

# **Urban Renewal Strategy (URS) Review Public Engagement Stage Gist of Topical Discussion 1: Redevelopment vs Rehabilitation**

Date: 16<sup>th</sup> May, 2009 (Saturday)  
Time: 2:30 p.m. – 5:00 p.m.  
Venue: Rooms 1001 & 1002, The Hong Kong Federation of Youth Groups Building, 21 Pak Fuk Road, North Point, Hong Kong  
No. of participants: 45 (including 2 members of the URS Review Steering Committee, 7 representatives from DEVB and URA as observers and 5 discussion group facilitators from the Association of Engineering Professionals in Society <sup>Note1</sup>)

Mrs Sandra S.C. Mak of A-World Consulting Ltd., the host, briefly introduced the background of the URS Review. Participants were then invited to make public presentations and to join the subsequent group discussions. The key opinions and points raised were as follows:

## **Gist of Public Presentations**

### Presentation 1

Topic: Hong Kong Buildings - Condition Assessment of the 1946-1980 Building Population  
Speaker: Dr. Gordon Anderson, consultant of the Urban Renewal Authority (URA)  
(Please see Annex)

Buildings made from reinforced concrete have a finite life. Carbon dioxide in the air constantly corroded concrete, whereas chloride in the concrete, from the salt water flushing system of toilets, restaurants and kitchens, etc., all contributed to accelerating concrete corrosion by ten times.

The assessment was based on the analysis of two reports by the Architectural Services Department released in the 1990s. It was discovered that among

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<sup>Note1</sup> This categorisation of participants began to take effect on 7 July 2009. This gist was updated on the URS Review website on 13 July 2009 to incorporate this change.

the 7,500 buildings in the URA action areas that were over 30 years old, about 2,000 were in poor condition, while conditions of another 1,000 buildings were unknown. The studies also revealed a clear relationship between building age and deterioration. Apart from natural deterioration over time, another major reason was that many old buildings in Hong Kong were made of low-strength concrete, and were not constructed with a specific physical life in mind.

When a building had endured beyond its economic and functional life, it unavoidably needed to be demolished and rebuilt. For old buildings that were in good condition, rehabilitation might be considered. However, it must be noted that short-term repairs might only last for 3 to 4 years, then repairs would have to be conducted again. This might result in significant recurring expenditure to be borne by residents, without any substantial improvement in the overall living conditions or building structure.

## Presentation 2

Topic: Redeveloping / Upgrading old and dilapidated districts as a form of improving the urban quality of Hong Kong - An overview of the general urban condition

Speaker: Mr Raymond Wai-man WONG, Lecturer of the City University of Hong Kong

All of Hong Kong's old areas were built around the Victoria Harbour. It was therefore difficult for any large-scale transformation in community development to occur. Old urban areas were very unfavourable for the disposition of a city's development. At the same time, as old urban areas lacked facilities, old buildings were ill disposed to the land use. Currently, many old buildings were built in the 1950s; but due to a lack of capital at that time, the quality of building materials varied, and thus these buildings were more prone to deterioration. In addition, residents of old urban areas were usually the elderly or low-income individuals. Together with other issues like the clustering of old buildings and complicated ownership issues, improvement was not easy.

The areas that received the most attention included Shau Kei Wan, Wan Chai, Central and Western District, Yau Ma Tei, Mong Kok, Tsim Sha Tsui, Kowloon City, San Po Kong, Kwun Tong, and Tsuen Wan, etc. Mr. Wong pointed out that although many buildings in Tai Kok Tsui were recently rebuilt, many streets and buildings of over 50 years old still remained. Obvious improvements

were seen in some old areas, such as Kowloon City and Wan Chai. In Wan Chai, the government has already redeveloped selected buildings. In Kowloon City, after the old airport was relocated, building height restrictions were partly lifted. Coupled with government incentives and subsidies, many old buildings in the area had participated in renewal voluntarily. Yet in other districts, such as Sai Wan Ho and Kwun Tong, the environment is still poor with much room for redevelopment.

The government provided incentives and subsidies for residents to carry out maintenance, which contributed to substantial improvement on the environment of many old alleys and lanes four to five years ago.

## **Gist of Group Discussion Report**

Group discussions were carried out in five groups. The discussion results were as follows:

### 1. Considering the objective conditions of redevelopment or rehabilitation

Some participants suggested the following criteria for the selection of redevelopment or rehabilitation areas: the structural safety of buildings, living environment (such as living space per person), heritage or historical value, whether the local community network had been destroyed, whether the unique local community features would be diminished, whether tourism would be affected, sustainable development (including financial feasibility, social cost, fairness / justice, allocation of resources, etc.) and social impact assessment results, etc.

Some participants believed that the thoughts and sentiments of residents should be considered. From the case of Lee Tung Street, it was observed that once a redevelopment project was decided by the Land Development Corporation / URA, the decision could not be rebutted even in the face of opposition from some of the residents. Therefore, participants thought that there ought to be reasonable channels to allow residents to express their opinions on whether their areas should be redeveloped, so that the authorities could listen to more opinions from the residents before the implementation of urban renewal projects. Taking the case of the areas around the '13 Streets' in To Kwa Wan, Kowloon City, as an example, some participants noted that many residents hoped for redevelopment of the area, but the project had been severely delayed. It was suggested that when deciding between the

redevelopment and rehabilitation of a district, enhancement of participation by the residents concerned should be considered. Residents should also be allowed to participate before gazetting the redevelopment projects.

Some participants also pointed out that sentiments of residents would change over time, thus consideration should not only be based on residents' feelings from a particular period of time. Some participants pointed out that public views expressed at the start of a redevelopment project might also be different from current ones. Although a project might receive major support from the residents at the start, opposition from some of the residents might still emerge during the redevelopment process. The key was to balance opinions from all stakeholders.

Regarding the role of the District Councils (DCs), there were participants who thought that the DCs might not be able to represent the residents' will. It was hoped that a mechanism be set up to allow residents to participate directly in the consultation and decision-making processes. Some participants, however, thought that since the DCs were voted for by local residents, they were very representative and played a crucial role in the consultation process. Some participants also proposed an exchange of views between professional bodies and local residents, where both parties could participate in community redevelopment or rehabilitation as well as the decision-making process. Some participants thought that the URA's mode of operation in the past was often too mechanical and that URA had overemphasised redevelopment. Should urban renewal only rely on redevelopment, its pace would be hindered. Some participants believed that redevelopment might not be the best option. With an appropriate allocation and use of resources, rehabilitation could extend the physical and functional life of buildings. But some believed that localised rehabilitation was not feasible in the long term.

Some participants suggested that the government should subsidise urban redevelopment projects with flexibility in order to improve public facilities and refine community planning. Private developers usually placed little emphasis on transportation planning and community facilities; whereas more land was seen allocated for community functions in URA's land use planning (e.g., the Kwun Tong project). This would, however, increase the cost of redevelopment, which was unfavourable for the self-finance of URA.

## 2. “District-based” model of renewal

Regarding renewal strategies of old urban areas, some participants believed that more consultation activities should be held under the “people-centred” and “district-based” principles to let more residents participate. They also believed that it was necessary to have an appropriate mechanism to listen to and understand the viewpoints of residents and stakeholders. This mechanism must be credible, lawful, fair and open. In addition, some participants commented that “redevelopment” mainly involved demolition of old buildings and construction of new ones, while “urban renewal” emphasised on improving the living environment of residents in the district therefore, the latter is more favourable in bringing along community development.

Many participants expressed that planning of the whole district should be taken into account while preservation and renewal were being carried out. However, residents in the district might hold different viewpoints, and therefore it was rather difficult to take care of both the needs of the society as a whole and individual residents at the same time.

Some of the participants thought that local district features, for example, distinctive culture, functions and characteristics, should be taken into account when preserving historical buildings. For the coordination of the 4Rs, some participants thought that, depending on the local district features and economic values, different urban renewal proposals should be integrated and adopted flexibly, in order to achieve the same objective. Some participants thought it was improper to favour commercial elements alone. On the other hand, some opined that it would be more ideal to adopt redevelopment as the strategy for urban renewal when district revitalisation failed even with a large amount of money invested. The government should also adopt three-dimensional approach for urban redevelopment or renewal. Take Kwun Tong as an example, if the function of Kwun Tong as a transportation hub in the vicinity had to be preserved, and at the same time, community facilities were to be constructed and commercial activities conducted, the “high-rise development” approach should be adopted. This could also solve the problem of dense living environments in old urban areas.

Some participants indicated that various social problems might arise in newly-developed or redeveloped districts, such as Tin Shui Wai. Old communities were the major target areas of the URA. Therefore, careful research and consideration should be made before deciding which strategy amongst the 4Rs would be adopted.

### 3. Definitions of dilapidated buildings

There were participants who thought that the functional, physical and economic life of buildings should be considered when assessing whether a building was dilapidated. Since each building had its functional lifecycle, the aforementioned factors should be reconfirmed and reconsidered prior to redevelopment or rehabilitation. Hence, a set of criteria should be established with the assistance of professional bodies when assessing building conditions, including the structural, functional and economic life.

Specifically, some participants suggested ways of defining dilapidated buildings, including those which:

- had received a maintenance order or an advisory letter issued by the Buildings Department;
- were of old age; and
- the rehabilitation of such would not be cost-effective (i.e., if the cost of rehabilitation would be higher than that of demolition, then the latter should be adopted).

Some participants also suggested setting up a “dilapidated buildings grading system” to reduce conflicts between stakeholders.

### 4. Socio-economic factors to be considered during rehabilitation

Some participants brought up the “socio-economic” impacts of the rehabilitation of old buildings, including the community network of affected areas, living conditions of residents, heritage and historical values, architectural value and environmental considerations, etc.

The functional and economic lifecycles of a building or building mass should be considered during rehabilitation. If owners only carried out internal maintenance in their individual flats, it might not fulfil the demands and needs of the society as a whole.

There were participants who thought that other than private owners, URA and developers etc. should also be responsible for enhancing the quality of life of residents in the district. Apart from the buildings themselves, various community facilities should also be improved, e.g., the transportation network.

The maintenance of buildings relied on cooperation amongst various parties. Very often, owners' corporations had to be set up for effective implementation of maintenance projects. Although the government had already introduced the Building Rehabilitation Incentive Scheme, owners might not be willing to pay for themselves, which hindered the implementation of rehabilitation. The role of owners' corporations became more important as they could immediately handle potential risks and raise funds to facilitate the redevelopment process.

5. How to decide between redevelopment and rehabilitation

Some participants believed that rather than only considering the technical factors of construction, the degree of dilapidation and danger, that societal impacts (for example the intention of owners) should also be taken into account when choosing between redevelopment and rehabilitation.

6. The strategies of encouraging private owners' participation in maintenance

Regarding the encouragement of private owners' participation in maintenance, some participants believed that there was an urgency for building rehabilitation and was the responsibility of owners. Private owners should be encouraged to take up the responsibility for building maintenance through education, publicity and government incentives and subsidies. There were opinions about considering ways of assisting vulnerable groups to carry out building rehabilitation; for example, the URA could provide subsidies to elderly owners for building rehabilitation.

Moreover, some participants thought that mandatory establishment of owners' corporations in old buildings could provide a mechanism for residents and owners to express their opinions. Owners' corporations could suggest the authorities to order for the demolition of buildings when necessary. Other participants believed that legislations should be enacted to request for the mandatory regular building inspection and maintenance by the owners. Maintenance funds should be set up to subsidise low-income individuals, so as to call for private owners' participation in maintenance.

Government cooperation was necessary for building maintenance. Apart from capital input, the government could also cooperate with professional bodies to investigate whether the physical and economic lifecycles of individual or groups of buildings could be lengthened. Recently, the government announced the allocation of HK\$1 billion for private building rehabilitation. Participants believed that the society would welcome the initiative, which was the kind of work that government should be steering.

7. Appropriate use of public funds for building maintenance

Participants thought that more resources should be invested in improving the living environment of the communities.

8. Other opinions

- Strict boundaries and guidelines of the design for urban renewal were unnecessary.
- Some members of the public tended to think that URA made profit from urban redevelopment projects or by assisting private property developers. It was necessary for the URA to improve its image.
- There were always disagreements amongst stakeholders; for example, residents and shop owners might have different demands.
- With regard to compensation, participants pointed out that compensation by cash or re-housing in-situ should be considered if demolition and redevelopment were to be carried out. However, they thought that either ways had problems. For example, cash compensation was more direct but

residents would lose the right for re-housing in-situ for which it was even quite difficult to find suitable flats. As a result, they hoped the authorities could think of a better solution.

A-World Consulting Limited  
June 2009

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## Annex: Summary of presentation entitled “Hong Kong Buildings - Condition Assessment of the 1946-1980 Building Population” (provided by Dr. Gordon Anderson)

The presentation described the condition of private sector buildings constructed on or before 1980 in Hong Kong. Assessment was based on analysis of two earlier reports by the Buildings Department produced in the 1990's. These reported the condition of approximately 4,300 buildings in the 1946-1959 age band and some 13,000 buildings in the 1959-1980 age band based on extensive visual inspection and detailed investigation. The key factors identified as being responsible for deterioration were reinforcement corrosion associated with carbonation of the concrete and moisture ingress.

The presentation placed special emphasis on the URA action areas which occupy the older urban parts of Hong Kong. Attention was focused on the prioritization of buildings that could potentially be in poor condition or whose condition was unknown since this information is of crucial importance to future building surveys.

Of the 7500 buildings which are over 30 years old and within the action areas, approximately 3000 buildings were identified for further inspection and investigation. About 2000 of these were believed to be in poor condition based on the results of the Building Department surveys. The condition of a further thousand buildings was not known, particularly pre-war buildings, consequently these were also prioritized for inspection.

Analysis and projection of the earlier Building Department results suggests that today on average 20% or more of the older building population may be in poor condition. While some buildings have been subject to repair, the extent and quality of rehabilitation work cannot be accurately determined.

A clear relationship was also established between building age and deterioration. Generally the older the building, the more likely it is to be in poor condition. Only a small percentage of buildings constructed in the late 1970's were believed to be in poor condition. In contrast up to 30% of those constructed in the 1950's may be in poor condition. There were also significant differences in the condition of buildings in different urban areas of Hong Kong.

It was emphasized that buildings made from reinforced concrete have a finite life. Many of the older buildings in Hong Kong contain low strength concrete. Consequently they are more prone to rapid deterioration than the buildings constructed today which use significantly stronger and more durable concrete. Also the original buildings were not constructed with a design life in mind. In contrast structures such as bridges and other major infrastructure today have a design life of 120 years or so and are designed to offer better durability performance. Similarly modern buildings are designed to last for 50 years or more and it is likely because of the improved design standard and properties of the materials used today, that they could last considerably longer without showing the pronounced deterioration encountered in many of Hong Kong's older buildings.

It must be recognized that the worst of the older buildings will have to be redeveloped since they have reached the end of their economic and functional lives. Moreover some buildings present significant safety risks (structural, sanitation/hygiene and fire). These buildings often provide poor quality living standards for the occupants. The best of the older buildings can be rehabilitated but clear choices should be made concerning the intended duration and nature of these repairs: are they to be short term and temporary (up to 5 years), medium term (5-10 years) or long-term (10-20 years)? These choices will have a significant impact on the rehabilitation costs involved and the construction methodology and repair technology applied. All too frequently the cheapest, short term repairs are applied. These may only last 3 or 4 years before it is necessary to conduct additional repairs. This approach reflects a lack of understanding of the deterioration processes involved and can result in significant recurring expenditure without any substantial improvement in living conditions or the durability performance of the structure.

# **Urban Renewal Strategy (URS) Review Public Engagement Stage Gist of Topical Discussion 2: Heritage Preservation & Revitalisation**

Date: 13<sup>th</sup> June, 2009 (Saturday)  
Time: 2:30 p.m. – 5:00 p.m.  
Venue: Room 502, The Boys' and Girls' Clubs Association of Hong Kong, 3 Lockhart Road, Wan Chai, Hong Kong  
No. of attendees: 71 (including 1 member of the Steering Committee, 8 representatives from the Development Bureau, Urban Renewal Authority and Leisure and Cultural Services Department as observers, and 6 members of the Hong Kong Institute of Architects as discussion group facilitators)<sup>1</sup>

Mrs. Sandra S.C. Mak of A-World Consulting Ltd., the host, briefly introduced the background of the URS Review, and pointed out that representatives from the Development Bureau (DEVB) and Urban Renewal Authority (URA) were present to listen to the opinions expressed during the session. Participants were then invited to give public presentations and to join the group discussions. The key points were as follows:

## **Gist of Public Presentations**

### Presentation 1

Topic: Role of URA in preservation  
Speaker: Professor David Lung Ping-ye, member of the URS Review Steering Committee and Professor of the Faculty of Architecture, The University of Hong Kong

The current Urban Renewal Authority Ordinance (URAO) mainly focused on urban redevelopment. It had not stated clearly what URA should or could preserve, or how preservation could be carried out. At the start of the year, URA responded to government demands of conducting research and initiating preservation of tenement buildings. One of the projects involved a row of tenement buildings on Prince Edward Road. However, the project received much opposition. This revealed a discrepancy between URA's implementation in compliance with the law and the appeals of the community.

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<sup>1</sup> Starting from Topical Discussion 2, the breakdown of attendees will be recorded according to this categorisation in the discussion gists.

Declared monuments were under the protection of the Antiquities and Monuments Ordinance (AMO) while there is no legal definition of historic buildings. At the same time, graded historic buildings did not have legal status. On the other hand, according to the World Heritage Convention, cultural heritage could be classified into three groups: monuments, groups of buildings and sites. The speaker suggested that URA, through the URAO, should be empowered to transform, for example, the whole Wan Chai district into a heritage zone, and to preserve not only individual buildings but also the interesting intangible culture.

Regarding the acquisition of properties, URA applied the 7-year old flat value compensation principle. The AMO stated clearly that the amount of compensation should be negotiated between the Authority and home owners. Should there be any objections from owners, the cases would be transferred to the district courts. The speaker suggested that opportunity should be taken during the URS Review to further explore the alignment between the AMO and the URAO.

## Presentation 2

Topic: Heritage preservation and revitalization of old urban areas

Speaker: Ms. Betty Siu-fong Ho, The Conservancy Association

Revitalisation aimed at enhancing the economic and environmental networks of different districts, while heritage preservation had the objectives of preserving local characteristics and community functions. In heritage preservation, not only should buildings of value and virtue be preserved, but of equal importance, the characteristics, history and nature of the society should also be maintained.

Government claimed to have policies in place related to heritage preservation, but when compared to other cities, Hong Kong's policies were weak and insufficient. For example, in Australia and Mainland China, there were strict stipulations on in-situ heritage preservation. Since there was no such regulation in Hong Kong, the Murray House was moved from Admiralty to Stanley for the purpose of preservation, resulting in its downgrading from Grade I to merely an ordinary building.

The speaker was also concerned about the uses of many historic buildings after rehabilitation. The former Stanley Police Station was adapted for use as a supermarket, Murray House was transformed into restaurants, and Wo Cheong Pawn Shop was turned into a fine-dining restaurant. It was questioned whether this was a kind of 'gentrification'.

The speaker concluded that the challenge, which Hong Kong is facing, is a lack of proper cultural preservation policies, therefore preservation and revitalisation were always decided spontaneously and subjectively, and sometimes relied only on the efforts of individual government officials. Such actions did not contribute to sustainability. The government also lacked visionary planning and internal coordination (e.g. regarding the building and fire prevention regulations). She hoped that government would value the opinions expressed by members of the community.

### Presentation 3

Topic: Review on redevelopment mode of revitalisation by users of Shanghai Street

Speaker: Mr. Chan Wing-chi, neighbourhood of Shanghai Street

The speaker opined that the URA moved away the 'software' (i.e. the neighbourhood) during the heritage preservation process, leaving behind only the preserved buildings themselves. He thought that the neighbourhood was a part of the community who should not be forced to move out; otherwise, after the 'preservation' process, the community would never be the same again. He also questioned the sincerity of the concerned policymaking officials in their approach towards heritage preservation.

### Presentation 4

Topic: Provision of art & cultural centres and parks through revitalisation of old urban areas

Speaker: Mr. Lam Chan-hung, neighbourhood of Sham Shui Po

The speaker indicated that cultural and art features of a district were often overlooked in the process of revitalisation of that area. He suggested that the government should build venues such as art museums or cultural centres in Sham Shui Po for organising cultural and art activities, as well as for showcasing community culture and history. There are similar venues in Sha Tin and Sai Wan Ho. He also recommended establishing community cultural facilities especially for people of South Asian origins in Sham Shui Po, because they have been residing in the area for quite a long period. The speaker also hoped that the government would carry out the Lui Seng Chun preservation project as soon as possible.

## Presentation 5

Topic: Transfer of floor area ratio

Speaker: Mr. Shum Hok-man, Community Cultural Concern

The transfer of floor area ratio referred to the transfer of development rights of property in order to preserve buildings of historic value. The concept was originated from the New York Landmarks Preservation Law in 1968, which designated buildings, streets or districts that were assessed as historically significant or having aesthetic value as specially-designed areas. Restrictions on private development were imposed. To compensate for the potential losses of owners due to such restrictions, the interest of owners was protected by the transfer of ownership (i.e. transfer of development rights from one site to another). In the business district of New York, almost 20 historical areas including the Grand Central Terminal and another unique railway station with historic value were preserved via floor area ratio transfer. In 1978, the Federal Court adjudged that the transfer of floor area ratio would serve to secure the economic interest of property owners, and was thus constitutional.

Many successful examples were also seen in Japan and Taiwan. Dihua Street was designated by the Taipei City Government as a 'reserved area' in order to preserve groups of historical buildings in that district. Through the transfer of floor area ratio, the City Government did not have to exercise mandatory land resumption nor pay any compensation. The losses of property owners for not being able to demolish their buildings and erect extra structures were compensated while the aim of preserving historical buildings and cultural assets was also achieved.

To ensure no abuse of the transfer of floor area ratio, stringent restrictions and regulations on the transfer and receipt of floor area ratio should be strictly observed, including applicable usages, location of the sites for transfer and receipt, as well as the amount of floor areas to be transferred, etc.

## Presentation 6

Topic: Redevelopment project of the former Marine Police Headquarters

Speaker: Mr. Raymond Wai-man Wong (王煒文), lecturer of the City University of Hong Kong

When compared with overseas cities and Shanghai, only very few historical buildings were left in Hong Kong. Many buildings with local or colonial characteristics and even streets of historical value had all been demolished. Even those preserved (e.g. the Dr. Sun Yat-sen Museum) were small in scale.

The speaker elaborated further by quoting the case of the former Marine Police Headquarters in Tsim Sha Tsui. The former headquarters was built some 120 years ago at the top of a hill in Tsim Sha Tsui, facing the Victoria Harbour. In 2003, Cheung Kong (Holdings) Limited won the bid at HK\$300 million for the right to develop and utilise the headquarters for 50 years. The hill was subsequently flattened, and the whole building, after renovation, was full of colonial colour. Old trees and stone walls of historical value were also transplanted or preserved through advanced technology. With the addition of commercial elements, the former Marine Police Headquarters would be expected to become a tourist spot.

The speaker opined that as heritage preservation was a long and costly process, the people of Hong Kong should give more thoughts and express their opinions sensibly about the issue of preservation.

### Presentation 7

Topic: Old Wan Chai Market and Wo Cheong Pawn Shop

Speaker: Ms. Wong Sau-ping, neighbourhood of Wan Chai

The Old Wan Chai Market (also known as the “Big Market” among the Wan Chai neighbourhood) was built in 1937, with a background of rich history, cultural characteristics and long established community networks. The speaker pointed out that the market was built with steel-framing concrete which was the most advanced construction technique in the 1930s. Such technique was also adopted for the construction of the New York Empire State Building and Golden Gate Bridge, etc. The rear portion of the Old Wan Chai Market had already been demolished. The façade of the front portion would be preserved, and a 46-storey residential building would be built above it. The project was met with intense opposition from the Wan Chai neighbourhood, who had requested the government to acquire the market from the developer before demolition, but the plan was finally abandoned due to the extremely high costs<sup>2</sup>.

Moreover, after revitalisation, the rooftop of Wo Cheong Pawn Shop was meant to be public space, but members of the public must now book in advance in order to use it, because the restaurant has the priority<sup>3</sup>. The speaker conveyed that there was a lack of

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<sup>2</sup> For various reasons, which included URA's obligations as stated in the contract signed between the then Land Development Corporation and the developer, the redemption plan of the market was not feasible.

<sup>3</sup> Iris Tam of the URA clarified that Wo Cheong Pawn Shop's rooftop was stated in the lease as private space. Due to goodwill, the public would be allowed the opportunities to appreciate historic buildings in private space. URA would define clearly private and public spaces in future similar cases.

public participation in revitalisation projects, which are gradually becoming commercial activities; for example, people must patronise the restaurant in order to enter or visit this historical heritage.

She believed that the URA should look into the revitalisation process and approaches in order to preserve community networks, community characteristics, history and culture through revitalisation.

## **Gist of Group Discussion Reports**

Group discussions were carried out in six groups. The discussion results were as follows:

### **1 Conditions and principles of preservation and revitalisation**

#### **1.1 Objective conditions of preservation and revitalisation**

Some participants believed that the following objective criteria should be considered in selecting old areas or old buildings for preservation and revitalisation: construction period (e.g. pre-war buildings), construction method (including rarity, whether the building was designed by a famous designer or architect), artistry, historical values (e.g. whether it was related to historical events or famous persons), cultural values and social networks (e.g. whether the project could demonstrate the living conditions and social networks of people at that time), etc.

Concerning the definition of 'cultural heritage', some participants pointed out that inheritance and evolution of history and culture are intertwined (e.g. certain temples in the New Territories might possibly be related to family successions). Some participants also suggested that unheard stories could be unveiled by ways like collating and publishing ethnographies (民族誌), e.g. Central and Western District chorography (中西區地方誌).

Some participants thought that preservation should be the highlight of urban renewal, but detailed planning in advance would be essential. During the stage of research and assessment, not only should individual buildings be considered, the conditions of the peripheral surroundings should also be taken into account. 'Community censuses' prior to preservation and revitalisation should also be conducted because assessment and research would be of utmost importance. Research into distinguished historic figures and their related monuments, local culture and characteristics, historic buildings and different components of the

community should also be carried out simultaneously. After results were obtained, detailed discussions on how to implement preservation and revitalisation could then be carried out. Some participants thought that government should be responsible for providing resources for this preparatory work but not the execution.

Preservation covers a range of issues. For example, the government was faced with the problem of private property ownership and that the general public might not support preservation projects in some districts. It was thus suggested to establish a Heritage Commission, inviting the participation of different professional bodies (including the Hong Kong Institute of Architects and the Hong Kong Institute of Planners) and universities, in order to provide independent and professional advice on preservation in different districts in Hong Kong as well as to promote public engagement activities or conduct studies.

Many participants pointed out the importance of community engagement. Regarding its priority, some participants suggested that local residents should be consulted first, followed by professionals or non-government organisations, and lastly those who live outside the district. The participants of the community engagement exercise should be given the right of decision-making to a certain extent so that different needs of the community would be respected. Some participants also pointed out that 'people' in the 'people-oriented approach' should refer to the local residents. For instance, when the authorities put forward the initial preservation and revitalisation plans for the Central and Western District, Gage Street was to be turned into an 'Old Shops Street', with no area reserved to accommodate a wet market. It was later through community engagement that the government listened to the appeals of the neighbourhood to provide space for such. Although it might be more time-consuming to carry out preservation through community engagement, it would be more desirable when compared to the current top-down approach.

## **1.2 Principles of preservation and revitalisation**

Some participants suggested taking the approach for revitalisation from the point-of-view of the 'users of the revitalised buildings'. Unlike the revitalisation of deserted districts in foreign countries, the old districts in Hong Kong still possessed extensive community networks. Thus, revitalisation should be based on the principle of 'no damage to the community networks'. Some participants pointed out that during the process of heritage preservation, the 'original flavour' of the landscape, the ambience of the buildings, the original functions and community activities should be preserved as much as possible. Another option would be to transform the heritage into community facilities (e.g., art performance

venues).

Furthermore, planning for development projects and preservation projects should not be separated, and planning should be district-based. In the case of the preservation of Graham Street, Central, the concept of preservation should cover the whole network of the neighbouring community, commercial activities and community vibrancy, etc., and not just the preservation of only one or two old shop(s). Designating a preservation area should be considered.

Other participants suggested that the principles of preservation and revitalisation were difficult to set out. On the one hand, there were needs for development. On the other, the needs of local residents, minimal changes to and protection of heritage were also issues to be taken care of. Thus it was difficult to balance the interests of different parties. It was hoped that the authorities could continue to make efforts on this subject.

## **2 Responsibilities of Government, URA and Owners**

### **2.1 Responsibilities of the government**

Some participants suggested that government should review the objectives of development: whether it was for the benefit of property developers, Hong Kong's overall economic development, certain buildings or local residents. Government should also allocate more funding to support preservation and revitalisation work, e.g. by establishing funds to provide assistance, and expenses which should not be solely borne by the government or owners. There were participants who suggested that balanced policies should be implemented to balance the needs and interests of residents and developers.

Specifically, some participants suggested that the government make reference to overseas experience. If owners wished to sell buildings of historical value, they could choose to sell them to the government rather than the developers. However, there were others who suggested that the government should not acquire property directly. Property acquisition should be the responsibility of an authority outside the government regime, for example, statutory civil organisations or independent, designated bodies, etc. Apart from property acquisition, different choices should be given to affected residents, for example, rehabilitation, the choice to stay or leave, transfer of plot ratio, etc.

Some participants thought that the government should not grade individual

buildings as historic buildings. They suggested that the government should establish an authority, like the New York Landmark Preservation Commission, to specialise in assessing proposals from the community or government and designating certain districts or streets as landmarks for preservation. Government could also consider setting up a culture bureau or upgrading the status of the Commissioner for Heritage Office or the Antiquities and Monuments Office which currently responsible for heritage preservation, so that they could have the same policymaking power as other related departments.

In addition, there were participants who suggested that the policies and ordinances of government departments (including the DEVB) and the URA etc., should tie in with the implementation of heritage preservation and avoid being overly strict. Currently, approval would not be granted to a building for occupation if it could not fully satisfy the requirements of the Fire Safety Ordinance. The costs of preservation were ever increasing due to the rising standards of hygiene and environmental protection etc. In fact, historic buildings generally failed to comply with the Fire Safety (Buildings) Ordinance, and therefore the government should consider granting exemption when carrying out preservation. The society should also strive for a rational balance in order to lower the development costs.

## **2.2 Responsibilities of the URA**

Some participants thought that the URA, being not a government department, should not have policymaking or decision-making power. As a result, the URA should not be solely responsible for preservation policies. It should be the responsibility of the government (e.g. DEVB and Antiquities and Monuments Office). It was noted that the direction of preservation in some districts was correct but in-depth investigation into the methods of development and land use was needed. For example, whether making a historical building into a fine-dining restaurant would destroy the building's original structures or characteristics.

Some people believed that URA should remain neutral and actively listen to people's opinions. Participants pointed out that the URA should allocate resources to those old districts with real need of preservation and revitalisation. A district should not be demolished and intervention from the URA might not be necessary if it was still vibrant. Some participants suggested re-prioritising the objectives of the URA in the following order: preservation, revitalisation, rehabilitation and redevelopment. Moreover, some attendees indicated that the URA should carry out studies of different districts and collect sufficient information prior to working out an

outline plan and consulting local residents and merchants so that they could participate in discussions.

### **2.3 Responsibilities of Owners**

Some participants believed that it should be the government's responsibility to provide incentives and subsidies to encourage owners and residents to preserve and protect their buildings. However, many of them worried that some elderly owners would be unable to bear the maintenance costs even though they wished to preserve their buildings.

Concerning the ways to encourage active participation of owners in preservation, some participants thought that the authorities should provide local residents and community members with diversified choices, but not using a single 'bundled' method to handle different owners. Appropriate compensations should be offered to residents or owners who choose to leave; while 'flat-for-flat' and 'shop-for-shop' arrangements should also be provided as another option. If owners were given the choice to stay, they might be more willing to bear the maintenance costs or other relevant responsibilities. This could reduce arguments and conflicts, as well as achieving sustainable development.

Many people thought that there must be a mechanism to provide a platform for discussions among local residents and those who supported preservation. There were also suggestions that opinions of local residents and merchants should be given the priority.

Regarding the transfer of plot ratio, some participants pointed out that since the value of land would have a direct impact on the property owners and their property rights, they should get appropriate compensation in order to prevent them from suffering any losses.

### **3. Preservation, revitalisation and 'gentrification'**

On the issue of whether preservation or revitalisation would lead to 'gentrification', participants held different views. Some participants thought that the introduction of western-style coffee shops in a local community was already a phenomenon of 'gentrification' because it was just a matter of degree of gentrification. Some participants suggested that whether a district was suitable for 'gentrification' would depend on its local characteristics. For example, Wo Cheong

Pawn Shop, located in a common district, was not suitable for 'gentrification'. On the contrary, Tiger Balm Garden, located in an upmarket residential area, thus 'gentrification' was fine because nearby residents were willing to spend more. Therefore, most importantly, the relevant authorities should go through comprehensive public consultation and to understand the characteristics of each district before implementing preservation or revitalisation projects.

Furthermore, some participants indicated that Wo Cheong Pawn Shop was a heritage resumed by public resources, therefore usage of such after rehabilitation should be handled carefully. On the other hand, the transformation of the Soho area was developed naturally. Although it was unknown whether there were adequate channels for affected residents and business operators to express their views, it was believed that they had reasonable bargaining power.

#### **4 Other opinions**

Some participants suggested that detailed social impact assessments should be carried out before a preservation project commenced. Most importantly, the interviewees must be made to understand that they were participating in the assessment, and the transparency of the whole assessment process should be enhanced. Some participants opined that, at present, after the social impact assessment reports were submitted to the Town Planning Board (TPB), they were actually only examined by the Social Welfare Department, thus the TPB might not be able to fulfill its monitoring function.

**Urban Renewal Strategy (URS) Review  
Public Engagement Stage**

**Gist of Topical Discussion 3:  
Public vs Private Sector Participation in Redevelopment**

Date: 27<sup>th</sup> June, 2009 (Saturday)  
Time: 2:30 p.m. to 5:00 p.m.  
Venue: Room 1002 – 1003, The Hong Kong Federation of Youth  
Groups Building  
21 Pak Fuk Road, North Point  
Number of Participants: 56 (including 1 member of the Steering Committee, 10  
representatives from the Development Bureau and the Urban  
Renewal Authority present as observers <sup>Note 1</sup> and 6  
members of the Hong Kong Institute of Surveyors as  
discussion group facilitators)

**Gist of Public Presentations**

**Presentation 1**

Topic: The challenges of redeveloping privately owned multi-storey buildings  
Speaker: Mr. Laurie Lo Chi Hong, Principal Assistant Secretary for Development  
(Planning and Lands) 4

The speaker pointed out that Hong Kong, similar to other cities, required the joint engagement of the public and private sectors in order to achieve effective urban renewal. Hong Kong had experienced rapid urban decay. Every year, on average 500 buildings have reached their designed working life (50 years). Efforts from the public sector alone, such as the Urban Renewal Authority (URA), had been unable to fully address the issue of dilapidated old buildings.

In fact, many redevelopment projects in Hong Kong were carried out by private organisations. However, the projects had encountered many difficulties. Hong Kong, as with other big cities in the world, had many multi-storey buildings in multiple ownership. When the need for maintenance or redevelopment of a building arose, these plans often failed to be carried out because owners were unable to reach a unanimous agreement. The Land (Compulsory Sale for Redevelopment) Ordinance (hereinafter referred to as 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.

LCSRO) was enacted by the Government in 1998. Under the LCSRO, the majority owners (owning 90% of the lot) may apply to the Lands Tribunal (the Tribunal) for compulsory auction of the entire lot for redevelopment. The applicant should prove to the Tribunal that redevelopment is justified on the grounds of age or state of repair of the existing buildings. The applicant should also have taken reasonable steps to acquire the remaining 10% ownership of the building. In the event that the Tribunal agreed to issue an order for compulsory sale, the entire lot would usually be sold by public auction to achieve the highest selling price. So far, the Tribunal has issued only 20 orders for compulsory sale.

The Development Bureau has proposed lowering the application threshold to 80% ownership for the following three categories of land lots: (1) the lot had only one unit yet to be acquired; (2) all buildings on the lot were aged 50 years or above; (3) the lot was located in a non-industrial zone with industrial building(s) aged 30 years or above. However, the speaker emphasised that redevelopment was not the only method of revitalising the old industrial area. The Bureau was studying other schemes to facilitate revitalisation of industrial buildings, such as conversion.

## **Presentation 2**

Topic: The Development intensity and the compulsory auction

Speaker: Mr. Roy Tam, Chairman of "Green Sense"

The speaker stated that he supported planned and reasonable redevelopment. He pointed out that the Lee Tung Street Redevelopment Project had made significant improvement in terms of energy saving and environmental protection when compared with the previous projects. Most previous redevelopment projects of the URA would make full use of the plot ratio and the height in the Outline Zoning Plan. Therefore, after redevelopment, buildings would definitely have a greater mass than the peripheral buildings.

The speaker cited some real examples and pointed out that the projects left over by the Land Development Corporation (LDC) in the past were not in line with current public aspirations on urban renewal. The Hanoi Road Project looked like “a giant wall in Tsim Sha Tsui”, blocking air ventilation and sunshine. Another example was Langham Place which imposed the greatest obstruction for air circulation in Mongkok, cutting off the air ventilation passage along Nelson Street. Moreover, the podium height of the buildings for the redevelopment projects of “7 Streets” in Tsuen Wan and Florient Rise had already exceeded the height of the original old buildings in the district.

He pointed out that each redevelopment would be followed by an increase in the plot ratio.

Urban renewal had not improved the living environment of the residents. Therefore, “Green Sense” was against redevelopment projects with neither rules nor limits, which could make no improvements.

However, in his opinion, the redevelopment projects of the URA had improved recently and it even out-performed private development. He suggested that redevelopment projects should not make full use of the plot ratio. The residual plot ratio might be transferred to the development of the rural areas or peripheral districts. In the long term, the URA should act as a facilitator, allow more residents to participate, and carry out consultation prior to the decision on redevelopment to understand the aspirations of the affected residents.

He also thought that the threshold for LCSRO should not be lowered for the time being, because it would give people the impression of forcing small property owners to move away. Moreover, the buildings have often been sold at the reserve price through LCSRO, with not much compensation for the small property owners.

### **Presentation 3**

Topic: Compulsory sale threshold

Speaker: Mr. Charles Chan Chiu Kwok, Savills Valuation and Professional Services Limited

The original intention of the LCSRO was to enable the minority owners to sell the properties jointly and share the redevelopment value and to let the developer demolish the properties to facilitate urban renewal, based on the principle of fairness and balance. For example, for a building with four flats, each might be sold separately at \$10 million, that is totalling \$40 million. However, if the minority owners are to sell their properties jointly, the value might reach \$80 million after demolition and reconstruction. In general, for a successful joint sale, the redevelopment value would have to be at least 1.5 times higher than the original value of the old building. The developer would take into account the time required for the assembly and acquisition of titles, as well as the age and conditions of the building. If the building were not old enough, even if the developer had acquired 90% of the undivided shares of the lot(s), he might not be able to resort to the LCSRO to acquire the remaining interests. Therefore, developers might not be interested in the acquisition.

Assuming that the redevelopment value of a site was \$100 million and ten owners would sell their flats jointly, each owner could get \$10 million. If only 90% of the owners agreed to sell the property, the developer would need to spend time and extra money in

order to acquire the remaining interests, resulting in a discount of at least 10%. Therefore, each owner could only get around \$9 million. However, in case of failure to acquire 90% of the property interests, the developer would be unable to resort to the LCSRO, resulting in a greater risk and longer development time, which meant the developer could pay even less for the acquisition. Therefore, it would bring greater advantages for the minority owners by lowering the application threshold for LCSRO.

The developer could not make use of the LCSRO to acquire the property interests of minority owners at cheap prices because the developer had to obtain 90% of the property ownership before he could make an application under the LCSRO. So as to secure the agreement of 90% of the property owners, the acquisition price must be higher than the market prices of the properties when sold on an individual basis.

#### **Presentation 4**

Topic: Opinions on government and private participation in the redevelopment

Speaker: Mr. Lam Kit

The speaker mentioned that small property owners held different opinions on issues such as the LCSRO, the desire to leave or stay behind, and redevelopment. The current mechanism was unable to take sufficient or equal care of the aspirations of different property owners. He suggested that small property owners should be entitled to opt to participate in redevelopment, add their property ownership to the redevelopment project, and stay behind to settle down or operate their business after redevelopment. They might also reserve a small portion of flats in the old building for rehabilitation and not reconstruction, allowing property owners who were unwilling to participate in the redevelopment to move in. In his opinion, “private participation” should not only be developers; the definition of “private” should be broadened.

#### **Presentation 5**

Topic: The case of Kelly Street in New York — community-driven model for urban regeneration was better than government and consortium-driven models

Speaker: Mr. Desmond Sham, Community Cultural Concern

The speaker has taken the case of Kelly Street in New York to probe into the issue of how the community-driven model for urban regeneration had been more effective and at a lower cost than the government and the consortium-driven approaches. Kelly Street was a successful example of revitalising the community through creativity by the community. It had prevented the community development from being damaged by the government policy. After World War II, the local government built many express highways, cut off

blocks and demolished buildings. Thousands of residents were forced to move out. In 1977, the government planned to demolish three of the vacant buildings on Kelly Street as the first step of demolishing other similar blocks. The community protested and set up a community organisation called “Banana Kelly”. They took the initiative to participate in all renovation works in lieu of demolition, in exchange for the ownership of their own flats after the rehabilitation. The organisation solicited for the leftover cement from the construction companies to renovate or build recreational venues and roads, and also trained drop-out youths in the district to do improvement works for the community.

The speaker compared the case of Kelly Street, where urban regeneration was carried out under a community-initiated and community-driven rehabilitation model, with many government-funded and developer-oriented rehabilitation schemes in the vicinity. In the former case, its design and construction works were on a “do-it-yourself” basis set into action jointly by the residents in the community. Its cost was low and it complied with the concept of sustainable development. As for the developer’s case, the design was expensive. The Kelly Street project had not only renovated buildings but also created opportunities for employment and training, which were benefits not found in the developer’s scheme. The Kelly Street works required neither rent subsidy nor tax subsidy because the residents had managed to work for the community in exchange for their property ownership, whereas the developer has requested subsidies from the government. The Kelly Street Project had taken merely a few years but the project by the developer had taken a very long time to complete.

As for the definition of private participation, the speaker thought that the top priority for consideration should be placed on the benefits of the neighbours and residents in the district because they had the best understanding of the needs of the district. Therefore, the government should only act as a coordinator, provide sufficient information and professional assistance, coordinate with various government departments and delegate the power to the community, so as to achieve a “win-win” situation.

During the public presentation, a participant cited the case of the Sins family running “溢利油莊” at Haven Street, Causeway Bay. In his opinion, the LCSRO was too stringent for small property owners. He said that Soundwill Holdings who specialised in acquiring buildings offered \$15 million for acquiring the shop of “溢利油莊” but this acquisition proposal was rejected because the market price of that shop at that moment was \$20 million. Coupled with the fact that “溢利油莊” had been operating for more than half a century in Causeway Bay, it would not be able to continue to operate if it moved out of that district. Soundwill Holdings then resorted to the LCSRO and applied to the Tribunal for LCSRO with the proposal of acquisition at the reserve price of \$8 million. Finally,

both parties solved the dispute through legal action, however, the proceedings were complicated. “溢利油莊” had to submit a series of professional reports at the expense of \$5 million but it lost the case in the end and only \$3 million was left. “溢利油莊” had no alternative but to rent a shop of half the size opposite to the original site to continue its business and the turnover decreased drastically. However, there were also participants who stressed that the estimated market price of \$20 million was not accepted by the court according to the judgment.

He added that 18 out of the 20 cases of public auction so far had been concluded at the reserve price because those who participated in the auctions were big developers and it was unlikely for the small developers to compete against the big developers. He reiterated that there were too many loopholes in the current legal mechanism. He requested the authority concerned to amend the relevant laws and postpone tentatively the submission to the Legislative Council Panel on Development the proposal of lowering the threshold to 80% on behalf of the H15 Concern Group. Mr. Laurie Lo of the Development Bureau pointed out that the auction reserve price would take into account the redevelopment value of the lot and had to be approved by the Tribunal. It had reflected the development potential of the land. According to information on hand, the approved reserve prices ranged from 1.8 to 2.2 times of the existing use values on average. Since the selling price was determined at public auction, it should not be criticised as unfair merely because it was the same as the reserve price. Furthermore, in these cases where the majority owners wished to sell their shares of the property, but a small portion of existing owners objected to it, the owners would have no alternative but to apply under the LCSRO to resolve the discrepancy through legal actions. The most important factor for consideration by the Tribunal would be whether redevelopment was justified on the grounds of age or the state of repair of the existing buildings on the lot. Past judgments suggested that if a large amount of maintenance cost was required to repair that building, but the enhancement value of the maintenance works was lower than the maintenance costs, the Tribunal would consider approving compulsory sale of the lot for redevelopment.

### **Gist of Group Discussion Report**

The discussions were carried out in six groups. The discussion results were as follows:

#### 1. The Balance of public and private sector participation in urban regeneration

Some participants pointed out that the ideal model of urban development and community regeneration was: the government, the community and the general public should coordinate with each other and uphold the principle of fairness and balance. The

government should respect public opinions and allow residents to have the opportunity to participate. There were opinions that the government and the community should play the role on “an equal footing”. There were also some participants who thought that the government should be responsible for investing resources in the community and let the community decide whether to proceed with rehabilitation or redevelopment. The property developers could assist in carrying out urban regeneration and launching redevelopment projects.

Many participants agreed to have parallel participation of public and private sector in redevelopment. However, some participants doubted that it was difficult to have fair participation because benefits of the developers and the affected parties were different.

Some participants had the special concern whether implementation of the urban renewal should adopt a “bottom-up” or “top-down” approach. They believed that, from the earliest Government organisation – the URA’s predecessor (that is, the “Land Development Corporation”) to the URA at present, the property owners had long been in the passive position. However, under the current LCSRO it was, in fact, capable of developing a “bottom-up” model for urban renewal.

Some participants stressed that the small property owners must have the right to choose on the aspects of ownership renewal and acquisition. The current mode of acquisition was that the developer would buy up the property ownership on a one-off basis most of the time. However, in view of the emotion towards the community and the property, many small property owners were unwilling to move out. Therefore, developers should discuss with the small property owners over the issue of property ownership and provide more choices, for example, “flat-for-flat” and “shop-for-shop” exchange. It was also necessary to remind the small property owners of the risks of the relevant decision so as to let them decide with sufficient information.

In conclusion, most of the participants agreed that public engagement was indispensable in urban redevelopment. Some participants believed that the Government, the District Councils and the Legislative Council might play a gate-keeping role. There were also groups pointing out that it was alright as long as the objectives of the URS Review could be achieved regardless of the party which carried out the redevelopment.

## 2. The principle of “big market, small government”

Many participants agreed with the principle of “big market, small government”. Because of the ever-increasing number of old buildings, the Government alone was incapable of

handling an addition of 500 old buildings every year. Hong Kong required market forces to promote urban renewal. Otherwise, more responsibilities and financial risks would be placed on the tax payers. In comparison to the era of the Land Development Corporation in the past, there were now more means to promote rehabilitation or renewal of buildings, for example, the "Building Maintenance Incentive Scheme" under the Hong Kong Housing Society (HKHS), otherwise the public sector must have sufficient grounds for land acquisition from the private sector. In respect of the law, the LCSRO also provided developers with a channel to solve the dispute over property ownership.

Some groups pointed out that even with the implementation of the principle of "small government", the Government still had certain responsibilities. Owning abundant power and resources, the Government should delegate resources to the community to encourage with the implementation of redevelopment and regeneration. The "market" included everyone and therefore, everyone in the community should be entitled to share the economic achievements and the resources in society, particularly land resources. Many participants suggested that the government should provide incentives such as financing or favourable tax and development incentives to promote cooperation between the small property owners and developers in developing and promoting urban renewal together. There were also participants who suggested the Government make reference to the community renewal projects overseas (for instance, Kelly Street in New York) to create and enhance the economic value of old districts.

In addition, there were also participants who pointed out that most of the time, developers made full use of the plot ratio in redevelopment. Currently only few draft Town Planning Briefs had restrictions on height or plot ratio. Moreover, the restriction on plot ratio was more lenient for older buildings in general. Therefore, the Government should complete the amendments of the restrictions on height and development density of the draft Outline Zoning Plan as soon as possible before addressing the issues of urban renewal.

### 3. The role of URA in urban redevelopment

Many participants thought that rather than demolishing buildings as soon as possible, URA should play the role of a facilitator to assist small property owners in carrying out cooperative development with developers, to enhance public participation and be a "gatekeeper" to protect the small property owners or the affected elderly. However, URA should step in during the process of land resumption or when it was necessary to implement compulsory sale due to the poor conditions of the building.

Some groups believed that the redevelopment planning should not be led by URA, and

developers and small property owners shall be coordinated to achieve the win-win status. Some participants cited Prosperous Garden in Yau Ma Tei as an example. In that year, HKHS promoted redevelopment through successful coordination between property owners and developers by means of “flat-for-flat” and “shop-for-shop” exchange arrangement. Some participants had visited the shops, tenants and property owners in that district, and were informed that residents could opt to move to a flat of HKHS or other public housing estates in the first place, or find alternative temporary accommodation while carrying out demolition. Upon completion of Prosperous Garden, every original owner of each old flat could opt to buy back two new flats of Prosperous Garden and tenants could also opt to move back to Prosperous Garden or buy the property ownership there. Some participants expressed their appreciation for the government to carry out development in stages, arrange “flat-for-flat” and “shop-for-shop” exchange and local rehousing 20 years ago. However, they also questioned why it was difficult to see similar examples nowadays.<sup>2</sup>

In addition, some participants queried the URA for not making use of the LCSRO. There were also participants who thought that URA had better credibility than agents which could be the facilitators to make use of LCSRO to accelerate redevelopment. There were also groups proposing to the URA to arrange social service team to understand the situation of the affected residents and help them solve the financial and even emotional problems.

#### 4. Should the threshold for compulsory auction of property ownership be relaxed?

The participants in the discussion had considerable discrepancies regarding the relaxation of the threshold for the Compulsory Auction. Some participants thought that the aspiration of those 80%-90% owners of the building who wished for redevelopment should be respected, and the current difficulties in acquisition should be solved (in case of ambiguous ownership) so as to allow their flats to have the chance of being redeveloped and to improve their living environment. There were opinions that large developers owning the entire building could carry out redevelopment at any time while it would be unfair to the small property owners incapable of having their wish come true because of the exceedingly high threshold of the LCSRO. There were also opinions that as the price of acquisition was higher than the current building price in general and the scope of redevelopment by the private sector was smaller in general, small property owners should be in the condition to purchase another unit in the original area.

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<sup>2</sup> Tam Siu Ying of the URA indicated that the statements of participants in the meeting were not fully the same as her understanding. The authority would try to invite the representative of HKHS to present the case of Prosperous Garden in the next topical discussion.

On the other hand, some groups expressed that they accepted the LCSRO and agreed to its contribution but were of the opinion that the “90% threshold” was sufficient enough and disagreed to the relaxation of the threshold to 80%. They were worried that in case adequate supporting measures were lacking, it would promote many sudden applications for the LCSRO, resulting in a proliferation of construction sites in Hong Kong.

There were also participants pointing out loopholes in the current LCSRO and the authority concerned should first amend the terms for density and height restrictions and increase open space, before discussing the relaxation of the LCSRO threshold. The group also proposed to the Government prior to the application for the LCSRO that it may request the property developers to comply with certain steps, such as providing options for owners to participate in property ownership or have “flat-for-flat” exchange, in place of from property acquisition. The LCSRO should only be implemented when developers and small property owners were unable to reach a consensus.

There were also participants who thought that it was unlikely to determine its effectiveness as there were too few cases since the enactment of the LCSRO in 1998. As a result, there were concerns about early relaxation and thus further observation was suggested. There were also participants who were worried that the compulsory sale of buildings would cause serious consequences and citizens may not fulfill their responsibility in maintaining their properties. There were other opinions pointing out that, in Japan or Taiwan, redevelopment may be launched immediately upon consent granted by a certain percentage of property owners; however, the remaining property owners may choose to participate or not to participate by accepting cash and not by auctioning the property.<sup>3</sup>

##### 5. Issues regarding rehabilitation or redevelopment of old buildings

Some participants believed that the authority concerned should send out a clear message to the society that it was the responsibility of property owners to maintain and repair their buildings regularly. When the age of the building had come to the end of its physical or economic life, the Government should step in to remind property owners to pay attention to the conditions of their buildings and urge them to carry out building inspection.

There were opinions that under many circumstances, the physical life of a building was often longer than its economic life. In Hong Kong, many buildings were constructed in the

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<sup>3</sup> Tam Siu Ying of the URA pointed out that in Taipei, the proportion of consent was 2/3 in general. As on the issue of whether the selling price of the building or the land use right conversion scheme was fair should be decided by a committee similar to the Lands Tribunal in Hong Kong. Such committee consisted of personnel from the academic sector and the government

1950s and 1960s. Although the Government had made improvements in the enforcement of the law regarding the dilapidated, unauthorised and dangerous buildings when compared to the past, it was still necessary to have more comprehensive subsidy system to help the citizens maintain their buildings.

Some participants pointed out that the major problem in many old districts at present was the lack of resources for building rehabilitation by small property owners or the elderly. The Government might play an active role in this aspect, such as providing subsidies, loans or favourable mortgages. In addition, there were opinions that the banks had set a lot of restrictions on the mortgages for buildings aged 30 years or above. The Government might consider providing “secondary mortgages” for these buildings, or allowing the elderly to sell their property ownership to the Government, or permitting the bank to offer the mortgage to resume the property after the elderly owner had passed away.

#### 6. Others

Some participants pointed out that the current problem of urban renewal was that the Government spent excessive time on planning and studying without thorough review of the situation of the implementation of urban redevelopment and regeneration in Hong Kong over the years. In particular, two groups had mentioned that the 4Rs should be prioritised. It appeared that redevelopment was presently placed on top priority, which involved the largest scope and sum of money. They were of the opinion that priority should be placed on rehabilitation and revitalisation, followed by community-building. Redevelopment would be implemented only when the dilapidated conditions of a certain district or building had deteriorated to the extent of beyond remedy. As redevelopment would affect the neighbours and the environment in the vicinity, the Government should do more preliminary work before proceeding with the redevelopment.

Some participants were of the opinion that the Development Bureau should study the successful cases of European and American cities with rich experiences in the urban redevelopment, but not the experiences in the Asian region.

A-World Consulting Ltd.

July 2009

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## **Urban Renewal Strategy (URS) Review Public Engagement Stage**

### **Gist of Topical Discussion 4: Compensation & Rehousing Policies**

Date: 4<sup>th</sup> July, 2009 (Saturday)  
Time: 2:30p.m. – 5:00p.m.  
Venue: Room 502, The Boys' and Girls' Clubs Association of Hong Kong, 3 Lockhart Road, Wan Chai, Hong Kong  
No. of participants: 67 (including a total of 8 representatives from the Development Bureau and Urban Renewal Authority as observers, and a total of 6 discussion group facilitators from the Hong Kong Institute of Surveyors)

### **Gist of the Public Presentations**

#### Presentation 1

Topic: An Introduction to the Compensation and Rehousing Policies  
(Please see Annex)  
Speaker: Mr. Ian Wong Wai-kuen, Urban Renewal Authority (URA)

The property acquisition policy of the URA was based on the resolution passed by the Finance Committee of the Legislative Council in March 2001. The acquisition offer of an owner-occupied residential property was the market value of the flat plus a Home Purchase Allowance (HPA). The total amount was equivalent to the market value of a notional 7-year-old replacement flat in a similar locality. In addition, there was an incidental cost allowance to assist owners with the removal expenses and necessary expenditure. The acquisition offer of a tenanted or vacant residential property was the market value of the flat plus a Supplementary Allowance (SA) and an incidental cost allowance. In a redevelopment project, each owner was entitled to receive HPA for no more than 3 flats, including properties used as a sole residence by the owner's immediate family members; or the owner was entitled to receive SA for no more than two flats. Under the URA's new pilot policy "Expression of Interest in Purchasing Arrangement" (EIPA), owner-occupiers who wanted to move back to the redeveloped property would be given priority to purchase new flats after the redevelopment at the prevailing market price. It would help to retain their community network.

An owner of an owner-occupied non-residential property received the market value of his property plus an allowance equivalent to 4 times of its rateable value or 35% of its market value, whichever was the higher. An owner of a tenanted or vacant non-residential property received the market value of his property plus an amount equivalent to its rateable value or 10% of its market value, whichever was the higher. In order to provide for owner-occupiers who had operated their businesses in the same site for many years, URA would offer an ex-gratia business allowance. The allowance was payable at a rate of 0.1 multiplied by the rateable value for each year and by the number of years the owner-occupier had operated the

business in the property continuously (up to a maximum of 30 years), and subject to a maximum amount of \$500,000 and a minimum of \$70,000. Owners might also choose to claim for business loss as an alternative to the above allowances.

Regarding appeals for 'flat-for-flat' and 'shop-for-shop', one of the considerations was that providing a new replacement flat to the original owner would be of higher value than the offer under the present 7-year-old flat compensation policy. In addition, the area of a G/F shop after redevelopment would be much smaller than the original shop area since the redevelopment had to comply with existing legislation, thus making it more difficult to implement 'shop-for-shop' arrangement.

On the other hand, the rule that the acquisition price was calculated based on the saleable area of the property followed the code of practice issued by the Hong Kong Institute of Surveyors and was also in line with the existing practice of the Lands Tribunal. Tenants could receive ex-gratia payments equal to 3.5 times of the rateable value. Eligible tenants might opt for rehousing arrangements rather than ex-gratia payments. The URA would also offer ex-gratia removal allowances to tenants who chose rehousing. Non-residential tenants could receive ex-gratia allowances equal to 3 times of the rateable value plus an additional payment of ex-gratia business allowances. They might also choose to claim for business loss as an alternative to the above allowances.

## Presentation 2

Topic: Case – Prosperous Garden

Speaker: Mr. Law Lin-fat, Hong Kong Housing Society (HKHS)

Prosperous Garden in Yau Ma Tei was one of the Urban Improvement Scheme projects undertaken by HKHS, involving the redevelopment of more than 120 old buildings. Most of the land leases in concern expired in 1971. The Government regained these lands; and most of the residents became tenants of the Government. HKHS was invited by the Government to participate in the redevelopment project. The redevelopment was divided into two phases. In the "first redevelopment phase", affected residents were cleared by the Government in 1986 to 1988, while HKHS was responsible for the subsequent construction of new buildings. The "second redevelopment phase" commenced in 1990 and HKHS was responsible for the clearance and rehousing of affected residents. At that time, the Government had already resumed the remaining lots. For eligible residents, they were offered with rehousing units in public rental estates or temporary housing areas provided by the HKHS or the Hong Kong Housing Authority (HKHA), in addition to removal allowances. For residents not eligible for rehousing, only removal allowances were offered.

Prosperous Garden Phase One, completed in 1991, comprised one rental block and two saleable blocks. More than 100 households affected by the "second redevelopment phase" moved into rental flats or elderly flats in Prosperous Garden Phase One; whilst most of the remaining chose other public rental units offered by HKHS or the HKHA. HKHS had also reserved some of the saleable flats in Prosperous Garden Phase One and offered to sell to those households affected by the "second redevelopment phase" at a discounted price, provided that these flats could not be resold in the market within 5 years. A small number of flats were also

reserved for former owners affected by the “first redevelopment phase”. They were given priority to buy the flats at market value.

The speaker added that when HKHS started to assist the Government in the clearance and rehousing of residents affected by the second redevelopment phase in 1990, the residents were basically Government tenants, and there was not any ‘flat-for-flat’ arrangement. Moreover, each affected household could only acquire one flat in the Prosperous Garden Phase One, instead of two as mentioned by a participant in the topical discussion on 27 June.

### Presentation 3

Topic: New wine in old bottles

Speaker: Mr. David Tam, H19 Owners’ and Tenants’ Rights Concern Group

The speaker opined that one of the issues in urban renewal compensation and rehousing arrangements was their manner of execution. He said many owners under the H19 project employed designated surveyors and submitted counterproposals to the acquisition price. As far as he knew, all the counterproposals were rejected. The staff of the URA always advised the owners to sell their properties. Otherwise the properties would be resumed compulsorily. The speaker considered that such way of execution was inappropriate.

The speaker quoted information from the St. James’ Settlement’s social worker team regarding URA’s compensation arrangement: “If the owner does not agree with the Government’s statutory compensation decision, he can apply to the Lands Tribunal for a determination on the amount of the compensation. If the case has been referred to the Lands Tribunal, all the HPA and other allowances previously offered will be withdrawn.” The speaker said this was too harsh on the elderly owners and those who knew little about the law.

In addition, the speaker learned from newspaper reports that the URA would issue HK\$4 billion in bonds. He questioned that the URA could not be able to repay the interest unless it continued the policy to acquire properties collectively and invite tender for sale afterwards.

The speaker concluded that the Government and the URA had always known the hardships of the owners and tenants. They simply turned a deaf ear to their pleading. He did not believe that the URA would change its policy on the affected residents.

### Presentation 4

Topic: How should compensation be ‘people-centred’?

Speaker: Ms. Wong Yat-man, Kwun Tong Urban Renewal Alliance

The speaker explained that her organisation represented a total of 23 buildings affected by the Kwun Tong Town Centre Project. Although the URA claimed that it had acquired 90% of the flats, the organisation’s survey showed that not one single property owner was able to buy a 7-year-old flat in the same district with similar transport network and location. Discontent among the residents was at boiling point. Many elderly residents only received HK\$3,900 compensation per

square foot. They were not able to buy a flat in the same district. Even if they were able to buy one, it would be a 40-year-old flat in the same district.

The speaker opined that the crux of the acquisition policy was that the URA had ignored the potential values of the properties and even the entire Kwun Tong redevelopment area. The private property right of the owners should be protected and the owners ought to have the option not to sell their properties. She recommended that the redevelopment value should form the basis of calculating the amount of compensation. A public auction would allow land to be sold to the highest bidding developer. The URA could be the facilitator and should impose extra terms and conditions on the auction, requiring the developer to provide 'flat-for-flat' and 'shop-for-shop' exchange arrangements for the owners. The development height and density and town planning should be the responsibility of the Town Planning Board.

The speaker suggested that a market-led redevelopment plan would be more efficient than a URA-led one. Surveyors should be involved to give professional assessment and to set the acquisition price. The Legislative Council should then set up an independent monitoring panel so that the owners could have a channel to voice their complaints.

#### Presentation 5

Topic: "Flat-for-flat" and "shop-for-shop" exchange, and local rehousing  
Speaker: Ms. Ip Mei-yung, H15 Concern Group

The speaker was strongly opposed to the issue of bonds by URA, as she believed that issuing bonds would turn the URA into another "The Link".

URA was established in 2001 and enjoyed three concessions: (1) the Government would inject an operational capital of \$1 billion; (2) land premium would be exempted; (3) the Lands Resumption Ordinance could be cited. The speaker thought that the URA was powerful, and should therefore bear social responsibility. Based on the direction stated in the existing URS, the URA should put forward the "people-centred" approach, improve the living quality of residents, preserve local features and the social network,.

The term "people" as in "people-centred" should refer to the affected residents, including those who wanted to leave or stay, as well as those living at the periphery. The URA should aim not to sacrifice any resident's interests and the "flat-for-flat" and "shop-for-shop" exchange could be the solution. The speaker was strongly against "compulsory sale" or a forced move out. She also believed that the "flat-for-flat" and "shop-for-shop" exchange was simply to allow owners who originally owned properties on quality urban lots to exchange for flats in their original districts, rather than an exchange from old to new flats.

The speaker stated that it was problematic that only half of the compensation amount was provided for non-owner occupied properties. For example, the owners would be penalised when he or she bought a flat for parents". The speaker also pointed out the impacts of redevelopment to residents living in the vicinity. For

example, the redevelopment at Lee Tung Street transformed Amoy Street into a two-lane road, which added the (potential) dangers to residents.

The community network was derived and developed organically. Lee Tung Street would be built into a “love and marriage”-themed shopping arcade or commercial area. However, as shops would be sold or let at market prices after redevelopment, the original shop owners of Lee Tung Street would hardly be able to move back. This would destroy the original community network.

The speaker hoped that the future URS could include public engagement, owner participation with property ownership and “flat-for-flat” and “shop-for-shop” exchange etc. As grey areas were observed in the existing URS and related legislations, the DEVB should explain redevelopment issues clearly to all affected residents and allow them to fight for their deserved interests.

#### Presentation 6

Topic: Not provided

Speaker: Mr. Lau Wai-chung, Kwun Tong Urban Renewal Alliance

The speaker stated that urban renewal in Hong Kong was such a serious issue to the point that even the Central People’s Government was informed. This could be observed from the survey conducted by the One Country Two Systems Research Institute during the march on 1 July, where urban renewal related issues covered one page of the four-page questionnaire.

He recalled that during the colonial era, the government understood that urban redevelopment would destroy peoples’ homes. Policies were therefore at first strong but afterwards conciliatory, and were thus met with little resentment. From what he had heard, in the relocation and demolition of Kowloon City and Tiu Keng Leng, the Hong Kong British colonial government first provided a small amount of compensation, followed by one or two more rounds of additional compensation after demolition.

However, after Hong Kong’s return to China, oppressive policies were adopted when the URA carried out redevelopment. Take the Kwun Tong redevelopment project as an example, over 600 out of 1,300 residential units suffered from insufficient compensation. Residents only noticed the strong policy, and therefore resented the Government. In the Lee Tung Street project, the owners had no say over the selling price. They were also unable to return to their original districts, and could not even participate in planning. Today’s URA and the Government neglected all opposition voices. There was no problem with the URS. The problem lay with the officers responsible for its implementation and operation.

#### Presentation 7

Topic: Yerba Buena, San Francisco – from resistance to community-led local rehousing

Speaker: Mr. Shum Hok-man, Community Cultural Concern

The speaker referred to the case of Yerba Buena in San Francisco, where the people received local rehousing as a result of their resistance.

In the 1960s, residents living to the south of Market Street were all low-income groups and the elderly. The San Francisco Redevelopment Agency (the Agency) was independent from the municipal government, and had the power to carry out municipal-wide redevelopment works. At that time, the Agency hoped to extend the commercial lots from the north of Market Street to the southern side, while establishing exhibition venues, hotels and commercial buildings in Yerba Buena. Over 3,000 single residents and 280 families raised opposition. They demanded the issue of local rehousing to be settled before demolition. The Agency neglected the opposition and forced the residents to move out. As a result, the residents organized the “Tenants and Owners in Opposition to Redevelopment” (TOOR) and sued the Agency with the Residential Laws established in 1949, which stipulated that before demolition, residents must be rehoused to a safe, decent and hygienic residence.

The Agency finally reached an agreement with the residents in 1973. Several residential buildings were built within the district. Funded by the government while managed by residents, the approaches of local rehousing and construction before demolition were realised. The TOOR became a community development corporation – the Tenants and Owners Development Corporation. It constructed many low-income residences, elderly homes and parks in Yerba Buena. The Agency also built numerous commercial buildings and cultural facilities. The two co-existed and the financial status of the Redevelopment Agency was not affected.

The speaker said that from the experience of San Francisco, local rehousing and construction before demolition were the basic rights of residents which could diversify and vitalise the community. On the contrary, inappropriate rehousing would destroy the community network and increase social cost.

After the public presentations, Mr. Ian Wong Wai-kuen from URA responded to the statements in presentation 5. He clarified that within the same redevelopment project, each property owner would receive HPA for a maximum of three flats, including residences occupied by the owner’s immediate family members.

## **Gist of Group Discussion Reports**

Group discussions were carried out in six groups. The discussion results were as follows:

### **1 The right to opt for “flat-for-flat” and “shop-for-shop” exchange**

Some groups said that redevelopment affected the lives of the neighbourhood and destroyed the social network. The residents had no other options but to accept the compensation and move out. Property owners of “Sneaker Street” in the group were dissatisfied; they had been operating business for several decades, but were now forced to leave, and would have to rent a shop at the market price upon completion of the redevelopment. Some participants thought that no matter whether the calculation was based on 7 years or any number of years of building age, the growth potential of the property and the value of the property to the owner, including its business, source of customers

etc, could not be reflected in the compensation. The solutions would be 'flat-for-flat' and 'shop-for-shop' exchange, property owners' participation, ownership in the project and local rehousing. In so doing, the social network would not be damaged.

A number of participants thought that 'flat-for-flat' exchange should mean an exchange with new flats. Some participants said that 'flat-for-flat' exchange might not necessarily result in a loss of profit. For example, the private development at Lai Shing Court in Tai Hang had adopted such a mode. The ideal handling method was to allow property developers and URA to distribute the profit to the affected owners, tenants and shop owners, which could reduce social conflict. Some participants also believed that 'flat-for-flat' exchange would increase cost but the Government and the URA should bear the cost, as in the funding for improvements in transport and the environment, as well as other similar social costs. No residents should be sacrificed in redevelopment.

Some groups believed that the interest of affected shop operators should be protected. Assistance should be given to them to search for shops with similar sizes in the same or neighbourhood districts to continue their businesses. Some participants also suggested preserving existing business features. The concerned authority should not only build large malls after redevelopment, which would strangle the survival of small business operators. Therefore the idea of 'shop-for-shop' exchange should be put forward in planning.

Some participants thought that redevelopment should allow for the construction of new accommodation before demolition. Where circumstances did not allow, URA should provide households rental allowance based on rents in the same district. Some groups expressed that the phased redevelopment mode of Prosperous Garden was excellent, which could minimise the impact on affected residents and enable the original residents to opt for staying behind.

## **2 Feasibility and sustainability of the current compensation mode (equivalent to the value of a 7-year-old building)**

Some groups thought that the process of existing discussions on compensation was not transparent enough. URA should publicise information on the number of valuations submitted by consultants which were finally accepted. Some participants opposed the current mechanism of compensation after the implementation of the project.

Some participants expressed that the current compensation benchmark (i.e. equivalent to 7-year-old buildings) was insufficient for the affected residents to buy a suitable flat in the same district and continue to live there. Together with the renovation fees, the loss to property owners would be even greater. Some believed that the redevelopment projects should not be too large in area and too intensive and should be implemented in phases. Otherwise, in case of one-off demolition, the affected neighbourhood might not be able to find a 7-year-old building in the same district with the compensation amount.

Situations like URA's one-off demolition of 5 to 6 street blocks in Sham Shui Po should be avoided, where the affected neighbourhood residents might have insufficient time to search for a suitable shop or residential unit.

Take Lee Tung Street as an example, some queried that there was transfer of benefits. They thought that the URA applied the market approach when calling for tender, but adopted various standards during property acquisition. All approaches should be standardised and follow the market with one bidding price. Alternatively, the methods of acquisition employed by private developers<sup>1</sup> could be adopted.

Some participants suggested that the 7-year-old building compensation mode should include rooftop units, regardless of whether it was common interest stated in a Deed of Mutual Covenant or private property. Some participants pointed out that small property owners lacked the financial power to hire solicitors to solve the issue through the Lands Tribunal.

Some indicated that the acquisition price of private developers was close to the 7-year-old building compensation but since no compensation terms with negative connotation, such as compassionate compensation, subsidies etc were adopted, it was acceptable to the affected owners and residents who felt they were being respected.

Some groups thought that the compensation benchmark should not calculate or compensate the loss of affected property owners and tenants in monetary terms only. The losses, including the impacts on the living standard as a result of redevelopment and removal from the original district, the psychological pressure and annoyance incurred and the changes in the business and living environment etc should also be quantified.

### **3 Compensation for owners of tenanted / vacant residential property VS compensation for owner-occupiers**

The current standard of compensation and subsidy differed between owners of tenanted residential property and owner-occupiers. Some participants thought that it was unfair and would result in disharmony. The right of investment should not be deprived. During the acquisition of shop owners' land titles, URA had considered providing ex-gratia business allowance. As renting out residential property was indeed a business, the owners should also be eligible for the allowance. Participants expressed that URA should not compensate selectively.<sup>2</sup>

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<sup>1</sup> Mr. Joseph Lee King-chi of URA said that acquisition was achieved through mutual agreement. Compensation criteria were approved by the Finance Committee of the Legislative Council, which stipulated that during acquisition, property owner-occupiers would receive compensation at market price and an additional HPA. The total sum should be based on the value of a notional 7-year-old flat.

<sup>2</sup> Lee King-chi of URA pointed out that the compensation criteria for tenanted or owner-occupied flats were approved by the Finance Committee of the Legislative Council. Whether the flat was categorised as owner-occupied or tenanted would be based on the moment when the Freezing Survey was conducted.

Some participants expressed that should owners receive the same compensation amount no matter whether the flat was rented, vacant or owner-occupied, owners would then have no motivation to force tenants to leave. Tenants who moved out one or two months prior to the commencement of redevelopment should also receive protection and compensation.

#### **4 Rehousing Policies**

Some participants disagreed with providing monetary compensation only. They thought that rehousing affected residents and offering the option of local rehousing were even more important. Some thought that the “same district” should refer to areas within 15 minutes’ walk.

Some participants believed that new buildings should be constructed to rehouse residents before the demolition of old buildings. They thought that the current construction model of new buildings always resulted in luxury villas and was too uniform. This model would not be able to preserve the social network. Some suggested reserving some flats or floors for letting out at a comparatively low price. This could allow low income and disadvantaged groups to rent flats in the same district.

There were participants who expressed that the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004 resulted in less protection for tenants. Many tenants were worried that pressure would be exerted on owners to leave their flats vacant. In addition, some participants stressed that since tenants always faced financial difficulties, their rights should be safeguarded. It was suggested to build public housings in the vicinity of redevelopment areas to rehouse the affected tenants. This should not be limited by the maximum income levels of HKHS and HKHA. Some participants thought that the URA should implement measures to assist tenants as soon as possible without further delay.

#### **5 Others**

- Some participants pointed out that the social network was very important, but some expressed that the importance of the social network depended on different people.
- Residents, property owners, tenants and shop owners should also have the right to participate in the entire redevelopment. A mechanism which allowed them to submit redevelopment proposals to the authority by themselves could also be considered. The URA should act as a coordinator and facilitator, but not a property developer.
- Redevelopment projects should not be focused on shopping malls and famous brand stores but should be diversified. There should be different land uses within a district, including commercial, residential and community facilities.
- Redevelopment was not the only option.
- The URA and the Government should carry out social impact assessment.
- The URA should disclose its financial information and should be subject to monitoring. There should be an independent urban renewal regulatory body to allow residents to make complaints. The H15 Concern Group had

attended the meeting of URS Review in the Legislative Council in June and hoped that the Legislative Council would set up a task force to monitor the URA. The motion was rejected in the end. It was believed that a monitoring mechanism did not exist.<sup>3</sup>

- It was believed that sufficient time should be provided for participants to express their opinions even though time was limited for public engagement activities. It could help clarify the issues in their minds. On the other hand, apart from the presence of observers from the Development Bureau and URA, all observers from the public, civil organizations, professional bodies or different government departments should be welcome.<sup>4</sup>

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- End -

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<sup>3</sup> Mr. Joseph Lee King-chi from the URA indicated that the URA was a public organisation monitored by the public and the Government. Ms. Winnie So from DEVB indicated that the URS Review carried out by DEVB did not have any predetermined agenda. URA was bound by the Urban Renewal Authority Ordinance and was required to submit a report on their works to the Legislative Council every year. Therefore, a monitoring mechanism did exist. This review could also further explore the ways of improvement.

<sup>4</sup> Mrs. Sandra S.C. Mak, the host, reaffirmed the commitment that people who wished to voice their opinions would be arranged in public engagement activities. They would ensure the sequence and order of the activities and at the same time extend and insert sessions for participants to express their views. She also stated that people from all parties were welcome to attend as observers. The representatives from DEVB and the URA attended the meeting as observers with a view to listening to opinions directly. All of their statements made were only to provide clarification on background information and facts, which would not be treated as valid opinions. Ms. Winnie So from DEVB stated that colleagues from DEVB and the URA attending meetings as observers during the URS Review were there to listen to public opinions at the front line. They might clarify relevant policies for reference when necessary.

Annex: Summary of presentation entitled “An Introduction to the Compensation and Rehousing Policies” (provided by Mr. Ian Wong Wai-kuen from URA)

The property acquisition policy of URA was based on the resolution passed by the Finance Committee of the Legislative Council in March 2001. The acquisition offer of an owner-occupied residential property was the market value of the flat plus a Home Purchase Allowance (HPA). The total amount was equivalent to the market value of a notional 7-year-old replacement flat in a similar locality. In addition, there was an incidental cost allowance to assist owners with the removal expenses and necessary expenditure. This allowance would be adjusted every half year. In a redevelopment project, each owner was entitled to receive HPA for no more than 3 properties, including flats used as sole residence by the owner’s immediate family members.

The acquisition price of a tenanted or vacant residential property was the market value of the flat plus a Supplementary Allowance (SA) and an incidental cost allowance. In a redevelopment project, each owner was entitled to receive SA for no more than two flats – the first flat could receive half of the HPA while the second flat could receive one-fourth of HPA. The third could only receive incidental cost allowance.

Under the new URA’s pilot policy “Expression of Interest in Purchasing Arrangement” (EIPA), owner-occupiers who wanted to move back to the redeveloped property were given priority to purchase new flats after the redevelopment at the prevailing market price. It would help to retain the social network.

An owner of an owner-occupied non-residential property received the market value of his property plus an allowance equivalent to 4 times of its rateable value or 35% of its market value, whichever was the higher. If it was a tenanted or vacant non-residential property, an owner would receive the market value of his property plus an amount equivalent to its rateable value or 10% of its market value, whichever was the higher. In order to provide for the owner-occupiers who had operated businesses, especially small businesses in the same site for many years, the URA would offer an ex-gratia business allowance. The allowance was payable at a rate of 0.1 multiplied by the rateable value for each year and the number of years the owner-occupier had operated the business in the property continuously (up to a maximum of 30 years), and subject to a maximum amount of \$500,000 and a minimum of \$70,000. Owners might also choose to claim for business loss as an alternative to the above allowances.

In the Sneaker Street project, the URA accepted the opinions from current occupiers. After the completion of the redevelopment project, original sports companies (including owner-occupiers and tenants) who opted to join the arrangement would be given the priority to rent a unit for selling sports products. The rent would be calculated at prevailing market level.

If owners owned the whole building, the acquisition price was the current market value plus the relevant allowances or 105% of the redevelopment value of each unit, whichever was the higher.

Vacant sites would have the redevelopment value plus an additional 5%. The rooftop was calculated at market price with an additional 10%, but unauthorized structures would be excluded.

Regarding 'flat-for-flat' and 'shop-for-shop' appeals, one of the considerations of the authority was that if 'flat-for-flat' exchange referred to replacing a new flat for original owners, this was more than the offer under the present 7-year-old flat compensation policy. For 'shop-for-shop' exchange, the site coverage of G/F shops in old buildings was high in general. In order to comply with existing legislation, the saleable area for shops after redevelopment would be reduced. With the changes in orientation and layout etc., a lot of technical problems would have to be resolved.

On the other hand, the use of saleable area to calculate acquisition price had long been used. This calculation method had a clear guideline which followed the code of practice issued by the Hong Kong Institute of Surveyors. While analysing the transaction records, surveyors would divide the transaction price of the flat by its saleable area. The result would be the price of saleable area per square foot, and this price would be applied to the acquisition of flats with saleable area. However, if the same transaction price of the flat was divided by the gross floor area, the price per square foot would be much lower. As a result, owners might not benefit if the price of the gross floor area per square foot was adopted in acquisition. And since there was not any standard for gross floor area, more disputes would result. In fact, the Lands Tribunal also made calculations calculated based on the saleable area.

Concerning the tenants, affected residential tenants could receive ex-gratia payments or those who were qualified could opt for rehousing in lieu. The amount of ex-gratia payment was equivalent to 3.5 times of the rateable value while for those who opted for rehousing had to be living in their flats before the Freezing Survey was conducted and met the eligibility criteria for public rental housing provided by the HKHA and the HKHS. In addition, the URA would also offer ex-gratia removal allowances to tenants who opt for rehousing. Non-residential tenants could receive ex-gratia allowances equivalent to 3 times of the rateable value plus an additional payment of ex-gratia business allowance. They might also choose to claim for business loss as an alternative to the above allowances.

- End -

**Urban Renewal Strategy (URS) Review  
Public Engagement Stage  
Gist of Topical Discussion 5:  
Owner Participation in Redevelopment**

Date: 1<sup>st</sup> August, 2009 (Saturday)  
Time: 2:30p.m. - 5:00p.m.  
Venue: Room 201, Duke of Windsor Social Service Building,  
No. 15 Hennessy Road, Wan Chai, Hong Kong  
No. of attendees: 83 (including 2 members of the Steering Committee, 11  
representatives from the Development Bureau and  
Urban Renewal Authority (URA) as observers<sup>Note 1</sup>, and  
7 members of the Hong Kong Institute of Surveyors as  
discussion group facilitators)

**Gist of Public Presentations**

Presentation 1

Topic: Owner Participation in Redevelopment  
Speaker: Mr. David C Lee, Member of the Steering Committee on Urban  
Renewal Strategy Review

The speaker pointed out that there were certain risks in the Owner Participation Scheme as the scheme was the equivalent to investing the owners' compensation in the property redevelopment project. The investment considerations included risk and return, liquidity, the investment period, security, the state of the property market, certainty and the potential for capital appreciation etc.

The characteristics of an Urban Renewal Authority (URA) redevelopment project were: (1) it was not a pure private sector business initiative since the project involved social responsibility and would be affected by public opinion; (2) There were many variables, such as plot ratio, uses and the length of the development period. The risk and return were therefore highly uncertain. Market fluctuations might also increase the uncertainty. Coupled with low liquidity and difficulties in valuation, it was not easy to find buyer(s). Since

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Note 1 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.

there was usually no detailed development proposal at the preliminary stage of a project, the total cost and the overall investment sums were not certain. Other problems included whether inputs from the owners should include the Home Purchase Allowance and whether the re-grant land premium of the project should be waived. These were factors that needed to be considered as public funds would be involved. Controversy might arise as to whether social resources had been used to subsidise private investment.

## Presentation 2

Topic: A Bottom-up 'Dumbbell Proposal'

Speaker: Mrs. Kam Fok Lai-ching, H15 Concern Group

In 2004, the residents in Lee Tung Street proposed to participate in the Lee Tung Street Redevelopment Project as owners, including 'flat-for-flat' and 'shop-for-shop' exchanges so that they could move to Ship Street. The proposal was rejected by the URA. With the help of some architects, surveyors and planners, the residents put forward the 'Dumbbell Proposal'. They sought to remain living in the same area through rehabilitation and redevelopment. The owners would temporarily move away and then return to the same locality after rehabilitation and redevelopment. Unfortunately, the URA rejected this proposal. The speaker pointed out that only people from the outside of the original community were able to afford the new flats from the redevelopment. It would be a waste of the local residents' effort over the years to establish the community while they would not be able to enjoy the fruits after its enhancement. The speaker urged the URA to provide sufficient options for the owners.

## Presentation 3

Topic: Is Owner Participation Being Marginalised?

Speaker: Councillor Cheng Lai-king, Central and Western District Council

The speaker cited the example of Grand Millennium Plaza in Sheung Wan. Between 1988 and 1989, the owners tried to prevent the Land Development Corporation (LDC) from purchasing their properties by offering LDC HK\$7 million dollars. However, in the end, the owners were still obliged to accept the land acquisition. The owners were unable to secure 'flat-for-flat' or 'shop-for-shop' exchanges. There was also the example of the Queen Street redevelopment project. The LDC constructed Ko Nga Court on High Street to

rehouse the owners of Queen Street. However, due to its remote location and inconvenient transport links, only one owner bought a new flat there.

The speaker noted how the majority of redevelopment projects were located in the most desirable areas, and such redevelopments usually drove out and marginalised the owners and residents who had moved in earlier and built the area from scratch. She hoped for amendments to the regulations to ensure the owners' right of participation.

#### Presentation 4

Topic: 'Flat for flat, shop for shop': Most Practical and People-oriented  
Speaker: Ms. Wong Yat-man, Alliance of Owners' Corporations in Kwun  
Tong Town Centre Redevelopment Project

The speaker noted how residents had always been very desperate for 'flat for flat' and 'shop for shop' exchanges as well as owner participation. She found it difficult to understand why the URA had so far been unable to implement these policies. She remarked that as a result of the URA's repeated corner cutting, purchase prices in Kwun Tong district were of equivalent value to 40-year-old flats in the same district. She questioned why the URA had declared a loss in a high quality area like Kwun Tong, where re-grant land premium had already been exempted. She said that home owners in Kwun Tong were willing to participate in the redevelopment because of the low risk and high returns.

#### Presentation 5

Topic: Problems Faced by Property Owners: the Case of Kwun Tong  
District  
Speaker: Mr. Yuen Yan-fai, Resident Group Concerning the  
Redevelopment of Old Districts (Kwun Tong)

The speaker pointed out that as required by the Legislative Council, projects left behind by the LDC must be carried out in accordance with commercial principles. The URA had however gone against these commercial principles by cutting back compensation with the excuse that it would be posting a loss, arbitrarily defining the Home Purchase Allowance and making compulsory purchases. The affected local residents had contacted relevant authorities on many occasions, including Mr. Stephen Fisher, who had previously participated

in establishing the URA, and Mrs. Carrie Lam Cheng Yuet-ngor, Chief Secretary of the Development Bureau. While the former did not respond, the latter, via subordinates, simply asked the residents to contact the URA. The speaker did not believe that the redevelopment project was a loss making one.

#### Presentation 6

Topic: Characteristics of Redevelopment Projects

Speaker: Mr. Wong Wai-kuen, the Urban Renewal Authority

The speaker explained the risks faced by owners participating in redevelopment. These included: changes to the project's parameters, the length of the investment period and fluctuations in the property market and land valuation.

Regarding changes to project parameters, the speaker pointed out that many variables existed in the URA's urban renewal schemes. These included the plot ratio, building orientation, height and the uses permitted by the scheme. Taking the example of project H19 at Staunton Street, letters of offers to purchase were sent to owners in March 2008 and then in 2009 the proposed plot ratio was changed from the original 8 to 4.5 thereby lowering the potential development floor space by over 90,000 square feet. The building height and uses were also changed which directly affected the project's related profit or loss. If owners participated in the scheme, it was questionable whether they would be able to bear this risk.

Another variable was the project development period. Purchase and relocation could be very time consuming. For example, the Hong Kong Housing Society's project K22 in Sham Shui Po had taken five years to relocate all residents since issuing the purchase offers. Furthermore, the whole rebuilding process could be very time consuming. For example, project K11 at Hanoi Road in Tsim Sha Tsui had taken 11 years. The acquisition offer was made in 1998 and not until 2009 was the project completed and put on sale. In this period, the property market had experienced significant fluctuations, increasing the risk of owner participation. Other problems that needed to be resolved included whether or not the government should provide re-grant land premium exemption, offer subsidies and land-value appraisal disputes.

## Presentation 7

Topic: Owner Participation is not Compulsory Sale

Speaker: Mr. Desmond Sham, Community Cultural Concern

The speaker said that according to a paper submitted by the Development Bureau to the Legislative Council, Hong Kong's private redevelopment projects had attained the highest ratio of owners' consent amongst Asian cities. The speaker opined that this proposition was flawed. In many other regions, for private redevelopment projects which commenced after obtaining a sufficient percentage of owners' approval, owner participation was allowed through planning procedures and public hearings. Moreover, local resettlement was arranged for the affected households. In Hong Kong, however, there was no planning and public consultation in the redevelopment process. Owners neither had the right to participate nor the option to choose a compensation scheme other than cash compensation. In Hong Kong, most of the compulsory auction cases were such that the purchasers / developers forced small owners to sell their property ownership. The only exception was Lai Sing Court.

Owner participation could be carried out via a 'flat-for-flat' exchange arrangement. Information should be made public. There should be a negotiation process and legislation should be in place to protect the tenants and stipulate the redevelopment arrangements. He cited the examples of the Property Rights Exchange System in Japan and the Urban Renewal Model in Taipei. In the Taipei model, the Taipei government acted as the intermediary, assessor and arbitrator. Land was seldom compulsorily resumed. Cooperation between property owners and developers was encouraged and incentives were provided. Generally, the projects were smaller in size. Public facilities were provided. The owners of property rights could choose to stay / leave or withdraw via the transfer of property ownership. The Urban Renewal Model was well planned. A 'Business Plan Proposal' stated all the details and procedures. The rights of the tenants were protected by laws and tenancies were not affected by the transfer of property ownership.

The speaker answered questions about the feasibility of owner participation, including whether there should be any partnering organisations, Hong Kong having a different land grant system and high building density when compared with other cities and any excessive risk involved etc. He opined that the owners ought to be given the option to participate.

## **Gist of Group Discussion Reports**

### **1. The concept of owner participation in redevelopment**

Many participants agreed with the participation right of owners in redevelopments. Some considered that owners' property rights should include development rights but others doubted the legal basis of the statement. On the other hand, some pointed out that the betterment of land value was a public good, so it was unfair to have all profits solely given to the owners. Part of the betterment could however be used as the incentives for owner participation. Some expressed that what owners needed was the living environment as well as the property. Some participants also believed that priority should be first given to the owners to participate in redevelopment, then to private developers and lastly to the URA if both parties failed to participate.

### **2. Technical problems of owner participation in redevelopment**

Some participants expressed that it was difficult to reach a consensus on acquisition due to multiple ownerships, different owner opinions, the various modes of participation and the many factors involved. However, there were participants who stated that multiple-ownership was only an issue of technicalities and procedures, which should not hinder owner participation in redevelopment. Moreover, if it was profitable, intermediaries or developers would be capable of dealing with the problems. Technical problems could be thoroughly understood and solved via household surveys. There were also participants who suggested that these technical problems should be solved in a way similar to how small house rights in the New Territories were handled.

No consensus was reached regarding whether the URA should be allowed to keep government subsidies (e.g. granting the land at nominal premium) to pay for other loss-making urban renewal projects, or whether the owners participating in redevelopment should be allowed to divide all the profits. The participants however agreed that the most important issue was to have room for discussion.

### 3. The risks of owner participation in redevelopment

Some participants thought that once the source of the risks was identified, the specific risks could be avoided or reduced. For example, some suggested that it was necessary to confirm the development parameters and timetable.

Some pointed out that because of the unfair compensation policy, owner-occupied flats and vacant units were subject to different compensation basis, which prolonged the acquisition time and increased the risks.

Some participants indicated that it was most important to have choices available. Owners should be provided with sufficient information. Under the principle of free participation, owners would be allowed to make their own decisions to accept the risks of investing in the redevelopment project or receiving compensation. There were also participants who mentioned that the higher the risks, the bigger the profits. He indicated that the owners of Kai Tak Mansion had by themselves recently invited bidders in the market to purchase their units at prices ranging from \$8,000 to \$10,000 per square foot. If owners were willing to sell their properties to buyers or developers, prices would be in the range of \$6,000 to \$7,000 per square foot while the average compensation amount from the URA was merely around \$5,000 plus per square foot. The compensation for properties under company names or owners of rented and vacant properties was even less than \$5,000 per square foot.

Some participants suspected the URA was misleading them by mentioning only the risks but not the profits. In fact, owners could opt to make long-term investments. It was not a must for them to sell their properties during the downturn of the property market. Therefore, the risks could be controlled. All the previous projects of the URA obtained high profits which demonstrated that the risks were not high.

### 4. Mode of owner participation in redevelopment

Some participants agreed that if a certain proportion of owners hoped to participate in a redevelopment project by virtue of their property ownership,

then they should be permitted to do so. However, some participants opined that this proportion of owners should not be too high. Some participants proposed that owner participation could be achieved in the form of the issue of entitlements for the owners' property ownership, which could be freely bought and sold on the market and similar to the trading of shares, which enable owners to cash in on their properties at anytime. There was another suggestion of letting owners invite developers in the market to bid and purchase their properties directly.

Some participants pointed out that with the lack of choices, there was little room for owners to participate in the redevelopment. Instead, owners should be allowed to participate in the redevelopment at different levels and in different forms. It was proposed that apart from cash compensation there should also be an arrangement for "flat-for-flat" and "shop-for-shop" exchanges in the same or other districts. It would be fairer to the affected owners and residents and would also improve the residents' living environment while retaining the community network. The method of "flat-for-flat" and "shop-for-shop" exchange arrangement had been implemented in Guangzhou successfully. There was no reason as to why Hong Kong could not do the same.

Some suggested the URA to carry out a pilot plan for owner participation in certain redevelopment projects as soon as possible.

## 5. Other opinions

- The urban renewal concept of the URA should be "people-centred" and must be caring and innovative.
- The participation of the URA in urban redevelopment and renewal should be minimised or confined to merely providing professional assistance, such as financing and technical support.
- A mechanism should be set up to monitor the URA effectively. The URA should increase its transparency. It should neither implement false consultation nor take no action by means of endless consultation.
- Some participants pointed out that five years ago, the original owners at Lee Tung Street raised a specific proposal for the redevelopment project which comprehensively took care of the needs of all stakeholders involved (including the owners, the tenants, those

intending to stay and those intending to leave), and queried why the URA was unable to do so at that time.

- The compensation for redevelopment should be applied to everyone equally. The amount to be received by the owners of the rented and vacant properties should be the same as that for the owners of the owner-occupied properties. Some owners said that originally they did not have to worry about their standard of living as they owned rental properties. However the redevelopment had given them nothing to rely on in their old age and separated them from their former neighbours.
- Some participants pointed out that the URA's contention that it suffered losses was not a fact and they considered that the amount of compensation should be increased.
- It should be noted that in Sham Shui Po, some aged owners had long sought to have reasonable compensation and the redevelopment implemented as soon as possible.

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August 2009

-End -

**Urban Renewal Strategy (URS) Review  
Public Engagement Stage  
Gist of Topical Discussion 6:  
Public Engagement**

Date: 15<sup>th</sup> August, 2009 (Saturday)  
Time: 2:30 p.m. – 5:00 p.m.  
Venue: Rooms 1001 & 1002, The Hong Kong Federation of Youth Groups Building, 21 Pak Fuk Road, North Point, Hong Kong  
No. of participants: 60 (including 2 members of the Steering Committee, 10 observers <sup>1</sup> including representatives from the Development Bureau, Urban Renewal Authority (URA), Hong Kong Institute of Asia-Pacific Studies from the Chinese University of Hong Kong and a University of Hong Kong student, and 6 discussion group facilitators from the Hong Kong Institute of Planners)

**Gist of the Public Presentations**

Presentation 1

Topic: Different perspectives towards public participation  
Speaker: Mr. Kwan Chuk-fai, member of the Steering Committee

The speaker acknowledged the public's appeals for this review, namely to increase the transparency of the urban renewal projects, to issue and share information and to strengthen public engagement. These appeals were all aligned with the spirit of democracy and accountability of Hong Kong society, and helped increase the recognition of the urban renewal projects. He suggested that specific, workable plans must be worked out to carry out the renewal of Hong Kong's communities, and that fruitless discussion should be avoided.

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<sup>1</sup> The observers are the representatives of the Development Bureau and the Urban Renewal Authority. They were present to listen to the opinions and clarify or supplement certain facts and information. Hong Kong Institute of Asia-Pacific Studies (The Chinese University of Hong Kong) is responsible to conduct analysis on the valid opinions collected in the URS Review. Its representatives attended the Discussion to facilitate analysis work. A student from the University of Hong Kong was present for personal learning. Their comments would not be regarded as valid opinions.

The speaker made a comparison with the experiences of other Asian cities. In Tokyo, the renewal of private properties required the agreement of two-thirds of property owners, and that in Shanghai required three quarters of the owners to agree<sup>2</sup>. This, however, resulted in longer processing time for the entire project, for example, the urban renewal project in Roppongi took 17 years to complete and it even took 40 years to complete the Akabane station west entrance project. The longer the time required, the more the changes and the greater the risk involved. The public must take this into account. Furthermore, the public discussion should also consider how to increase participation without encouraging speculation.

### Presentation 2

Topic: Owner participation is right and proper

Speaker: Mr. David Tam, H19 Owners' and Tenants' Right Concern Group

The speaker said that owner participation was right and proper. In the previous urban renewal projects, it might be valid to say that property owners would move out after urban renewal and thus, participation was not required. Such thinking was no longer appropriate at present. High transparency was the most important factor as far as owner participation and public consultation was concerned.

As pointed out by the speaker, the fact that the urban renewal projects involved purchase by the central authorities, followed by sale via a bidding process was in essence and financially a speculative exercise. The Government and the URA simply wanted to eliminate other investors or speculators, yet the Basic Law of Hong Kong did not have any definition for either 'investor' or 'speculator'. The speaker said that the URA's thinking was conservative, they were unwilling to communicate with affected parties and could not adapt to new challenges. The speaker suggested that the URA should change their way of thinking and even their corporate culture.

### Presentation 3

Topic: Public engagement

Speaker: Ms. Katty Law, Central and Western District Concern Group

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<sup>2</sup> The regulation is still on a trial basis. The current statutory requirement in Shanghai is a minimum of two-thirds.

The speaker said that since urban renewal affected our living environment, every member of an affected community was a stakeholder. The speaker noticed that at the community participation workshop for the URA redevelopment project at H19 Staunton Street/Wing Lee Street in which she participated in 2007, only a very small number of residents from the adjoining neighbourhood attended the workshop. The speaker considered that the residents from the adjoining neighbourhood and the environment were the most affected parties by an urban renewal project, yet they were not invited to participate. At the workshop, the URA introduced four proposals. Although it was not explicitly mentioned that one of the four options must be selected, one was chosen in the end. The four proposals were all of a high building density, yet the URA explained that the Government had already authorised such building density. As a result, the project that had undergone public consultation eventually faced thousands of written objections to the Town Planning Board, because people all thought that it had an adverse effect on the environment.

The speaker also noted that at the public forum for the URA development project at H18 Peel Street/Graham Street in 2008, many participants were opposed to the mode and scope of the renewal, calling into question several important planning issues. The URA claimed that the planning had been determined and hence no changes would be made. The only item open for discussion was how to draw out the unique features of the community and its local market. A few professional bodies were also opposed to the project, such as the Hong Kong Institute of Planners and the Hong Kong Institute of Architects, but the URA still pushed forward the inappropriate plan all the same. The URA was also unable to provide a Heritage Impact Assessment and a Social Impact Assessment. Even for consultations with the District Councils, the speaker expressed that the consultation was conducted in a way that the planning and the property acquisition of the project had to be bundled together. She noted that the URA hoped to make money and retain the most power, which was an innate contradiction and would obstruct the operation of the market, thereby indirectly creating urban decay and polarising residents. She expressed that the public should consider whether or not the URA should be responsible for urban renewal. She considered that renewal should not be achieved by way of redevelopment only. Instead, detailed research into urban and housing decay should be conducted to enable the market and the

property owners to lead the way to decide which areas were to be renewed and redeveloped, i.e. planning by the people; whereas the URA should only play a supporting role. In addition, she queried whether the URA's issuance of over HK\$8 billion in bonds would obstruct future restructuring of the URA or even its abolition, and whether the presumption that the URA would continue to exist was a pre-determined issue.

#### Presentation 4

Topic: 'Irresponsible remarks' made by experts

Speaker: Mr. Yuen Yun-fai, Resident Group Concerning the  
Redevelopment of Old Districts (Kwun Tong)

In the URS Review Topical Discussion held on 1<sup>st</sup> August, Mr. David C Lee, member of the Steering Committee, said monetary compensation was the simplest method of compensation and that the compensation was sufficient for a property owner in Kwun Tong to buy an owner-occupied flat plus a tenanted flat<sup>3</sup>. The speaker said that was actually not possible.

He noted that there were many problems in the current mode of acquisition. For example, an owner-occupier was entitled to receive Home Purchase Allowance (HPA) for no more than three properties. It was also specified, however, that under normal circumstances a home owner should live with his/her spouse and children. The speaker said he did not understand how a home owner could possibly receive HPA for three properties.

The speaker also thought that the URA was 'creating' old buildings. For example, redevelopment in Kwun Tong had been discussed for 20 years; hence, buildings had become dilapidated. He said the URA then made up an excuse to compensate less because these were dilapidated buildings. He did not understand how the valuation reports were prepared.

#### Presentation 5

Topic: Influence on the adjoining neighbourhood of the redevelopment areas

Speaker: Ms Cheng Lai-king, Member of Central and Western District Council

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<sup>3</sup> Mr. David C Lee clarified his point. He said monetary compensation was the simplest way and it was "sufficient for a home owner in Kwun Tong to buy two relatively old flats, an owner-occupied flat and a tenanted flat".

The speaker quoted a few cases to illustrate that the adjoining neighbourhood could come under the influence of urban renewal projects. She pointed out that people in the community did not always fully understand the scale and the profound effects of the project before the commencement of redevelopment. As far as projects H1 and H2 are concerned, while tourists would regard The Centre and The Grand Millennium Plaza as landmarks<sup>4</sup>; it resulted in the serious light pollution. For the project of Queen's Terrace, the smoke extraction system in the cooked food centre near the area had affected the adjacent Chinese herbal garden. The 'Wall-effect' was created by the redevelopments in Graham Street, Staunton Street, and in First Street and Second Street (H18, H19, and H20 projects). She said the residents in the adjoining neighbourhood had to bear the outcomes of the redevelopment but they did not have room to oppose to the project. District Council members were also forced to accept the planning project. People in the community had to put in much effort before they could win very little rights.

She said many people in Hong Kong were concerned about urban renewal. The Government had 'ceded' some of the best land to URA yet the parties affected could only get back some worthless spaces.

#### Presentation 6

Topic: Encourage public engagement - the foundation of urban renewal  
Speaker: Mr. Lai Kin-kwok, Caritas Francis Hsu College

The speaker explained that public engagement in the overall urban renewal framework was put forward in other countries as early as 1969. He said there were many models for different levels of public participation: no participation at all (like the situation in Mainland China); nominal participation (common practice of the Hong Kong Government such as the public consultations conducted under the URS Review); genuine public participation (exercising civil rights, even to the level of joint planning and partnership collaboration); and the highest level of public engagement (planning by people where the public have complete control over the overall policy).

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<sup>4</sup> The correct project reference numbers for the Centre and Grand Millennium Plaza are respectively H6 and H3.

The speaker explained the importance of public engagement in urban renewal: 1) redevelopment was always involuntary for the residents. It disrupted people's lives; it had profound and long-term influence that involved many aspects, including the Government, Non-government, the private sector, and community organisations; 2) there were considerable uncertainties in the process of urban renewal with confusing information; and 3) The outcome of urban renewal would change the way of life of the affected parties and the environment.

He pointed out that the public was engaged in the current urban renewal process, such as Social Impact Assessment, the District Advisory Committees, the Legislative Council Panel on Development, and the current URS Review. However, he said the level of participation and transparency was low in the Social Impact Assessment organised by the URA. The District Advisory Committee lacked representation. The social worker teams had insufficient resources and lacked independence. The Legislative Council Panel on Development did not form an ad hoc committee. The public engagement was only limited to consultation. He suggested that a bottom-up approach should be adopted in the future to take care of local residents' needs. Various participation methods should be provided, including district consultation, social impact assessment and regular meetings between the residents and relevant departments. Resources should be provided for the affected parties, including independent financial assistance and support from professionals such as social workers, planners, surveyors, and legal advisors and architects. Community planning centres should be set up as well.

#### Presentation 7

Topic: Public engagement

Speaker: Mr. Lau Wai-chung, Alliance of Owners' Corporations in the Kwun Tong Town Centre Redevelopment Project

The speaker said both the URA and the Government refused to give in initially on the issue of plot ratio. URA did not want to redevelop Kwun Tong as it might make a loss. The affected parties then actively participated, hoping that the redevelopment project could be accelerated. URA later offered different options for the residents to choose and stated that certain options might lead to a loss. The Government then put pressure by reducing the plot ratio from 12 to 9.5 and lowering the building height. On the issue of

compensation, assessment and valuation, however, the URA refused to let the general public to participate.

He regarded the Kwun Tong project as a genuine bottom-up approach with public engagement. Many residents and owners' corporations held monthly meetings and shared information, doing a lot more than URA. Through active participation by the people in the community, URA agreed to redevelop Kwun Tong comprehensively. Within nine months, URA had acquired more than 80% of the property titles. Unfortunately, URA had failed to further study this issue and draw on the experience.

### Presentation 8

Topic: Stakeholders and conflicts

Speaker: Mr. Paul Zimmerman, Designing Hong Kong

The speaker said if a property was included in a URA project its value would rise. As a result, the property owners would become dishonest as the URA would acquire their properties and they all hoped to receive compensation. The members of District Councils would also become dishonest as they wanted to woo the votes from those who received compensation. The announcement of a URA project would lead to bias, not speculation.

He suggested changing the consultation direction to district-wide planning. The URA should study areas of urban decay, land with low utilisation rates and dilapidated buildings in the district, and review whether the project should come under the URA or be carried out by the private sector. If the URA was only seen as a last resort for redevelopment, bias would be eliminated. Impartiality, high transparency, and clear declarations of interest would help to balance different social interests. In this way we would build a fair society.

A majority of the property owners could decide whether or not to demolish their dilapidated buildings. Individual households should have the right to choose to stay in their less dilapidated buildings. Impartiality and an honest goal would make a better urban renewal project. The process of urban renewal would not be delayed. Compensation offered by the URA was the equivalent of 'bribing' the market and it would only fuel dishonesty and bias in the discussion.

The 'Urban Renewal Authority Ordinance' implied that the URA would make an acquisition offer if the property owners waited until their building(s) fell into a state that was beyond repair. Hence, many people were not willing to maintain their properties. Those who allowed their properties to fall into a poor and dilapidated condition should also be penalised. A list of dilapidated buildings in Hong Kong should be published as a deterrent. Those who were not able to afford the maintenance fee could be given welfare assistance.

#### Presentation 9

Topic: Owner participation

Speaker: Ms. Yip Mee-yung and Mr. Ng Kam-chiu, H15 Concern Group

The speaker invited the participants, representatives from the URA and A-World Consulting Limited to attend the public forum organised by the Association of Property Owners in Old District Redevelopment on 12 September noon at Yue Man Square Garden. The forum would discuss the topic 'public and private sector participation in redevelopment'.

The speaker said public engagement was of utmost importance in redevelopment. Urban renewal in Hong Kong had however regressed to the conditions of the 16<sup>th</sup> and 17<sup>th</sup> centuries where the rich seized lands from the poor, leading to an increased inequality of wealth. The speaker hoped that the URA would improve itself rather than work behind closed doors, otherwise, public consultations, consultancy studies or reviews would only be fruitless. Eventually, residents would move away from Hong Kong.

The speaker believed that the wishes of the local residents should be respected in the urban renewal process. They should have the right to participate in the process. An open and transparent bottom-up approach should be adopted in planning. They supported 'flat-for-flat' exchange in the same land lot and pointed out that it would not lead to speculation.

#### Presentation 10

Topic: A demonstration of full public engagement – 'Overall Community Building' in Taiwan

Speaker: Mr Desmond Sham, Community Cultural Concern

The speaker said that the level of public engagement would increase when executive and decision-making power was devolved. There were five levels of public engagement: the lowest was information provision; the next three levels were public consultation, joint decision making, and joint action; the highest level was an independent community solution, with public-initiated planning and support from the government for joint implementation. Currently, Hong Kong could not even provide information, let alone any devolution of authority. Yet, the rest of the world was now implementing full public engagement.

The speaker pointed out that 'Community Building' in Taiwan represented a full and high level public engagement. As early as in the 1960s, community development had already begun with the provision of public facilities. In the 1980s, a sense of belonging and citizenship among residents was created as a result of different social movements in Taiwan, and cultural workshops were set up in many districts. In response to the public aspirations for democracy and localisation, the Taiwanese Government introduced the 'Community Building' concept and implemented relevant policies, such as providing funds to support local organisations to build the community. Since 2000, the Taiwanese Government had reinforced four aspects, namely community consciousness, voluntary participation, the bottom-up approach, and overall care. They had also set up a scheme for community planners for the professionals to offer assistance.

The speaker suggested that the Hong Kong Government should put more resources to encourage voluntary community cohesion. Social development would then better answer the community's needs and the society would be more democratic. Hong Kong should consider setting up social platforms for architects and planners so that local residents could enlist their professional assistance more easily. The Government should also allocate resources to support NGOs or professional bodies to run courses on community planning to promote community participation in urban renewal.

#### Presentation 11

Topic: 'Flat-for-flat' and 'shop-for-shop' exchange is most practical and people-centred

Speaker: Ms. Wong Yat-man, Alliance of Owners' Corporations in Kwun Tong Town Centre Redevelopment Project

The speaker queried the reasonableness and fairness of the URA's acquisitions and whether the URA could achieve a 'people-centred' goal. She believed the URA's claim that "it should not abuse public funds" was just an excuse. The URA did not fully disclose its financial position, and in this aspect the performance of URA was not comparable to that of the Land Development Corporation.

She noted that the Kwun Tong project had adopted a bottom-up public engagement approach. However, after the URA had made an acquisition offer, it became difficult for residents to participate in the process or contact the URA. The consultation platform did not offer much help. For example, there was no longer any owner's representative in the Kwun Tong District Advisory Committee. She considered that the public aspired to genuine owner participation. The current assessment and valuation of compensation was too low and the Home Purchase Allowance was deducted. These were all very unreasonable. She demanded fair treatment to all affected parties.

## **Gist of Group Discussion Report**

### **1. The form of public engagement**

It was said that many property owners and residents were not prepared for the redevelopment as the URA always announced its acquisition plan abruptly, causing a lot of conflicts and problems. Certain discussion groups believed that a bottom-up approach should be adopted to consult the residents in the surrounding area on issues like planning, design and building density. Channels should be established to allow the residents to voice their views so that they would have the right to participate in formulating redevelopment proposals. Some discussion groups believed that redevelopment could only commence when the URA obtained 90% consent from the property owners.

A participant said public engagement must be 'people-centred'. The authority should study how to attain the goal and ensure that the community would get sufficient resources and professional support to conduct public consultations, including capital financing and assistance in planning.

Some other discussion groups suggested setting up opinion collection centres or district offices to provide district planning models and regional information. The general public and local residents would then be able to understand the future planning and participate in discussion. An online discussion platform could be set up to increase transparency.

In addition, it was suggested setting up a building review group to monitor the condition of the buildings in different districts to find out whether certain buildings should be preserved, rehabilitated, or rebuilt. The group should aim at seeking benefits for all and building an exquisite living environment. Members should be independent and credible and consist of residents, professionals, representatives from relevant government departments, or even responsible owners' corporations. Group Members could be elected.

It was said that there was no regulatory mechanism to supervise the URA at the moment. It was suggested that residents be appointed to the URA Board to enhance representation. Others suggested setting up a non-governmental consultation institution to conduct effective consultations. It was also suggested that members of the District Advisory Committee should be elected or dismissed by property owners.

Some participants disagreed with the proposition that public engagement would delay the urban renewal process.

## **2. A 'people centred' planning**

Some participants suggested that public engagement should be in two levels: district-wide planning and the public engagement of URA projects. If the former was handled properly, it would be easier for the URA to carry out its projects.

Each district had its unique environment and only the local residents would understand their needs, hence their views should be respected. It was suggested that the people in the community should find out the undesirable land use in their district, for example, dilapidated buildings, run-down industrial buildings, buildings that lacked public space, and unsightly waterfronts. Others suggested publishing a dilapidated building list with

explanations about the reasons for the deterioration. Some participants also suggested conducting home visits in order to understand the needs and appeals of the local residents and property owners, and to implement measures accordingly.

### **3. The role of URA in redevelopment**

Some participants queried the role of the URA. They believed that the URA assisted in urban renewal in name only. It actually invested in lands with a high return and was allegedly the biggest speculator.

A few participants pointed out that urban renewal should be beneficial to the society but the URA colluded with property developers to seize lands. In addition, the issuance of bonds meant the URA was seeking profits, which was contrary to its role. The URA should not adopt a 'bulldozing' redevelopment approach. It should also assist the owners to maintain, repair, and preserve the buildings.

A participant suggested the Government should use different methods, e.g. outline zoning plans, railway infrastructure, mortgage policy and government rent, etc., to stimulate the market in order to solve various problems in different districts. The URA should be a facilitator and should step in only when the private sector, the community or property owners were not able to redevelop the areas. All the profits should go to the property owners.

### **4. The balance between public engagement and speculation**

A participant said it was difficult to avoid speculators in each redevelopment area. The URA could check the title deeds of the properties. If there was no property transaction in the past seven years before the freezing survey, the property owners concerned would not be subject to checking. This was cost effective. The project could then be announced as early as possible for the public to participate in the process.

Some participants said if the process was transparent and everyone received the same amount of information and enjoyed the same rights, speculation would not cause a problem. The public understood that speculation involved high risk.

A participant said many redevelopment or community building projects in Mainland China were conducted in a 'share holding system'. Hong Kong could learn from their experience. The property owners could get equities or issue bonds so that the owners, residents and the public could participate in the project. By then, more people would be concerned about redevelopment. Public participation would help the URA resolve problems and relieve some of its pressure in building community facilities and compensation.

## **5. Compensation and re-housing**

A participant said the URA's redevelopment projects involved property investment. Since the acquisition price was always lower than the market price, the URA could not claim that they were using public funds to acquire properties and subsidise the property owners. The properties were the owners' rightful assets after years of hard work and the owners should receive reasonable compensation or a 'flat-for-flat' or 'shop-for-shop' exchange. Some participants said the compensation was not sufficient for the affected parties to buy a flat of the same size. Nor was there any re-housing option in the same locality.

It was suggested that there should be channels for the self-employed to relay their difficulties with the redevelopment. The URA should not reduce the compensation simply because the property was vacant. The URA was also urged not to take measures to affect the assessment and valuation made by the professionals. Some participants remarked that the surveyors who were responsible for assessing the property value and setting the compensation were hired by the URA and that constituted a conflict of interest. A participant noted that the Land Development Corporation used to re-house tenants affected by the redevelopment. Given its financial strength, the URA should take up the responsibility to re-house the tenants; otherwise, they might become homeless.

## **6. Others**

- The URA provided resources for the social service teams. The teams thus could not build a genuine communication channel with the affected owners and residents.

- The issues discussed in the URS Review should be impartial and there should not be any pre-determined stance<sup>5</sup> .
- A participant asked the consultant to disclose all the names of the members of the Legislative Council, District Councils and the URA Board who had participated in the activities when the URS Review public engagement programme was completed.
- During the consultation, there were always no responses to the questions asked. The lack of communication and exchange might affect the public participation in the public engagement programme.

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September 2009

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<sup>5</sup> Mrs Sandra S.C. Mak, the host, clarified that the agenda in the URS Review was summarised from the Topical Discussions in the first stage - 'Envisioning Stage'

**Urban Renewal Strategy (URS) Review  
Public Engagement Stage  
Gist of Topical Discussion 7:  
Social Impact Assessment and Social Service Team**

Date: 26<sup>th</sup> September, 2009 (Saturday)  
Time: 2:30p.m. - 5:00p.m.  
Venue: Room 502 Lecture Hall, The Boys' & Girls' Clubs Association of Hong Kong, 3 Lockhart Road, Wan Chai, Hong Kong  
No. of participants: 91 (including 10 representatives from the Development Bureau and the Urban Renewal Authority (URA) as observers<sup>1</sup>, and 6 discussion group facilitators from the social welfare sector)

**Gist of the Public Presentation**

Presentation 1

Topic: The six main principles of social impact assessment  
Speaker: Ms. Wong, Social Impact Research Group

The speaker cited the six principles of social impact assessment (SIA) as described in an American academic paper:

- (1) have a deep understanding of the background of the affected areas, including identifying affected people via public engagement, as well as collecting basic information and the historical background of the concerned area;
- (2) pay attention to social welfare factors, including questions raised by the public, the community culture, the impact of renewal, the opinions of the disadvantaged groups in the area, and problems identified by experts;
- (3) identify methods of study and analysis, because the former directly affects the results of the study. In addition, transparency should be maintained to enhance persuasiveness;
- (4) the amount and quality of data collection must be governed by fixed parameters to ensure completeness;
- (5) suggest relief measures for any adverse effects, and set up assessment and monitoring mechanisms;
- (6) through the SIA, guarantee that nobody suffers losses, and provide a framework for policy makers to make policy decisions. Therefore the SIA must be carried out before the announcement of the project.

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

## Presentation 2

Topic: Ideal methods for social impact assessment  
Speaker: Mr. Wong Ho-yin

The speaker stated that SIA was a statutory process that the URA carried out according to the URS. Its aim was to conduct a comprehensive assessment on all social impacts caused by the project, as well as the community links and resettlement needs of affected residents. The assessment was divided into two stages. The first was a non-public<sup>2</sup> preliminary assessment, carried out before the announcement of the project on the population and economic characteristics, living environment, community facilities, history and culture encompassed by the scope of the project, its potential impacts and mitigation measures. The speaker called this preliminary assessment into question: why was a non-public social impact assessment carried out? He also questioned its operative and analytical methods, as well as who would assess and study the contents of the report. The speaker also pointed out that because this was not a public assessment, the public had no way of knowing the advantages and disadvantages of the project, and whether or not they should support the project concerned.

He added that after the project was officially gazetted, the second stage open assessment would be carried out, which would deal in detail with residents of the area who were affected by redevelopment. The assessment would cover the population characteristics, resettlement needs, housing aspirations, special needs for the disabled and community networks etc. He quoted the SIA report of Shun Ning Road to illustrate the existing problems on the assessment methods, lack of documentary support, unclear source of information, over-simplification of questionnaires leading to a lack of substance of the study, and the lack of an assessment of the impact on peripheral communities. The speaker considered that the mitigation measures, which were drawn up according to current policies, lacked originality or sincerity.

## Presentation 3

Topic: The mechanism for appointing social service teams needs total reform  
Speaker: Ms. Wong Yat-man, Alliance of Owners' Corporations in Kwun Tong Town Centre Redevelopment Project

The speaker considered that the social service teams (SSTs) should work for residents in redevelopment areas and act as a communication channel between the residents and the URA. The SSTs were specifically responsible for relaying the various social problems, as well as family and compensation

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<sup>2</sup> The 'non-public' ('non-obtrusive' as specified in the URS) or the first stage assessment referred to the one which studied the socio economic data and local features of the project and its periphery before the project was publicly announced. Therefore, the assessment was not carried out openly. However, after the project had been officially gazetted, a detailed (or second stage) SIA would be carried out. The 'non-public' first stage and the detailed second stage assessments would then be submitted along with the other project application documents to the Town Planning Board, allowing the public to review the documents and put forward opinions.

problems arising from renewal. However, she noted that the body in charge of the SSTs was in fact the URA, which created both administrative and financial pressure on the SSTs.

Regarding the administrative pressure, the URA had continuous control over the selection, employment and re-employment processes for the SSTs, making it difficult for the SSTs to provide the best service. She gave an example of the Kwun Tong SST, stating that it turned the tables around by adopting service targets for the URA instead of the community. Because the SSTs were completely financed by the URA, they were alienated from the residents and were unable to uphold their values and conviction to fight for guarantees for the residents. Therefore, she suggested that the SSTs should be organised and run by independent organisations in order to enhance their creditability among members of the public and residents of redevelopment areas.

In addition, she asserted that the Kwun Tong District Advisory Committee was an illegal organisation because there was no property owners' engagement. Any complaints made to the SST were ineffectual as the chairman of the Advisory Committee was also a social worker.

#### Presentation 4

Topic: Social Impact Assessment  
Speaker: Dr. Ernest Chui Wing-tak, Department of Social Work and Social Administration, The University of Hong Kong

The speaker explained that the Government introduced SIA when the URA Ordinance was enacted in 2000. The United States only recognised social impact assessment as a systematic method of study in the 1990s, with the aim of predicting, preventing and minimising problems, as well as devising solutions for their remedy. He pointed out, however, that SIA could not necessarily ensure that everyone goes unaffected and that it would take time to improve SIA in Hong Kong.

SIA was particularly complex as it covered tangible and non-tangible factors. The former included amounts of compensation as renewal could lead to the relocation or closure of commercial premises, leading to redundancies of employees. These financial losses affected the community, even the society as a whole. For example, could the Langham Place redevelopment project benefit the overall economic development or employment opportunities? Non-tangible factors included more complicated issues such as collective memory, community networks and preservation.

Studies were being awaited on who to be included in an SIA, whether its scope should be enlarged (such as the affected residents nearby), and the non-tangible factors involved. If its scope was to be extended, the duration and cost would increase proportionately. Concerning the timing of the SIA, the speaker believed that if an assessment was performed too early, it could lead to speculative buying; therefore a balance must be struck for the openness of the assessment. He also mentioned that the public should consider whether or not the assessment should be carried out by an

independent organisation or by the URA, or whether assessment should be performed employing different methods. He believed that each system had its advantages and disadvantages, and that the question was how to achieve a balance. He hoped to collect a wide range of public opinions in order to improve the SIA.

### Presentation 5

Topic: Social service teams/ service model  
Speaker: Mr. Ng Sze-on, Concern on Urban Housing Rights Social Workers Alliance

The speaker noted that SSTs were responsible for assisting the smooth relocation of residents in redevelopment areas. However, the problem was that by the time the project had been announced, the SSTs could only play a limited role. It was difficult for them to gain the confidence of the neighbourhood. He said that the ideal community service model should be in line with the ideals of urban renewal, namely to improve the quality of life under the principles of assisting in and promoting residents' participation in urban renewal and community planning, and respecting the interests of differing stakeholders, and to ensure that sufficient resources which were relevant to community needs were provided.

The service targets of SSTs included residents and shop operators who were affected by redevelopment, residents who lived nearby, community stakeholders and parties who had an interest in community building and planning. SSTs were involved in the whole area, resolving disputes and balancing the interests of different parties through contacts with stakeholders, and assisted local people to participate in and help define the manner of the redevelopment in the area. When an urban renewal project was about to be implemented, SSTs would provide emotional support and coordinate other professional assistance such as legal services, property valuations and architectural design.

He believed that the URA should assist in and facilitate community-led urban redevelopment projects, provide resources for engaging the residents and the shop operators, as well as coordinate work on the 4Rs in the district. In addition, he urged the authorities to allow SSTs to get involved with the communities as early as possible, and to improve relevant policies, ultimately achieving an improvement in quality of life.

### Presentation 6

Topic: The role and function of social work in urban renewal  
Speaker: Mr. Lai Kin-kwok, Caritas Francis Hsu College

The speaker raised the problems faced by SSTs employed by the URA and the Hong Kong Housing Society, namely, lack of independence, confusion of roles, lack of resources leading to difficulties in building trust with residents or shop operators, unclear positioning and failure to pass on experience.

He quoted the *Code of Practice for Registered Social Workers* issued by the Social Workers Registration Board, to explain that social workers had the responsibilities to protect human rights, promote social justice and to maximise the benefits of residents. Their primary obligation was to be responsible for its service targets, helping them to understand their rights and obligations. The strengths of social workers were in building of relationships, consolidating community resources, connecting different parties and advocating policy refinement. They should therefore be employed to the fullest to help encourage public engagement in drawing up and improving social policies and systems. Should problems occur, social workers were responsible for relaying the truth and advocating policy revisions.

Regarding the role of social workers in urban renewal, he recalled the words of the then Director of Social Welfare, Mr. Stephen Fisher, that social workers must stand on the side of the neighbourhood, providing help and assistance.

He hoped that the SSTs could become truly independent, get involved in redevelopment projects at the earliest stage, acquire sufficient resources, encourage resident engagement, promote policy reform and realise inter-professional cooperation. He encouraged the neighbourhood to monitor the work of the SSTs, to lodge appeals and to participate in relevant discussions.

#### Presentation 7

Topic: The impact of urban renewal on the family  
Speaker: Mr. Lau Wai-chung, Alliance of Owners' Corporations in Kwun Tong Town Centre Redevelopment Project

The speaker related a number of stories from personal experience to illustrate that urban renewal stirred up many family conflicts and revealed many family scars which the SIA and social workers could not resolve. He requested the URA to seriously experience these problems and to avoid harsh provisions that can cause great pain to the neighbourhood. Besides, compensation must not be described as social welfare, since residents could choose not to receive social welfare. Redevelopment however entails forced resettlement in which residents had no choice.

#### Presentation 8

Topic: Social impact assessment and social service teams  
Speaker: Mr. Tang Chung-wah, Working Group on URS Review, Hong Kong Council of Social Service

The speaker described the difficult situation faced by neighbourhoods in redevelopment areas:

- (1) They were mostly comprised of disadvantaged and poor social groups with relatively weak support networks. Therefore they were under greater pressure than in an ordinary relocation;
- (2) Compensation could not resolve all problems and choices were limited. Residents and property owners were not privy to first hand information, and

thus required the assistance of SSTs;

- (3) Compensation policy could not completely guarantee the interests of disadvantaged groups and tenants. Since security of tenure had been abolished, redevelopment usually made tenants to bear costly rents or face forced relocation.

SSTs also faced a considerable number of restrictions:

- (1) SSTs were employed by the URA. This affected the SSTs' relationship with residents and the willingness of residents to appeal to the SST for help, hindering the service progress and reducing efficacy;
- (2) Due to a lack of trust, social workers needed to deploy more resources to plan and provide their services, which in turn affected the efficiency of their work;
- (3) SSTs were not involved in the community until redevelopment was already in progress, so they could only carry out remedial work;
- (4) SSTs were contracted for two years, and due to instability of work, it was difficult for the team members to accumulate experience.

### Presentation 9

Topic: Social impact assessment and social service teams  
Speaker: Ms. Leung Sin-yee, Working Group on URS Review, Hong Kong Council of Social Service

The speaker explained the discussion results on the role of SSTs from working groups set up by different social work organisations under the jurisdiction of the Hong Kong Council of Social Service. They suggested that the following principles should be adopted:

- (1) independence must be maintained by detaching from the URA's funding support and supervision. It was recommended that the Development Bureau should establish a fund dedicated for such funding support and supervision;
- (2) suggest to divide SSTs by the electoral boundary of the District Councils. SSTs should be formed in densely populated old areas, targeting the residents of old buildings to help them face the impacts brought by urban renewal;
- (3) SSTs should be allowed to enter the community earlier to deliver services, so as to build better relations with the neighbourhood.

Previously, SSTs focused more on neighbourhoods in redevelopment areas. However, if urban renewal was carried out, the service model would change. It was suggested that 'urban renewal service teams' be established to provide services and enhance the level of residents' engagement. On community planning and construction, social workers should take up the roles of monitoring, assisting and networking. Regarding the redevelopment projects, the duties of social workers were to assist residents in seeking professional support and grasping information, to help them maintain communication, to protect their rights and interests where reasonable, and to assist in mitigating any impact that the project would cause. On rehabilitation, social workers could provide professional support and information to neighbourhoods and owners incorporations. In addition, revitalisation and preservation were

topics about which the public had more concerns in recent years. Their influence could reach to every member of the neighbourhood and even the whole community. Therefore, SSTs could provide assistance to help promote neighbourhood engagement.

The ideal service model that the working group envisaged was for urban renewal to be taken forward with resident engagement. This would include individual home visits, establishing relations with the neighbourhood early, promoting research on SIA, and assisting to the community in paying attention to the needs and opinions of affected neighbourhoods.

#### Presentation 10

Topic: Not provided  
Speaker: Mr. Mike Ng, Kwun Tong Urban Renewal Social Service Team, Christian Family Service Centre (CFSC)

The speaker noted that essentially SSTs could not be separated from their funding systems and the problem of trust. Of paramount importance was for the SSTs and recipients of their service (i.e. the neighbourhood) to establish mutual trust. Under the present funding system, however, this was relatively difficult to accomplish, and the work progress and the willingness of residents to seek help were more or less affected. For example, the office of the CFSC SST was adjacent to the URA's office, inviting doubts whether the social work team were officials or 'spies'.

On the other hand, the social work team of the CFSC had begun to work in the district since 1997, and had established a wide interpersonal network. However, when the URA's SSTs were established in 2007, some members of the neighbourhood began to lose trust, suspecting that they had turned against them and become part of the URA.

He explained that the root of the problem was about financial backing. Since the URA subsidised the SSTs, the impression of 'conflicting loyalties' was formed. On the one hand, the SSTs acted on the orders of the URA, but in fact they were providing services to the neighbourhood. He clarified that the objectives of SSTs were to provide assistance to those in need and to resolve social problems. Their service targets were the neighbourhood in redevelopment areas, and they should uphold their service objectives, values and integrity.

#### Presentation 11

Topic: Not provided  
Speaker: Mr Fung Chi-ming, Old Urban Tenant Alliance

The speaker said that since the SSTs were employed by the URA, it led people to suspect whether they were there to provide sincere help to the residents of redevelopment areas. He therefore did not dare ask for help. He noted that the URA had a public fund of HK\$10 billion in public to carry out

redevelopment, but residents were deprived of peace and happiness, even being forced to relocate.

### Presentation 12

Topic: Not provided

Speaker: Mr Chan Wai-hing, H15 Concern Group

The speaker pointed out that the source of SSTs' problems was that they were employed by the URA, facing pressures and restrictions which made it impossible to fully perform their duties. At present, SSTs gave the impression that they were simply relocating residents at the behest of the URA, yet when it came to more practical requirements that were not in line with the wishes of the URA, SSTs did not provide very much assistance. SSTs in general only complied with related regulations when performing their duties during their two-year contracts. This was not a positive thing for the society.

Additionally, the SIA procedures were problematic as it was uncertain who was targeted by the SIA and the assessment report was unclear. Even when the assessment was completed, the end result was the construction of luxurious housing that even middle class residents could not afford.

The consensus of the H15 Concern Group was that SSTs should be independent of the URA. The URA should be responsible for financing only, and should not steer the actions of the SSTs. Considering that public monitoring was essential, the Group would publicly publish their non-governmental green paper on October 24<sup>th</sup>. As the URS Review was currently underway, SIA and other procedures should also come under scrutiny to prevent the impairment of interests of residents.

### Presentation 13

Topic: Not provided

Speaker: Ms. Tanya Chan, Member of the Legislative Council

The speaker declared that she was a member of the URA's Board of Directors, and as such received the URA Board members' allowance. She was however still a representative of the residents. She believed that the crux of the problem was how the URA viewed its role – if it wanted to change and beautify communities, its role was for the long term and it would carry out research into community characteristics, preservation and planning needs etc. If it treated itself as a developer, then it would leave as soon as money had been made. She pointed out that the current situation had already been improved. For example, the Kwun Tong SST entered the community two months in advance to make contacts with residents. With the role to improve the community, she hoped that their resources could be allocated to benefit the residents of peripheral communities. Now that the URA conducted both the population freezing surveys and SIAs, it appeared that the SSTs were serving the URA and not truly helping the community. She pointed out that the Legislative Council had previously deliberated on how to avoid the conflict of roles of the SSTs, which was for the URA to consider injecting capital to set up

a fund to subsidise the SSTs and even carry out long-term community assessments and surveys.

She supported the independence of SSTs, and suggested that such teams should be in place early to carry out community research and get to know the community as a whole. This is because redevelopment affected the community and people's lives in the long run and had particular profound impacts on the elderly members of the neighbourhoods. Any possible conflicts should be smoothed over as soon as possible.

#### Presentation 14

Topic: Social Impact Assessment

Speaker: Ms. Iris Tam Siu-ying, Executive Director of the URA

The speaker briefly introduced the current policies on SIA. According to the "URS", an SIA was divided into two phases, i.e. before and after gazettal of a project. The first phase was translated as "non-public (「非公開」)" SIA. It did not however mean that the SIA would not be accessible to the public. It was only translated from the English words 'non-obtrusive', which might result in some misunderstanding.

The first phase of an SIA would be carried out before the Freezing Survey by employing indirect information including the Government's population census data and on-site observation. It would initially evaluate the population and economic characteristics, business activities, living environment, level of overcrowding, history and culture, local features, community facilities, potential effects of the project and mitigation measures etc. of the district in question. Phase two of the SIA took reference from information collected directly from affected residents and shop operators during the Freezing Survey, including population characteristics, resettlement needs, housing aspirations, employment situation, workplace locations, community networks, educational needs, potential impacts of the project and mitigation measures, as well as the special needs of the elderly, disabled and single parent families. In fact, the content coverage was fairly wide.

The URA would submit Phases 1 and 2 of the SIA to the Town Planning Board and the Secretary for Development for consideration, and provide it for public review and comments in accordance with the URA Ordinance. Through other various impact assessments, the URA would study the projects' broader impacts on traffic, environment, landscape, air ventilation and heritage etc. Apart from monetary compensation, there were other mitigation measures to assist businesses with local character to return after redevelopment, rehouse the eligible household tenants, offer to owner-occupiers Expressions of Interest in Purchasing Arrangement for residential units in the redevelopment and arrange for SSTs to follow-up on individual cases.. The URA has also started two tracking surveys in its Hai Tan Street and Kwun Tong projects. The URA and the SSTs worked as partners.

## Presentation 15

Topic: Social Service Team  
Speaker: Ms. Tong Yat-man, URA

The speaker pointed out that as prescribed clearly in the URS, the URA had to establish SSTs in redevelopment target areas to provide assistance and counseling services to affected residents. The appointed SSTs were non-government social welfare organisations which operated independently. The major service areas of SSTs included residents in the areas, affected property owners, tenants and shop operators. She reiterated that the SSTs' service target was not the URA.

No matter if residents chose to stay in the original district or move to other areas, the SST would assist in maintaining or rebuilding their community network. Even if the residents moved to other districts, the SST would still provide follow-up services, including understanding whether they were able to adapt to the new environment and assisting them in gaining support or social welfare services in the new community. In addition, as owners and tenants were usually anxious and worried after the announcement of a project or the commencement of acquisition, the SST would help residents to discuss with the URA issues like compensation for acquisition and resettlement etc. With the help of the SST, through explanation and coordination, residents and the URA could develop mutual trust.

Since 2002, the SSTs had already handled more than 1,400 cases, while 300 more cases were still being processed. The speaker quoted some cases to illustrate that the SSTs were whole-heartedly helping the residents and improved their living conditions.

## **Gist of Group Discussion Report**

### **1. The current situation of the Social Impact Assessment, its problems and methods of improvement**

Some participants pointed out that in general, residents in the redevelopment areas thought that redevelopment projects had long-term impacts on the whole community and local people. The current SIA however had its inadequacies:

- (1) the assessment failed to achieve the objective of 'predicting' future problems. For example, some residents mentioned that property developers had been speculating in the H19 redevelopment area and they did not understand why the impact of these speculation activities on the redevelopment progress had not been foreseen in the assessment;
- (2) the assessment had not covered the demand for 'flat for flat' and 'shop for shop' exchange arrangements, which were the aspirations of many in the neighbourhood;
- (3) interactive elements were insufficient in the assessment process, for example, regular sharing sessions with residents in the redevelopment

areas which were organised by the Government in the past had been cancelled;

- (4) the sentiments of owners who were deprived of their private property ownership and their feelings for a destroyed community network had not been included in the assessment, which revealed that it was not comprehensive.

Some groups stated that the SIA should cover a wider scope to include the individual and family way of life, the economy, the environment and the community network, as well as compensation and rehousing aspirations etc.

Some pointed out that if there were long-term SIAs for different communities, speculation activities resulting from information leakage could have been prevented. SIAs might not be carried out only for redevelopment projects, as they could assist the Government in better understanding both the community and the impacts of policies on the community. The assessment would therefore benefit other policies. In the long run, legislation should govern the compulsory conducting and endorsement of an SIA for a redevelopment project before its commencement.

Moreover, the SIA should not be limited to the redevelopment areas, but should also be extended to neighbouring and peripheral communities.

Some participants opined that the current SIA methodology had its flaws. For example, the wordings used in the questionnaire might be misleading, the multiple choice questions could not cover all opinions, and some topics (such as community network) were difficult to comprehend through questionnaires. It was suggested that the local people's living conditions and neighbourhood relations be mapped out via focus groups and group discussions. A detailed 'recommendation' section should be included in the conclusion of the assessment report.

## **2. Tracking study**

Some groups believed that a tracking study was very important in understanding whether the lives of those affected were improved by redevelopment or renewal, or the number of residents who could move back into the new redevelopment. Although the URA had been carrying out tracking studies, it only selectively investigated those affected residents who had their living environment improved; excuses such as 'information not found' or 'bound by non-disclosure agreement' were used for the seriously affected residents. Therefore, an independent and comprehensive tracking study must be undertaken. Consideration could be given for entrusting different organisations, professionals, academics or tertiary institutions to conduct the study. Some participants suggested encouraging residents who have moved out to participate in the tracking study by offering them rewards.<sup>3</sup>

## **3. Conflicting roles of social service teams in urban renewal**

Some believed that the fundamental problem of the SSTs was their lack of independence. Most participants believed that the SSTs must be independent. They should be community-centred and serve genuinely the neighbourhood of the redevelopment area.

Some group members referred to the example of public housing redevelopment where the SSTs were under separate management, funding and executive arms. Only then could social workers genuinely help the residents and voice opinions or fight on behalf of their interests. Some suggested that funding could be provided by a third-party organisation instead of the URA, and that the SSTs themselves should determine the cases to be handled, or appointment should be arranged through open tender by the Hong Kong Council of Social Service. Some considered however that it might not be appropriate for SSTs to be held responsible for the SIA.

Some participants thought that the SIA was not influential. Projects were still taken forward even though major problems were revealed in the assessment. SSTs could only take remedial action and ease residents' sentiments. Some stated that the follow-up actions by social workers were limited by the policy framework. For example, there was nothing the social workers could follow-up even when the assessment revealed a demand on 'flat-for-flat' exchange arrangements.

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<sup>3</sup> Regarding residents' opinions of tracking study, Ms. Tam Siu-ying from the URA responded as follows: 'Tracking Study' was, in fact, not a surveillance operation. The URA had already commenced studies on the Hai Tan Street and Kwun Tong redevelopment projects. In order to maintain neutrality, the URA had selected the University of Hong Kong and Chinese University of Hong Kong to perform the studies. In order to respect residents' aspirations, letters had been issued to all residents to request them to participate in the tracking studies. In the Hai Tan Street redevelopment project, more tenants responded positively but the response from owner-occupiers was not encouraging. The Kwun Tong redevelopment project also faced many difficulties, as many owners had already moved out. The URA, however, would endeavour to carry out the tracking studies.

Some groups thought that SSTs were too fearful, and the limited provision of resources also hindered their work, resulting in their low credibility among residents. Some participants suggested that since SSTs were funded by the URA, they should therefore be renamed as 'URA Customer Service Teams' or 'Coordination Teams'.

#### **4. The role of social service teams under 'district-based' planning**

Many groups believed that participation from the community should be strengthened to realise the 'bottom-up' approach. The mode of community participation should be made permanent in order to develop a continuous understanding of the community and to perfect development planning, thus avoiding problems such as short term subsidy and a lack of continuity. Through the establishment of community participation planning centres, existing SSTs could be deployed to pre-organise participation among residents and voice their opinions on the 4Rs strategy. Some groups raised a similar suggestion – i.e. establishing community development centres to provide the neighbourhood with a platform to express their community development aspirations. When redevelopment was required in the area, the centres could provide assistance to the neighbourhood immediately. Social workers should apply professional knowledge and techniques to gather different resources, such as those from professionals and the URA. They should assist the neighbourhood in obtaining planning information and expressing opinions so as to become better involved in planning. This could also reduce resentment.

Some participants stated that foreign experience offered lessons. Professionals appointed by the Government, in collaboration with social workers, could enter the community and provide planning assistance. Planning participation would then be community-led under a 'bottom-up' approach.

#### **5. Other views**

- Some individual participants proposed that SIA reports should be open to the public and easily accessible. They could be uploaded onto the relevant website for public inspection.
- It was suggested to allot a certain percentage of the proceeds of redevelopment to affected residents who had been required to move out from the redevelopment area. This could lessen the indignation and discontent of residents and property owners.
- Some participants stated that the URA's role should be 'people-centred' and 'community-centred' but the URA distorted this role into 'money-centred'. The URA was also not bounded by legislation or other controls. Therefore, the URA should be monitored.
- The role of the URA should be to facilitate spontaneous redevelopment among property owners and the neighbourhood. Social workers could provide assistance in this process.
- Forced redevelopment was an act of robbery and profiteering. It was very unfair that residents were forced to move out.

- Some participants thought that the time for the group discussion was insufficient. Some also pointed out that it was unnecessary for the URA to introduce individual SST cases in its projects.
- Redevelopment should aim at community improvement and sustainable development, which should also be the objectives of the SSTs.

A-World Consulting Limited

October 2009

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## **“Urban Renewal Strategy (URS)” Review Public Engagement Stage**

### **Gist of Topical Discussion 8: Financing Urban Renewal**

Date: 31<sup>st</sup> October, 2009 (Saturday)  
Time: 2:30 p.m. to 5:00 p.m.  
Venue: Room 502 Lecture Hall,  
The Boys' & Girls' Clubs Association of Hong Kong,  
3 Lockhart Road, Wanchai, Hong Kong  
No. of Participants: 62 (including 8 representatives from the Development Bureau, the Urban Renewal Authority (URA) and Hong Kong Institute of Asia-Pacific, Chinese University of Hong Kong as observers <sup>Note 1</sup> and 6 discussion group facilitators from the Royal Institution of Chartered Surveyors)

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Christine Hung, the moderator, briefly introduced the background and key issues of the URS Review, and invited the public to give presentations.

#### **Gist of Public Presentations**

##### Presentation 1

Topic: Urban redevelopment arrangement  
Speaker: Mr. Leung Yat Wing (梁日榮)

The speaker quoted some of the proposals made in the meeting of the Legislative Council Panel on Planning, Lands and Works on 2<sup>nd</sup> March, 2001, including the proposal to the URA that the number of units available for allocation under the “flat for flat” exchange scheme should not be less than 1.2 times of the number of property owners who participated in the scheme. Therefore, he urged the residents whose allowance had been deducted to simply request for “flat-for-flat”. He also said that he was willing to accept the “flat-for-flat” arrangement for a unit within Phase 1 of Yuet Wah Street Redevelopment Project in Kwun Tong. He considered that the URA did not have any financial burden in the “flat-for-flat” and “shop-for-shop” arrangement since the URA could use the developers’ newly completed buildings for rehousing, and then sell the remaining units from which the URA would be able to share substantial profits.

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<sup>Note 1</sup> The observers were the representatives of the Development Bureau and the URA. They were present to listen to the opinions and clarify or supplement certain facts and information. Hong Kong Institute of Asia-Pacific, Chinese University of Hong Kong, takes charge of analyzing the valid opinions collected in the URS Review. Their opinions or saying would not be regarded as valid opinions.

He also queried whether the allowance or compensation deducted from the affected parties was used to pay the annual salaries of the URA's nine directors' (excluding bonuses <sup>Note 2</sup>) ranging from HK\$2 million to 4 million. His view was that the more allowance or compensation that was deducted from the residents, the more rewards were given to the staff. In other words, and it was "abusing public funds for personal purposes".

### Presentation 2

Topic: Not provided

Speaker: Ms. Ling Fung Ha (凌鳳霞)

The speaker commented that the goal of URS ought to be people centred in creating a better living environment. However, the Government stirred up dissatisfaction among the public as it did not conduct proper public consultation, resumed people's properties by force, took their property rights away and deprived the owners of the right to sell freely. The speaker was dissatisfied with the URA's purchase offer which was not equivalent to the price of a 7-year-old flat at the time of acquisition, and that different owners were entitled to different compensation offers, without taking into account the owners' hardships in acquiring their hard-earned properties. She cited the example of the renowned "Sneaker Street", which was the fruit of the owners' and the commercial tenants' long-term efforts. However, they had been forced to accept the one-off compensation offer and move away.

Concerning the financial arrangements, the speaker opined that the URA must disclose its financial position to the public and be accountable for the money deducted from the allowance for approximately 30 redevelopment projects. She appealed that the profit of \$2.9 billion should be shared amongst the owners and tenants within the redevelopment site, in order to convince them to support the redevelopment.

### Presentation 3

Topic: The "misleading" surveyor's property value estimate in Kwun Tong

Speaker: Ms. Helen Wong Yat Man

Based on the estimation by Alliance of Owners' Corporations in Kwun Tong Town Centre Redevelopment Project, the speaker claimed that the URA had cheated the owners in the Kwun Tong Project for at least \$1 million each. They felt that the URA's surveyor report was misleading because: (1) the estimate on per square foot price (calculation based on "usable area") of 7-year-old flats in Kwun Tong or similar districts was conducted at the end of last year, when the property market was going down; (2) the selection criteria for the 7-year-old flats in districts

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<sup>Note 2</sup> According to the annual report of the URA, the remuneration of the URA staff consisted of regular pay and variable pay but there was no bonus.

similar to Kwun Tong varied and hence caused queries and mistrust; (3) views from flats were not taken into account, and the price for older units were much less than newer flats; (4) although Kwun Tong is in a convenient location, the assessment report did not take this into account; (5) in terms of environment, the estimated value of the 7-year-old flats in Kwun Tong was even lower than that of the 11-year old flats in other districts; (6) since Kwun Tong is located at the centre of East Kowloon, the speaker estimated that the URA was able to earn over \$40 billion from the redevelopment project. However, no “added-value” had been included in the assessment; (7) convenient facilities should also be one of the factors in the assessment.

The speaker opined that the compensation of many buildings aged over 10 years had been deducted by nearly 20% due to the various factors mentioned above. This was not in compliance with the 7-year-old flat compensation policy under the URA Ordinance. On 30<sup>th</sup> November 2008, the Centaline Residential Property Index was 55.5, and on 30<sup>th</sup> October 2009, it was 73.39. This showed that property prices had increased by 33%. For Kwun Tong, property prices had risen by 43% since acquisition. The current compensation standard was only enough for buying a 37-year-old flat in the same district. Therefore, a request was made to implement the “flat-for-flat” option.

#### Presentation 4

Topic: Strong objection to 'bulldozing' redevelopment approach

Speaker: Ms. Yiu Siu Yung (姚小蓉)

The speaker opined that the URA, without transparency or supervision, was acting like the biggest property agent in Hong Kong. It had forced property owners to sell ground floor shops at cheap prices and deprived owners of the right to sell freely. Even Macau had adopted a revitalizing and renovating policy for the old city and hence she did not understand why Hong Kong had to adopt a “bulldozing” approach for redevelopment. She thought that the URS had caused adverse impacts on the local community and the local economy. While the URS review had not been completed, the Development Bureau had already proposed lowering the threshold of compulsory auction to 80% in order to expedite cheap acquisition of valuable urban land and to make huge profits. She queried the manner in which the URA was spending the 1 billion of surplus money, and suspected the URA of collusion. She proposed to return the surplus money to the affected owners.

The Buildings Department supervised the structural safety of buildings and required owners to be responsible for maintenance and repair. Therefore, the URA should not interfere with private property ownership, and should change its role from a developer to a facilitator, to assist owners in old districts to undertake redevelopment projects. She added that urban districts (e.g. Central) were monopolized by big developers. This had led to high rents and commodity prices

which the people at the grass root level could not afford. It had also forced small shop owners to move out and widened the gap between the rich and the poor.

Furthermore, she agreed to the earlier proposal of the Professional Commons for the URA to assist owners in forming redevelopment co-operative bodies to participate in redevelopment, and to implement various schemes including “flat-for-flat” and “shop-for-shop”.

#### Presentation 5

Topic: Not provided

Speaker: Mr. Hung Ting Kwan (洪挺堃)

Hong Kong is a modern and highly efficient “Asia’s World City”, but was also the place with the widest gap between the rich and the poor in the world. The speaker explored questions raised at the Topical Discussion on that day.

(1) Given that building rehabilitation, heritage conservation and the revitalisation of old districts are often not financially viable, how should we maintain the long term operation of the urban regeneration programme?

He said that many revitalisation projects in Hong Kong had resulted in gentrification. For instance, Wo Cheong Pawn Shop in Wanchai was converted into a high-class restaurant; and the former Marine Police Headquarters in Tsim Sha Tsui became an arcade for famous brands after redevelopment. The people at grass root level were unable to enjoy these facilities. Moreover, the conservation of the old Wanchai Market had retained only the door number plate and the meaning of revitalisation and conservation had been lost. A similar situation had also occurred in Chinese cities such as Beijing and Chengdu.

(2) As for the self-financing of urban renewal, should the direct financial returns from the renewal projects alone be calculated, or should the indirect economic benefits to the district also be calculated?

He thought that turning small shops into an arcade would often result in higher living standard in the local district. The affected residents would be forced to move to districts with poorer conditions in the northern New Territories etc., and the town centre would be for rich people only – this is called “gentrification”. In 1953, a big fire broke out at the squatter area in Shek Kip Mei. After the fire, the Government built resettlement housing nearby to provide homes for the victims immediately. He did not understand why the Government now had to rely on developers, and queried whether this was due to political factors.

(3) The development density is already very high in Hong Kong so if transfer of development rights is adopted, how could the negative impacts on the environment of the peripheral areas be avoided?

He pointed out that the construction of new high-rise buildings would obstruct the surrounding dilapidated old buildings, and would deteriorate the living environment, forcing residents to leave.

Furthermore, the speaker pointed out that the owners had bought their flats based on the calculation of gross floor area, but the compensation was based on net usable floor area. Therefore, they were entitled to seek reasonable compensation. If the Government cooperated with developers in the acquisition for redevelopment into luxury housing, then they had ignored the needs of the grass-root local residents and had not properly served the Hong Kong people. Hong Kong should remain diversified, and if gentrification of the entire city was to continue, it would affect the harmony and stability of the society.

#### Presentation 6

Topic: Not provided

Speaker: Mr. Lau Wai Chung (劉偉忠)

The speaker stated that the Government had provided the URA with a HK\$10 billion capital injection, in addition to land premium exemption and land development rights. The URA had however maintained that they pursued a self-financing mode in preservation, revitalization and renewal, hence public funds must be used carefully. His analysis revealed that the projects ranging from Cherry Street in Tai Kok Tsui to Boundary Street and Fuk Tsun Street had- (not including the commercial tenants) affected nearly 15,000 people. In other words, since the establishment of the URA, one out of every 300 Hong Kong people had been affected by redevelopment. The data indicated that the total floor area acquired by the URA's redevelopment projects was around 3.4 million ft<sup>2</sup>, that is, the "net floor area" as mentioned by other presenters. Upon completion of the redevelopment projects, the commercial floor area was nearly equivalent to the total acquired floor area. The area available for residential units had reached 10 million ft<sup>2</sup>. The URA was therefore making large profits. He opined that the URS Review must examine whether the URA had wasted public funds and placed a greater burden on tax payers.

He hoped that upon the completion of the URS Review, the report would indicate the following: (1) How much compensation had the URA provided for the owners and tenants in the redevelopment areas? (2) How much compensation had the affected commercial tenants received? (3) The total acquisition costs, including the remuneration of the URA staff and the demolition costs; (4) How much was the profit from selling completed buildings to developers? He queried why the selling prices of new buildings in redevelopment areas were so high but the owners only received the average compensation of \$5,000 per square foot. It was really difficult for the residents, without knowing how much profit URA has made from redevelopment projects, to participate in the URS Review and express their views.

## Presentation 7

Topic: Study of transferring development rights in Taipei

Speaker: Ms. Yau Hoi Wan (丘凱雲)

The speaker pointed out that the Taipei government implemented the transfer of development rights to help enable the preservation of historic buildings. Landlords were compensated by means of trading and transferring the development rights whilst the government also saved expenses. The Taiwanese government had implemented this policy since 2000. As of March this year, a total of 218 cases involving approximately 130,000m<sup>2</sup> of floor area had been approved. The new site receiving the transferred development right could only receive a maximum of 40% of the total development area. If the land receiving the transferred development rights was of a comparatively lower value, then the development rights received would be comparatively more. Since the development rights of a site were transferred to another site for use, therefore the development rights of the latter site would increase.

On the other hand, developers could buy the development rights at a low price to increase the incentive for land development. The government had made provisions for sites receiving the transferred development rights in order to enable the effective development of certain areas. The market for the transfer of development rights in Taipei was however not well established and lacked transparency. Land owners preferred compensation from the government since the amount of compensation was likely to be higher.

The current Hong Kong law states that each land lot was subject to the restriction of maximum development rights. Therefore, for the transfer of development rights to be successful, it was necessary to consider the impacts this might have, for example on whether Hong Kong people could accept higher density, the capacity of existing infrastructure, and the capacity to increase plot ratio under the existing maximum development restrictions. Since the market prices fluctuated rapidly in Hong Kong, should the Government valuation differ significantly from the market price, speculation might occur under the transfer of development rights scheme. Moreover, although the Taiwan government saved expenses and land owners were compensated, it was yet to be discussed in Hong Kong whether transfer of development rights could serve as an indirect monetary compensation. The system of transferring development rights could also provide direct land or monetary compensation to land owners.

## Gist of Group Discussion

### 1. Vision and scope of urban regeneration

Some participants opined that the URA should examine the objective of urban renewal – whether it was to proceed with development projects, or to adopt a

more people-orientated approach of revitalisation, so that residents could live in harmony.

It was pointed out that rehabilitation and conservation were Government responsibilities. However, residents were unable to enjoy the fruits of many urban renewal projects. For instance, revitalised heritage buildings were converted into hotels and high-class restaurants, which the general public could not afford.

## 2. Long-term operation of urban regeneration programme

Some mentioned that the URA should be prudent in the use of the Government capital injection of \$10 billion. The topics of land resumption expenses, and how income from cooperative development with developers could help long-term development in Hong Kong should be studied further, and longer-term urban regeneration programmes should be established in future.

There were also some opinions that most of the URA's projects were in cooperation with private developers. Consequently, most of the redevelopment projects included facilities such as clubhouses and car parks, which caused property prices to increase substantially. Thus, the former residents were unable to live in the same area. In the long term, redevelopment projects should not include recreational or high-end facilities.

Some participants stated that many building rehabilitation and preservation projects were not being implemented properly in Hong Kong because the Government or Home Affairs Department had not managed the owners' corporations (the corporations) effectively. Usually, the corporations lacked sufficient knowledge to proceed with rehabilitation on their own initiative. In addition, many tenants were elderly and as a result, many owners were unwilling or unable to gather funds. Some corporation members were involved in corruption, and abused power for personal gain and did not carry out the relevant works properly. In the process, even District Councillors might act out of their personal interest. The Home Affairs Department had not made use of its power to supervise the accounts of the corporations. It was proposed that the Government should employ professional accountants to assist the corporations in financial management, in order to enhance supervision and eliminate corruption so that owners would be encouraged to rehabilitate their own properties. In this way, it could effectively reduce the number of dilapidated old buildings and avoid the need for redevelopment.

## 3. Direct financial gain and indirect economic benefits

Concerning the direct financial gains from URA redevelopment projects, some groups proposed to issue new bond or shares for all URA projects. Individual projects might be divided to seek independent public subscription to raise funds.

Moreover, some social worker participants stated that it was necessary to consider indirect economic benefits, including whether the residents could really enjoy the improved environment after redevelopment. Therefore, the authorities must include public participation in the town planning process to ensure that the outcome of urban renewal would be in compliance with their aspirations.

Some stated that the majority of properties acquired by the URA were of plot ratio 3 only but with redevelopment the plot ratio could be raised to 10 or 11 to increase the development profit. Owners and residents have spent years of effort in building up the local community, therefore, the URA should share the profits with owners.

Some groups felt that the financial accounts of URA's urban renewal projects lacked transparency. Hong Kong people did not know the operational costs (including staff remuneration and daily expenses) of the URA, the acquisition cost of each project, the income from property sales and the commercial income of each project (including the respective amounts of financial gain which the URA paid to the Government, booked to the URA's own accounts, or if the gain was taken solely by the developers). All of these were to be monitored. Some participants indicated that they had no clear understanding of the cooperation details between the URA and developers after land acquisition, and were concerned that the former might become the money-making tool of the latter. They proposed that the URA should disclose its accounts to the public similar to the practice of the former Land Development Corporation. This practice would facilitate the public to participate in consultation exercises in a more meaningful way and to provide more objective comments.

#### 4. Self-financing approach

There was a suggestion to set up a fund for collecting profits from urban renewal projects, which would be carried forward and invested to subsidise the URA, so as to avoid its frequent statements that it suffered financial losses. There were also participants who doubted whether the capital injection to the URA was really insufficient.

Some participants felt that residents or the Government should not continue to inject capital into or subsidise the URA because it could make use of the income from the commercial portion of its redevelopments (such as the rental of the commercial centre) to support its development of other projects and to be self-financed.

Some participants stated that if the URA was responsible for preservation, then it should do it by self-financing. The problem was, however that it had no financial resources and was unable to carry out the transfer of development

rights, hence the Government remained responsible for implementing preservation projects.

#### 5. Transfer of development rights and “linked development sites”

Some groups suggested the provision of various options to allow owners to freely sell their properties in the form of “Land Exchange Entitlement” and offering the transfer of development rights including “flat-for-flat”, “shop-for-shop” and “estate-for-estate” options.

Another group opined that these two concepts were basically feasible and could be achieved with good faith.

#### 6. The role of URA in redevelopment

Some participants hoped that the URA should not serve the developers and should be “people-centred” in order to achieve the organisation’s objectives, i.e. to undertake urban renewal, to be people-orientated, and to act as the mediator or facilitator, and as the Government representative to assist residents in redevelopment.

The Government must review the role of the URA in preservation. There was no reason to finance preservation projects in a certain district with the profit earned from redevelopment projects in another district. The URA has not performed properly in both preservation and redevelopment projects. Consideration should be given to stop wasting public money.

Some groups opined that the functions of the URA overlapped with certain Government departments. For example the Architectural Services Department or the Buildings Department already oversee building maintenance and/ rehabilitation. The Government should avoid wasting resources.

#### 7. Owner participation

Some groups opined that residents and owners should take the initiative in redevelopment projects. They proposed setting up redevelopment cooperative societies or civil societies to enable owners to participate in redevelopment projects and to decide whether, when and how the local area should be redeveloped. Such a bottom-up approach could prevent disruption to existing social networks.

However, some groups had reservations on the establishment of cooperative societies, because due to different opinions and stances, as well as potential conflicts of interests, it might take a very long time for residents to discuss the matter and reach a consensus. Another concern was that owner participation would expose owners to greater risks.

## 8. Compensation and resettlement

Some groups discussed the 7-year-old flat compensation criteria approved by the Legislative Council. Many affected owners had long asked for actual implementation of the policy by the URA, but in most cases the amounts of compensation were insufficient for them to buy 7-year-old flats.

## 9. Miscellaneous

- In order to prevent property prices from rising, speculators or foreigners should be prohibited from buying local property.
- It was hoped that the URA could disclose to the public the method of calculating staff salaries, allowances and bonuses<sup>Note 2</sup>.
- As the URA had provided an annual bonus<sup>Note 2</sup> for their staff in the past, therefore it was impossible for the URA to suffer losses.
- Most of the shops in the commercial centres of the joint URA and private developer redevelopment projects would be let out upon completion, such as the projects at CityWalk in Tsuen Wan and in Kwun Tong Town Centre. Therefore, the URA should not allege that it had suffered from financial losses, which was misleading to both residents and the media.

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