Steering Committee on Review of the Urban Renewal Strategy

Notes of the Special Meeting held on Monday, 9 March 2009
At Room 822, Central Government Offices (West Wing)

Present

Mrs Carrie LAM	Secretary for Development (Chairperson)
Mr Andrew CHAN	
Mr HO Hei-wah	
Mr KWAN Chuk-fai	
Mr David C LEE	
Prof David Lung	
Mr Vincent NG	
Ms Ada WONG	
Mr Laurie LO	Principal Assistant Secretary for Development (Planning & Lands) (Secretary)

In Attendance

Mr Raymond YOUNG	Permanent Secretary for Development (Planning & Lands)
Mr Tommy YUEN	Deputy Secretary for Development (Planning & Lands)
Mrs Ava NG	Director of Planning
Miss Annie TAM	Director of Lands
Mr AU Choi-kai	Director of Buildings
Mr Raymond CHEUNG	Political Assistant to Secretary for Development
Miss Amy CHAN	Administrative Assistant to Secretary for Development
Mr Quinn LAW	Managing Director, Urban Renewal Authority
Ms Iris TAM	Executive Director, Urban Renewal Authority
Ms Evelyn Lee	Manager, Planning Studies
Ms Miranda YEAP	Assistant Secretary for Development (Urban Renewal)
Miss Jane KWAN	Assistant Secretary for Development (Urban Renewal)

Dr LAW Chi-kwong	Policy study consultant (Research Team, University of Hong Kong)
Ms Lisa HO	Policy study consultant (Research Team, University of Hong Kong)
Mrs Sandra MAK	Public engagement consultant (A-World Consulting Ltd.)
Mr K K Yuen	Public engagement consultant (AWTC Consultants Ltd.)
Ms Anna LEE	Public engagement consultant (A-World Consulting Ltd.)

Absent with apologies

Prof Steven Cheung
Prof Nora TAM
Dr Peter Wong

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Item 1: Confirmation of minutes of the previous meeting

The meeting confirmed the minutes of the previous meeting held on 22 January 2009.

Item 2: Key Issues to be raised for discussion during the Public Engagement Stage
(SC Paper No. 6/2009)

2. <u>The Chairperson</u> thanked Members for sending in their ideas before the meeting. To facilitate discussions, members' views were categorised under the eight headings in the paper. <u>The Chairperson</u> invited Members to express views.

(1) Vision and Scope of Urban regeneration

3. Members generally agreed that the scope of urban regeneration should not be restricted to residential areas and should involve rejuvenation of old industrial areas, streetscape, harbourfront areas, etc. There was a need to

consider which institutions would be the appropriate implementation agencies for different forms of revitalisation.

4.   Some members suggested that district-based organisations e.g. District Councils and NGOs should be allowed to take the lead in local regeneration works.   The Chairperson pointed out that an example of district-based regeneration was taking place in Lam Tsuen, Tai Po and a similar project was being considered for the revitalisation of Tai O.   She agreed that we should let other community organisations know that they could also take part in district-based urban regeneration.

5.   A member said that there should be proper division of responsibilities among them to avoid expanding the URS to become an all-embracing urban planning policy.   The Chairperson noted that there were various agents involved in urban regeneration, e.g. the Development Bureau, the Town Planning Board, the Hong Kong Housing Society (HKHS).   She suggested that since HKHS had been playing a role in urban redevelopment and building maintenance, members might address its positioning in urban regeneration during this review.

6.   A member suggested to take into account local characteristics before working out the strategy for a local district, e.g. conservation of community network, conservation of historical buildings.

7.   A member suggested that the guiding principles for the new urban renewal strategy should be clearly spelt out and that the key principle should be how to make Hong Kong a more liveable city.   Members noted that the Chief Executive had already outlined this direction in his 2007 Policy Address.

8.   The Chairperson said that the aforementioned

guiding principles were not prominent in the current Urban Renewal Strategy, which tended to place more emphasis on how to tackle urban decay. She agreed that the guiding principles for the new URS should be multi-facet driven, including quality of life, liveable city and sustainable development.

9.   A member added that through consensus building, the above guiding principles could be transformed into concrete planning and design guidelines. Another member commented that as different districts had different characteristics, it was important to develop a mechanism for different communities to take part in working out the priorities for their own districts.

10.   The Chairperson then invited members to comment on the challenge of gentrification in urban regeneration and how we might preserve the existing community whilst revitalising old urban areas.

11.   A member pointed out that URA was just implementing the provisions in the URA Ordinance. The requirement that the urban renewal programme should be self-financing in the long-run sometimes made it difficult to preserve the existing community, because URA had to generate revenues from urban redevelopment projects to support the urban renewal programme.

12.   A member suggested that comparing with redevelopment projects, rehabilitation of old buildings might allow more existing residents to stay. But another member pointed out that the URAO did not allow the URA to hold properties after completion of development, so even if URA just provided assistance to renovation of old buildings, the building owners might raise the rentals of the renovated buildings and hence forcing existing tenants to move out.

13.   Other members suggested that the key to preserving the original community was to provide more options for resettlement within the same district.   For example, the Government and URA might consider rehabilitating old buildings and turning them into affordable housing for elderly people displaced by other urban regeneration projects.

14.   A member noted that urban regeneration was happening in many areas through market forces.   Suitable government policies and initiatives might help promote this form of organic transformation.   Another member suggested that the Government could not rely entirely on the market – instead, the Government should acquire old buildings and turn them into rental housing, and provide resources and mechanisms to help existing residents adapt to changes.

15.   The Chairperson summarised members' views as follows –

(a) a broader scope of urban regeneration was required; instead of targeting at street blocks of dilapidated buildings, we should consider the needs and approach of urban regeneration from the viewpoint of revitalisation of an area or a district.   This would cover harbourfront areas and old industrial buildings, where appropriate;

(b) the guiding principles of urban regeneration should refer to the concepts of quality of life, sustainable development, people-centred approach and development of harmonious community highlighted in the Chief Executive's Policy Addresses;

(c) the methodology of urban regeneration was equally important.   There should be a district-based urban regeneration strategy for each district, a right institutional set-up to implement the strategy and a

sustainable model of implementation;

(d) the general preference is an organic regeneration, i.e. a gradual, evolutionary process rather than a big-bang approach in introducing changes to an existing community.

16.   A member said that the multiple issues should be distilled and focussed to enable systematic discussions by the public. The Chairperson said that a list of questions with illustrations or options would need to be produced to facilitate public discussions during the public engagement stage.

(2) The Four Business Strategies (4Rs) in Urban Regeneration

17.   The Chairperson noted that URA's emphasis had been on redevelopment because it had committed to give priority to implementing the 25 projects announced by the ex-Land Development Corporation. But the URA had begun to place more emphasis on preservation in recent years; and the Government, URA as well as HKHS had also done a lot more in promoting building rehabilitation.

18.   A member pointed out that the current URAO might not have provided adequate legal authority for URA to take up rehabilitation, preservation and revitalisation. This posed problems for URA e.g. it could not force building owners to cooperate in its building rehabilitation projects. Members recognised that URA could not be granted with powers to override the decisions of other government authorities. The policy study consultant said that Taipei and Seoul did not have an implementation agency similar to Hong Kong's URA; on the other hand, although Singapore's URA had policy making power, it also had to respect the views of other government authorities.

19. A member said he hoped that in future URA could engage the community to discuss the urban regeneration plan for the whole district, rather than considering the need for urban regeneration on a building by building or project site by project site basis. Other members agreed that the four Rs represented just four methods of urban regeneration; there should not be a predetermined weighting among them for all districts. The proportion of the four Rs should be decided having regard to local characteristics such as community networks; different districts might end up adopting different urban regeneration strategies. It was also noted that revitalization could be taken as a broad objective of urban regeneration, whilst the other three Rs were different approaches to regeneration work.

20. A member added that communities in the district should be engaged to identify the streetscapes, traditional trades, etc. that they wished to preserve before working out an urban regeneration strategy for the district, e.g. which clusters of old buildings should be rehabilitated, which areas should be handed over to NGOs for revitalisation.

21. The Chairperson invited members' views on how to co-ordinate the roles of various sectors or agencies currently engaged in different aspects of urban regeneration work, e.g. redevelopment by the private sector, heritage preservation by the Antiquities Advisory Board, and building rehabilitation by the HKHS.

22. A member commented that as every urban regeneration project would likely involve different methods of regeneration, too rigid separation of roles might cause implementation problems. Members suggested that urban regeneration projects should not be constrained by institutional boundaries and the project team responsible for a project might employ necessary experts to help achieve the

agreed project objectives.

23.   A member added that Government should be responsible for working out a strategy for each district, which would be supported by a business plan covering the financial model and implementation agency, before the Planning Department started to work out physical planning for the district.

24.   A member asked whether there would still be a need for the current land assembly role performed by URA in the district-based planning approach.   It was suggested that the Development Bureau could take up the role of strategic planning, with URA helping the Bureau to implement the relevant urban regeneration policies.   The Bureau might allocate land for URA to manage so that there would be income generated to cover URA's other activities.   Another member suggested that URA might form subsidiaries to manage district-based projects.

25.   The policy study consultant cautioned that the future URS would face challenges rather different from those in the past as more and more high-rise buildings would come to the end of their design life.

26.   The Chairperson concluded that there was a need to consider how to ensure effective co-ordination of different approaches of urban regeneration, but there was no need to decide on the institutional set-up at this point.

(3) Role of Various Stakeholders

27.   On the question of allowing owners' participation in redevelopment projects, members noted that the biggest challenge was in managing the potential financial risks faced by small owners, especially during the long development phase.   This would require designing a scheme that was

easy for small owners to understand and would allow them to withdraw from the project anytime before completion of the project.

28.   A member said that many property owners affected by a redevelopment project might never have involved in real estate development, so they might not know how to manage the risks involved.   Securitisation was floated as an option, but some members considered it more appropriate to offer to affected owners flats in the completed project as exchange for their agreement to participate in the redevelopment project.   Other members, however, pointed out the difficulties in pursuing "shop for shop" because the design of a shop would have direct implications on its value.

29.   Furthermore, a member was concerned that as the Government was providing government land to URA at nominal premiums, the public might not support proposals that would result in further subsidies to property owners affected by URA's redevelopment projects.

30.   Members noted that it would be useful to distinguish whether owner participation was proposed to help conserve existing community networks or to protect the owners' interests.   Members also noted that the rentals and disturbance allowances for affected owners during the project construction period were the major obstacles to introducing an owner participation scheme.

31.   The policy study consultant said that there were examples of owners' participation in redevelopment projects in Taipei, where owners would join a resident association and become shareholders of the projects.   But he pointed out that any subsequent changes to the redevelopment plan might also affect the interests of the affected owners.   Members also noted that URA redevelopment projects in the past were often given additional plot ratios due to amalgamation of

streets within the project areas, but this practice would unlikely to be repeated in future, so URA might not have a lot of floor areas to meet "flat for flat" or "shop for shop" requirements.

32. The Chairperson noted the challenges in implementing "flat for flat" and "shop for shop" arrangements in URA projects. She asked URA to consider the proposal further.

(4) Compensation, Rehousing and Resumption

33. The Chairperson said there might not be a lot of room for adjusting the current compensation formula of a "notional 7-year flat", but it would be worthwhile to consider whether the proposed "flat for flat" approach might reduce the need for compensation to existing owners.

34. A member said that the notional 7-year flat arrangement should have provided adequate compensation for affected owners. He noted that sometimes there were complaints that owners could not find a replacement flat in the same district even with compensation calculated according to the 7-year notional flat formula; but he thought that was because many affected owners went after replacement flats in the district at the same time and hence pushed up the prices. The policy study consultant suggested to refer to the setting of reserve prices for land to be sold by auction under the Lands (Compulsory Sale for Redevelopment) Ordinance as an alternative to the "7-year notional flat" formula.

35. Another member suggested that the Steering Committee should consider whether to allow URA to engage in strategic buying of properties, i.e. buying and holding properties outside its announced project areas. This would provide sites for resettlement of affected residents within the

same area.

36.   A member also suggested to review the rehousing arrangements for tenants and whether there should be different levels of compensation for owner-occupied properties and tenanted properties.

37.   The Chairperson concluded that during the Public Engagement Stage, the sustainability issue of the "7-year notional flat" formula should be highlighted for discussions by the public. She recognised that affected owners would generally welcome more compensation options and would like to look at the agency's ability to provide more options.

(5) Public Engagement

38.   Members recognized the importance of public engagement and were of the view that URA should go where people welcome them, rather than imposing projects on existing residents. Some members, however, also recognised the need to strike a balance between community engagement and the pace of implementation.

(6) Financial Arrangement

39.   The key question remained whether we should continue to set a self-financing target for the urban regeneration programme in the long run. The Chairperson pointed out that some URAs in other countries were just facilitators instead of playing the developers' role, but the cost was met by the public purse.

40.   There was also a need to look at the question of financial sustainability in a broader context. For instance, one might look at the financial viability of a project from the perspective of the economic returns to the whole area instead of just the financial return to a project, e.g. the escalators in

the Mid-levels.

(7)   Social Impact Assessment (SIA)

41.   Some members commented that the current SIAs focused too much on collecting baseline information and not enough on impact assessment. A member suggested that SIAs should be an input to the decision making process rather than just a tool to identify implementation problems and recommend mitigation measures.

42.   Members suggested that under an area-based planning approach, SIAs in future should adopt an integrated approach to conduct area-based comprehensive impact assessment covering the environmental, heritage and social aspects. Also, they should be done at an earlier stage, perhaps covering the whole target areas, instead of triggered by individual regeneration projects.

43.   The Chairperson concluded that there should be more comprehensive district-based assessments, instead of project-based assessments. Also, the scope of the assessments should cover not just social impacts.

(8)   Other Policy Considerations

44.   The Chairperson said the Government had adopted a more liberal attitude towards the use of land resources to achieve other social and economic objectives, e.g. hotel sites, green field sites for educational uses, private hospitals, etc. The Government was prepared to consider members' suggestions e.g. linked sites.

Item 3: Any other business

45.   The Chairperson told members that the LegCo Development Panel would hold a special meeting on the

URS Review in mid-April. She said the Development Bureau had been reporting progress in the URS Review to the Development Panel pro-actively and the Bureau would continue to do so.

46.   The Chairperson briefed members on the Operation Building Bright programme. The special operation was launched recently to provide additional assistance to owners of old buildings to encourage them to carry out repair and maintenance works. It was expected that around 1 000 buildings would benefit from this programme in the next two years. She hoped that members would support this special operation.

Secretariat, Steering Committee on Review of the URS
March 2009