

Urban Renewal Strategy Review - Consensus Building Stage
Appearance of the Secretary for Development on
RTHK Radio 3 programme *Backchat*
Summary of Discussions

Date: 8 March 2010
Time: 08:30 to 09:30 a.m.
Channel: RTHK Radio 3
Host: Mr. Hugh Chiverton
Co-Host: Mr. Paul Zimmerman
Guest: Mrs. Carrie Lam, Secretary for Development (SDEV)
Topic: Initial Directions of Urban Renewal

1. The Secretary for Development (SDEV) said the Urban Renewal Strategy (URS) Review started 20 months ago, and a series of phone-ins on Commercial Radio was launched in the Consensus Building Stage to listen to the public's concerns on the issue. Mr. Chiverton believed the public would be more interested in discussing their agitation towards specific redevelopment cases than the URS or consensus building.
2. Mr. Zimmerman said, in the past, the Legislative Council (LegCo) pressed the Government to provide a very high compensation. In response, SDEV gave reference to the Ma Tau Wai Road redevelopment project, for which the URA estimated to lose at least \$700 million. Moreover, the compensation mechanism was generally based on the decision by the LegCo Finance Committee in 2001.
3. Due to uncertainties and the adherence to the bottom-up approach, the Government advised the URA to execute the abovementioned project single-handedly and would discuss the project with the Kowloon City District Council. The URA would be offering re-housing and compensation to affected owners and tenants prior to the formal approval of the scheme. Furthermore, an URA redevelopment project would normally take 6 to 8 years, during which aspirations and sentiments may change. Such complications would not favour joint ventures with private developers.
4. SDEV explained that there was no absolute requirement for each in-situ redevelopment project of the URA to recoup all its expenses. She added that the URS allowed the URA to make requests to the Financial Secretary to approve the commencement of loss-making projects, such as the one on Ma Tau Wai Road. Moreover, the URS stipulated that the objective was to allow the urban renewal programme to be self-financing in the long-run.
5. SDEV strongly iterated the need to incorporate public open space and GIC facilities into some of the URA redevelopment projects. SDEV said that land premium would be waived to support the finance of individual URA redevelopment projects.
6. Whilst the 4R would be necessary for proper urban regeneration, Mr. Chiverton stated that only redevelopment would have some chance of generating profits

for the URA, with rehabilitation, revitalisation and preservation being major expenditures.

7. Mr. Zimmerman complained about the seemingly conflicting roles of the URA: claiming to be a facilitator on the one hand, and acting as a developer on the other. SDEV said the URS Review would reposition the role of the URA. In the future, she believed that the URA would continue to assume its current roles relating to the 4R. She held a very strong reservation towards the URA adopting the role of a facilitator if it would be simply subsidising private owners with public capital and maximising their returns from redevelopment. She said that it would be difficult to have “the best of both worlds” – power of the URA, land premium exemption and investment returns for affected private owners all achieved at the same time.
8. One caller talked about how the public recognised the importance of Wing Lee Street and urged the URA to reconsider the irreversible demolition of the old tenement buildings and preserve the old street. Due to SDEV’s intervention, there had been numerous amendments to the Wing Lee Street redevelopment project (H19), with the URA’s latest plan to preserve three old tenement buildings, and replace the remaining buildings with new tenement buildings in a similar style.
9. The respondent continued to question the URA’s assertion of the severity of dilapidation on Wing Lee Street and said the simple renovation of the dilapidated tenement buildings was a more justifiable solution and would be an insignificant expenditure for the Government or the URA. Mr. Chiverton added that the URA was rather heavy-handed towards the process of gentrification in a number of areas, including Soho and Sheung Wan. SDEV asserted that the URA had improved the living conditions for residents of some old buildings. Taking Wing Lee Street as an example, since some of the tenement buildings there were in considerably dilapidated conditions, the owners would gladly take the URA’s offer and leave. SDEV admitted that the URA had also come across people who held sentimental attachments to their units. But if individuals were given the freedom of choice, the URA would not be able to do all the enhancements on a district, area or building cluster basis.
10. SDEV said the building age would be a good indicator of the state of the building. Since the promulgation of the URS in 2001, the URA had only done 40 projects. SDEV stressed that at the current pace of dilapidation and ageing of buildings, the review of the URS would be essential. She had recently introduced a bill to LegCo to mandate building inspections. SDEV felt redevelopment should not continue to be the only resolution or mainstream model, so owners should be compelled to maintain and renovate their buildings under the Buildings Ordinance.
11. One email respondent said that in order to increase the profits of the URA and the New World Hanoi Road project (The Masterpiece), Cornwall Avenue was closed down and a notice was published in the Government Gazette for one month. Since most people were unaware of the intention of the notice, the extinguishment of the street was declared with no objections. As a result, the developer was able to incorporate the street into the plot ratio calculation and

avoid paying the outstanding premium. The removal of the street had also led to heavy traffic congestion and a lack of ventilation. The same means was used to extinguish Lee Tung Street in Wanchai. The respondent asked if the Development Bureau (DEVB) intended to close off more streets, deprive the community of public assets, increase density and block ventilation with the aim of enriching the developers.

12. SDEV reverted that K11 was commenced in 1997 by the former Land Development Corporation and was carried out according to proper town planning procedures, with the plan to widen various streets in the area. By dedicating the ground floor as a public passageway, under the Buildings Ordinance, the project earned bonus GFA. People had been attaching more value to public open space, hence regulations needed to change to cope with public aspirations. The outline zoning plans (OZPs) would be reviewed and there would be a new policy to govern the design and management of public open space in private developments.
13. One caller discussed the public's poor impression on the URA as well as the perception that the Government favours developers. He also talked about the potential of the Central Market becoming a successful tourist attraction.
14. SDEV said the Government would be acting in the public interest and acknowledged that the URA had an image problem. The URS Review would be a means that aimed to address this issue.
15. One email respondent claimed that under present policies, urban renewal had been only about demolishing low-rise buildings and maximising development density, which led to the increase in road and pedestrian traffic, the "wall effect", noise pollution, heat retention in the concrete, and so forth. On top of that, the respondent objected to the lowering of the compulsory sale threshold as it would transform Hong Kong's urban landscape without holistic and forward-looking planning. The public would be more sympathetic towards urban renewal if all OZPs were critically reassessed and height restrictions were used liberally. With regard to the URA redevelopment projects, SDEV stated that public interest lies in the improvement of living conditions. Once this public interest had been established, if acquisition of 100% ownership failed, the case would be recommended to the Chief Executive in Council to invoke the Land Resumption Ordinance, which required the prior demonstration of a public purpose. She agreed that the public would be more comfortable with redevelopment if all OZPs were reviewed and updated with controlled development parameters.
16. Mr. Chiverton asked SDEV how she would manage the great number of people who might suffer from environmental effects created by redevelopment. SDEV said there was a general consensus that a large portion of Hong Kong's total land area would be kept green and conserved. The Government prided on high-rise developments, improved connectivity as well as efficient public transport under the constraints of the limited land available.
17. Mr. Zimmerman questioned where additional spaces could be created in Hong Kong's cramped environment. SDEV said the Government had been

controlling development density through the review of OZPs. Also, the sites on this year's land application list have been reviewed, although the developers might have been allowed to build more under the OZPs, the Government had issued land leases with conditions of sale imposing restriction on GFA and building height, etc., to ensure that the developers build less.

18. One caller commented that it was a fact that the URA destroyed old buildings or purposely allowed old buildings to decay so as to give probable cause for URA intervention. There had been a public outcry against many urban renewal projects. She doubted whether the URA had really taken the public consultations into consideration or was just doing a drill. SDEV verified that the Chief Executive mentioned conservation plans in his last Policy Address. Recent examples were the area around Hollywood Road. She assured that public views had been and would be collected and considered on the Central Police Station Compound and Wing Lee Street projects.
19. Mr. Zimmerman said that out of the 220 or so URA redevelopment projects, the public only knew about 24 of them. He asked SDEV whether or not these past project plans could be stopped or changed to make way for new ideas. SDEV said before commencing any urban renewal project, clearance or acquisition, in order to prevent exploitation, confidentiality had been taken into serious consideration. The URS Review would determine what sort of redevelopment parameters or approach should be adopted in future. According to public feedback, the URA should not continue to operate on a confidential basis, and the public should have the opportunity to discuss redevelopment project plans before their commencement.
20. One email respondent said despite our great urban habitat, the quality of life was dire. Hong Kong had been regularly criticised for its city planning, with no sense of urbanism, street landscaping diminished, areas choked in pollution, and buildings of historic and cultural value demolished. SDEV said the Bureau would try to build a quality and sustainable living environment for the people of Hong Kong through development and density control, harbourfront enhancement, greening, landscaping and heritage conservation.
21. Mr. Zimmerman asked if we could spend the land premiums and enhance Hong Kong by doing the projects differently. SDEV said the Financial Secretary would exercise budget planning in order to support all necessary public services and infrastructure requirements. There had been a strong incentive for the Government to spend public money on improving Hong Kong's environment.
22. One email respondent indicated that he would support urban renewal if home purchasing allowance (HPA) would be more reasonable for all owners. In many cases, the value of the existing site was low but its redevelopment value would be very high. Frequently the plot ratios were not maximised and the URA seized the owners' redevelopment benefits. The respondent queried why the compensation for a whole tenement building would be lower than the site value, making it extremely unfair to owners.
23. SDEV explained that the URA regeneration projects and private sector-initiated redevelopment projects operate on very different philosophies and schemes.

In the latter case, redevelopment value had been fully taken into account in compulsory sale. In determining the reserve price, the Lands Tribunal actually takes into account the redevelopment value, plot ratio and so on. In the former case, compensation would be based on what had been approved by the LegCo, i.e. the HPA was based on the notional value of a 7-year old flat in the same district to satisfy the need for rehousing of those affected, and to deliver long-term sustainable urban regeneration.

A-World Consulting Ltd

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