

**People First –**

**A District-based and  
Public Participatory Approach  
to Urban Renewal**

**Urban Renewal Strategy  
(Draft)**

Development Bureau  
October 2010

## PREFACE

Section 20 of the Urban Renewal Authority Ordinance (Chapter 563) requires the Secretary for Development to consult the public before finalising the urban renewal strategy.

The first Urban Renewal Strategy (URS) was promulgated in November 2001 following a two-month public consultation. It has since been issued to the Urban Renewal Authority (URA) to guide the preparation of its draft corporate plans which are submitted for approval by the Financial Secretary (FS) annually.

A draft text of the revised URS incorporating the broad consensus built during the extensive public engagement conducted between July 2008 and June 2010 has been prepared. Public comments are now invited before the revised URS is finalised for promulgation. When finalised, the revised URS will also be issued to the URA to guide its preparation of draft corporate plans for approval by the FS. When preparing its draft corporate plan, the URA has to follow the guidelines set out in this document.

Please forward your comments on the revised URS on or before 13 December 2010 by mail, electronic mail or facsimile, to:

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# Urban Renewal Strategy

## Tackling the problem of urban decay

### Introduction

1 Hong Kong's building stock is ageing rapidly. There are at present about 4,000 buildings aged 50 years or above in Hong Kong. The number will increase by 500 a year over the next decade. Despite efforts of the Government, dedicated agencies like the Urban Renewal Authority (URA) and the Hong Kong Housing Society (HKHS), Owners' Corporations and relevant professional bodies, the conditions of Hong Kong's old buildings remain unsatisfactory, posing threats to public safety.

2 To address the problem of urban decay and to improve the living conditions of residents in dilapidated urban areas, the Urban Renewal Authority Ordinance (Chapter 563) (URAO) was enacted in July 2000. The Ordinance provides a new institutional framework for carrying out urban renewal. The URA was established on 1 May 2001.

### URS as a Government Strategy

3 The Urban Renewal Strategy (URS) is a government strategy. Under this strategy, urban renewal is not a "slash and burn" process. A comprehensive and holistic approach should be adopted to rejuvenate older

urban areas by way of redevelopment, rehabilitation, revitalisation and heritage preservation (the 4R business strategy).

- 4 Implementation of URS should be undertaken by the URA, as well as all the other stakeholders/participants so as to achieve a better balance and coordination among the 4Rs. These will include related government bureaux and departments, relevant District Councils (DCs), the HKHS, the private sector (property owners, developers), individual owners, professionals and non-governmental organisations (NGOs). The URS will guide the URA in its preparation of draft corporate plans.

Objectives of Urban  
Renewal

- 5 The main objectives of urban renewal are –
- (a) restructuring and replanning of concerned urban areas;
  - (b) designing more effective and environmentally-friendly local transport and road networks within the concerned urban areas;
  - (c) rationalising land uses within the concerned urban areas;
  - (d) redeveloping dilapidated buildings into new buildings of modern standard and environmentally-friendly design;

- (e) promoting sustainable development in the urban areas;
- (f) promoting the rehabilitation of buildings in need of repair;
- (g) preserving buildings, sites and structures of historical, cultural or architectural value;
- (h) preserving as far as practicable local characteristics;
- (i) preserving as far as practicable the social networks of the local community;
- (j) providing purpose-built housing for groups with special needs, such as the elderly and the disabled;
- (k) providing more open space and community/welfare facilities; and
- (l) enhancing the townscape with attractive landscape and urban design.

6 The key principles underlying the Government's approach to urban renewal are –

- (a) owners whose properties are acquired or resumed for the implementation of redevelopment projects should be offered fair and reasonable compensation;

- (b) tenants affected by redevelopment projects should be provided with proper rehousing;
- (c) the community at large should benefit from urban renewal; and
- (d) residents affected by redevelopment projects should be given an opportunity to express their views on the projects.

“People-centred, District-based, Public Participatory” Approach      7      A “people-centred, district-based, public participatory” approach should be adopted to carry out urban renewal. While improving the quality of life of residents in the urban areas remains a primary goal, the vision of urban renewal should embrace the concepts of sustainable development and building a quality city (including appropriate development intensity, city planning, urban design, greening, local culture, heritage preservation and harbour beautification, etc.) and be forward-looking to support the development of Hong Kong in the long run.

District Urban Renewal Forum      8      A new advisory platform, District Urban Renewal Forum (DURF), will be set up to strengthen urban renewal planning at the district level. DURF will advise the Government on district-based urban renewal initiatives from a holistic and integrated perspective,

including advice on regeneration and redevelopment areas, preservation targets, and implementation models. In the process, DURF will conduct broad-based public engagement activities and various planning and related studies, including social impact assessments.

9 DURF will be appointed by the Government, with chairmanship by a professional familiar with urban renewal issues and membership drawn from DC/Area Committee members, professionals, established NGOs and business associations in the district and representatives of the URA and relevant government departments. The Planning Department will provide secretariat and professional support to DURF.

10 DURF will be able to tap resources from an urban renewal trust fund to be set up for commissioning various studies and conducting public engagement activities. It will interact with the relevant DCs through ad hoc meetings or collaborative efforts.

## **Role of the URA**

### **Introduction**

11 The URA is tasked to adopt “Redevelopment” and “Rehabilitation” as its core business under the URS comprising redevelopment, rehabilitation, heritage preservation and revitalisation.

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|---------------------------------|----|---|
| Accountability and transparency | 12 | The URA must be accountable and responsive to the needs of the community. The URA Board should be accountable, open and transparent.  |
|                                 | 13 | To increase its public accountability and transparency, the URA will continue to issue guidelines on the declaration of interests to its Board directors. The URA Board will consider opening its meetings to the public as far as practicable. The URA will continue with the set up of an independent audit team.   |
|                                 | 14 | Reflecting a comprehensive and holistic district-based approach, the URA will move away from the previous concept of target areas and support DURFs to be set up in old urban areas. DURF will be piloted in one or two districts before full implementation and prior to this, URA will continue with urban renewal projects that have been initiated or those which require immediate attention in response to requests from the local community. |
| Redevelopment                   | 15 | The URA will undertake redevelopment projects making reference to the recommendations of DURF and taking account of its manpower and financial position. As stipulated in the URAO, the URA will  |

seek the approval of the Financial Secretary (FS) before any redevelopment proposal is to be included in its corporate plan and business plan.

- 16 Responding to owners' aspirations, redevelopment will take more diverse forms with URA as "implementer" or "facilitator" subject to their respective framework –
- (a) URA can initiate a redevelopment project on its own (URA as "implementer");
  - (b) URA can respond to a joint approach from building owners to initiate redevelopment of their lot(s)/building(s) (URA as "implementer") ; and
  - (c) URA can provide assistance to owners as consultant at a service fee to help them assemble titles for owner-initiated redevelopment (URA as "facilitator").
- 17 In URA-implemented redevelopment projects, the URA should consider the following factors when determining the priority of individual redevelopment projects to be implemented –
- (a) whether the proposed project area is old and dilapidated and requires urgent redevelopment as identified by DURF;

- (b) whether the buildings lack basic sanitation facilities or are exposed to potential fire risks due to lack of proper management and maintenance;
- (c) whether the living conditions of the residents in the proposed project area are satisfactory;
- (d) whether the proposed project will improve the area by replanning and restructuring;
- (e) whether the proposed project area will achieve a better utilisation of land after redevelopment; and
- (f) whether the rehabilitation of buildings in the proposed project area is a practicable and viable option.

The land assembly process, compensation and rehousing policies contained in the URS will apply to URA-implemented projects.

- 18 In URA-facilitated redevelopment projects, the URA can provide consultation service to owners of owner-initiated redevelopment provided that the sites are also identified by DURF for redevelopment. These projects will be taken forward under the prevailing market mechanism and if applicable, other relevant legislation such as the Land (Compulsory Sale for Redevelopment) Ordinance. No acquisition, compensation, rehousing or resumption actions on the

part of the URA will be involved in URA-facilitated redevelopment projects.

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|-----------------------|----|--|
| Rehabilitation        | 19 | Proper maintenance of buildings is an essential aspect of the regeneration of older urban areas. The rehabilitation of buildings improves the built environment and reduces the need or urgency for redevelopment. It is also in line with the Government's policy of sustainable development.   |
|                       | 20 | The URA will undertake building rehabilitation as its core business and provide a comprehensive range of assistance to owners in order to promote proper maintenance of buildings. The URA's rehabilitation strategy will include the setting up of building resource centres in old urban areas providing one-stop service to owners; dedicated teams to help owners in Owners' Corporation formation and comprehensive financial assistance to owners in need. |
| Heritage preservation | 21 | Heritage preservation should be part of urban renewal, and the URA should preserve heritage buildings if such preservation forms part of its urban renewal projects. Preservation should include –   |

- (a) preservation and restoration of buildings, sites and structures of historical, cultural or architectural interest; and
- (b) retention of the local colour of the community and the historical characteristics of different districts.

The URA will only undertake self-standing heritage preservation projects which are outside its redevelopment project boundaries if there is policy support or a request from the Administration.

- 22 The URA will make reference to the Government's policy on heritage conservation in pursuing its heritage preservation projects. Due emphasis will be given to collaborative partnership with non-profit making organisations (but private sector partners will not be precluded where such collaborative proposal is meritorious) and public access to enjoy the use of the revitalised historic buildings.

## **Land assembly process in URA-implemented redevelopment projects**

- Resumption of Land 23 Under the URAO, the URA may apply to the Secretary for Development (SDEV) requesting her to recommend to the Chief Executive in Council the resumption of land required for urban renewal.

24 Under the URAO, there is a time limit for application for land resumption. In case of a development project, the URA has to make an application for resumption within 12 months after the project has been authorised by SDEV. In case of a development scheme, the URA has to make an application for resumption within 12 months after the plan for the scheme prepared under the Town Planning Ordinance (Chapter 131) (TPO) has been approved by the Chief Executive in Council in accordance with section 9 of that Ordinance. The purpose of this time limit is to ensure that the residents do not have to wait too long to know whether their properties will be resumed.

Acquisition by  
agreement

25 Although the URA may request resumption of land for redevelopment under the URAO, it should consider acquiring land by agreement before making such a request to SDEV. Offers of purchase should be made after a project has been approved but before the land reverts to the Government.

Compensation to  
Owners of Domestic  
Units

26 The distinction in compensation and ex gratia payment for owner-occupiers and owners of vacant and tenanted domestic units will continue. While upholding the current distinction, the URA will adopt a compassionate approach in assessing the eligibility of

owners of tenanted domestic units for ex gratia payment on par with owner-occupiers in exceptional circumstances such as elderly owners who rely on the rental of their properties for a living.

27 The URA will offer “flat for flat” in a URA new development in-situ or in the vicinity as an alternative option to cash compensation and ex gratia payment to owner-occupiers of domestic units. As this is an alternative, the cash value under the “flat for flat” option will be equivalent to the amount payable under the option of cash compensation and ex gratia payment.

Assistance to Shop Operators and Shop Owners 28 The URA will help identify suitable premises in the neighbourhood of the redevelopment projects to enable the affected shop operators to relocate and continue operation in the same area and will assist affected shop owners to lease or purchase shops in the future redeveloped projects upon completion.

## **Processing of projects in URA-implemented redevelopment projects**

Planning procedures 29 Under the URAO, the URA may implement a project by way of a development project or a development scheme. The public can lodge objections to a development project under the URAO or to a

development scheme under the TPO. Procedures are in place to process such objections.

30 Under sections 21 and 22 of the URAO, the URA has to prepare a draft corporate plan setting out its proposed programme of projects for the next five years and a draft business plan setting out the projects to be implemented in the next financial year. The URA is required to submit its draft corporate plan and draft business plan to the FS for approval each year.

#### Freezing surveys

31 Under section 23(2) of the URAO, the date on which a project (development project or development scheme) is first published in the Government Gazette will be regarded as the commencement date of the implementation of the project. The purpose of notifying the commencement date of the implementation of the project is that the URA may make reference to the said commencement date for determining the eligibility for ex gratia allowances and rehousing in accordance with the policy of the URA.

32 On commencement day, the URA should conduct a freezing survey to determine eligibility for ex gratia allowances and rehousing. The survey should be

completed on the same day or at most within a couple of days. It is important that a comprehensive and accurate survey is conducted to prevent and deter “imposters” from taking up residence in the project area afterwards and abusing the rehousing scheme.

33 In pursuance of the urban renewal objective to improve the living conditions of residents in dilapidated buildings, the URA will aim to put in place referral arrangements to help tenants evicted or with their tenancies terminated after a freezing survey but before the URA successfully acquires the properties from their landlords, hence losing their eligibility for rehousing.

Social impact  
Assessments

34 Early social impact assessments will be initiated and conducted by DURF before redevelopment is recommended as the preferred option. The URA will update these assessments by DURF before implementing any specific redevelopment project.

35 The URA will carry out social impact assessment studies as follows –

- (a) a non-obtrusive social impact assessment to update any earlier social impact assessment commissioned by DURF before the publication of

any proposed redevelopment project in the Government Gazette; and

- (b) a detailed social impact assessment including proposed mitigation measures after the proposed project has been published in the Government Gazette.

36 The main elements of the social impact assessment to be commissioned by DURF or that to be conducted by URA before the publication of the proposed project in the Government Gazette should include –

- (a) the population characteristics of the proposed project area;
- (b) the socio-economic characteristics of the area;
- (c) the housing conditions in the area;
- (d) the characteristics of local business activities, including small shops and street stalls;
- (e) the degree of overcrowding in the area;
- (f) the availability of amenities, community and welfare facilities in the area;
- (g) the historical background of the area;
- (h) the cultural and local characteristics of the area;
- (i) an initial assessment of the potential social impact of the proposed project; and

- (j) an initial assessment of the mitigation measures required.

37 The main elements of the detailed social impact assessment including proposed mitigation measures to be conducted after the proposed project has been published in the Government Gazette should include –

- (a) the population characteristics of the residents affected by the proposed project;
- (b) the socio-economic characteristics of the affected residents;
- (c) the rehousing needs of the affected residents;
- (d) the relocation needs of the affected shop operators;
- (e) the housing preferences of the affected owners and tenants;
- (f) the employment status of the affected owners and tenants;
- (g) the place of work of the affected owners and tenants;
- (h) the social networks of the affected owners and tenants;
- (i) the educational needs of the children of the affected families;

- (j) the special needs of the elderly;
- (k) the special needs of the disabled;
- (l) the special needs of single-parent families, particularly those with small children;
- (m) a detailed assessment of the potential social impact of the proposed project; and
- (n) a detailed assessment of the mitigation measures required.

38 Most of the factual data for the detailed social impact assessment should be collected as part of the freezing survey to be conducted immediately after the publication of the proposed project in the Government Gazette. The URA should submit a report of the detailed social impact assessment to SDEV when it submits a development project under section 24 of the URAO. The URA should also submit a report of the detailed social impact assessment to the Town Planning Board when it submits a development scheme under section 25 of the URAO. The URA should also release the report for public information.

Urban Renewal  
Trust Fund

39 A trust fund with endowment from the URA will be set up to fund various activities to be conducted by DURF, the social services teams who are providing assistance and advice to residents affected by URA-implemented

redevelopment projects and, applications from NGOs and other stakeholders involved in heritage preservation and district revitalisation initiatives in the overall urban renewal context to be considered on a case-by-case basis. The social service teams will directly report to the Board of Trustees of the trust fund. The Government will appoint independent persons onto the Board of Trustees. The Board will maintain transparency in its monitoring of the social service teams and in its financial reporting on the trust.

## **Financial arrangements**

- 40 The long-term objective of a self-financing urban renewal programme will continue to be upheld.
- 41 The URA will continue to be supported by the Government through –
- (a) the \$10 billion capital injection already made;
  - (b) waiver of land premia for redevelopment sites;
  - (c) waiver of land premia for rehousing sites; and
  - (d) loans from the Government.
- 42 Under section 10(4) of the URAO, the URA shall exercise due care and diligence in the handling of its finances.