation for affected tenants.
 - The spirit of urban renewal is to improve residents’ living environment.

2. Prof. Stephen Cheung said the Steering Committee on Review of the URS and the Development Bureau (DEVB) had received a lot of opinions about alternative compensation options, such as “flat-for-flat” and “shop-for-shop” approaches. He said the benchmark of a 7-year-old notional flat was reasonable because the quality of a 7-year-old flat had improved a lot in recent years and the value of such a flat was close to the value of a new flat. On the contrary, he worried that this mechanism might not be financially sustainable in the long run.
3. Prof. Cheung said the DEVB would carefully consider “flat-for-flat” and “shop-for-shop” approaches. However, there should be very clear criteria and high transparency. The definition, condition and standard of “flat-for-flat” and “shop-for-shop” should be clearly stated to avoid any misunderstanding.

In addition, Mrs. Lam said the redevelopment projects usually took a long time to complete but market conditions changed rapidly in Hong Kong. Other considerations should be taken into account (e.g. the level of risk a property owner would be willing to bear). In the past two to three years, the URA had provided an option for: owner-occupiers who would like to move back to the same redeveloped site would be given priority to purchase the new flats after the redevelopment.
4. The radio show host read out some messages left on the radio online bulletin board. He said all the messages would be passed to the DEVB for follow-up¹:
 - A netizen, who claimed to be a “post-80s” youth, had bought a unit in a building of 50 years old in the “thirteen streets area” (Ma Tau Kok Road) for his own use. He proposed the Government to build flats similar to those under the Home Ownership Scheme on the vacant land in Kai Tak and to use those new flats to compensate for the loss of the property owners who lived in the “thirteen streets area”. He said there were too many “nail households” in old districts. He said an owner who held a property under a company name should not be offered ex-gratia allowances. Individual owners should only be offered one compensation package in his lifetime so as to stop people buying old flats to make profits from compensation. Mrs. Lam said a property owner who had more than one flat would get different levels of compensation under the current scheme. But the suggestions about zero compensation for company owners and “One Life One Compensation” would lead to much controversy. In addition, the URA would help the residents in “thirteen streets area” to repair their buildings under the “Operation Building Bright” initiative. On

¹ The messages on the ebulletin board of Commercial Radio 1 had been transferred to the URS Review website

the issue of finding another piece of land for re-housing, Mrs. Lam said this needed careful consideration. She said Kai Tak had the potential to redevelop into a medium-density, green residential area, blending old and new elements together.

- A netizen said that the profit gained from redevelopments should go to the original owners as we should create wealth for them. He said this was a more direct and constructive way to help people than schemes like poverty alleviation and corporate social responsibility.
 - Another netizen suggested that a mediation mechanism should be introduced into the negotiation process between property owners, the URA and private developers.
5. A caller asked if the Government had staff designated to help non-mandatory inspections on old buildings. He said those buildings which were included under “Operation Building Bright” were at risk of collapse. He proposed that the Government should take the initiative to acquire old buildings for redevelopment as rehabilitation was not a once-and-for-all solution. Mrs. Lam said the Legislative Council was debating the mandatory building and window inspection schemes. She added that the Buildings Department was responsible for ensuring building safety in Hong Kong through inspections, maintenance orders, and prosecution. As to whether rehabilitation was of no use, Mrs. Lam said she would like to see a consensus reached on the issue of redevelopment or rehabilitation in this review.
6. A caller said some owners forced the tenants to leave the flats during the time between the freezing survey and the commencement of a redeveloped project. The tenants would not receive any compensation or be re-housed in public housing estates. The URA also refused to promise to give compensation for their loss. Mrs. Lam said she was very concerned about this issue. Even if the tenants were forced to leave the flats, the owners would not be considered as owner-occupiers under the freezing survey and the compensation amount would not be increased. The URA would make arrangement for that particular tenant on an individual basis. She said the URA was more flexible and the Land Development Corporation had bought some properties for re-housing. The DEVB and the URA would study ways to minimize the impacts on affected tenants and provide assistance to them.
7. Mrs. Lam said individual owners should follow the market mechanism and obey the law if they wanted to share the profit of a redevelopment project. However, projects under the URA involved a public mission and social responsibility. They

were of a different nature and purpose. The Government should not use public funds to fulfil individual owners' expectations and to subsidise their projects.

She said the authority understood that some property owners had difficulties in obtaining consents from others to carry out renovation works. They also lacked professional knowledge. At the same time, they did not want their properties to be acquired by developers, but they were not able to find an "honest broker" to help. She said the role of the URA might change in the future. At present, the URA 'picked' a land lot and conducted redevelopment. In the future however, the URA might take on the role of an "honest broker" when the owners came to the URA asking for help to redevelop. The URA would provide professional services and could receive a service fee whilst the owners could share the profit of a redevelopment project. She said the authority was now studying this proposal. The authority would also study how to effectively help the owners to maintain and repair their buildings.

8. Prof. Cheung proposed that a "flat-for-flat" approach could follow the current cash compensation mechanism, which meant an owner would get a property of equivalent value to his cash compensation. This would be a fairer approach. He said a "shop-for-shop" approach was more complicated to implement and the owner should bear the risk if he chose this approach. The implementation procedures should be clearly stated, such as the shop should be of the same value and the owner should be given the priority to purchase the shop.
9. A caller said the URA should treat everyone alike when the URA acquired their flats. Very often the price offered by the URA was lower than that of private developers, this would make acquisition more difficult as the owners would stand up to fight for more. Mrs. Lam said that the URA was a public organisation, operating with a social function and under an accountable, open, and consistent policy. A URA redevelopment project was different from a commercial project, both in its nature and its purpose. The authority would not offer different compensation simply because the projects had different potentials. She said a non owner-occupier (who used his property for investment and did not occupy his property as his residence) would only be offered a market value of his property plus 50% of HPA under the current mechanism.
10. As to rebuilding the community, Mrs. Lam stressed two points:
 - 1) During redevelopments, the authority will try its best to improve the community

- by providing more public space and public facilities; and
- 2) The goal of redevelopment is to improve residents' living environment. The building conditions are considered and the projects implemented are based on social needs. Therefore, preservation or redevelopment projects conducted by the URA often lead to a loss.

A-World Consulting Ltd
April, 2010

-The End -

Review of the Urban Renewal Strategy
Consensus Building Stage
Summary of Discussions on Radio Response Programme (4)

Date: 27 February 2010 (Saturday)
Time: 10:00 am to 11:00 am
Channel: Commercial Radio 1
Host: Mr. Michael FUNG
Guests: Mrs Carrie LAM, Secretary for Development,
Mr HO Hei-wah, member of Steering Committee on Review of the Urban
Renewal Strategy (the 'Steering Committee')
Topic: Social Impact Assessment and Social Service Teams

1. The Secretary stated that the subject of the Urban Renewal Strategy Review (URS) Review as discussed in the public forum on a radio programme sponsored by the Development Bureau (DEVB) had attracted public attention. She said there would also be continual meetings with the public under different modes to inquire into other issues. She emphasised that the authorities seriously and sincerely hoped that consensus could be reached in the community through the URS Review, whilst the Government and the Steering Committee both expressed their sincerity in accommodating different expressed opinions. Mr. HO Hei-wah agreed that consensus should be reached in the community before the URS could be properly set out.
2. Mr. HO Hei-wah pointed out that under the existing URS, the authorities would have regard to the housing and compensation provisions made to the affected residents. Their removal would certainly affect the way of life of the residents, for instance their sense of belonging to the community, worries about their livelihood after removal, and the schooling arrangements for their young children. In such a context, the Social Service Teams (SSTs) could render appropriate professional services and assist the affected residents.
3. Mr. HO Hei-wah explained that a Social Impact Assessment (SIA) had to be carried out before a redevelopment project commenced, and after the freezing survey had been conducted to ascertain the actual number of households and their occupancy status,. It was hoped that in future an SIA should (1) ensure that a bottom-up approach be adopted; (2) include more comprehensive and informative contents; (3) inquire into the socio-economic characteristics of the entire district with respect to their compatibility with the URS; (4) address the needs of the community and the circumstances of the affected

residents, and;(5) ensure compatibility with the overall planning framework to develop the community.

4. The Secretary explained that there would be two areas of involvement for social workers: (1) after the commencement of the redevelopment project, social workers would undertake follow up actions on a case by case basis, and assist affected residents to solve problems like compensation; (2) at the early stage, to examine from the perspective of a social worker what areas in the district should be redeveloped or rehabilitated, and to assist the public to strive for their rights. Mr. HO Hei-wah emphasized that the duties of a social worker would be to render professional services, thus the social workers engaged by the Urban Renewal Authority (URA) would not take sides with the URA at the expense of rendering their services with due diligence to strive for the rights of the residents, otherwise, the residents could lodge complaints with the Social Workers Registration Board.
5. The Secretary stated that the URA should fulfill its social mission, and be responsible for improving the living environment of the citizens, hence its redevelopment projects are very different from those done by private developers. The URA dedicates much effort and utilises many resources to rehouse the affected tenants, and to enable eligible people to move into public housing or to compensate them with cash. The URA does not aim at making profits and neither the URS require that there must be credit balance for every project.
6. The Secretary explained that every year the URA must comply with the provisions of the Urban Renewal Authority Ordinance and the URS to submit a Business Plan for the following year and a Corporate Plan for the following 5 years, setting out among other things: the number of planned redevelopment projects and how many resources would be utilised in rehabilitation and revitalisation projects. These plans would be reviewed by the DEVB and then approved by the Financial Secretary (FS). In case of an urgent need to commence a new project, then an application must be submitted and if a loss was anticipated then the approval of FS must be sought.
7. The URA anticipated that the Ma Tau Wai Road redevelopment project will suffer a loss, as apart from the rehousing need there will be also new ideas like: (1) the URA will implement the redevelopment project on its own and will be more proactive in the design of the project; (2) as the supply of small-sized residential flats is somewhat low this project will comprise mainly small flats; (3) to implement the initiative of "District-based Strategy, Bottom-up Approach" - to consult the Chairman of the Kowloon City District Council and to make reference to the opinions of the district's residents, such as

the retention of street shops, a better provision of open space, the provision of community facilities and a building resources centre. The authorities will treat it as a test case in the hope that when it becomes the district centre it will in turn be a catalyst for the regeneration of the surrounding districts, thereby setting an example for other URA redevelopment projects.

8. There was a suggestion from a listener that conditions should be imposed on the future sale of the flats of the Ma Tau Wai Road redevelopment project, so that buyers could sell their flats within three years, or that purchases could be made in a company name to curb speculation. Concern was also expressed that the completion of the redevelopment project will push up the property prices, however, if the selling prices were set too low the flats may become another type of home ownership housing unit. The Secretary responded that the Government was taking some initiatives to tackle the issue of high property prices which included enhancing the supply of land, particularly for the building of medium and small-sized flats, and endeavouring to make arrangements for those residents who were in need of public housing units to move into such units within three years. It would not however be a proper measure to interfere with the buyers' offers for sale or property prices. Furthermore, the incomes derived from the sale of the redeveloped buildings by the URA would be used in fulfilling its social mission and also as the capital fund for other redevelopment projects.
9. There was a suggestion from a listener whether "the years when there had been no maintenance" of the buildings could be applied as a criterion to reduce the acquisition price? There was also a suggestion that in cases which included a large number of illegal structures for which maintenance has long been overdue then the sizes of such illegal structures and the number of years of their existence should be taken as the criteria for the imposition of fines. The Secretary explained that this would be an issue of the interaction between urban regeneration and building maintenance. She stated that the Legislative Council was scrutinising the Buildings (Amendment) Bill 2010 which required the property owners to conduct the examination of buildings of specified ages and that the legislation was preventive. Furthermore, BD was carrying out a large volume of work which included the issuance of repair orders, maintenance orders and the prosecution of property owners who had contravened the law., The Secretary however reiterated that the number of buildings aged fifty and above is very large, that the aging process is very rapid, and that quite a number of the buildings are evidently devoid of maintenance. This is an enormous problem which requires the mobilization of the joint efforts of the URA, property owners and private developers in order to solve more effectively the problem of old buildings that have been devoid of maintenance.

10. A listener enquired whether the URA would consider alternative measures to deal with minority owners who adamantly refused to sell their flats, for instance "flat for flat" or "shop for shop"? Furthermore, a listener asked how long would it take to completely demolish old buildings aged fifty and above under the present URA policies? The Secretary stated that the element of social mission is present in the URA's redevelopment work. In those cases which URA is progressing but is unable to acquire all of the ownerships, URA can still submit an application to the Secretary for Development for the Secretary's recommendation to the Chief Executive in Council to invoke the provisions of the Lands Resumption Ordinance to resume ownership of the property. The Secretary however also pointed out at the same time that the use of the Ordinance to resume the buildings has to be stringently scrutinised and that the acquisition threshold of a specific percentage has to be reached before a recommendation can be made to the Executive Council. She also stated that though most of the "concrete buildings" were designed to last for an average of fifty years, some of them have been quite well maintained and need not be demolished immediately.
11. A listener suggested that the Government should assist the building owners to form their Owners' Corporations (OC). The Secretary stated that the Government is adopting a double-barrel strategy to uphold building safety. Firstly, the DEVB and the Buildings Department take responsibility for building safety, secondly the Home Affairs Bureau and Home Affairs Department focus their attention on building management. The Secretary was of the view that if the owners of old buildings are incapable of management, it will be quite difficult to conduct regular building maintenance or to comply with the repair orders issued against the buildings.
12. Some listeners agreed to the policy of compulsory examination of buildings and that the older the buildings, the more frequent the examinations should be. They considered that the current penalty was insufficient, and taking charge of the property title (釘契) was of no deterrence to investors and owner-occupiers. Another opinion was that the implementation of "Operation Building Bright" could be improved. The present policy was that owners have to pay in advance in order to receive subsidies, thus it was suggested that subsidies should be released to the OCs before the commencement of the maintenance works.
13. The Secretary responded that BD would enforce the law with follow up actions to punish heavily irresponsible owners; as this issue not only jeopardized the buildings' own safety, it even undermined the safety of the surrounding buildings and public. In respect of the issues of advance payments and cash flow, the Secretary stated that serious consideration is needed. Regarding the illegal structures attached to the

buildings, the rooftop illegal structures found in all the "single-staircase" buildings in Hong Kong had been included in the demolition operations in the past ten years due to concern about the means of fire escape.

14. Mr. HO Hei-wah stated that he had helped some elderly owners to apply for public housing units which involved selling or letting the properties for the sake of their living expenses. He hoped that the Hong Kong Housing Society could gradually acquire these types of buildings and then let them to the needy. He and other people concerned had proposed to the Government to consolidate the management of an entire street or a series of buildings to solve the difficulty encountered in managing old buildings as pointed out by listeners. The Secretary supplemented her response that it would be worthwhile for the authorities to launch a study on how to exclude some parts of the elderly applicants' assets from their applications for public housing or to liquidate their properties, in order to help their livelihood thereafter. In this regard the Elderly Commission has been conducting detailed studies, however, the popular "reverse mortgage" as practised in overseas countries (i.e. to return the property to the bank and then the bank will pay money to the elderly owner on a regular basis) does not work in Hong Kong as most of buildings in Hong Kong are in multiple ownership.
15. The Secretary stated before the end of the programme that societal discussions must continue and she would like to build up consensus together with people in the community. HO Hei-wah also stated that he would like to see residents of various districts actively participate in discussions on the development of their respective districts which includes the issue of rehabilitation of buildings. He was of the view that enhancing the participation of residents, supporting buildings that have formed OCs, and also assisting and organising the owners of buildings that do not have OCs to manage and maintain their buildings effectively are the main areas for the work ahead.

Urban Renewal Strategy Review - Consensus Building Stage
Appearance of the Secretary for Development on
RTHK Radio 3 programme *Backchat*
Summary of Discussions

Date: 8 March 2010
Time: 08:30 to 09:30 a.m.
Channel: RTHK Radio 3
Host: Mr. Hugh Chiverton
Co-Host: Mr. Paul Zimmerman
Guest: Mrs. Carrie Lam, Secretary for Development (SDEV)
Topic: Initial Directions of Urban Renewal

1. The Secretary for Development (SDEV) said the Urban Renewal Strategy (URS) Review started 20 months ago, and a series of phone-ins on Commercial Radio was launched in the Consensus Building Stage to listen to the public's concerns on the issue. Mr. Chiverton believed the public would be more interested in discussing their agitation towards specific redevelopment cases than the URS or consensus building.
2. Mr. Zimmerman said, in the past, the Legislative Council (LegCo) pressed the Government to provide a very high compensation. In response, SDEV gave reference to the Ma Tau Wai Road redevelopment project, for which the URA estimated to lose at least \$700 million. Moreover, the compensation mechanism was generally based on the decision by the LegCo Finance Committee in 2001.
3. Due to uncertainties and the adherence to the bottom-up approach, the Government advised the URA to execute the abovementioned project single-handedly and would discuss the project with the Kowloon City District Council. The URA would be offering re-housing and compensation to affected owners and tenants prior to the formal approval of the scheme. Furthermore, an URA redevelopment project would normally take 6 to 8 years, during which aspirations and sentiments may change. Such complications would not favour joint ventures with private developers.
4. SDEV explained that there was no absolute requirement for each in-situ redevelopment project of the URA to recoup all its expenses. She added that the URS allowed the URA to make requests to the Financial Secretary to approve the commencement of loss-making projects, such as the one on Ma Tau Wai Road. Moreover, the URS stipulated that the objective was to allow the urban renewal programme to be self-financing in the long-run.
5. SDEV strongly iterated the need to incorporate public open space and GIC facilities into some of the URA redevelopment projects. SDEV said that land premium would be waived to support the finance of individual URA redevelopment projects.
6. Whilst the 4R would be necessary for proper urban regeneration, Mr. Chiverton stated that only redevelopment would have some chance of generating profits

for the URA, with rehabilitation, revitalisation and preservation being major expenditures.

7. Mr. Zimmerman complained about the seemingly conflicting roles of the URA: claiming to be a facilitator on the one hand, and acting as a developer on the other. SDEV said the URS Review would reposition the role of the URA. In the future, she believed that the URA would continue to assume its current roles relating to the 4R. She held a very strong reservation towards the URA adopting the role of a facilitator if it would be simply subsidising private owners with public capital and maximising their returns from redevelopment. She said that it would be difficult to have "the best of both worlds" – power of the URA, land premium exemption and investment returns for affected private owners all achieved at the same time.
8. One caller talked about how the public recognised the importance of Wing Lee Street and urged the URA to reconsider the irreversible demolition of the old tenement buildings and preserve the old street. Due to SDEV's intervention, there had been numerous amendments to the Wing Lee Street redevelopment project (H19), with the URA's latest plan to preserve three old tenement buildings, and replace the remaining buildings with new tenement buildings in a similar style.
9. The respondent continued to question the URA's assertion of the severity of dilapidation on Wing Lee Street and said the simple renovation of the dilapidated tenement buildings was a more justifiable solution and would be an insignificant expenditure for the Government or the URA. Mr. Chiverton added that the URA was rather heavy-handed towards the process of gentrification in a number of areas, including Soho and Sheung Wan. SDEV asserted that the URA had improved the living conditions for residents of some old buildings. Taking Wing Lee Street as an example, since some of the tenement buildings there were in considerably dilapidated conditions, the owners would gladly take the URA's offer and leave. SDEV admitted that the URA had also come across people who held sentimental attachments to their units. But if individuals were given the freedom of choice, the URA would not be able to do all the enhancements on a district, area or building cluster basis.
10. SDEV said the building age would be a good indicator of the state of the building. Since the promulgation of the URS in 2001, the URA had only done 40 projects. SDEV stressed that at the current pace of dilapidation and ageing of buildings, the review of the URS would be essential. She had recently introduced a bill to LegCo to mandate building inspections. SDEV felt redevelopment should not continue to be the only resolution or mainstream model, so owners should be compelled to maintain and renovate their buildings under the Buildings Ordinance.
11. One email respondent said that in order to increase the profits of the URA and the New World Hanoi Road project (The Masterpiece), Cornwall Avenue was closed down and a notice was published in the Government Gazette for one month. Since most people were unaware of the intention of the notice, the extinguishment of the street was declared with no objections. As a result, the developer was able to incorporate the street into the plot ratio calculation and

avoid paying the outstanding premium. The removal of the street had also led to heavy traffic congestion and a lack of ventilation. The same means was used to extinguish Lee Tung Street in Wanchai. The respondent asked if the Development Bureau (DEVB) intended to close off more streets, deprive the community of public assets, increase density and block ventilation with the aim of enriching the developers.

12. SDEV reverted that K11 was commenced in 1997 by the former Land Development Corporation and was carried out according to proper town planning procedures, with the plan to widen various streets in the area. By dedicating the ground floor as a public passageway, under the Buildings Ordinance, the project earned bonus GFA. People had been attaching more value to public open space, hence regulations needed to change to cope with public aspirations. The outline zoning plans (OZPs) would be reviewed and there would be a new policy to govern the design and management of public open space in private developments.
13. One caller discussed the public's poor impression on the URA as well as the perception that the Government favours developers. He also talked about the potential of the Central Market becoming a successful tourist attraction.
14. SDEV said the Government would be acting in the public interest and acknowledged that the URA had an image problem. The URS Review would be a means that aimed to address this issue.
15. One email respondent claimed that under present policies, urban renewal had been only about demolishing low-rise buildings and maximising development density, which led to the increase in road and pedestrian traffic, the "wall effect", noise pollution, heat retention in the concrete, and so forth. On top of that, the respondent objected to the lowering of the compulsory sale threshold as it would transform Hong Kong's urban landscape without holistic and forward-looking planning. The public would be more sympathetic towards urban renewal if all OZPs were critically reassessed and height restrictions were used liberally. With regard to the URA redevelopment projects, SDEV stated that public interest lies in the improvement of living conditions. Once this public interest had been established, if acquisition of 100% ownership failed, the case would be recommended to the Chief Executive in Council to invoke the Land Resumption Ordinance, which required the prior demonstration of a public purpose. She agreed that the public would be more comfortable with redevelopment if all OZPs were reviewed and updated with controlled development parameters.
16. Mr. Chiverton asked SDEV how she would manage the great number of people who might suffer from environmental effects created by redevelopment. SDEV said there was a general consensus that a large portion of Hong Kong's total land area would be kept green and conserved. The Government prided on high-rise developments, improved connectivity as well as efficient public transport under the constraints of the limited land available.
17. Mr. Zimmerman questioned where additional spaces could be created in Hong Kong's cramped environment. SDEV said the Government had been

controlling development density through the review of OZPs. Also, the sites on this year's land application list have been reviewed, although the developers might have been allowed to build more under the OZPs, the Government had issued land leases with conditions of sale imposing restriction on GFA and building height, etc., to ensure that the developers build less.

18. One caller commented that it was a fact that the URA destroyed old buildings or purposely allowed old buildings to decay so as to give probable cause for URA intervention. There had been a public outcry against many urban renewal projects. She doubted whether the URA had really taken the public consultations into consideration or was just doing a drill. SDEV verified that the Chief Executive mentioned conservation plans in his last Policy Address. Recent examples were the area around Hollywood Road. She assured that public views had been and would be collected and considered on the Central Police Station Compound and Wing Lee Street projects.
19. Mr. Zimmerman said that out of the 220 or so URA redevelopment projects, the public only knew about 24 of them. He asked SDEV whether or not these past project plans could be stopped or changed to make way for new ideas. SDEV said before commencing any urban renewal project, clearance or acquisition, in order to prevent exploitation, confidentiality had been taken into serious consideration. The URS Review would determine what sort of redevelopment parameters or approach should be adopted in future. According to public feedback, the URA should not continue to operate on a confidential basis, and the public should have the opportunity to discuss redevelopment project plans before their commencement.
20. One email respondent said despite our great urban habitat, the quality of life was dire. Hong Kong had been regularly criticised for its city planning, with no sense of urbanism, street landscaping diminished, areas choked in pollution, and buildings of historic and cultural value demolished. SDEV said the Bureau would try to build a quality and sustainable living environment for the people of Hong Kong through development and density control, harbourfront enhancement, greening, landscaping and heritage conservation.
21. Mr. Zimmerman asked if we could spend the land premiums and enhance Hong Kong by doing the projects differently. SDEV said the Financial Secretary would exercise budget planning in order to support all necessary public services and infrastructure requirements. There had been a strong incentive for the Government to spend public money on improving Hong Kong's environment.
22. One email respondent indicated that he would support urban renewal if home purchasing allowance (HPA) would be more reasonable for all owners. In many cases, the value of the existing site was low but its redevelopment value would be very high. Frequently the plot ratios were not maximised and the URA seized the owners' redevelopment benefits. The respondent queried why the compensation for a whole tenement building would be lower than the site value, making it extremely unfair to owners.
23. SDEV explained that the URA regeneration projects and private sector-initiated redevelopment projects operate on very different philosophies and schemes.

In the latter case, redevelopment value had been fully taken into account in compulsory sale. In determining the reserve price, the Lands Tribunal actually takes into account the redevelopment value, plot ratio and so on. In the former case, compensation would be based on what had been approved by the LegCo, i.e. the HPA was based on the notional value of a 7-year old flat in the same district to satisfy the need for rehousing of those affected, and to deliver long-term sustainable urban regeneration.

A-World Consulting Ltd

April, 2010

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Urban Renewal Strategy (URS) Review

Consensus Building Stage

Summary of Discussion on Radio Talk Show

Date: 27th March, 2010 (Saturday)
Time: 8:00 a.m. to 9:00 a.m.
Programme: Commercial Radio 1's
'Saturday Talk Show on Politics and Economy' (政經星期六)
Host: Mr. Choi Man Kin (蔡文堅) and Ms Chan Shu Mei (陳淑薇)
Guests: Mrs. Carrie Lam, Secretary for Development and Mr. Barry Cheung,
Chairman of the Urban Renewal Authority

1. At start of the programme, the main focus of the discussion was on two current prominent URA projects, namely the latest conservation proposal for all buildings in Wing Lee Street in the H19 Staunton Street/Wing Lee Street URA project in Sheung Wan and the latest proposals for the site of the collapsed buildings in Ma Tau Wai Road in To Kwa Wan.
2. Other topical urban renewal issues were then explored including how to enhance the awareness of owners on the need to undertake building rehabilitation works, and the recent reduction of the application threshold from 90% to 80% under the Land (Compulsory Sale for Redevelopment) Ordinance.
3. Towards the end of the broadcast, the Secretary for Development said that she saw the consensus of the URS review included that future urban renewal approach should be 'bottom up' and 'district based'. This approach refers to the incubation of projects in local districts and decisions on which areas should be preserved, rehabilitated, or redeveloped and they should be decided at the local district level. The intention of this approach is to reduce any argument at its source rather than after the project begins.

May 2010

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