

Urban Renewal Strategy (URS) Review Public Engagement Stage Gist of Public Forum Discussion 4

Date: 24th October, 2009 (Saturday)
Time: 2:30p.m. – 5:00p.m.
Venue: Cultural Activities Hall, 2/F, Tsuen Wan Town Hall,
72 Tai Ho Road, Tsuen Wan
No. of participants: 95 (including 2 representatives from Development Bureau, 4
from the Urban Renewal Authority and 1
from the Hong Kong Institute of Asia-Pacific Studies present
as observers^{Note 1})
Moderator: Mr. Lee Wai-man, JP
Ms. Christine Hung

Ms. Christine Hung of A-World Consulting Ltd., the public engagement consultant, briefly introduced the background of the URS Review and the major discussion topics. Special thanks were extended to the Tsuen Wan District Council for co-organising the forum. The gist of public presentations was as follows:

Gist of Public Presentations

Presentation 1

Topic: Not provided
Speaker: Ms. Ling Fung Ha

The speaker stated that amongst the thirty-plus redevelopment projects carried out by the Urban Renewal Authority (URA), most of them required invoking the Lands Resumption Ordinance for compulsory acquisition which resulted in strong discontent among the affected residents. Taking the Kwun Tong project as an example, the URA was suspected to be “controlling” 14 surveying companies, resulting in quite a low acquisition price per square foot. With the deduction of allowance due to various reasons, the affected property owners could not even afford to buy a flat in nearby estates of 18 or even 30 year old. She opined that this was a seizure of private property. Property owners and residents had no choice but to fight to protect their homes till the end.

^{Note 1} The observers were 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. Opinions collected in the URS Review were analysed by the Hong Kong Institute of Asia-Pacific Studies. The presence of the Institute’s representative was to facilitate analysis. Their comments would not be regarded as valid opinions.

Moreover, she pointed out that the URA misled the media and the public, as it refused to disclose its financial position using the excuse of commercial confidentiality. She thought the URA had too much power and lacked supervision. The speaker opined that although the URA claimed to be incurring a loss in every redevelopment project, a HK\$6 billion profit had been made from “The Masterpiece” project on Hanoi Road alone. It was unbelievable that the URA could claim a deficit with its redevelopment projects.

Presentation 2

Topic: Not provided
Speaker: Ms. Pang Yim Ling

The speaker gathered a group of residents from a redevelopment area and unfurled some banners on the stage. They requested the Government to establish a statutory and independent commission to monitor the URA. The commission should be formed by elected members of the Legislative Council, professionals, Government officials from relevant departments and members from the public. They would be responsible for monitoring the URA in the execution of policies, arbitrating and mediating disputes caused by redevelopment, conducting audits of the URA financial reports, and arbitrating valuation disputes between the URA and residents. In addition, the speaker proposed property owner participation through “flat-for-flat” and “shop-for-shop” compensation arrangements, so as to preserve the community network. The speaker also urged the URA to return to society the profits accumulated over the past years through redevelopment. She opined that the URS review should not only be a “show” and she appealed to the Development Bureau to uphold the “people-centred” approach, in order to achieve a genuine review. The speaker then led all participants on the stage to shout slogans, stating that the URA had cheated the public, was lawless and “money-centred”. “Flat-for-flat” and “shop-for-shop” arrangements were requested strongly. The URA’s control of the valuation process and results was also protested against.

Presentation 3

Topic: Equal rights for both parties in employing surveyors
Speaker: Ms. Helen Wong

The speaker claimed that the URA had been making huge profits from every redevelopment project. For example, the URA acquired the site for “The Masterpiece” on Hanoi Road for HK\$350 million and was roughly estimated to have made a HK\$6 billion surplus. She therefore stated that the URA could not falsely claim that they had deficits and misled the media, the public, and even the members of the URS Review

Steering Committee as well as the Government. The URA had created a misunderstanding that it used public funds to subsidize property owners in redevelopment projects and that people in the redevelopment areas were greedy.

The speaker indicated that property owners and residents in redevelopment areas understood that redevelopment was a complex issue. She supported the Government to improve the environment of the community through redevelopment. However, the URA had deducted compensation or subsidies unreasonably, which put constant pressure on the affected property owners and residents.

She believed that the greatest flaw was the URA's control over the surveying companies, resulting in an unfair and unreasonable valuation. She announced that the valuation report made by the surveying company employed by Kwun Tong residents would be made public in Topical Discussion 8. She appealed to the Development Bureau for the establishment of a committee, allowing both parties to employ their own surveyors for a fairer valuation. The speaker also appealed to the Development Bureau for genuine service for the people to achieve the real aim of the review.

Presentation 4

Topic: Opinions on the 7 Major Issues regarding the URS Review

Speaker: Mr. James To Kun Sun, Member of the Legislative Council

The speaker first stated that he had been a Member of the then Land Development Corporation' Board for 6 consecutive years before 2000, and was appointed as a Member of the URA Board in December 2008. He hoped that he could represent the residents and study how URA could do a better job from the residents' perspective. He had two observations: firstly, the arguments at present mainly focused on the measurement of the saleable area of flats and the valuation report from the surveyors. He suggested solving the issues through legal arbitration, otherwise each party might maintain their own stance and could not reach a compromise, eventually leading to "compulsory acquisition".

Secondly, many buildings had already reached their maximum plot ratio, especially in West Kowloon. According to records of the URA and Land Development Corporation, buildings already at the maximum plot ratio might not be taken forward for redevelopment, even though these buildings were very dilapidated and were in urgent need of redevelopment. He suggested that should a certain percentage of owners of a building agree and request to prioritize their building for redevelopment, the URA should then consider redeveloping the building. The issue was to reach a reasonable percentage of owners who agreed to redevelopment. He pointed out that residents and

owners in certain districts had already had such thoughts. They hoped the URA could acquire the properties and provide compensation as soon as possible. They would even accept a compensation criterion based on the value of a 10-year-old building, as the properties were too dilapidated and costly to maintain.

Moreover, the speaker pointed out that many URA redevelopment projects would take years to complete. After their completion, the price of flats had already risen. Local residents could not afford to resettle in their original district and even Hong Kong citizens at large could not afford such prices. Ironically, only investors from the mainland could buy the flats. He hoped that urban redevelopment could be “people-centered”.

Presentation 5

Topic: How to protect tenants’ interests in urban redevelopment

Speaker: Mr. Au Kwok Kuen, Community Cultural Concern

The speaker quoted section 28 of the URS regarding the objectives and functions of the social impact assessment, and analysed the current situation: (1) tenants eligible for public housing were rehoused in flats under the Hong Kong Housing Authority (HKHA) or the Hong Kong Housing Society (HKHS), however they were always located in remote areas; (2) property owners who rented out their flats could only receive part of the grant and subsidy. Such a policy had led to conflicts between property owners and tenants; (3) in the past, except under special circumstances, a property owner must renew the lease as long as the tenant paid the market rates. Since the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004 had taken effect, a property owner now only needed to give one month’s notice and the tenant would have to move out. Currently, the URA had no mechanism to offer rehousing and compensation to tenants who were forced out of their flats after the Freezing Survey. The rights of tenants were unprotected. The speaker suggested reviewing the above-mentioned Ordinance, as well as the issues of compensation and rehousing for tenants.

The speaker provided two examples of foreign experience for reference: (1) Cooper Square, New York: a scheme that was implemented after years of civil endeavours under which most of the affected residents received local rehousing by building new public housing, residential blocks for middle and low income citizens, and mini apartments for artists. Community renewal had been carried out with the legacy of humane, society and economic values being protected at the same time. (2) Yerba Buena, San Francisco: at first, the local redevelopment agency refused to build

rehousing blocks in the original district. However, after being sued by the community, the agency finally agreed to build 400 flats for low income citizens in the original district. The property owners and tenants in the community organized a development association under which they had the rights to select architects, and to decide on the design and financial arrangements etc. The new buildings were even owned and managed by the development association. In the late 1970s, the development association built residential buildings for low income people and the elderly by phases. The redevelopment agency also constructed commercial buildings and cultural facilities. This case demonstrated to the redevelopment agency and the government the importance of cooperating with non-profit making community organizations in the provision of affordable and decent residential flats for low income tenants.

Presentation 6

Topic: Redevelopment strategy

Speaker: Mr. Yeung Chun Yu, Research Department, Hong Kong Association for Democracy and People's Livelihood

The speaker represented the neighbourhood of To Kwa Wan district to express their views on the redevelopment of the vicinity of "13 Streets". He hoped that the URA would reconsider the promises made by the Land Development Corporation regarding redevelopment in the Ma Tau Kok area, as the buildings in the area were very dilapidated. Under the Operation Building Bright launched by the URA, Development Bureau and HKHS, maintenance had been carried out in many dilapidated buildings of this kind recently. The residents worried that the authorities had replaced redevelopment with building rehabilitation, but the structural problem of old buildings must be solved through redevelopment.

He proposed that the URA should review the renewal strategy of old urban areas as a whole, and should not carry out piecemeal redevelopment. Otherwise, the outcome of redevelopment would either be small, toothpick-like buildings, or screen-effect buildings constructed on large areas of land.

Currently, as the purchase price of flats continued to rise, many small property owners or residents were concerned about whether the compensation option based on a 7-year old building age approved by the Legislative Council in 2001 was already outdated and had to be reviewed. Affected residents in recent redevelopment projects were all unable to buy flats in 7-year-old buildings in the same district for residence. This had led to tenants and property owners being forced to move to the New Territories or to the so called extended urban area and satellite cities, causing the neighborhood to lose its community network and depriving people of their livelihood. He urged the

authorities to review the URS as soon as possible and to take care of the lives and livelihoods of the affected and disadvantaged groups. In particular, the speaker pointed out that people from the lower class usually would not sign an official lease with the property owner. However, according to the current compensation policy, tenants without a lease would not be compensated. The URS should protect the interests of these tenants in the old urban areas.

Presentation 7

Topic: Not provided

Speaker: Mr. Yuen Yun Fai

The speaker hoped that the public would not label property owners and residents in redevelopment areas or Kwun Tong District as “troublesome”, as they were only expressing their pleas and their disadvantaged situation and fighting for fair treatment.

He stated that upon acquisition, the URA could deduct as much as one-third of the total compensation amount for different reasons, hence many property owners were not willing to sell their properties. In fact, many property owners in Kwun Tong District did not mind the pace of the URA’s acquisitions. The URA had announced that there would be a second round offer in 2013, but at the same time announced that they would then acquire early according to the Lands Resumption Ordinance. This had confused the property owners. The speaker hoped that the URA would carry out acquisition fairly and justly, not only in Kwun Tong District, but also in To Kwa Wan and other future redevelopment areas.

Gist of Public Discussion

Mr. Maurice Lee moderated the public discussion. The key points of discussion were as follows:

1 The Vision and Scope of Urban Renewal

Some of the participating District Councillors opined that the URS Review should focus on the comprehensive consultation of the strategy itself and not arguments about particular redevelopment projects. Representatives from the Development Bureau, the Town Planning Board (TPB) and the Planning Department etc. should therefore participate more in such public engagement activities and listen to the public views in person. The moderator believed that society should study closely the incentives for redevelopment. For example, the incentive for redeveloping Kwun Tong was that it was an old district whereas for Kowloon City, there was

originally an incentive, but it was limited by the outline development plan and the conditions stipulated by the TPB and Planning Department which discouraged developers, and therefore the area had to wait for the URA's acquisition.

Some pointed out that redevelopment should be a good deed, as the old buildings (especially the 'salt water buildings') had already become dangerous, and should be rebuilt. A representative of certain Tsuen Wan property owners brought along a letter from the owners requesting the URA to carry out redevelopment as soon as possible. Some participants however opined that many old buildings in old urban areas were occupied by 'grass-roots' citizens due to the small unit size and low rent. The redeveloped areas were usually transformed into high cost areas, leaving 'grass-roots' citizens with no living space. The Development Bureau should draft an outline of the vision of urban renewal, and allow locals of the affected areas to understand clearly the post-redevelopment planning, including the supply of buildings and their types etc.

Some participants said that the objective of the URS should be to strengthen Hong Kong's competitiveness and should be "people-centred". Redevelopment had however demolished old urban areas and built luxury apartments which no ordinary citizen could afford or consider buying. This was equivalent to subsidising the future interests of property developers with public interests, which was against the original objective, and had led to a suspicion of collusion between the business sector and the Government. Property prices had been lifted by speculation from investors and mainlanders. People from the middle class could not afford to move their homes or to improve their living environment. This had gradually weakened our competitiveness. 'Grass-root' citizens were marginalized, and could only move to less costly but remote areas.

Some pointed out that redevelopment caused prolonged disturbance such as noise and pollution to the affected residents. Small proprietors and local features in the community were also disappearing gradually. These were issues that had to be tackled.

2 Role of Stakeholders

2.1 Participation from Property Owners

Some suggested adopting a collective market share system that allowed property owners to buy shares of their related projects and participate in

redevelopment. Some suggested that the URA should consider allotting a certain percentage of the profits from redevelopment to affected property owners in the redevelopment projects. This would allow the owners to receive their rightful benefits from development of the land.

Some participants opined that the construction of luxury residential properties was not an issue. If participation (in redevelopment projects) by property owners were allowed, both parties could be mutually benefit.

2.2 The Role of the URA

Some stated that the current role of the URA was the same as an intermediary. Land was sold to property developers at high prices after acquisition. Should the redeveloped buildings be sold at a good price, the URA could even receive a bonus. This might raise the purchase price of flats.

Being a public organisation, the URA should not utilise money from taxpayers for acquisition and investment, nor should it issue bonds to cover related expenses. The sale of flats after redevelopment at high prices was also against the public interest.

The role of the URA should be to revitalise old urban areas, and assist the affected property owners and residents in the redevelopment process.

2.3 The Role of the Legislative Council and District Councils

One participant opined that one of the biggest issues on the current system was that the URA was not under the supervision of the Legislative Council or the District Councils, even though its redevelopment projects had a profound impact to the redevelopment areas. She claimed that she had tried contacting Legislative Councillors and Yau Tsim Mong District Councillors many times but in vain. Only a few Legislative Councillors and District Councillors had attended the public engagement activities of the URS Review. For example, in Yau Tsim Mong District, many redevelopment projects had commenced already or were going to commence, but the District Councillors concerned did not attend these activities to listen to opinions from the neighbourhood. The District Council must bear responsibility as they had endorsed the redevelopment project, and should not rely only on residents or voluntary parties to supervise and handle issues. She thought that the District Council

should establish a committee on urban renewal, which should be responsible for project supervision and opinion collection, and should support and represent the local residents.

3 Compensation and Rehousing Policy

Some participants suggested that the URA should refer to the market purchase price index when setting the compensation amount on acquisition. For example, it might refer to the price per foot of several large estates in the relevant district. Such open and transparent mechanism could reduce arguments significantly. A participating District Councillor also agreed that transparent and fair rules and mechanisms should be adopted for compensation.

A ground floor shop owner stated that in many communities, the shops represented the local culture and economy, and allowed citizens to enjoy low-cost spending. The shops were also the means for small shopkeepers to make a living, and the situation was very different from residential property owners. The compensation amount proposed by the URA deviated a lot from the valuation he made and he would rather compensate the URA than sell his shop, as the URA's compensation amount was insufficient to buy a comparable shop.

A self-employed participant pointed out that her flats, which were neither leased nor unoccupied, was subject to a deduction of subsidy. The URA carried out compulsory acquisition but she could not afford renting in other locations. She could not change her occupation either, and her livelihood was seriously affected. The biggest problem was that she did not have the rights to decide whether to sell her property or not.

Some participants were dissatisfied with the commercial way of redevelopment implemented by the URA. The URA acquired, demolished and rebuilt the resident's buildings and then sold them at high prices, but the acquisition compensation was much less than those offered by property developers acquiring old properties. With the deduction of compensation for reasons such as "leased property" and "not the sole residence", the compensation was insufficient for property owners to buy a flat nearby. Some people pointed out that whether the flat was self-occupied or not, it was bought with the owner's hard-earned money. The compensation policy should not be split into different grades, otherwise the property owner's rights on the utilisation of the flat would be seriously affected.

Compensation should be enough for owners to afford a nearby flat and should ensure tenants the right to rent with approximately the same amount of money.

Some participants stated that the acquisition policy and the relevant provisions formulated in the past had become outdated, and had hindered the pace of redevelopment. They called for amendments to be made by the Government.

A Kwun Tong resident stated that when the Land Development Corporation (LDC) carried out a Freezing Survey for Kwun Tong residents in 1997, there was no distinction between owner-occupied, tenanted or unoccupied flats. The LDC claimed that once the flat was to be sold and vacant possession was delivered, then the owner would receive a certain amount of compensation. Thus most residents had been waiting for compensation from the URA. As a result, half of the residents felt that they had been ‘cheated’, and some had applied for a judicial review. The judgement of the judicial review was for the public interest and did not affect redevelopment in the Kwun Tong District. The court could not over-ride the compensation ordinance cited by the URA.^{Note 2}

Some participants urged the URA to provide “flat-for-flat” and “shop-for-shop” compensation, as these were very reasonable schemes. Another participant suggested that the URA should provide the affected property owners with a rent allowance before the completion of the redevelopment. The URA could also consider selling back some of the flats in the redeveloped buildings to the original owners at a discounted price. Should the property owner move out, the URA should repurchase the property. This could ensure that the affected residents would be rehoused in the original districts and could prevent speculation.

Some participants opined that the purchase price of flats was sky-rocketing currently. The redevelopment compensation was too low. The terms offered by the Government according to the Lands Resumption Ordinance would not be worse than the offers made by the URA. Some however pointed out that the Lands

^{Note 2} URA representative Ms. Tam Siu-ying responded as follows: the compensation policy was enacted by the Legislative Council in 2001. Its major principle was to allow owner-occupier in old urban areas to repurchase a property and improve their living environment with the compensation. These owners would therefore receive an amount equalling the purchase price of the flat plus a Home Purchase Allowance, i.e. the price of a 7-year-old flat. As for non-occupier owners, i.e. the property was rented or unoccupied, the Legislative Council at that time thought that the investment owners would not need to repurchase property for self-occupying purpose, and therefore in addition to compensation of the purchase price of the flat, the Home Purchase Allowance was only half of the amount of the former. She stated that such information could be found on the Legislative Council website.

Resumption Ordinance should not be invoked; otherwise it would only benefit property developers at the expense of the interests of citizens.

4 Public Engagement

A participant pointed out that residents in old urban areas actually supported redevelopment. They understood the advantages of redevelopment and knew that there was not in the interest of the wider community for private developers to redevelop single building blocks. He thought, however, that redevelopment need not be carried out by the URA as it lacked flexibility and was poorly managed. He suggested setting up a more flexible mechanism to allow residents to express their opinions to the URA. The directors of the URA should also communicate more with residents.

5 Social Impact Assessment and Social Service Teams

Some participants explained that the problems of social service teams were: (1) The lowest tenders would be awarded, which meant that the social service teams would have low salaries and would receive insufficient resources. The service quality would be affected; (2) The social service teams were employed by the URA and worked in the URA's office. They were always under a lot of pressure and constraints imposed by the URA, hence they lacked independence; and (3) Tenants were forced to move out and could not enjoy the benefits of redevelopment. Since social service teams could not promote any change to the policies, they could not provide any help. Some suggested that social service teams could be funded by the URA, but could be managed and audited by the District Councils. It was not necessary for social service teams to report to the URA.

The URA should complete the social impact assessment well and actually solve the residents' problems. It was necessary to set up a mechanism to assess the effectiveness of the social impact assessments. There would be fewer voices of opposition and fewer complaints from affected parties if the Social Impact Assessment was done well.

Some participants expressed dissent over the way in which reports were published by the core group on the planning of the Western District Harbourfront Promenade by the social service team (Caritas Mok Cheung Sui Kun Community

Centre) ^{Note 3} in Western District: in July 2009, the report published by the core group stated that the cargo handling area and Western Wholesale Food Market would be redeveloped into a Harbourfront Promenade. The social service team however only interviewed residents in Sai Wan and did not interview workers in the handling area. The clearance of the handling area might lead to unemployment for more than a thousand people. In addition, there were six Islands District transportation routes now in the handling area, which took up 80% of freight capacity of household necessities to the Islands District. Clearance would affect the life of residents on the Islands. Some participants pointed out that this might be related to the Government funding of the social impact assessment. This incident posed a query that the current criteria for the social impact assessment were not comprehensive.

Some tenants in Kwun Tong expressed that most property owners in their district had accepted the acquisition offer and moved out. Those remaining in the district were mainly elderly tenants. They felt trapped in a “dead city” and had to suffer poor hygiene and public order problems. Moreover, they were not able to receive rehousing or compensation. Fortunately, the social service team helped the remaining tenants in Kwun Tong District to set up an elderly tenants organization to appeal to the URA for rehousing and compensation as soon as possible.

Some participants considered that social impact assessment was an invasion of privacy. For example, even family and spouse relationships were examined.

6 Others

- Some participants expressed that property owners always had to deal with the URA. The owners were under a lot of stress and even their health was affected. The URA should send more staff to discuss with them and offer assistance.
- Some pointed out that the Kwun Tong redevelopment project had lasted for 20 years. The URA did not think of the pain that the project brought to the residents but just oppressed them with policies. As a result, many elderly residents suffered from depression.

^{Note 3} The URA social service team of Central and Western District should be Urban Renewal social service team of St. James' Settlement.

- The Kwun Tong redevelopment project had led to a deterioration in public order. The URA however shirked its responsibilities and the residents were always anxious.
- Some residents in Sham Shui Po stated that redevelopment caused them to lose their homes. Although they received assistance from social service teams, the Social Welfare Department could do nothing to help other than to encourage them to rent a flat which they were unable to afford. He expressed that he just wanted to be rehoused in the neighbourhood. If injustice in society could not be dealt with by legal means, the emotional instability of the affected residents was understandable.

A-World Consulting Limited
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