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LEGISLATIVE COUNCIL BRIEF

PEOPLE FIRST : A DISTRICT-BASED AND PUBLIC PARTICIPATORY APPROACH TO URBAN RENEWAL

URBAN RENEWAL STRATEGY REVIEW

INTRODUCTION

At the meeting of the Executive Council on 21 September 2010, the Council ADVISED and the Chief Executive ORDERED that -

(a) a draft of the revised Urban Renewal Strategy (URS) (at Annex A) incorporating the broad consensus built from the extensive public engagement conducted between July 2008 and June 2010 be adopted and published for public consultation for two months; and

A

(b) to facilitate effective implementation of a "flat for flat" option for owner-occupiers affected in Urban Renewal Authroity (URA)'s redevelopment projects, the grant to URA of one or two suitable sites at Kai Tak Development with premium at full market value reflecting the conditions of the land grant, capable of producing about 1 500 to 2 000 small and medium-sized flats, should be agreed in principle.

JUSTIFICATIONS

The Need for Change

2. Following enactment of the Urban Renewal Authority Ordinance (Cap 563) (URAO) and Legislative Council (LegCo) Finance Committee's approval of the "compensation" package and a capital injection of $10 billion, URA took over from the former Land Development Corporation (LDC) urban renewal work in Hong Kong in May 2001. In November 2001, an URS was promulgated to guide the work of URA.

3. Between 2001 and 2009, URA commenced 38 redevelopment projects (including all the 25 projects announced but not yet commenced by the former LDC at the time of URA's establishment). These amount to an annual average of 65 old buildings redeveloped and, through the redevelopment, provide about 12 000 new flats, over 328 000 square metres (m^2) of commercial space, offices and hotel, about 53 000 m^2 of Government, Institution or Community facilities, and over 26 000 m^2 of open space.

4. Throughout URA's decade-long existence, its redevelopment work has been embroiled in controversy and some of its redevelopment projects, for example, the Lee Tung Street/McGregor Street Development Scheme, were the subject of social protest, representations or objections to the Town Planning Board. Some of the owners and tenants affected by URA projects, various concern groups and many LegCo Members expressed concern over the way URA handled urban renewal projects, and called for change. The major concerns or criticisms are: a top-down approach in identifying redevelopment projects with little community input undermining local characteristics and residents' social network; an imbalance in its 4R business strategy (i.e. Redevelopment, Rehabilitation, Revitalisation and pReservation) with too much emphasis put on redevelopment; a lack of compensation options for affected property owners whose aspirations for maintaining their social network or sharing the potential value of redevelopment could not be met, etc. There is also a general perception that, instead of being a people-oriented and social mission-driven public organisation, URA is simply another private developer. These views and sentiments naturally also reflect changing social values and political developments in Hong Kong, such as a demand for greater transparency and accountability, a desire for quality city environment and a passion for preserving the past, historic buildings and local culture. If these challenges are not properly handled, they would not only continue to impede the urban renewal progress, but also give rise to perennial social tension.

The URS Review

5. It is against the above background that the Secretary for Development (SDEV) announced in July 2008 that a thorough review of the URS would be conducted. The Review proceeded in three stages: the Envisioning Stage to identify with public participation the vision for urban renewal and the issues to be addressed; the Public Engagement Stage to find out public views on each of the seven key topics identified; and the

Consensus Building Stage outlining ten new preliminary directions for reaching broad agreement. Highlights of this public engagement exercise are summarised below –

(a) a two-year period was planned, allowing sufficient time for stakeholders' participation and public discussion. The LegCo Panel on Development has been consulted seven times and at every stage of the exercise;

(b) a Steering Committee chaired by SDEV and consisting of ten non-official members drawn from various fields was set up to guide and monitor the review process, and develop recommendations;

(c) a policy consultant was appointed to undertake research and develop policy options. A total of seven research studies were conducted to support the Review;

(d) a public relations consultant was engaged to develop and conduct a wide range of activities to gauge public views, including the conventional means of focus group discussions, public forums, road show exhibitions, telephone surveys, as well as more innovative means such as e-Forum, Idea Shop, partnering organisation programmes, radio programmes, etc.; and

(e) active involvement of the seven District Councils (DCs) within the urban areas by inviting them to conduct their respective District Aspirations Study to support the Review.

Details of the public engagement process and the above highlights can be found in our publications for each of the three stages at Annex B.

B

Key Recommendations

6. The Consensus Building Stage publication sets out the Steering Committee's views on the seven major topics of urban regeneration and has distilled them into ten preliminary proposals for consensus building. These have received broad-based support (as borne out by the results of a telephone survey at Annex C). In the light of the feedback at Consensus Building Stage, we have refined the ten key recommendations and

C

incorporated them into a revised URS for promulgation. They are described in the following sub-paragraphs -

(a) URS as a government strategy with URA, stakeholders and other participants playing their respective roles

Although the current URS does not specify that it is only applicable to URA, the fact is that the 2001 URS upon promulgation has been issued to URA to guide it in the preparation of its corporate plan for the purpose of compliance with section 21(3) of URAO. In response to growing expectation for a holistic and integrated approach to urban renewal comprising a good balance and co-ordination of redevelopment, rehabilitation, heritage preservation and revitalisation, the revised URS states at the outset that diversified urban renewal comprising the 4Rs should not only be undertaken by URA, but also by all the other stakeholders including relevant government bureaux and departments, relevant DCs, the Hong Kong Housing Society (HKHS), private developers, building owners, professionals and non-governmental organisations (NGOs). We will likewise issue the revised URS to URA to guide it in the preparation of its corporate plan for the purpose of compliance with section 21(3) of URAO.

(b) Setting up of "District Urban Renewal Forum" (DURF)

(i) To strengthen urban renewal at the planning stage with a "people-centred", "bottom-up" and "district-based" approach, the revised URS envisages the setting up of a new advisory platform, DURF, in the old urban districts. DURF will be appointed by Government and chaired by a professional familiar with urban renewal issues. It will be separate from the DCs. The Planning Department will provide secretariat and professional support to DURF. DURF is expected to provide advice to URA, government departments and other relevant bodies on the district's urban renewal proposals on district-based urban renewal initiatives from a holistic and integrated perspective taking account of local characteristics. It will conduct broad-based public engagement activities and various planning and related studies, including social impact

assessments before any urban redevelopment projects are proposed. Further details on the operation of DURF are at Annex D. Relevant DCs will continue to be consulted on urban redevelopment projects as appropriate.

D

(ii) To overcome the concern that confidentiality regarding those selected redevelopment projects cannot be maintained, and hence may give rise to abuse, it is envisaged that DURF will only make recommendations on areas within the district which warrant urban redevelopment and that, if URA accepts any such recommendation, the prioritisation of individual redevelopment projects within an area and the exact timetable for such redevelopment will be determined by URA. Before URA decides whether and when to initiate a redevelopment project, URA will not only take into account the local community's views as reflected by DURF and the findings of any social impact assessment studies steered by DURF, but will also consider the condition of the buildings involved according to the findings of a building conditions survey that URA is conducting on all buildings aged 30 years or above, the living conditions of residents, as well as the manpower and financial position of URA itself. URA will follow the current discipline as stipulated in URAO to seek the approval of the Financial Secretary (FS) before any such redevelopment project is implemented.

(iii) When the 2001 URS was promulgated, URA inherited a list of 225 redevelopment projects, including 25 announced by the former LDC which have all commenced by now or, in some cases, have already been completed. Amongst the other 200 projects, only 16 have been announced and commenced by URA while the others have never been disclosed. The revised URS no longer imposes the remaining 184 undisclosed projects on URA and future redevelopment projects will be identified taking into account the advice of DURF. We propose that DURF should be set up on a pilot basis in Kowloon City where there is a large number of dilapidating buildings and where URA has not carried out many projects. We

envisage that DURF would have to be extended to another district after a short period. During the pilot stage, URA, HKHS and relevant departments should continue with urban renewal projects that have been initiated or those which require immediate attention in response to requests from the local community.

(c) Redevelopment and rehabilitation as URA's core business

(i) While the macro approach of urban regeneration should continue to be based on the 4R strategy, the revised URS proposes that URA should focus on rehabilitation and redevelopment in future. In principle, rehabilitation should take precedence over redevelopment to minimise any potential risk that dilapidated buildings pose to the public. However, given a considerable number of poorly maintained buildings (buildings in Hong Kong are mainly reinforced concrete structures and the materials will naturally deteriorate over time), the low level of public awareness of building safety and owners' responsibility for building maintenance, and the mounting problem of ageing buildings, the revised URS advocates that redevelopment has to be pursued as a key aspect of urban renewal and should remain URA's core business.

(ii) Over the past decade, URA has helped rehabilitate some 500 old buildings offering to owners professional advice and some modest financial assistance. In addition, as one of the two delivery agents of the Government's Operation Building Bright (OBB) launched in May 2009, URA has been assisting in the rehabilitation of another 800 buildings and has accumulated considerable experience. To deliver rehabilitation as a core business under the revised URS, URA plans to set up building management and maintenance resource centres in urban areas providing one-stop service to owners. URA will appoint dedicated teams to help owners in OC formation as it has been doing in the past supporting the work of the Home Affairs Department. It will also administer existing government loans and subsidies available to needy owners. Where necessary, URA will contribute

further to the rehabilitation programme in line with the Government's policy upon approval of such proposal in its Business Plan/Corporate Plan by the FS. We will ensure that URA and HKHS will be complementing each other in providing building management and maintenance support to owners throughout the territory.

(d) URA's role in preservation and revitalisation

(i) Heritage preservation has been undertaken by URA in recent years both within and outside its redevelopment project areas, the former in the case of The Pawn in the Johnston Road redevelopment project while the latter include those tenement buildings in Mallory Street, Shanghai Street and Prince Edward Road West. This role needs to be reviewed in the context of the Government's comprehensive Heritage Conservation Policy adopted since 2007. Accordingly, the revised URS states that in future, URA's heritage preservation should in principle be confined to within its redevelopment project areas. It also proposes that URA would make reference to the Government's policy on heritage conservation in pursuing its heritage preservation projects and URA would give due emphasis to collaborative partnership with non-profit-making organisations and enhanced opportunities for the public to enjoy the use of those revitalised historic buildings. However, in the light of URA's feedback, we have refined the URS regarding URA's role in preservation to give it some flexibility to undertake self-standing heritage projects if there is policy support or a request from the Government, such as the preservation of Central Market, and to acknowledge that URA may also collaborate with profit-making organisations with meritorious proposals in preservation.

(ii) As revitalisation is in fact the ultimate goal and outcome of urban regeneration requiring the participation of multiple parties, it cannot be the sole responsibility of URA. However, as a member of DURF, URA will contribute ideas on revitalisation and will help support

revitalisation initiatives recommended by DURF if URA considers the recommendation appropriate and subject to URA's financial and other capacities.

(e) URA's role in redevelopment – "implementer" and "facilitator"

(i) All along, URA has been playing an "implementer" role in executing redevelopment projects, from planning, acquisition and rehousing to project development with a joint venture developer (the Ma Tau Wai Road/Chun Tin Street redevelopment launched by URA after the building collapse is the first one that URA will carry out by itself without involving a joint venture partner). This role is maintained in the revised URS except that URA will take into account DURF's recommendation; the buildings concerned should generally be aged and in dilapidated condition; the living conditions of residents are poor; and the site should generally be large enough to allow a more sizable development in providing planning gains to the wider community.

(ii) Under this redevelopment model, it can be URA initiating the redevelopment or URA responding to the request of owners, i.e., a "demand-led" redevelopment. A "demand-led" redevelopment by URA is a new proposal to respond to the community's view that property owners should be allowed to approach URA to put forward their case for redevelopment so as to give fuller effect to the "people-oriented" spirit and the public participatory approach. Regardless of whether the redevelopment is URA-initiated or demand-led, URA will adopt the prevailing mechanism and rate of compensation for affected owners, and will take up the responsibility for rehousing or compensating the affected tenants. To complete the land assembly process, URA can apply in writing to SDEV requesting her to recommend to the Chief Executive in Council resumption under the Lands Resumption Ordinance (Cap 124) (LRO). For redevelopment under this model, whether or not the site in question has redevelopment potential (e.g. plot ratio gain) will not be a decisive factor. URA will continue to

assess its own financial and other capacities before seeking FS' approval for it to take on such projects.

(iii) The affected property owners of past URA projects have been calling for various forms of "owner participation" in URA-initiated projects in order to share what they call the redevelopment potential of their lot(s). However, we have repeatedly pointed out during the Consensus Building Stage discussions that there are no policy justifications to invoke public power under URAO and LRO, and use public funds to redevelop sites for the purpose of realising the redevelopment potential of these sites for the benefit of the owners concerned. Moreover, URA as a social mission-driven body has to undertake urban redevelopment regardless of the potential gain from redevelopment of sites. The public powers and public funds can only be justifiably invoked for the purpose of achieving the good social causes of arresting urban decay, improving the living conditions of the affected residents and achieving a better planned urban environment while ensuring a fair amount of compensation and ex gratia payment to the owners affected and appropriately assisting the tenants affected. As such, it is inappropriate for URA to institute "owner participation" as demanded by some owners in redevelopment projects that URA implements under URAO.

(iv) Notwithstanding this, it is open to owners of building(s) in multiple ownership (each owning undivided shares of the lot) to join together and sell their properties to interested developers or to redevelop the lot(s) themselves. In this respect, there is general consensus that URA could take up a "facilitator" role to help these owners to assemble titles for owner-initiated redevelopment. As the situation warrants, URA may help the owners submit their case to the Lands Tribunal to apply for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545). As there is professional service available in the market at a fee to help owners of multiple ownership building(s) assemble titles for joint sale or compulsory sale, URA will also charge a fee when rendering service as

"facilitator". To avoid criticisms of unfair competition from professional service providers, URA would not play this "facilitator" role actively such as by outreaching to owners concerned. Before URA assumes a "facilitator" role for the lots concerned, the buildings have to be recommended for redevelopment at DURF. As the facilitation process can be a long drawn-out process and may fall through, URA would need to put in place safeguards that will allow URA to "exit" from an owners-initiated redevelopment. As URA is working within staffing constraints, it will only take on the "facilitator" role after assessing its staffing and other capacities. For the avoidance of doubt, URA cannot apply for land resumption for such redevelopment projects and shall have no obligation in offering rehousing or other forms of compensation to affected owners and tenants.

(v) Given the complexity of URA in performing these dual roles in redevelopment, the revised URS does not go into operational details so as to give URA the needed flexibility in devising the necessary arrangements for promulgation to owners.

(f) Compensating domestic owner-occupiers and owners of vacant or tenanted domestic units

There are no policy grounds and no noticeable pressure (except from those former or current URA project-affected owners) to change the current compensation and Home Purchase Allowance (HPA) rate which are based on a notional 7-year old replacement flat as the standard for domestic owner-occupiers affected by URA redevelopment projects. Neither are there policy grounds to remove the differentiation in compensation and ex gratia payment between domestic owner-occupiers and owners of vacant or tenanted domestic units given the rationale underlying the HPA, except in special circumstances warranting compassionate treatment. While upholding the current distinction, the revised URS requires URA to adopt a more compassionate approach in assessing the eligibility of owners of tenanted domestic units for full HPA rate such as needy elderly owners who are relying on the rental of their rented out properties for a living.

(g) "Flat for flat" but no "shop for shop"

(i) To respond to overwhelming calls that an alternative to cash compensation should be offered to affected owner-occupiers who aspire to continue to live in the area in which they have social ties, the revised URS provides that URA should provide an offer of "flat for flat" as an alternative option to cash compensation and ex gratia payment to the owner-occupiers. "Flat for flat" is not intended to enhance the level of compensation but is meant to provide a choice to owner-occupiers. The new flats are to be sold at market price. Hence, "flat for flat" does not mean a new flat for an old flat. An owner opting for "flat for flat" will still be receiving compensation and ex gratia payment at the notional value of a seven-year old replacement unit, the only difference being that he will be entering into agreement with URA to buy a new flat using the amount received. Key features of the "flat for flat" option are described at Annex E.

E

(ii) The Steering Committee had fully deliberated on whether similar arrangements could be offered to shop operators (owners or tenants) affected by redevelopment projects, and agreed that it would be impracticable. For instance, each shop is different in terms of location, size and operational needs, and as URA must comply with the land and planning conditions and meet various building regulations, fire and safety requirements, it will not be possible to guarantee the provision of similar shop space in the redevelopment project. Offering shop operators affected by redevelopment a shop in a future development several years down the road would not meet operators' primary concern for uninterrupted business. Instead, the revised URS tasks URA to provide shop operators with more assistance to re-start their business. For example, URA will help identify suitable premises in the vicinity of the redevelopment project to enable the affected shop operators to relocate and continue operation in the area and will assist affected shop owners to lease or purchase shops in the future redevelopment projects. Apart from

these downstream measures, upstream, DURF is expected to have identified locations with thriving local economies and avoided proposing redevelopment of these areas which will extinguish such local economies.

(h) Assisting tenants registered at freezing survey

There is unanimous public support for tasking URA to come up with enhanced policy measures to recognise the status of affected tenants registered at the point of freezing survey by URA for the purpose of rehousing or compensation and ex gratia payment in future. This is to forestall any tenant eviction or premature termination of tenancies by the owner after the freezing survey but before completion of acquisition by URA. This will avoid genuinely affected tenants being deprived of rehousing or compensation and ex gratia payment.

(i) Early Social Impact Assessments and independent funding for Social Service Teams

(i) There is unanimous public support that some form of overall assessment of the likely social implications of a redevelopment project should be conducted as early as possible to aid the decision. This would help DURF to ascertain if there are insurmountable negative impacts such as destruction of local economic activities or social and cultural characteristics if the area is to be redeveloped. DURF will have the responsibility to commission these early social impact assessments. At present, URA conducts two phases of social impact assessments, namely, a non-obtrusive one before project commencement and another more detailed one on the day of project commencement to be completed within three days from the day of project commencement. In future, URA will conduct such non-obtrusive social impact assessment on any proposed project area and may, if it considers it appropriate, conduct such assessment on the basis of the findings of the social impact assessment conducted by DURF some time ago before a decision on the timing for redevelopment of the project area is taken. URA will also have to conduct a more detailed assessment, likely to

be renamed mitigation impact assessment, upon commencement of the project to find out the needs of the affected owners, tenants of domestic units and also shop operators.

(ii) At present, the social service teams assisting affected tenants and households in URA redevelopment projects are directly funded by URA. The social work sector has expressed grave reservations on such principal/agent relationship with URA which tends to turn them into part of URA's acquisition team and is therefore viewed with scepticism by affected owners/tenants. Social workers argue strongly that without trust established with their clients, it is very difficult for them to deliver their casework service. To address this concern which is shared by some academics and LegCo Members, these social service teams will be funded in future from a trust fund (details in paragraph 7 below). The social service teams will report to the Board of Trustees instead of URA.

(j) Self-financing principle for URA

(i) It remains a commitment of the Government that in line with our policy intention, the urban renewal programme of URA should be self-financing in the long run. The public acknowledges the Government's position that the principle of self-financing should continue to be the bedrock of good corporate governance in public bodies but many take the view that given the wide ranging benefits of urban regeneration, this principle should not compromise URA's ability in discharging its social mission of urban renewal. As provided for in the revised URS, URA will be asked to focus on redevelopment and rehabilitation as its core business. This should not worsen URA's financial capability as the other two Rs, preservation and revitalisation, which are not expected to be emphases of URA's work under the revised URS, are expenditure-driven programmes. Although URA may be implementing relatively less profitable projects under the owners "demand-led" scenario, the revised URS has not proposed changing the compensation and rehousing

package (the "flat for flat" option is based on equivalent value of the cash compensation) which is one of the main cost drivers in URA's work. As regards its role as "facilitator", URA will be charging a fee and hence this new role should by and large be "cost neutral" to URA.

(ii) Benefiting from a rising property market, URA is now endowed with very healthy finances with a total net asset value of $16.7 billion as at 31 March 2010. Coupled with the rider that URA will only take up projects within its own financial and other capacities and the statutory requirement for seeking FS' approval of its Corporate Plan and Business Plan, we do not see a need to change this self-financing principle. That said, the value of urban renewal work undertaken by URA should also be assessed taking into account the economic benefits brought about by its projects to the vicinity, rather than confining it to within the project boundaries.

An Urban Renewal Trust Fund

7. To provide a steady and independent source of funding for various supporting work envisaged in the revised URS, a trust fund will be set up pursuant to section 6 of URAO, the operation of which will be separated from URA. We will appoint independent persons to the Board of Trustees for this new trust fund and will ensure transparency in the monitoring and financial reporting of this trust. With its current and projected healthy finances, we propose that a $500 million capital injection into the trust fund should come from URA. The ambit of the fund should be within the purposes of URA under section 5 of URAO to cover not only the various activities to be conducted by DURF to help draw up a district urban regeneration blueprint such as social impact assessments, policy research, public engagement events, etc. and the costs of engaging social service teams as specifically identified above, but also heritage preservation and district revitalisation activities to be undertaken by bodies other than URA under the new blueprint. Such uses will be considered by the Board of Trustees upon application on a case-by-case basis. URA may be invited to replenish the trust fund when needed.

Use of Kai Tak sites to facilitate introduction of "flat for flat"

8. Given that URA's rehousing arrangements (for affected tenants) with HKHA and HKHS have been going on well over the years, notably

because of the greater pool of supply, there is no practical or policy need for URA to develop its own rehousing blocks. The Kai Tak Development, however, offers a timely opportunity for the URA to provide "first solution space" for the "flat for flat" option proposed for owner-occupiers affected by URA projects. As any in-situ "flat for flat" offer will take at least six to seven years to materialise, it can prove unrealistic for owners to participate in it as they will have to pay for rented accommodation throughout the project construction period. In an attempt to make the option more realistic, the Chief Executive in Council has agreed in principle the granting of one or two suitable sites at Kai Tak to URA at a full market value premium reflecting the type and size of flats to be built as specified in the conditions of grant. Our latest policy intention is that modest, affordable and environmentally sustainable flats ranging from 40 to 60 m^2 saleable area, being typical sizes of flats acquired for redevelopment, will be provided in Kai Tak. URA will be required to pay a full market value premium reflecting the conditions of the land grant, and will also offer the flats produced to owner-occupiers at market price. Although the offer of flats in Kai Tak will be non-in-situ "flat for flat", it will still serve to maintain the social network of affected owner-occupiers of URA-implemented projects as like-minded neighbours opting for "flat for flat" can still continue to live together in the same community at Kai Tak.

9. The first suitable site identified in Kai Tak is one at the north apron next to the public rental housing development. Part of the site may be available for building development by mid-2013. Subject to design, this site is capable of producing about 1 000 flats of small and medium sizes ranging from 40 to 60 m^2 modest, affordable and environmentally sustainable flats. As the offer price of flats at Kai Tak will be determined at the time when the affected owner-occupiers of the respective URA-implemented projects will be given voluntary acquisition offers for their flats within the boundaries of URA projects implemented between 2011-12 and the time when the Kai Tak "flat for flat" option comes on-stream tentatively in 2016-17, the participating owners will be able to lock the price of the new flats in future at the point they receive compensation and ex gratia payment by URA. This arrangement is expected to be welcomed by owner-occupiers, as it will help to protect the participating owners from the risk of price hikes in a rising market situation. We expect one or two sites to be granted to URA capable of producing a total of 1 500 to 2 000 units which we believe would be sufficient for the effective implementation of "flat for flat". These sites need not be made available in one go. As and when URA has redeveloped an old urban site,

some of the flats in that redeveloped site would serve as units for "flat for flat" in a subsequent project assuming these projects are within an acceptable distance for owner-occupiers to maintain their social network. In the unlikely event that there is a small number of Kai Tak flats being left unoccupied, URA will pay for all the related maintenance costs and will put these units to other uses for the purpose of facilitating urban redevelopment.

Revised URS

10. The draft text of a revised URS at Annex A incorporating the above-mentioned key recommendations will be published for two months' public consultation before finalisation for promulgation. Implementation of the proposed changes under the revised URS does not require amendments to URAO.

IMPLICATIONS OF THE PROPOSAL

11. The financial, civil service, economic, environmental, and sustainability implications are set out at Annex F. The two proposals are in conformity with the Basic Law, including the provisions concerning human rights. The proposals have no productivity implications.

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PUBLIC CONSULTATION

12. There was extensive public consultation over the two years of the three-stage URS Review as detailed in paragraph 5.

PUBLICITY

13. A two-month consultation on the draft text of the revised URS has commenced on 13 October 2010 with the issue of a LegCo brief and a press release. SDEV will conduct a press conference together with the Chairman of URA as part of the publicity.

BACKGROUND

14. The Chief Executive announced in the 1999 Policy Address a new and proactive approach to urban renewal and a plan to establish URA to replace the LDC to implement the Government's urban renewal plans. The objective of the new approach was to rejuvenate old urban districts by

way of redevelopment, rehabilitation and heritage preservation in a more comprehensive and holistic manner. In July 2000, URAO was enacted and URA was established in May 2001. Section 20 of URAO stipulates that SDEV may prepare from time to time an urban renewal strategy for carrying out urban renewal. SDEV is required to consult the public before finalising the urban renewal strategy so prepared. The current URS was promulgated in November 2001 and has since been issued to URA as a policy guide for its Corporate Plans.

15. Under the 2001 URS, URA is tasked to implement an urban renewal programme comprising 200 new projects and 25 uncompleted projects of the LDC. As related measures, in February 2001, the Chief Executive in Council ordered that the basis for calculating HPA should be revised from a replacement flat of about ten years' old to a replacement flat of about seven years' old; HPA for owners of a tenanted flat (or tenanted area) should be retitled as the Supplementary Allowance (SA) to avoid confusion or misunderstanding; and the eligibility criteria for the new HPA/SA and the amount payable, as revised, should be adopted. Further, in May 2002, the Chief Executive in Council ordered that all urban renewal sites for new projects set out in URA's Corporate Plans and Business Plans, approved by FS from time to time, may in principle be granted to URA at nominal premium subject to satisfying FS of the need therefor.

16. Over the past decade, policies, legislation and measures have been rolled out to facilitate urban renewal including redevelopment undertaken by the private sector, building maintenance and heritage conservation. A summary account of such efforts is set out at Annex G.

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ENQUIRY

17. Enquiries on this brief may be directed to Ms Winnie So, Principal Assistant Secretary for Development (Planning and Lands)4, on 2848 2656.

Development Bureau
October 2010

Annex A

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:

Address: Urban Renewal Unit
Development Bureau, 9/F, Murray Building, Garden Road,
Hong Kong

Email address: enquiry@ursreview.gov.hk

Fax number: 2845 3489

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.

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.

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.

Annex B

Publications of Urban Renewal Strategy Review

B1. "Together we cultivate, plan and enjoy the fruits of urban renewal"

B2. "Public Engagement" Stage - Consultation Summary

B3. Public Views and Future Direction – Paper for the Consensus Building Stage of the Urban Renewal Strategy Review

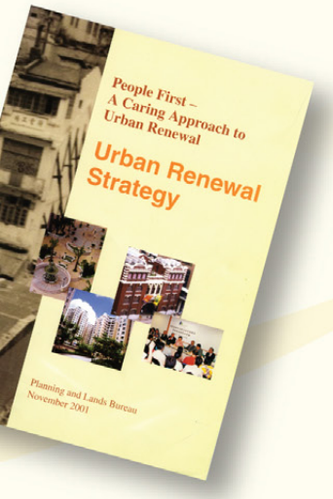
Annex B1

Urban Renewal Strategy Review

Together we cultivate, plan and enjoy the fruits of urban renewal

July 2008

Development Bureau
The Government of the Hong Kong Special Administrative Region



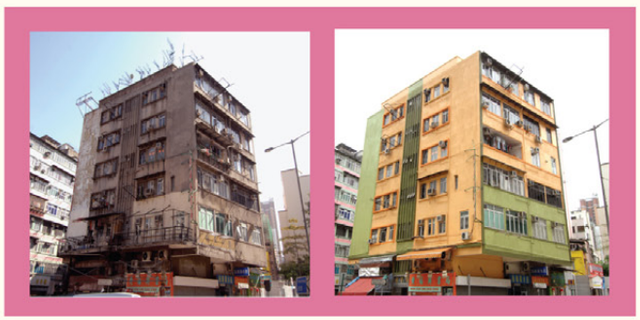
URBAN RENEWAL IN HONG KONG

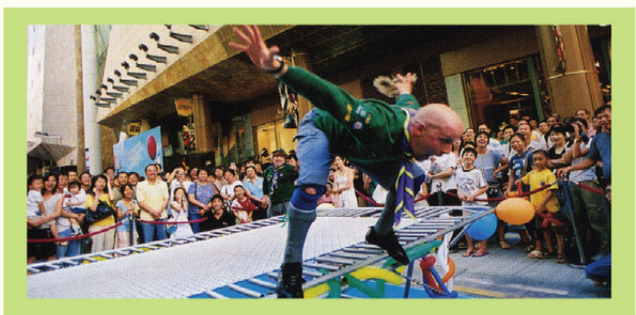
Hong Kong, like most developed cities, faces a formidable problem of aging buildings and urban decay. Some quarters of our community are living or operating in rundown areas which are in dire need of urban regeneration and environmental improvement.

The Government set up the Urban Renewal Authority (URA) in 2001 with a mission to create quality and vibrant living in Hong Kong – a better home in a world-class city. The Government also published an Urban Renewal Strategy (URS) to provide broad policy guidance to the work of URA.

URA'S WORK & ACHIEVEMENTS

For the past seven years, URA has adopted a **"4R"** strategy, i.e. **Redevelopment, Rehabilitation, Revitalisation** and **pReservation** to regenerate our urban areas.





So far, URA and its strategic partner, Hong Kong Housing Society, have –

(a) improved the living conditions of some 18,000 people through commencing 35 redevelopment projects (6 of them having preservation elements) and 2 preservation projects

In addition, URA has –

(b) benefited about 36,000 residential units in over 450 buildings under rehabilitation schemes
(c) preserved over 25 historical buildings for adaptive re-use

About 20,000m² of public open space and about 55,000m² of government/community/welfare facilities, e.g. youth centre and residential home for elderly would also be made available upon completion of the 35 redevelopment projects.

More details on the current URS and URA work can be found in www.ursreview.gov.hk and www.ura.org.hk

A NEW ERA FOR URBAN REGENERATION

Community aspirations over what urban renewal and regeneration entail and how they can be achieved have changed much since 2001. The large number of old buildings (15,000 private building stock aged 30 years or above now and rising to 22,000 in the next ten years) also calls for a critical re-think of the urban regeneration programme.

URBAN RENEWAL STRATEGY – THE REVIEW

The Government has launched a root and branch review of URS. There is no pre-determined agenda of the review. The review comprises 3 stages of public engagement –

Stage 1

Envisioning

Jul 2008 - Jan 2009

- Identify key issues and agenda items that should be reviewed.
- Focus group discussions, and feedback from the community through various channels.
- Public seminar to share overseas experience.

Stage 2

Public Engagement

Feb 2009 - Dec 2009

- Engage wider public on the issues and solutions of urban renewal.
- Road shows, public forums, in-depth focus group discussions, and web discussion forum.

Stage 3

Consensus Building

Jan 2010 - Apr 2010

- Review choices and preferences on issues and options.
- Identify majority views on how URS should be revised.
- Workshops with all active participants and general public.

STAGE 1 – ENVISIONING

We are now in the Envisioning Stage. We need YOU to help us set the agenda.

Urban renewal is an important development issue with economic and social dimensions involving numerous stakeholders. The following are some snapshots of diverse views towards urban renewal.

Different aspirations, such as the above, reflect competing and even conflicting demands over urban renewal. It is important to strike a careful balance between –

- interest and needs of individual owners/tenants ***versus*** the public interest
- financial prudence and sustainability ***versus*** compensation demands
- development ***versus*** preservation

SOME FOOD FOR THOUGHT

Below are some questions on urban renewal for you to consider -

- Rehabilitation is a viable alternative to redevelopment in regenerating older districts. However, buildings coming to the end of their physical and economic life will need to be redeveloped ultimately. How and where should the line be drawn?
- Redevelopment may destroy the old ambience and disrupt social network of affected occupants. At the same time, it provides an opportunity to make available public open space and community facilities in built-up areas and injects vitality in such areas. How much redevelopment work should the public sector carry out?
- "People-centred approach to urban renewal", "preserving social network" and "local characteristics" may carry different meanings to different people. Can community consensus be reached over how to achieve them?
- Community aspirations like low density, preservation and retention of social network come with a price tag. How much is the community prepared to pay for these?
- How to allow early participation in the planning of redevelopment and preservation projects while forestalling speculators from moving in to claim compensation?
- Urban regeneration, in particular redevelopment, revamps and uplifts an old area, but the inevitable effect of 'gentrification' may stifle the continued survival of small businesses. How to mitigate such effect?
- Could the Government, the URA, the community, and the private sector complement each other in achieving the goals of urban renewal and regeneration?

HAVE YOUR SAY – BE INFORMED AND GET INVOLVED

Urban renewal is a vital element of a quality city life. Let's work together to achieve a new sustainable URS -

Come visit the website
www.ursreview.gov.hk
for more information

•

Sign up for the workshops
to help us set the agenda

•

Send us your views by filling in
the attached questionnaire or other forms

Contact Us

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Website : **www.ursreview.gov.hk**

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To help us set the agenda for the Review of the Urban Renewal Strategy, please complete the following questionnaire and send it back to us:

1. What community benefits should urban renewal bring about? Which factors should be considered in considering a sustainable urban renewal strategy?

2. Currently, redevelopment plays a significant part in the holistic approach to urban renewal, with lesser emphasis on rehabilitation, preservation and revitalization. Should the weightings among these works be reviewed? And in what aspects?

3. Should the project selection process be reviewed? Should it be decided by the majority view of the community? What areas should we study to address the minority views?

4. URA is required to achieve self-financing in the long run. Does the current self-financing model of urban renewal need to be reviewed?

5. Should the role of the URA be reviewed? What roles should the private sector and the Government play in urban renewal?

6. Should the current compensation methods for redevelopment and preservation be reviewed? What are the key elements of fair compensation methods?

7. Other comments

Name (optional): _____

Contact (optional): e-mail or postal address, telephone number etc:

_____

Please send the completed questionnaire and/or other comments you may have to:

By Post : Development Bureau
(Attn.: URS Review)
9/F, Murray Building
Garden Road, Central, Hong Kong
By Fax : 2845 3489
By email : enquiry@ursreview.gov.hk

A softcopy of the questionnaire can be downloaded from www.ursreview.gov.hk

If you wish to participate in various public engagement activities, please indicate below:

☐ Yes (at contact indicated above) ☐ No

Urban Renewal Strategy Review

"Public Engagement" Stage Consultation Summary

February - December 2009

Content

1. Background

Hong Kong, like most developed cities, faces a formidable problem of ageing buildings and inadequate community facilities in older districts. Some quarters of our community are living or working in rundown areas which are in need of environmental improvement and revitalisation through the process of urban renewal.

The establishment of the Land Development Corporation (LDC) in 1998 marked the beginning of a more focused approach to tackle the urban decay problem in Hong Kong. In June 2000, the Legislative Council passed the Urban Renewal Authority Ordinance (URAO) as the basis for the establishment of Urban Renewal Authority (URA) and to clearly set forth the purposes, general power and duties of URA, and the implementation process of its projects. In May 2001, the URA was established to succeed the LDC with a vision to create quality and vibrant urban living in Hong Kong - an ideal home in this world-class city.

In November 2001, the Government published the Urban Renewal Strategy (URS), after consulting the public. The URS sets out broad policy guidance for the work of the URA. The URS states that the purpose of urban renewal is to improve the quality of life of residents in the urban areas; it also prescribes that a "people-centred" approach should be used to carry out urban renewal. The major provisions of the URS include:

- The main objectives of urban renewal
- The role of the URA - redevelopment of target areas, implementation of redevelopment, rehabilitation and heritage preservation
- The land assembly process - land acquisition by agreement before applying to the government for land resumption
- Processing of projects - planning procedures, freezing surveys, district advisory committees, public consultation, social impact assessment, social service teams
- Financial arrangements and planning parameters

With the progress of time and societal development, people have changed their values and priorities regarding the objectives and aspirations over urban renewal, its mode of implementation and consequences. Hence a comprehensive review for the current URS is necessary to ensure that it can continue to reflect the needs of the community and provide effective guidance for urban regeneration in Hong Kong.

2. Model and Process of Review

The review of the URS is initiated by Development Bureau and guided by a Steering Committee chaired by the Secretary for Development. The Committee comprises 10 independent members of different professional and community background. The URA and Consultants provide support to carry out the URS Review.

The review was launched in July 2008 and the whole review process is expected to be completed in about two years. With no pre-determined agenda, the review comprises 3 stages of public engagement as follows :

Stage 1 Envisioning

Jul 2008 - Jan 2009

- Identify key issues and agenda items that should be reviewed
- Commission a consultant to research into urban renewal practices in Asian cities (Singapore, Tokyo, Seoul, Taipei, Shanghai, Guangzhou)
- Collect feedback from the community through focus group discussions, meetings with professional organisations and institutions, seminar on sharing Asian experiences on urban renewal, eForum and various channels

Stage 2 Public Engagement

Feb 2009 - Dec 2009

- Engage the general public to discuss the issues identified and develop possible options
- Organise roadshows, structured interviews, public forums, topical discussions, radio programmes and public opinion surveys
- Organise a series of educational and public engagement activities with partnering organisations and groups

Stage 3 Consensus Building

Jan 2010 - Apr 2010

- Review choices and preferences on issues and options
- Identify majority views on how the URS should be revised
- Organise workshops with all participants involved in previous stages and other interested parties and individuals

Since the launch of the URS Review, the public have identified the following issues during the Envisioning Stage for further review:

1. Vision and Scope of Urban Regeneration
2. 4Rs Strategy in Urban Regeneration
3. Roles of Stakeholders
   (Public and private sector participation and owners' participation in urban redevelopment)
4. Compensation and Rehousing Policies
5. Public Engagement
6. Social Impact Assessment and Social Service Team
7. Financial Arrangement

3. Vision and Scope of Urban Regeneration

Current Policies

According to the current URS:

- The purpose of urban renewal is to improve the quality of life of residents in the urban area
- A "people-centred" approach is employed
- 9 target areas are designated to facilitate better restructuring and replanning

Public Views

- The vision of urban renewal should hinge on the long term positioning of Hong Kong, and as part of the town planning and economic development strategy
- Urban renewal should be extended to cover industrial areas and areas outside the target areas of the current URS
- Urban renewal planning should be undertaken at the district level
- "People-centred" approach should be enhanced to protect the social network and relieve the effects of gentrification* on the citizens and small businesses
- Practical considerations (e.g. development density, urban design, local culture, cultural preservation, traffic impact)

* Gentrification may occur when an older urban area, upon being renewed, has higher land prices and rental values. Accordingly, higher income earners move in and replace the original low income earners and small businesses.

Experience in Other Cities

Various Asian cities will regard raising their competitiveness, promoting economic development and improving the quality of living environment as the goals of urban renewal

Singapore Urban renewal is an important component of national development; the development of tourism has also helped in the promotion of heritage conservation

Tokyo Stimulation of urban rebirth and economic revitalisation, and upgrading buildings' resistance to earthquake and fire

Seoul Improvement in urban structure and living environment to enhance the city's competitiveness

Taipei Regeneration of urban functions, improvement in living conditions and the enhancement of public interest

Tokyo targets in upgrading building's resistance to earthquake and fire

Singapore URA is the central planning and preservation organisation, responsible for city planning and design, preservation, land sales, approval for development, and management, planning and promotions of activities of the waterfront areas. The photo shows Clarke Quay in Singapore waterfront

Seoul aims in enhancing the city's competitivness

Shanghai Conduct urban regeneration in accordance with the more long term overall positioning and development strategy of the city

Guangzhou Elevate its city status; tourism development in recent years has also promoted the work of heritage preservation

3. Vision and Scope of Urban Regeneration

Food for Thought

Lessons from redevelopment of Wanchai:

In the past decades, the ex-LDC and the URA carried out a number of redevelopment projects in Wanchai. These redevelopment projects commenced planning and land acquisition at different times and did not link or relate to each other. As such, residents and business operators affected by these projects had difficulties in finding replacement flats or shop premises within the same district. For example, even if some residents and wedding card shop operators at Lee Tung Street wished to relocate to another URA project area in Johnston Road and Ship Street, it could not be arranged.

Questions:

- Can planning for urban regeneration be "district-based"? That means the whole of Wanchai district should be included in the formulation of an urban regeneration plan for Wanchai; the needs and characteristics of the local community would also be taken into account in working out the right balance of the 4Rs strategy for the district.
- What should be the principles behind the "district-based" planning for urban regeneration? Should the concept of sustainable development be part of it?
- If there are industrial areas and harbour front areas within a district, should these areas be covered in the urban regeneration planning for the district?
- Should the planning for urban regeneration be implemented in stages to allow more room for gradual and spontaneous regeneration?

4. 4Rs Strategy in Urban Regeneration

Current Policies

- The URA adopts a 4Rs strategy for urban renewal. The 4Rs are:
  Redevelopment
  Rehabilitation
  pReservation
  Revitalisation
- Redevelopment: the factors considered for determining the priorities include the conditions of buildings, living environment of residents, environment of the area and utilisation of land etc.
- Rehabilitation: Providing allowance, loan and material subsidy for owners of rehabilitation projects
- pReservation: Buildings, sites and structures of historical, cultural and/or architectural interest. The preserved heritage buildings should be a living and functional part of the community and not mere historical artifacts for display

- URAO and URS focus primarily on redevelopment; they provide less for rehabilitation and preservation, and rarely cover revitalisation
- The current URS requires the URA to implement an urban renewal programme consisting of 200 new projects and to give priority to the 25 uncompleted projects of the ex-LDC in 20 years. 43 of those projects have been started and partly completed so far (including the 25 projects of the ex-LDC)

4. 4Rs Strategy in Urban Regeneration

Shanghai's preservation has become more prominent since the 1990s

Public Views

- Some called for more emphasis on rehabilitation, preservation and revitalisation, considering that these would help to preserve the local characteristics and the existing social network
- Some urged for early redevelopment of dilapidated buildings and those with poor environmental hygiene conditions
- Some doubted whether it was feasible for URA to implement the **225** projects within **20** years, especially under a self-financing approach in the long-term
- Should improve co-ordination among 4Rs and devise guidelines for determining which of the 4Rs should be adopted for an area (e.g. the age and conditions of buildings, their historical value etc.)

Experience in Other Cities

Urban renewal is primarily focused on urban redevelopment. More calls for preservation and rehabilitation in recent years

Singapore	Redevelopment mostly takes place in public housing (which constitutes a great portion of the housing market). Conservation work has started earlier and has moved faster compared with other cities
Tokyo	Redevelopment is predominant; with increasing emphasis on heritage preservation, rehabilitation and revitalisation in recent years
Seoul	Redevelopment is predominant
Taipei	Most of the legal provisions are related to redevelopment. However, there are increasing calls for preservation and rehabilitation in recent years
Shanghai	Redevelopment was the emphasis in earlier stages of urban renewal, but preservation has become more prominent since the 1990s
Guangzhou	The emphasis is on redevelopment while there is discussion on preservation and rehabilitation in recent years

Food for Thought

Past urban regeneration experience tells us that some people objected to certain redevelopment projects and preferred building rehabilitation; on the other hand, some people did not welcome building rehabilitation programmes and would urge for an early redevelopment of their areas.

Questions:

- What factors should be considered in deciding whether to rehabilitate or redevelop buildings? Should the balance of 4Rs in a district be determined by its own local characteristics?
- What should be the roles and responsibilities of the government, URA and property owners with respect to building rehabilitation, heritage preservation and revitalisation of old districts?
- Does URA have sufficient statutory power to carry out its 4Rs strategy effectively?
- Should the future role of URA be an implementation agent or a facilitator of urban regeneration projects?

5. Roles of Stakeholders

Current Policies

- **Government:** Responsible for overall land use planning, public consultation, and establishing and reviewing policies and measures to promote urban regeneration, including the formulation of URS. In recent years, the government has made more efforts in heritage preservation including promoting the Revitalising Historic Buildings Through Partnership Scheme
- **Statutory/Non-government institutions:**
  - URA: Implementation of redevelopment, rehabilitation, preservation and revitalisation
  - Hong Kong Housing Society (HKHS): Implementation of rehabilitation; assisting URA in implementing selected redevelopment projects; providing rehousing flats to persons affected by redevelopment projects of URA; responsible for the management, redevelopment and rehabilitation of its rental estates
  - Hong Kong Housing Authority (HKHA): Offering resettlement units to persons affected by redevelopment projects of URA; responsible for the construction, management, redevelopment and rehabilitation of public housing estates
- **Private sector:** Participating in redevelopment of projects; majority owner with 90% ownership can apply for compulsory sale for redevelopment purpose
- **Property owners:** Responsible for management and maintenance of their property
- **Property owners, tenants and the local community:** Participating in urban regeneration by joining the public engagement process and sharing the results of urban regeneration (please refer to the section of "Public Engagement")

Public Views

- **Government:** There are different views on whether it should take a leading role in urban regeneration; some suggested that it should invest more in infrastructure to facilitate 'organic' urban regeneration by private owners and organisations
- **Statutory/Non-government institutions**
  - URA: Should explore the possibility of strengthening its facilitating role to include district planning and assisting private owners in redevelopment
  - HKHS: Should enhance its role in the area of rehabilitation
  - Should enhance the coordination among URA, HKHS and Buildings Department, and the collaboration in re-housing the affected residents

- **Private sector:** Should enhance private sector participation in urban regeneration through lowering the application threshold for compulsory sale, concessions in taxation, or transfer of development rights
- **Property owners:** Some suggested to allow owners' participation in URA's redevelopment projects, others suggested compulsory maintenance and compulsory heritage preservation by owners

5. Roles of Stakeholders

Experience in Other Cities

Redevelopment

Government-led or Private-led

Redevelopment in Tokyo and Singapore is led by the private sector and the other studied cities have gone through stages of government-led, private-led, and finally a public-private partnership model

Singapore	Since public housing is predominant, redevelopment in private housing is rare and is primarily led by private developers
Tokyo	Private-led redevelopment predominates and the government encourages developers' participation through increasing the plot ratios
Seoul	The government increased the plot ratio to encourage private redevelopment in 1980-90s, but this led to worsening traffic and a continuous increase in building density and height. In 2000, the Public Private Partnership mode was implemented
Taipei	The government has encouraged private participation in redevelopment since the 1990s, but it has only successfully attracted some small projects in upmarket residential areas. As a result, the Taipei Urban Renewal Corporation was established in 2008 with 40% government and 60% public ownership to implement redevelopment projects in areas which are not attractive to private developers
Shanghai	Since 2003, the government has adopted a land bank mode by acquiring land first, then demolishing the existing buildings and finally releasing the land in the market for private development when the time is right
Guangzhou	The role of the government in planning, removal, compensation and monitoring has strengthened in recent years and private developers are responsible for design and construction

Percentage of owners' consent required for private redevelopment

The percentage of owners' consent required for private redevelopment is between 50% and 80% among the studied cities

Singapore	80% (for building age of 10 years or older)
Tokyo/Seoul	2/3
Taipei	1/2 -2/3 (depending on the priority of redevelopment)
Shanghai	2/3 (minimum legal requirement) 75% (under trial)
Guangzhou	2/3 (minimum legal requirement) 70% (under trial)

Owners' Participation

Owners' participation in redevelopment projects is adopted in Tokyo, Seoul and Taipei through the cooperation between property owners and private developers. If necessary, the government will provide assistance to them

Tokyo	The process is more harmonious, but the negotiation process is long and re-negotiation may be required at times of economic fluctuation (e.g. the redevelopment of Roppongi took 17 years and the Akabana Nishiguchi took 40 years to complete)
Seoul	Conflict often occurs among owners, tenants and developers
Taipei	Owners' participation in redevelopment to form a harmonious community, but successful cases were restricted to small projects in better off districts
Other studied cities	No owners' participation is seen

5. Roles of Stakeholders

Experience in Other Cities

Rehabilitation

Seoul/Taipei	The government provides loan or financial assistance for prioritised areas of urban regeneration
Other studied cities	Building maintenance is the responsibility of owners

Preservation

- Preservation is primarily government-led with private participation in the studied cities
- Historical and cultural protected districts or historical districts are established in the studied cities with development restrictions (such as permitted building height and plot ratio)
- The role of the government includes: planning, declaring and classifying heritage and cultural protection districts, establishing restrictions, offering financial assistance and support, and property acquisition

Food for Thought

Many dilapidated buildings in Hong Kong were redeveloped by property owners and developers through the market mechanism. There is legislation to facilitate site assembly by private property owners through compulsory sale of land for redevelopment, whilst URA is taking up projects involving greater challenges in land acquisition, planning of the project sites, or project financing.

Questions:

- Should we also adopt the principle of "big market, small government" in urban redevelopment? That means the government or the URA should only aim at providing a suitable environment for private organisations to carry out redevelopment.
- Multi-storey buildings in Hong Kong are usually under multiple ownerships. Should URA assist private owners in assembling titles of the entire property so as to facilitate its redevelopment?
- Should URA be allowed to acquire properties before commencement of urban regeneration projects? Should URA be allowed to hold properties for a longer term to achieve urban regeneration objectives?
- Should individual property owners be allowed to participate in redevelopment projects by public organisations? Are they capable of understanding and shouldering the development risks?

6. Compensation and Rehousing Policies

Current Policies

- The current compensation arrangements adopted by URA are worked out with reference to the compensation policy approved by the Finance Committee of Legislative Council in 2001
  - Residential owner-occupiers: market price + home purchase allowance (based on a notional 7-year old replacement flat)
  - Owners of vacant or tenanted residential properties: market price + supplementary allowance
  - Non-residential owners: market price + allowance (35% of market price)
  - Residential and non-residential tenants: ex-gratia payment or ex-gratia allowance
- Public housing units will be provided to qualified residential tenants by HKHA or HKHS
- In view of public demand, URA has introduced other compensation arrangements, such as "Expression of Interest in Purchasing Arrangement" (EIPA), which allows affected owner-occupiers to register their intention to purchase a unit in a newly developed project and accord them a priority to purchase in future. In addition, shop owners will be given ex-gratia business allowance
- According to the URS, although the URA can apply for land resumption in accordance with the URAO, it should consider acquiring the required land by agreement before making the application to the Secretary for Development. Up to June 2008, among the 18 completed or nearly completed redevelopment projects, around 80% of the land titles were purchased by URA while the remainder were obtained through land resumption

Public Views

- There are different views on the current compensation policy. Whilst some affected property owners considered it insufficient, some people considered it too generous
- Some requested for more compensation options, such as "flat for flat", "shop for shop" or allowing the owners to participate in a redevelopment project
- Some requested for compensation prior to the announcement of a project
- After the announcement of a redevelopment project, there were cases where some owners terminated their leasing contracts with their tenants according to the provisions under the "Landlord and Tenant (Consolidation) Ordinance". Some considered the protection for tenants insufficient
- Some had doubts about whether it was reasonable to allow URA to apply for land resumption for implementation of its urban regeneration projects

Experience in Other Cities

Singapore Compensation or resettlement is a private agreement and not regulated by law

Tokyo Individual compensation arrangements (such as "flat for flat" or "shop for shop") are negotiated and agreed by the Redevelopment Association, which comprises the owners and developers. If necessary, the government or renewal organisation can provide assistance. The compensation / resettlement of tenants is a private agreement and the Redevelopment Association can also decide to allow the tenants to come back after redevelopment

Seoul Owners can participate in urban redevelopment project through the Redevelopment Association formed by owners and participating developer. Owners are given a "priority ticket", which is transferable in the market, to purchase a new unit after redevelopment. Owners and tenants are given relocation subsidy. In designated redevelopment districts, construction of rental housing is also required to re-house the tenants

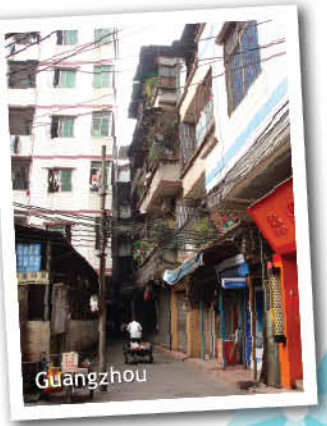
Taipei Similarly, owners can participate in the urban redevelopment project through the Redevelopment Association formed by the owners and the participating developer. The compensation for the participating or non-participating owners will be determined by the Redevelopment Association upon approval by the government. The tenants are also compensated

6. Compensation and Rehousing Policies

Experience in Other Cities

Shanghai The owners can opt for cash compensation (market value plus 25%-30% additional incentives), relocation outside the district or relocation in the vicinity. Tenants can opt for relocation outside the district with renewed leases

Guangzhou Owners can opt for cash compensation (market value with incentive, the government is reviewing the compensation based on the price for an undecorated flat), relocation on-site or outside the district. Some tenants of state housing can opt for lease renewal in a location outside the district or cash compensation


Guangzhou

Food for Thought

From time to time, we heard that some property owners affected by urban regeneration projects would prefer "flat for flat" or "shop for shop" arrangements in lieu of cash compensation.

Questions:

- Should the affected residents and shop owners be offered the options of **"flat for flat"** and **"shop for shop"** as compensation? Should rental subsidies be given to residents and shop owners who opt for "flat for flat" or "shop for shop" until the redevelopment projects are completed? These will increase the redevelopment cost; as taxpayers, will you support these compensation options?
- Should the amount of cash compensation be the same for **owner-occupiers and owners of vacant or tenanted residential properties**?
- The community in general wishes to lower the development density in urban areas. This would reduce the financial returns of redevelopment projects, but not the acquisition cost. **Is the current compensation model sustainable**?
- Should the affected residents be **re-housed in the same district**?

7. Public Engagement

Current Policies

At different stages from planning to acquisition, URA engages the public and local communities through different channels including:

- Setting up District Advisory Committees
- Conducting research on community opinions and questionnaire survey
- Organising briefings, talks, seminars, community workshops and road shows
- Maintaining close liaison with District Councils and local organisations
- If it involves a planning application or an amendment to an outline zoning plan, public consultation must follow the procedures stipulated in the "Town Planning Ordinance"
- As a large sum of public funds is involved in compensation and housing resettlement, a 'freezing survey' must be first conducted prior to the announcement of a new project and commencement of related public consultation

Public Views

- The public engagement process from policy planning to project implementation should be strengthened (such as participation in designating target areas for urban regeneration, selection of urban regeneration projects and confirmation of the business strategy)
- Based on a 'district-based' principle, affected local people should be invited to help identify potential target areas for urban regeneration
- Urban regeneration projects should be monitored by community organisations
- It was believed that by strengthening the public engagement process, the acceptability of an urban regeneration project can be enhanced. There were also concerns that this might slow down the pace of urban regeneration, or attract speculators

7. Public Engagement

The Study Delegation visited Roppongi Hills in Tokyo.

Experience in Other Cities

Singapore	No relevant regulations
Tokyo	Public consultation is needed for redevelopment projects
Seoul	A public hearing is compulsory
Taipei	The views of the residents form part of the considerations in deciding whether an area should be designated as an urban renewal area. The redevelopment plan must be made known to the public for the community to express views
Shanghai	The redevelopment plan and the opinions as collected must be made public. A pilot two-stage consultation process is now employed to decide whether there is sufficient support for the redevelopment
Guangzhou	A pilot scheme is in progress, involving a questionnaire survey of owners and residents, announcing the planning proposal and the holding of a residents' meeting

(Please refer to the section of "Roles of Stakeholders" for the percentage of owners' consent.)

Food for Thought

Residents affected by urban regeneration projects generally wish to know more about the project plans as early as possible, yet the pre-mature announcement of project details may invite speculators to enter the project area and unnecessarily increase the acquisition cost and difficulties in re-housing. There seems to be conflicts between these two considerations.

Questions:

- How should we strike a balance between facilitating early public engagement and preventing speculations?
- What kind of public engagement mechanism is required for "district-based" urban regeneration planning? How to ensure the representativeness of participants?
- Should URA be required to obtain the consent of a specified proportion of affected owners and residents before a redevelopment project is allowed to proceed?
- How can we encourage more public engagement and at the same time maintain the pace of urban regeneration?

8. Social Impact Assessment and Social Service Team

Current Policies

According to the current URS, URA must:

- conduct a non-obtrusive social impact assessment prior to publication of the proposed project; the content includes demographical characteristics, social and economic characteristics, community and welfare facilities, cultural and community characteristics of the district, etc., as well as an initial assessment of the potential social impact of the project and the mitigation measures required
- after announcing the project in the government gazette, there will be a freezing survey to gather necessary data for the preparation of a detailed social impact assessment. The content covers the needs of affected residents (particularly the elderly, the disabled and single-parent families), as well as a detailed assessment on the potential social impact of the project and the mitigation measures required

- URA has set up Social Service Teams in Kwun Tong, Sham Shui Po, Yau Ma Tei, Tsim Sha Tsui, Mong Kok, Wong Tai Sin, Kowloon City, Tai Kok Tsui and Central and Western districts. The teams are formed by professional social workers who provide assistance to affected residents and follow up cases for residents in need

Public Views

- The social impact assessment aspect should be strengthened (e.g. details and scope of assessment)
- Tracking studies should be conducted after the completion of redevelopment
- The appointment of Social Services Teams should be reviewed to strengthen their independence

8. Social Impact Assessment and Social Service Team

Experience in Other Cities

Taipei	Social impact assessment is part of the environmental assessment
Other studied cities	No social impact assessment is required

Food for Thought

Currently, URA conducts social impact assessments on its projects and sets up the social service teams. There are concerns about the independence of the social impact assessments and social service teams.

Questions:

- How to strengthen the role of social impact assessments in the decision making process?
- Should tracking studies be conducted?
- Are there potential conflicts in the current arrangements for setting up of social service teams? What can be done to improve the situation?
- What should be the role of the social service teams under a "district-based" planning approach?

9. Financial Arrangement

Current Policies

- According to the current URS, the government's objective is to allow the urban renewal programme (including 4Rs strategy) to be self-financing in the long run. Every year, the URA needs to submit for the Financial Secretary's approval an annual business plan for the next financial year and a corporate plan for the next five years
- The government has injected an aggregate amount of $10 billion to URA
- The government provides government land within the URA project boundaries and charges only nominal land premium for any potential benefits derived from a development project
- Upon the completion of planning, rehousing and land resumption, URA will invite the developers to participate in the construction to enhance the quality of a project

Public Views

- Public views on the self-financing mode of urban renewal programmes are divided
- The supporters believed that public resources should be used prudently; the objectors believed that it would only force URA to maximise commercial profits while weakening its ability to launch unprofitable but socially beneficial projects
- Some believed more public resources should be allocated, e.g. another injection of capital by the government, transfer of development rights and the approach to 'link' renewal projects to other development sites

9. Financial Arrangement

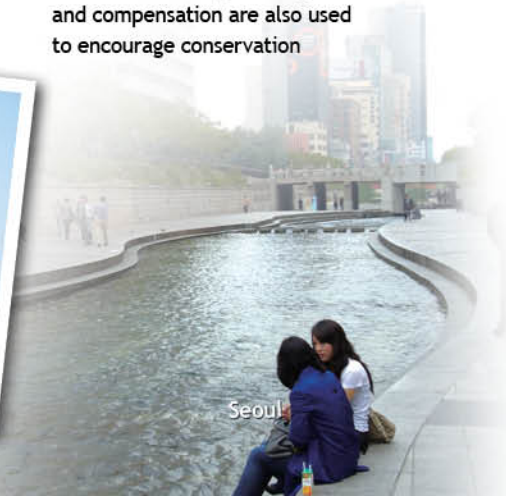
Experience in Other Cities

Singapore The Singapore URA is primarily responsible for planning, management and approval work, whilst the government is responsible for the recurrent expenses. Various charges are waived and tax incentives are offered to promote conservation

Tokyo The government provides interest free loans, shares the construction cost of public facilities, grants extra plot ratio and provides tax exemptions to encourage private redevelopment; it also provides subsidies and tax incentives, and increases the plot ratio of adjacent sites to encourage conservation

Seoul The government encourages private redevelopment through loans and increased plot ratio. The government also injects funds directly into large-scale redevelopment projects (namely the "New Town")

Taipei Loans, tax incentives and extra plot ratio are given by the government to encourage redevelopment. Land resumption, land exchange, transfer of development right and compensation are also used to encourage conservation



Experience in Other Cities

Shanghai / Guangzhou Apart from direct application of redevelopment by private developers, the government acquires, clears, and at a later stage sells the land parcel to developers for redevelopment. The government also encourages conservation by transferring plot ratio between sites

Food for Thought

Through utilising the unrealised development potential in its redevelopment project areas, URA has been able to divert part of the surpluses generated from its redevelopment projects to support other financially non-viable projects which may bring substantial value to the community. This would allow the urban renewal programme to be self-financing in the long run. Nevertheless, old urban areas which may have unrealised development potential are gradually vanishing, whilst the public are having stronger demand for a lower development density.

Questions:

- Should we continue to require the urban regeneration programme be **self-financing in the long run**? If not, how can we ensure the long-term sustainability of the programme?
- How should we **interpret self-financing**? Should we count just the direct financial return to a project, or should we also take into account the economic benefits that a regeneration project may bring to the neighbourhood (e.g. the Mid-levels escalators)?
- Should we examine the feasibility of other alternatives such as **"transfer of development rights"** and **"linked development sites"**?

Urban Renewal Strategy Review

Together we cultivate and enjoy the fruits of urban renewal
Your opinions are cordially invited!

Please visit www.ursreview.gov.hk for more information
Please register for the public forums and topical discussion sessions, and use our e-forum to express your views

Contact us

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Urban Renewal Strategy Review - Public Engagement Stage
Road Show, Public Forum and Topical Discussion Series

	ROAD SHOW	FORUM	DISCUSSION
Series 1	7 - 11 May 2009 Level 4 Atrium, Langham Place, Mongkok	30 May 2009 Hong Kong Heritage Discovery Centre (Kowloon Park, Haiphong Road, Tsim Sha Tsui)	Redevelopment vs Rehabilitation 16 May 2009 The Hong Kong Federation of Youth Groups Building (21 Pak Fuk Road, North Point)
	14 - 18 May 2009 Sham Shui Po MTR Station (near exits A and B)		Heritage Preservation & Revitalisation 13 June 2009 Urban Renewal Idea Shop (38 Tai Yuen Street, Wanchai)
Series 2	11 - 15 June 2009 Covered Piazza, Times Square, Causeway Bay	18 July 2009 The Boys' & Girls' Clubs Association Headquarters (3 Lockhart Road, Wanchai)	Private vs Public Sector Participation in Redevelopment 27 June 2009 Urban Renewal Idea Shop (38 Tai Yuen Street, Wanchai)
	25 - 29 June 2009 Hong Kong MTR Station		Compensation & Rehousing Policies 4 July 2009 The Boys' & Girls' Clubs Association Headquarters (3 Lockhart Road, Wanchai)
Series 3	20 - 24 August 2009 Wong Tai Sin (venue to be confirmed)	12 September 2009 Christian Family Service Centre (3 Tsui Ping Road, Kwun Tong)	Owners Participation in Redevelopment 1 August 2009 Duke of Windsor Social Service Building (15 Hennessy Road, Wanchai)
	3 - 7 September 2009 Kowloon Bay (venue to be confirmed)		Public Engagement 15 August 2009 Urban Renewal Idea Shop (38 Tai Yuen Street, Wanchai)
Series 4	17 - 21 September 2009 Tsing Yi MTR Station	24 October 2009 Cultural Activities Hall, Tsuen Wan Town Hall (72 Tai Ho Road, Tsuen Wan)	Social Impact Assessment and Social Services Team 26 September 2009 Urban Renewal Idea Shop (38 Tai Yuen Street, Wanchai)
	8 - 12 October 2009 Upper Ground Floor, City Walk, Tsuen Wan		Financing Urban Renewal 31 October 2009 Urban Renewal Idea Shop (38 Tai Yuen Street, Wanchai)
Conclusion	FORUM 5 21 November 2009 Hong Kong Island (venue to be confirmed)	Road Show 11:30 a.m. - 8:30 p.m., Thur. - Mon. (Except for Langham Place: 11 a.m. - 11 p.m.) Public Forum / Topical Discussion 2:30 - 5:00 p.m., Saturdays	

The Government of the Hong Kong
Special Administrative Region
Development Bureau

May 2009

Urban Renewal Strategy Review

Annex B3

Public Views and Future Direction

Paper for the Consensus Building Stage of the Urban Renewal Strategy Review

Table of Contents

1. Foreword

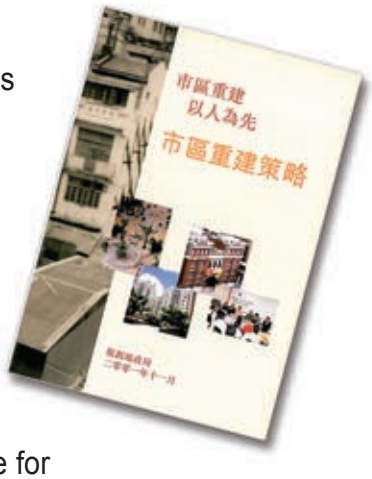
The Urban Renewal Strategy (URS) Review is now into its final and most important stage: Consensus Building. Over the past 20 months or so, we have completed the Envisioning Stage and the Public Engagement Stage, listening to the views, aspirations and visions of people from all walks of life. In partnership with District Councils and community groups, we have explored issues of urban renewal. Through the mass media, we have managed to engage an even wider public in the discussion of urban renewal in Hong Kong. This booklet has taken into account not only the public views collected on the seven topics of urban renewal, but also the findings of the various research studies we have undertaken in the process, as well as our own analysis, to arrive at ten preliminary proposals in going forward. We will continue to reach out to the public for consensus building through activities including workshop, telephone survey, and concluding meeting. Your response is earnestly invited.

Steering Committee on Review of the Urban Renewal Strategy
May 2010

2. Policy Background and Development

Section 20 of the Urban Renewal Authority Ordinance (Cap. 563) (URAO) stipulates that the Secretary (Secretary for Development or SDEV) may prepare an urban renewal strategy and that SDEV shall consult the public before it is finalised. Published in November 2001 after public consultation, the existing URS sets out the objective of urban renewal: a "people-centred" approach should be used to carry out urban renewal. The purpose of urban renewal is to improve the quality of life of residents in dilapidated urban areas. The URS further states that "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 and heritage preservation. The full version of the current URS is available on the dedicated URS Review website at www.ursreview.gov.hk.

The role of the Urban Renewal Authority (URA) as defined in the current URS has primarily been dominated by redevelopment. To arrest the problem of urban deterioration, the URA is tasked to implement an urban renewal programme consisting of 200 new projects and 25 announced but yet to commence projects of the former Land Development Corporation (LDC) in 20 years' time. According to the URS, URA's present role in regard to rehabilitation and preservation focuses mainly on rehabilitation and preservation within its redevelopment project areas, or in the promotion of proper building maintenance by private property owners in cases where the buildings are not due for redevelopment for some time. Notwithstanding all these, in response to public aspirations on urban renewal, the URA has adopted the 4R Strategy, namely Redevelopment, Rehabilitation, pReservation and Revitalisation.



Review of the URS, which in the past was redevelopment-led, has become necessary having regard to an enhanced public awareness of preservation in recent years and the strong views expressed by residents living in the old districts and concern groups on individual URA redevelopment projects. As pointed out by the Financial Secretary in his budget speeches for 2008-09 and 2009-10, the role of redevelopment in the renewal of old districts should be reviewed in the light of the increased importance attached to the preservation of heritage and social network as well as rehabilitation, and that redevelopment cannot and should not be the only or mainstream option.

On heritage conservation, the Chief Executive announced a new policy statement and a package of measures on heritage conservation in October 2007. Progress made by the Development Bureau (DEVB) over the past three years included the launch of the Heritage Impact Assessment mechanism, establishment

of the Commissioner for Heritage's Office, launch of the Revitalising Historic Buildings through Partnership Scheme, extension of government funding for maintaining declared monuments to cover privately-owned graded historic buildings, and the successful preservation of a number of privately-owned historic buildings.

For public safety and sustainable development, the Government has strengthened legislation, law enforcement and support measures for building rehabilitation. The DEVB, Buildings Department, Hong Kong Housing Society (HKHS) and the URA have launched various initiatives and their efforts have been particularly visible in recent years. These initiatives include the $1 billion "Building Maintenance Grant Scheme for Elderly Owners" launched in May 2008, the Minor Works Control System introduced after an amendment to the Buildings Ordinance in 2009, the $2 billion "Operation Building Bright" launched in May 2009, with an expected additional provision of $0.5 billion, and the proposed legislation for the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme in early 2010.

In recent years, the District Councils (DCs) have been proactively discussing and advocating more comprehensive district revitalisation, connecting unique tourist attractions, cultural activities and heritage buildings in their districts, promoting street beautification and greening, with the aim to build a more people-centred and vibrant community with a fusion of the old and the new.

A brief overview on the development of Hong Kong's urban renewal policy is at **Annex (i)**.

In line with the development described above and in response to public expectations on urban renewal, the DEVB began a comprehensive review of the URS in July 2008 through a two-year, three-stage programme with extensive public engagement. Please see the section "Model and Process of Public Engagement" below for details.

We hope that with the current review, we will be able to engage the public in discussing the best strategy for urban renewal, so that our urban renewal can progress with the times, meet public expectations, and provide appropriate guidance for the work of the URA and other relevant organisations in future.

3. Model and Process of Public Engagement

The URS Review is overseen and guided by the Steering Committee on Review of the Urban Renewal Strategy Review (SC). The SC is chaired by the Secretary for Development (SDEV) and comprises ten independent members of different professional and community backgrounds. The SC membership list is at **Annex (ii)**. Moreover, the Review is supported by the URA as well as a specially appointed policy study consultant and a public engagement consultant.

The Review is conducted in three stages, namely Envisioning Stage (July 2008 to January 2009), Public Engagement Stage (February to December 2009) and Consensus Building Stage (January to mid 2010), that involves Public Forums, Topical Discussions, Road Show Exhibitions, radio programmes and a Partnering Organisation Programme (POP), together with a dedicated website and the Urban Renewal Idea Shop, all of which have been specially set up to help connect with the public and to listen to their views. At the end of the three stages, we will consolidate the information and revise for promulgation an updated URS towards the end of 2010. Major engagement activities and initiatives launched since the commencement of the URS Review are at Table 1.

TABLE 1: Major Public Engagement Activities and Initiatives

Activity / Initiative	Date	Frequency / Programme	Cumulative Total Number of Participants, if applicable
Envisioning Stage (July 2008 to January 2009)			
Focus Group Discussions / Special Meetings	September 2008 to January 2009	20 focus group discussions / special meetings with academics and professionals, advocacy groups, DCs, business associations and statutory bodies, etc.	About 310
"Urban Renewal Strategy Review" website	Launched in July 2008	A platform to provide the public with access to information on the "URS Review"	Visitor count of about 193,430 as of March 2010
e-Forum	Launched in October 2008	A channel to collect public views on the "URS Review"	Received about 1,560 views as of March 2010
Public Engagement Stage (February to December 2009)			
Setting up the "Urban Renewal Idea Shop"	Since March 2009	To provide the public with a venue for meetings, workshops or talks in relation to the "URS Review"	
Road Show Exhibitions	May to October 2009	8 locations in Hong Kong Island, Kowloon East, Kowloon West and Tsuen Wan	About 14,100
Public Forums	May to November 2009	5 forums in Hong Kong Island, Kowloon East, Kowloon West and Tsuen Wan	About 480
Topical Discussions	May to October 2009	8 topics covered in 8 discussion sessions	About 540
Partnering Organisation Programme	February to November 2009	23 projects organised by 20 Partnering Organisations	About 10,000
Radio info-segments	February to June 2009	Aired over 8 weeks	
Radio programmes	April to July 2009	10 programmes of 30 minutes each	
Consensus Building Stage (January to mid-2010)			
Radio Programmes	February to March 2010	6 programmes, including: • Commercial Radio 1's 4-episode *Urban Renewal in Perspective*, attended by SDEV and SC members • Radio Television Hong Kong Radio 3's *Backchat*, attended by SDEV • Commercial Radio 1's *Saturday Forum*, attended by SDEV and Chairman of the URA	
	April 2010	• RTHK Radio 1's exclusive interview with SDEV on challenges faced in urban renewal	

The model and process of the Review and the highlights of related activities have been / will be uploaded in phases onto the dedicated website for the URS Review at www.ursreview.gov.hk.

4. Research Studies

In order for the Review to be objective, theory-based and evidence based, the SC has commissioned a series of topical research studies. The findings / initial findings of these studies are set out below:

TABLE 2: Objectives and findings of Research Studies

Topic	(1) Policy Study on Urban Regeneration in Other Asian Cities (Completed)
Objective	To study the urban renewal experiences in six Asian cities (Seoul, Tokyo, Singapore, Taipei, Shanghai and Guangzhou), whose situation is comparable to that in Hong Kong.
Summary of Findings	• Integrated planning to ensure heritage preservation in redevelopment projects is the established model in many other Asian cities. This is important especially in private sector-led urban renewal programmes. • Urban renewal always involves participation by both the public and the private sectors although the relative involvement of the two differ from city to city. • Given the low development density in these cities when compared with Hong Kong, the cities under study have been able to offer higher plot ratios to encourage or facilitate private sector participation in the redevelopment of old districts. However, as the Hong Kong community becomes increasingly concerned about development density, the provision of incentive of higher plot ratio is getting more and more difficult to adopt in Hong Kong. • On rehabilitation, with the exception of the Seoul Metropolitan Government and the Taipei City Government which respectively provide loans and subsidies for key renewal areas, for the rest of the cities covered in the study, the maintenance and redevelopment of privately owned buildings is mainly undertaken by the private sector. • Unlike these cities, Hong Kong does not have designated priority areas for redevelopment at the planning stage. Although there is a list of target areas stated in the URS, the location of specific clusters or neighbourhoods in these target areas is classified as sensitive and highly confidential. The major consideration is to prevent and reduce abuse given the public money and financial gains involved. The propensity for speculation with URA's higher-than-market compensation is also relevant. The need for such confidentiality is also the major obstacle to owner participation, especially in the early planning stage. Thus, transparency and compensation issues will all have to be taken into account at the same time when considering the possibility of increased owner participation.

Seoul

Singapore

Topic	(2) Building Conditions Survey (Underway)
Objective	To update on the structural conditions of private buildings aged 30 years or above within URA's target areas, and to assess the living conditions of relevant residents for URA's consideration when deciding on future redevelopment projects.
Summary of Initial Findings	According to the initial findings of the Study, based on projection from sample findings, 1,900 of the 7,000 or so buildings within URA's target areas are dilapidated or in need of repair to varying degrees.

Toyko

Shanghai

4. Research Studies

Topic	(3) Study on the Achievements and Challenges of Urban Renewal in Hong Kong (Completed)
Objective	To analyse the achievements of and challenges facing the URA in implementing the 4R Strategy (namely Redevelopment, Rehabilitation, pReservation and Revitalisation) with reference to the URS of 2001.
Summary of Findings	**Redevelopment** • A total of 41 projects have been undertaken over an 8-year period when compared with only 25 by the LDC in 13 years, showing that the URA has actually helped speed up urban redevelopment. The pace of redevelopment, however, still lags behind the rate that buildings age. • Most of the redevelopment projects taken over from the LDC have met with controversy, underlying the importance of public engagement. • Redevelopment is welcomed by most of the affected domestic unit owner-occupiers but not the shop owners. • The confidentiality of the redevelopment projects has been attacked in favour of greater transparency. • There are demands for "flat for flat" and "shop for shop" arrangements as options of compensation. **Rehabilitation** • Over the past decade, the URA and HKHS have helped rehabilitate 506 and 377 buildings through various schemes. • The major challenge is to ensure that the owners are able to shoulder their responsibility for building maintenance. **Preservation** • The role of the URA in this respect is not well defined. At present, the URA is engaged in such work both inside and outside its redevelopment projects. • New measures have been taken to preserve local characteristics and social networks as far as possible in URA's redevelopment project areas. • The major challenge is the uncertainty over the financial sustainability of the projects. **Revitalisation** • Revitalisation projects normally depend on support from DCs. One example is the revitalisation project in Tai Kok Tsui. • It is desirable for the URA to only initiate and develop revitalisation projects while the subsequent management of the projects should be taken over by other bodies. **Financial arrangement** • The objective of self-financing for the URA in the long run needs to be reviewed.

Topic	(4) Economic Impact Assessment Study on the URA's Urban Regeneration Projects (Completed)
Objective	To study the economic impact of the Tsuen Wan town centre redevelopment project on the Tsuen Wan district.
Summary of Findings	The project has been successful in drawing visitors to Tsuen Wan and further connecting the smaller neighbourhoods in the district. The economic benefits brought about by this project included the employment opportunities created during and after the redevelopment. During the construction period, there were 1,227 job openings, while another 700 additional openings for commercial and retail positions emerged after the redevelopment. There is also an estimated increase in retail receipts of approximately $300 million. Moreover, there were investments valued at $1.7 billion over the construction period, with an additional estimated economic return of $1.4 billion. Other economic impact included the rise in property prices and government revenue, such as stamp duty from property sales. Yet, local businesses were adversely, albeit temporarily, affected by the redevelopment works, and the newly completed shopping centre has become a source of competition to local businesses nearby although they also bring new business opportunities for others.

Topic	(5) Urban Regeneration – District Aspirations Study (Completed)
Objective	Seven DCs (namely, Central and Western, Wan Chai, Yau Tsim Mong, Kowloon City, Sham Shui Po, Kwun Tong and Tsuen Wan), where URA target areas are located, were invited to conduct a study of their own district in order to identify their aspirations for urban regeneration. The aim of the Study is to identify local characteristics and expectations on the implementation of the 4R Strategy at the district level.
Summary of Initial Findings	At the Urban Regeneration – District Aspirations Study Forum held in early 2010 at Noah's Ark, Ma Wan, the seven DCs exchanged views on their initial findings on the different districts' aspirations for urban regeneration. While the preferred means for and tenor of regeneration varied from district to district, the importance of a "district-based" and "bottom-up" approach was duly recognised, and local characteristics were at the centre of the districts' proposals. Final reports on the studies were submitted in April 2010.

4. Research Studies

Topic	(6) Tracking Survey on URA Redevelopment Projects (Underway)
Objective	To track the redevelopment projects in Kwun Tong Town Centre and Hai Tan Street, Sham Shui Po to understand the impact on affected residents and businesses who were displaced.
Summary of Initial Findings	Interim findings of the tracking survey regarding the redevelopment project in Hai Tan Street, Sham Shui Po, show that most of the affected residents still reside in the district. From available information on the 28 domestic owner-occupiers tracked, about 57% have chosen to purchase smaller replacement units, and about 79% have chosen to buy second-hand flats aged at least 20 years old, while about 46% have retained over HK$1 million of the cash compensation. The majority of the tenants and owner-occupiers said that their living environment had improved, and that adaptation to the new environment had been easier than expected. 

Topic	(7) Study on Building Maintenance Programmes (Completed)
Objective	To take stock of the existing financial support schemes for building maintenance administered by government department, HKHS and URA with a view to understanding the general situation and further exploring the possibility of integration of the schemes.
Summary of Findings	The common problems of the various financial support schemes include the lack of awareness of building safety and management issues among property owners, and the difficulty facing some buildings in the setting up of owners' corporations. The Government will consider how best to integrate the various financial support or loan schemes.

The above research studies provide important references for the understanding of the latest situation of urban renewal in Hong Kong. The reports of the research studies will be uploaded in phases onto the dedicated website for the URS Review at www.ursreview.gov.hk.

The seven major topics identified in the Envisioning Stage have been widely discussed among members of the public in the Public Engagement Stage. They are:

(i) Vision and Scope of Urban Regeneration;

(ii) 4R Strategy in Urban Regeneration[1];

(iii) Roles of Stakeholders (public and private sector participation and owner participation in redevelopment);

(iv) Compensation and Rehousing Policies;

(v) Public Engagement;

(vi) Social Impact Assessment and Social Service Team; and

(vii) Financial Arrangement.

Taking into consideration public views, overseas experience and the actual situation in Hong Kong, the SC has put forward the following preliminary proposals on the seven major topics.

[1] Currently, the 4Rs are Redevelopment, Rehabilitation, pReservation and Revitalisation.

5. Seven Major Topics; Building Consensus

Seven Major Topics

(i) Vision and Scope of Urban Regeneration

- The vision of urban regeneration should go beyond the existing URS, which focuses primarily on redevelopment, to arrest the problem of urban decay and to improve the living conditions of residents in old districts. Urban regeneration should be undertaken comprehensively and holistically to rejuvenate old districts, showcasing local historical, cultural and economic characteristics.
- The vision should embrace the concepts of sustainable development and building a quality city (including development density, city planning, urban greening, local culture, heritage preservation and harbour beautification, etc.), and be forward-looking enough to support the development of Hong Kong in the long run.
- Instead of relying on the URA as the sole agent, the revised URS should allow the participation of private developers, property owners and other organisations in urban renewal.
- Urban renewal should be planned at the district level with a “people-centred” approach and a “bottom-up” public engagement process.

- Taking the abovementioned public views into consideration, it is proposed that a District Urban Renewal Forum (DURF) be set up in each of the old districts to strengthen urban renewal planning at the district level. It is envisaged that DURF can continue the work started by the “Urban Regeneration – District Aspirations Study”, make reference to the findings of the building conditions survey, and through district planning work, advise the Government on urban renewal. This will include advice on regeneration areas, redevelopment sites, preservation targets, implementation models and so on. It is further suggested that a pilot run of DURF be launched in one or two old districts in order to test it out before finalising the arrangements. During the pilot stage, URA and relevant departments should continue with urban renewal projects that have been initiated or those which require immediate launch in these pilot districts or others, in response to the requests from the local community.

District Urban Renewal Forum
Terms of Reference, Composition and Mode of Operation

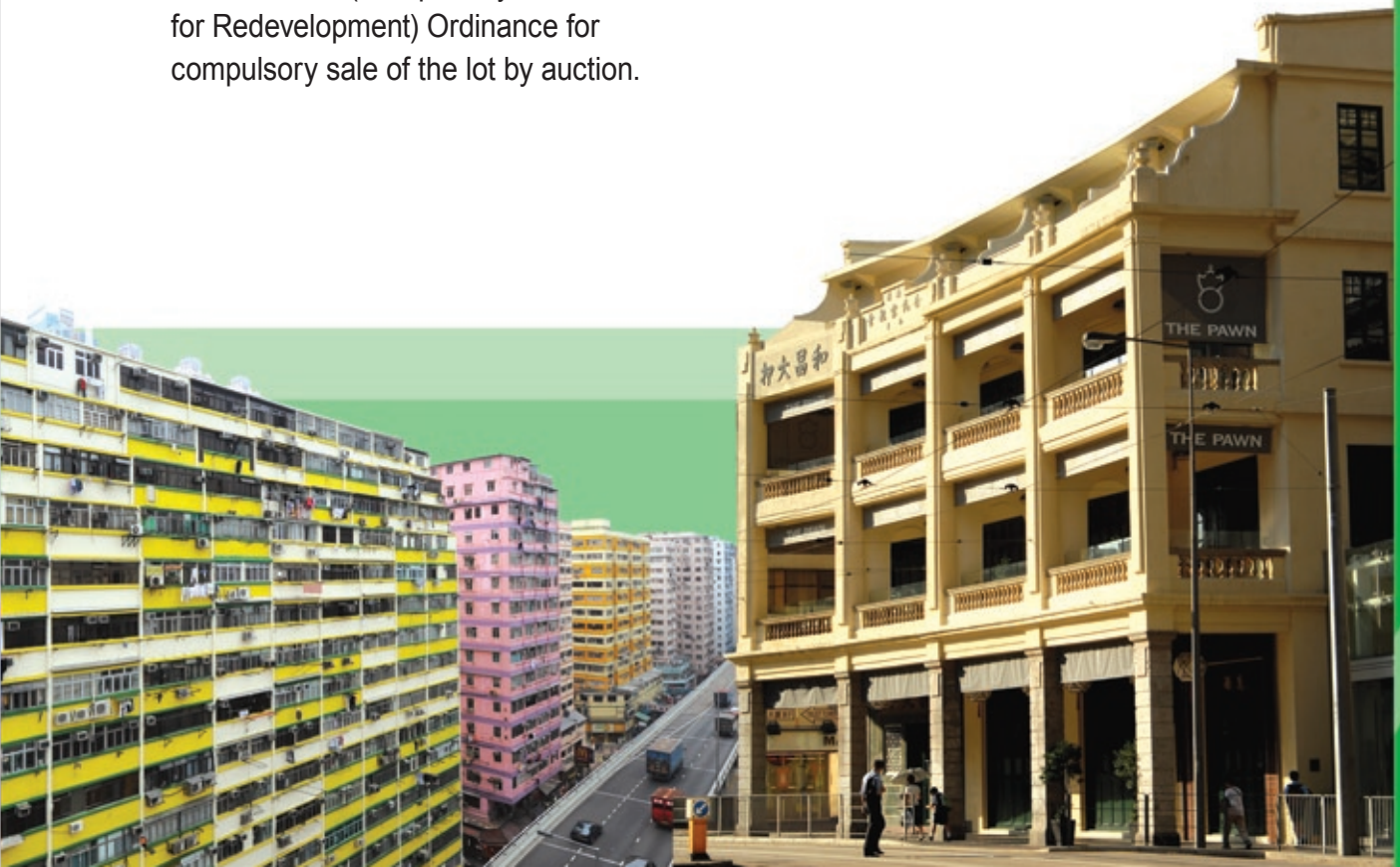
Objectives	• To provide advice on district-based urban renewal initiatives from a holistic and integrated perspective • To approach urban renewal from a district-based, people-centred and bottom-up perspective, so as to align with the overall city planning; to reflect local aspirations for and views on urban regeneration, with a view to gaining legitimacy and support for the future urban renewal measures (which may include rehabilitation, redevelopment or preservation) • To implement urban renewal more systematically and following local characteristics and aspirations through DURF – a platform guided by professionals with the participation of members of the local community and facilitated by the government departments
Functions	• To recommend the scope of and strategy for the Urban Renewal Action Areas in the district, including the buildings / areas to be rehabilitated, redeveloped or preserved, and district beautification, etc. • To commission or to suggest relevant government departments to commission district-based surveys, planning studies and public engagement activities regarding related issues for discussion
Composition	It is recommended that the Chairman should come from a professional discipline familiar with urban renewal issues who will be appointed by the Government. The proposed membership, by government appointment, can include: • District Councillors / Area Committee members • Professionals • Established non-government organisations / groups serving the district • Business associations in the district • Representatives of the URA and relevant government departments
Mode of Operation	• DURF should be independent of the DC, and there is no need for DURF to cover the full boundary of the respective DC. • Given its consultative nature and the fact that it is not a statutory body, DURF should not be considered a local arm of the Town Planning Board, which will remain the sole body to formulate statutory plans. With appropriate resources, the District Planning Offices of the Planning Department can provide secretariat and professional planning support (including conducting planning studies), while research and other activities can be funded by the URA. DURF may tender its views to the URA, government departments and private developers on the district's urban renewal proposals. • Meetings of DURF will be open to the public.
Remarks	• In the past, the URA's redevelopment projects must be kept confidential, as in the case of the 200 new redevelopment projects mentioned in the URS. This principle will need to be relaxed following the setting up of DURF. Disclosure of information on the proposed redevelopment areas can be considered but implementation details such as the timing when the project will commence can remain confidential.

5. Seven Major Topics; Building Consensus

(ii) 4R Strategy in Urban Regeneration

- It is stated in the current URS that we should "rejuvenate older urban areas by way of redevelopment, rehabilitation and heritage preservation". In implementation, the URA has adopted the 4R Strategy, i.e. Redevelopment, Rehabilitation, pReservation and Revitalisation. The public is in basic agreement with this diversified strategy, acknowledging that the four elements are interconnected and indispensible. Since the 4R Strategy is well known and accepted by the public, the issue here is how a better balance and coordination among the four strategies can be achieved with more stakeholder participation.
- In general, the public agrees that urban renewal should no longer focus on redevelopment and that equal importance should instead be attached to rehabilitation, preservation and revitalisation. It is also believed that a better balanced strategy on urban renewal will help preserve the local characteristics and social networks, and hence reduce disputes.
- There have been suggestions that the Government's efforts in renewal of old districts be renamed as the Urban Regeneration Strategy, but regardless of the name, the future approach will continue to cover the 4R Strategy, i.e. Redevelopment, Rehabilitation, pReservation and Revitalisation. Implementation should not only be undertaken by the URA, but also by all the other stakeholders / participants of urban renewal. As far as practicable, the roles of these stakeholders / participants should be clearly delineated. These stakeholders / participants include:
  - Related government bureaux and departments (such as the DEVB, Planning Department, Lands Department, Buildings Department, Housing Department, Transport Department, Highways Department, and the Home Affairs Department) - coordinate the implementation of urban renewal projects, especially district revitalisation and building maintenance programmes through district planning, legislation, law enforcement, support service and public education.

- Relevant DCs - provide views on revitalisation initiatives as well as the planning and implementation of district urban renewal, and contribute to the overall district urban renewal initiatives through minor works projects and community building activities.
- Public bodies (such as URA and HKHS) - implement and facilitate the launch of urban renewal projects, and provide technical and financial support, especially on redevelopment and rehabilitation.
- Private sector (property owners, developers) - assemble titles to carry out redevelopment. If necessary, to apply to the Lands Tribunal in accordance with the Land (Compulsory Sale for Redevelopment) Ordinance for compulsory sale of the lot by auction.
- Individual owners - undertake the responsibility of managing and maintaining their properties, and, if necessary, seek professional assistance in building inspection and maintenance, in compliance with legal requirements and good maintenance practice.
- Professionals and non-government organisations - provide suitable support and professional service to property owners in need, and actively participate in projects that promote heritage preservation and revitalisation.



5. Seven Major Topics; Building Consensus

(ii) 4R Strategy in Urban Regeneration

- On the basis of the above recommendations, we recommend the following roles of the URA in the 4R Strategy:

  - **"Revitalisation"** is in fact the ultimate goal and outcome of urban regeneration requiring the participation of multiple parties, and hence cannot be the sole responsibility of the URA. Revitalisation is often achieved in the natural course of urban development. It is entirely due to market forces that Lan Kwai Fong, the Soho district near the Hillside Escalator Link in Central for one, and the vicinity of the computer shopping malls in Sham Shui Po for another, have flourished. Even where the Government is involved in Revitalisation, Redevelopment is not the only means. Other possible options include transforming former industrial areas, beautifying the waterfront, providing amenities and cultural facilities, upgrading public spaces, and building heritage trails etc. It is therefore suggested that Revitalisation should more appropriately be made an objective of DURF. With the participation of local residents and businesses, DURF will be able to reflect local views to relevant government departments for follow-up. Through its representative(s) on DURF, the URA will be able to suggest revitalisation projects contributing to the district's urban renewal programme as a whole. The URA can also be one of the implementation agents to assist the Government in responding to district aspirations for revitalisation. (The participation of the URA in the landscaping works in Chung On Street, Tsuen Wan, is a case in point.)

- **"Preservation"** has been undertaken by the URA in recent years both inside and outside its redevelopment project areas (as in the case of the tenement buildings in Mallory Street, Shanghai Street and Prince Edward Road West). This role, however, needs to be reviewed in the context of the Government's Heritage Conservation Policy. Important principles under this policy include providing economic incentives rather than cash compensation for conserving privately-owned heritage buildings, partnering with non-profit making organisations for revitalising heritage buildings, and allowing for greater public access to the revitalised buildings. Since its inauguration in 2008, the Commissioner for Heritage's Office has successfully launched a number of new initiatives. They include the Revitalising Historic Buildings through Partnership Scheme, under which 11 heritage buildings (including the Blue House Cluster that was formerly a URA / HKHS preservation project) will be revitalised by non-profit making organisations using the model of social enterprises. There is also the Financial Assistance for Maintenance Scheme that provides financial assistance to owners for maintaining privately-owned, graded heritage buildings (9 applications have been approved as of April 2010). To ensure policy consistency and to avoid duplication of efforts, it is suggested that the URA should focus on its redevelopment project areas as far as preservation is concerned, and should do so with due reference to the Government's Heritage Conservation Policy. Only under special circumstances and with the support of the DEVB should the URA initiate preservation projects outside its redevelopment project areas.

- **"Redevelopment"** and **"Rehabilitation"** are recommended to form the core businesses / duties of the URA in future. To ensure building safety and sustainable development as well as to serve as a preventive measure, rehabilitation should in principle take precedence over redevelopment to minimise any potential risk posed by dilapidated buildings to the public. However, since the buildings in Hong Kong are mainly reinforced concrete structures, the materials will naturally deteriorate more easily, and given the poor public awareness of building safety and owners' responsibility for building maintenance, we estimate that there is a considerable number of dilapidated buildings. With the mounting problem of aging buildings, it is believed that "Redevelopment" has to remain a key aspect in the revised URS and URA's core business. Regarding "Rehabilitation", URA should support DEVB and work in collaboration with HKHS in the provision of technical and financial assistance.

5. Seven Major Topics; Building Consensus

(iii) The Role of URA in Redevelopment

- According to available information, there are at present about 4,000 buildings aged 50 years or above in Hong Kong. The number will grow by 500 a year over the next decade, while an annual average of 65 buildings have been redeveloped by the URA in the past. Furthermore, based on the findings of the aforementioned "Building Conditions Survey", it is projected that 1,500 of the 18,000 buildings aged over 30 years across the territory are "markedly dilapidated" in condition. As such, and taking into account the strong aspiration for self-initiated redevelopment from owners during the past engagement activities, it is suggested that "Redevelopment" should take more diverse forms. The URA will continue to be an "implementer" and should try to take on the role of a "facilitator" as well. Details are as follows –

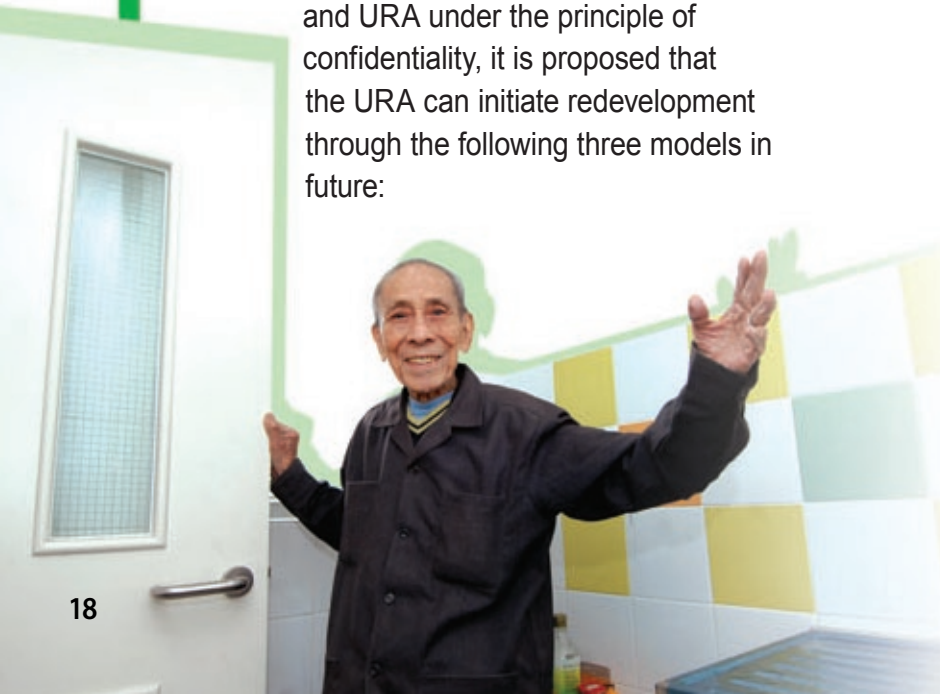
- Compared to the present model where redevelopment is initiated by the Government and URA under the principle of confidentiality, it is proposed that the URA can initiate redevelopment through the following three models in future:

a. Making reference to the recommendations of DURF on the lots that should be redeveloped in the "Urban Renewal Action Areas", the URA will indicate those priority projects in its business plan submitted to the Government (URA is the project implementer. Its compensation mechanism applies)

b. A certain percentage of owners in a particular lot / building within the redevelopment area take the initiative to approach the URA to kick-start the redevelopment procedures (URA is the project implementer. Its compensation mechanism applies)

c. A model of "owner participation" in redevelopment where the owners proactively invite the URA to provide assistance as a consultant at a service fee (URA is the project facilitator. Its compensation mechanism does not apply)

Whether the URA plays the role of an implementer or facilitator, the following considerations should be taken into account: building conditions, residents' living conditions, and the views of DURF. However, it must be pointed out that, under the "owner participation" redevelopment model, the owners are acting voluntarily and of their own accord. Thus the participation of the URA should not invoke the public power to resume land (the Lands Resumption Ordinance will not apply) or public funds (URA's compensation mechanism does not apply and URA's cost of service is to be recovered).



- The following are details of the two redevelopment models with the URA being the "implementer" or "facilitator" –

Model of URA - implemented redevelopment projects

- The URA fulfils its duties and its mission as a public body by improving the living conditions of residents in old districts through redevelopment.

- The rationale for redevelopment and the project priority should depend on the building conditions, planning considerations, and the living conditions of residents, and not on the redevelopment value of the site. The nature of redevelopment should be a social one.

- In implementing these redevelopment projects, URA should adopt a compensation mechanism with broad applicability, and undertake the responsibility of rehousing or compensating the affected tenants. The URA can also apply the Lands Resumption Ordinance based on the URAO to resume land on the grounds of public interest.
- In order to further realise the "people-centred" spirit, it is suggested that URA should consider the wish of owners in determining its project priorities before commencing any project that satisfies the above criteria. For example, if the owners of the buildings within a redevelopment area have gathered a certain percentage of consent from fellow owners, they can actively seek URA's agreement to initiate the redevelopment procedures. However, if the acquisition offer is not accepted by the majority of owners within a specified period after the offer has been made, the URA should have the right to abandon the project.

Model of URA - facilitated redevelopment projects

- Relevant studies show that, given URA's pace of redevelopment, it will not be able to cope with the increasing number of aging buildings, nor will URA be able to respond to the needs of owners of old buildings on its own.
- During the Public Engagement discussions, many considered that the URA could also assist owners to initiate redevelopment on their own.

- The URA can provide consultation services to owners to proceed with redevelopment under the market mechanism and the existing legislation, such as to help owners assemble titles to sell to developers by tender (and where applicable, the owners may invoke the Land (Compulsory Sale for Redevelopment) Ordinance), or to collaborate with developers for redevelopment.

- Redevelopment is initiated by the owners. Owners can share the profits of redevelopment (especially if the lot has higher redevelopment value), which is considered an act of investment through redevelopment. The URA itself does not participate in the redevelopment nor does it involve in acquisition, compensation or rehousing arrangements. Neither will the Lands Resumption Ordinance apply. However, to comply with good corporate guidelines, the URA will request those owners involved in redevelopment to provide assistance to affected tenants.

5. Seven Major Topics; Building Consensus

(iv) Compensation and Rehousing Policy

Compensation to owners

- Under the existing URA policy, there is a significant difference between cash compensation for owner-occupiers and for non owner-occupiers. While both are entitled to compensation higher than the open market value of the properties, owner-occupiers are offered the market open value of their property plus the full Home Purchase Allowance (HPA) while non owner-occupiers can only receive the open market value of their property plus half of the HPA. The rationale is that since the URA-initiated redevelopment projects are to fulfil its social missions, the compensation level should be sufficient for owner-occupiers to find replacement flats in the same district (the HPA is based on the value of a notional 7-year old replacement flat). This rationale does not apply to non owner-occupiers. Such differentiation has been a controversial issue in previous redevelopment projects.

- The current compensation mechanism of the URA is generally based on the decision of the Legislative Council Finance Committee in March 2001 on "Home Purchase Allowance and Ex-gratia Allowance for Owners and Legal Occupiers of Commercial Properties". However, there are instances of some elderly owners owning only one or two old flats in the old redevelopment areas which they rent out to support their livelihood. Under the existing across-the-board policy, they will be classified as non owner-occupiers and not eligible for the full HPA, giving rise to anxiety and concern among them. We suggest the URA to study how assistance can be provided to such elderly owners.

- The current practice of maintaining the HPA at a notional 7-year-old replacement flat value as the standard of cash compensation for residential property owners is still considered appropriate, but most people demand the additional option of "flat for flat" for owner-occupiers, so that they can continue to live in the same district and maintain the social network they have established.

- On the basis of the public views, it is proposed that while maintaining the same HPA standard (based on a 7-year notional replacement flat) and a differentiation between owner-occupiers and non owner-occupiers, the URA should explore how they could assist elderly non owner-occupiers of residential properties in special circumstances. The URA should also consider options other than cash compensation for affected owner-occupiers of residential properties. The Government and the URA wish to explore with the community the feasibility of "flat for flat". The following is a preliminary framework.

"Flat for Flat" - a model for consideration

Objective	Redevelopment projects implemented by the URA do not involve the redevelopment value of the lot in question. Neither is it an "owner participation" redevelopment model. Consideration of the "flat for flat" arrangement is based mainly on the consideration to enable the original owner-occupiers to retain their social network. This is an additional option to cash compensation.
Targets	Residential property owner-occupiers
Principle	The principle of maintaining the HPA based on a notional 7-year old replacement flat as the standard for cash compensation remains unchanged. The "flat for flat" option is also based on this calculated cash value.
Procedures	• Residential owner-occupiers must first accept the amount of cash compensation for their properties. This cash value is the basis for all other related considerations. • If the value of the new flats under the redevelopment proposal is higher than the cash compensation to which the owner-occupiers are entitled, then the owners opting for the "flat for flat" arrangement must pay the URA the difference. If the value is lower than the cash compensation, the owners will be refunded the difference. • The URA will, at the time of making offers for voluntary acquisition, provide details of the arrangements for the "flat for flat" option and the basic information about the new flats. • If an owner opts for "flat for flat", the URA will hold part of the cash compensation at a law firm for confirmation.
Technical issues	In general, a property transaction involves three important elements: price, size and location. As the new flats for the purpose of "flat for flat" have not been built at the time the owner decides to take part in the arrangement, and there may not even be architectural drawings, the question is how to provide the owners with adequate information to enable them to make a decision. There are also other questions concerning land administration, registration of sale and purchase and termination of agreement that will need to be resolved. The URA will actively study how to provide more information to owner-occupiers opting for "flat for flat" to ensure that this is a reasonable and feasible alternative option.
Implementation method	1. The URA can consider reserving flats of specific sizes (such as 400, 500 and 600 sq. ft.) at lower floors of the buildings in the redevelopment project for the "flat for flat" arrangement. 2. Interested owners must first accept the "unit price (per-square-foot) of new flats". In other words, there will not be any difference in the price of flats due to the difference in floor or in orientation. 3. The value of the new flat will be confirmed when the owner opts for "flat for flat" and selects the size of the flat. 4. Upon completion of the new development, the priority for flat selection will be determined by drawing lots. 5. The owner has to accept a +/- 5% difference in the actual size of the flat. If the size is larger by over 5%, the owner does not need to pay the difference. On the other hand, if the size is smaller by over 5%, the owner will be repaid the difference. In the calculation of flat size for both the existing flat and the new flat, the saleable area will be adopted as the basis.
Note	Starting from 2008, the URA has a special arrangement that allows owner-occupiers affected by URA's redevelopment projects to register their interest in priority purchase of the redeveloped flats at market price.

5. Seven Major Topics; Building Consensus

(iv) Compensation and Rehousing Policy

- As for shop owner-operators, apart from the existing cash compensation, more assistance is recommended:
  - For small operators whose operation depends on the social network in the district, the URA should make efforts to help them identify suitable premises in the vicinity to re-locate their business; and
  - The URA should make special rental arrangements to facilitate shops with unique characteristics to return to operate at the redeveloped site upon completion.
- Compared to offering a "flat for flat" option, to implement the option of "shop for shop" poses more insurmountable problems. For instance, each shop is different in terms of location, size and operational needs, and as the URA must comply with the land and planning considerations and must meet various building regulations, fire and safety requirements, it is often impossible to guarantee the provision of similar shop spaces on the completion of the redevelopment project. Moreover, for some of the existing shops, they may be plying in trades that may not fit in with the planning intention of the site upon redevelopment. Besides, as shops need to build customer bases, if the shop in question has relocated elsewhere and established a clientele during the redevelopment period, it is very unlikely that the shop operator will want to move back after redevelopment.

Rehousing the tenants

- Since its establishment, the URA has been relying on agreements with the Hong Kong Housing Authority and the HKHS to provide public housing flats in urban areas and the New Territories for the affected tenants.
- Under the URA's current rehousing policy, all eligible tenants registered in the freezing survey of any URA project are to be rehoused / compensated after agreements to sell are reached between the owners and the URA. However, in a recent redevelopment project, there were occurrences in which some owners refused to continue the lease with tenants after the freezing survey was conducted, and demanded tenants to move out prior to URA's offer and successful acquisition. Although this is not an illegal act on the part of the owners, while such conduct, according to URA's current compensation mechanism, will not bring any extra benefits to the owners, it will cost tenants the opportunity for compensation or rehousing. Last year, in an attempt to help these tenants on compassionate grounds, the URA launched an improved scheme to provide these tenants with a relocation assistance that amounts to over ten months of their existing rent. The URA will closely monitor the situation and it is proposed that the URA should consider exploring further measures to assist this type of tenants, so as to better realise the objective of improving residents' living conditions through redevelopment.

(v) Public Engagement

Based on public views, we have attempted to enhance and advance public engagement in the abovementioned areas, and have also created more room for property owners in old districts to participate in redevelopment. Measures highlighting public engagement include:

- Incorporating the views of the community and members of the district early in the district-based renewal work through DURF;
- Encouraging DURF to hold public engagement activities, and to gauge local views more extensively;
- Providing an avenue for owners in the redevelopment areas to proactively request the URA to give priority to redeveloping their properties if this is endorsed by a certain percentage of the owners concerned; and
- Providing an "owner participation" redevelopment model, with the URA providing assistance as facilitator.

5. Seven Major Topics; Building Consensus

(vi) Social Impact Assessment and Social Service Teams

Social Impact Assessment (SIA)

- The current URS stipulates that the URA must carry out SIA for each project. The assessment has two phases – Phase 1 is the non-obtrusive SIA conducted prior to the announcement of a project, with the preliminary assessment being an assessment of the potential impact of the project on the community, and the mitigating measures required. Phase 2 is the detailed assessment of the social impact on the affected residents after the project is published. In line with the people-centred, bottom-up and district-based new approach for urban renewal, we recommend that future SIAs be conducted at two levels:

  1. "District-based Social Impact Assessment": The DURF must first carry out SIAs on their recommended redevelopment areas or projects. As there may be a considerable time gap between these assessments and the time when the authorities decide to commence the project, the authorities may need to carry out follow-up assessment so as to update information on certain buildings prior to deciding whether or not to go ahead with the redevelopment.

  2. "Project-based Social Impact Assessment" will focus on clarifying and responding to the special needs of affected households in the individual projects. This can continue to be carried out by the URA, or by an independent institution commissioned for the purpose. In the latter case, the questionnaire survey should also be conducted at the same time the freezing survey is conducted by the URA for collecting information related to households with special needs. As this type of assessment is not an impact assessment but more an assessment on mitigating measures, we also suggest that a different name be given to this type of SIAs to avoid confusion.

- Some views point to the fact that the scope of the SIAs should be strengthened. Further discussion on the details of the scope of future SIAs on the basis of the above proposals is necessary.

Social Service Teams (SST)

- There is general consensus that providing assistance to affected residents is an essential part of urban renewal. At present, some social workers in the SSTs feel that they are put in conflicting roles, mainly because their employment by the URA can be perceived to undermine their independence. This is particularly evident when they find themselves in conflicting roles when discharging their advocacy duty and their case work duty.
- To address this concern, we suggest that the two different roles of the SSTs be handled separately –
  - Rights advocacy: The institution to which the SSTs belong can nominate staff members to be represented on DURF, and contribute to the district-based SIAs. Through giving support to the residents in the redevelopment areas, they can discharge their duty of rights advocacy.
  - Case handling: This will continue to be handled by the social workers belonging to the SSTs currently commissioned by the URA. The URA can also consider directly recruiting additional social workers as part of the URA team, so that they can directly handle the cases to ensure that affected residents with special needs are given the assistance they require.

5. Seven Major Topics; Building Consensus

(vii) Financial Arrangements

- The principle of self-financing is the bedrock of good corporate governance in public bodies.
- Under the current URS, the Government supports the URA by waiving the land premium of the redevelopment sites and injecting $10 billion to support the work of the URA with the approval of LegCo. According to the URAO, URA has to exercise due care and diligence in the handling of its finances so as to achieve the Government's objective for the urban redevelopment programme to be self-financing in the long term.
- Based on available literature, including the Economic Impact Assessment Study on URA's Urban Regeneration Projects completed during this Review, urban renewal projects have positive economic impact on the district concerned, and this impact is often more profound than the financial impact of the project itself. During the discussions at the Public Engagement Stage, the professionals and academics have also pointed out that when we assess whether an urban renewal project is cost-effective for determining its financial arrangement, we need to consider the economic benefits that the redevelopment project will bring both inside and outside its boundaries.

- When the Government formulates a new URS at the conclusion of the URS Review, it will also consider in a comprehensive manner financial arrangements in the best public interest.

Building Consensus

Taking into consideration the public views on the seven major topics and the analysis of the SC above, would you agree that:

1. The authorities should plan for urban regeneration at the district level, adhere more closely to the "people-centred" principle, put into implementation the "bottom-up" public engagement processes, and set up a "District Urban Renewal Forum" (DURF) in each of the old district
2. The URS is a government strategy, its implementation agents should not be confined to the URA. Rather, the participation of related government departments, public bodies, the private sector, individual property owners, professionals and non-government organisations should be articulated more clearly
3. The macro approach of urban regeneration should continue to be based on the 4R strategy, namely, "Redevelopment", "Rehabilitation", "pReservation" and "Revitalisation". As a key stakeholder and implementer of the strategy, the URA's future role in urban regeneration should reflect a balanced focus in both "Redevelopment" and "Rehabilitation". In the long run, if the pressure of urban decay is relieved, and public awareness of the importance of building maintenance enhanced through legislation, law enforcement and support services, URA's work priority may be shifted to rehabilitation
4. URA's work in heritage preservation should in-principle be confined to within its redevelopment project areas. Reference should be made to the Government's policy on heritage conservation, including using economic incentives (instead of cash compensation) to preserve privately-owned heritage, revitalising heritage buildings via collaborative partnership with non-profit making organisations, and providing more opportunities for the public to enjoy the use of these revitalised buildings

5. Seven Major Topics; Building Consensus

Building Consensus

5. Apart from playing the role of "implementer", the URA should provide service as "facilitator" to property owners who intend to undertake redevelopment of their own accord. However, these services should not involve invoking the Government's land resumption power, nor should it be subsidised by public funds

6. In maintaining the home purchase allowance based on a notional 7-year old replacement flat as the standard for cash compensation to residential property owners, and in maintaining a differentiation between owner-occupiers and non owner-occupiers, the URA should consider how elderly non owner-occupiers under special circumstances can be offered a higher home purchase allowance than that available to the ordinary non owner-occupiers. The URA should consider offering residential owner-occupiers the option of "flat for flat", where an equivalent value of the cash compensation is used as a basis, so that they can return to live in the same neighbourhood after redevelopment and maintain the social network they have established

7. Shop operators should be provided with more assistance to re-start their business, and the option to return to the redeveloped project to resume business as tenants. However, it is considered infeasible to offer a "shop for shop" option for owners of shop premises in lieu of cash compensation

8. To ensure that the living conditions of tenants residing in old buildings is improved through URA's redevelopment projects, the URA should come up with measures to positively assist those tenants, who are registered as eligible tenants for rehousing / compensation during freezing surveys, but who lose their chance of rehousing / compensation due to the non-renewal of tenancy by their owners thereafter

9. Social Impact Assessment should be carried out both on a district basis and on a project basis, and the rights advocacy work and case handling work of the Social Service Team should be segregated

10. In the Government's review of the self-financing principle of the URA, full consideration should be given to the economic benefits that urban regeneration brings to the areas beyond the boundaries of the renewal projects

6. Follow-up Work

Unless otherwise specified above, the important principles in the current URS promulgated in 2001 will continue to apply. From now on until the middle of the year, the SC will continue to listen to public views on the new directions proposed above.

Upon completion of the Consensus Building Stage, the DEVB will draft a new URS before the end of 2010. The public will be consulted on the text of the new strategy before substantive follow up will be undertaken.

URS Review – Consensus Building Stage Workshop and Concluding Meeting

Workshop

Date	15 May 2010 (Saturday)
Time	2:30 – 5:30 p.m.
Venue	12/F, Madam Chan Wu Wan Kwai School of Continuing Education Tower, 9 Baptist University Road, Hong Kong Baptist University, Kowloon Tong

Concluding Meeting

Date	5 June 2010 (Saturday)
Time	2:30 – 5:30 p.m.
Venue	Auditorium, 9/F, Hong Kong Federation of Youth Groups Building, 21 Pak Fuk Road, North Point

- For details, please visit our dedicated website at www.ursreview.gov.hk.
- You are welcome to register for the Workshop and the Concluding Meeting. You are also invited to share your views on the e-forum with us (please visit the aforementioned website for details).

SDEV attended radio programmes on both the Chinese and English language channels between February and April, at which she explained the initial directions proposed in this Consensus Building Stage. You may visit the URS Review website at www.ursreview.gov.hk to listen to the programmes.

7. Annexes: (i) Overview of the Development of the Urban Renewal Policy in Hong Kong

Date	Events
21.7.1995- 15.11.1995	• The former Planning, Environment and Lands Branch (PELB) launched a public consultation on Urban Renewal
12.1995	• The former PELB published the public consultation report on Urban Renewal
6.1996	• The former PELB published the Policy Statement on Urban Renewal • Apart from a package of immediate measures, the public statement proposed the following major measures: 1. to upgrade the Land Development Corporation (LDC) to a statutory Urban Renewal Authority (URA); 2. to introduce legislation to make it easier for owners of buildings in multiple ownership to redevelop; and 3. to consider ways to encourage the renovation and rehabilitation of existing buildings as an alternative to redevelopment An arrangement for additional sites for rehousing purpose to meet long term requirements was also proposed
7.4.1998	• The Provisional Legislative Council passed the Land (Compulsory Sale for Redevelopment) Bill
7.6.1999	• The Land (Compulsory Sale for Redevelopment) Ordinance came into operation
2.2000	• A task force was established under the former Planning and Lands Bureau (PLB) to formulate a comprehensive strategy for building safety and timely maintenance
27.6.2000	• The Legislative Council (Legco) passed the Urban Renewal Authority Bill
11.2000- 3.2001	• The task force under the former PLB conducted a public consultation on building safety and timely maintenance
4.2001	• The former PLB announced the implementation plan on the “Comprehensive Strategy for Building Safety and Timely Maintenance”
4.2001	• The former PLB announced the revised enforcement policy against unauthorized building works by the Buildings Department (BD)
1.5.2001	• The Urban Renewal Authority Ordinance (Cap. 563) came into operation and the Land Development Corporation Ordinance (Cap. 15) was repealed • The URA was formally established and the LDC was disbanded
7.2001	• BD launched the “Comprehensive Building Safety Improvement Loan Scheme”

Date	Events
1.8.2001-30.9.2001	• The former PLB consulted the public on the draft "Urban Renewal Strategy" (URS) in accordance with the Urban Renewal Authority Ordinance
11.2001	• The former PLB published the URS to provide broad policy guideline to the work of the URA
12.2003	• The former Housing, Planning and Lands Bureau (HPLB) conducted a public consultation exercise on building management and maintenance
3.2004	• The URA launched the "Building Rehabilitation Materials Incentive Scheme" and the "Building Rehabilitation Loan Scheme"
1.2005	• The former HPLB and the Hong Kong Housing Society (HKHS) signed a Memorandum of Understanding under which the HKHS set aside $3 billion to launch the "Building Management and Maintenance Scheme" to promote building management and maintenance, including providing technical and financial assistance to owners of private buildings. The HKHS later set aside an additional funding of $1 billion to complement the launch of the Mandatory Building Inspection Scheme (MBIS)
1.2005	• The former HPLB published the Consultation Paper on Building Management and Maintenance
11.2005	• The former HPLB launched a public consultation on the MBIS
5.2007	• The former HPLB published the public consultation report on the MBIS and announced that the Government would legislate for the implementation of the MBIS and the Mandatory Window Inspection Scheme (MWIS)
10.2007	• The Chief Executive (CE) announced the Policy Statement on Heritage Conservation and a package of initiatives on heritage conservation
5.12.2007	• The Buildings (Amendment) Bill 2008, which would introduce a new minor works control system, was first read in the Legco
1.2008	• The Development Bureau (DEVB) implemented the mechanism of heritage impact assessment
1.2008	• DEVB rolled out the Public Awareness Campaign on Heritage Conservation and launched a new website on Heritage Conservation (www.heritage.gov.hk)
2.2008	• DEVB launched the Revitalising Historic Building through Partnership Scheme
4.2008	• DEVB established the Commissioner for Heritage's Office

7. Annexes: (i) Overview of the Development of the Urban Renewal Policy in Hong Kong

Date	Events
5.2008	• The HKHS assisted the Government to launch the "Building Maintenance Grant Scheme for Elderly Owners"
6.2008	• The Legco passed the Buildings (Amendment) Bill 2008 to introduce a new minor works control system
7.2008	• DEVB rolled out the comprehensive review of the URS
8.2008	• DEVB launched the Financial Assistance for Maintenance Scheme to help owners of privately-owned graded historic buildings
3.2009	• The Antiquities Advisory Board launched a public consultation on the proposed grading of the 1,444 historic buildings in Hong Kong
5.2009	• DEVB, in collaboration with the BD, HKHS and URA, launched the Operation Building Bright
10.2009	• CE announced the "Conserving Central" projects
12.2009	• BD commenced the registration of minor works contractors
2.2010	• DEVB introduced the Buildings (Amendment) Bill 2010 into Legco for the implementation of the MBIS and MWIS
1.4.2010	• The Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (the Notice) came into operation. The Notice specifies the lowering of the application threshold from 90% to 80% for three classes of land lot, namely (i) a lot with units each of which accounts for more than 10% of the undivided shares in the lot; (ii) a lot with all buildings aged 50 years or above; and (iii) a lot that is not located within an industrial zone and with all the buildings on the lot being industrial buildings aged 30 years or above. The Lands Tribunal will make an order for compulsory sale if it is satisfied that redevelopment is justified on the ground of age or state of repair of the existing buildings sitting on the lot and that the majority owner submitting the application has taken reasonable steps to acquire all the shares of the lot.

7. Annexes: (ii) Membership of the Steering Committee on Review of the Urban Renewal Strategy

Chairperson

Secretary for Development

Members

Mr CHAN Ping-chiu, Andrew

Professor CHEUNG Yan-leung, Stephen

Mr HO Hei-wah

Mr KWAN Chuk-fai

Mr LEE Tsung-hei, David Chris

Professor LUNG Ping-yee, David

Mr NG Wing-shun, Vincent

Professor TAM Fung-yee, Nora

Dr WONG King-keung, Peter

Ms WONG Ying-kay, Ada

Secretary

Principal Assistant Secretary for Development (Planning and Lands) 4

In attendance

Permanent Secretary for Development (Planning and Lands) or his representative

Director of Planning or her representative

Director of Lands or her representative

Director of Buildings or his representative

Managing Director of Urban Renewal Authority

Executive Director of Urban Renewal Authority

Urban Renewal is for everyone.

We look forward to building consensus with you.

For details, please visit our designated website at www.ursreview.gov.hk.
You are welcome to register for the Workshop and the Concluding Meeting.
You are also invited to share your views on the e-forum with us
(please visit the aforementioned website for details).

Contact details

Address	:	9/F, Murray Building, Garden Road, Hong Kong (please state "URS Review" on the envelope)
E-mail	:	enquiry@ursreview.gov.hk
Fax	:	2845 3489
Telephone	:	2848 2718
Website	:	www.ursreview.gov.hk

Annex C

Urban Renewal Strategy Review – Consensus Building Stage

Summary of Results of the Telephone Survey on Public Views

In order to better understand and gauge the views of the wider community, we have, through the public relations consultant, commissioned the Telephone Survey Research Laboratory of the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong to conduct randomly selected telephone interviews on the ten preliminary directions as outlined in the "Public Views and Future Direction – Paper for the Consensus Building Stage of the Urban Renewal Strategy Review". The telephone survey was conducted from 14 to 25 May 2010 for target respondents aged 15 or above. A successful random sample of 1,005 was surveyed with results as follows.

Preliminary Direction	Question	Survey Result
1. Setting up of District Urban Renewal Forum	Q12: There are views saying that urban renewal advisory bodies should be set up in the old urban districts to listen to the public views and the aspirations of the affected groups in determining the urban renewal strategy for that district (i.e. where and whether to redevelop or to preserve). Do you agree with this view?	Agree/Strongly agree : 73.3% Disagree/Strongly disagree : 18.7% Don't know/ Others : 8.0%
2. URS is a government strategy	Q2: There are views that implementation of urban renewal should not be confined only to the URA, but should also cover government departments, public bodies, the private sector, individual property owners,	Agree/Strongly agree : 84.8% Disagree/Strongly disagree : 9.9% Don't know/ Others : 5.4%

Preliminary Direction	Question	Survey Result
	professional and non-government organisations. Do you agree?	
3. URA's core business as Redevelopment and Rehabilitation	Q1: Currently urban renewal is carried out based on the 4R; that is redevelopment, rehabilitation, preservation and revitalization. If the URA is to concentrate on redevelopment and rehabilitation in future, do you agree?	Agree/Strongly agree : 82.5% Disagree/Strongly disagree : 10.7% Don't know/ Others : 6.9%
4. URA's work in heritage preservation	Q3: Besides undertaking preservation within the boundaries of its redevelopment projects, the URA at present also carry out special preservation projects such as the Western Market in Sheung Wan. If the URA should focus on preservation only within its redevelopment projects, do you agree?	Agree/Strongly agree : 37.0% Disagree/Strongly disagree : 53.9% Don't know/ Others : 9.1%
5. URA's role as "implementer" and "facilitator"	Q4: Some suggest that if most of the owners in a particular old building want to redevelop, they can actively propose to the URA for consideration of taking up acquisition and redevelopment. Do you agree to this suggestion?	Agree/Strongly agree : 83.3% Disagree/Strongly disagree : 11.7% Don't know/ Others : 5.0%

Preliminary Direction	Question	Survey Result
	Q5: There are views suggesting that when a certain percentage of owners in an old building are interested in redevelopment, they can seek the URA's assistance as a consultant at a service fee, such as to help owners assemble titles to sell to developers or collaborate with developers for redevelopment. Do you agree with this suggestion?	Agree/Strongly agree : 75.1% Disagree/Strongly disagree : 18.0% Don't know/ Others : 6.9%
6. Compensation for owners	Q6: Besides cash compensation, there are views suggesting that the URA should provide a "flat for flat" arrangement to affected owners. Do you agree?	Agree/Strongly agree : 76.1% Disagree/Strongly disagree : 17.6% Don't know/ Others : 6.4%
	Q7: Under current policy, the URA's cash compensation to the affected owners is based on the value of a notional 7-year old replacement flat. There are views saying that if owner-occupiers agree to "flat for flat" arrangement, and if the value of the new flats under the redevelopment proposal is higher than the cash compensation to which the owner-occupiers are entitled, then the owners should top up the difference. Do you agree with the proposal of "flat for flat" arrangement?	Agree/Strongly agree : 52.0% Disagree/Strongly disagree : 38.8% Don't know/ Others : 9.3%

Preliminary Direction	Question	Survey Result
	Q8: Under current policy, the cash compensation in URA's redevelopment projects is based on the market value of the flat plus allowance (which together add up to the value of a notional 7-year old replacement flat), with different types of owners receiving different level of subsidies, for instance non owner-occupiers receiving less than owner-occupiers. Do you agree that this policy should continue?	Agree/Strongly agree : 62.7% Disagree/Strongly disagree : 29.0% Don't know /Others : 8.4%
	Q9: As mentioned before, the non owner-occupiers will receive less compensation than the owner-occupiers. If the non owner-occupiers are elderly and under special circumstances, do you agree that they should be offered a higher compensation than that available to the ordinary non-owner occupiers?	Agree/Strongly agree : 71.3% Disagree/Strongly disagree : 21.5% Don't know/ Others : 7.3%
7. Enhance support for shop operators	Q10: There are views saying that the URA should provide special arrangement and assistance to those shop operators affected by the redevelopment projects, so that they have the option to return after redevelopment to operate as tenants. Do you agree with this view?	Agree/Strongly agree : 78.7% Disagree/Strongly disagree : 13.0% Don't know/ Others : 8.3%

Preliminary Direction	Question	Survey Result
8. Compensation and rehousing of eligible tenants	Q11: There are views saying that the URA should come up with measures to assist tenants who have been registered as eligible tenants affected by URA redevelopment project, so that they will not lose their chance of rehousing due to the termination of tenancy by their owners thereafter. Do you agree?	Agree/Strongly agree : 75.3% Disagree/Strongly disagree : 17.1% Don't know/ Others : 7.6%
9. Social Impact Assessment and Social Service Teams	Q13: There are views suggesting that Social Impact Assessment (SIA) which covers a larger urban area should be conducted before URA announces the redevelopment project to understand the possible impact to the district. Do you think that such SIA should be conducted by the URA or the district advisory bodies mentioned before?	URA : 25% District advisory bodies : 48.4% Done by both : 14.1% Don't know/Others : 12.5%
	Q14: There are views suggesting that after URA has announced the redevelopment project, they should conduct another assessment which focuses on the special needs of those affected residents. Do you think such assessment should be conducted by the URA or an independent organisation?	URA : 28.4% Other independent organisation : 55.6% Done by both : 4.7% Don't know/Others : 11.3%

Preliminary Direction	Question	Survey Result
	Q15: At present, the URA directly engages the Social Service Teams (SSTs) made up of social workers. The major role of the SSTs is to provide assistance to affected residents to resolve difficulties arising from relocation, but some opined that the SSTs should also assist the residents in fighting for their benefits. If the social workers commissioned by the URA only handle case work, while social workers of other institutions will be responsible for rights advocacy, do you agree?	Agree/Strongly agree : 63.0% Disagree/Strongly disagree : 26.7% Don't know/Others : 10.3%
10. Financial Arrangement	Q16: There are views that apart from consideration of maintaining the URA's self-financing status, the economic impact of urban renewal on the districts concerned should also be taken into account. Do you agree with this view?	Agree/Strongly agree : 83.5% Disagree/Strongly disagree : 9.6% Don't know/ Others : 6.9%

Annex D

District Urban Renewal Forum (DURF)
Terms of Reference, Composition and Mode of Operation

Objectives:	• To provide advice on district-based urban renewal initiatives from a holistic and integrated perspective. • To approach urban renewal from a district-based, people-centred and bottom-up perspective, so as to align with the overall city planning; to reflect local aspirations for and views on urban renewal, with a view to gaining legitimacy and support for the future urban renewal measures (which may include rehabilitation, redevelopment or preservation).
Functions:	• To recommend the scope of and strategy for the urban renewal in the concerned areas, including the buildings/areas to be rehabilitated, redeveloped or preserved, and district beautification, etc. • To commission at an early stage Social Impact Assessments. • To initiate public engagement activities to gauge public views on urban renewal in the concerned areas. • To suggest relevant government departments to commission district-based surveys, planning studies and public engagement activities regarding related issues for discussion.
Composition:	• It is recommended that the Chairman should come from a professional discipline familiar with urban renewal issues who will be appointed by the Government. • The proposed membership, by government appointment, can include: – District Councillors/Area Committee members; – Professionals; – Established non-governmental organisations/groups serving the district;

	– Business associations in the district; – Representatives of the URA; and – relevant government departments.
Mode of Operation and Target Areas:	• DURF should be independent of the District Council (DC), and there is no need for DURF to cover the full boundary of the respective DC. • The old areas covered by the URA's 9 Target Areas which fall within the following 7 DCs namely, Wan Chai; Central and Western; Yau Tsim Mong; Kowloon City; Sham Shui Po; Kwun Tong; and Tsuen Wan, will be covered by DURF when the setting up of DURF is put to full implementation. • Given its consultative nature and the fact that it is not a statutory body, DURF should not be considered a local arm of the Town Planning Board which will remain the sole body to formulate statutory plans. • With appropriate resources, the Planning Department will provide secretariat and professional support including conducting and overseeing planning studies, research and other activities funded by the urban renewal trust fund. • DURF may tender its views to the URA, government departments and other relevant bodies on the district's urban renewal proposals. • Unless specific circumstances require otherwise, meetings of DURF will be open to the public. Meeting papers, minutes of meeting, reports and publications of DURF, and records of declaration of interests by members will generally be available for public inspection.
Remarks:	• Disclosure of information on the proposed redevelopment areas can be considered but implementation details such as the exact scope and timing of redevelopment will remain confidential.

Annex E

Key features of the "Flat for Flat" option

(a) "Flat for flat" provides domestic property owner-occupiers affected by URA's redevelopment project an alternative option to cash compensation and ex gratia payment in order to enable concerned owners to retain their original social network. An owner who opts for "flat for flat" should not be compensated more than if he/she chooses to receive cash compensation and ex gratia payment.

(b) To facilitate domestic property owner-occupiers in making a decision whether to participate in the "flat for flat" option, the URA will, at the time of making offers for voluntary acquisition, provide detailed arrangements for the "flat for flat" option which will typically include the following key information :

- Unit (per square foot) price and size of the new flats available. The latter will usually be lower floor units of 40 to 60 m^2 (saleable area) of the concerned development as those are typical sizes of flats acquired for redevelopment.

- A certain portion of the cash compensation and ex gratia payment to the owner who opts for "flat for flat" will be stakeheld in a solicitor's firm for confirmation of an owner's intention to participate in "flat for flat" .

- No restrictions on resale will be imposed on the owner participating in the "flat for flat" option after the completion of the sale and purchase with the URA and after the flats have been issued occupation permits.

- Under special circumstances, the URA can consider allowing the owner who have opted for "flat for flat" to withdraw from the arrangement. Withdrawal on the ground of corrections of property prices would not be accepted.

- Upon completion of the new development, the priority for flat selection will be determined by drawing lots.

Annex F

IMPLICATIONS OF THE PROPOSALS

Financial and Civil Service Implications

Under the revised Urban Renewal Strategy (URS), the Urban Renewal Authority (URA) will be tasked to focus on Redevelopment and Rehabilitation. There will not be additional financial burden to the Government and URA will continue to follow the annual Business Plan/Corporate Plan approval process when implementing its new roles in Redevelopment and expanded Rehabilitation programmes, adhering to the objective of self-financing in the long run as approved by LegCo. The proposed set-up of a trust fund under the Urban Renewal Authority Ordinance will have no financial commitment on the part of the Government.

2. The new and enhanced roles of URA in redevelopment will not subject it to any significant financial challenge. The "flat for flat" option is based on equivalent value of cash compensation and is thus a cost neutral proposition. The grant of one or two sites at Kai Tak to pump prime "flat for flat" may lead to some revenue foregone. As the premium to be charged on URA can only be assessed when the terms of the land grant have been worked out, we are unable to provide an estimate on the possible amount of revenue foregone at this stage.

3. To provide secretariat and professional support to the proposed District Urban Renewal Forum (DURF) to be piloted in Kowloon City, and likely to be extended to a second district shortly, we propose to set up two new teams at Planning Department. A review on the operation of DURF will be conducted before the end of the three-year pilot period to determine further rollout of the programme and the staffing requirements in the light of operational experience.

Economic Implications

4. The various features of the revised URS, including the clearer articulation of the role of the different agents other than URA, the "bottom-up" approach and the requirement for early social impact assessment should all facilitate the process of urban renewal, thereby helping to bring out more fully the development potential of the valuable

urban land resources in Hong Kong. A faster urban renewal process would also create considerable employment opportunities for the construction industry and related professional services and trades.

5. The proposed new role of URA as a facilitator in urban redevelopment charging a fee will unlikely raise competition concerns as URA has a market niche different from the market practitioners. For instance, URA will be able to fill the market niche of multiple ownership buildings with more diverse property interests in which the market practitioners may be less interested on cost consideration.

6. The grant of one or two sites at Kai Tak Development to URA at premium as described in paragraph 2 to facilitate the "flat for flat" option should instill further momentum to the urban redevelopment process, thereby helping to address the fundamental issue of supply of residential flats in the long term.

Environmental Implications

7. The revised URS provides for the setting up of DURF which will propose and steer necessary environmental impact assessments (EIAs) required. All statutory and administrative requirements including the need for submission of EIAs will continue to apply in the future URA-implemented or facilitated redevelopment projects.

8. As the future URA-implemented urban renewal projects will normally take place at sites with a larger footprint, more planning gains can be achieved in these sizable developments, benefiting the wider community.

Sustainability Implications

9. The revised URS to facilitate a more "people-centred", "bottom-up" and "district-based" approach to urban renewal is generally in line with the broad target set out in the document titled "A First Sustainable Development Strategy for Hong Kong" and published by the Government in 2005 to regenerate older urban districts by taking full account of the need for economic viability whilst emphasising the importance of open space provision and retaining local socio-cultural characteristics and heritage buildings.

10. In carrying out individual projects, the Guiding Principles on sustainable development should be observed, including providing a living environment which protects the physical health and safety of the people of Hong Kong, fostering an equitable and ethical society by providing universal access to adequate and appropriate social infrastructure, protecting and enhancing the vibrancy of Hong Kong's historical and architectural assets, seeking to find opportunities to enhance environmental quality and minimising the unwanted sides of development and inefficiencies such as air, noise and water pollution or land contamination, among others. Sustainability assessment will be conducted in accordance with the Guidelines on Sustainability Assessment, taking into account comments from various stakeholders before implementation.

Annex G

Overview of the Development of the Urban Renewal Policy in Hong Kong

Date	Events
21.7.1995-15.11.1995	- The former Planning, Environment and Lands Branch (PELB) launched a public consultation on Urban Renewal
12.1995	- The former PELB published the public consultation report on Urban Renewal
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7.4.1998	- The Provisional Legislative Council passed the Land (Compulsory Sale for Redevelopment) Bill
7.6.1999	- The Land (Compulsory Sale for Redevelopment) Ordinance came into operation
2.2000	- A task force was established under the former Planning and Lands Bureau (PLB) to formulate a comprehensive strategy for building safety and timely maintenance
27.6.2000	- The Legislative Council (Legco) passed the Urban Renewal Authority Bill

Date	Events
11.2000-3.2001	- The task force under the former PLB conducted a public consultation on building safety and timely maintenance
4.2001	- The former PLB announced the implementation plan on the "Comprehensive Strategy for Building Safety and Timely Maintenance"
4.2001	- The former PLB announced the revised enforcement policy against unauthorized building works by the Buildings Department (BD)
1.5.2001	- The Urban Renewal Authority Ordinance (Cap. 563) came into operation and the Land Development Corporation Ordinance (Cap. 15) was repealed - The URA was formally established and the LDC was disbanded
7.2001	- BD launched the "Comprehensive Building Safety Improvement Loan Scheme"
1.8.2001-30.9.2001	- The former PLB consulted the public on the draft "Urban Renewal Strategy" (URS) in accordance with the Urban Renewal Authority Ordinance
11.2001	- The former PLB published the URS to provide broad policy guideline to the work of the URA
12.2003	- The former Housing, Planning and Lands Bureau (HPLB) conducted a public consultation exercise on building management and maintenance
3.2004	- The URA launched the "Building Rehabilitation Materials Incentive Scheme" and the "Building Rehabilitation Loan Scheme"
1.2005	- The former HPLB and the Hong Kong Housing Society (HKHS) signed a Memorandum of Understanding under which the HKHS set aside $3 billion to launch the "Building Management and Maintenance Scheme" to promote building management and maintenance, including providing technical and financial assistance to owners of private buildings. The HKHS later set aside an additional funding of $1 billion to complement the launch of the Mandatory Building Inspection Scheme (MBIS)

Date	Events
1.2005	- The former HPLB published the Consultation Paper on Building Management and Maintenance
11.2005	- The former HPLB launched a public consultation on the MBIS
5.2007	- The former HPLB published the public consultation report on the MBIS and announced that the Government would legislate for the implementation of the MBIS and the Mandatory Window Inspection Scheme(MWIS)
10.2007	- The Chief Executive (CE) announced the Policy Statement on Heritage Conservation and a package of initiatives on heritage conservation
5.12.2007	- The Buildings (Amendment) Bill 2008, which would introduce a new minor works control system, was first read in the Legco
1.2008	- The Development Bureau (DEVB) implemented the mechanism of heritage impact assessment
1.2008	- DEVB rolled out the Public Awareness Campaign on Heritage Conservation and launched a new website on Heritage Conservation (www.heritage.gov.hk）
2.2008	- DEVB launched the Revitalising Historic Building through Partnership Scheme
4.2008	- DEVB established the Commissioner for Heritage's Office
5.2008	- The HKHS assisted the Government to launch the "Building Maintenance Grant Scheme for Elderly Owners"
6.2008	- The Legco passed the Buildings (Amendment) Bill 2008 to introduce a new minor works control system
7.2008	- DEVB rolled out the comprehensive review of the URS
8.2008	- DEVB launched the Financial Assistance for Maintenance Scheme to help owners of privately-owned graded historic buildings
3.2009	- The Antiquities Advisory Board launched a public consultation on the proposed grading of the 1 444 historic buildings in Hong Kong

Date	Events
5.2009	- DEVB, in collaboration with the BD, HKHS and URA, launched the Operation Building Bright
10.2009	- CE announced the "Conserving Central" projects
12.2009	- BD commenced the registration of minor works contractors
2.2010	- DEVB introduced the Buildings (Amendment) Bill 2010 into Legco for the implementation of the MBIS and MWIS
1.4.2010	- The Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (the Notice) came into operation. The Notice specifies the lowering of the application threshold from 90% to 80% for three classes of land lot, namely (i) a lot with units each of which accounts for more than 10% of the undivided shares in the lot; (ii) a lot with all buildings aged 50 years or above; and (iii) a lot that is not located within an industrial zone and with all the buildings on the lot being industrial buildings aged 30 years or above. The Lands Tribunal will make an order for compulsory sale if it is satisfied that redevelopment is justified on the ground of age or state of repair of the existing buildings sitting on the lot and that the majority owner submitting the application has taken reasonable steps to acquire all the shares of the lot.