

For discussion
on 15 April 2009

LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT
Review of the Urban Renewal Strategy

PURPOSE

This paper reports on the key issues of the Review of the Urban Renewal Strategy (URS) that we have identified, which will form the agenda of our planned public engagement programme in the Public Engagement Stage of the review.

BACKGROUND

2. The Government published, after public consultation, the URS in November 2001 to provide broad policy guidelines to the work of the Urban Renewal Authority (URA). As urban regeneration involves many complex social and economic issues directly related to people's values and aspiration about quality of life, and they are changing over time, the Government decided to conduct a comprehensive review of the URS to ensure that it will continue to reflect the aspirations and priorities of the community on issues related to urban regeneration.

3. The URS review was launched in July 2008 and will take about two years to complete. As we briefed Members in June 2008 and January 2009, the review process is structured into three stages, namely "Stage 1 – Envisioning" (July 2008 – January 2009), "Stage 2 – Public Engagement" (February 2009 – December 2009) and "Stage 3 – Consensus Building" (January 2010 – April 2010). We have now completed the Envisioning Stage and are moving on to the Public Engagement Stage.

PROGRESS IN POLICY STUDY

4. To obtain a first hand understanding of how other cities formulate and implement their urban regeneration programmes, the challenges they face and the solutions they have developed in response, we have organised an overseas study visit to Tokyo in mid February and another study visit to Shanghai in late March 2009. These two cities are recommended by the Policy Study Consultant. Participants of the visits

included members of the URS Review Steering Committee, members of the URA Subcommittee on URS Review and members of URA's District Advisory Committees who are also District Council members.

5. The itineraries of both visits included meetings with government officials responsible for urban regeneration, meetings with academics who are knowledgeable on the subject, meetings with private sector practitioners involved in urban regeneration projects, and site visits to selected projects. The completed policy study report prepared by the Policy Study Consultant as well as reports of the study visits prepared by the Public Engagement Consultant will be made available to the public through the dedicated website of the URS Review.

AGENDA FOR THE PUBLIC ENGAGEMENT STAGE

6. As this is a comprehensive review of the URS without pre-determined agenda, we have included a 7-month Envisioning Stage so that various stakeholders and the general public can identify and suggest the key issues that should be included in the agenda of this review for study and detailed discussions. During the Envisioning Stage, we organized and attended 20 focus group sessions and special meetings with various stakeholders so that we can set the agenda of the review together with the community.

7. The major issues identified by various stakeholders during the Envisioning Stage were outlined in our Development Panel paper presented to the Panel at its meeting held on 20 January 2009. On the basis of the issues identified by the community, the Steering Committee of the Review of the Urban Renewal Strategy ("the Steering Committee") met on 9 March 2009 to discuss the agenda for the following stages of the review. The Steering Committee suggested that we should explore further the feasibility of developing a district-based strategy for urban regeneration and recommended a list of issues that we should discuss with the wider community during the Public Engagement Stage of the Review. The issues are grouped under the nine topics below –

Topic 1: *Vision and Scope of Urban Regeneration*

- Revisit the guiding principles of urban regeneration – quality of life, sustainable development, people-centred approach and harmonious community.
- Revisit and expand the scope of urban regeneration to look at

revitalisation from a district basis, instead of focusing on individual dilapidated buildings. Urban regeneration should not be restricted to rejuvenation of residential areas; industrial buildings and harbourfront areas may also be covered, where appropriate.

- Explore the feasibility of developing a district-based urban regeneration strategy for each district, including how to engage the local communities and relevant government agencies in developing such a district-based strategy, what will be the appropriate institutional set-up, and what will be a sustainable implementation model.

Topic 2: Redevelopment vs. Rehabilitation

- Is there an ideal balance of different approaches of urban regeneration for all districts, or the best mix of approaches in a particular district will have to depend on the local characteristics?
- What are the relevant factors that should be considered when we work out an urban regeneration strategy for individual districts? How to define dilapidated buildings? What should be the objective criteria (e.g. building conditions, impact on existing social network, preservation of historical buildings, existing development density) for designating an old urban area for redevelopment or rehabilitation?
- What should be the role of the URA in future, a project implementation agent or just a facilitator?
- How can we encourage private owners to maintain and repair their buildings more actively?
- Does the current Urban Renewal Authority Ordinance (URAO) provide adequate power for the URA to carry out building rehabilitation work for privately owned buildings?

Topic 3: Heritage Preservation and Revitalisation

- Is URA the right implementation agent for heritage preservation? What should be its role vis-à-vis other heritage conservation institutions e.g. the Antiquities Advisory Board, the Advisory Committee on the Revitalisation of Heritage Buildings, the Commissioner for Heritage's Office and the Antiquities and

Monuments Officer?

- How to identify intangible heritage and assess their need for preservation?
- Should URA's preservation targets be limited to heritage buildings within its development project areas or should URA take up a more pro-active preservation role?
- How to ensure effective co-ordination between preservation efforts and other urban regeneration programmes?
- Is gentrification an inevitable result of preservation and revitalisation efforts?
- What should be the role of owners of heritage buildings in their preservation? How can private owners be encouraged to take up a more active role in preservation?

Topic 4: Private vs. Public Sector Participation in Redevelopment

- What is the right balance of public and private sector participation in urban regeneration? The Government is facilitating private redevelopment of dilapidated buildings in urban areas through the Land (Compulsory Sale for Redevelopment) Ordinance (LCSRO). Is URA competing with the private sector in redevelopment of dilapidated buildings?
- Should the URA play a facilitator's role in the assembly of ownership for existing owners so that they may put their old buildings to public auction for redevelopment purpose under the LCSRO?
- Should URA be allowed to acquire properties and pay compensation before announcement of development plans or completion of detailed project planning?
- How may we promote more organic urban regeneration through market forces, i.e. a gradual, evolutionary process rather than a big-bang approach (e.g. Soho in Mid-Levels)?
- When a high-rise building has come to the end of its physical or economic life, is it the responsibility of the private owners or the

public sector to redevelop it? What would happen if there is no unrealised development potential in the lot?

Topic 5: Compensation and Rehousing Policies

- Is the current compensation formula of a “notional 7-year old replacement flat” sustainable, especially in the light of the public aspirations for lower building heights and lower development density in redevelopment projects? If it is not sustainable in the long term, what is the alternative?
- Should URA introduce more compensation options, such as “flat for flat” and “shop for shop” after completion of the regeneration projects to help conserve the existing social network? Should there be rental subsidies and disturbance allowances for owners during the construction period and who should be responsible for them?
- But exchanging an old flat with a new flat (plus rental subsidies in the interim years, if any) would mean a new and higher compensation standard. Should we extend the same standard to those who opt for cash compensation? Are the public prepared to shoulder the implied higher urban regeneration cost, if it is to be financed by public resources?
- Should there be different rates of compensation for owner-occupied properties, tenanted properties and vacant properties?
- Should households who move into an already commenced urban redevelopment project area be entitled to rehousing allowances or public housing units?
- Should URA adopt an “in-situ” resettlement policy? Does it mean resettlement within the same district or within the same project area?

Topic 6: Owners Participation in redevelopment

- Should we adopt a policy advocating more owner participation in urban redevelopment? Would there be problems if there is not much room for further increases in development density within the project area, or if community facilities have to be provided as part of the redevelopment?
- Redevelopment in Hong Kong typically involves multi-storey

buildings under multiple owners. Would that present special difficulties for owner participation in redevelopment?

- Should the owners be required to share the financial risks of redevelopment? Can all existing owners understand the risks involved and whether they can handle them, particularly when redevelopment projects usually take five to six years to complete?
- In view of the long time span for each project, should there be any exit arrangement for participating owners before completion of the redevelopment projects?
- In view of the long time span for redevelopment project, when and how should the participating owners be paid?
- At present, government is supporting URA's projects by granting government land in a project area and charging only nominal premium on any gains in development potential. Should such benefits be retained by URA for pursuing other urban regeneration initiatives, instead of being shared with participating private owners?

Topic 7: Public Engagement

- Should the public and local communities be engaged throughout the urban regeneration process, from site identification, planning to implementation?
- To avoid market speculation and ensure proper use of public resources, projects under the URAO are kept confidential before formal commencement. How can we resolve the potential conflicts between prevention of speculation and public engagement?
- Shall we require consent of the majority of existing owners before a redevelopment project is allowed to proceed? How should we deal with the minority owners who object to the redevelopment project?
- Should URA only go to areas where the existing residents agree with the needs for urban regeneration and the proposed regeneration plans?
- If we are going to develop a district-based urban regeneration strategy for each district, how should the public engagement process be designed to ensure that it is representative of the aspirations of

various stakeholders in the district? What would be the appropriate mechanism to balance the differences in views and resolve the potential conflicts among stakeholders?

- How to strike a balance between community engagement and the pace of implementation.

Topic 8: Social Impact Assessment and Social Services Team

- Should social impact assessments be integrated with the public engagement process to strengthen its role in the decision making process, in addition to its role as a tool to identify implementation problems and recommend mitigation measures?
- Should social impact assessment be district-based instead of project-led to enable a more macro approach to allow better planning for the entire neighbourhood?
- Should tracking studies be conducted to assess the longer term effects of urban regeneration on the affected owners and residents?
- What should the role of social services teams be under a district-based planning approach?
- Is there a potential role conflict if the social service teams continue to be appointed using URA's resources?

Topic 9: Financing Urban Renewal

- Should we continue to set a target of self-financing in the long run for the urban regeneration programme?
- How can we ensure the sustainability of our urban regeneration programme, noting that rehabilitation, preservation and revitalisation normally do not generate any useful revenue to sustain the programme?
- How should we look at the question of financial sustainability, e.g. whether we should count just the financial return to a project, or we should look at the economic returns of a project to the larger area, e.g. the escalators in Mid-levels.

- Should transfer of development rights be an alternative method to facilitate redevelopment?

PUBLIC ENGAGEMENT PROGRAMME

8. We are now preparing for larger scale public engagement activities to be organised during Stage 2 of the review – the Public Engagement Stage. Our mission is to engage the public to discuss the key issues identified and try to develop a broad consensus on the future direction of urban regeneration in Hong Kong, and we are committed to achieve it through an open and transparent public engagement process.

9. To arouse public interest, provide basic information about urban regeneration in Hong Kong and encourage the public to take part in the discussions, we have commissioned the Commercial Radio to produce sponsored radio programmes on the URS Review for broadcast from March to July 2009.

10. The backbone programmes during the Public Engagement Stage are a series of eight road show exhibitions and five public forums covering four regions: Hong Kong Island, Kowloon East, Kowloon West and Tsuen Wan. The road shows aim to provide the necessary background information on the key urban regeneration issues identified by the community at the Envisioning Stage. They will also refer to the relevant experience of the six Asian cities covered by our policy study. A dedicated booklet will be produced and distributed to the public to provide the necessary background information and highlight the key issues for discussion.

11. We also plan to organise ten topical discussion sessions, each focuses on one specific topic, to facilitate more focused and in-depth discussions. We hope this would help facilitate informed discussions by the public on the key issues, develop practicable options and forge consensus on the future direction.

12. We recognise that some members of the public may not be able to attend the planned topical discussion sessions or public forums, so we will set up coffee corners at the road shows so that visitors may sit down and provide their views and feedback on the spot. Structured interviews will also be conducted at the road shows to collect public views. The public may also visit the URS Review Idea Shop in Wan Chai at their convenience to view the exhibition materials or attend various public engagement programmes organised by the Partnering Organisations or

other organisations interested in the review. They can also express their views and engage in interactive discussions with other people on the key urban regeneration issues through the e-forum on the dedicated website of the URS Review or provide their views to us through more traditional means of letters and faxes.

13. More detailed information about the public engagement programme is set out at **Annex**.

CONTINUOUS ENGAGEMENT WITH THE LEGISLATIVE COUNCIL

14. Members are invited to provide their views on the key issues included agenda, the planned public engagement programme and future direction of the URS Review.

15. We would like to continue to engage Members throughout the URS Review process and this is in fact the fourth occasion that this subject is discussed at the Development Panel since June last year. We shall continue to report progress of the review to the Development Panel and invite Members' views from time to time.

Development Bureau
April 2009

Details of Planned Public Engagement Programmes for the Review of the Urban Renewal Strategy

Partnering Organisation Programme

The Partnering Organisation Programme aims to broaden the reach of the URS Review and encourage more active participation by the community. We have commenced Phase 1 of the Programme (February to June 2009) under which nine organisations, including professional institutes, youth organisations, community groups and schools, have become Partnering Organisations of the URS Review. Each of these nine organisations will be provided with up to \$10,000 to help them implement their proposed projects to reach out to various sectors of the community. These organisations are selected by an assessment panel of the URS Steering Committee based on the objectives, creativity, feasibility, scale of outreaching, cost effectiveness of their proposals and their prior experience in organising similar events. We will invite applications for Phase 2 of the Programme (to be implemented from July to November 2009) nearer the time.

Idea Shop

2. The URS Review Idea Shop aims to provide a visible and useful venue for the organisation of community activities related to the URS Review. The shop premises at Tai Yuen Street, Wan Chai have been in operation since late February 2009. It serves as a community hub for the public to express and exchange views on key issues of the review. We will make available the Idea Shop to Partnering Organisations as well as other organisations free of charge for organisation of activities related to the URS Review. The Idea Shop is open to the public from Tuesday to Sunday from 11:00am to 9:00pm throughout the Public Engagement Stage (February – December 2009).

Radio programmes

3. We have commissioned Commercial Radio 1 to produce radio programmes for broadcast from March to July 2009 to arouse public interest, provide basic information about urban regeneration in Hong Kong and encourage the public to take part in the discussions.

4. Starting from late March, a series of 90 seconds info-segments on various topics related to the URS will be broadcast frequently for four weeks, then a series of weekly half-hour sponsored radio programmes will be broadcast for five weeks. This

will be followed by another nine weeks of info-segments and weekly half-hour programmes in similar formats. The info-segments aim to provide basic information about the URS, while the half-hour radio programmes aim to cover selected urban regeneration issues in some depth and stimulate more active public discussions on the URS.

Road Shows, Public Forums and Topical Discussion Sessions

5. A series of eight road shows, five public forums and ten topical discussion sessions will be organised as the backbone programmes of the Public Engagement stage. As urban regeneration involves many relatively complex issues, we would like to facilitate more informed discussions by the general public. The public forums will tie in and dovetail with the road shows planned in four regions: Kowloon West, Hong Kong Island, Kowloon East and Tsuen Wan. In each region, we will feature two road shows before the public forum so that residents in the district may have access to the necessary background information before they go to the public forums.

6. The theme of the road show exhibition will be the key urban regeneration issues identified by the community at the Envisioning Stage; we will also refer to the relevant experience of the six Asian cities included in our policy study. A dedicated booklet will be produced and distributed to the public to provide the necessary background information and highlight the key issues for discussion. A coffee corner may be featured during the road shows in case some visitors wish to sit down and spend more time to chat. Structured interviews will also be conducted at the road shows to collect public views.

7. As regards the topical discussion sessions, each would focus on specific topics (e.g. rehabilitation vs. redevelopment, compensation and rehousing, owners' participation in redevelopment, public engagement) to facilitate more focused and in-depth discussions. The topical discussion sessions will be organised around the road shows and public forums in time schedule to ride on their publicity.

8. The series of road shows, public forums and topical discussion sessions are scheduled to start in early May 2009 and will last until December 2009. A typical road show will span five days in duration (tentatively from Thursday to Monday, with opening hours from 11:30a.m. to 8:30p.m.), while the public forums and topical discussion sessions will be held on Saturdays to encourage more active public participation.

**Development Bureau
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