

# Chairman's Statement



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Mr Barry CHEUNG Chun-yuen, GBS, JP

I am pleased to present the Annual Report of the Urban Renewal Authority (URA) for the year 2012-2013. This is my last report as Chairman, and I believe that I should provide the public with an account of the Authority's performance during the last six years when I have been responsible for its affairs. In particular, I feel an obligation to the community to explain how the authority has tried to respond to the changing attitudes and aspirations of the people of Hong Kong in this period.

In 2007, the URA faced a serious challenge. Within the community, there was much mistrust of its work. Urban renewal, it was widely believed, was being carried out in a way that was insensitive to the needs and aspirations of the families and neighborhood businesses that were affected. When the URA launched its project to redevelop Lee Tung Street in Wanchai, for example, the opposition was considerable. The URA itself was sure that the project would prove highly beneficial to this badly run-down area with its generally unhealthy and unsafe dilapidated buildings. The local community thought differently, and we faced objections, including a petition from shop operators.

The protest activities could be unpleasant, as I personally experienced. Yet, this opposition had a positive impact on the development of the URA's corporate culture. It was a reminder that to be truly successful, every project should begin with a sustained effort to address the public's misgivings, to respond constructively to critics and to leave the community convinced that the goal of all URA activities was to transform the lives of the residents of blighted areas and worn-out buildings.

The URA's staff accepted this responsibility for winning public trust with enthusiasm. In April this year, the URA launched a scheme to renew another, similarly dilapidated area, with a demand-led redevelopment project in Shamshuipo. This time, the URA team arrived to find a banner put up by residents welcoming the project.



The demand-led redevelopment project (pilot scheme) of the URA is widely welcomed by residents of the Tung Chau Street/Kweilin Street project.

Cultural change was not confined to the URA. Public understanding of urban renewal and its potential benefits had also matured. There had been a growing awareness that the URA's programmes were not about improving our built environment and still less about property development. Their justification was the contribution they could make to end the disgrace that some 100,000 individuals suffer, many of them vulnerable and deprived, because they are forced to make their homes in buildings not fit for human habitation in a city as prosperous and sophisticated as Hong Kong.

The URA is convinced that its efforts to inform the public of the urgency of the problem have created a solid foundation for our partnership with the community to clear Hong Kong's slums once and for all. A key feature of this partnership is the URA's success in adapting its mission to Hong Kong's changing expectations about

careful protection of the interests of those affected by URA projects; accountability to the public and commitment to wider consultation; and sensitive respect for heritage and environmental issues.

The URA's formal mission statement has been revised to highlight three key principles.

- **To ensure full and fair compensation for owners and tenants.** Owners can now opt for cash compensation or choose to buy a replacement flat in-situ or in the Kai Tak "flat-for-flat" development. Qualified tenants are offered new homes in public housing units within the urban areas.
- **To preserve the social and historical fabric of the areas affected by URA programmes.** For example, special efforts were made to preserve the Graham Street market (although it is outside the project boundary) and the two clusters of Cantonese verandah buildings on Prince Edward Road West and Shanghai Street. The same priority was given to revitalising the Central Market building. The results have been widely praised.
- **To make the URA's work truly "community based".** This goal involved creating new strategies for redevelopment. URA projects today are being designed and managed with greater involvement of the occupants of dilapidated buildings and expanded opportunities for them to rehabilitate neglected buildings, thanks to the introduction of "demand-led" and "facilitation" schemes.

## No small problem

Thanks to the URA's hard-working Board and dedicated and highly professional staff, progress in the last six years has been substantial. But what has been accomplished is not enough to overcome the threat created by Hong Kong's large and increasing stock of neglected and worn-out buildings, whose original construction was to the lowest standards and whose fabric and facilities have been allowed to deteriorate to danger point.

The alarming scale of urban blight in Hong Kong was revealed by an investigation of the urban building stock that the URA had conducted earlier. This survey showed that the city had some 16,000 blocks which were already over 30 years old and which had substandard or no property management at all. Another 4,000 blocks were over 50 years old and at the end of their designed life span, with three-quarters of them already classified as substandard. With the number of buildings aged more than 50 years set to quadruple in 20 years, around 110,000 Hong Kong families would be left living in the most appalling conditions unless decisive action were taken without delay.

The URA has to transform slums while remaining sensitive to the community, so its response to this crisis was necessarily complex and called for adopting a range of strategies. To redevelopment, the URA added rehabilitation, preservation and revitalisation programmes. The URA's work also requires a strong mandate, something that can only be achieved through effective community participation. That is why we actively supported the Government's Urban Renewal Strategy (URS) Review, which took two years to complete between 2008 and 2010. This was one of the most comprehensive public consultations in Hong Kong's history, involving focus groups, policy studies and community hall meetings.

## Urban Renewal Strategy sets clear direction

The new URS was promulgated on 24 February 2011, introducing a new era of urban renewal to meet the enormous challenges of the current decade.

The URA responded quickly and creatively. The residents themselves are being encouraged to originate redevelopment proposals, with the URA stepping in to carry out projects on their behalf in cases where two-thirds of building owners request us to do so. The results have been promising. The past two rounds of this demand-led approach saw 59 applications, and seven such projects are now underway. This approach has the additional benefit of shortening the time required for redevelopment, as consensus is achieved well in advance. In similar fashion, we are also acting as facilitator on three projects, helping residents to manage the redevelopment of their buildings themselves.

Fair compensation has been central to the URA's thinking. We introduced "flat-for-flat" compensation as an alternative to monetary compensation. We are building 500 such flats as part of a renewal scheme in Kai Tak, but we also have in-situ flats for those who wish to stay in their old neighborhoods.

We are responding to the need for more homes by exploring the redevelopment of industrial buildings, taking us into an entirely new area that is beyond our traditional focus on residential buildings.

We are expanding our services to help residents rehabilitate their own buildings. This year we have extended our efforts to cover the whole Kowloon urban area. Target buildings to be served have increased by

two times. By 2015, the URA's rehabilitation schemes will cover the whole of Hong Kong.

## Meeting expectations

To meet the community's expectations of respect for cultural heritage, the URA has increased its commitment to preservation and revitalisation work. For example, the planning application for the Central Oasis was submitted and approved earlier this year, following two years of extensive community engagement. The revitalisation of two clusters of Cantonese verandah buildings on Prince Edward Road West and Shanghai Street has made good progress. Nearby, the first phase of Mong Kok Street's revitalisation has been completed, while in Tai Kok Tsui, the first two phases of the street revitalisation have also been finished. We are now hard at work on Phase III of this ambitious scheme, which will see 13 entire streets of this run-down district completely transformed.

Overall, during the past six years, the URA has commenced 48 redevelopment projects, which have helped or will help some 30,000 residents to enjoy improved living conditions. Over the same period, our rehabilitation schemes, including those under the Government's Operation Building Bright programme, have made 78,000 units in 1,400 ageing blocks much more fit for human habitation.

Throughout, we have taken every possible step to minimise any adverse social impact of our projects. In Kwun Tong, for example, a temporary marketplace was built to ensure licensed hawkers' operations were not disturbed during our building works. Similarly, at Peel Street and Graham Street, special measures were

taken to ensure that the street market could continue to operate, even though technically it lays outside our project boundary.

Our actions have probably saved lives too, since the dilapidated buildings that are our concern pose real threats to the safety of occupants and passers-by. This was sadly demonstrated in 2010 at Ma Tau Wai, where the sudden collapse of a building resulted in loss of life. The URA had to step in to ensure that the remaining residents were able to quickly find new homes, an initiative that possibly prevented a further tragedy.



Mr Barry Cheung was keen to visit the old areas and meet with the residents.

## Hong Kong model

In developing our approach to urban renewal, we have not only listened carefully to people in the community but also to overseas as well as local experts. During the URS Review process, the URA studied how urban renewal was being managed in other major Asian cities. In its turn, the URA itself has since become something of a role model. In the past two years, we have received delegations from neighbouring cities on a weekly basis, keen to understand how urban renewal can be carried out within a framework that is fair, sustainable and yet effective.

The Hong Kong model we have developed has a number of features that make it unique. There is a strong and fair legal framework that covers everything from planning to compensation and the resumption of occupation, which protects the interest of those affected. The renewal strategy is driven by a strong sense of mission, underpinned by the involvement of statutory powers. An important part of this mission is a commitment to the underprivileged in society, adding weight to the justice of our cause and thus building consensus for action. Finally, all projects are assessed carefully to ensure financial prudence and overall sustainability, including environmental and social sustainability, all of which is rightly expected by the wider community.

### No room for complacency

Despite the strong mandate it enjoys and its track-record of success in past years, the URA faces daunting challenges in the coming decade. As our surveys have shown, the number of ageing buildings is rising rapidly, so the need for redevelopment and rehabilitation increases day by day. However, the prospects for the property market in the shorter term are uncertain, which may affect the viability of our new projects.

With Hong Kong's population growing, and affordability of housing an issue, there is a pressing need to use urban renewal to provide additional accommodation to ease market constraints. Combined with the ageing urban fabric, this naturally means that the URA is being asked to do more, more quickly and hence to undertake ever-larger projects. These need support from many different stakeholders, and creating the necessary partnerships is far from straightforward.

Nonetheless, I am confident that the URA will

overcome these challenges and continue to succeed in its mission. Although I am no longer part of the team, so to speak, I will continue to be an enthusiastic supporter of the URA. I will remain fervently dedicated to the cause of improving the living conditions of the large number of unfortunate people in our society without decent homes, and of making Hong Kong visibly a city everyone can be proud of.

I therefore extend a very warm welcome to the new Chairman, Mr Victor So Hing-Woh, whose valuable experience and deep understanding of the URA's role make him an ideal choice. I have every confidence that under his guidance, the URA will build on the very solid foundations the organisation has in place, and effectively address Hong Kong's acute problem of urban decay as well as improving the living conditions of residents in dilapidated urban areas.

**Barry CHEUNG Chun-yuen**

**Chairman**

24 May 2013