

This subject paper is intended to be a research paper delving into different views and analyses from various sources. The views and analyses as contained in this paper are intended to stimulate public discussion and input to the planning process of the "HK2030 Study" and do not necessarily represent the views of the HKSARG.

WORKING PAPER No. 13 URBAN RENEWAL AND REHABILITATION

INTRODUCTION

1. The paper is:-
 - a. to provide a brief review of the current situation in tackling the problem of urban deterioration;
 - b. to highlight the recommendations of the Urban Renewal Strategy Study (URS Study); and
 - c. to identify the possible new scopes for consideration in the longer term strategic framework for restructuring the city beyond the planning horizon of the URS Study up to the year 2030.

BACKGROUND

2. The Land Development Corporation (LDC) was set up in 1988 as a statutory body to carry out urban renewal projects. Although the LDC has successfully completed a number of redevelopment projects, it has experienced difficulties in pursuing its redevelopment programme, including financial viability of redevelopment projects, prolonged land assembly process, and shortage of rehousing resources.
3. The Chief Executive in his 1999 Policy Address announced a new and proactive approach to urban renewal and a plan to establish an Urban Renewal Authority (URA) to implement the Government's urban renewal strategy.
4. In the Commission on Strategic Development's report issued in February 2000, it points out that the major challenges over the next generation will be to increase land supply without further compromising the natural environment. In this context, the Commission believes that urban renewal will play an increasingly important role both as a source of land supply and as a means of upgrading urban areas.

Urban Renewal Authority

5. URA was formally established on 1.5.2001. The purposes of the URA's urban renewal programme as well as the new measures proposed by URA to speed up urban renewal projects are set out in [Annex A](#).

RECOMMENDATIONS OF URBAN RENEWAL STRATEGY STUDY

6. The conventional urban renewal approach is inadequate in terms of involving piecemeal project-based redevelopments, renewal projects targeted for profitable types of redevelopment, and insufficient priority given to building rehabilitation and heritage buildings preservation. Owing the problems of financial viability and multiple ownership, a large number of dilapidated areas in need of urban renewal still remain untouched. There is a strong demand for more active public sector participation in the redevelopment process.
7. The Planning Department completed the URS Study in 1999 which aims to provide inputs for the formulation of a new strategy covering the Metro Area and providing a comprehensive framework to guide the improvement and restructuring of the existing urban area where urban renewal is very much needed. The Study estimates that the number of old buildings will be increased tremendously, in particular more significantly for buildings of 30 years old or above of which the number will almost be double in 2016. The recommendations of the URS Study are summarised in [Annex B](#).
8. Based on the age and physical/fire safety conditions of the buildings, the URS Study has identified 200 projects for priority redevelopment. It is planned that the URA will complete these 200 priority projects and the 25 uncompleted LDC projects in 20 years' time. The URS Study will be updated by Planning Department regularly to tie in with the review of the urban renewal strategy.

NEW APPROACH TO URBAN RENEWAL

9. An **urban renewal strategy** is being formulated by PLB which provides a comprehensive planning framework for urban renewal in Hong Kong. A comprehensive and holistic approach will be adopted to rejuvenate the existing urban area. The Government's policy is based on a **people-oriented approach** and the goal is to improve the quality of life in the existing urban area. The Government expects the URA to adhere to the principle of the protection of the rights of the individual. Moreover, the URA should incorporate the **principles of sustainable development** in planning and implementing its urban renewal programme. It should take account of sustainability issues in its development programme. The key elements of the approach of the urban renewal strategy are detailed in [Annex C](#).

10. To comprehensively renew the existing urban areas, a three-pronged approach will be adopted, i.e. redevelopment of old buildings; maintenance of buildings in need of repairs; and preservation of buildings of historical, cultural or architectural interests.

Redevelopment

11. The URS Study has identified 200 priority projects, covering about 55ha of land. It focuses on renewal actions in areas where there are urgent needs for eradicating run-down buildings, preserving buildings of heritage value, area-wide re-planning and restructuring. About 90% of the buildings within the priority project areas are 30 years old or over. Upon redevelopment of all the 200 priority projects, it is anticipated that 62,800 new flats, 51,500m² open space and 70,700m² community facilities will be provided as well as 27 buildings of local character will be preserved. Moreover, to facilitate better restructuring and re-planning of the areas, 9 target areas have been designated, i.e. Ma Tau Kok, Tai Kok Tsui, Sham Shui Po, Yau Ma Tei, Yau Tong, Kwun Tong, Sai Ying Pun, Wan Chai and Tsuen Wan.

Rehabilitation

12. According to Buildings Department's records, there are 42,000 private buildings in the territory. About 11,400 (27%) of these buildings are 20 to 40 years old and are more susceptible to lack of maintenance problems, particularly those without proper management. There are also 220,000 signboards and 800,000 unauthorised building works (UBWs) including illegal rooftop structures associated with these private buildings.
13. In February 2000, a task force was set up under PLB to formulate a comprehensive strategy for building safety and timely maintenance. The team has proposed a multi-prong strategy comprising different tactics for different groups of private buildings, according to both their age and building conditions.
14. For new buildings, the task force has proposed to take a total approach to integrate proper maintenance and good management throughout the entire life span of the buildings. In fact, some developers and professional have already planned and constructed new buildings with the following measures for preparing future maintenance and management:-
 - a. use materials that are durable and easily maintained, and provide longer defects liability warranty;
 - b. set out a schedule for future major maintenance works for owners' reference; and
 - c. open an account for advance payments from buyers for contribution towards setting up a maintenance reserve fund.
15. The owners or the management of new buildings will be required to set up maintenance reserve funds for future major repairs work and to take out public liability insurance for any mishaps that took place in the common areas of the buildings. The Lands Department is reviewing the Government guidelines for preparing the new deeds of mutual covenant.

Heritage Preservation

16. Preservation of buildings of historical, cultural and architectural interests in urban areas is one of the statutory responsibilities of the URA. Preserving and maintaining the heritage features will facilitate the retention of local character of different districts, add interest and variety to our urban fabric, and help promoting tourism. The URA is considering setting up an advisory committee under its Board to advise it on preservation work. Reference could be made to a separate working paper on "Built Heritage Preservation".

LONGER TERM URBAN RENEWAL STRATEGIC FRAMEWORK

17. The URS Study has proposed to introduce some immediate measures to facilitate and speed up planned urban renewal schemes for the next 20 years. In the longer term up to the year 2030 which is beyond the URS Study's planning horizon, the following possible new scopes are identified for further consideration in the review of the urban renewal strategy.

Obsolete Industrial Areas

18. Hong Kong's economy has undergone restructuring from manufacturing-based to service-based in the past two to three decades. Some older industrial buildings that were built to cater for production activities are now become obsolete and under-utilised. At present, there are about 1,600 industrial buildings in the Metro Area, of which 820 are 20 years old or over. It is estimated that by year 2007, the number of industrial buildings that fall within this age group will increase to about 1,200. The URS Study has identified two groups of industrial buildings for URA's action and proposed to consider to adopt a more comprehensive renewal measures for the older industrial areas in the next URS review. The URS Study recommends to :
 - a. combine those old industrial buildings with adjoining residential buildings of unsatisfactory conditions into priority project areas. The proposed redevelopments under this category are mainly located in Ma Tau Kok, Tai Kok Tsui, etc.; and
 - b. identify selected under-utilised old industrial areas that are ready for comprehensive redevelopment and restructuring. They include Yau Tong industrial area and the industrial area bordering the old Kai Tak Airport site. The URA is expected to play a facilitating role to expedite private redevelopment in these areas.

19. A recent industrial buildings survey ¹ indicates that the current distinction between industrial and office uses is fast becoming blurred. Many manufacturing establishments are engaged in non-production and office-based activities, whilst many office establishments such as import/export firms find the industrial buildings, which provide sufficient loading/unloading facilities, a convenient type of accommodation that meets their operational needs. The strategy should therefore maintain some flexibility in order to respond timely to rapid changing needs of different industrial and business activities. In this connection, Planning Department has recently introduced the "OU(Business)" zone on statutory plans to allow maximum flexibility in the use of existing industrial and industrial-office (I-O) buildings as well as in the development of new industrial buildings for both commercial and clean non-polluting industrial uses. The "OU(Business)" zone, which allows a wider range of permitted uses, may benefit those industrial buildings that are ripe for redevelopment but financially not viable. In this sense, the "OU(Business)" zone is conducive to encourage the restructuring of obsolete industrial areas.
20. It is noted that there are cases in other cities, e.g. London, of which the planning regulations are relaxed to allow residential conversion of non-residential buildings (such as "loft" buildings for commercial and/or residential use, book stores, studios and theatres etc.) In some districts, conversion of non-residential floor area to residential use may take place if floor areas appropriate for certain commercial or manufacturing uses are preserved. All conversions must be reported to the planning authority and, by means of issuing special permit, the authority may allow reduction of the space required to be preserved for industrial or commercial use within the loft if market conditions no longer warrant or support such preservation. The application of such concept in Hong Kong is worth serious consideration in future review/study which may render the rejuvenation of obsolete industrial land uses more viable and economical. With greater flexibility in land use control mechanism, the developers and business operators could change the uses of existing premises/buildings to respond to the market needs more rapidly.

Private Housing Estates

21. While the Government is promoting actions to be taken by property owners to ensure building safety and timely maintenance, action is mainly focused on those stand-alone buildings which are in disrepair. Proper maintenance of buildings in large residential estates, such as Tai Koo Shing and Mei Foo Sun Chuen of which the residential blocks will be over 30 years old in the next decade, should also be encouraged. Experience and lessons learnt from the current effort of addressing the maintenance problem of private stand-alone buildings will serve as invaluable input to formulating a special strategy for large-scale private housing estates in the future.

New Towns

22. The Hong Kong New Towns Programme was initiated in 1973 to provide housing for 1.8 million people. Three new towns, Sha Tin, Tsuen Wan and Tuen Mun, were planned in the east, west and north-western part of the New Territories. Practically all new towns in Hong Kong are public housing led, including public rental flats and home ownership scheme flats. In general, the housing mix in new towns is aimed at a ratio of 60% public housing and 40% private housing, subject to variations to suit local conditions.²
23. The URS Study has only focused on the urban deterioration problems in the Metro Area. The future urban renewal strategy should therefore be extended to the first generation of new towns, which will become "old" and run down if no coordinated efforts were initiated to upkeep the maintenance of the buildings. Since a larger proportion of the residential flats in new towns are public housing, the Housing Authority should also be involved in the formulation of urban renewal strategy for new towns.

Sustainable Urban Regeneration

24. Urban renewal offers an excellent opportunity for the construction of better buildings, which will be more resource and energy efficient, and built for durability. There is a tremendous scope in Hong Kong for improving the resource and energy efficiency of buildings. Buildings are not only responsible for more than half of the electricity consumed in Hong Kong but also responsible for much of the peak load that occurs around mid-day during summer months. Construction waste, much of which generated from the demolition of old buildings, accounted for around 58% of the solid waste generated in 1993. Buildings also consume large quantities of imported tropical timber during construction as well as non-renewable resources (e.g. concrete).³
25. Moreover, consideration should be given to the option of adapting buildings to other beneficial uses if the current use is no longer in demand or is considered inappropriate. There are some successful examples around the world, e.g. the docks in East London.

Enhancing Our Cultural Assets Diversity

26. Redevelopment should be concerned about place-making, not just about building housing estates. Hong Kong needs more community and culturally oriented projects to celebrate the city's diversities and district identities. A diversified cultural identity for different districts should be considered. Each district could have their own identity be built up by a joint force of local citizens, interest parties as well as professionals. At present, there is no centralised authority responsible for the overall planning of the street environment. All different design elements such as planters, street furniture, street lighting etc. are done by various government departments. This uncoordinated design results in monotonous and ad-hoc streetscape which may not correspond to the needs of the neighbourhood. District authority or committee might be authorised to carry out study to investigate the formulation of urban design guidelines for individual districts.

NEXT STEP

27. The planning principles stipulated in the URS with respect to urban renewal, building rehabilitation and built heritage preservation would be incorporated in the HK 2030 Study. Further to this, the Study will examine the land use implications and strategies for the possible new scope for urban regeneration as mentioned in paras. 18-26 above.

ATTACHMENTS

[Annex A : Purposes of URA's Urban Renewal Programme and New Measures to Speed Up Urban Renewal Projects](#)

[Annex B : Recommendations of the Urban Renewal Strategy Study](#)

[Annex C : Key Elements of the Urban Renewal Strategy's Approach](#)

¹ The survey was conducted under the Study on the Review of the Framework for Industrial Land Provision and Reservation Strategy carried out by Planning Department.

² Source: TDD's web site at <http://www.info.gov.hk/tdd/text/towns/index.htm>

³ Source: Working Group on Improvement of the Urban Environment: "Green Paper on Improvement of Urban Environment", September 1999.

Note: This paper was prepared based on information available in June 2001.

PLANNING DEPARTMENT
JANUARY 2002

ANNEX A : PURPOSES OF URA'S URBAN RENEWAL PROGRAMME & NEW MEASURES TO SPEED UP URBAN RENEWAL PROJECTS

I. The main purposes of the URA's urban renewal programme are:-

- a. to improve the standard of housing and the built environment of Hong Kong by undertaking, encouraging, promoting and facilitating urban renewal;
- b. to improve the standard of housing and the built environment of Hong Kong and the layout of built-up areas by replacing old and dilapidated areas with new development which is properly planned and, where appropriate, provided with adequate transport and other infrastructure and community facilities;
- c. to achieve better utilization of land in the dilapidated areas of the built environment of Hong Kong and to make land available to meet various development needs;
- d. to prevent the decay of the built environment of Hong Kong by promoting the maintenance and improvement of individual buildings as regards their structural stability, integrity of external finishes and fire safety as well as the improvement of the physical appearance and conditions of that built environment;
- e. to preserve buildings, sites and structures of historical, cultural or architectural interest in priority project areas and target areas; and
- f. to engage in such other activities so as to promote and facilitate urban renewal.

II. In order to expedite the urban renewal programme, a number of new measures have been introduced for processing and implementing the projects of the URA. The major new measures are briefed below:-

Planning Procedures

- On the basis of Government's urban renewal strategy, the URA will prepare a draft corporate plan setting out its proposed programme of projects for the next five years and a draft annual 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 Financial Secretary for approval each year.
- This procedure provides a high degree of flexibility to the URA in scheduling its programme of projects. Unlike the LDC, it will no longer have to seek Government's approval on a proposal-by-proposal basis as long as it operates within the parameters and guidelines set out in Government's urban renewal strategy. This planning procedure also ensures an appropriate level of Government supervision of the URA. To provide flexibility in planning individual projects, the URA may propose projects with justifications which have not been identified in Government's urban renewal strategy.

Publication of Project

- Before implementing a project, the URA is required to publish in the Gazette the commencement date of the implementation of the project and to exhibit general information about the project for public inspection. The project may be implemented either by way of a **development scheme** or a **development project**. A development scheme requires amendment to the zoning of the project site on the outline zoning plan, whereas a development project requires no such amendment.
- After the publication of a project, any person who considers that he will be affected by the project may raise objections. Objections to a development scheme are dealt with by the Town Planning Board under the Town Planning Ordinance, whereas objections to a development project will be considered by SPL under the URA Ordinance.

Resumption and Disposal of Land

- Under the previous system, the LDC was first required to take all reasonable steps to acquire affected properties within the project area. This usually involves protracted negotiations with the owners. If there were any properties which the LDC is unable to acquire, the LDC could then request SPL to recommend to the Chief Executive in Council the resumption of such outstanding properties.
- In order to expedite the process, instead of requiring the URA to first negotiate and acquire the land needed for an urban renewal project, the URA is empowered under the Ordinance to apply for **direct resumption** of the land required. The Chief Executive in Council is the authority to approve such resumption applications. Affected property owners will be compensated fairly.
- In the case of a development project, the URA has to make an application for resumption within 12 months after the project has been authorized by SPL. In the 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 has been approved by the Chief Executive in Council in accordance with section 9 of that Ordinance. The purpose of the time limit is to ensure that the residents do not have to wait too long to know whether their properties will be resumed.

ANNEX B : RECOMMENDATIONS OF THE URBAN RENEWAL STRATEGY STUDY

The recommendations of the URS Study are categorised below for easy reference:-

Broad Category	Recommendation
Redevelopment Approach and Target Projects	<ol style="list-style-type: none"> 1. URA to continue those projects being implemented by the LDC. 2. URA to target the 200 priority project areas in preparing the 5-year Corporate Plan and the Annual Business Plan of URA. 3. URA to adopt a target-area approach to tackle the priority project areas and rehabilitation targets in a co-ordinated and comprehensive manner. 4. URA to take on board the strategic planning guidelines proposed by the URS Study as the basis for guiding the planning and development of the priority project areas and the urban renewal target areas. 5. URA to target a redevelopment programme, in its initial years of operation, that would lead to produce about 20,000 flats in preparing its 5-year Corporate and Annual Business Plans. Based on such target, URA would take 20 years to complete the redevelopment of the 200 priority project areas.
Enhancement of Project Viability and Flexibility	<ol style="list-style-type: none"> 1. Government should further explore the financing of the priority project areas. Private sector resources should be encouraged to finance the implementation of the projects. Other non-financial tools to enhance the project viability should also be explored. To enhance the financial viability of the URA priority projects, the Government should consider the following package of measures:- <ol style="list-style-type: none"> i. Financial tools - <ul style="list-style-type: none"> ● forgoing land premia to URA redevelopment sites; ● forgoing land premia for rehousing land; ● linked site; and ● making loans to finance the URA projects. ii. Non-financial tools - <ul style="list-style-type: none"> ● exemption of G/IC facilities from plot ratio calculation; ● expedite land resumption procedures; and ● consider the feasibility of relaxing the plot ratio controls of the priority project areas. 2. To give URA the following flexibility in carrying out the priority project areas redevelopment :- <ul style="list-style-type: none"> ● to redevelop on its own; ● to redevelop through joint-venture partnership; or ● to dispose of project sites upon resumption in the market. 3. To investigate the feasibility of the following measures to encourage private sector's involvement in urban renewal :- <ul style="list-style-type: none"> ● to allow the URA to have the power to dispose of the cleared urban renewal sites, subject to government approval, in the open market for private sector development; and ● to exempt the proposed G/IC facilities from plot ratio calculation in private redevelopment projects. 4. Other agencies, including the Housing Authority, the Housing Society, the MTRC/KCRC, should be encouraged to take part in implementing those priority project areas of their common interests in an integrated manner.
	<ol style="list-style-type: none"> 1. To invite the Housing Authority and the Housing Society to provide the rehousing flats for the URA projects. 2. To reserve the rehousing sites as proposed in the Study to meet the first 5-year rehousing demand for URA projects.

Rehousing Arrangement	<p>3. As a long term option :-</p> <ul style="list-style-type: none"> • reservation of rehousing land to be included in the overall Public Housing Development Programme; and • URA should plough back part of its cleared project sites for rehousing purposes.
Building Maintenance and Rehabilitation	<ol style="list-style-type: none"> 1. PLB to review the effectiveness of the voluntary Buildings Safety Inspection Scheme (BSIS) and the related loan scheme. The option for introducing a statutory preventive building maintenance scheme should be seriously considered. 2. URA and Building Authority (BA) to adopt a co-ordinated approach of rehabilitation and redevelopment to minimise unnecessary disruption to the affected owners and tenants. 3. To empower the URA responsible for the proposed statutory preventive building maintenance scheme within the urban renewal target areas. BA will administer the maintenance scheme in other areas.
Preservation of Heritage Buildings	<ol style="list-style-type: none"> 1. Antiquities and Monument Office and Lands Department to explore the feasibility of preserving the buildings of heritage value sitting on government land proposed in the Study and their potential beneficial after-uses. 2. URA to undertake integrated and imaginative design solutions to the preservation and redevelopment of those heritage buildings included in the priority project areas having regard to the strategic planning guidelines proposed in the Study.
Better Urban Design	<ol style="list-style-type: none"> 1. Two pilot townscape enhancement schemes in Lan Kwai Fong and in the area adjoining the Central Pedestrian Escalator Area and in Stone Nullah Lane Area, Wan Chai are proposed for Architectural Services Department and URA implementation, respectively. The minor works programme of Home Affairs Department could also be utilised for the townscape enhancement schemes, as appropriate.
Social Concerns	<ol style="list-style-type: none"> 1. The URA should undertake both profitable and unprofitable but socially desirable projects as priority for renewal. 2. To reserve appropriate rehousing sites, wherever feasible, within the old urban area to accommodate the socially needy group, such as elderly, affected by URA projects.
Industrial Area Renewal	<ol style="list-style-type: none"> 1. To examine the feasibility of adopting a comprehensive industrial area renewal approach in the next URS review. In the meantime, URA to adopt a selective approach in the renewal of industrial sites:- <ul style="list-style-type: none"> • redeveloping those old industrial buildings adjoining residential buildings of unsatisfactory conditions; and • facilitating private comprehensive redevelopment of selected under-utilised industrial areas that are ripe for redevelopment.
Urban Renewal Strategy Review	<ol style="list-style-type: none"> 1. To update the strategy and the URS Study regularly and to review the Study in 2001/2002. 2. To request the Buildings and Planning Departments to consider undertaking a building condition survey to tie in with the proposed strategy review in 2001/2002.
Others	<ol style="list-style-type: none"> 1. The Planning Department should continue its strategic planning and project co-ordination functions within the Government to expedite the urban renewal process. The Department should also assist PLB to implement the study recommendations and to establish the URA. 2. To enhance the geographical information system developed in the course of the Study. The building conditions and urban renewal related information in the existing old urban core should be updated regularly to facilitate future review of the strategy.

ANNEX C : KEY ELEMENTS OF URBAN RENEWAL STRATEGY'S APPROACH

The Government's strategy is to continuously renew the fabric of Hong Kong's built-up areas through timely urban redevelopment. The policy is based on a **people-oriented** approach to urban renewal, to balance the interests and needs of all sectors of the community and not to sacrifice the lawful rights of any particular group. The key elements of the Government's people-oriented approach to urban renewal include:-

- a. Restructuring and re-planning designated older built-up areas, in particular the nine target areas;
- b. Designing more effective and environmentally-friendly local transport and road networks;
- c. Rationalising land uses which are incompatible with the surrounding areas;
- d. Redeveloping dilapidated buildings into new buildings of modern standard and environmentally-friendly design;
- e. Rehabilitating buildings in need of repair within the nine target areas;
- f. Redeveloping or revitalising under-utilised industrial areas;
- g. Preserving buildings, sites and structures of historical, cultural or architectural interest within the 200 priority project areas and the nine target areas;
- h. Preserving as far as practicable the local characteristics of older neighbourhoods;
 - i. Preserving 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 facilities;
 - l. Enhancing the townscape with attractive urban design and by the provision of landscaping, open space and suitable street furniture;
- m. Providing adequate and affordable rehousing for tenants affected by URA's redevelopment projects; and
- n. Providing fair and reasonable compensation to owners whose properties are resumed for the implementation of redevelopment projects.