

Response to the Review of the Urban Renewal Strategy

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Summary

A review of the Urban Renewal Strategy (URS) would be incomplete without three things that have yet to be done. Firstly, the current review needs to be done within the context of Hong Kong's high land price policy. Secondly, the government's values, priorities and assumptions behind the URS needs to be explicitly stated so that both the government and public understand what has driven urban renewal and what needs to be reformed. Thirdly, the various questions raised in 'Food for Thought' boxes are framed without reference to existing government policies. Thus in assessing public responses to them, this needs to be taken into account. In particular, the government ought to stress the importance of public investment.

In conclusion, it is not necessarily the public's values and priorities that have changed in the last decade but the sub-optimal outcomes of urban renewal that is spurring an outpouring of public concern, including from a new generation that expresses its objections much more aggressively.

I. Values and Priorities – Then and Now

The *Public Engagement Stage Consultation Summary* published in 2009 states that the reason to conduct a comprehensive review of the government's Urban Renewal Strategy (URS) is "to continue to reflect the needs of the community and provide effective guidance for urban regeneration in Hong Kong".¹

The *Summary* states that: "With the progress of time and societal development, people have changed their values and priorities regarding the objectives and aspirations over urban renewal, its mode of implementation and consequences".

Thus, the *Summary* assumes the URS had once reflected the needs of the community although it does not say what values and priorities have changed and what are the new values and objectives today.

Public vs. Government values and priorities

While there are many public complaints about urban renewal projects, the assumption that the URS embodied public values and priorities a decade ago ought to be tested in order to ensure redrafting of the URS can benefit from a clear picture of what has changed, and whether there were issues which had not been properly addressed by the URS that have affected the outcomes of regeneration.

There is a tell tale sign that there were unaddressed issues that still need to be articulated today. The same questions that were raised during the legislative scrutiny of the Urban Renewal Authority Bill and the consultation before the URS

1 The URS was published in November 2001 to direct how the Urban Renewal Authority (URA) is to operate.

was published in 2000-2001 are still being asked today.² There is obviously a disconnect that needs to be connected.

Many of the same people who had raised questions a decade ago are still raising them today, and more people are expressing concerns as they see the negative outcomes of regeneration. Indeed, a new generation of people are expressing their objections much more aggressively. This is not a sign of change in public values and priorities but one of a change in the form of expression. The Steering Committee and the government need to distinguish the difference. The government has to reflect whether its own assumptions and priorities have led to sub-optimal urban renewal outcomes, which are fanning more widespread disappointment today than a decade ago.

This is not to say urban renewal has not achieved positive outcomes but it is necessary to consider whether the same questions that keep popping up a decade later are due to these achievements being too narrow. Today the concerned public even questions whether the current form of development, including regeneration, helps to strengthen or harm Hong Kong's position when viewed against the achievements of other cities around the world.³ This is a sign that there are serious problems in government policies related to planning and development.

High land prices

In passing the Urban Renewal Authority Ordinance and in establishing the URS, Hong Kong's high land price policy has never been explicitly addressed. There has never been official admission that it operates such a policy. The policy is an implicit one, which even government officials may not fully comprehend, and thus they insist there is no such policy. However, the Hong Kong government has continuously sought, via its monopoly over the supply of land, to keep land prices high. This policy has been motivated, first and foremost, by the desire to protect revenue from land premiums. Arguably, however, it creates serious allocation distortions in the economy.⁴

Thus, the cost of land goes to the heart of all land-related dealings, including urban renewal. Without adequate airing of Hong Kong's land policy there cannot be a satisfactory review of the URS. In carrying out the much-needed "root-and-branch" review⁵ of the URS today, the Steering Committee needs to ensure urban renewal is discussed within the context of Hong Kong's overall land policy.

In any event, the current financing model and the assumptions behind it will not deliver the completion of the number of URS targeted projects within the original set time frame, which is a reason that has pushed the government to conduct the current review. By asking the government to explain how they came up with the requirement in the URS for the URA to implement a programme consisting of 200

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- 2 Inception Report – Study on Urban Renewal Policies for the Urban Renewal Strategy Review, September 2008.
 - 3 Noted on page 6 of the *Summary*.
 - 4 Tony Latter, Leo Goodstadt and Roger Nissim, *Hong Kong's Budget: Challenges and Solutions for the Longer Term*, Civic Exchange, February 2009, pp. 11, 26-27, and 59-65.
 - 5 LegCo Paper CB1(1)1951/07-08(03), Review of the Urban Renewal Strategy, Legislative Council Panel on Development, 24 June 2008.

new projects in 20 years will help the public to understand the assumptions behind the target.⁶ That scale and pace of work has proven to be far off the mark.

Most likely, the government had followed its old timetable of development to set the original time frame. However, to build and refurbish a “world class city” requires world class planning where all aspects that affect the outcome, such as transport, urban design, environmental quality and public health are well-connected. It is a well-known fact that transport planning, for example, operates quite separately from town planning in Hong Kong often leading to poor outcomes. The Hong Kong government has prided itself on the speed it could carry out large infrastructure projects but urban renewal is indeed not a “slash and burn” process.⁷ It requires great sensitivity to the existing social functioning of a district, on top of which new and refurbished structures need to be environmentally sustainable and low-carbon.

II. Address Assumptions of the URS

The assumptions behind the current URS should be made explicit so that they can be deliberated and debated. The government could offer or the Legislative Council could invite the government to address each of the four principles in the URS, the twelve objectives, the targets and how the URA is to operate by spelling out fully its assumptions behind them. Some may say the assumptions ought to be self-evident but this is not so. Asking the drafter of the URS – the government – to state why it shaped the URS in the way it did a decade ago will explain a lot about how the government sees its dealings in land and urban renewal.

For example, the twelve stated objectives in the URS⁸ should be examined to what extent they have been satisfactorily met. For example, to what extent have URA projects resulted in improved planning of the target areas; promoted environmentally-friendly local transport and networks; rationalised land use, built environmentally-friendly new buildings; promoted sustainable development, preserved local social networks and community, and preserved local culture and heritage etc?

Moreover, why has the URA focussed less on rehabilitation, preservation and revitalisation when these are stated in the objectives?⁹ The answer is straightforward. Despite listing them in the URS, these were not the priorities of the government.

6 Noted on pages 9 and 10 of the *Summary*.

7 Section 7 of the URS states: “Urban renewal is not a “slash and burn” process. A comprehensive and holistic approach should be adopted to rejuvenate older urban areas by way of redevelopment, rehabilitation and heritage preservation”.

8 The main objectives stated in the URS were: (a) restructure and re-plan designated target areas; (b) design more effective and environmentally-friendly local transport and road networks; (c) rationalize land uses; (d) redevelop dilapidated buildings into new ones of modern standard and environmentally-friendly design; (e) promote sustainable development in the urban area; (f) promote rehabilitation of buildings in need of repair; (g) preserve buildings, sites and structures of historical, cultural or architectural interest; (h) preserve local characteristics; (i) preserve local social networks; (j) provide purpose-built housing for special needs groups (e.g. elderly, disabled); (k) provide more open space and community facilities; (l) enhance the area with attractive urban design and landscape. See <http://www.debb-plb.gov.hk/eng/policy/urs.htm>.

9 Noted on page 9 of the *Summary*.

An overall fair examination should include noting what facilitated the work of the URA in achieving those objectives, and what barriers prevented achievement. Are there any government policies or practices that are barriers? An example of a barrier is that Hong Kong has outdated and weak buildings and energy codes, which do not help to promote environmentally-friendly buildings or sustainable development. Thus, even if the URA built top-rated buildings by Hong Kong standards (which it has done), they are not among the best performing buildings in world terms.

The values, priorities and assumptions of the government need to be made transparent because policies and strategies cannot otherwise be properly assessed, deliberated and debated. As noted above, the issue of land policy goes to the heart of the matter and this has never been adequately deliberated. This was not done when the Urban Renewal Authority Ordinance (URAO) was passed in June 2000, and the URA established in May 2001. The URS, representing the values, priorities and assumptions of the government, was then superimposed upon the URA, which operating within those constraints, could only produce sub-optimal outcomes.

Thus, in conducting the current review, it is critical to flush out what are the values and priorities that underpin the current URS. Only having been sensitized to this is it possible to consider what may be the people's values and priorities, to what extent they differ from those of the government, and how the two may converge. Extensive public engagement exercises would only provide a list of questions, perspectives and ideas. If these are then just grafted onto the government's assumptions of what is possible, doable and desirable, the final outcome may still have the same congenital problem the current URS suffers from.

III. "New" Issues?

The "Public Views" in Section 3 of the *Summary* can be seen within the context of the twelve objectives in the URS. Stakeholders highlighted the need to (a) include old industrial areas; (b) plan urban renewal to be undertaken on a district basis; (c) protect social networks and relieve the effects of gentrification on citizens and small businesses, (d) position Hong Kong against other cities, and (e) take into account various practical considerations such as density, traffic, local culture etc.¹⁰

Industrial buildings and areas

If the URS objectives were fulfilled satisfactorily, then (b), (c) and (e) would already be addressed. As for including (a) old industrial areas, the government has only begun to address old industrial buildings in the 2009 Policy Address, although most of Hong Kong's manufacturing had decamped to the Mainland some time ago. Indeed, Hong Kong has a serious land use mismatch problem. There is 17.4 million square metres of industrial building floor space. That is about 70% more space than the existing stock of commercial and office space.

10 A fuller summary is noted in Paper for the Legislative Council, Panel on Development, 20 January 2009.

Retain local culture and positioning of Hong Kong

As for (c), the *Summary* says due to the timing of planning and land acquisition it had not been possible to find replacement flats and shops within the district. The fact was finding local replacement for the people was never at the forefront of how regeneration operated in Hong Kong, which led to the destruction of social networks and local characteristics. The URS included these objectives but they were never given the priority by the government and hence the URA.

There is now community-wide pressure to ensure small businesses can continue to operate because there is a recognition that they form part of the charm of districts, such as Wedding Card Street and Graham Street, and that the charm is seen as something that defines Hong Kong's uniqueness, which leads to (d) on positioning Hong Kong against other cities. The social, cultural and heritage aspects of regeneration have always been articulated by non-government organizations but the government has never given them due weight.

Financing model determines form

Graham Street provides a good example of how the financing model forces the URA to produce an inappropriate structure for that site. The size of the structure that will be built there is too large for the area and will become a permanent eyesore that reminds the public of the poor outcome of urban renewal.

The public message on size and density of development in recent years is a direct response to the fact that all sorts of large and bulky buildings have populated many parts of Hong Kong in the past decade. Changing the URS alone will not solve the problem. The government must be willing to open up the whole land policy and development discussion so that the incentives and disincentives are better appreciated both by government officials working in various bureaux and departments, and also among stakeholders and the general public.¹¹ Without addressing how key government policies and practices impact on building design and quality Hong Kong will not be able to create the kind of cityscape the public now demands.

Taking account of density, traffic and local culture etc

Currently, the district community is engaged after a renewal project is announced. This leads to many questions over whether the proposed development has taken sufficient account of local considerations. An alternative is to begin the consultation process earlier, enabling the community to help identify dilapidation and inefficient land use, and involve them in defining their aspirations, ideas for a solution and local considerations to help shape regeneration projects.

11 For a fuller discussion of the problem, see CK Lau & Associates, Civic Exchange, Frank Knight, Masterplan Limited and Wong & Ouyang (HK) Limited, *Building a Quality and Sustainable Hong Kong*, October 2009. The report was a response to the Council of Sustainable Development's Consultation on "Building Design to Foster a Quality and Sustainable Built Environment", <http://www.civic-exchange.org/publications>

IV. Overseas Examples

The process in preparing the *Summary* included a study of overseas urban renewal experience to identify lessons and options that are relevant and applicable to Hong Kong.¹² However, none of the cities studied operates a high land price policy, which is unique to Hong Kong. The study does not go into the political economies of those cities and how their respective financing arrangements fit within those systems.

The lists of how other cities deal with a range of issues are most useful when seen broadly. Urban renewal takes place within specific political contexts. Good outcomes take careful planning¹³ and skilful consensus building. How others deal with public engagement and social impact assessments are certainly interesting. There are many more examples around the world of processes with greater transparency in making crucial decisions from which Hong Kong can benefit.

V. Food for Thought Boxes

The *Summary* contains numerous “Food for Thought” boxes on pages 8, 17, 20, 22, 24 and 27. It is instructive to explore some of them to see how they are constructed and assess the usefulness of how questions are framed.

District planning and sustainable development

On page 8, the box raises a number of questions:

1. “Can planning for urban regeneration be “district-based”?” – The answer is obviously yes if that is government policy.
2. “What should be the principles behind the “district-based” planning for urban regeneration? Should the concept of sustainable development be part of it?” – These are telling questions because the government already has an overall policy of sustainable development,¹⁴ as does the URA.¹⁵ The URS includes promoting sustainable development as one of its objectives.

Thus, the real question is the extent to which sustainable development has been achieved in URA projects. If district plans and developments are not following sustainable development principles, then the problem lies with the government. To date, the Hong Kong government still promotes economic development using a lens from two decades ago, in which speedy execution of large infrastructure projects is seen to be good for the economy and job creation. With the city’s essential infrastructure already built, official attitudes must adapt to deal with renewal, rehabilitation, refurbishment and preservation, which also promote economic growth and jobs but in a different way.

12 Inception Report: Study on Urban Renewal Policies for the Urban Renewal Strategy Review, September 2008.

13 Urban Renewal Polices in Asian Cities for the Urban Renewal Strategy Review, 5 May 2009.

14 See <http://www.gov.hk/en/residents/environment/sustainable/dev.htm>.

15 See <http://www.ura.org/developers/URA-GreenDesignInitiatives.pdf>.

Harbour front and industrial areas

3. "If there are industrial areas and harbour front areas within a district, should these areas be covered in the urban regeneration planning for the district?" – This question goes to the heart of which government department is responsible, and where the URA responsibilities lie.

In the box on page 11, there are two questions: "Does URA have sufficient statutory power to carry out its 4Rs strategy effectively?" and "Should the future role of the URA be an implementation agent or facilitator of urban regeneration projects?"

If there is an argument that the URA should be transformed into a different body to plan, design and implement works in the harbour front and old industrial areas as well, then it needs to be made explicit with reference to other possible options where government departments are currently responsible.

Timing of projects

4. "Should the planning for urban regeneration be implemented in stages to allow more room for gradual and spontaneous regeneration?" – Without an assessment of the outcome of URA projects it is hard to respond appropriately. Despite it not being the URS' intention, have at least some URA projects been "slash and burn" processes without sufficient forward planning?

"Big market, small government"

5. On page 17, the questions in the box needs to be considered against the overall context of Hong Kong's land policy and the current political economy as to what is in Hong Kong's best public interest. The so-called "principle of big market, small government" has led to many public services being under-provided in Hong Kong. In the context of achieving the objectives in the URS, the government needs to be explicit about what "big market, small government" means, which it has not done in the *Summary* or related documents.

Public investment mode vs. Self-financing mode

6. The Summary states public views on the current self-financing mode of urban renewal are divided but then raises the question on page 27 as to how self-financing should be interpreted, and whether the total economic benefits that a regeneration project bring should be included rather than just the direct financial return.

The self-financing mode is current public policy so the government should be able to answer how it interprets it. Does the government take total economic benefits into account? It would be useful to see one such calculation. Perhaps the so-called self-financing mode should be renamed into something else if it gives the wrong impression that it only relates to direct financial return.



The government should make it explicit that public investment is needed for many public projects, such as preserving culture and heritage, community conviviality, and the shaping of the city's landscape that serves many purposes that are non-commercial in nature. It is also necessary to look at the need for public investments and how it should be made within the context of Hong Kong's land policy so that the public can be clear about what may serve the public interest more effectively.

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