

Urban Renewal – A case study in Hong Kong

Edward SH AU, Hong Kong

Key Words: Urban Renewal, Acquisition and Resumption, Reshape and Redevelopment of the Town Centre Layout

SUMMARY

The Kwun Tong Town Centre project in Hong Kong is one of the biggest urban renewal and redevelopment projects ever since. Occupying a site area of 570,000 square feet, this multi-billion-dollar project will be the largest single project undertaken by the Urban Renewal Authority (URA) affecting about 1,653 property interests and about 5,000 people. Most of the existing buildings in the area were built in the 1960s, although 24 buildings are well over 40 years old and quite dilapidated. Back-lane hawker stalls and temporary structures pose serious hygiene and safety problems, with the poor sanitary conditions contributing to a hazardous living environment. The project plans include residential and commercial developments, leisure and recreational amenities, various community facilities, a public transport interchange, Government offices, and medical clinic. A landmark building will be erected in Kwun Tong once the redevelopment project is completed.

The implementation of the project faces lots of challenges:

The project involves more than 1,600 property interests and around 5,000 residents, and over 500 shops and licensed hawkers are affected. Taking proper care of all these stakeholders, and handling their re-housing arrangements, is a substantial and difficult task. Because of the unprecedented scale of the project, the very large number of property interests involved and the need to ensure that the offers made closely reflect market prices, 11 independent surveyors have been appointed to work out offer prices for these properties. They are required to take into account both current market conditions and the URA's established compensation policies.

As the project covers a large area, the URA needs to consider factors such as the appropriate density of development, the height of the buildings, and the transport facilities required, while still preserving important original local features. A further goal is to meet the needs of the ‘grass-roots’ local population by retaining some low-cost residential flats and shops in the town centre. With a total development cost of over \$30 billion, this large-scale project is the most challenging development ever undertaken by the URA. Despite the high financial stakes involved, the URA’s primary aim is to take care of the needs of the community and local residents. However, the large investment in the area should also bring with it a host of economic benefits.

This paper aims to give an overall view of this mega urban renewal project highlighting the issues as abovementioned.

Urban Renewal – A case study in Hong Kong

Edward SH AU, Hong Kong

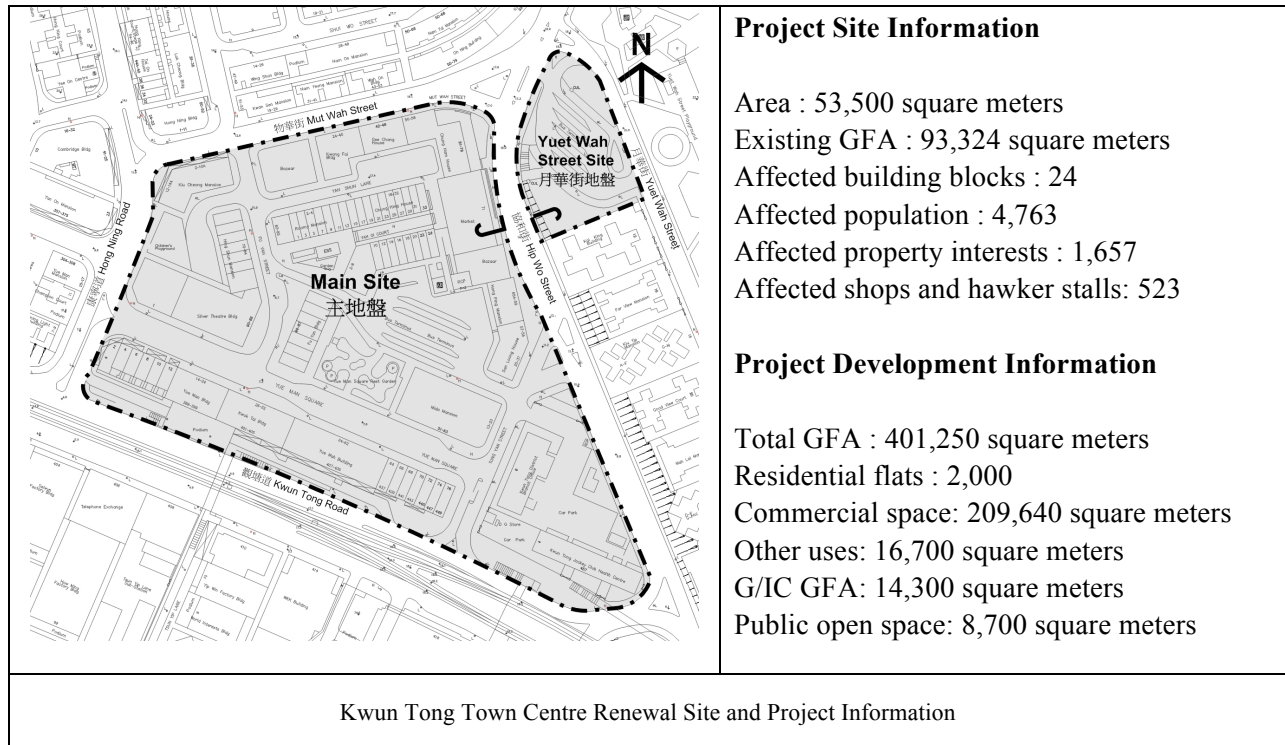
Introduction

The Kwun Tong Town Centre project is one of the largest redevelopment projects in Hong Kong. Occupying a site area of 57,000 square meters, this multi-billion-dollar project was the largest single project undertaken by the Urban Renewal Authority (URA) in Hong Kong. The Project affected about 1,653 property interests and about 5,000 people. The URA commenced the statutory town planning approval process for the project as early as in March 2007. Because of the very large scale and complexity of the project, the URA will work closely with the local community to ensure that the views of all important stakeholders are fully taken into consideration in the project planning.

The existing Kwun Tong Town Centre was built in the 1960s. Generally speaking, the design of the over forty-year-old centre is becoming obsolete and not capable to cope with the requirement for a town centre in the 21st century.

Within the area, there are mainly low to medium-rise tenement buildings for retail and residential uses. As the buildings are old with obsolete design and inadequate services, maintenance on these buildings is getting more costly and inefficient. The living environment is unsatisfactory as evidenced by the deteriorating sanitation and hygiene conditions, the worrying security and safety concerns, a lack of green areas and the very limited communal facilities. The traffic conditions are in chaos and not up to standard for a town centre of an area having probably the highest population density in the world. A new and rejuvenated town centre is needed. These feelings are shared and agreed by The HKIS.

A redevelopment of the Kwun Tong Town Centre seems to be a possible solution to resolve the above problems. A well-balanced, fully public-consulted and carefully considered redevelopment scheme shall not only be able to meet with the above requirements, but may also render Kwun Tong Town Centre a hub of the Southeast Kowloon Development at the eastern end and a new landmark of Hong Kong.



The Problem - Under-utilization of Land and Dilapidation of buildings

Apart from redeveloping dilapidated buildings in older urban areas, an important objective of urban renewal is to provide community facilities that are inadequate or absent in such areas at present. The Urban Renewal Authority (URA) in Hong Kong was responsible for the redevelopment of this Kwun Tong Town Centre Project which would be the largest urban redevelopment scheme ever since. It should be noted that:

(a) The Kwun Tong Town Centre redevelopment project covers an area of about five hectares, of which around 70 per cent is Government land. We expect that the future development of the town centre will be mainly for residential and commercial purposes. In order to improve the local environment and traffic conditions, the initial plan is to provide much-needed open space and a well-designed transport interchange with appropriate pedestrian facilities in the town centre. To cater for the growing population and to better serve the residents, we also plan to provide more community and welfare facilities, including schools, markets, refuse collection points, cultural and recreational facilities, residential and nursing homes for the elderly. These facilities are essential to any community.

(b) The Kwun Tong Town Centre is a large Comprehensive Redevelopment Area (CDA). Having regard to the future population distribution and the existing facilities, a secondary school or post-secondary college has been included in the planned facilities. The provision of these educational facilities is appropriate for the overall development in future.

(c) In formulating a detailed development plan, the URA has conducted detailed studies regarding the Kwun Tong Town Centre project with respect to the transport arrangements, land use planning and financial arrangements. Relevant Government departments are actively assisting the URA in the matter.



The perspective view of the old Kwun Tong Town Centre with project boundary in dotted red line

(Picture and graphic source : URA public information)

A History of Kwun Tong Town Centre

The Kwun Tong Road Town Centre is divided into two distinct worlds. On one side there's a fast-paced, modern society which is the result of the revitalization of the original industrial area that has been gradually converted into office building as well as as edgy shopping malls. On the other side, however, is a run-down, more oldy-worldy depiction of Hong Kong, where low-rise buildings land-marked by the “Yue Man Sqaure” buildings, are crumbling away, small businesses are operated in shacks, elderly people slowly shuffle down the streets and old-fashioned theatres lie abandoned, buried and forgotten in time.

This part of ‘old Hong Kong’ is the subject of this redevelopment or renewal project which is now undergoing a huge transformation. The renewal of Kwun Tong Town Centre has set to give the neighborhood a much-needed facelift but also, as criticized by some people, destroying a cherished piece of the city's history.

Although it lies in the heart of the Kwun Tong Town Centre Project, Yue Man Square, with a history of about half a century, is still relatively young compared with many streets in other parts of Hong Kong. The square is classified as a street on the map, but nowadays locals tend to refer to it as ‘Kwun Tong town centre’, including the Yue Man Square Rest Garden, the bus terminus and the neighbouring blocks.

In the 50s, the British colonial government decided to develop Kwun Tong into an industrial satellite town and started reclamation of sea. The Yue Man Square area started to become the centre of community activities as it connected the opposite Kwun Tong industrial area with the residential. In the 70s, the streets were already tightly lined with restaurants, theatres, department stores selling Chinese products, banks, printing shops, pawn shops, clothing stores, shoe shops and theatres. When Hong Kong’s industry was booming, both theatres provided cheap entertainment for the large number of workers in the district.

Since the late 80s, entrepreneurs started to move their factories up north into the Mainland and Hong Kong’s local industries started to diminish. Kwun Tong district has been gradually growing old and empty yet Yue Man Square still remains the busiest area in the district. Today, the industrial area is undergoing revitalization where as the Kwun Tong Town Centre is moving forward of the renewal project. Most of the last remaining businesses have now moved out and only the old buildings remain with their timeworn appearances, quietly telling stories of their past glories.

Land Acquisition and Resumption

Acquisition Principles

The acquisition principles adopted by the URA are based on the revised Home Purchase Allowance (HPA) and ex-gratia allowance for commercial properties endorsed by the Finance Committee of the Legislative Council in March 2001.

According to the existing policy, the URA's acquisition offer for an owner-occupied domestic property is the market value of the property plus an ex-gratia



allowance (i.e. HPA). The assessment of HPA is based on the value of a seven-year-old notional flat. Independent professional surveyor carried out the valuation of notional flat value, the existing use value and the HPA is the difference of the notional flat value minus the existing use value. All owner occupiers will be offered an acquisition price of existing use value plus the HPA which is eventually the notional flat value. While for the tenanted (non-owner occupied) and vacant domestic properties, the acquisition offer is the market value of the property on existing use bases plus a supplementary allowance (a percentage of HPA).

Owners of non-domestic properties will be offered the market value of the property plus an ex-gratia allowance (EGA). The EGA of owner-occupied non-domestic properties is 35% of its market value or 4 times its Rateable Value (RV), whichever is higher. The EGA for tenanted or vacant non-domestic properties is 10% of its market value or one time the RV, whichever is higher.

Re-housing and Ex-gratia Payment Principles

According the existing URA's policy, domestic tenants (affected by the ex-LDC redevelopment projects) who meet the eligibility criteria for public rental housing of the Hong Kong Housing Authority and Hong Kong Housing Society may opt for re-housing in lieu of cash compensation if they has occupied the subject property under valid tenancies before 9 July 2004. Compassionate re-housing will be considered for those tenants who do not meet the normal eligibility criteria but face genuine hardship.

Eligible domestic tenants who are not allocated re-housing due to various reasons or who decline re-housing will receive ex-gratia payments. Moreover, eligible non-domestic tenants are entitled to an ex-gratia allowance which is 3 times the RV of the affected premises.

Public Consultation and Engagement

Involving 5.3 hectares of valuable urban land, the scale of the Project will be very substantial. A comprehensive public consultation on the various issues, especially on those controversial topics including design detail, scheme selection as well as resumption and compensation package is required so that the needs of all sectors of the society can be balanced and cared.

It has been raised to the URA the importance of information transparency in order that the public may keep on monitoring and expressing their opinions throughout the whole redevelopment process. Particularly we would recommend more consultation be made to solicit the views and support from the local residents such as those at the District Council, stakeholders such as those

owners of properties and related professional bodies who could offer impartial and professional comments.

Since the Kwun Tong Town Centre redevelopment project affects many households and business, a careful consultation process has been taken in order to ensure that the scheme is wide accepted by the people.

URA has adopted a proactive, bottom-up approach in its community engagement initiatives involving extensively the local community and key stakeholders in a participative planning and design process. Based on public views collected in four rounds of public consultation exercises, we have formulated the draft plans and final design which have just been submitted to the TPB for consideration.

The Community Engagement Process

The community engagement process was a most elaborate consultation process that has ever taken. The process can be divided into four stages, with the last stage being the statutory required process during formal town planning application process.

The First Stage – Sizing Community Aspirations

A community aspiration study in Kwun Tong was conducted. The research team conducted focus group meetings and interviews. Surveys were conducted including a stratified sample of 930 residents living there and the adjacent areas within Kwun Tong.

The Second Stage – developing planning parameters

A Kwun Tong District Advisory Committee (KTDAC) was formed during the second stage of community engagement process. The KTDAC was composed of the board members of the URA, Kwun Tong District Council members, resident representatives and other professionals. The function of the KTDAC is to advice the URA on the redevelopment, preservation and renewal in Kwun Tong, to reflect the aspirations and concerns of the community and the relevant suggestions, and to facilitate the community's understanding of the work of the URA.

The Third Stage: Road Show

Three models of the alternative design concepts were exhibited in four different locations in Kwun Tong to provide more information about the project to the residents of and Kwun Tong.

The extensive consultation included conducting constant dialogue with concern groups, a community aspirations survey, community focus groups, setting up the URA's Kwun Tong District Advisory Committee, meetings with the Kwun Tong District Council, organising a participatory community design workshop and holding a series of roadshows that attracted some 85,400 visitors.

Development Design Concept

There are voices from green groups and some political parties requesting for more stringent restrictions on the development density of the Project so that the future Kwun Tong Town Centre would be more environmental friendly and the adverse environmental impact of the Project to the surrounding could be put to the minimum. Other opinions worry the lowered development density would affect the attractiveness and even the financial feasibility of the Project.

In the Public Consultation Document, the URA has listed five guiding principles, which have been the foundation to a successful redevelopment of the Kwun Tong Town Centre:

1. Wide public consultation and participation in planning and design;
2. Understanding and acceptance of URA's prevailing compensation and rehousing policies by those affected;
3. Phased development to minimize impact and sustain economic vibrancy of the area;
4. Adoption of a creative and visionary design for a 21st century town centre; and
5. Prudent financing strategies to ensure financial sustainability.

The development scheme plans of the Kwun Tong Town Centre project as approved by the Town Planning Board (TPB) signifying commencement of the statutory planning procedures for the mega project. Major design features of the project are results of an extensive consultation with the community, which include landmark features of a modernistic design, increased open space and greening, comprehensive community and commercial services as well as community-friendly features such as street and bazaar in traditional "kaifong-style" (neighborhoods).

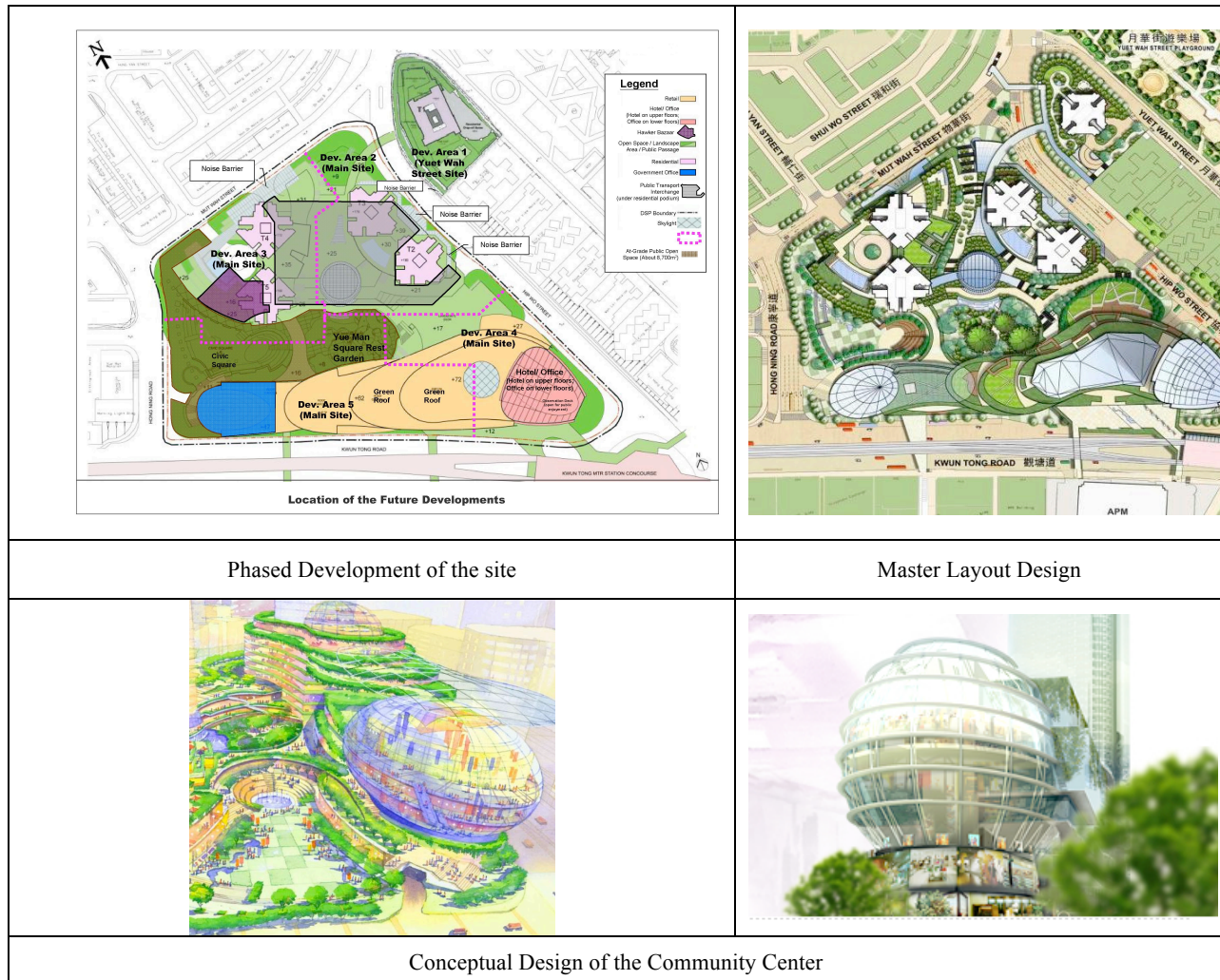
Occupying a total site area of 5.35 hectares, the Kwun Tong Town Centre project is expected to deliver a total floor area of 400,000 square metres, comprising 210,000 square metres for commercial, 160,000 square metres for residential and 32,000 square metres for Government/Institution/Community purposes. Besides, there will be 8,700 square metres of meticulously landscaped and sculptured open space for the enjoyment of the public. Mainstream public opinion collected during the public consultations has been used as the cornerstone of the

final design.

The redevelopment scheme has heeded the views of the residents and other stakeholders in the latest design effort. In particular, 12 major features have been incorporated to reflect the aspirations of the community. These include:

- diversified build-form and architecture for community, commercial and residential purposes, ranging from modernistic and landmark features to traditional kaifong-style street and bazaar;
- a reasonable plot ratio commensurate with a town centre for the 600,000 population of Kwun Tong;
- appropriate building height to free up more public open space on the ground;
- landmarks in the form of an oval-shaped multi-purpose civic centre, an iconic commercial tower and a cone-shaped glass atrium for the public transport interchange;
- a terraced -garden design with abundant water features;
- green coverage of almost 30 percent of the site area;
- enlarging the Yue Man Square Rest Garden by four times and preservation of the old trees;
- an all-weather integrated public transport interchange that enables the entire site to become car-free in the open areas;
- using a building set-back design to widen the roads and pedestrian paths, and offer better views for all buildings surrounding the site;
- placing the commercial complex along Kwun Tong road as noise barrier for residential blocks in the north;
- priority to be given to the re-provisioning of government buildings; and
- a sophisticated network of footbridges and tunnels to enhance connectivity between the site and the surrounding.

Moreover, it is expected that air ventilation would be much improved and noise pollution much reduced because of the purpose-built new structures.



(Picture and graphic source : URA public information)

The design concepts were based on a plot ratio of 7.98, which is in full compliance with the Hong Kong Planning Standards and Guidelines and requirements of Outline Zoning Plan. However, after considering carefully all views expressed by various quarters of the community and a cautious assessment of the financial risks, a lower the plot ratio to 7.5 including provision of all the community facilities was adopted.

Economic Effect

With a total development cost of over \$30 billion, Kwun Tong Town Centre is the most challenging development ever undertaken. Despite the high financial risk involved, the scheme was decided to press on with the community-friendly design not only for the good of the local community but also a host of socio-economic benefits for the wider community of Hong Kong.

According to a survey by the University of Hong Kong commissioned by the URA, Kwun Tong Town Centre project will bring about, on average, an additional growth of 0.11 percent in the gross domestic production each year throughout the 12-year redevelopment period or a total of 1.32% growth by the year the project completed. This is considered a rather significant contribution from one single project. Moreover, about 3,308 job opportunities in construction, surveying, finance, real estate and insurance will be created during the redevelopment period, thereby reducing the unemployment rate in Hong Kong during the same period by 0.09 %.

In addition, some 17,314 new job vacancies will be created in Kwun Tong upon completion of the project, because of the additional provision of floor area in shopping mall, street shops, and hotel and office complex in the new development. This is almost five times the number of jobs now available in the redevelopment area,

Implementation

The Kwun Tong Town Centre redevelopment scheme was eventually commenced in 2012. Acquisition of private interest was undertaken and the successful rate was over 80%. The Government then exercise its statutory power under the relevant law to resume the remaining land interest in order to clear all the ownership title of the site within the Phase I. The buildings within the site are currently under demolition and building works will be commenced sooner early next year.

Conclusion

The successful of this project relies on the well prepared and arranged preliminary work including the prolonged public consultation, public engagement and the support of the local people. Urban renewal is always a difficult and complicate process in a city, the successful of the Kwun Tong Town Centre earmarked a new era of urban renewal milestone in Hong Kong.

***** **End** *****

BIOGRAPHICAL NOTES

Mr. Edward AU FHKIS FRICS MCIREAA is a senior surveyor with extensive experience in land administration, planning and development of property in Hong Kong. He is currently a General Council Member of the Hong Kong Institute of Surveyors, Vice President of the Hong Kong Institute of Surveyors.

CONTACTS

Mr. Edward SH AU,

Hong Kong Institute of Surveyors, HKSAR, China

Address :

Suit 801, Jardine House, 8/F,
Connaught Place, Central
Hong Kong

Tel. + 852 2526 3679

Email: edwardaush@hotmail.com

Web site: www.hkis.org.hk