

**This document is downloaded from CityU Institutional Repository,  
Run Run Shaw Library, City University of Hong Kong.**

Title	When pencil sketches become concrete blocks – the case of URA Wan Chai projects: critiques and alternatives
Author(s)	Chan Chi Hon (陳志瀚); Chong Ting (莊婷); Tran Viet Anh (陳越英); Yeung Hon Bun Andy (楊漢斌)
Citation	Chan, C. H., Chong, T., Tran, V. A., & Yeung, H. B. A. (2015). When pencil sketches become concrete blocks – the case of URA Wan Chai projects: critiques and alternatives (Outstanding Academic Papers by Students (OAPS)). Retrieved from City University of Hong Kong, CityU Institutional Repository.
Issue Date	2015
URL	<a href="http://hdl.handle.net/2031/8364">http://hdl.handle.net/2031/8364</a>
Rights	This work is protected by copyright. Reproduction or distribution of the work in any format is prohibited without written permission of the copyright owner. Access is unrestricted.

**When Pencil Sketches Become Concrete Blocks  
– The Case of URA Wan Chai Projects:  
Critiques and Alternatives**

**by**

**CHAN Chi Hon  
CHONG Ting  
TRAN Viet Anh  
YEUNG Hon Bun Andy**

**Department of Economics and Finance  
City University of Hong Kong**

**2015**

# Table of Contents

<b>1</b>	<b>Background of Research</b> .....	<b>1</b>
1.1.	Background of Wan Chai before redevelopment.....	1
1.2.	Urban decay .....	1
1.3.	Urban decay problem in Wan Chai.....	2
1.4.	Urban redevelopment.....	2
<b>2</b>	<b>Objectives</b> .....	<b>2</b>
<b>3</b>	<b>Case Study</b> .....	<b>3</b>
3.1.	No. 60-66, Johnston Road & No. 18, Ship Street Redevelopment Project.....	3
3.1.1.	General Background of Johnston Road.....	3
3.1.2.	Background of No. 60-66 Johnston Road Redevelopment Project.....	3
3.1.3.	Planned End Use of the Johnston Road Redevelopment Project .....	4
3.1.4.	Project Progress and How is the Johnston Road Redevelopment Project implemented by the URA .....	8
3.1.5.	Financial Results of Johnston Road Redevelopment Project.....	9
3.1.6.	Socio-economic Impacts of Johnston Road Redevelopment Project.....	10
3.1.6.1.	Changes in Population .....	10
3.1.6.2.	Impacts on Wealth level and Employment to the constituency area.....	11
3.1.6.3.	Impact on Monthly domestic household rent.....	13
3.1.6.4.	Heritage Preservation & Revitalization .....	14
3.2.	Lee Tung Street/ McGregor Street Redevelopment Project .....	15
3.2.1.	General Background of Lee Tung Street/ McGregor Street .....	15
3.2.2.	Background of Lee Tung Street/ McGregor Street Redevelopment Project.....	15
3.2.3.	Planned End Use of the Lee Tung Street Redevelopment Project .....	17
3.2.4.	Project Progress and How is the Lee Tung Street/ McGregor Street Redevelopment Project implemented by the URA .....	20
3.2.5.	Financial Results of Lee Tung Street/ McGregor Street Redevelopment Project.....	22
3.2.6.	URA's Special Arrangement during the redevelopment project .....	22
3.2.6.1.	Development Concept Competition .....	22
3.2.6.2.	Social Enterprise Pilot Scheme .....	24

3.2.7.	Socio-economic Impacts of Lee Tung Street/ McGregor Street Redevelopment Project...	25
3.2.7.1.	Changes in Population .....	25
3.2.7.2.	Impacts on Wealth level and Employment to the constituency area.....	26
3.2.7.3.	Impacts on Monthly domestic household rent .....	28
3.2.7.4.	Community Infrastructure Improvement due to Redevelopment Project .....	29
3.2.7.5.	Heritage Preservation and Rehabilitation.....	30
<b>4</b>	<b>Criticisms on the current URA redevelopment system .....</b>	<b>31</b>
4.1.	The current URA redevelopment system.....	31
4.2.	Processing of projects in URA-implemented redevelopment projects .....	32
4.3.	Land Assembly Process .....	33
4.4.	Compensation Method .....	34
4.4.1.	Johnston Road.....	35
4.4.2.	Lee Tung Street/ McGregor Street.....	35
4.4.3.	Criticisms .....	37
4.4.3.1.	Discrepancy between different categories of affected person.....	37
4.4.3.2.	Monetary Form vs. Non-monetary form.....	38
4.5.	Relocation .....	39
4.5.1.	“Flat-for-flat” .....	39
4.5.2.	“Shop-for-shop” .....	39
4.5.3.	Example from Japan.....	39
4.5.4.	Criticism.....	40
4.6.	Source of funding.....	41
4.7.	Citizens’ views not considered by the Government.....	42
<b>5</b>	<b>Possible alternatives from overseas experiences .....</b>	<b>43</b>
5.1.	The case of 7 Asian cities: Threshold % of owner’s agreement to initiate a redevelopment project .....	43
5.2.	The case of Taipei City: Community engagement through market-led model .....	46
5.3.	Singapore: The case of urban conservation .....	49
<b>6</b>	<b>References.....</b>	<b>51</b>

# 1 **Background of Research**

## 1.1. Background of Wan Chai before redevelopment

Wan Chai was a fishing community in the 19<sup>th</sup> century. It is also known as Ha Wan, which is one of the oldest settlements in Hong Kong. Along the coast of Wan Chai, the earliest ship repair activities centered. It is also the district where many important social facilities were first established in, such as, Ruttonjee Hospital and the earliest power station in Hong Kong. Wan Chai was the first essential development district after the end of colonization of Hong Kong by the United Kingdom.

Apart from that, many cultural activities and buildings exist in Wan Chai. For example, Lee Tung Street, which was known as Wedding Card Street, was famed for the clusters of shops selling wedding cards, red packets and providing printing services in Hong Kong. These streets and buildings consisting of high historical and cultural values were remained in Hong Kong for a long time. In total, Wan Chai has 3 Declared Monuments out of 94 in Hong Kong. Amongst the 452 graded historical buildings in Hong Kong, 38 are found in Wan Chai, which accounted for 9% of the total. In the Heritage Preservation and Revitalization Projects of the Urban Renewal Authority (URA), Wan Chai accounted for 6 out of 13. Regarding the high density of historical buildings together with dilapidated buildings remaining in the district, Wan Chai have been developed into a problem of urban decay (District Aspirations Study URA, 2010).

## 1.2. Urban decay

Urban decay is the process whereby a previously functioning city, or part of a city, falls into disrepair and decrepitude. The features of urban decay comprises abandoned buildings, deindustrialization, depopulation, high local unemployment and crime rates, and fragmented families (Rosly, 2013).

### 1.3. Urban decay problem in Wan Chai

According to Urban Renewal Strategy, the aging problem of buildings in Wan Chai is severe (Urban Renewal Strategy, 2011). Apart from the condensed monuments in Wan Chai, 70% of the private real estates aged over 30 years, 88% of the buildings aged over 20 years, indicating the unsatisfactory condition of buildings in Wan Chai (URA, 2010). Aging population in Wan Chai is an indicator of the urban decay problem as well. According to Census (2001), the population aged above 65 was approximately 12.9%, with median age falling on 39. The 2001 data was higher than the statistics in 1981 (Census Department, 1981). The 1981 population aged above 65 was 8.6% and median age was 26. Hence, the urban decay problem is becoming a great concern for Wan Chai.

### 1.4. Urban redevelopment

According to Rosly (2013), urban redevelopment is a continuing activities of destroying dilapidated buildings and constructing new ones or redeveloping the unfavorable environments into better ones. Hence, redevelopment is being used by the Hong Kong Government to regenerate urban dynamics and tackle urban decay problems in the aging Wan Chai.

## 2 Objectives

This study focuses on exploring the initial application, implementation and outcomes of Wan Chai redevelopment projects. Moreover, evaluation on several, including, the role of the Urban Renewal Authority (URA) in carrying out the projects, its current redevelopment system, and to make comparison between systems in Hong Kong and other international cities are of concern of the study. Eventually, recommendations would be proposed to the existing system of URA-initiated redevelopments in Hong Kong.

We focus on two URA redevelopment projects in Wan Chai as case studies, No. 60-66 Johnston Road (J – Residence) with No. 18 Ship Street Project and Lee Tung Street/ McGregor Street Project as the two are the flagship projects in the district which have conquered a substantial amount of land area and created great impacts to the nearby community.

### 3 Case Study

#### 3.1. No. 60-66, Johnston Road & No. 18, Ship Street Redevelopment Project

##### 3.1.1. General Background of Johnston Road

Johnston road was one of the oldest building clusters in Wan Chai. There were four bays of balcony-type-tenement buildings formed on the land reclaimed before 1887, which was façade verandah in Johnston Road. And certain parts were added and formed from 1888. In 1966, buildings in 64 Johnston Road were purchased by Yu Chan and became the Hong Kong Yu Clansmen Association. 66 Johnston Road were purchased by a local pawnshop trader, Lo family, to be Woo Cheong Pawn Shop. There were a number of historical buildings on Johnston Road and even though the Hong Kong Tramway started their very first railway services there in 1904 (URA, 2011).

##### 3.1.2. Background of No. 60-66 Johnston Road Redevelopment Project

The Johnston Road Project, in short a.k.a. “J-Residence”, was a dual commercial and residential redevelopment consideration in the heartland area of Wan Chai. Acting in accordance with the 4Rs principle of the URA, “preservation” was also one of the major goals of the redevelopment. 5 shop-houses were included to attain the element of preservation in the commercial section of the project. Speaking for the original project site, it conquered a land area of 1,970 square metres with 7,640 square metres of gross floor area (GFA). 21 buildings and in a total of 333 household population were affected by the project (Work of the Urban Renewal Authority in 2009-10 and Business Plan for 2010-11, 2010) (Urban Renewal Authority Website, 2015).

The project acting as one of the flagship projects of the URA aimed at creating commercial outlets and supporting economic growth in the centre of Wan Chai through reaching an increased commercial space of 2,600 square metres. On the other hand, 381 residential flats was designed to go into supply to allow higher capability of the district in providing household accommodation. Around 2 times of the original gross floor area, which accounts for a total GFA of 20,567 square metres were one of the targeted outcomes to boost housing and property supplies in order to help

alleviate the all-day limited land supply problem faced by Hong Kong (Urban Renewal Authority Website, 2015).

### 3.1.3. Planned End Use of the Johnston Road Redevelopment Project

The Johnston Road project covered 21,200 square feet of site area at the intersection between Johnston Road and Ship Street. The area coverage has long been a popular and crowded location in Wan Chai. Thinking a few steps forward, the URA aims to regenerate Wan Chai, especially its old town, into a brand new shopping canal which will become a hub of vast commercial activities, leisure and quality residential accommodation.

Moreover, preserving the local and historical Wan Chai characters was also cited as an ultimate aim of the project. The project endeavoured to preserve and revitalize a row of 4 fast disappearing terrace-style buildings, and a pre-war shop-house which possesses 4 storeys and unique architectural features of that particular era. Conservation of these characters were aimed to add commercial values to the district as well.

The URA determined to create a commercial podium and a residential block by 2007 which approximately accounted for 28,000 and 190,000 square feet of floor area respectively. An amount of 344 new flats together with 28,000 square feet increment in retail floor space was included as an aim of the project. The design regarding the idea to revitalize Ship Street which was adjacent to the Johnston Road Project site and Tai Wong Street West which was located within the project area were also considered (URA, 2015).

Johnston Road – Before Redevelopment



## Johnston Road – After Redevelopment



After six years for planning and renovation, the historical buildings including a pawnshop formerly known as “Wo Cheong” have now been restored.

After the rehabilitation, the original appearances of tenement buildings were retained. The ground floor of No.60-66 of Johnston Road was transformed to traditional specialty restaurants and living concept stores selling home appliances. While the first and second floor were restaurant decorated with themes of Chinese and Western, having elegant and stylish interior design.

J – residence was built from a joint venture partnership between URA and K. Wah International Holdings Ltd, providing 381 residential units. In addition, economic value was added by introducing shopping mall, which was also to create contrast between traditional and modern elements. This reflects URA has balanced the interest between heritage conservation and commercial purpose.

## Ship Street – Before and After Redevelopment



The redevelopment site on Ship Street was also transformed into a Chinese restaurants, with local features and the theme of health. The modern and historical values have come together and attracted large number of customers.

3.1.4. Project Progress and How is the Johnston Road Redevelopment Project implemented by the URA

<b>Project Milestones</b>	<b>Date</b>
Commencement of the Project by the URA	January 2002
Issuance of Acquisition Offers	March 2002
Completion of acquisition of 80% property ownerships	July 2002
Expression of Interest	February 2004
Tender Submission and Evaluation	Early 2004 onwards
Successful Site Clearance of the first site	Early 2004
Award of Project/ Project Agreement with the Developer	June 2004
Launch of Sales	July 2006
Project Completion	July 2008
Developer Purchased URA's Share of Commercial Portion of the Project	March 2014

(Legislative Council Panel On Development Work of the Urban Renewal Authority, 2003-2008) & (Appendix III Attachment 2, Work of the Urban Renewal Authority in 2009-10 and Business Plan for 2010-11)

Throughout the redevelopment, the URA was in major responsibility of acquiring and demolishing the former buildings on the project site to ensure that the project process was not delayed due to acquisition and demolition.

The Johnston Road redevelopment project was announced by the URA in January 2002, followed by issuing property acquisition offers in March. The URA has reached agreements with 80% of the owners of properties at Johnston Road and acquired their ownerships accordingly in July of the same year.

The URA invited real estate developers to provide expression of interest (EOI) for the joint development of the Johnston Road project in Wan Chai in February 2004, where the first site was successfully cleared since the URA launched its urban renewal programme in March 2002. Concurrent to site clearance, eligible developers has sent in their proposals and have their tenders evaluated by external consultants regarding to requirements set by the URA from early 2004 onwards. In June 2004, it is announced that a wholly owned subsidiary of K. Wah International Holdings Ltd., Union Profits Ltd., was awarded with the joint development contract for the Johnston Road project in Wan Chai under a public tender exercise.

Launch of sales of the project site was conducted on July 2006, The Johnston Road redevelopment project was completed on July 2008. It took a total of 7 years from project planning to completion.

On a side note, the developer has become the sole owner of the commercial portion of the Johnston Road redevelopment project since March 2014 when it bought over the share from the URA through exercising its rights stated in the terms and conditions of the development agreement made in 2004.

### 3.1.5. Financial Results of Johnston Road Redevelopment Project

Financial Results of the Johnston Road Redevelopment Project (HK\$ million)	
Total Revenue	1,043.4
Total Direct Cost	(445.8)
Surplus/ (Deficit)	<u>597.6</u>
Land Premium Forgone by Government	(191.0)
Net Surplus/ (Deficit) after Land Premium Foregone	<u>406.6</u>

(Appendix III Attachment 2, Work of the Urban Renewal Authority in 2009-10 and Business Plan for 2010-11)

A statement illustrating the major financial results of Johnston Road Redevelopment Project was reported in a Government document after project completion in 2008. The reported HK\$1,043.4 million revenue includes all forms of income, whichever is applicable throughout the project, for example, upfront payments paid by Union Profits Ltd. at the inception of the collaboration agreement, shares of surplus sales received from Union Profits Ltd. and share of net rental income etc.

The HK\$445.8 million direct cost includes acquisition fee, consultancy charges incurred during redevelopment, such as, services provided throughout the public tendering practices and more. As a result, the URA has obtained a net surplus of HK\$406.6 million after accounting for the land premium foregone, indicating a successful and healthy project completion (Appendix III Attachment 2, Work of the Urban Renewal Authority in 2009-10 and Business Plan for 2010-11).

### 3.1.6. Socio-economic Impacts of Johnston Road Redevelopment Project

#### 3.1.6.1. Changes in Population

Johnston Road is located within the Tai Fat Hau Constituency Area. Prior to the start of the J Residence project, there were 15,981 local residents living in the Tai Fat Hau Constituency Area, of whom 48.5 % were male according to 2001 Population Census Report. The population of the constituency area fell to 13, 941 in 2006 during the construction work, which was a drop of 12.77%, and reached 13,185 in 2011, 3 years after the project completion in 2008.

Although there was a clear downward trend of population in the area throughout the 10 years, the pace was different in the time interval of 5 years. Specifically, it can be observed that during the construction of the project, the rate of fall in population of the area was much faster. Nevertheless, the sex ratio of the area stayed at a constant level of roughly 0.96 male/female during the decade.

Moreover, according to the Demographic Characteristic reports in 2001 and 2011, before and after the completion of the redevelopment project, the majority of the population in the Tai Fat Hau Constituency Area were from 25 to 60 year-old. However, while the median age for both sexes in 2011 was 43.4, the figure was close to 40 year-old in 2001, suggesting a slightly older population in Tai Fat Hau area in average after the project completion.

Table 1: Age group in Tai Fat Hau Area in 2011

Age Group	Proportion of Population (%)		
	Male	Female	Both Sexes
0 - 14	8.3	8.2	8.2
15 - 24	10.5	8.7	9.6
25 - 44	35.1	33.8	34.5
45 - 64	32.7	32.4	32.6
65 +	13.4	17.0	15.2
<b>All age groups</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Median age</b>	<b>42.4</b>	<b>44.4</b>	<b>43.4</b>

*Source: Population Census 2011*

### 3.1.6.2. Impacts on Wealth level and Employment to the constituency area

Not only improving the living environment for local residents in the area, but also could the Johnston Road Redevelopment project contribute and generate positive effects in term of economic development in Tai Fat Hau Constituency Area. The project, which involved the development of 2,600 square metres of commercial space as well as preservation and renovation of 5 shophouses, has created more business opportunities in the area. Below Table 2 shows the monthly domestic household income in 2001, 2006 and 2011 as well as the median income level in each of the three year. The inflation rate in 2001, 2006 and 2011 were -1.6%, 2.2% and 5.3% respectively (Index Mundi).

Table 2: Monthly Domestic Household Income in 2001, 2006, 2011 in Tai Fat Hau Area

Monthly Domestic Household Income (HK\$)	2001	2006	2011
	Households	Households	Households
< 2,000	360	452	226
2,000 - 3,999	168	150	207
4,000 - 5,999	174	230	238
6,000 - 7,999	220	180	193
8,000 - 9,999	343	231	172
10,000 - 14,999	817	626	539
15,000 - 19,999	666	560	420
20,000 - 24,999	587	421	363
25,000 - 29,999	432	340	233
30,000 - 39,999	718	690	692
40,000 - 59,999	719	680	826
60,000 +	722	1020	1557
<b>Median monthly domestic household income</b>	HK\$26,674.99156	HK\$28,967.83154	HK\$32,500

Source: Population Census 2001, 2006 and 2011: Basic tables for Constituency Areas in Hong Kong island-Tai Fat Hau Constituency Area

Median monthly domestic household income in 2001 and 2006 was estimated to be HK\$26,675 and HK\$28,968 respectively by using the mid-points method, while the figure for 2011 was HK\$32,500 as directly provided in 2011 Census Report.

Monthly domestic household income of the Tai Fat Hau area on average had been rising together with the growth of inflation in Hong Kong. It can be noticed that from 2006 to 2011 the median monthly household income grew by 12.2%, which was larger than the 8.5% increase from 2001 to 2006. Besides the effect of inflation, the business opportunities created by the redevelopment project could be major factors that pushed up the income level in this area. On one hand, the Johnston Road Project provided commercial space, opening up new business opportunities and generating employment in the zone. On the other hand, the preservation of renovation of historical buildings helped to turn these structures into “hot spots” that have attracted a large number of customers and visitors. For instance, the No.18 Ship Street after renovation has been turned into a trendy restaurant with a fusion of Western and Eastern cultures and is now a major attraction to both local and foreign tourists.

Another noticeable indicator is the place of work of the local residents within the area. During the construction of the project, the number of local residents working in the Tai Fat Hau Constituency Area had decreased from 1,418 in year 2001 to 1,020 people in year 2006, which was a fall of 28%. This could be possibly explained by the fall in population mentioned earlier as well as the demolition of buildings within the area. As the redevelopment project completed, in 2011 the number of people working in the Tai Fat Hau Constituency reached 2,206, a double of the figure in 2006. The redevelopment project effectively provided new working places and job opportunities, thus it can be reasoned that the Johnston Road project completion had a significant role in producing more jobs within the area.

### 3.1.6.3. Impact on Monthly domestic household rent

Based on statistics provided from the Population Census reports from 2001 to 2011, we have summarized key data on monthly domestic household rent in Tai Fat Hau area in the following table:

Table 4: Monthly domestic household rent in Tai Fat Hau Constituency Area

<b>Monthly Domestic Household Rent (HK\$)</b>	<b>Domestic Households Renting the Accommodation They Occupy</b>		
	<b>2001</b>	<b>2006</b>	<b>2011</b>
1 - 499	NA	NA	/
500 - 999	98	40	/
1,000 - 1,499	48	90	/
1,500 - 1,999	102	20	41
2,000 - 3,999	347	80	110
4,000 - 5,999	233	400	119
6,000 - 7,999	555	325	110
8,000 - 9,999	309	290	283
10,000 - 14,999	309	210	554
15,000 - 19,999	81	40	159
20,000 +	152	330	452
<b>Total</b>	<b>2,234</b>	<b>1,825</b>	<b>1,992</b>
<b>Median monthly household rent</b>	<b>7,824.306</b>	<b>9,434.247</b>	<b>12,000</b>

Source: *Population Census 2001, 2006 and 2011: Basic tables for Constituency Areas in Hong Kong island-Tai Fat Hau Constituency Area*

The changes in number of households before and throughout the project are consistent with the change in population. Rent had gone up in the Tai Fat Hau area as shown by the surge in number of households having monthly rent above HK\$20,000 during and after the project completion. In

addition, households which before the project commencement had a rent spending below HK\$1,500 were squeezed out of the area in 2011, suggesting the Johnston Road project has had considerable roles in pushing up rent prices in the area.

#### 3.1.6.4. Heritage Preservation & Revitalization

According to the Urban Renewal Authority 2011, the public has showed their concern for heritage preservations during envisioning stage of redevelopment projects and made suggestions to Urban Renewal Authority in 2010.

According to District Aspirations Study (Urban Renewal Authority, 2010), the four bays of balcony-type-tenement buildings formed a continuous façade verandah facing Johnston Road. Guangzhou verandah type shop-houses are renovated and rehabilitated under the redevelopment project of Johnston Road Project. In the progress of redevelopment project, some of the heritage are still retained and rehabilitated to reserve the cultural characteristics of Hong Kong.

Citizens have reviewed that rehabilitation and revitalization should be applied to No. 130 – 136 Johnston Road, which was the location of Lung Moon Restaurant, since the buildings lacked maintenance. The opinions comprised of establishment of plantings, rehabilitation of old buildings to revitalize the street into a better condition and more. However, no action was taken by the Government to revitalize the proposed site under the Johnston Road Project under discussion (Urban Renewal Authority, 2011).

### 3.2. Lee Tung Street/ McGregor Street Redevelopment Project

#### 3.2.1. General Background of Lee Tung Street/ McGregor Street

Lee Tung Street, also known as Wedding Card Street, is located in Wan Chai. Lee Tung Street was famed because of its printing industry. Starting from 1950s, Lee Tung Street had gathered different kinds of printing shops and also headquarters of a number of local news media, for example, Hong Kong Times (a newspaper published between 1992 and 1998), Ta Kung Pao and Wen Wei Pao in Wan Chai. In 1960s, the printing shops in Lee Tung Street had started to print wedding related products such as wedding cards, red pockets and therefore it was renowned due to its saturated manufacturing practices of wedding related items in 1980s.

#### 3.2.2. Background of Lee Tung Street/ McGregor Street Redevelopment Project

##### Lee Tung Street – Site Plan



Lee Tung Street/ McGregor Street had a project site area of 8,236 square metres with existing 36,534 square metres of GFA. The redevelopment project planned on this site is expected to affect a total of 1,613 household populations, 52 buildings and 647 property interests.

The project not only is trying to double up existing total GFA with an increased value of 77,348 square metres and creating 1,275 residential flats, but also aims at boosting commercial activities in Wan Chai with 9,405 square metres more commercial spaces, which depicts the Government's incentive to further commercialize Wan Chai district that come alongside with the Johnston Road redevelopment project which has been completed as a flagship plan of the URA. Apart from spatial agglomeration with the rising amount of flats and commercial areas, the project takes serious consideration to community development as well. With a planned Government/ Institution and Community gross floor area (G/IC GFA) of 2,588 square metres and 3,967 square metres of open space for residents to hang around and spend time at, we understood that the Government is no longer acting like back in the past, separating residential and commercial areas. However, it is trying to accommodate the two distinct land use into a single district. Therefore, a new pattern of urbanization is expected to evolve under such planning (URA website, 2015).

Furthermore, the URA acts closely with its preservation principle, which could be told from their aim in preserving the three historical tenement houses near Lee Tung Street/ McGregor Street area, lying along Queen's Road East.

3.2.3. Planned End Use of the Lee Tung Street Redevelopment Project

Lee Tung Street – Before Redevelopment



## Lee Tung Street – After Redevelopment



In 12 years of development, the URA is transforming the Lee Tung Street into a comprehensive urban cluster, which with the features of preserved traditional culture, modern residential and commercial use of land. Putting 3 other URA on-going projects in the district, it is expected that about 340 square metres and 3,170 square metres spaces will be generated respectively. These spatial increment are planned to be used as public open space and area for the provision of

community facilities, such as, a day care centre for families in need and a residential care home for the elderly. Apart from the above, the former Wan Chai old town will be redeveloped into a brand new pedestrian precinct where shopping and leisure activities will take place. It is also aimed to become a new attraction spot for foreigners (URA, 2003).

For the restoration of the historical value associated to the wedding businesses in Lee Tung Street and preservation of the pre-war traditional shop-house buildings, which are becoming extinct, at 186-190 Queen's Road East, the URA is transforming the Lee Tung Street into a 100 metres pedestrian street, with 140 shops. The URA also implemented a social enterprise pilot scheme, which invites the original printing shops and wedding related sectors to relocate in Lee Tung Street, which the former shop owners of Lee Tung Street would be given leasing priority to operate in the redeveloped site to form a culture gallery as well as a "Wedding City" to retain local characters for future visitors. Furthermore, the redeveloped site is planned to cater a spectrum of wedding related trades and services, for example, barbershop, wedding planners, wedding cake bakeries and limousine rentals to foster the wedding experience.

One more feature of this redevelopment project is that it adopts a "Dumbbell" construction, in which 4 residential buildings of 20 to 40 floors each will be built, locating in the north and south of the Lee Tung Street, forming the shape of a dumbbell. This design alleviates environmental concerns on wall effect in the urban city area in Wan Chai and improves ventilation within the area. The 4 residential buildings with 78.5 million square feet will provide about 600 small to medium flats to meet housing market demand.

3.2.4. Project Progress and How is the Lee Tung Street/ McGregor Street Redevelopment Project implemented by the URA

<b>Project Milestones</b>	<b>Date</b>
Commencement of the Project by URA	October 2003
Acquisition of properties in Progress	January 2004-2005
Completion of acquisition of 74% property ownerships	October 2004
Rehousing and Clearance in Progress	2005-2006
Revised planning brief endorsed by TPB	23 June 2006
MLP approved by TPB	22 May 2007
Road Closure gazetted	25 April 2008
Public Tendering Exercise for Joint Development	August 2008
Demolition Completed	2009-2010
Award of joint venture development tender	June 2009
Lee Tung Street Closed	25 February 2010
Land Grant executed	25 February 2010
Construction works	In progress
Modification letter for additional commercial GFA executed	29 August 2011
The MTR Johnston Road Pedestrian Subway works gazetted, 4 objections were received during the gazettal period	7 September 2012
Binding Basic Terms Offer for lease modification for receiving Hopewell's proposed subway was accepted by URA	27 May 2013
THB panel heard objections	29 May 2013
Modification Letter for receiving Hopewell's proposed subway executed by LandsD	3 July 2013
Authorisation of the MTR Johnston Road Pedestrian Subway works gazetted	7 March 2014

Construction work for the MTR Johnston Rd Pedestrian Subway works	In progress
Occupation Permit for Site B issued	31 March 2014
Consent to assign for Site B issued	19 December 2014
Occupation Permit for Site A issued	21 April 2015
Sale of residential units in Site A and Site B	In progress

THB: Transport & Housing Bureau, LandsD: Lands Department; (Legislative Council Panel On Development Work of the Urban Renewal Authority, 2003-2014)

In 2003, the URA announced the redevelopment project of Lee Tung Street/ McGregor Street in October and introduced a development competition inviting visionary and practical ideas from professional planners and architects for its ever-largest urban redevelopment project, the HK\$3.58 billion Lee Tung Street/McGregor Street project in Wan Chai.

In the beginning of 2004 through 2005, the URA issued offer letters to affected owners of 647 property interests in the redevelopment project. The amount is the largest in the URA historical records. On October of the same year, the URA reported that they had acquired over 74% of all property interests at the Lee Tung Street/ McGregor Street project which was achieved in a nine-month period since acquisition offers were announced in January. The total acquisition cost for the project was accounted for about HK\$1.55 billion.

After fulfilling the threshold percentage and receiving approval for redevelopment application, rehousing and clearance took its place in house from 2005 to 2006. Town Planning Board (TPB) had endorsed the revised planning brief and made consent to the master layout plan (MLP), which contains major elements planned to be redeveloped within the scope of the project, on late June in 2006 and late May 2007 respectively. And the gazettal of road closure followed in April 2008. 4 months after the road closure gazettal, the URA invited interested parties to submit expression of interest in the joint development of Lee Tung Street/ McGregor Street. While demolition was completed in the 2009-2010 year.

In 2009, a consortium, Grand Site Development Limited, which consisted of two consortium members, Sino Land Company Limited and Hopewell Holdings Limited, was awarded with the

joint development contract for the Lee Tung Street/ McGregor Street project in a public tender exercise.

The project is expected to be completed in 2015, with having phase I completed in 2014, which will take a total of 12 years. Details after demolition have been provided in the above timeline for further reference. The paper primarily focuses on case studies of the two redevelopment projects and an evaluation at the system from project kick off to demolition, so the paper would not go into details after the site was demolished.

### 3.2.5. Financial Results of Lee Tung Street/ McGregor Street Redevelopment Project

Unlike No.60-66 Johnston Road Redevelopment Project, the Lee Tung Street/ McGregor Street Redevelopment Project has only reached partial completion in 2014, which is Phase I (Tower 5) of the entire plan. Phase II (Tower 1-3) is expected to reach completion by 2015 (URA website, 2015). The Government will prepare and provide the relevant financial results of the project for endorsement from the Legislative Council and the general public upon project completion.

### 3.2.6. URA's Special Arrangement during the redevelopment project

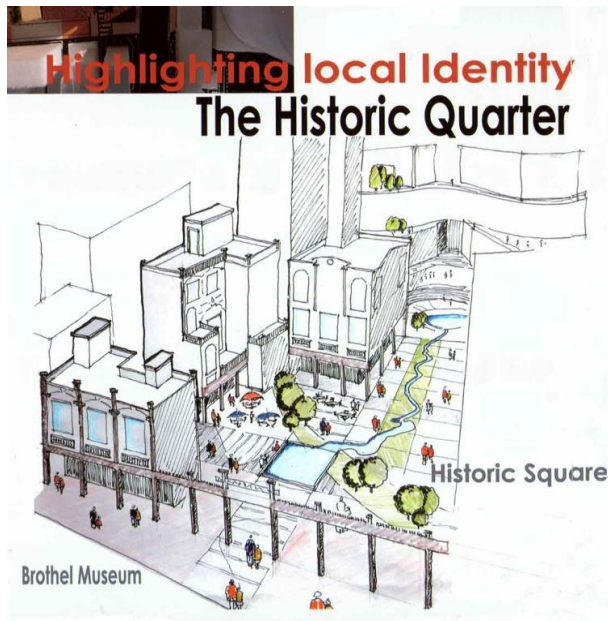
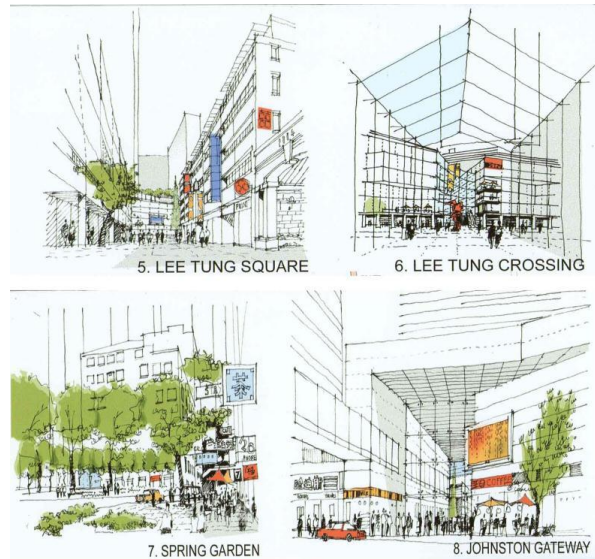
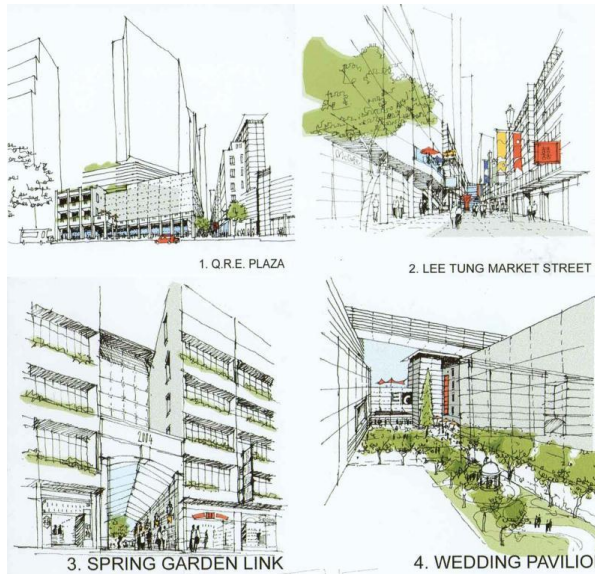
#### 3.2.6.1. Development Concept Competition

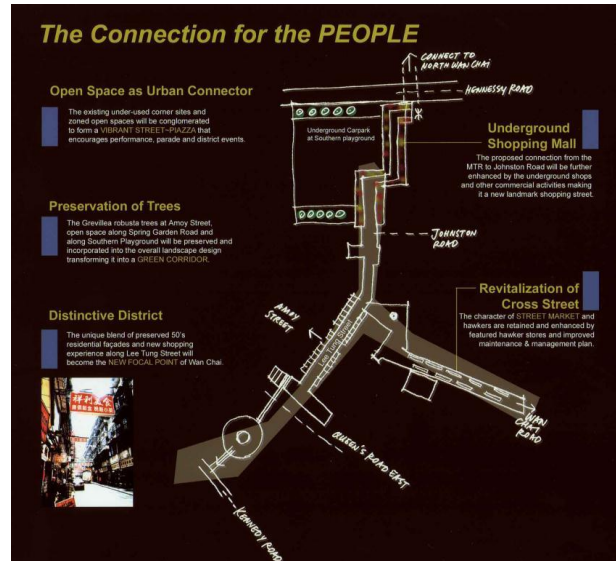
The URA introduced the Development Concept Competition on November 2003, which invited visionary and practical ideas from professional planners and architects for the HK\$3.58 billion Lee Tung Street/McGregor Street project in Wan Chai (Urban Renewal Authority, 2003). The competition would also be regarded as a process of community participation.

In 2004 Wan Chai residents submitted a reconstruction plan to Town Planning Board, focusing on preserving original values of the Wedding Card Street. This became the first urban renewal design involving residences participation. However, the proposal was rejected as it was said to fail meeting professional architectural standards (cQuestGarden, 2005).

The five winning architects for the Lee Tung Street redevelopment project were presented with awards in May 2004.

In this competition, there are in total 20 candidates participating. According to Mr. Billy Lam, the Managing Director of URA, this competition is an important process of consultation and the URA continue to improve the final layout based on the aims of preserving local characteristics and strengthening social network in Wan Chai (URA, 2004).





The above pictures were retrieved from URA, 2004 on 6<sup>th</sup> March, 2016.

### 3.2.6.2. Social Enterprise Pilot Scheme

The redevelopment of Lee Tung Street involved 6,500 square feet for operation of social enterprises at welfare rent for 3 years first tenancies. The idea is a pilot scheme aiming to restore socio-cultural values, for example, providing employment opportunities for the less-skilled labours and re-contributing to the local community in possible forms and more. Strengthening the social networks in Wan Chai is another aim of the scheme too. The bidding for operation will be opened to community service groups, such as providing caring service for elderly and the disabled (URA, 2007).

According to Mr. Barry Cheung, the former Chairman of URA, "Bidding for space will be opened to community service groups but we would prefer to see operators who have a really good knowledge of Wan Chai, especially if such operators would allow former residents affected by the project to take part in whatever social enterprise activities they propose to implement," (URA, 2007). This pilot scheme in Wan Chai would act as a trial for URA. Upon successful results, the idea will be expanded to other districts in order to improve community bonding.

### 3.2.7. Socio-economic Impacts of Lee Tung Street/ McGregor Street Redevelopment Project

#### 3.2.7.1. Changes in Population

Lee Tung Street and McGregor Street are located within the Southorn Constituency Area. Compared to Johnston Road Project, Lee Tung Street Project has a much larger impact as the affected area and population are around 5 times that of the former. Due to the difference in scale, Lee Tung Street Project's effect on the population is hence more obvious to observe.

In 2001, the population in Southorn Constituency Area was 17, 449 with a sex ratio of 0.96 male/female. The number of residents in the area however plunged sharply to 11,496 3 years after the launch of the project in 2003, according to Population Census Report in 2006. This was largely because 2006 was the year that the purchase of land for the project was completed.

The population was on the rise again in 2011, with 13,774 residents living in Southorn area as the project had gone through half of its estimated completion time. This could be explained by the new residential places provided by newly finished buildings in the area. In addition, this also shows that residents were confident in the prospects of the new redeveloped area in the future.

### 3.2.7.2. Impacts on Wealth level and Employment to the constituency area

Larger in term of scale than the Johnston Road Project, Lee Tung Street Project is believed to have a greater impact on the income level and employment of its local residents.

Table 3: Monthly Domestic Household Income in 2001, 2006, 2011 in Southern Area

Monthly Domestic Household Income (HK\$)	2001	2006	2011
	Households	Households	Households
< 2,000	337	132	301
2,000 - 3,999	235	198	153
4,000 - 5,999	221	73	138
6,000 - 7,999	252	128	75
8,000 - 9,999	351	126	140
10,000 - 14,999	797	279	449
15,000 - 19,999	557	406	258
20,000 - 24,999	504	428	369
25,000 - 29,999	384	198	175
30,000 - 39,999	531	334	529
40,000 - 59,999	686	531	723
60,000 +	1357	1210	1988
<b>Median monthly domestic household income</b>	<b>HK\$29,510</b>	<b>HK\$34,568</b>	<b>HK\$40,000</b>

Source: Population Census 2001, 2006 and 2011: Basic tables for Constituency Areas in Hong Kong island – Southern Constituency Area

As shown in 2001, the median monthly domestic household income was much lower than that in 2006. One of the possible reason was due to the switch from deflation in 2001 (-1.6%) to inflation 2.2% that caused a sharp rise in prices. Secondly, this increase in median income was due to the removal of lower income groups in the regions. As mentioned earlier, population in Southern

Constituency Area fell sharply after the commencement of the Lee Tung Street project. Furthermore, it can be seen from Table 3 that the number of households earning below HK\$15,000 declined the most.

The median monthly household income level further grew to reach HK\$40,000 in 2011. Although the Lee Tung project had not completed by that time, its effects on the development of the area could still be observed. Together with the growth of population in the region, as shown in Table 3, the number of households having monthly income of above HK\$30,000 rose significantly. Additionally, households with below HK\$2000 bounced back to almost the same level as in 2001, suggesting the completion of public housing and communities facilities in the area.

Even though the Lee Tung Street project has not completed yet, it has created job opportunities as well as improving the local residential living conditions. In 2001, the number of people working within the Southorn Constituency Area were 1,823 according to statistics from Census Department. The figure dropped to 1,405 in 2006 as many small old shops selling wedding cards on Lee Tung Street were forced to move for the purpose of redevelopment. Nevertheless, as the project came closer to the end, there were more than 2,000 residents living and working within Southorn Constituency Area, suggesting job opportunities within the area have flourished.

### 3.2.7.3. Impacts on Monthly domestic household rent

Monthly household rent in Southorn Constituency Area had been rising steadily before and during the project.

Table 5: Monthly domestic household rent in Southorn Constituency Area

Monthly Domestic Household Rent (HK\$)	Domestic Households Renting the Accommodation They Occupy		
	2001	2006	2011
1 - 499	NA	NA	14
500 - 999	218	36	9
1,000 - 1,499	76	27	26
1,500 - 1,999	119	72	12
2,000 - 3,999	369	36	93
4,000 - 5,999	316	189	83
6,000 - 7,999	374	239	312
8,000 - 9,999	245	198	322
10,000 - 14,999	161	63	278
15,000 - 19,999	610	81	136
20,000 +	NA	589	928
<b>Total</b>	2,488	1,530	2,297
<b>Median monthly household rent (HK\$)</b>	8,283.662	12,203.1	<b>14,000</b>

Source: Population Census 2001, 2006 and 2011: Basic tables for Constituency Areas in Hong Kong island – Southorn Constituency Area

Before the launch of Lee Tung Street project, the majority of households in Southorn Area had monthly domestic household rent below HK\$15,000. However, during the implementation of the redevelopment project, the number of households having rent below HK\$15,000 dropped

considerably. Especially in 2011, the majority of households had a monthly spending on rent higher than HK\$6,000, while only 1% had spent below HK\$1,000 on rent.

In addition, households having domestic household rent above HK\$20,000 in 2011 had increased by around 57% from that figure in year 2006. This suggests that rent price in the area had shot up as the project moved closer to completion. Furthermore, the increase in median monthly household rent is mainly due to the surge in number of households in the upper bound of rent expenses. On one side, higher income level allows people to spend more on rent so households' bid-rent functions shift up. On the other side, higher buildings and more residential spaces increase the density in the area. All these well explain for the soaring rent prices in the areas.

When compared to the effects of Johnston Road Project, we can see that Lee Tung Street Project's impact on households' rent in the area was stronger due to greater residential and commercial space the project supplies to the area.

#### 3.2.7.4. Community Infrastructure Improvement due to Redevelopment Project

According to Consultancy Agreement (MTR Corporation, 2012), the redevelopment of Lee Tung Street was seen as an opportunity by Planning Department, Transport Department and community to enhance the pedestrian network of Wan Chai District and therefore MTR Wan Chai station Lee Tung Street Subway was proposed to construction. Since the transportation network always crowded due to narrows and loads of cars and people, the project was decided to enhance the safety and convenience of rail and non-rail passengers in and from Wan Chai station, connectivity between different areas in Wan Chai district. Apart from redevelopment itself, it raised the interests and concern of groups to build up more infrastructure for citizens and hence redevelopment is contributing to infrastructure.

According to Provision of Facilities and/or Open Space required under lease for the use by the public in private developments completed in or after 1980 (2015), it stated different requirements on different areas in Wan Chai district. For instance, in The Zenith Queen's Road East and Wan Chai Road, public right of way, public pedestrian passage and public car park are required upon redevelopment programme. Moreover, according to Urban Renewal Authority (URA, 2015), open space, landscape, "Government, Institution or community" facilities' coverage were announced.

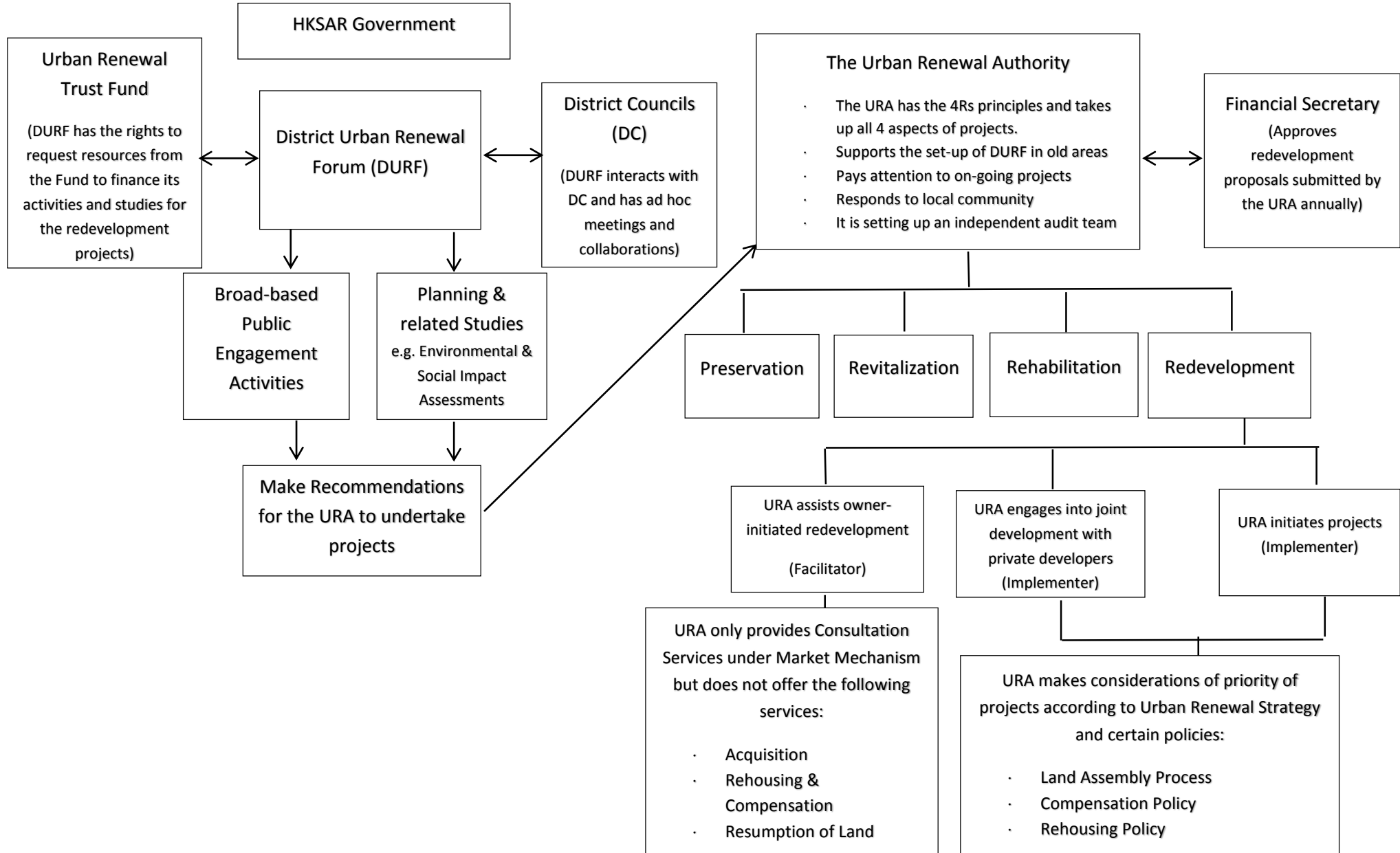
GIC facilities are accounted for 2,588 square metres and open space accounted for 3,967 square metres. Hence, we can see that redevelopment project did enhance the open space and GIC facilities of Lee Tung Street, the requirement prevented the developer speculate the redevelopment to increase the housing area in expense of infrastructure.

#### 3.2.7.5. Heritage Preservation and Rehabilitation

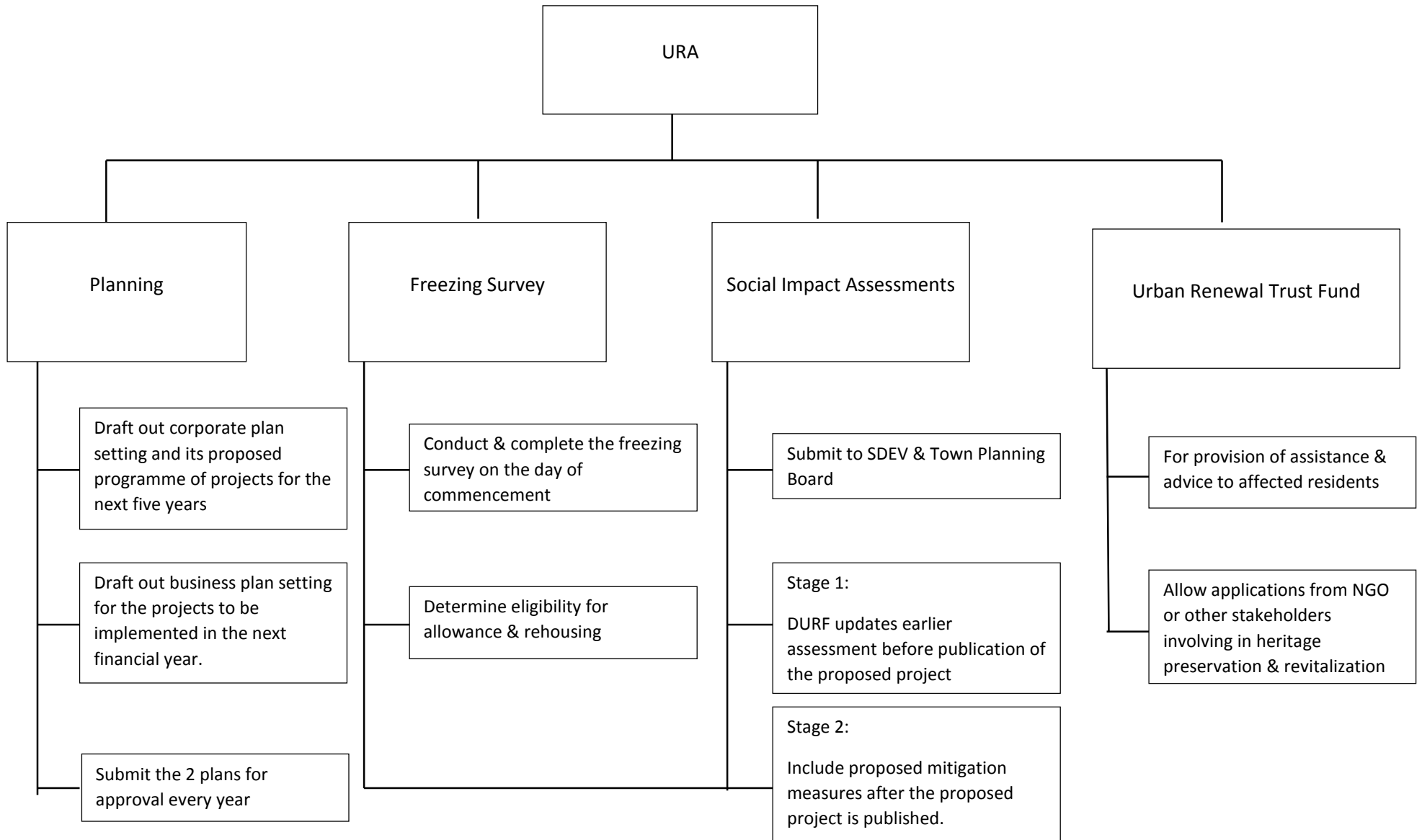
According to Heritage Preservation and Rehabilitation (Urban Renewal Authority, 2015), the three bays of verandah type tenement buildings form a continuous façade verandah facing Queen's Road East are being preserved under the redevelopment project of Lee Tung Street. These 3 pre-war residential blocks are also known as "Tong Lau", which were the mixture of Chinese and Western architectural features. These three residential blocks were built in contiguous blocks with 4-storeys and facing Queen's Road East. Moreover, three bays of verandah type tenement buildings were graded as Grade III Historical Buildings by Antiquities and Monuments Office (AMO). Hence, there were heritage preserved to keep retain the cultural characteristic of Hong Kong under the redevelopment.

#### 4 Criticisms on the current URA redevelopment system

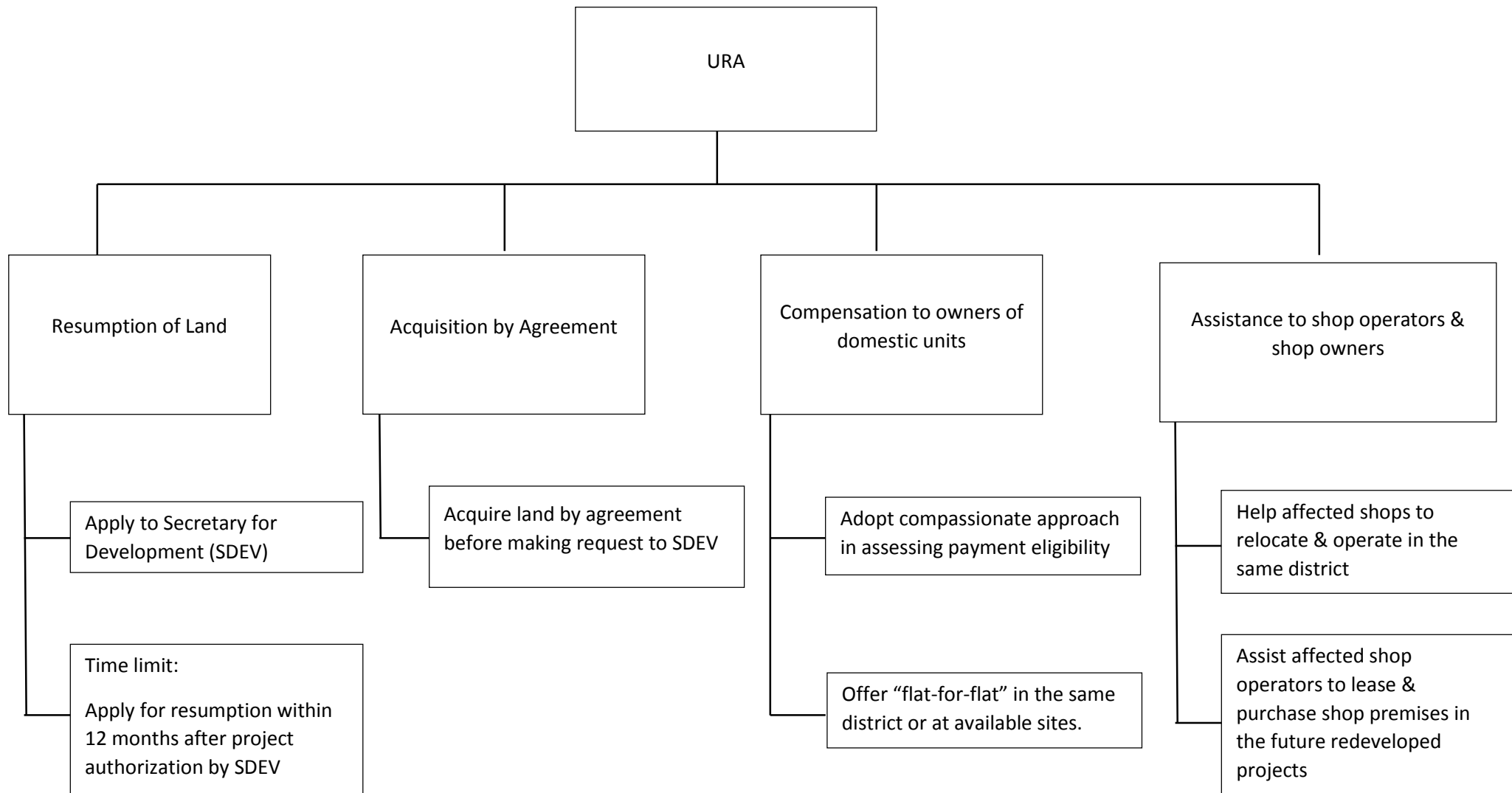
##### 4.1. The current URA redevelopment system



4.2. Processing of projects in URA-implemented redevelopment projects



4.3. Land Assembly Process



The above diagrams are self-produced according to the information provided in Urban Renewal Strategy 2011 while the Government has no record of similar graphical illustrations.

#### 4.4. Compensation Method

The URA has a well-documented Acquisition Policy which helps determining the amount of compensation provided to several parties in the case when the Authority acquires properties for its projects (Urban Renewal Authority, 2015).

For owner-occupier of a property under acquisition, the market value of the property will be offered together with additional ex-gratia allowance, which is named as the Home Purchase Allowance (HPA), upon purchase of the property by the Authority. The HPA is determined as the difference between

- (i) the market value of the property under acquisition, &
- (ii) the estimated value of a replacement flat, which is of similar size and locality to the property under acquisition and with the age of 7. Also, for notional calculation, the flat is assumed to locate at middle level of the building with average orientation

For owner of a vacant property under acquisition, the Authority normally offers a sum amount of

- (i) the market value of the property under acquisition, &
- (ii) Supplementary Allowance (SA), normally accounted as 25% – 75% of the HPA, which depends on the property occupancy status and number of properties an owner owns

For owner of a property which is tenanted, the Authority normally offers

- (i) the market value of the property under acquisition subject to tenancy
- (ii) Supplementary Allowance (SA), normally accounted as 25% – 75% of the HPA, which depends on the property occupancy status and number of properties an owner owns

The final amount of valuation of the HPA unit rate is a weighted average value contributed by 7 independent valuation firms through an open tender exercise, among which the 2 extreme figures (lowest and highest valuations) are eliminated. For the remaining 5 figures, in ascending order, are multiplied with coefficients of 10%, 20%, 40%, 20% and 10% respectively, totaling a 100% of valuation.

#### 4.4.1. Johnston Road

In the example of acquisitions in the Johnston Road project, the URA adopted the following policies to incentivize owners' decisions selling their properties for the project (Urban Renewal Authority, 2001).

For affected owner-occupier, the URA offered

- (i) market value of the property under acquisition, &
- (ii) the higher of the Home Purchase Allowance (HPA) of minimum HK\$105,000 or HK\$1,250 per square metre of areas sold

For affected owner of tenanted property, the URA offered

- (i) market value of the property under acquisition, &
- (ii) Supplementary Allowance (SA): 25% to 75% of HPA, which was about HK\$2,625 to HK\$80,000 depending on the occupancy status of the affected property and the number of properties the owner owns

#### 4.4.2. Lee Tung Street/ McGregor Street

In the example of acquisitions in Lee Tung Street and McGregor Street, most properties were built over 40 years and were disrepair as a result of age. Thus, the URA adopted additional incentive scheme to incentivize owners selling their properties within 75 days. Owners received an Incidental Cost Allowance (ICA) for covering the major expenses in removing the property and purchasing replacement flat (Urban Renewal Authority, 2004).

For affected owner-occupier of domestic properties, the URA provided an offer which was 2.9 times of market value of the property, which included

- (i) The market value of the property under acquisition, which was valued at about HK\$1,414 per square feet, &
- (ii) Home Purchase Allowance (HPA) of about HK\$2,665 per square feet, &

- (iii) Incidental Cost Allowance (ICA) which was calculated as the higher of HK\$92,500 or HK\$97 per square feet of areas sold

For affected owner of domestic tenanted or vacant property, the URA offered

- (i) market value of property under acquisition, which have been valued at about HK\$1,414 per square feet, &
- (ii) Supplementary Allowance (SA): 25% to 75% of HPA, which was about HK\$670 to HK\$2,000 depending on the occupancy status of the affected property and the number of properties the owner owns, &
- (iii) Incidental Cost Allowance (ICA) of about HK\$70,700

For owner-occupier of non-domestic property, the URA offered

- (i) market value of the property under acquisition, which have been valued at about HK\$1,414 per square feet, &
- (ii) ex-gratia allowance: the higher of 35% of market value of affected property or 4 times of government ratable value

For owner of non-domestic tenanted or vacant property, the URA offered

- (i) market value of the property under acquisition, which have been valued at about HK\$1,414 per square feet, &
- (ii) ex-gratia allowance: the higher of 10% of market value of affected property or 1 times of its ratable value

#### 4.4.3. Criticisms

##### 4.4.3.1. Discrepancy between different categories of affected person

Under the acquisition policy of URA, different amount of compensation is offered to owner-occupier, owner of tenanted property and owner of vacant property. Details are summarized in the table below.

	Compensation to owner occupier	Compensation to owner of tenanted or vacant property
Acquisition policy of URA	<ul style="list-style-type: none"> <li>• Market value of property</li> <li>• Home Purchase Allowance (HPA) <ul style="list-style-type: none"> <li>▪ Calculated as the difference between market value of 7 years old flat (with similar size and location as owner's property) and market value of owner's property</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Market value of property</li> <li>• Supplementary Allowance (SA) <ul style="list-style-type: none"> <li>▪ Determined as 25% – 75% of HPA</li> </ul> </li> </ul>
Example in the Johnston Road Project	<ul style="list-style-type: none"> <li>• HPA was \$105,000 or \$1,250 per square metre</li> </ul>	<ul style="list-style-type: none"> <li>• SA was maximum \$80,000</li> </ul>
Example in the Lee Tung Street Project	<ul style="list-style-type: none"> <li>• HPA was \$2,665 per square feet</li> <li>• Additional allowance for removal or seeking replacement flat was \$92,500</li> </ul>	<ul style="list-style-type: none"> <li>• SA was maximum \$2,000</li> <li>• Additional allowance for removal or seeking replacement flat was \$70,700</li> </ul>

By looking at the calculation of HPA, the owner occupier would receive 100% of the HPA while non-occupier owner would only get 50% of the HPA, which is about 700 thousand dollars for a small flat of saleable area of 350 square feet. The discrepancy is due to different degree in loss of residency, as owner-occupier tends to have higher moving cost than non-occupier. Thus URA provided compensation to occupier with means of purchasing a standard apartment.

However, it is suggested that URA is practicing price discrimination towards different people for the same property right. This difference will contribute to the variation of acceptance from different category of affected person.

#### 4.4.3.2. Monetary Form vs. Non-monetary form

The compensation for the above 2 redevelopment cases are in monetary form. It is criticized that the choice for owners of property are limited, which suggestions of exchanging property right is frequently raised, they includes “flat-for-flat” and “shop-for-shop”. This will be continued in the next section, criticism of relocation method.

## 4.5. Relocation

### 4.5.1. “Flat-for-flat”

The Development Bureau of Hong Kong introduced a new Urban Renewal Strategy on February 2011, including a new offer by URA on a choice of “flat-for-flat” to owner occupying the property. The offer will be in the URA new development site or in the same district.

Under this new offer, the original amount of cash compensation and ex-gratia payment offered to an owner-occupier will not be changed regardless of whether or not he elects to take up the choice of “flat for flat” offer (Urban Renewal Authority, 2014).

However, the new relocation offer was not applicable to the Johnston Road and Lee Tung Street redevelopment, as the acquisition period of both projects were completed in 2002 and 2004 respectively, which before the implementation of “flat-for-flat scheme.

### 4.5.2. “Shop-for-shop”

Although flat-for-flat was not adopted in the 2 redevelopment projects, shop-for-shop was considered in the case of Lee Tung Street redevelopment. As the URA planned to create “The Wedding City” in the redeveloped site of Lee Tung Street, they invited the wedding card shops formerly located in the project sites to relocate in part of the Wedding City.

### 4.5.3. Example from Japan

In the process of redevelopment, the redevelopment association will provide arrangements for transient residence for the original residents and transient shops for those original shopkeepers in the concerned site. There is also financial assistance for such transient residence and business operation. After the completion of the project, these original owners and shopkeepers can return to the new developed site and claim their entitled flat and/or shop. There is also another elaborated provision laid down by the government in delineating clearly the various items and aspects of compensation and subsidy to the relevant stakeholders – including landowners, shop operators etc.

This can help enhance the receptivity and acceptance of those affected by the redevelopment project.

#### 4.5.4. Criticism

The “flat-for-flat” and “shop-for-shop” include 2 meanings. First is to deliver a fair compensation in terms of value of property. Second is to provide an opportunity for the original residents and shop operators to return to the redeveloped site (Law, Chui, Wong, Lee, & Ho, 2010).

However, the option of changing property right in the redeveloped sites is usually less preferred for developers, as this create restriction on the land use and may hinder potential profitability.

#### 4.6. Source of funding

The URA is a public authority that has its aim to become a self-financing entity in the long-run and at this early stages, the Government has shown proactive support to the authority through several means. Firstly, the authority is exempted from land premium in both the rehousing sites and the redevelopment sites. Secondly, a fixed amount of HK\$10 billion equity injection was committed into the URA in the 5 years from 2002/03 to 2006/07. Government loans is also a common source of financing for the URA that resembles other Asian cities' practices (Urban Renewal Strategy, 2011) & (Item for finance committee FCR(2002-03)24, 2002).

Another major source of income of the URA comes from the tender value of the assembled land over and above the cost of the redevelopment projects including acquisition and other operating costs. However, with the increasing demand on lower development density, particularly on URA projects, this source of income would likely be diminished in the future (Law, Chan, Chui, Wong, Lee, & Chan, 2009).

In Taiwan, South Korea and Japan, they have specific legislations to make owner-participation possible. As if owner-participation means a share of the development project, i.e. when owners have a share of the profit or loss of the redevelopment, it is basically a matter of compensation. Many non-occupier owners are basically investors and many of them would see that they should be compensated to the extent that reflects the possible profit of the redevelopment project.

However, the URA as a public body would be required to incorporate views and demands from stakeholders other than the affected owners such as demands for public facilities and open space from the broader community, and entertaining such demands may affect the overall development value of the site and hence the financial return to the owners.

#### 4.7. Citizens' views not considered by the Government

According to District Aspirations Study (2010), which identified citizens' aspirations towards the urban renewal in Wan Chai District, Wan Chai residents preferred rehabilitation rather than redevelopment. In the interview, rehabilitation was considered to be of the highest priority, heritage preservation and revitalization came second and third and last one was redevelopment.

Interviewees expressed that building the tall buildings after redevelopment of Wan Chai will probably cause wall effect. Also, oppositions of the redevelopment act came from boosting property prices after the project announcement and leading to unaffordable lease payments of small old shops together with unfavorable compensation scheme. However, as long as citizens in Wan Chai are opposing the redevelopment in Wan Chai, the Urban Renewal Authority still agreed the developers to redevelop Wan Chai into an area full of high residential blocks such as J – residence.

Besides, most of the interviewees emphasized their opposing views that redevelopment as incentives to retain and reserve the characteristics of Wan Chai, as they are suggesting to preserve localities to the community, such as, Lung Moon Restaurant, Canal Road East etc., which the Urban Renewal Authority did not take into account and decide to preserve only a small number of heritages. Hence, it is criticized that the Urban Renewal Authority should have preserved more historical buildings and localities.

## 5 Possible alternatives from overseas experiences

### 5.1. The case of 7 Asian cities: Threshold % of owner's agreement to initiate a redevelopment project

Cities	The threshold % of agreement required for projects initiated by owners
Hong Kong	<ul style="list-style-type: none"> <li>• The majority owner(s), otherwise than as a mortgagee, has(have) to own not less than the 90% of the undivided shares in a lot may make an application to the tribunal for compulsory sale of lot.</li> <li>• The Lands Tribunal is required to justify that the redevelopment application is legitimized due to the age or state of repair of the existing development and the majority owner(s) has(have) taken reasonable steps to acquire all the undivided shares in a fair and reasonable manner.</li> <li>• The Chief Executive in Council may, by notice in the Gazette, specify a percentage lower than the percentage mentioned in Cap 545 s. 3(1) (i.e. 90%).</li> <li>• While no percentage less than 80% is allowed by law.</li> </ul> <p>(s. 3(1)-3(2), 3(5)-3(6), 4(2), Cap 545, Land (Compulsory Sale for Redevelopment) Ordinance)</p> <p><u>Special Case: Resumption of a land for public purpose</u></p> <ul style="list-style-type: none"> <li>• The URA is empowered by the laws that it may apply in writing to the Secretary requesting him to recommend to the Chief Executive in Council resumption of any land, without prejudice to the Lands Resumption Ordinance (Cap 124), for a public purpose.</li> </ul> <p>(s. 29(1), Cap 563, Urban Renewal Authority Ordinance) &amp; (s. 3, Cap 124, Lands Resumption Ordinance)</p>
Singapore	<ul style="list-style-type: none"> <li>• 80% for 10 years or older building.</li> </ul>

	<ul style="list-style-type: none"> <li>• 90% for buildings less than 10 years.</li> </ul>
Tokyo	<ul style="list-style-type: none"> <li>• 2/3 (66.7%)</li> </ul>
Seoul	
Taipei	<ul style="list-style-type: none"> <li>• Expedited urban renewal areas: 50% of the owners owning a total of 50% of the land and building floor area.</li> <li>• Priority urban renewal areas: 60% of the owners owning a total of 2/3 (66.7%) of the land and building floor area.</li> <li>• Other non-designated areas: 2/3 (66.7%) of the owners owning a total of 3/4 (75%) of the land and building floor area.</li> </ul>
Shanghai	<ul style="list-style-type: none"> <li>• 2/3 of the owners owning a total of 2/3 of the total building floor area.</li> </ul>
Guangzhou	

The Table is partially retrieved from pp198, Study Report Urban Renewal Policies in Asian Cities for the Urban Renewal Strategy Review, March 2009 (Law, Chan, Chui, Wong, Lee & Chau, 2009)

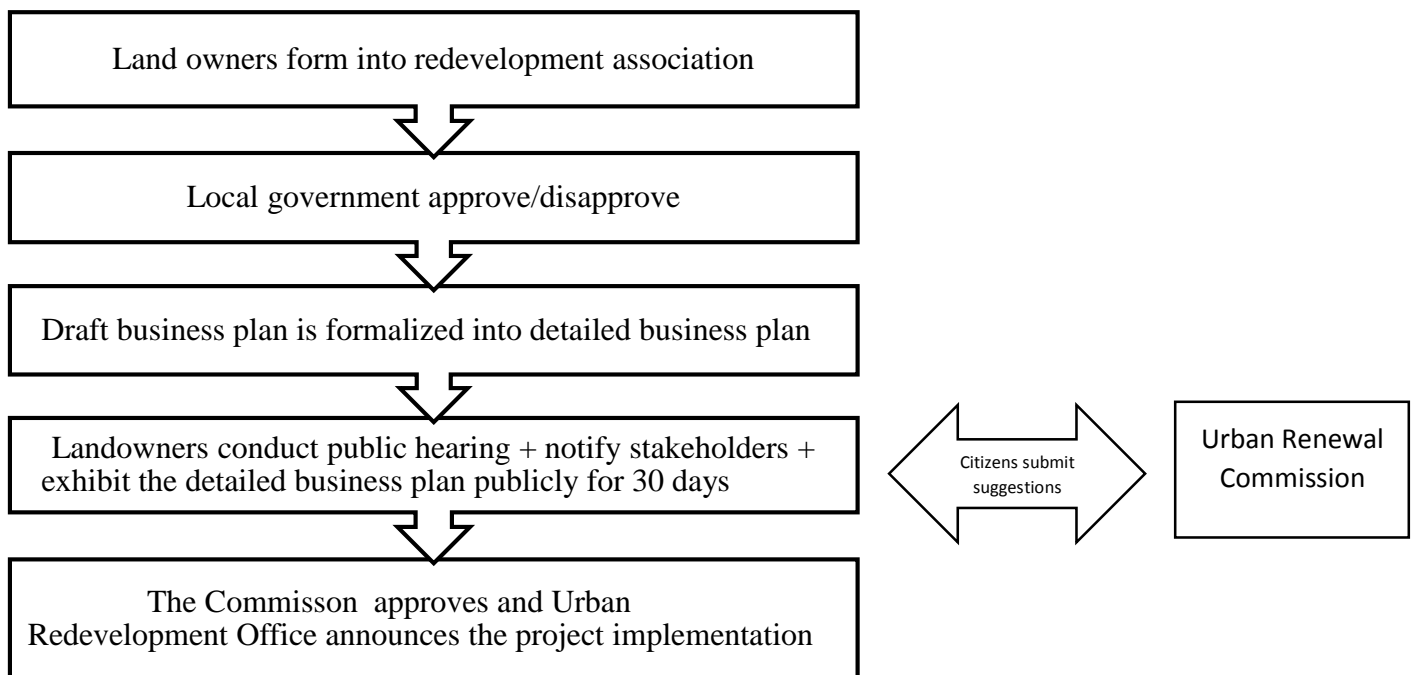
The table above summarized and compared amongst 7 Asian cities on the threshold requirement of percentage agreement for owners-initiated redevelopment projects. Hong Kong has a much stricter percentage threshold requirement for starting a redevelopment project with a numerical value of 90% agreement while other developed cities in Asia generally have a much lenient requirement on the same issue of numerical values around 50% to 80%. It is believed as one of the areas for the Hong Kong urban redevelopment system to engage more considerations at. An effectively lower threshold requirement would definitely help enhance redevelopment efficiency in Hong Kong, especially when communities within the city is experiencing greater pressure from social-economical concerns, such as, urban decay, aging population, income inequality and weakening community infrastructures.

Another reflection that would be beneficial to the current redevelopment framework would be that the legislators assign different percentage threshold requirements for areas and sites of different redevelopment priorities, in other words, level of urgency. With Singapore and Taipei being the examples, areas which are more urgent in starting off redevelopment projects is allowed with lower percentage threshold while those that are less urgent have higher threshold. Apart from comparing between ages of buildings, the Government could rank areas of different redevelopment needs and urgencies according to other measures, such as, conditions of dwellings and community security etc. Under this proposal, the respective parties would be able to concentrate their resources to take care of projects in accordance with redevelopment priorities thus bringing a more efficient impact to the area and the city as a whole.

## 5.2. The case of Taipei City: Community engagement through market-led model

The urban redevelopment process in Taipei City is worthwhile to be examined as the city takes an opposite approach to Hong Kong. The role of the private sector in planning and financing renewal projects is emphasized greatly in Taipei's urban renewal system, whereas the government only facilitates, regulates and mediates conflicts. In Taipei, urban renewal projects can be either initiated by the government or the landowners. According to Taipei City Regeneration Office, below are the major steps in a landowner-initiated redevelopment projects:

### Urban renewal process:



Source: *Taipei City Urban Regeneration Office (URO)*

The above flow charts explain the procedure of the urban renewal process in Taipei. Unlike in Hong Kong, where the Urban Renewal Authority plays a critical role in planning and financing redevelopment projects, Taipei city government adopts a more decentralized and market-led approach towards urban renewal (Law, Chan, Chui, Wong, Lee & Chau, 2009). In other words, most of the redevelopment projects are initiated by landowners in collaboration with developers and the government acts as a regulator to pass the permission.

The whole process starts off with the initiation by landowners in collaboration with developers. They are required to draft a business plan and submit to the local government for approval. Once approved, the draft business plan will have to be formalized with details such as design, construction map and funding methods (URO, n.d.). The next step requires the detail business plan to be publicly exhibited and public hearing must be conducted in order to collect suggestions from all stakeholders. During the time of the exhibition, suggestions on improvement will be sent to the Urban Renewal Commission which will make the final approval before the commencement of any redevelopment project.

One of the advantage of this approach is that it involves greater community participation in the planning process. This bottom-up approach lessens the government's role in planning, yet still ensures that the government is still active in the process as a regulator and facilitator. Public hearings and public exhibition of the business plan effectively engage different stakeholders such as landowners, developers, citizens who often have conflict of interests. Not only does it provide a platform for conflicts to be settled between parties, but also suggestions from the community are well recorded and reviewed before implementation, helping to minimize future disagreements that may happen after the start of redevelopment projects. Thus, this approach seems to achieve better community engagement and disagreements after completion is often minimized.

Another benefit of the market-led approach is that government's burden and responsibility on lengthy planning process as well as unexpected financial loss are lessened. In the case of Hong Kong, the URA is itself a self-financing body so its decisions might tend to be based more on financial considerations, rather than actual needs of local citizens. In a market-led redevelopment approach, a government body only takes supportive role instead of a key player. Hence, its responsibility for financial outcome of redevelopment projects will be limited. Moreover, allowing more autonomy for landowners while still having regulations from the authority can result in a more efficient process as residents' needs are more accurately addressed.

Nevertheless, it should be mentioned that the market-led approach in Taipei does have various limitations. Firstly, landowners' initiated projects are small-scale in terms of building height and size. This makes the case for collaboration and reaching an agreement between related parties much simpler and faster. In the case of Hong Kong, most of our buildings are high-rise and closely attached with each other, making the affected-population in redevelopment projects often much

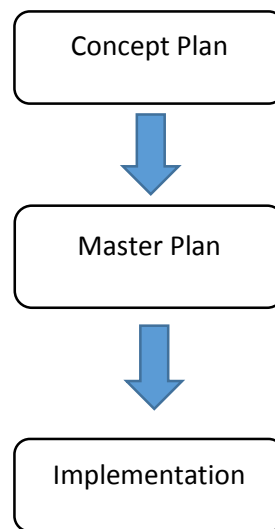
larger than that in Taipei. Secondly, this bottom-up model will require more empowered district councils. In the case of Hong Kong, Law et al., (2009) suggest that the District Councils would have to be given more power in the urban redevelopment planning process so that a possible bottom-up approach can be considered.

Moreover, redevelopment initiated purely by the private sector would embed to a higher tendency of segregation in the use of land. A private developer is always affluent enough to conquer several ownership of lands at certain area and begin to develop what it sees profitable. In most cases, lands obtained by a developer or groups of developers who hold similar visions at a certain area would begin creating buildings of similar use, converging that particular area to a place with more saturated use of land. Such limitation reduces land use efficiency and results into a less dynamic interaction within the community area and is justified by those empty commercial town centres at nights and during holidays which is seen common in Korea, Singapore and more (Law, Chan, Chui, Wong, Lee & Chau, 2009). In addition, while Taiwan adopts private ownership of land, Hong Kong uses the British system of public ownership of land. This difference may explain why private-led redevelopment might not be an alternative soon in Hong Kong.

Yet the market-led approach with development plan and financing being in the hand of the private sectors in the case of Taipei can better generate and promote community engagement. Practices such as public hearings and compulsory public exhibitions of detailed plans can help resolve conflicts and reach better public consent which will effectively reduce the time and cost of redevelopment projects.

### 5.3. Singapore: The case of urban conservation

Similar to Taipei, Singapore's development model does not put great emphases on the role of the government. In Singapore, the Urban Redevelopment Authority (URA) which is an independent statutory authority is in charge of land use planning as well as preservation of historical buildings. Yet, the Singapore's URA does not actively engage in the process of urban redevelopment. Instead, it plays the role of a regulator that approve projects initiated and led by private developers, based on strategies and directions set out in its major plans. The urban redevelopment planning process which is summarized in the below chart:



Source: URA Singapore

With limited land resources, land use planning has always been among the most important element of the nation's development. Hence, Concept Plan and Master Plan are key components in the planning process of URA which allow the authority to optimize land use and meet demand of Singaporean people.

While the Concept Plan emphasizes on the broad long-term development (40-50 years), the Master Plan takes care of the detailed implementation plans of the Concept Plan over short-term of 10-15 years. These plans set out directions so that development projects will follow and implement them.

One aspect that the current model of urban development in Singapore has done well is the preservation and conservation. Although the Urban Redevelopment Authority of Singapore is not a major party in the urban redevelopment process, it has a critical role in coordinating and acting as a policy maker of conservation works. Urban conservation is among the primary objective of the URA when first formed and several policies are put into place in order to facilitate this objective. For instance, annual awards and recognition such as the URA Architectural Heritage Awards are used as a mean to promote conservation of historical buildings (Law et al., 2009).

In addition, waiver of development charges are handed to projects that cover land redevelopment within conservation area, effectively providing economic incentives for developers to better preserve and restore heritage complexes (Law et al., 2009). Another interesting measure that the URA adopts is the system of accepting voluntary conservations. Individual owners are able to apply for conserving their own buildings and their application will be assessed by the URA. Yet, such method is not very extensive.

In short, the urban redevelopment model of Singapore emphasizes on the integration between long-term planning and implementation. Efforts and corresponding policies promoting conservation by Singapore's experience can be valuable for Hong Kong to consider amid the urgent need to preserve historical buildings in our city.

## 6 References

Census and Statistics Department of Hong Kong (1981)

Census and Statistics Department of Hong Kong (2015)

Centre for Culture and Development, Department of Cultural and Religious Studies, The Chinese University of Hong Kong. (2010). *Wan Chai District Aspirations Study*. Retrieved from:

[http://www.ursreview.gov.hk/eng/doc/WanChai%20DAS%20final%20report\\_080410.pdf](http://www.ursreview.gov.hk/eng/doc/WanChai%20DAS%20final%20report_080410.pdf)

cQuestGarden. (2005, 11 6). 利東街(喜帖街)重建計劃-- 如何達致可持續發展. Retrieved 3 6, 2016, from [cquestgarden.com](http://cquestgarden.com):  
<http://cquestgarden.com/view.php?sec=2&id=1880>

Dahlia Rosly. (2013). *Revitalizing urban redevelopment in Malaysia through the implementation of urban regeneration programme*. Retrieved from:  
[http://www.academia.edu/3350526/REVITALIZING\\_URBAN\\_DEVELOPMENT\\_IN\\_MALAYSIA\\_THROUGH\\_THE\\_IMPLEMENTATION\\_OF\\_URBAN\\_REGENERATION\\_PROGRAMME](http://www.academia.edu/3350526/REVITALIZING_URBAN_DEVELOPMENT_IN_MALAYSIA_THROUGH_THE_IMPLEMENTATION_OF_URBAN_REGENERATION_PROGRAMME)

Development Bureau. (2015). *Legislative Council Panel on Development Work of the Urban Renewal Authority*. Hong Kong: HKSAR Government.

Development Bureau. (February 2011). *Urban Renewal Strategy*. Hong Kong: HKSAR Government.

Retrieved from  
[http://www.ursreview.gov.hk/eng/doc/New%20URS%20\(Eng\).pdf](http://www.ursreview.gov.hk/eng/doc/New%20URS%20(Eng).pdf)

HKSAR Government. (2015, December 1). *Urban Renewal Strategy Review*. Retrieved from Urban Renewal Strategy Review:  
<http://www.ursreview.gov.hk/eng/about.html>

Housing, Planning and Lands Bureau. (2003, 2004).

*Legislative Council Panel on Planning, Lands and Works – Work of the Urban Renewal Authority*. Hong Kong: HKSAR Government.

Index Mundi. Hong Kong inflation rate Retrieved from:  
<http://www.indexmundi.com/g/g.aspx?c=hk&v=71>  
Accessed on November 28, 2015

Law.C.K, Chan. C.K, Chui.W.T, Wong.Y.C, Lee.K.M & Chau.L.Y (2009). *Policy Study Report in Asian Cities, p.90-123, p16-31, Urban Renewal Strategy Review*

Law, C. K., Chui, E. T., Wong, Y. C., Lee, K. M., & Ho, L. S. (2010). *The Achievements and Challenges of Urban Renewal in Hong Kong*. Hong Kong: University of Hong Kong.

Law, C. K., Chan, J. W., Chui, E. T., Wong, Y. C., Lee, K. M., & Chan, F. Y. (2009). *Urban Renewal Policies in Asian Cities for the Urban Renewal Strategy Review*. Hong Kong: University of Hong Kong.

*Land (Compulsory Sale for Redevelopment) Ordinance*. Cap 545, s. 3(1)-3(2), 3(5)-3(6), 4(2)

Lands Department. (2015). *Provision of Facilities and/or Open Space required under*

*lease for the use by the public in private developments completed in or after 1980.*  
Retrieved from:  
<http://www.landsd.gov.hk/en/legco/pgicos/WanChai%2080.pdf>

*Lands Resumption Ordinance.* Cap 124, s. 3

Lin, T. C. (April 2007). Investigation on the framework of heritage preservation in the context of sustainable development. *The HKU Scholars Hub*, 61-65.

Midland Realty. (2015, December 1). *Midland Realty*. Retrieved from Midland Realty:  
<http://proptx.midland.com.hk/mpp/default.jsp?lang=zh&estId=E13066#chart>

Planning and Lands Bureau. (June 2002). *Item for finance committee FCR(2002-03)24*. Hong Kong: HKSAR Government.

Tapei City Urban Regeneration Office (2015), Retrieved from:  
[http://www.uro.taipei.gov.tw/cgibin/Message/MM\\_msg\\_control?mode=viewnews&ts=47fee4b4:138e&theme=3790000000/37956000G/379560100G/uro1-message; Accessed on December 2, 2015.](http://www.uro.taipei.gov.tw/cgibin/Message/MM_msg_control?mode=viewnews&ts=47fee4b4:138e&theme=3790000000/37956000G/379560100G/uro1-message&layout=3790000000/379560000G/379560100G/uro1-message)

The 2011 Population Census  
<http://www.census2011.gov.hk/en/constituency-area.html>  
Accessed on November 29, 2015

The 2006 Population by Census: Basic Tables for Constituency Areas: Hong Kong Island  
[http://www.bycensus2006.gov.hk/FileManager/EN/Content\\_962/06bc\\_dcca\\_hk.pdf](http://www.bycensus2006.gov.hk/FileManager/EN/Content_962/06bc_dcca_hk.pdf)  
Accessed on November 28, 2015

The 2001 Population Census: Basic Tables for Constituency Areas: Hong Kong Island  
<http://www.statistics.gov.hk/pub/B11200212001XXXXB0200.pdf>  
Accessed on November 28, 2015

URA. (2004, 5 25). *Five receive awards in Lee Tung Street Development Concept Competition*. Retrieved from Urban Renewal Authority:  
<http://www.ura.org.hk/en/media/press-release/2004/20040525.aspx>

Urban Renewal Authority. (2014). *Flat-For-Flat (Pilot Scheme) Pamphlet*. Hong Kong: Urban Renewal Authority.

Urban Renewal Authority. (2015). *Johnston Road Project (J Residence) Information*. Retrieved from:  
<http://www.ura.org.hk/en/projects/redevelopment/wan-chai/johnston-road-project-j-residence.aspx>

Urban Renewal Authority. (2015). *Lee Tung Street / McGregor Street Project Information*. Retrieved from:  
<http://www.ura.org.hk/en/projects/redevelopment/wan-chai/lee-tung-street-mcgregor-street-project.aspx>

Urban Renewal Authority. (2003 – 2014). *Legislative Council Panel On Development Work of the Urban Renewal Authority*. Hong Kong: HKSAR Government.

Urban Renewal Authority. (2003, 10 17). Media Centre. Retrieved on 7 March, 2016, from Urban Renewal Authority:  
<http://www.ura.org.hk/en/media/press-release/2003/20031017.aspx>

Urban Renewal Authority. (2015, December 1).

*Urban Renewal Authority*. Retrieved from  
Urban Renewal Authority:  
<http://www.ura.org.hk/en/>

Urban Renewal Authority. (2015, Feb). *Schemes and Policies*. Retrieved Nov 30, 2015, from  
Urban Renewal Authority:  
<http://www.ura.org.hk/en/schemes-and-policies/redevelopment/ura-implemented-projects/acquisition/domestic-properties.aspx>

Urban Renewal Authority. (2015). *Wan Chai Heritage Trail leaflet*.  
Retrieved from:  
[http://www.ura.org.hk/media/950737/eng\\_final.pdf](http://www.ura.org.hk/media/950737/eng_final.pdf)

Urban Renewal Authority. (June 2010).  
*Work of the Urban Renewal Authority in 2009-10 And Business Plan for 2010-11*.  
Hong Kong: HKSAR Government.

Urban Redevelopment Authority of Singapore (2015), *Our planning Process: Plans and Maps*  
<http://www.ura.gov.sg/uol/concept-plan/our-planning-process/our-planning-process.aspx>  
Accessed on December 2, 2015

Urban Renewal Authority Ordinance. Cap 563,  
s. 29(1)

Urban Renewal Education Kit, *Johnston Road Projects*  
[http://uraedu.proj.hkedcity.net/en/secondary/s4wc\\_01.php](http://uraedu.proj.hkedcity.net/en/secondary/s4wc_01.php) Hong Kong  
Accessed on December 1, 2015