

**Urban Renewal Strategy (URS) Review  
Public Engagement Stage  
Gist of Public Forum Discussion 2**

Date: 18<sup>th</sup> July, 2009 (Saturday)  
Time: 2:30 p.m. to 5:00 p.m.  
Venue: Room 101, The Boys' and Girls' Clubs Association of  
Hong Kong, 3 Lockhart Road, Wan Chai, Hong Kong  
Number of Participants: 91 (including 2 members of the Steering Committee,  
also 2 representatives from the Development Bureau  
and 7 from the Urban Renewal Authority present as  
observers<sup>Note 1)</sup>  
Moderator: Hon Fred Li Wah-ming, JP

Ms. Sandra S.C. Mak of A-World Consulting Ltd., the public engagement consultant, briefly introduced the background of the URS Review and major discussion topics. The registered speakers were invited to give public presentations. Special thanks were offered to the collaborating organisations, which included the Central and Western District Council, the Wan Chai District Council and the Housing Management Working Group of Eastern District Council. The key points were as follows:

**Gist of Public Presentations**

Presentation 1

Topic: The Role of URA  
Speaker: Mr. Topher Wong

The speaker pointed out that Urban Renewal Authority (URA) used the Land Resumption Ordinance to carry out urban redevelopment, and partnered with the developers and shared the profit with them afterwards. He questioned that URA was transferring wealth to the developers. He compared the urban renovation in Guang Zhou with the urban redevelopment in Hong Kong. The affected residents in Guang Zhou could choose cash compensation, relocation on-site or outside the district. This reflected a humanised approach which URA should take into consideration. The

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<sup>1</sup> The observers are the representatives of the Development Bureau and the Urban Renewal Authority. They are present to listen to the opinions and clarify or supplement certain facts and information. Their comments would not be regarded as valid opinions.

speaker also criticised some of the redevelopment projects like Vision City, which obstructed local creative initiatives and development.

### Presentation 2

Topic: Citizen Participation and Community-led Development

Speaker: Mr. Desmond Sham, Community Cultural Concern

The speaker opined that public engagement meant empowering the public and the community. When the Government released its decision making power and increased the right of participation, the society could reach a higher degree of public engagement. Public engagement embraced information sharing, consultation, collective decision making, collective actions and a supportive and independent community driven planning model etc. The speaker criticised that even information sharing was not good enough in Hong Kong.

The speaker took the case of Cooper Square, the first community planning initiative in New York in the 60's, as an example to illustrate "bottom-up" advocacy planning. At that time the government was planning to demolish 11 buildings in Cooper Square. Due to community resistance, 5 buildings could be preserved and the remaining 6 buildings were demolished and redeveloped in different phases. Also, most of the residents could be rehoused in the same district. The inspiration from this case was that we should stop redevelopment and focus more on rehabilitation and revitalisation. We could develop a sustainable community and democratise the planning process. The Government should coordinate and facilitate different stakeholders in order to achieve a "community-led" planning model.

### Presentation 3

Topic: Strange Phenomena under URA's Compensation Policy

Speaker: Ms. Roxanne Wan

The speaker used the example of her relative who had properties in Sham Shui Po to demonstrate that the current compensation for the owners of tenanted residential properties could not cover rehousing expenditures, especially when the owner needed to pay the rehousing decoration fees, stamp duty, commission, insurance premium and counsel fees, etc. Currently it was not civilised that the URA could acquire the properties compulsorily. The URA should provide more options to the affected residents (e.g. flat for flat).

#### Presentation 4

Topic: Big Market, Small Government

Speaker: Mr. Tony Lam

The speaker pointed out that the Chief Executive Donald Tsang Yam-Kuen indicated we should pursue the principle of “big market, small government”. However URA was actually pursuing the principle of “big government, small market”. The speaker used his company’s experiences in Ma Tau Kok Road and Hai Tan Street to compare the acquisition processes carried out by private developers and the URA. (1) The private developers could offer a higher and uniform acquisition price and handled the process in a sincere manner. Thus the acquisition process was relatively smooth. URA instead used a relatively low price to perform the acquisition in Hai Tan Street. (2) Private developers needed to assemble at least 90% of the ownership before they could apply for compulsory purchase; however URA’s power was excessive as it was not subject to this constraint. (3) The affected residents could choose not to sell the property to the private developers but they lacked this option in the case of a URA project. He suggested that the URA should follow the principle of “big market, small government” and reduce participation in property acquisition.

#### Presentation 5

Topic: Compensation and Rehousing Policies of URA: Case Studies of the Hai Tan Street/ Kweilin Street and Pei Ho Street Project

Speaker: Mr. Greg Lam, Registered Town Planner

The speaker believed that the Development Bureau was hoping to discuss the issue of urban renewal with the public with no predetermined agenda. He suggested that the URA should adopt more comprehensive and inclusive redevelopment guidelines and strategy. For example in the Hai Tan Street redevelopment project, three old buildings which were near the site area should also be included. In addition, he had contacted about 50 affected residents and analysed their cases, and considered that some of their cases appeared inequitable. For example, (1) Two couples respectively owned two properties in the same buildings. The compensation for the couple who hold the property right in their separate names was a million dollars more than that of the couple who shared the properties in joint names. (2) The compensation for the tenanted residential properties was far less than that for the owner-occupier properties. The compensation value of tenanted residential properties amounted to about 40% of the value of owner-occupiers properties. In addition, the compensation per square foot was one thousand dollars lower than the market price in Sham Shui Po.

Therefore, the cash compensation was not enough to buy a 7-year old flat in the same district. (3) Compensation for ground floor property owners was less than that for domestic property owners. He suggested that URA should refer to the values in the private market and that compensation policies should be open and standardised.

#### Presentation 6

Topic: Urban Renewal Improves the Living Environment?

Speaker: Ms. Cheng Lai King, Central & Western District Council Member

The speaker began by referring to the redevelopment projects in Central and Western District since 1987 carried out by the Land Development Corporation (LDC). At that time, the LDC mainly sold the land to private developers after acquisition. She pointed out that the general public could not afford to buy a new flat after the redevelopment nor a 7 year old flat in the same district. The residents were forced to move further away and their living conditions did not improve. In addition, the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004 resulted in less protection for tenants. Some tenants were forced to leave by the owners. Moreover, redevelopment could not provide large public or recreational open spaces.

#### Presentation 7

Topic: Industrial Buildings Redevelopment in Sai Wan Ho

Speaker: Ms. Amy Hui

The redevelopment project in Sai Wan Ho was planned to redevelop the industrial premises into residential buildings. This project began in 1998 and was carried out by the Hong Kong Housing Society (HKHS). The site area contained both residential and industrial buildings. In 2005, HKHS offered HK\$5,000 compensation per square foot for the residential properties, whereas owners of the industrial properties only received compensation of HK\$500 per square foot. In 2008, the compensation for industrial properties per square foot was increased to HK\$700. The speaker questioned that if the industrial buildings were located in the residential land and would be redeveloped into residential buildings, why was the compensation for industrial properties so much lower than the residential properties? Why was the 7-year-old building compensation principle not applicable to industrial buildings? Also, Hong Kong still lacked a sensible guideline for the redevelopment of industrial buildings that were located in residential areas. She opined that this project should be opened up to the market as she opposed to HKHS's monopoly in the redevelopment project.

### Presentation 8

Topic: NA

Speaker: Ms. Helen Wong, Alliance of Kwun Tong's Urban Renewal

The speaker opined that the compensation for the Kwun Tong Town Centre redevelopment project was too low and she urged the URA to disclose financial information to prove the financial loss that the URA had stated for different redevelopment projects. She also suggested sale of the land by public auction to reflect the true land value. Furthermore, she stated that the Development Bureau, URA and private developers needed to respect private property right, allow neighbourhood participation with property ownership and provide “flat for flat” and “shop for shop” options for the owners. Moreover, the Legislative Council (LegCo) or the Development Bureau should set up an independent monitoring panel to monitor the work of URA.

### Presentation 9

Topic: Social Impact Assessment (SIA)

Speaker: Ms. Sin Wai Fong, H15 Concern Group

The speaker stated that no social impact assessment (SIA) had been done at the time of the LDC and now all the URA projects were required to carry out two different stages of SIA. The SIA had two main purposes: (1) when determining whether an area needed to be redeveloped or not, the URA had to submit the report to the Government or Town Planning Board. (2) When the URA decided to commence a redevelopment project, it needed to submit a SIA report to the Development Bureau to prove that they were aware of the potential social impact of the project and the mitigation measures required.

The speaker however referred to the recently announced URA projects as examples to illustrate the insufficiencies of the URA in conducting SIAs. The speaker pointed out that most of the affected residents did not recognise their rights and the usage of the SIA. The social service teams and the URA staff even told the affected residents that they did not need to take any action while the SIA was being conducted. However this was in fact the time for the affected residents to express their opinions and difficulties. In addition, the SIA reports mainly suggested letting the social service teams handle all the problems. The speaker questioned how the social service teams could solve problems with regards to the amounts of compensation or the aspirations of the affected residents.

## **Gist of Public Discussion**

Hon Fred Li Wah-ming, JP moderated the public discussion. The key points of discussion were as follows:

### 1. The Vision and Scope of Urban Renewal

Some of the participants emphasised that the purpose of urban renewal was to improve the living quality of the general public and not to provide new properties for investors. However, most of the redevelopment areas became some form of high-priced property and mega mall which the general public was unable to afford (e.g. the Hanoi Road project and Lee Tung Street project). Often, it was almost impossible for the affected residents to move back into the redevelopment area and instead they were forced to move further away.

Lots of participants concurred that the other main purpose of urban renewal was to achieve sustainable development in Hong Kong. Some participants believed that development of our urban area had reached the saturation level, and we should suspend development. Furthermore, the density in the urban area was already high enough. Therefore we should not demolish low rise buildings and replace them with high rise buildings. There should be more open space. Urban redevelopment was destroying the community's intangible assets and characteristics. It also further polarised the rich and poor which in turn was against the purpose of sustainable development.

### 2. 4Rs Strategy of Urban Renewal

Many of the participants agreed that the priority of 4Rs should be: revitalisation, rehabilitation and then preservation. Redevelopment should have the least priority. They believed that revitalisation and rehabilitation could improve the living conditions and quality and could preserve the local culture and sense of community. In contrast, when redevelopment occurs, only the private developers could benefit and the local residents would be forced out.

Taking Staunton Street in Central & Western District as an example, a number of owners had rehabilitated and refurbished their buildings, and tried hard to preserve the buildings. Nevertheless, URA still insisted on demolishing the buildings and planned to replace them with high rise buildings. It seemed like the URA only cared about profit so ultimately it destroyed the environment.

Some participants hoped that the 25 projects which had been frozen since 1997 could begin as soon as possible. For example, the redevelopment projects in Wan Chai, Tai Kok Tsui and Sham Shui Po had been on hold for too long. Many elderly owners and tenants could not wait any longer.

### 3. Role of stakeholders

#### 3.1 Private vs Public Sector Participation in Redevelopment

There were advantages when private developers participated in redevelopment. The threshold for the compulsory auction (under the Land (Compulsory Sale for Redevelopment) Ordinance) had set up some parameters for private developers. It encouraged private developers to discuss more creatively with affected residents. As a result, the affected residents could receive a higher acquisition price in a fairer manner. The whole process could also be speeded up.

Some participants agreed with the relaxation of the threshold to 80%. A lot of the buildings only had a few households. The private developers might not be able to reach the compulsory auction threshold even when only one household refused to sell its property. Thus, lowering the threshold for the compulsory auction could help to deter speculators. However, some participants were against the relaxation of the threshold. They opined that it would be unfair to small property owners.

#### 3.2 The Role of the URA

If the properties were acquired compulsorily, some participants considered this method of enforcement as inappropriate behaviour.

The mission for URA should be to work for rather than exploit the public for profiteering. Every year, the URA acquired a few projects. The discontent among residents had become enormous.

#### 3.3 The Role of Legislative Council

One of the participants who lived in Tsim Sha Tsui had tried to contact a LegCo member and URA Board member several times. However, the

LegCo member did not respond to her. Thus, she was pleased to see that this public forum was moderated by a LegCo member. She hoped that LegCo could monitor URA and protect the interest of the general public.

#### 3.4 The Role of the Owners

The participants considered that the URA should allow property owners to participate in community planning which could help to avoid social conflict. They pointed out that the Government should remind the public about the risk of participation with property ownership but the public could make their own decision.

#### 4. Compensation and Rehousing Policy

Some participants opined that the compensation for the owners of tenanted residential property and owner-occupiers should be similar or even standardised. Compensation calculation based on the saleable area was also not reasonable.

The participants used the Kwun Town Centre redevelopment project as an example to indicate that the compensation per square foot offered by URA was actually a lot lower than the market price. The compensation per square foot for the rooftop was even worse. They were not satisfied with the current valuation method which used as reference areas without good transportation networks like Tsz Wan Shan and San Po Kong. Affected residents were unable to find a replacement flat of similar status and suffered mentally. As the housing market kept going up, the compensation was not enough for the affected residents to find rehousing in the same district. Therefore, many participants asked for the option of “flat for flat” and “shop for shop” which they believed could also help maintain the social network.

Some participants expressed that some owners might force out the tenants when they knew that redevelopment was coming. In addition, the public housing units for the affected tenants were far away from their original district of residence. (For example, some needed to move from Central and Western District to Chai Wan)



## 5. Finance Arrangement

Some participants stated that the URA should have a financial surplus otherwise it would be losing public funds. On the other hand, some participants did not believe the URA post a loss. If the URA decided not to undertake projects like Kwun Town, they believed a lot of private developers would be willing to do so.

Some participants said they understand that the URA was operating on the self-financing model. However, that was not a reason for the URA to exploit the public while handing out bonuses after making a profit.

Some participants questioned whether the URA's bond issue meant that its profit making mode would continue. Also, other participants were worried about the risk of the bond issue. The company credit rating was determined by some international organizations. If the credit rating went down, it might affect Hong Kong's reputation and even the Hong Kong dollar.

## 6. Other Comments

- A participant was planning to sue the URA for breach of the Basic Law Article 105 and the Hong Kong Bill of Rights, and he would apply for a judicial review of relevant redevelopment projects.
- Some participants complained about their own situations. For example: The chairman of an industrial building owners' corporation in Sai Wan Ho stated that the HKHS had already set up a ceiling for compensation with no room for discussion. His building started leaking while the building right next to his was being demolished. The owners complained to HKHS but were asked to provide evidence first. Furthermore, one owner had a property in Hai Tan Street for his father but the URA evaluated his property as vacant. He questioned that URA made this evaluation in order to reduce the compensation.
- An elderly participant had expressed the dissatisfaction of her family on the compensation and their worries and anxiety caused by this issue.

Closing Remarks by the moderator, Hon Fred Li Wah-ming, JP:

In the public discussion section of the forum, 26 participants had spoken. The topics and concerns included: Cases of residents affected by URA redevelopment in different districts, dissatisfaction with the LegCo and the URA, and dissatisfaction with the URA's bond issue. The moderator added that issuing of bonds did not require LegCo approval, but this matter would be discussed by the LegCo.

A-World Consulting Limited

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