

*Executive Summary*

**The Achievements and Challenges  
of Urban Renewal in Hong Kong**

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## **Background of Study**

1. In mid-2008, the Development Bureau of the HKSAR Government has started the Urban Renewal Strategy (URS) review exercise. As part of the URS Review and as a continuation of an earlier study on urban renewal experience in six Asian cities, the Research Team from the University of Hong Kong was asked in August 2009 to conduct a study on the achievements and challenges of urban renewal in Hong Kong.
2. The current Urban Renewal Strategy (URS) was published in November 2001. It spells out the principles, objectives of urban renewal, and the targets, the role of the Urban Renewal Authority (URA), the land assembly process, the processing of projects including the social impact assessment, financial arrangement, parameters and guidelines. The URS was issued to the Urban Renewal Authority.

### Objective of study

3. The objective of the present study is to analyse and consolidate our local experience in urban renewal as we proceed with the URS review.

### Scope of study

4. While there are diverse views on what urban renewal should be, to take stock of the achievements and challenges in urban renewal since the formation of the URA, the relevant provisions in the URS would be used as the framework and yardstick in this study.
5. This study selected a number of urban renewal projects implemented by the URA as case studies, including
  - Redevelopment projects - H15 (Lee Tung Street/McGregor Street); K7 (Kwun Tong Town Centre), K2 (with a focus on the difference in approach between LDC and URA);
  - Rehabilitation projects/initiatives - Chung Sing Mansion (the first one in the rehabilitation programme); Tai Kok Tsui cluster; Building Rehabilitation Material Incentive Scheme, and Building Rehabilitation Loan Scheme;
  - Preservation projects/initiatives - Mallory Street/Burrows Street project;
  - Revitalisation projects/initiatives - Tai Kok Tsui street beautification.

## **Methodology**

6. Documentary review formed the major part of the study. Most of the relevant documents were supplied by the URA. To capture the views of the general public, particularly, those living or conducting business adjacent to urban renewal projects, a secondary analysis of studies done by the URA and other organizations was also conducted.
7. Supplementary interviews and focus groups were conducted, whenever necessary, with stakeholders including affected individuals (residents and shop operators); professional groups, community and concern groups, staff of URA, government officials, etc. As the URS review process is going in parallel, submissions from the public and newspaper articles also provided important data for analysis of public views in this report.

### **Background – Pre-URA Urban Renewal in Hong Kong**

8. Land is a scarce resource in Hong Kong and apart from the natural harbor and its population, land is the major resource that Hong Kong has. Overcrowding and congested living environment has always been an issue in Hong Kong since its early days of urbanization. On the other hand, land usage maximization and land value maximization appears to be the predominant “principles” in the urban development of Hong Kong.
9. Urban renewal in the pre-World World II period was primarily related to efforts to tackle overcrowding, public health and fire safety, e.g. the bubonic plague (1894) broke out in the area around Tai Ping Shan District (around the area of Tai Ping Shan Street, south of the Hollywood Road) and the Tai Ping Shan Resumption Ordinance (1894) marked the first slum clearance project in Hong Kong.
10. In the post-war period before the formation of the Land Development Corporation (LDC), in 1988, urban renewal was primarily left to the private sector and was marked by failure examples:
  - The Tai Hang Village project (1959) ended because of strong local objections;
  - The long process of over 2 decades to implement the Pilot Scheme Area (1969) in Sheung Wan;
  - Private sector was not interested in the “Environmental Improvements Areas” (EIA, 1973).; and
  - Tsim Sha Tsui Four Streets project (K11, Hanoi Road, Masterpiece) with first MLP endorsed on 21/8/78 was not completed until 2009.
11. Some “successes” in urban redevelopment were made by:

- Hong Kong Housing Society (HKHS) in its Urban Improvement Scheme (more than 30 small projects, since 1974), e.g. first completed project “Mei Sun Lau (1980) in Shek Tong Tsui;
  - Private sector redevelopment: high density (some with plot ratio between 12 and 15) and pencil buildings;
  - Private sector brown field developments (e.g. Taikooshing).
12. The formation of the LDC in 1988 was to speed up redevelopment (i.e. to develop land, or “land recycling”), an initiative spearheaded by the Land Development Policy Committee (LDPC).
13. Minimal government intervention was still the motto for LDC:
- A loan of \$100 million only from the government together with the binding principle of “conducting its business according to prudent commercial principles”;
  - Public-Private Partnership (PPP) was the model: e.g. the LDC was able to start its first eight projects with approximately \$1.2 billion deposits on land from the four developers, i.e. 12 times the loan available from the government;
  - Owners Participation initiatives were attempted in three projects, yet all three projects turned out to be merely different forms of PPP:
    - Nga Tsin Wai Village (K1)
    - Hanoi Road (K11)
    - Queen Street (H1)
14. Many projects of LDC were very small, e.g. Ko Chun Court (26 units), Yan Yee Court (46 units), Kui Yan Court (48 units), and the Bulkeley Street (54 units). Up till April 2001, before the establishment of the URA, the LDC had commenced a total of 26 projects and completed 16<sup>1</sup> including one preservation project, i.e. the Western Market.
15. In June 1996, the HK Government concluded that “... the LDC will not be able to deliver urban renewal on a sufficient scale and quickly enough to avoid long-term urban decay without new operating mechanisms and increased support from Government” and proposed, amongst other things, the establishment of a new statutory authority, the URA.
16. In May 2001, the URA was formally established. Before finalizing the Urban Renewal Strategy (URS), a consultation took place between August 1, 2001 and September 30, 2001. On the basis of the comments received from over a hundred submissions, the draft

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<sup>1</sup> One of the projects, Kui Yan Court, was actually developed by the HK Housing Society and subsequently purchased by the LDC for rehousing.

URS was revised and subsequently published in November 2001.

17. The URS requires the URA to adopt a “comprehensive and holistic approach to rejuvenate older urban areas by way of redevelopment, rehabilitation and heritage preservation”<sup>2</sup>. Basing on the URS, the URA has established its 4Rs strategy, namely, Redevelopment, Rehabilitation, pReservation, and Revitalisation.

### **The Case of Lee Tung Street/McGregor Street Project (H15)**

18. The Lee Tung Street/McGregor Street project (H15) was one of the projects announced in January 1998 and listed as one of “Projects under Planning” in the LDC Annual Report (1997-98) and it remained so till the last LDC Annual Report (2000-01). Geographically, the project covers Lee Tung Street and McGregor Street involving an area of 8,900 square meters. Some key milestones are:

| Date       | Particulars   |
|------------|---|
| 13.8.1997  | SPEL gave approval to LDC to prepare the Development Scheme                       |
| 22.6.1999  | CE in Council approved the DSP  |
| 19.9.2003  | TPB endorsed the planning brief   |
| 17.10.2003 | URA conducted occupancy survey  |
| 9.1.2004   | URA issued offer letters for acquisition  |
| 23.6.2006  | Planning brief finalized and approved by TPB after consultation with WCDC and URA |
| 22.5.2007  | TPB approved the revised MLP submission   |

### Meeting the requirements of URS

19. The commencement and implementation of the H15 project is consistent with the commitment of the Government in the enactment of the URAO and the formulation of the URS, i.e. honouring the commitment to complete the 25 projects previously announced by the LDC.
20. The extent to which the H15 project meets the 12 objectives spelt out in URS is set out in the table below.

|   | Objective  | Achievements  |
|---|--|---|
| a | Restructuring and replanning designated target areas | Adopted an area-based approach based on a district base planning study - “Wan Chai Master Thinking” |
| b | Designing more effective                             | Pedestrianization of Lee Tung Street and the provision of   |

<sup>2</sup> URS, paragraph 7.

|   |   |  |
|---|---|--|
|   | and environmentally-friendly local transport and road networks  | underground connection to the MTR, off-street parking and loading-unloading area. The re-provisioning of the refuse collection point and public toilets located at the junction of Cross Street and Spring Garden Lane into the site which would improve vehicular circulation along the Spring Garden Lane  |
| c | Rationalizing land uses   | The re-provision of refuse collection point and public toilet.   |
| d | Redeveloping dilapidated buildings into new buildings of modern standard and environmentally- friendly design | Environmentally friendly features are included, e.g. water-cooling air-conditioning, grey water recycling system, solar energy systems, etc.   |
| e | Promoting sustainable development in the urban area   | Achievements in economic and environmental aspects are more obvious and less debatable. However, social aspects of sustainable development are contentious.  |
| f | Promoting the rehabilitation of buildings in need of repair   | Not applicable   |
| g | Preserving buildings, sites and structures of historical, cultural or architectural interest                  | Three pre-war shop houses (Grade II historic buildings) within the site will be conserved and put to adaptive re-uses  |
| h | Preserving as far as practicable local characteristics  | Preserve the existing streetscape by maintaining the height, scale and style of the shop-houses at street level. To retain the active street level character, the street will maintain their active mixed uses with commercial, retail, restaurant, etc.   |
| i | Preserving the social networks of the local community   | This is one of the most controversial parts of the project. The efforts made by the URA include: <ul style="list-style-type: none"> <li>● smaller units in the future residential towers will be designed with overall average flat size about 52m<sup>2</sup> (GFA). Units of less than 50m<sup>2</sup> GFA would also be provided to enhance the probability for the original residents to purchase a new and affordable flat in H15</li> <li>● non-domestic portion of Site B is proposed to be retained for possible social enterprises or social capital projects to facilitate the preservation of the social network and building up of social capital in old Wan Chai</li> <li>● a 3,000m<sup>2</sup> saleable floor area of the non-domestic portion will become a Wedding City comprising wedding themed shops where the original wedding card shops will be allowed to return, which originally occupied about 1,400 m<sup>2</sup> of saleable floor area. Hence, the provision should be more than sufficient to cater for potential interest. However, whether shop owners</li> </ul> |

<sup>3</sup> In the press release of the URA on December 20, 2007, the Chairman of URA stated that "...wish that the wedding card business operators could come back to operate upon completion of the redevelopment work".

|   |   |   |
|---|---|---|
|   |   | would return to the redeveloped site is still unknown <sup>3</sup> .  |
| j | Providing purpose-built housing for groups with special needs, such as the elderly and the disabled | A residential care home for the elderly (RCHE) cum day care unit (DCU) is included in the site area   |
| k | Providing more open space and community/welfare facilities  | Public Open Space: Not less than 3,000m <sup>2</sup> – Community facilities: Reprovisioning of refuse collection point and public toilet<br>Welfare facilities: the RCHE cum DCU  |
| l | Enhancing the townscape with attractive landscape and urban design                                  | Reduced site coverage via pedestrianised streets and open spaces to enable various landscaping improvement in the area, including street trees and ornamental planting to increase the amount of green space, and vertical greening to the façade of the new buildings. Set back building lines to create new plazas at Johnston Road and Queen’s Road East. Enhanced pedestrian connectivity through breaking up the low rise building blocks along Lee Tung Street. |

21. In sum, while we can safely conclude that the H15 project had met most of the objectives spelt out in the URS, the remaining controversial part is related to the social aspects. In terms of preservation of social network, while URA has made provisions to enhance such efforts, given the fact that all the residents and commercial operators have left the site without any existing explicit arrangement for their return, the chance of re-establishing such social network is unknown.

### **The Case of Kwun Tong Town Centre (K7)**

22. Kwun Tong Town Centre (K7, KTTC) is the heart of Kwun Tong which houses 587,071 persons in 2006 and is the central hubs for transportation, shopping, banking and public services. K7 covered an area of 5.3 ha.

23. Preliminary studies on the redevelopment of KTTC went back to the 1980s prior to the establishment of LDC and KTTC was identified as one of the potential sites for redevelopment. SPEL’s approval for LDC to prepare a development scheme for KTTC was given in 1990 and after a series of planning studies and discussions with Government, the draft development scheme plan of the K7 project was made in 1998 by LDC. Not much progress was made until URA resumed its preparatory work for K7 in 2002.

24. Details of the major milestones are:

| <b>Date</b> | <b>Particulars</b>   |
|-------------|--|
| 1988        | SPEL designated an area at KTTC for LDC to carry out redevelopment under LDCA. |

|                                |   |
|--------------------------------|---|
| 1989                           | LDC commissioned consultants to undertake the Kwun Tong Town Centre Redevelopment Study (KTTCRS).                             |
| 1995                           | LDC proposed to the Government and briefed the District Board on the project.   |
| December 1997                  | Freezing survey under LDCA completed.   |
| January 1998                   | KTTC project announced as one of the 26 projects.   |
| 2002-2005                      | Research studies in the community advocating commencement of the K7 project   |
| November 2005                  | Kwun Tong District Advisory Committee (KTDAC) was formed by the URA   |
| November 2005 to Oct 2006      | Active community engagement stage: Community Aspiration Study, community participatory design workshop, road show, and survey |
| January 2007                   | URA submitted 2 draft Planning Briefs(PB) to the Metro District Planning Conference (DipCon) of the Planning Department       |
| March 2007                     | DipCon endorsed the PBs   |
|                                | URA gazetted 2 commencement notices of the KTTC – Main Site and Yuet Wah Street Site under URAO.                              |
|                                | UR conducted Freezing Survey under URAO   |
| July 2008                      | The Chief Executive in Council approved the DSPs  |
| August 2008                    | URA submission of the 2 MLPs to TPB   |
| December 2008 and January 2009 | The two MLPs were approved by TPB.  |
| December 2008                  | Acquisition began   |

#### Meeting the objectives of urban renewal strategy

25. The extent to which the K7 project meeting the 12 objectives of the URS is spelt out in the table below.

|   | Objective   | Achievements   |
|---|---|--|
| a | Restructuring and replanning designated target areas                                    | The CDA zoning of KTTC aims to enhance vitality and achieve improvement in housing, environmental and traffic conditions in the town centre through restructuring the street pattern, promoting efficient land use and providing Government, institution or community (GIC) facilities and public open space |
| b | Designing more effective and environmentally-friendly local transport and road networks | The aim of having a PTI to house the various modes of transport and the pedestrianization of the town centre is to reduce the current hectic conflicts between traffic and pedestrians and the crowded pavement with intermingled waiting queues of passengers   |
| c | Rationalizing land uses   | Since the building of the MTR into Kwun Tong, 1979, residents in buildings facing Kwun Tong Road had been seriously affected by railway/ traffic noise. Redevelopment with a non-noise-sensitive use (commercial) building at Kwun Tong Road will also serve as a “noise barrier” for the town center.       |
| d | Redeveloping dilapidated buildings into new buildings of modern standard and            | Dilapidation was observed in 1988 when buildings were only 21 to 27 years old. Conditions had been worsening ever since.   |

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|   | environmentally- friendly design  |  |
| e | Promoting sustainable development in the urban area   | With the gradual growth of population in East Kowloon, the redevelopment project would expand the capacity of the KTTC to meet future needs. Furthermore, the increase in open space and greenery, the use of water-cooling air conditioning systems and renewal energy, and the adoption of various design features would have significant environmental gains. However, the approach of overall upheaval of social networks in the redevelopment process has also been criticized.   |
| f | Promoting the rehabilitation of buildings in need of repair   | Not applicable with the area of K7. Within the vicinity of K7, from November 2004 to May 2008, 14 buildings had participated in the various rehabilitation programme of URA.   |
| g | Preserving buildings, sites and structures of historical, cultural or architectural interest        | During the consultation, only the Yue Man Square Garden and its trees were considered of worthy of preserving. However, at latter stages of planning, additional requests made by the public included trees at the Yuet Wah Street site and those in the Government Offices buildings.   |
| h | Preserving as far as practicable local characteristics  | The key local characteristics of KTTC are related to its functions as a transportation, shopping and banking hub for working class population of Kwun Tong. In the planning process, these are key parameters. Yet, some critics commented that the redevelopment project will result in the replacement of the local working class residents within K7 by middle class residents. Public discussion in 2010 concerning the availability of affordable housing for the potential home-owners may have an impact on the types of housing unit to be supplied in later phases of redevelopment of K7. The existing planned average size of flats in the approved MLP in the main site was still 80m <sup>2</sup> . The provisions of “Kai-fong” style street shops and hawker bazaars are measures to preserve local characters within the project area. |
| i | Preserving the social networks of the local community   | This is one area of criticisms from advocacy groups. URA planned to provide space for social enterprise with an area of 1,300m <sup>2</sup> aimed at preserving and enhancing the local social network.  |
| j | Providing purpose-built housing for groups with special needs, such as the elderly and the disabled | Not included in this project   |
| k | Providing more open space and community/welfare facilities  | Public open space will be increased from the existing provision of approximately 2,650 m <sup>2</sup> to 8,700 m <sup>2</sup> . 40% expansion of the clinic accommodation and a two-level covered PTI of 16,700m <sup>2</sup> .  |
| l | Enhancing the townscape with attractive landscape and urban design                                  | The design principles of stepped building height profiles, cascading building forms and landmark creation have been adopted together increased greening and landscaping  |

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|  |  | <p>in the open space have been incorporated into the design. Apart from the multi-storey retail mall and specialised retail in shop stalls, the retail use comprises about 15,000m<sup>2</sup> traditional street side shops lining the pedestrianised streets to commensurate with the existing scale of the street shops.</p> |
|--|--|---|

26. In sum, while we can safely conclude the K7 project meets most of the objectives spelt out in the URS, as in other URA projects, the remaining controversial part is related to the social aspects, particularly the impact on social networks.
27. While the community engagement process can be considered to be quite successful, the compensation issue has haunted the whole redevelopment project ever since the beginning of the planning process. However, this is apparently not just an issue of K7 but the issue of URA in its compensation policy.

## **Preservation and the Case of Mallory Street/Burrows Street**

28. This part of the study is not an attempt to examine the overall work of preservation work done in Hong Kong. It provides a brief overview of the preservation work under the auspice of the Land Development Corporation (LDC) and the Urban Renewal Authority (URA).

### Preservation work under the LDC

29. While it is not clear whether “preservation” is part of the function of “urban renewal” within in the LDC Ordinance<sup>4</sup>, one stated policy of LDC was to retain Hong Kong’s architectural heritage wherever possible and the LDC “regards the conservation of buildings with historical or architectural value as one of its major roles”<sup>5</sup>. However, the actual amount of preservation under the auspice of LDC is quite limited, including:

- The preservation of Western Market (built in 1906);
- A replica boundary wall was reproduced to represent the unique architectural façade of the original old building in Li Chit Street (Wanchai);
- Considered to “retain the Tin Hau Temple” (not the walled village) of the Nga Tsin Wai Village as a gesture of appreciation of the shrine’s religious and historical value over the years;
- Retain the first water pumping station (the “Red Brick Building”) with a history of 100 years in The Waterloo Road/Yunnan Lan project.

### Preservation work under the URA

30. It was during the discussion in the Bills Committee of the Urban Renewal Authority White Bill in 1999, that the Administration accepted the recommendations of the members of the committee to revise the White Bill to expressly provide for the preservation of historical, cultural and architectural sites and structures as one of the purposes. The emphasis was on the physical sites and structures.

31. The URA has clearly made an effort, though may not be considered as adequate by some advocacy and community groups, to preserve buildings of historical, cultural and architectural sites and structures, particularly within or close to the sites of its redevelopment projects, namely,

- to preserve a total of 8 pre-war shophouses in its Johnston Road Project and Lee

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<sup>4</sup> In Section 4, the purpose of LDC includes “(b) engage in such activities and perform such functions as may be necessary for the undertaking, encouragement, promotion and facilitation of urban renewal”

<sup>5</sup> LDC Annual report, 1989-90, p.5

Tung Street Project;

- to preserve three non-graded shop-houses along Graham Street, the façade of another building at Wellington Street, the retention of the streetscape and the street level market within the Graham Street/Peel Street Project;
- to preserve the open-air bazaar in Tai Yuen Street and Cross Street;
- to preserve the core-elements of the Old Wan Chai Market within the ongoing Tai Yuen Street Project;
- to preserve the village gatehouse, stone tablet, the temple and a number of village houses within a theme conservation park in Nga Tsin Wai Village Project;
- to preserve a cluster of Graded 2 pre-war buildings in the Mallory Street/Burrows Street;
- to preserve the “Blue House” cluster in collaboration with the HKHS;
- to preserve a series of buildings in the Staunton Street/Wing Lee Street Project and in the Yu Lok Lane/Centre Street Project.

32. In September, 2008, URA announced its intention to preserve two clusters of 10 pre-war verandah-type shophouses each in Shanghai Street/Argyle Street and Prince Edward Road West/Yuen Ngai Street. Since June 2009, the URA had invited owners of a total of 16 shophouses to participate in a pilot voluntary acquisition scheme or a voluntary restoration scheme.

#### *The Case of Mallory Street/Burrows Street*

33. The Mallory Street/Burrows Street (Wanchai) revitalization (MBR) was the first preservation project conducted by URA under the URAO including a cluster of 10 pre-war shophouses, Tong Lau (唐樓).
34. The MBR Planning Brief was endorsed by the TPB in July 2005 and the plan was to restore and refurbish six buildings of four-storey at Mallory Street to provide about 20 partitioned units of about 450 square feet each for individual users to promote the cultural and creative industries. Four buildings at Burrows Street were demolished as proposed to make way for theme public garden, while the façade of the Burrows Street buildings would be retained to keep the historical theme of the project area.
35. In August 2008, the last tenant in Mallory Street / Burrows Street had moved out. URA intended to appoint an operator to manage the tenants and the use of the floor space with the project by the wider arts community, and to organize activities to promote arts and culture. The URA believed that rental can cover the cost of management and

maintenance.

### **Revitalization and the Case of Tai Kok Tsui**

36. Revitalization is one of the 4Rs of the URA strategies. We noted that the term “revitalization” did not quite appear in the days of the Land Development Corporation (LDC). Even within the Urban Renewal Strategy (2001), the term revitalization was still absent. The term “urban revitalization” is frequently used interchangeably with terms like “urban regeneration”, “urban renaissance”, and even “urban renewal”.
37. URA defined “revitalization” as the “deployment of appropriate means to revive and strengthen the economic and environmental fabric of different districts”, and to achieve revitalization, the URA adopts a “holistic and coordinated approach involving its partners and stakeholders to improve the quality of urban living through redevelopment, rehabilitation and preservation initiatives...to revitalize the old urban districts”<sup>6</sup>. In other words, the other 3Rs in combination will contribute to the revitalization of old urban areas.
38. Operationally, revitalization projects are often very much associated with the improvement in the physical environment, particularly at street level, and organization of activities that would enhance community use of public open spaces.
39. Officially, the URA has announced six revitalization projects, namely,
- Sheung Wan Revitalisation Project : Sheung Wan Fong;
  - Street Improvement Scheme: Tung Street in Central & Western District;
  - Street Improvement Scheme: Tai Kok Tsui District;
  - Mong Kok Revitalisation Project including Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street, and Nelson Street to be started in 2011;
  - Mallory Street/Burrows Street Project (also considered as one of the preservation projects);
  - Stone Nullah Lane / Hing Wan Street / King Sing Street (URA-HS project, i.e. the “Blue House” project, also considered as one of the preservation projects).
40. Apart from the six projects mentioned above as listed by URA as its revitalization projects, the URA did consider the followings as part of its revitalization work:
- Extension of beautification work to the nearby streets of Western Market, which are famous for their Chinese herbs, swallow nests and dried seafood shops (2002-03);

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<sup>6</sup> Download from URA website, January 11, 2010

- The street improvement works at Portland Street/Nelson Street and a Chinese New Year's Eve countdown even outside the Langham Place. (2004-05);
  - Street improvement measures including transport improvements, new paving, new planting, street lighting and street furniture along Ho Pui Street and Chung On Street (2008-09) nearby to the Vision City redevelopment (2006-07);
  - Street enhancements around the Hanoi Road project (2006-07);
  - The opening of a Chinese herb garden as part of the Queen Street redevelopment project (2006-07);
  - Revitalization of Central Market.
41. We noted that the revitalization efforts mentioned above are all related to the various URA redevelopment, rehabilitation and preservation projects. Other similar projects are also in the drawing board, e.g. the revitalization of the Pak Tsz Lane Area (close to the Peel Street/Graham Street Project), the street bazaars on Tai Yuen Street/Cross Street (related to the Tai Yuen Street and Lee Tung Street redevelopment projects), and various projects in the areas of Tai Kok Tsui and Shamshuipo close to various URA redevelopment projects.

#### *The Case of Tai Kok Tsui Street Beautification*

42. Tai Kok Tsui (TKT) is one of the nine target areas for urban regeneration and home to several URA redevelopment projects<sup>7</sup> and many rehabilitation projects.
43. While most of the redevelopment projects and many street beautification and linkage improvement works are still in progress at the time of study, the improvement works on new paving, street furniture, lighting and greening were completed in places like Ivy Street, Fuk Tsun Street, Tai Tsun Street and TKT Road.
44. All the informants in this study found the vibrancy of TKT area has increased due to some recent changes in TKT area, such as the provision of middle class housing, some popular restaurants move in, and other environment improvement works. The street beautification projects in TKT were conducted at the same time with many other new development initiatives and environment enhancement projects of different government units, most residents could not differentiate the ownership of these projects clearly. While the improvement of different aspects mentioned is interrelating and it is difficult to evaluate the impact of the road beautification works of URA separately, most informants agreed

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<sup>7</sup> They are the Cherry Street Project (K3), Pine Street/Anchor Street Project (K32), Fuk Tsun Street/Pine Street Project (TKT/2/001), Larch Street/Fir Street Project (K31), and Bedford Road/Larch Street Project (K30).

that the environment of TKT, like Tai Tung San Chuen area, has been very much improved, and the value of the URA road beautification works was one of the factors being mentioned.

45. However after the implementation of some greening works, URA was responsible for maintenance of planters for a one year trial period after which it tried to transfer the daily operation and maintenance responsibilities to local authorities as planned but not successful. One of the reasons was the maintenance is costly and it would be a long term recurrent commitment for Government departments or District Council. Finally URA had removed the planters and donated them to NGOs and schools at the end of the trial period.
46. It is apparent from the TKT example that as URA operates more or less on project basis while Government departments are always subject to their own recurrent budget constraints, revitalization projects involving recurrent expenses would not be financially sustainable unless funding support can be obtained from the respective Policy Bureaux. Thus, to achieve long term results for the revitalization projects, cooperation from different government departments has to be sought to derive a funding mechanism for recurrent expenditure at district level for non-standard design items of the project.
47. However, much beautification works which, as long as they amount to enhancement of existing provisions under the mandate of existing government departments, then any additional future recurrent implications would be minimal and can be absorbed by existing departmental operational budgets, e.g. improvement of pavement material and widening of pavements, etc. Such work would become more sustainable.

### **Rehabilitation and the case of Chung Sing Mansion in Tai Kok Tsui**

48. While it is widely agreed by the public on the principle that property owners should bear the ultimate responsibility for the condition keeping of their buildings and the cost involved<sup>8</sup>, there are many aged and dilapidated buildings in Hong Kong needing maintenance and repair urgently. Public initiatives to facilitate and enable rehabilitation of old buildings works in Hong Kong are considered to be necessary and in the public's interest. The two bodies in Hong Kong that currently perform this public function are the HKHS and the URA. These programmes began in the 2000's and include:

|                         |                                     |
|-------------------------|-------------------------------------|
| Urban Renewal Authority | Building Rehabilitation Loan Scheme |
|-------------------------|-------------------------------------|

<sup>8</sup> Housing, Planning and Lands Bureau (2005a), *Public consultation on mandatory building inspection*, Housing, Planning and Lands Bureau, Hong Kong.

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|---|--|
|   | Building Rehabilitation Materials Incentive Scheme<br>Hardship Grant Scheme                                  |
| Buildings Department  | Building Safety Loan Scheme  |
| Hong Kong Housing Society <sup>9</sup>  | Building Management Incentive Scheme<br>Home Renovation Loan Scheme<br>Building Maintenance Incentive Scheme |
| The Government of Hong Kong Special Administrative Region (administered by Hong Kong Housing Society) | Building Maintenance Grant Scheme for Elderly Owners   |

49. 26 February 2009, the Secretary for Development further speeded up the rehabilitation works by introducing the "Operation Building Bright"<sup>10</sup> and \$700 million was earmarked for "Operation Building Bright" in the 2009-10 HKSAR government budget together with the allocation of \$150 million each from the HKHS and the URA, to assist owners of about 1,000 dilapidated buildings to carry out building repair works. The "Operation Building Bright" was subsequently expanded to \$2 billion aiming to assist a total of around 2,000 buildings. A further \$500 million of additional funds was allocated to this programme in the 2010-11 Budget. However, the 'Operation Building Bright' is only a one-off measure with specific target and purpose instead of a long term measure for tackling the building decay problem in Hong Kong. Moreover the programme, at time of introduction, was one of the measures to tackle unemployment problem, particularly in the construction industry.

#### *The case of Chung Sing Building*

50. As at March 2009, in Tai Kok Tsui (TKT), a total of 8 and 15 rehabilitation projects were completed under the BRLS and BRMIS respectively since the commencement of the schemes. The Chung Sing Building was the first building identified as pilot projects in these programmes.

51. Difficulties in building rehabilitation in the TKT area include:

- The awareness of owners on building maintenance is low;
- For small buildings with only a few-storey high and with only a few units, each

<sup>9</sup> Up to 2008/09, the Housing Society has provided financial and technical assistance to about 185,000 flats in more than 3,800 buildings and facilitated the formation of more than 900 Owners' Corporations (Hong Kong Housing Society Annual Report, 2009).

<sup>10</sup> HKSAR (2009) "Operation Building Bright" to create many job opportunities <http://www.info.gov.hk/gia/general/200902/26/P200902260200.htm> Press released February 26, 2009 (accessed 15/12/2009)

owner would have to pay a large proportion of the building maintenance costs;

- Many of these owners are elderly with limited means;
- “Missing” owners, vacant flats, illegal roof-top housing units, illegal partitioning of units, etc., make collective decisions in repair and maintenance very difficult;
- Many of these buildings do not meet the current building safety standards and if they are to do any major renovation, they would have to follow current building standards and hence requiring a much higher level of investment that is not affordable to many of the owners;
- Owing to small number of owners in these old buildings, it would be very difficult to find owners who would be willing to serve the OCs, especially to deal with rehabilitation matters.

52. At 63 Chung Wui Street, Tai Kok Tsui, Chung Sing Building was built in 1966. In early 2003, Chung Sing Building OC received a repair order from BD and the comprehensive rehabilitation works was completed by January 2004 under the support of the BRMIS and the loan from HKHS.

53. Problems faced by the OC of Chung Sing Building included

- Difficult to reach consensus on rehabilitation issues (e.g. owners of lower floors did not want to share the cost to repair the building roof while people at the top floor wanted to use better and thus relatively more expensive material to fix the roof problem);
- Financing and individual concerns caused many conflicts and mistrust;
- Day-to-day supervision of the maintenance work had been quite demanding;
- The OC had to seek legal advice and turned to Small Claims Tribunal to collect money from eight owners.

54. According to the informants, after receiving the repairing order, owners of the Chung Sing Building have also performed a closer inspection of the conditions of the building, and finally, repairing works conducted were more than being required by the BD repair order. After rehabilitation, the building safety and the operation of building facilities like water pipe were also enhanced. At the same time, the exercise also enhanced the understanding and awareness of owners of the building on building management.

55. The property rent and price of the units in Chung Sing Building have gone up significantly after the completion of rehabilitation work<sup>11</sup>. However, property values in Hong Kong

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<sup>11</sup> According to the OCs member of the Chung Sing Building, the rent of a unit in the building had increased from HKD4,600 to HKD5,300 after the completion of the rehabilitation work.

had appreciated significantly ever since the SARS epidemic and it is difficult to isolate the impact of rehabilitation on the change on property price. With reference to some local studies, the positive impact on property value of building rehabilitation is consistent to the change in Chung Sing Building case. As shown in a local study<sup>12</sup>, rehabilitation has positive influence on property transaction volume in TKT and some other areas. The findings also found that rehabilitation had significant contributions in increasing property values of old but rehabilitated residential buildings.

## **The Achievements of Urban Renewal**

### Redevelopment

56. As discussed earlier, the general conclusion is that the progress of urban renewal has not been satisfactory in the early years prior to the establishment of LDC, and the objective of forming the LDC was to speed up urban renewal and land “recycling”. Yet, as concluded in the review conducted by the Government in 1996, the LDC would not be able to deliver urban renewal on a sufficient scale and quickly enough to avoid long-term urban decay. The URA was, thus, formed in 2001.
57. URA in its first eight years (2001-2009) has commenced 41 projects including 25 ex-LDC projects<sup>13</sup>. While redevelopment has appeared to have been speeded up in the era of the URA, if we take into consideration that some preparatory work for the 25 ex-LDC projects have begun in the LDC years and some early project identification work (i.e. the 200 projects) had been done by the Government before the formation of the URA, the commencement of 16 URAO projects in 8 years by URA is basically not much different from the commencement of 25 projects in 13 years by the LDC.
58. While the URS requires that “priority should be given to the 25 uncompleted projects of the LDC”, we should also take note that that many of the ex-LDC projects had become quite controversial in the URA years, e.g. the Nga Tsin Wai Village (K1), the “Sneaker Street” (K28), the Kwun Tong Town Centre (K7), the “Wedding Card Street” (H15), the Peel Street/Graham Street (H18), the Wing Lee Street/Staunton Street (H19), etc. The need to fully engage the community and various stakeholders has been growing together with the increasing demand for community participation and heritage preservation.

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<sup>12</sup> Hui, E.C.M., Wong, J.T.Y. & Wan, J.K.M. (2008) The Evidence of Value Enhancement resulting from Rehabilitation, *Facilities*, 26 (1/2): 16-32.

<sup>13</sup> At this point of time, it would not be fair to compare the number of projects completed by URA in its first eight years as compared to that completed by LDC in 13 years, as projects would take many years to complete and many projects that were completed by the URA were commenced by the LDC.

Support from District Councils in early years of project initiation has waned when public sentiment on heritage preservation changes. There were District Councils which once urged the URA to speed up redevelopment had later become more demanding and took more time, as they should have in representing the community sentiments, to scrutinize URA proposals. Representations made to the Town Planning Board regarding to URA projects have also grown in these years. These changes in the community and in politics can at least partially explain why many of the ex-LDC projects have taken the URA 6 to 7 years before the URA can officially announce project commencement.

59. While the URA has stepped up its community engagement efforts as shown in the case of the Kwun Tong Town Centre Project, the demand from advocacy and community groups for participation is ever increasing. In particular, such demands for participation include district and community based planning and the choice of redevelopment sites and projects. These are the issues that the URS review would have to address.
60. If we take the number of URAO projects commenced by URA is comparable<sup>14</sup> to the number of projects commenced by the LDC coupled with the complexity and level of controversies in many of the ex-LDC projects, we can conclude that the URA has indeed speeded up urban redevelopment already.
61. However, in the Urban Renewal Strategy (URS, 2001), the target was to redevelop 2000 buildings in 20 years, i.e. on average 100 buildings each year. At the time of study, the URA has redeveloped more than 500 buildings<sup>15</sup>. While this figure looks quite impressive to many people, it is still less than the target of 100 buildings each year.

### Rehabilitation

62. Urban decay has been a matter of public concern for many decades. While discussion in early years was primarily related to redevelopment, it has become very apparent that on one hand the progress of our redevelopment programmes has been less than satisfactory, and on the other hand if we allow such urban decay and building dilapidation to continue in its pace, this city would soon become unsafe to live in. While the URS (2001) has clearly spelt out the importance of rehabilitation as part of the urban renewal efforts, it has only mentioned the need for the URA to consider introducing a maintenance costs

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<sup>14</sup> It is approximately 2 projects per year.

<sup>15</sup> As discussed later, in its eighth year of operation 2009, redevelopment has apparently been speeded up. In 2009, 105 buildings were redeveloped by the URA and its partner HKHS. At the time of study, URA has commenced 31 redevelopment projects and has assisted HKHS to launch a further 7 projects on URA's behalf. In total, these 37 redevelopment projects cover 520 buildings.

reimbursement scheme for property owners affected by land acquisition for its redevelopment projects. The work of the Buildings Department is primarily related to the assurance of compliance in terms of modern building standards and safeguarding public safety in cases of eminent risk.

63. The Building Rehabilitation Materials Incentive Scheme, the Building Rehabilitation Loan Scheme and other efforts of URA to assist owners to maintain their buildings are initiatives of the URA that have gone beyond what is required in the URS (2001).
64. The fact that the URA has assisted 506 buildings and the HKHS has assisted 377 buildings in the past few years in rehabilitation is indeed quite remarkable (See Table 8.1 of full report). Furthermore, the recent “Operation Building Bright” programme launched by the government has already covered almost 800 buildings in URA’s Rehabilitation Scheme. While comparing to the total number of 18,000 private buildings<sup>16</sup> aged 30 or above in Hong Kong, such numbers are still quite minimal, if these programmes have been even more extensive, we may be running a risk of having all owners expecting public intervention to be forth coming before they would take initiative to better maintain their own buildings, and this would be even more detrimental to the future state of our stock of private buildings, unless we would expect that the governance motto of “small government big market” would be changed to “big government small market”.

### Preservation

65. Preservation was not seen as an important part of urban renewal until the enactment of the URA Ordinance. As spelt out in the URS (2001), there are three objectives relevant to preservation that URA has to achieve in its urban renewal efforts. They are:
  - preserving buildings, sites and structures of historical, cultural or architectural interest;
  - preserving as far as practicable local characteristics;
  - preserving the social networks of the local community;

#### *Preserving buildings, sites and structures of historical, cultural or architectural interest*

66. We can conclude that URA has clearly made efforts in “preserving buildings, sites and structures of historical, cultural or architectural interest” in the context of its various

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<sup>16</sup> While in the context of the Urban Renewal Strategy review, a study related to the work of the Government and other public agencies in building maintenance is in progress at the time of this present study, there is currently no data available suggesting to what extent that the owners, themselves, have taken initiative to rehabilitate their buildings without the help from the public sector.

redevelopment projects such as the Johnston Road Project, the Lee Tung Street/McGregor Street, the Nga Tsin Wai Village Project, the Peel Street/Graham Street Project and the Staunton Street/Wing Lee Street.

67. Moreover, the URA's initiatives in the Mallory Street/Burrows Street project and the "Blue House" cluster can be considered as a step ahead that the URA has gone beyond "preservation in the context of redevelopment". The preservation of pre-war shop-houses in Shanghai Street/Argyle Street and Prince Edward Road West/Yuen Ngai Street is clearly quite unrelated to other URA projects. Furthermore, the pilot voluntary acquisition scheme or a voluntary restoration scheme, that the URA invited owners of a total of 16 shophouses to participate since June 2009, is already quite similar to the work done by the Urban Redevelopment Authority of Singapore.

*Preserving as far as practicable local characteristics*

68. This is perhaps one of the most controversial parts in the work of the URA. Some critics would even accuse the URA as an agent of destroying local characteristics. On one end, there are demands to keep the status quo of the pre-existing local characteristics intact, while there are also demands to clear existing sites not optimally utilized to make way for development.
69. Judging from many redevelopment projects, we can conclude that the URA has made clear efforts at the planning stage to assimilate some but not all of the views from the public into its proposal. For example, in the case of K7 (Kwun Tong Town Centre), the URA planned to preserve the town centre as the central hub for residents in Kwun Tong in terms of transportation, shopping, and banking, and to keep the hawkers bazaar and street level shopping as part of the character of Kwun Tong Town Centre. In the case of H15 ("Wedding Card Street"), the URA took up some of the ideas, i.e. proposed to reconstruct low rise buildings along the future pedestrianized Lee Tung Street simulating the streetscape of the existing Lee Tung Street and planned to develop a theme shopping facilities named as the "Wedding City". In the case of K28 (the "Sneakers Street" project), the URA proposed to redevelop a "Sports City", and in the case of H18 (Peel Street/Graham Street Project), the URA has pledged to maintain the vitality and sustainability of the street market by phased redevelopment and by providing facilities and premises in the interim and after project completion to existing operators, and also proposed to keep the streetscape of the Graham Street in the new design.
70. However, URA was accused of destroying many traditional trades and unwelcomed trades

that would find it hard to relocate (such as tyre shops). Furthermore, we should also note that in the long process of planning, as quite illustrative in the case of the H19 (Staunton Street/Wing Lee Street), public attitude towards heritage preservation has changed substantially over time.

*Preserving the social networks of the local community*

71. This is the aspect that URA redevelopment projects are frequently criticized.
72. Though the URA and the Social Service Teams (SST) will help the affected individuals to find replacement housing, it is basically not possible to “transplant” the whole neighbourhood or even the major part of the neighbourhood in a near-by site. In practice, the URA and the SST will help the affected individuals to find replacement housing according to the individuals’ preference, including finding accommodation in the nearby neighbourhood.
73. For the above reasons, the social network would inevitably be affected during the redevelopment process of the URA under the current mode of operation.
74. In 2009, the URA has modified its tender specification for the SSTs that it engages to extend its follow-up service to six months after relocation of the affected residents with the objective of helping the affected individuals to “re-establish” their social network after resettlement or to maintain their network with their previous neighbours as far as possible.
75. In the case of H15, the URA has also planned in its master layout plan to provide smaller units in the future residential towers designed with overall average flat size about 52m<sup>2</sup> (GFA) to enhance the probability for the original residents to afford to purchase a new flat in H15, and to provide a total GFA of 1,000m<sup>2</sup> at Site B for possible social enterprises or social capital projects to facilitate the preservation of the social network and building up of social capital in old Wan Chai.
76. “Expression of Interest in Purchasing Arrangement (EIPA<sup>17</sup>)” was introduced in November 2007 as a pilot scheme and later the Board has approved to extend the application of EIPA to all redevelopment projects which will provide residential flats in

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<sup>17</sup> In this pilot EIPA, the interest of eligible owners will not be transferable except to their immediate family members who are residing with them at the time of the Freezing Survey. Furthermore if the number of eligible owners is larger than the number of flats reserved for this purpose, selection priority of flats will be determined by ballot. The eligible owners will have to pay the current market value when exercising their interests. The EIPA is now a standing policy of URA. Some 1,100 owner-occupiers have been invited to consider EIPA and about 1/3 has expressed interest.

their new developments. The effectiveness of this policy to allow the original owner occupiers returning to the completed project site has yet to be evaluated.

77. In sum, as with any redevelopment (except those undertaken by HA) of residential buildings in HK, existing social networks in the community will be adversely affected and “dispersed” by URA’s redevelopment projects. On the other hand, the URA has made attempts to address these impacts in recent years, such as the provision of space in the site for development of social enterprises that can enhance the development of social network, the plans to invite previous shop operators back to the completed project sites, the EIPA, and the modified scope of work for SSTs to mitigate the negative effects of breaking up existing social networks in the community.

## **Major Challenges in Urban Renewal**

### Challenges in Redevelopment

#### *Urban decay and aging of private buildings*

78. We noted that while on the one hand URA has not yet met its target of redevelopment, it is already being accused by heritage advocacy groups and many members of the public as doing “too much” redevelopment.
79. We noted that in the year 2009, the speed of redevelopment has been speeded up. Particularly, for the work of the URA, a total of 105 buildings were demolished<sup>18</sup> by URA and its partner HKHS in 2009, as compared to only 55 in 2008. In the same year, while redevelopment in the private sector has also appeared to have been speeded up, yet the total number of old buildings demolished was only 175, as compared to 155 in 2008. In 2009, the URA/HKHS took up a market share of 37.5% (or 3/8) in terms of reconstruction of buildings. The speed of redevelopment in the private sector is obviously still very slow.
80. The average number of the dangerous buildings reports received by the Buildings Department in the past 10 years was 7,303. While these are merely reports received from the media and members of the public and referrals from other Government departments and do not necessarily reflect that the reported buildings are technically dangerous, we can see that safety of buildings is a matter of grave concern of the public.

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<sup>18</sup> Buildings for which the Building Authority has issued demolition consent (Data extracted from the Monthly Digest of the Buildings Department).

81. By 2010, we had about 6,500 buildings aged 40-49 years. In other words, in the coming 10 years, if we are still redeveloping at the pace of 200 buildings per year, we will still be having additional 450 buildings aged 50 years or more each year. Though 50 years is the minimum required design life of buildings or in accounting terms, buildings would be fully depreciated in 50 years, it does not mean that the buildings can only be used for 50 years, if they have been adequately maintained. However, given the state of repair of our old buildings in Hong Kong, the “aging” is very rapid.
82. Taking the rapid ageing rate of private buildings, the poor state of repair, and the slow reconstruction rate, urban redevelopment is still a big challenge for HK in the coming years.

*Redevelopment – inclusion or exclusion*

83. The choice of site and the decision to include certain buildings in a redevelopment programme is always a big challenge.
84. In most URA projects, while domestic owner-occupiers, in general, welcomed redevelopment by URA, the shop owners did not. As in the case of K7, three months after the first offer, i.e. by 30<sup>th</sup> March, 2009, the URA had acquired 66% of the total 1,657 property interests and 97% of owner-occupiers of domestic properties. The difference in compensation between owner-occupiers and non-occupier owner accounts for the major difference in the rate of acceptance of offer.
85. Shops and residents usually reacted very differently to redevelopment. Many traditional shops or “unwelcomed” business would find it hard to relocate their business and redevelopment could mean an end to their businesses. Even when this may not be an issue, shop owners and operators are still more resistant to the idea of having their businesses interrupted by redevelopment.
86. As in the recent case of the Ma Tau Wai Road/Chun Tin Street Project<sup>19</sup> commenced on 24 February 2010, we noted that from time to time, while there are shop operators who are included in the redevelopment project expressing objections to being included, there are also owners of residential flats in the vicinity (in this case, on the other side of Chun Tin Street) objecting to not being included in the redevelopment project..

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<sup>19</sup> Project resulting from the collapse of 45J Ma Tau Wai Road on January 29, 2010, and subsequent demolition of adjacent properties on safety grounds..

87. One of the major criticisms towards the URA is usually the lack of transparency and the lack of consultation prior to the announcement of project sites and site coverage. The major reason for such “confidentiality” is due to the substantial interest that may arise from redevelopment, and the “need” to avoid possible abuses.
88. We noted that in many of the ex-LDC projects, while many of them have been announced many years ago, the exact time of implementation has not been made known beforehand. Thus, apparently the major issue of confidentiality is very much related to the time of implementation (i.e. as marked by the freezing survey) and is critical to establish eligibility for compensation and rehousing, instead of the actual decision on the exact site and the site coverage. We noted that the time between the site selection and implementation cannot be too long to avoid building condition deterioration and business uncertainty, and at the same time it cannot be too short to avoid possible abuses such as investor speculation and tenants moving out early.

### *Sustainability*

89. As noted earlier, in the next ten years, the average number of buildings that would become 50 years old is 650 each year. To simplify the analysis, taking the total stock of our private buildings as 40,000 and if each building can only be used for 50 years as the minimum design life, then, in the long run, we may have to redevelop, i.e. demolish 800 buildings each year. Judging from the fact that the demand for inert construction and demolition waste (C&D waste<sup>20</sup>) is very low, demolition of 800 buildings would create a volume of C&D waste with no place to go. Even if we can extend the building life to 100 years by, say, doing better preventive maintenance and extending the required minimum design life from 50 years to 70 years, the long term average number of buildings to be demolished will still be 400 per year which is well above the already high demolition rate in 2009, i.e. 280 buildings only. We are basically facing a dilemma, demolition rate too slow will result in too large a number of aged buildings and demolition rate too high will cause a big problem in dealing with the volume of C&D waste.

### *Compensation policy*

90. This is the most controversial issue in urban renewal. As usual most issues of controversies are very much related to unequal treatment instead of the issue of adequacy

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<sup>20</sup> Though theoretically most C&D waste can be recycled by using Selective Demolition (note: rarely practiced in the private sector), most of the C&D waste is concrete and the demand for recycled concrete is quite limited (e.g. sub-base for roads and pavement concrete bricks), and we have limited demand for reclamation type of public fill.

(“不患寡而患不均”), the difference in compensation between owner-occupiers and non-occupier owners and between domestic units and business units is one major source of conflict. To sort out these issues and to meet the demands for “flat for flat”, “shop for shop”, and “owners participation” are the major challenges.

#### Challenges in Rehabilitation

91. While the current pace of redevelopment does not appear to be able to catch up with the aging process our buildings, for reasons of sustainability, rehabilitation should be given the highest priority in urban renewal. Given the current state of repair of our stock of old buildings in Hong Kong, we should accept the fact that maintenance of multi-storey buildings with divided ownership is very difficult for ordinary citizens in Hong Kong and we can conclude that our present regime in building maintenance is highly insufficient in keeping our build environment sustainable. The major challenge is to how to ensure that owners would be empowered and would take responsibility to maintain their own buildings.

#### Challenges in Preservation

92. The role of URA in preservation is rather obscure. From “preservation within redevelopment” to “preservation in general”, a clearer fine line has to be drawn.

#### Challenges in Revitalization

93. While vitality of a community depends very much on the ongoing vitality of private activities and the availability and recurrent maintenance of facilitating infrastructures, the URA involvement in projects can only serve as a “catalyst” in the midst of its holistic approach in urban renewal and cannot be quite conceived as a continuous agent in revitalization. Sustainability of the impact of revitalization projects is one of the major challenges in project identification, formulation and implementation.

#### Challenges in Financing

94. The following recent and upcoming changes create significant challenges to the future financing of urban renewal efforts:

- the increasing demand in reducing development density in the urban area;
- the increasing demand for better terms of compensation;
- the increasing demand for URA to build affordable housing;

- the increasing demand on preservation which usually involves substantial upfront investment in acquisition, refurbishing the building structure and heavy recurrent maintenance cost;
- the increasing degree of “used-up” plot ratios of redevelopment sites coming up in the future;
- areas where redevelopment is most needed are densely populated and development potential is almost fully used, income generation from redevelopment is more and more unlikely, as the lack of private sector interest would have indicated.

95. In view of these changes together with the financing of rehabilitation and revitalization programmes, the expectation that the URA would be in the long run financially viable should be reviewed.

### **Concluding Remarks**

96. District based planning mechanism for urban renewal has to be worked out. Project identification, selection and decision mechanism has to be reviewed and new mechanism has to be put in place.

97. The role of URA in terms of its roles in urban redevelopment, rehabilitation, preservation, and revitalization has to be reviewed and any changes should be clearly reflected in the URS.

98. Compensation to different types of owners (occupier or not, residential versus business, and possibly different types and history of businesses may have to be taken into account) should be reviewed to reduce the possible conflicts that have experienced in the past and possibly in the future. Difference in the compensation between public sector and private sector can also be a source of conflict particularly related to the choice of sites and their boundaries, and when the role of URA in the future may include that of a facilitator to help redevelopment using the private sector. This issue has to be addressed too.

99. A more thorough review of our existing regimes in building rehabilitation is apparently a very urgent matter and has to be more extensively reviewed. This can include our legislation related to land and buildings, coordination among different Government departments, and our community building strategies with respect to building management, etc.

100. Financial model of future urban renewal has to be worked out, particularly, with respect to

the changing public expectations, changing context of urban renewal in the future, and the changing role of the URA.