

**Steering Committee on
Review of the Urban Renewal Strategy**

Key issues to be raised for discussion during the Public Engagement Stage

Purpose

This paper sets out the proposed key issues to be raised for discussion with the community during the Public Engagement Stage of the Review of the Urban Renewal Strategy (URS).

Background

2. We presented SC Paper No. 3/2009 (at **Annex A**) at the Steering Committee meeting held on 22 January 2009. The paper sets out the public views on the current URS and urban regeneration programme collected during the Envisioning Stage of the URS Review. Our next task is to decide on the key issues on which we should invite the wider community to express views, develop options and hopefully forge consensus during the Public Engagement Stage.

3. To allow for more thorough discussions of the key issues involved, we have arranged a special meeting of the Steering Committee on 9 March 2009. Members were earlier invited to suggest key issues to be raised for discussions with the community in the Public Engagement Stage of the URS Review and six members have kindly contributed their ideas, as per **Annex B**.

Key Issues Identified

4. Taking into account the public views collected during the Envisioning Stage and suggestions by members, we propose to focus on the issues set out in the following paragraphs during the Public Engagement Stage of the URS Review.

(1) Vision and Scope of Urban Regeneration

- The relation between urban regeneration and the overall urban

development plan for Hong Kong and how we can ensure that these two levels of planning are aligned.

- The scope of urban regeneration should cover the use, management and maintenance throughout different stages of the life cycle of a building. The current government policies and legislation (the planning, land and building approval process) focus primarily on development and redevelopment and are not friendly enough for building owners who wish to change the current use of or make alterations to existing buildings.
- Urban regeneration should not be restricted to the residential districts. We should also look at old industrial areas, streetscape, harbour front and piers. But what would be an appropriate institutional set-up to oversee their planning and implementation?
- Whether gentrification is inevitable in older urban areas that have undergone urban regeneration, or is it largely related to the practices currently adopted by the Urban Renewal Authority (URA)?
- Urban regeneration projects may provide precious opportunities to set examples of good urban design and architectural design. What kind of provisions in the URS would be required to make this happen?

(2) The Four Business Strategies in Urban Regeneration

- What are the criteria for determining which urban regeneration strategy, or a combination of them (i.e. preservation, rehabilitation, preservation or revitalization) should be adopted in any old urban area selected for urban regeneration? It is suggested that the criteria should include, but are not limited to, existing building conditions, impact on existing social network, presence of historic buildings or places, existing development density.
- The Urban Renewal Authority Ordinance (URAO) focuses primarily on redevelopment (very little is provided for rehabilitation and preservation, and revitalization is not mentioned at all). Does it need to be changed to provide a better legal framework for the URA's work in the longer term? There also needs to be a more precise definition of "revitalization" as it is sometimes used interchangeably with "beautification".

- The URS contains some aggressive targets, including redeveloping some 2 000 ageing or dilapidated buildings and rehousing some 27 000 tenant households within 20 years. Are such targets realistic in the light of URA's work progress since 2001?
- More emphasis should be placed on rehabilitation of old buildings because it helps preserve local characters and social networks. Should the Government and the URA do more to encourage owners of old buildings to maintain and rehabilitate their buildings; or the Government should be more careful in committing public funds on this because building maintenance is owners' responsibilities?
- Can the URA take up more rehabilitation and maintenance work on a cost-recovery basis?
- Is the URA the right implementation agent for heritage preservation? What should be its role vis-à-vis the enhanced institutions under the new heritage conservation policy comprising the Antiquities Advisory Board, the Advisory Committee on the Revitalization of Heritage Buildings, the Commissioner for Heritage's Office and the Antiquities and Monuments Office?
- Should there be incentives to promote owners' participation in preservation of graded heritage buildings?
- Are the current consultation arrangements for rehabilitation and revitalization satisfactory?

(3) The Roles of Various Stakeholders

- URA – URA should not take on projects that private developers can readily handle. Even for urban regeneration projects to be undertaken by the public sector, we should also consider whether URA should continue to be the sole agent.
- Hong Kong Housing Society (HKHS) – we should seriously consider enhancing the role of the HKHS in the area of rehabilitation and building maintenance, including giving statutory support to its role in this respect to enhance its commitment and public recognition.
- Private developers – collaboration between government and developers is essential in urban regeneration; after all, they are the implementation

agents. A developer's primary concern is the level of certainty in redevelopment proposals (formal planning approval and the time required to complete the project). We need to put in place a business model that will facilitate participation by various stakeholders.

- Individual property owners – we should facilitate and encourage them to take an active part in redevelopment, rehabilitation and preservation. This would help preserve existing social fabric and reduce confrontation.
- Government – It is suggested that Government should reflect on whether it should continue to take a leading role vis-à-vis that of the private sector in urban regeneration, or it could identify urban regeneration areas, prioritize them, then leave it to the market. There is another suggestion that Government should invest more in strategic infrastructure to facilitate and stimulate organic urban regeneration.

(4) Compensation, Rehousing and Land Resumption

- How to balance the often divergent interests of affected domestic property owners vs. shop owners and owners vs. tenants in urban regeneration projects?
- Is the current compensation formula of a “notional 7-year flat” financially sustainable in the long term, especially when the URA moves on to acquire old buildings on sites that have little unrealized development potential, particularly in light of building heights and other development parameters imposed in Outline Zoning Plans to meet public aspirations?
- There are questions on whether improvement of the living conditions of owner-occupiers in dilapidated buildings is largely a welfare issue that should be tackled through social welfare programmes rather than urban regeneration.
- We should explore more compensation options for property owners, including non-monetary compensation e.g. owners participate in redevelopment projects by contributing their land titles and getting a flat or shop unit in return after completion of the redevelopment. This would help reduce objections from affected owners though they would inevitably be exposed to higher financial risks.

- Can the URA buy properties and pay compensation before announcement of redevelopment plans or detailed project planning? The concept is similar to maintaining a “land bank” whereby URA (or another agent) buys properties in old districts to prepare for development projects in future. This would help lower the average acquisition cost and save public resources.
- Can the URA own properties for the purpose of achieving objectives of social refabrication or longer term revitalization?
- Can we adopt a principle of “in-situ” resettlement for the affected owners, residents and shop owners?
- Owners of industrial properties may suffer a lot during the period between announcement of land resumption plan and actual resumption, so it should be shortened as far as possible. Also, it is not fair to assess the amount of compensation based on valuation at the time of actual resumption, because the value of the property (especially for industrial buildings) may have dropped substantially over the period due to announcement of the resumption.
- The URA is allowed to apply to the Government for land resumption – is this a reasonable practice and is it striking the right balance between public interests and protection of private property rights?

(5) Public Engagement

- Government should engage the local communities in assessing the need for urban regeneration (each of the 4Rs) using a district-based approach.
- If owners and residents can take part in the urban regeneration process from planning to completion, they would take ownership of the projects and take pride in them. But there is a need to strike a balance between community engagement and the pace of implementation.

(6) Financial Arrangement

- Financial gain should not be the sole consideration for urban regeneration. We need to strike a balance between financial viability and other considerations including community networks, optimum development density and preservation of local character to minimize gentrification.

- The objective of encouraging a self-financing urban regeneration programme in the long run may have induced the URA to place too much emphasis on the profitability of redevelopment projects at the expense of other worthwhile considerations, e.g. pursuit of high development density rather than design excellence.
- Should urban regeneration be development-led and financially viable on individual project basis? Should the Government subsidize financially non-viable projects if they can bring substantial value to the community? How should the wider economic benefits of urban regeneration (e.g. beyond the regeneration site) be assessed?
- How can we ensure sustainability of the urban regeneration programme if we are not aiming at a self-financing programme in the long run?
- Can the Government consider making available new land to URA for development to balance out some regeneration projects which would become financially not viable if social network or better design have to be achieved?
- The Government has agreed to waive the land premium for sites granted to the URA for implementation of urban regeneration projects. But does this also mean that we are using taxpayers' money to subsidize buyers of URA's redevelopment projects or URA's joint venture partners?
- The URA should consider issuing long-term bonds to finance its urban regeneration programme.

(7) Social Impact Assessment

- The current scope of the social impact assessments conducted by the URA should be reviewed to examine its effectiveness.
- Tracking studies should be conducted to assess the longer term effects of urban regeneration on the affected owners and residents.
- The current funding method and accountability system for the social service teams should be reviewed to ensure that their effectiveness would not be undermined by potential role conflicts.

(8) *Other Policy Considerations*

- Government should study further the possibility of introducing transfer of development rights related to urban regeneration projects.
- The land owned by special institutions often has unrealized development potential, the Government should consider a ‘link site’ approach to allow greater flexibility in design and enhance the projects’ financial viability, when there are urban redevelopment projects in their vicinity.
- Government should consider allowing transfer of plot ratio (e.g. a system similar to the old “Letter B”) to allow owners of heritage buildings to assign their development potential to third parties.
- Do the current URAO and URS provide adequate flexibility for the URA to adapt to and manage constant changes and evolution in social values relating to urban regeneration?

Advice Sought

5. Members are invited to note the issues suggested by other members above. Members will be asked whether they agree to include the above issues in the agenda for the Public Engagement Stage of the URS Review. Members are further invited to advise on how the selected issues should be presented to help gauge public reaction.

6. The Development Bureau and the Public Engagement Consultant will focus on the issues included in the agenda when we engage the community in various discussion forums in the next stage of the URS Review. Additional studies and research may be required for some of these issues, in particular those included under **(8) *Other Policy Considerations*** above.

**Secretariat, Steering Committee on Review of the Urban Renewal Strategy
March 2009**