

## **Steering Committee on Review of the Urban Renewal Strategy**

### **Notes of the Sixth Meeting**

Date: 21 July 2009 (Tuesday)

Time: 2:30 p.m.

Venue: Room 822, Central Government Offices (West Wing)

#### **Present**

Mrs Carrie LAM Secretary for Development (*Chairperson*)

Mr Andrew CHAN

Professor Stephen CHEUNG

Mr HO Hei-wah

Mr KWAN Chuk-fai

Professor David LUNG

Mr Vincent NG

Dr Peter WONG

Ms Ada WONG

#### **Absent with apologies**

Mr David C LEE

Prof Nora TAM

#### **In Attendance**

Mr Tommy YUEN Deputy Secretary (Planning and Lands)

Mr Raymond CHEUNG Political Assistant to Secretary for  
Development

Miss Amy CHAN Administrative Assistant to Secretary for  
Development

Mrs Ava NG Director of Planning

Miss Annie TAM Director of Lands

Mr AU Choi-kai Director of Buildings

Mr Quinn LAW Managing Director, Urban Renewal Authority

Ms Iris TAM Executive Director, Urban Renewal Authority

Mr Calvin LAM Executive Director, Urban Renewal Authority

Ms Winnie SO	Principal Assistant Secretary (Planning & Lands) ( <i>Secretary</i> )
Ms Miranda YEAP	Assistant Secretary (Urban Renewal)
Miss Jane KWAN	Assistant Secretary (Urban Renewal)
Dr LAW Chi-kwong	Policy Study Consultant (University of Hong Kong Research Team)
Mrs Sandra MAK	Public Engagement Consultant
Miss Christine HUNG	Public Engagement Consultant
Mr YU Kam-hung	Senior Managing Director, CB Richard Ellis (CBRE)
Mr LEUNG Kam-wah	Director, CBRE
Miss Janice YAU	Graduate Surveyor, CBRE

### **Action**

The Chairperson introduced the new secretary of the Steering Committee.

### **Item 1: Confirmation of Notes of the Previous Meeting**

2. The meeting confirmed the notes of the previous meeting held on 21 April 2009.

### **Item 2: Policy Study on Urban Regeneration in Other Asian Cities – Supplementary Study on Development Rights in Taipei and Tokyo** (*SC Paper No.12/2009*)

3. CBRE presented their findings on the subject with a powerpoint. On the applicability of the policy in Taipei of ‘Transfer of Development Rights’, the consultants flagged up a number of constraints for a similar policy to be adopted in the Hong Kong context, such as the non-availability of spare plot ratio at any identified receiving site, the public’s aspirations towards lower development density in general, and the financial implications.

## Action

4. The CBRE consultants explained that in Taipei, about 30%-50% of the development right of the original site could be transferred to the receiving site. Many members considered that it would be difficult to identify sites in Hong Kong with spare plot ratio to this order.

5. The meeting noted that as the community's aspirations towards density and height were very different now than before, Hong Kong might have already missed the opportunity to adopt the approach of transfer of development rights in redevelopment. Given that statutory plans would have already specified redevelopment density for sites covered by the respective plan, it would be difficult to lower the plot ratio of individual sites to become receiving sites unless the potential receiving sites did not yet have a statutory plan. That said, there might be some flexibility if it were possible to leverage on the GIC land at the receiving site or if it were a particular case involving the preservation of historical monuments.

6. The Policy Study Consultant commented that the different ways of achieving and planning 'Transfer of Development Rights' for the receiving sites are politically impossible. A member also expressed reservation on this policy as the hope value of a development would fluctuate according to market and the risk would be high in a falling property market.

7. The URA commented that URA had in the past tried the linked site approach which was similar in concept to the approach of transfer of development rights but as the receiving site was contiguous, the transfer was seen to be made within an enlarged redevelopment site. One example is H16, that is, the Johnston Road project.

8. The meeting suggested that CBRE should make further elaboration in the report where appropriate while the Steering Committee could draw its own conclusions on the

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## Action

findings of the report. The Chairperson said that while there were reservations on rolling out ‘Transfer of Development Rights’ as a policy, it might be considered on a case by case basis.

9. The CBRE consultants went on to introduce the ‘exchange based on equal value’ approach adopted in Japan. The CBRE consultants pointed out that this approach usually required a long negotiation timeframe in the region of over 10 years and involved substantial compensation although by law, it was only ‘exchange based on equal value’. In the case of Roppongi Hills, whilst the actual construction time for the project was three years, it took 12 years to come up with an agreement and in this case, the developer was already very generous.

10. The meeting noted that even though the Roppongi Hills project in Tokyo had received a lot of compliments, it would be difficult for Hong Kong or even Japan to replicate the experience. The meeting also noted that in Japan, the difference in plot ratio allowed at the site before and after redevelopment was much higher when compared to the situation in Hong Kong. On Japan’s approach of ‘exchange based on equal value’, the trigger threshold as required by Japanese law was to acquire two third of the owners’ consent.

11. While The Belcher’s in Hong Kong was seen as a similar attempt of ‘exchange based on equal value’, the meeting was reminded that the developers of the project found the redevelopment attractive because of the over 10-fold increase in plot ratio as well as a rising market.

### **Item 3: Public Engagement Programme**

#### **Progress Report by the Public Engagement Consultant (SC Paper No.13/2009)**

12. The Public Engagement Consultant presented the

## Action

progress of the public engagement programme with a powerpoint.

13. The Chairperson said that the URS Review had carried on for a year and was now half way through the public engagement process. However, the activities did not seem to have generated the necessary wide interest in society and there were criticisms in the community that the overall process was not interactive enough. Members' views were sought on how best to generate the interest of the community in the debate with a view to building consensus at a later stage.

14. The Chairperson informed members that the LegCo Development Panel had considered whether to set up a Subcommittee on URS Review on 28 April 2009 but finally decided not to pursue the idea. Notwithstanding, she would work towards facilitating a closer dialogue between the LegCo Development Panel members and the Steering Committee members and to this end, a joint meeting between the two would be arranged for 27 August.

15. A member said that he had attended a couple of topical discussions and public forums and found that the attendance was more or less the same from forum to forum and similar views were repeated. Members then discussed the merits and otherwise of an open debate between forum attendees and Government/URA representatives. The meeting agreed that the format of a debate might not be conducive to a rational discussion of the questions involved but suggested that the Steering Committee should soon work out preliminary draft options on the proposed way forward for public discussion.

## Action

16. A member suggested that more academics could be invited to attend the public forums to facilitate a more thorough discussion of the topics involved through presentation, analysis and/or exchange of views from different angles.

17. The Policy Study Consultant said that as the silent majority would not normally come forward, it might be useful to find some intermediaries to better engage the stakeholders. The Chairperson called upon Steering Committee members to help.

Members

18. A member said that there should be options available to those affected. The member said that there could be contradictory views on the URA's redevelopment projects even amongst the affected owners/tenants. While those owners/tenants of domestic units could get decent compensation/or rehousing, the non-domestic occupiers, in particular, the small traditional businesses, could hardly re-start their business or rebuild their clientele after leaving the old district. The member also expressed the view that of the 4Rs, 'Redevelopment' should no longer be the priority in the URA's work. The member said that this was a fundamental principle to be articulated in the report on the URS Review.

19. A member said that URA projects were able to realize planning gains not readily achievable by private sector redevelopments. The member noted that the public were now aware of a redevelopment value of any acquired site and they might feel better if the URA were to carry out the development on their own instead of partnering with private developers.

20. The Chairperson agreed that for the Review, the offer of options to the affected owners of a URA redevelopment project must be explored. She said that the “留屋留人” approach in Blue House was an example of the

## Action

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Government's positive response to the community's call for options. She said that the Administration would be working on the future direction of the Urban Renewal Strategy over the summer months. She said the many perceived problems with the URA now were more problems related to the existing strategy as well as financial issues. The Chairperson further reminded the meeting that in the Financial Secretary's budget speech this year, he had made it clear that "redevelopment" would no longer be the mainstream option for urban regeneration in the future.

### **Item 4: Progress Report on Partnering Organisation Programme**

*(SC Paper No.14/2009)*

21. The meeting noted the progress of the Partnering Organisation Programme. For Phase 2 of the Programme, there was more participation from schools. It was anticipated that Phase 2 of the Programme would be able to reach out to about 8,000 people.

### **Item 5: A Study on the Achievements and Challenges of Urban Renewal in Hong Kong**

*(SC Paper No.15/2009)*

22. The Chairperson said that the objective of the proposed study was to analyse and consolidate the local experience in urban renewal as we proceeded with the URS Review. The Policy Study Consultant said that as there were many studies conducted on the past URA projects, secondary data could be used as the basis.

23. A member suggested that using the prevailing Urban Renewal Strategy as the only benchmark of the Study might fail to give a comprehensive assessment on the achievements and challenges of urban renewal in Hong Kong. The question of financial viability of the URA projects must be reviewed. The Chairperson agreed that the sustainability of the current financial model of the URA

## Action

would have to be examined in the current strategy review.

24. In response to a member's question, the Policy Study Consultant confirmed that he would involve the Social Service Teams as he proceeded with the Study.

25. A member suggested that the more controversial projects should be selected for this Study. On the suggestion to include K13 in the list, another member said that as this was an LDC project and was not controversial, its inclusion might give the community the wrong impression that the Study aimed to shy away from controversial projects. The Chairperson agreed that the Study should include controversial projects.

26. After discussion, the meeting agreed that the following projects would be selected for case study:

- Redevelopment : Lee Tung Street project H15  
Kwun Tong Town Centre project K7  
(Langham Place project K2 to be included to study the different approaches adopted by LDC instead of the case details.)
- Rehabilitation : Tai Kok Tsui cluster
- Preservation : Mallory Street/Burrows Street project
- Revitalisation : Tai Kok Tsui street beautification

### **Item 6: District Aspirations Study on Urban Renewal** *(SC Paper No.16/2009)*

27. The URA presented the paper and informed the meeting that the URA proposed to sponsor the 7 District Councils in its 9 action areas to commission consultants to identify the respective district's aspirations on urban regeneration. The meeting agreed that DEVB and the URA would brief the 7 District Councils shortly.

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### **Item 7: Economic Impact Assessment Study on the URA's Urban Regeneration Projects**

*(SC Paper No.17/2009)*

28. The URA presented the paper. The meeting agreed that the URA should proceed to invite an Expression of Interest in accordance with their tendering procedures.

URA

### **Item 8: Progress Report on the Building Conditions Survey**

*(SC Paper No.18/2009)*

29. The URA presented the paper. It was reported that Phase I of the survey which was a desktop exercise had estimated that 1,400 out of the 7,000 buildings within URA's action areas could now be in poor condition.

30. Under Phase II, the URA would conduct visual site inspection on about 3,000 of the buildings in poor condition in its areas and select a sample of 500 buildings where interviews with the residents would be conducted to understand their living conditions. The URA said that the consultants would submit a mid-term report in October to provide useful reference for the URS Review.

URA

31. The Chairperson said that both the URS Review and the Operation Buildings Bright (OBB) would benefit from the findings of the survey. The survey should also take into account the effects of OBB.

### **Item 9: Study on Building Maintenance**

*(SC Paper No.19/2009)*

32. The Chairperson said that the Policy Study Consultant's earlier report had concluded that building rehabilitation was progressing well in Hong Kong and moving ahead of other cities. The proposed stock-taking

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exercise by DEVB could identify room for improvement in any interface issues amongst the different schemes.

**Item 10: Progress Report on the Tracking Survey on URA Redevelopment Projects**

*(SC Paper No.20/2009)*

33. In response to a member's question, the URA clarified that the tracking study would interview the affected households of the two URA redevelopment projects at Hai Tan Street and Kwun Tong, but not the social service teams. The HK Policy 21 Limited of HKU would conduct the surveys for both projects while HKU would take up the data analysis task for the Hai Tan Street project and CUHK, the Kwun Tong project.

**Item 11: Any Other Business**

34. The Chairperson informed members that there were a number of urban regeneration conferences in the summer, namely –

- (a) the FT Urban Regeneration Summit already held on 13 July;
- (b) the RICS Urban Renewal Strategy Conference on 26 July; and
- (c) the HK Institute of Surveyors (HKIS) Annual Conference on 26 September 2009

She would make use of these forums to speak on urban regeneration. The Secretariat was asked to liaise with the HKIS to invite Steering Committee members to their September conference.

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35. Members noted that there would be a joint meeting of the Steering Committee and the LegCo Panel on Development to be held on 27 August 2009. The Secretariat would write to Members further should the need for specific agenda items arise.

## **Action**

36. There being no other business, the meeting ended at 5:30 p.m.

**Secretariat, Steering Committee on Review of the URS  
September 2009**