

URBAN RENEWAL IN HONG KONG

Planning, Environment and Lands Branch
June 1996

Copyright

This document should not be reproduced without the express approval of the Hong Kong Government and that permission can be applied for by writing to the Director of Information Services (<http://www.info.gov.hk/isd/>)

CONTENT

[I. Summary](#)

[II. Background](#)

[III. Urban Renewal Today](#)

[IV. The Way Forward](#)

[V. Conclusion](#)

[Annex A Urban Renewal : Report on Public Consultation](#)

[Annex B LDC Schemes](#)

[Annex C Urban Areas which Merit Priority Redevelopment](#)

I. SUMMARY

This policy statement sets out Government's strategy for dealing with the problems of urban renewal both in the immediate and longer term. The statement is the result of a review which in turn was prompted by three main factors -

(a) the increasing dilapidation of parts of the urban area;

(b) the need to improve the urban environment, relieve overcrowding, upgrade infrastructure and raise housing standards; and

(c) the fact that the replacement rate of existing buildings is slowing down as old low-rise buildings disappear, and fragmented and multi-ownership in land increases the problems of site assembly, relocation of tenants and viability of redevelopment projects.

2. Government has undertaken its own urban renewal projects for many years. The Hong Kong Housing Society (HS) started its Urban Improvement Scheme in 1974. In 1988, the Land Development Corporation (LDC) was established to speed up the process of urban renewal. The Housing Authority (HA) has also played an important role in urban renewal, in particular by redevelopment of its own estates and as a provider of housing. However, the review has not focused on the HA which is fully committed to its principal role of meeting Hong Kong's need for public housing.

3. All of these agencies have supplemented and, to an extent, facilitated the part of private developers who have played an important role, and in many cases the leading role, in the redevelopment of obsolete urban areas. The review has concluded that we cannot continue to rely on the private sector to achieve urban renewal to the same extent as in the past. The increasing difficulty of site assembly and the ever more marginal viability of redeveloping medium-rise developments are making it more and more difficult for private developers to undertake redevelopment projects.

4. This means that a greater Government involvement in urban renewal, at least indirectly, is essential if we are to

avoid increasing deterioration of the urban environment, and all that means in terms of lower quality of life, overcrowding, poorer housing standards and depressed economic activity.

5. The existing stock of private housing is ageing rapidly. Assuming that the current rate of replacement will continue, it is estimated that in 10 years' time more than 40% (about 260,000 units) of the private housing stock in the urban area will be over 30 years old and reaching obsolescence, compared with 20% (about 113,000 units) today. Despite its success to date, we believe that the LDC will not be able to deal with the urban renewal problem in the future on a sufficient scale or quickly enough using its current mode of operation.

6. We therefore propose a package of immediate measures to inject resources, especially land for rehousing, into the urban renewal process, and to better realise the potential of the agencies involved. These measures are -

(a) Co-operation between the LDC and HS, with the latter acting as rehousing agent to improve the standard and range of rehousing and to free the former to concentrate on the planning, site assembly and implementation aspects of projects.

(b) The grant of about two hectares of land to the HS for the development of about 2,000 additional flats for rehousing purposes to support currently planned LDC projects.

(c) A pilot scheme to assess the practicality of linking non-viable urban renewal projects with the grant of other development sites to generate profits to be used to offset deficits arising from those urban renewal projects.

(d) The setting up of a dedicated urban renewal team in the Planning, Environment and Lands Branch to strengthen co-ordination among concerned parties and to oversee and monitor the implementation of the new urban renewal policy and projects.

7. In order to speed up and enlarge the scope of urban renewal in the longer term, we propose to consider -

(a) the upgrading of the LDC to a statutory Urban Renewal Authority;

(b) the need for additional sites for rehousing to meet long term requirements;

(c) legislation to make it easier for owners of buildings in multiple ownership to redevelop; and

(d) ways to encourage the renovation and rehabilitation of existing buildings as an alternative to redevelopment.

8. The aim of all these proposals is to address the problems we face today and, more importantly, to address the much greater problems we will face in future if steps are not taken now.

II. BACKGROUND

9. In July 1995, the Government issued a public consultation document on urban renewal, which put forward a comprehensive package of proposals to expedite the process. The consultation exercise ended on 15 November 1995, and the results are summarised in Annex A.

10. Deterioration of the older built-up areas is giving increasing cause for concern, although Hong Kong is still a relatively young city when compared with others around the world. Added to the problem of the deterioration of buildings is the fact that the areas in which they are located were often developed before modern town planning practices were applied. The population has probably outgrown the original layout and design. Provision of infrastructure is often inadequate. There is a general shortage of open space and community facilities. Dilapidated buildings give rise to a poor living environment. Traffic congestion, overcrowding, acute environmental problems, a lowering of the quality of life and many other symptoms of urban decay are already common in the older areas of the city. With rising social aspirations and improving living standards, the conditions in those older areas do not meet the current expectations of the community. This points to the need for urban renewal, which will often involve the wholesale demolition, replanning and redevelopment of run down areas. In the process, planning gains, including better urban layouts, enhanced community facilities and improved housing will be achieved.

What is Urban Renewal?

11. In a paper prepared in 1983 by the then Town Planning Division of the Lands Department, the following definition

of urban renewal was put forward -

"...the plan, process and programme through which the environmental quality of large derelict areas... is upgraded through large-scale clearance and redevelopment .. according to new layouts in comprehensive plans prepared for the purpose. "

12. In suggesting this definition, the paper contrasted urban renewal with in-situ urban redevelopment schemes, which were defined as being smaller-scale and capable of achieving only limited improvements in the urban environment. This process involves limited changes, if any, to urban layouts and focuses on either replacement of single buildings or the provision of specific Government, Institution and Community (GIC) facilities.

13. Whatever definition is adopted, the salient features of urban renewal are:

- (a) it is relatively large-scale;
- (b) it aims at improving the overall urban environment rather than just the provision of specific facilities or the replacement of individual buildings;
- (c) it normally involves properties in fragmented ownership. A degree of Government participation, including resumption, is usually involved;
- (d) it aims at achieving comprehensive planning gains; and
- (e) it incurs financial costs and a degree of social disruption.

14. Urban renewal in Hong Kong has depended heavily on private sector efforts. Dockyards, power stations and oil depots have been redeveloped within a short span of time into large housing estates with comprehensive facilities. Dilapidated buildings have been redeveloped into modern commercial complexes with impressive architectural design. The contribution of private developers to urban renewal has been significant and about half of all new private domestic units currently come from redevelopment.

15. However, there are now few dockyards or power stations in the urban area which would provide opportunities for large-scale redevelopment. Also, most of the old low-rise buildings have already been redeveloped, often in a piecemeal manner without achieving improvements to layouts, transport networks, community facilities and services. These properties presented redevelopment opportunities in the past because it was relatively easy for the small number of legal interests involved to be bought up and the development gains made redevelopment profitable. With the disappearance of these low rise buildings redevelopment opportunities have narrowed because it is harder to acquire 10 to 15 storey buildings in multiple ownership to assemble lots for redevelopment and because the redevelopment gains are smaller. In turn, this reduces or eliminates profits from redevelopment. Moreover, the higher density of the buildings needing redevelopment means that more people need to be rehoused and more businesses have to be relocated. This further complicates, and increases the costs of, the redevelopment process.

URBAN RENEWAL IN THE LAST THREE DECADES

Efforts Prior to the Sixties

16. As early as the late 19th century, the Government initiated "slum clearance schemes" in areas such as Tai Ping Shan, Lower Lascar Row and Kau U Fong. In 1959, a layout plan for a part of Tai Hang Village was prepared amalgamating smaller lots, realigning lot boundaries and providing other facilities such as a market complex, schools and open space. However, in a pattern that was to become familiar, objections from local residents who considered that their rights to redevelop their properties would be affected led to the plan being superseded by the Causeway Bay Outline Zoning plan, in which most of the original community projects were discarded. This early proposed scheme illustrates one of the difficulties faced by the Government in carrying out urban redevelopment, i.e. how to balance the rights of private individuals and the interests of the general public. The issue not only still exists today, but has become more complex, as population density, tenants' rehousing demands, the economic value of land, and the

expectations of the community increase with time.

Pilot Scheme Area in the Sixties

17. In the early 1960's, the prevalence of dilapidated buildings and the congested and unhealthy conditions in inner city residential areas prompted the Government to carry out a pilot redevelopment scheme. In 1964, the Governor appointed a Working Party on Slum Clearance. In 1965, the Working Party recommended the designation of Sheung Wan as an Urban Renewal District. A specific area was identified there for a Pilot Scheme Area. The Town Planning Board was directed to prepare a statutory plan for the Urban Renewal District with a view to upgrading the living environment, improving traffic circulation and providing necessary community facilities.

18. Resumption of affected properties was carried out in four phases. The first phase concentrated on sites required for road-widening. Land made available from later phases was sold for commercial/residential development or used for the provision of community facilities.

19. The Pilot Scheme generally achieved its objectives. However, the whole project took more than a decade to complete owing to a lack of funds for property acquisition and rehousing resources. Such long lead times were and still are characteristic of redevelopment projects. While it usually takes four to five years to complete a green field development, it can take a decade or more to complete a medium size redevelopment project. This in turn aggravates the financial risks of redevelopment, particularly given the relatively volatile property market in Hong Kong.

Renewal Efforts in the Seventies

20. Following the designation of Sheung Wan as an Urban Renewal District, consideration was given to the concept of "Environmental Improvement Areas" (EIAs). The main objective of EIA was to upgrade the environment by providing more land for GIC facilities. It was assumed that existing obsolete private buildings would be redeveloped by the owners themselves or by the private sector. Several areas, including the former Urban Renewal Districts outside the Pilot Scheme Area, Wanchai, Yau Ma Tel, Shek Kip Mel, Tai Kok Tsui, Cheung Sha Wan and Kennedy Town were designated EIAs. In 1973, the Urban Renewal and Environmental Improvement Co-ordinating Committee took up the overall co-ordination and programming of EIAs.

21. However, within a few years of the implementation of EIA, it was clear that the problems encountered would prevent the programme from solving the wider issues of urban decay, such as replacing obsolete buildings and resolving under or over-utilisation of land.

Comprehensive Redevelopment Areas

22. In the late seventies, an attempt was made to implement comprehensive renewal schemes by introducing "Comprehensive Redevelopment Areas (CRA)", which were selected areas meriting priority redevelopment. The main difference from the Urban Renewal District concept was that participation by private owners, instead of resumption by Government, was expected to be the principal means to achieve site assembly. An example of CRA was the Tsim Sha Tsui "Four Streets" area.

23. Almost all the land in the "Four Streets" area was held on non-renewable leases which were about to expire. Owners of the land were invited to participate in comprehensive redevelopment according to a master layout plan. However, they were eventually unable to agree on the apportionment of the costs and benefits of redevelopment. This was complicated by the existence of defective titles and untraceable owners. There were also problems in obtaining vacant possession because some tenants were unwilling to accept cash compensation and rehousing was not available. As a result, no progress was achieved, despite protracted negotiations.

24. Another example of a CRA was the redevelopment of the old industrial, storage and godown areas along the waterfront in North Point. In this case, the problem of relocating large numbers of domestic tenants did not arise. As the sites were in single ownership, an agreement was reached without undue difficulty. The redevelopment went ahead smoothly, and the ex-industrial, storage and godown sites became today's Provident Centre, City Garden and Harbour Heights.

25. The experience of the CRAs demonstrates the limits of owners' participation in cases where the sites are in multiple ownership. Even if opportunities for generating substantial profits exist, it is in practice very difficult and often impossible for numerous owners to agree on the terms of the redevelopment project, particularly the sharing of costs and profits. Some of the owners are simply not interested in redevelopment preferring to keep their properties in their existing condition.

THE HOUSING SOCIETY (HS)

26. The HS is a major urban renewal agent, beginning its Urban Improvement Scheme (UIS) in 1974. Under the scheme, dilapidated buildings in the urban areas were acquired / resumed and redeveloped into modern housing blocks. This, together with the upgrading of GIC facilities, has brought substantial improvement to the living environment of the redeveloped areas.

27. Where a site is identified and considered to be suitable for redevelopment under the UIS, the HS will first attempt to acquire the affected properties by negotiation. Should the HS be unable to assemble the site despite making all reasonable efforts to acquire the required properties, the Government may resume the properties on the Society's behalf. After resumption, the Government grants the entire project site to the HS by private treaty. The HS in turn pays the Government the full market value premium for the site.

28. Upon completion of the redevelopment, the HS will first offer the flats at discounted prices to its own tenants and clearances affected by UIS projects. Surplus flats, if any, are sold to the public at market prices.

29. During the first few years after the UIS concept was implemented, the HS generally concentrated on small to medium-sized projects. With more experience, the HS has begun to focus more on larger-scale comprehensive redevelopment projects, including the Yaumatei Six-Street Redevelopment Scheme and the Ma Tau Kok Comprehensive Development Area (CDA) Scheme.

30. To date, the HS has completed 28 UIS projects generating about 4,800 flats in Central and Western, Wanchai, Shau Kei Wan, Aberdeen, Yau Ma Tei and Sham Shui Po. Two projects are currently under construction.

THE LAND DEVELOPMENT CORPORATION (LDC)

31. To speed up urban renewal and facilitate private sector participation, the LDC was established in 1988 as an independent statutory body operating in accordance with prudent commercial principles. The purposes of the LDC as stated in the Land Development Corporation Ordinance are -

- (a) to improve the standard of housing; and
- (b) to improve the standard of the environment, by undertaking, encouraging, promoting and facilitating urban renewal.

32. The LDC has been the leading urban renewal agent since 1988 and has made a significant contribution by pursuing schemes which result in demonstrable benefits to the community. It has completed eight such projects and purchased three blocks on the open market for the rehousing of affected tenants. A further 18 schemes are at an advanced stage of implementation or planning. These schemes will result in substantial improvements to the environment of the areas concerned by replacing old buildings, improving layouts, upgrading the existing infrastructure and providing much needed GIC facilities. LDC schemes completed and in progress are summarized in Annex B.

33. The LDC's activities cover the whole renewal process, from the preparation of redevelopment plans through to site assembly and the rehousing of affected residents and, ultimately, physical implementation of the new development project. In selecting suitable areas for redevelopment, the Corporation aims at achieving a balance between community gains and the viability of the scheme.

34. In site assembly, the LDC tries to acquire the affected properties by negotiation. When the LDC has taken all reasonable steps but still fails to acquire all the properties, the LDC may apply to the Government for resumption of

the outstanding properties. Since the early 1990's, the LDC has achieved high success rates in acquiring properties by negotiation, so that only about 20% of the properties required for schemes completed to date have had to be resumed. Nevertheless, experience shows that there is a limit to acquisition by negotiation. Resumption remains the only effective and practical means to ensure full site assembly.

35. As regards rehousing, the current policy of the LDC is to rehouse all affected tenants who opt for rehousing and who do not own domestic property or have alternative accommodation. Since some LDC schemes produce commercial rather than residential buildings and hence rehousing flats are not provided in the completed redevelopment project, the Corporation sometimes chooses to purchase private residential units from the open market for use as rehousing flats. Rehousing costs are a major constraint on the scale and number of projects which the LDC is able to implement.

III. URBAN RENEWAL TODAY

OBJECTIVES OF URBAN RENEWAL

36. The major objectives of urban renewal are -

- (a) to improve the urban environment and urban layout by replacing old and run-down areas with new development which is properly planned and provided with adequate transport and other infrastructure and community facilities;
- (b) to minimise the problems of social disruption by ensuring that adequate arrangements are made for rehousing of domestic tenants and compensation of business tenants;
- (c) to achieve better utilisation of land in the urban area by thinning out population from over-crowded areas and making land available to meet various development needs including housing; and
- (d) in the long term, to avoid major problems of urban decay.

PROBLEMS OF URBAN RENEWAL

37. To achieve the above objectives, three basic problems in urban renewal must be addressed -

(a) **Site Assembly :**

Many land lots are in multiple ownership. To assemble individual properties into lots capable of comprehensive redevelopment, numerous separate legal interests have to be acquired first. This is difficult and sometimes impossible. The problem may be further complicated by the existence of defective titles and/or untraceable owners.

(b) **Relocation :**

Urban redevelopment necessitates relocation of residents and businesses, resulting in high financial and social costs. The amended Landlord and Tenant (Consolidation) Ordinance, which came into effect on 28 March 1996, has further increased the compensation rate for dispossessed domestic tenants.

(c) **Viability :**

There is a popular belief that redevelopment must be highly profitable. This may have been the case in the past, but is no longer true today. The value of redeveloped properties may not cover redevelopment costs, particularly when there is little or no increase, or even a reduction in development density after redevelopment. The problem is increasing as many low-rise buildings have already been redeveloped and obsolete medium-rise buildings present fewer opportunities for plot ratio gain and are more difficult and expensive to acquire.

THE CURRENT POSITION

38. Urban decay already affects many parts of the urban area. The LDC estimates that over 80 hectares of the urban

area with about 47,000 units accommodating about 59,000 households merit priority redevelopment (**Annex C**). Even if half of these cases were undertaken by private developers, the LDC would need decades to redevelop the remainder of the priority areas under existing arrangements. Furthermore, the size of the problem is growing rapidly. About 20 % (113,000 units) of the domestic premises in the urban area are over 30 years old. A significant proportion of them will approach the end of their useful life within a decade or so, particularly given that many private buildings in Hong Kong are not properly maintained and the construction standards were generally lower when they were built. Assuming the current rate of replacement to continue, by the year 2005, more than 40% (260,000) of the domestic premises in the urban area will be over 30 years old. If the rate of replacement slows down, the situation will worsen.

39. In recent years, new immigrants from China, who are ineligible for public housing and often have low incomes, have increasingly moved into old private tenements. As a result, a higher proportion of households displaced by future redevelopment are likely not to meet the residence criteria for public rental housing (PRH). This aggravates the relocation problem and the trend is set to continue as more new immigrants arrive.

40. Although developers continue to show interest in LDC schemes, there are indications that they have become reluctant to undertake redevelopment projects on their own. This is particularly the case when the number of sites with high redevelopment potential is decreasing. Equally, the HS has slowed down its UIS programme in recent years. As a result, the role of the LDC as an agent of urban renewal will become even more important than at present.

41. However, while the LDC has been successful in implementing the projects in Annex B and has been the leading contributor to urban renewal since 1988, a number of problems have also been identified with its current mode of operation-

(a) an underlying assumption of the LDC concept is that urban redevelopment can be self-financing. The LDC raises funds in the market and operates in accordance with prudent commercial principles. Given the rising costs of redevelopment and the fact that most of the old low-rise buildings have already been redeveloped, the assumption is no longer valid. The marginal viability of genuine urban renewal projects is decreasing rapidly. The injection of Government resources is therefore essential to achieve effective and timely urban renewal;

(b) the LDC formed joint ventures with developers to implement its schemes in the past. While this has tapped private sector resources for urban renewal, it has led to a misconception that the LDC is a mechanism to resume land for private interests,

(c) the LDC Ordinance requires the LDC to take all reasonable steps to acquire properties before seeking resumption. However, undertaking negotiations, coupled with delays in resumption owing to constraints on Government resources, has lengthened the implementation time and increased the financial risk of projects; and

(d) the requirement to make nobody homeless has increased the LDC's relocation costs (in the form of cash compensation or rehousing). This has forced the LDC to concentrate on projects with lower rehousing commitments, which may not be the most in need of urban renewal.

42. Given the increased difficulty, costs and financial risk described above, the LDC will not be able to deliver urban renewal on a sufficient scale and quickly enough to avoid long-term urban decay without new operating mechanisms and increased support from Government.

IV. THE WAY FORWARD

43. We propose to introduce a package of immediate measures to facilitate and speed up planned urban renewal schemes. In the longer term, we propose to consider more fundamental changes to the existing arrangements to increase the speed and scale of urban renewal.

IMMEDIATE MEASURES

SITE ASSEMBLY

Enhanced Offers by the Land Development Corporation

44. The LDC's current practice is to make offers above existing market value to facilitate acquisition of domestic properties. In addition, an allowance is paid to enable owners to buy a replacement flat of similar size in the vicinity. This payment resembles the Government's Home Purchase Allowance (HPA) which is an ex-gratia payment to owners of domestic properties affected by resumption.

45. To provide more choices to owners, we consider that whenever practical, new flats in LDC projects should be offered by the Corporation as an alternative to cash compensation.

46. For non-domestic properties, the LDC's existing policy is to pay cash compensation to the owners at a rate of 10% to 20% above the market value of the premises. We consider that this practice should continue.

47. "Shop-for-shop" exchange, where business owners are offered new premises in the redevelopment or elsewhere, is however not practical in most cases, given the construction time, location, scale, layout and design of the projects.

Resumption

48. To achieve site assembly for comprehensive redevelopment, resumption is in many cases unavoidable. The public generally recognises that this is the only practical method to overcome problems arising from defective titles, untraceable owners and owners who demand a price which unrealistically exceeds the market value of their properties. We therefore consider that resumption for LDC and HS schemes should continue to be pursued. Taking into account the concern over the adequacy of the provisions of the LDC Ordinance to ensure that resumption is used for public rather than private interests, we will continue to regularly review the existing procedures for processing LDC's applications for resumption. One improvement which has recently been introduced is the appointment of independent surveyors to assess offers made by the LDC and to assist the Government in considering whether the LDC's offers are fair and reasonable, which is a prerequisite that must be fulfilled before a resumption application can be approved.

The LDC as a Facilitator of Private Sector Schemes

49. At present, the LDC may initiate a redevelopment scheme requiring resumption in accordance with the procedures set out in the LDC Ordinance and seek a joint venture partner to implement the scheme. If the LDC has taken all reasonable steps but still failed to acquire all outstanding properties by negotiation, it may ask the Secretary for Planning, Environment and Lands (SPEL) to recommend resumption.

50. We originally proposed that where a developer has a project which offers significant planning gains but is unable to acquire all the properties needed, he should be able to approach the LDC to take the project forward as a joint venture.

51. The proposal has drawn much public concern that it would amount to use of Government's resumption powers on behalf of private developers. Moreover, if the proposals to allow for the disposal of a whole lot by owners holding the majority of interests and to transform the LDC into an urban renewal authority are implemented (see paragraphs 69 and 74), new avenues for site assembly will be created, reducing the need for the LDC to act as a facilitator of private sector proposals.

52. We therefore consider that the proposal should not be pursued. The LDC however should continue to seek joint venture partners for schemes initiated by itself, in order that private sector resources can continue to contribute to urban renewal. The Corporation should also be allowed to cooperate with private developers if no resumption is required.

53. To increase the supply of residential flats, we are also asking the LDC to focus more on residential redevelopment in the future.

Owners' Participation

54. Inviting owners to participate in redevelopment by exchanging their properties for a share of equity in the project is attractive, as it would reduce owners' resistance to redevelopment and enable them to join in the outcome of the redevelopment project. However, where lots are in fragmented ownership, it is difficult to persuade a large number of owners to agree to redevelop and on the terms on which redevelopment should be carried out.

55. Nevertheless, we agree that the LDC should offer the option whenever practicable, particularly to owners of single lots capable of separate redevelopment and to those who are financially and in other respects capable of participation.

RELOCATION

Rehousing of Domestic Tenants Affected by LDC Schemes

56. The lack of rehousing resources is one of the major constraints the LDC currently faces in speeding up its redevelopment programme. We will therefore introduce new arrangements whereby the HS will take up the role of rehousing agent in LDC schemes to combine the expertise of the two agencies and to provide more choices to clearerees in the location and type of the rehousing units.

57. Initially, Government will grant three sites at one third of the full market value to the HS for the construction of about 2,000 rehousing touts subject to the agreement of the Land Commission where necessary. This number of units should be adequate to meet the demand from currently planned LDC projects. Since planning and construction of the new units will take four to five years, the HS will use its existing housing stock as available from time to time to rehouse tenants displaced by LDC schemes in the interim. In the longer term, we will consider the need for further grants of land for rehousing domestic tenants affected by future urban redevelopment projects.

58. Granting the three sites to the HS will -

- (a) provide a pool of rehousing units to support future LDC urban renewal projects;
- (b) lower the cost of rehousing to the LDC, thus enabling it to undertake projects with higher rehousing commitment;
- (c) speed up urban renewal by enabling the LDC to proceed more quickly with projects which are currently constrained by the shortage of rehousing units; and
- (d) enable the HS to take over the long term management of the rehousing units on the same basis as its existing estates, and provide a wider choice of rehousing units to affected tenants.

59. The LDC currently offers rehousing to all the domestic tenants affected by its schemes, if they do not accept cash compensation and do not own domestic property or have alternative accommodation. The future rehousing arrangements in LDC schemes will be -

- (a) the LDC's rules regarding alternative accommodation and property ownership will continue;
- (b) tenants whose income exceeds the income criteria of HS's rental flats will be given cash compensation only; and
- (c) affected tenants who meet the income criteria will be eligible for either cash compensation or rehousing. Those who prefer rehousing will be rehoused in units built on the sites granted at reduced premium or in existing HS rental flats and will receive a removal allowance upon removal. They will be treated as HS's tenants and pay subsidised rents according to HS's rental policy. An income test is necessary because subsidised housing should only be provided for tenants who have demonstrated a genuine need. This will help achieve rational allocation of limited housing resources. Since the HS's income criteria are higher than those of the HA, those who exceed them and are eligible for cash compensation only should have little difficulty in relocating to private housing.

60. As regards the terms of co-operation between the LDC and HS, the LDC will pay the concessionary land premium and the construction costs of the rehousing units, conduct freezing surveys and assess the eligibility of the tenants for rehousing. The HS will construct and manage the rehousing blocks.

Domestic Tenants Affected by Private Sector Redevelopment Projects

61. Under the Landlord and Tenant (Consolidation) Ordinance (LTO), domestic tenants displaced by private sector redevelopment are entitled to compensation based on a multiplier of the rateable value (RV) of the premises. This multiplier was raised by a resolution in the Legislative Council on 28 March 1996 as follows -

<u>Portion of RV</u>	<u>Multiplier</u>
First \$30,000 of the RV	7
Second \$30,000 of the RV	5
Third \$30,000 of the RV	3
Portion above the third \$30,000	1

These levels are much higher than the previous level of compensation, which was set at a flat rate of 1.7 times the RV. The increase will provide substantial financial assistance to the tenants affected.

62. It has been suggested that the Government should provide public rental housing (PRH) to tenants displaced by private sector redevelopments. However, this would necessitate a substantial expansion of the PRH programme and is impractical given resource constraints. In addition, providing PRH directly to tenants affected by private redevelopment projects would mean queue jumping and be unfair to other households on the HA's General Waiting List (GWL). Nevertheless, under the HA's Anticipatory Housing Scheme, GWL applicants who are forced to move by redevelopment or clearance within six months before normal housing allocation are offered advanced rehousing by a maximum of six months. The rationale is to avoid "double moves". We shall invite the HA to consider extending this priority to 12 months. Taking into account the lead time required for developers to obtain vacant possession for redevelopment, the proposed extended priority will make it more likely that eligible tenants affected by redevelopment will be able to move to PRH before the redevelopment project proceeds.

Commercial Tenants and Owner-operators

63. The LDC has its own guidelines and adopts a flexible approach to compensate commercial tenants and owner-operators. The LDC also offers ex-gratia allowance to operators of informal businesses such as unauthorised backlane workshops.

This flexible approach has been working well and should continue.

64. The proposal of offering interest-free or low-interest loans to affected commercial operators to relocate their businesses is considered administratively cumbersome, and expensive if the default rate is high. The loans would have to be very large if they were to be of any real help to the operators. We therefore consider that the ex-gratia allowance to help operators to relocate or wind up their businesses is sufficient and will not be pursuing the idea of a loan scheme.

VIABILITY

Pilot Project on a Linked Site Approach

65. Unless there is a significant increase in development density or a change to more valuable land use, redevelopment is unlikely to be financially viable in many cases. The costs of site assembly, rehousing/relocation of tenants, clearance of existing buildings and construction all make redevelopment financially less attractive than development of vacant sites. The problem will worsen as fewer low-rise buildings remain, although it will, to some extent, be alleviated by the proposal to grant rehousing sites to the HS at a reduced land premium.

66. To take urban renewal forward, some further form of assistance from Government is required. We therefore intend to introduce a linked site approach, under which a redevelopment site which is not viable on its own is linked with a vacant site which is viable. The proposal involves the grant of Government land by private treaty at full market value premium to the LDC to cross-subsidise non-viable urban renewal projects. The deficit arising from redeveloping the non-viable site will be offset against the profit generated by developing the viable site. To test the practicality of the

idea, we will select a pilot project and examine the financial viability in detail. At this stage, the arrangement will apply to LDC only.

Dedicated Urban Renewal Team

67. To strengthen co-ordination among different parties and to oversee the implementation of the new urban renewal policy, a dedicated urban renewal team is planned to be set up in the Planning, Environment and Lands Branch (PELB) later this year. The team will -

- (a) oversee implementation of the immediate measures in consultation with concerned parties;
- (b) formulate and review urban renewal strategies and policies, including working out the long term proposals described in paragraphs 69 to 76;
- (c) identify action areas and set priorities;
- (d) define the nature and scope of activities (redevelopment, rehabilitation or upgrading);
- (e) examine schemes submitted by LDC;
- (f) coordinate and monitor the efforts of various redevelopment agents; and
- (g) organize publicity campaigns to help the public understand the new urban renewal policy.

The team will be multi-disciplinary, including officers with experience in land administration and town planning.

LONG TERM PROPOSALS

68. To avoid major problems of urban decay in future, we will consider the following long term measures in depth.

A New Statutory Urban Renewal Authority

69. As described in paragraphs 38 to 42, the existing mechanisms cannot deliver urban renewal on a large enough scale and sufficiently quickly to avoid serious deterioration in large parts of the urban area.

Taking account of experience in other countries, we propose to consider upgrading the LDC into a Urban Renewal Authority (URA). The URA would be established by statute, financially independent from Government and empowered to:

- (a) seek the Town Planning Board's approval to zone areas in need of urban renewal as Comprehensive Development Areas (CDAs);
- (b) prepare development plans for the CDAs;
- (c) acquire properties within the CDAs;
- (d) where necessary, recommend the resumption of properties in those CDAs and carry out resumption and clearance of properties;
- (e) rehouse affected domestic tenants in co-operation with the HS;
- (f) redevelop or sell the cleared land for development, with the provision of infrastructure as entrusted works within the overall control of Government's annual Land Disposal and Public Works Programmes; and
- (g) administer the proposed Urban Rehabilitation Fund see paragraphs to P>Subject to the Financial Secretary's approval, the URA might be allowed to retain proceeds from the sale of land resumed within the CDAs to fund future schemes. Alternatively, additional financial resources could be injected by Government on a project by project basis in accordance with the Government's overall resource allocation process. The revenue and-expenditure implications of the proposal will be examined carefully.

Urban Rehabilitation : Renovation vs. Redevelopment

70. Renovation and proper maintenance can extend the useful life of a building substantially. However, many private buildings in Hong Kong are not properly managed and maintained, and therefore have a much shorter life than they should have. Renovation of old buildings is sometimes a viable alternative to redevelopment as it causes much less disruption to the affected residents. It can also improve the environment and reduce the need for urban renewal.

71. With a view to extending the life of private buildings, we are considering amending:

- (a) the Buildings Ordinance to introduce a requirement for owners to have their buildings inspected periodically and have any identified structural defects rectified; and
- (b) the Building Management Ordinance to give owners' corporations (OCs) more powers to carry out upgrading of the common parts of a building.

72. Although the duty to maintain private properties rests with the owners, Government's involvement is justified by the benefit of urban rehabilitation to the environment. We therefore propose that a Rehabilitation Fund should be created and administered by the proposed URA. Owners of units in domestic or domestic/commercial buildings who formed OCs would be allowed to apply for low-interest or interest-free loans from the Fund to undertake renovation of common parts and/or upgrading of building services. The loan would be apportioned among owners in accordance with their shares in the land. Owners would be obliged to repay their share of the loan by instalments within a specified period of time and a legal charge would be taken on the units to ensure that any owner who sells his property would be required to repay all the outstanding loan before doing so. The Fund would either come from the Government's loan fund or from surpluses accumulated by the URA.

73. The criteria for applying for the loan will need to be considered in more detail but at this stage it is envisaged that it could be provided if -

- (a) the building is in multiple ownership and is not beyond economic repair;
- (b) there is no pressing need for redevelopment in order to achieve wider planning gains, such as widening of roads, provision of open space etc.; and
- (c) a majority of the owners are likely to have financial difficulty in carrying out the renovation without assistance.

Compulsory Disposal of Whole Lot initiated by the Majority Owners

74. A proposal has been made for legislation to be enacted to enable owners holding a clear majority of the shares in a lot which merits priority redevelopment to sell the whole lot, despite objections by the minority owners. Proceeds from the sale would then be apportioned among the owners according to their shares in the land or the assessed values of their properties. The person who buys the lot should be required to rehouse or compensate the tenants affected.

75. Our preliminary views are that the idea has the following advantages -

- (a) sale of the lot by competitive means ensures that the owners would receive the redevelopment value (not just the existing use value) of their properties, subject to any restrictions in the lease;
- (b) the method reduces the need to resume, which is time-consuming, resource intensive and often politically controversial;
- (c) the mechanism would resolve the problem of defective titles and absentee owners if provisions were made for holding funds in trust; and
- (d) the proposal would expedite or assist redevelopment by the private sector.

76. The disadvantages of the proposal are -

- (a) it may undermine individual private property rights;
- (b) there may be difficulty in finding an acceptable formula for apportionment of sale proceeds;
- (c) it cannot solve the problem of non-viable redevelopment; and
- (d) requiring the developer to rehouse tenants is likely to render many projects non-viable or unattractive.

77. Nevertheless, we believe the proposal merits further consideration. If suitable criteria can be developed limiting the proposal to areas demonstrably in need of renewal and to buildings of a certain age or condition and defining the percentage of owners whose agreement must be obtained, the idea may be a useful additional mechanism to speed up urban renewal.

ACTION PLAN

78. An action plan to take the above proposals forward is set out below -

<u>Proposal</u>	<u>Action</u>	<u>Target Commencement Date</u>
1. Granting land at reduced premium to the HS for the construction of rehousing units	To include the sites in the relevant Land Disposal Programme and to seek the Land Commission's agreement as appropriate	Late 1996/early 1997
2. extending the priority period for affected tenants on the General Waiting List in allocating public housing	To seek the HA's agreement to the proposal	Mid-1996
3. Testing the linked site concept	To select a redevelopment scheme(s) as the pilot project(s) to test the practicality of the linked site concept	Late 1996
4. Establishment of the dedicated urban renewal team under PELB	To seek the approval of Legco	Late 1996
5. Introduction a mandatory building inspection scheme	To conduct public consultation on the proposal To introduce a bill to amend the Buildings Ordinance	Mid 1996 Mid 1997
6. Enacting new legislation to give owners' corporations more power to carry out improvement to the common parts of a building	To introduce a bill to amend the Building Management Ordinance	Mid 1997
7. Transforming the LDC into an Urban Renewal Authority	To consider the proposal in detail and work out a recommendation	Late 1997/early 1998
8. Creating a rehabilitation fund	To consider the proposal in detail and to make a recommendation	Mid 1997
9. Compulsory disposal of whole lot by majority owners	To consider the proposal in detail and to make a recommendation	Mid 1997

V. CONCLUSION

79. As the "Urban Renewal : Public Consultation Document" issued in July 1995 pointed out, there is no panacea to the problems of urban renewal. The actions set out in this policy statement are aimed at facilitating and expediting urban renewal with a view to improving the quality of life of the people of Hong Kong. They are designed to optimise the use of available public resources and to encourage the Injection of private sector resources into the process and, at the same time, protect the rights of the owners and tenants affected.

80. As mentioned in the earlier part of this document, many parts of the urban area are already in a dilapidated condition and the replacement rate of existing buildings is slowing down. To avoid major urban decay in the next decade, community support is necessary for the actions we need to take.

81. The dedicated urban renewal team to be set up in the Planning, Environment and Lands Branch later this year will work out the details of implementing the immediate measures as soon as possible. It will also study the long term

proposals further and consult widely as detailed proposals are formulated.

Annex A

URBAN RENEWAL REPORT ON PUBLIC CONSULTATION

Planning, Environment and Lands Branch

December 1995

List of Abbreviations

ADPL: Association for Democracy and People's Livelihood
DAB: Democratic Alliance for the Betterment of Hong Kong
DP: Democratic Party
EGA: Ex-gratia allowance
GIC: Government, Institutional and Community
HA: Housing Authority
HKIA: Hong Kong Institute of Architects
HKIP: Hong Kong Institute of Planners
HKIE: Hong Kong Institution of Engineers
HKIS: Hong Kong Institute of Surveyors
HS: Housing Society
LDC: Land Development Corporation
LTO: Landlord and Tenant (Consolidation) Ordinance
PRH: Public rental housing
REDA: Real Estate Developers Association of Hong Kong

INTRODUCTION

1. To expedite urban renewal and to tackle problems of urban decay, there is a need for fresh policies, programmes and institutional arrangements. Recognizing the importance of the subject, the Government worked out a comprehensive package of proposals to facilitate **urban renewal**.
2. Public consultation on urban renewal started on 21 July 1995. During the consultation period which ended on 15 November 1995, about 7,000 copies of a consultation document were distributed through the District Offices. A list of the bodies which were consulted is at **Enclosure 1**. A total of 197 written submissions from individuals and organizations were received, and 50 of them are in the form of a pre-printed letter, The Legislative Council held a motion debate on the subject on 15 November 1995.
3. This report summarises the main points and suggestions received.

GENERAL COMMENTS

Need for Accelerated Urban Renewal

4. There was a consensus on the need to expedite urban renewal. People generally agreed that the problems of urban decay were already quite serious in certain parts of the urban area.

Objectives and Strategies

5. Most respondents shared the views of the Government on the aims of urban renewal as outlined in the consultation document. Others opined that the issue was rather academic and what really mattered was to attain a balance between the wider needs of the community and the fights of affected owners/tenants.

6. Many respondents, including the DP, DAB and HKIP, urged the Government to formulate an organizational framework and a long-term strategy to take urban renewal forward. They claimed that urban renewal would otherwise continue to be carried out in an uncoordinated and piecemeal manner and the potential gain from comprehensive redevelopment would be foregone.

Role of the Government

7. The great majority of respondents thought that the Government should play a more active role in facilitating urban renewal. They claimed that the LDC and HS would be incapable of taking up such an enormous task. Rather than just relying on the "linked site" concept and/or granting land at concessionary premium to the LDC/HS, the Government should provide other financial incentives to overcome the viability problem, such as loan guarantee, charging private developers reduced land premium, or direct funding. The DP and ADPL called for the Government to discard its "profit-oriented" approach in urban renewal.

Urban Renewal Agents

8. Many respondents including ADPL and DAB were disappointed to find that the consultation paper was silent on rehousing and compensation issues arising from private redevelopment projects.

9. Comments relating to the LDC were mainly on two issues, i.e. the Corporation's role as the principal urban renewal agent and its public accountability. Regarding the first issue, some respondents did not support the proposal to expand the role of the LDC. They preferred the Government or the HA to directly undertake urban renewal projects. On the other hand, some respondents favoured the LDC to continue to act as the principal urban renewal agent because of the Corporation's relevant experience and expertise.

10. On the point of the public accountability of LDC, most respondents saw that there was much room for improvement. Many political groups advocated for greater public transparency of the Corporation, for example, by appointing elected LegCo/DB members to the LDC Board and disclosing dealings between LDC and private developers.

11. Only a few respondents commented on the role of HS. Most requested that the consultation exercise should not be used as an excuse to delay the implementation of the HS's two redevelopment schemes, one at Tsuen Wan and the other at Kennedy Town.

COMMENTS ON GOVERNMENT'S PROPOSALS

12. Comments on the proposals set out in the consultation document are summarised below -

Site Assembly

(a) Proposal :Enhanced up-front offers

Comments :Different bodies held different views on what amounts to "fair and reasonable" compensation. They generally did not distinguish projects undertaken by LDC alone from those in which LDC co-operated with private developers. As long as resumption or other forms of "compulsory" acquisition were resorted to, the same compensation policy should apply. Otherwise, the amount of compensation should be negotiated between developers and affected owners on a voluntary basis.

A few respondents including REDA supported using fair market value, perhaps with certain add-up for domestic properties. They objected to offering generous EGA to commercial operators.

Some including DP considered that affected owners of both domestic and commercial premises should be entitled to a share of the properties' redevelopment potential.

The idea of "flat-for-flat, shop-for-shop" exchange received the greatest support. However, developers generally criticised the idea as unworkable.

(b) Proposal : Resumption in respect of LDC projects

Comments : A majority of respondents acknowledged the need for resumption to overcome the site assembly problem, provided certain conditions were met (e.g. the LDC was already holding a significant portion of the affected interests and fair compensation would be offered to owners).

Others opposed to the use of compulsory resumption. They emphasised that private property rights must be protected. Site assembly should be achieved through negotiations and voluntary acquisition. A few further alleged that the LDC was often unable to acquire the properties because its offers were unreasonably low.

(c) Proposal : The LDC as a facilitator of private sector schemes

Comments : A significant proportion of the submissions did not support the LDC acting as a facilitator of private sector redevelopment schemes, i.e. letting private developers have indirect access to resumption powers through forming joint ventures with LDC. Some had labelled such an arrangement as "collusion between the Government and private developers". Reasons given included : the interests of small property owners would suffer- , proposal would benefit private developers only etc.

Even REDA preferred the Government to directly resume properties on their behalf or to implement a compulsory "buy-out" mechanism to enable them to overcome the site assembly problem.

(d) Proposal : Owners' participation

Comments : Most respondents, irrespective of their backgrounds, had strong reservation on the practicality of owners' participation.

A few respondents proposed various means to facilitate owners' participation, such as establishing a public trust to act for individual owners or obliging the LDC to avoid taking unreasonable financial risk in a redevelopment project.

Relocation

(e) Proposal : HS as a rehousing agent in LDC Projects

Comments : A clear majority of respondents favoured the proposal. They believed that affected residents would be offered better rehousing arrangements under the proposal.

However, some respondents had doubt on the ability of the Housing Society to take up the job. Some quoted the delay of the Society in implementing the two redevelopment schemes at Tsuen Wan and Kennedy Town as examples. A few of them thought that land should be granted at reduced premium to the LDC direct, instead of involving the HS which would complicate the situation.

(f) Proposal : Granting land at concessionary premium to the HS/LDC

Comments : The proposal was strongly supported by respondents.

(g) Proposal : Cash compensation

Comments : There was a consensus that the statutory compensation under the LTO should be raised. Some respondents suggested that the level of compensation should be raised from 1.7 to 5 times of the rateable. REDA said that they would accept an appropriate increase provided the procedure for owners to obtain vacant possession would be streamlined simultaneously.

(h) Proposal : Compensation for commercial tenants/owner-operators

Comments : Some respondents, including DP and DAB, considered that proper EGA, preferable on a "shop-for-shop" basis, should be offered to commercial tenants. On the other hand, other respondents including REDA cautioned that the Government should not be over-protective in this aspect. In their view, redevelopment was a normal business risk that commercial tenants should face and there was no justification for offering generous EGA to them. Some also pointed out that "shop-for-shop" exchange was impractical owing to the specific characteristics of each shop in terms of value, size, location and layout.

(i) Proposal : Informal Businesses such as under-staircase shops

Comments :The proposal to offer less generous compensation to the affected operators of informal business was generally supported.

Viability

(j) Proposal :Viability

Comments :The general view was that the "linked site" concept would be an acceptable proposal. However, many were concerned that it might not be sufficient to overcome the viability problem. Some including REDA considered the proposal too inflexible. They preferred direct Government funding to urban renewal.

OTHER PROPOSALS RECEIVED DURING THE CONSULTATION

13. We received other proposals to expedite urban renewal from respondents -

(a) Establishing a central coordinating body

Respondents generally considered that there was a need to establish a central body to coordinate the efforts of different agents and Government departments on urban renewal. Some proposed that the new body should formulate a clearer urban renewal policy and also work out an action plan.

Comments: We plan to establish a dedicated urban renewal team in the Planning, Environment and Lands Branch in late 1996.

(b) Urban rehabilitation

Some respondents including the HKIP pointed out that urban renewal should include urban rehabilitation and rejuvenation as well as redevelopment. They said that large-scale redevelopment would result in massive relocation of residents and businesses, which was both financially and socially costly. They suggested Government should consider how to promote urban rehabilitation to reduce the need for redevelopment.

Comments: We will consider establishing an Urban Rehabilitation Fund.

(c) Obsolete industrial areas

Some respondents commented that the restructuring of obsolete industrial areas should also be considered in the context of the urban renewal.

Comments: The issue is being considered under a consultancy study carried out by the Planning Department.

(d) Means to overcome site assembly problem

Two new proposals to overcome the site assembly problem were received. One was to introduce a compulsory acquisition mechanism to enable owners holding a clear majority of the shares of a lot to "buy-out" the remaining shares/properties, in line with the rules governing the "buy-out" of company shares under the Companies Ordinance. The other was to amend the law so that the majority owners may apply to the court to sell the whole building/lot by auction. Proceed from the sale will then be apportioned among individual flat owners in accordance with their shares of the land interest or the assessable value of their properties.

Comments : This has been taken as one of our long term proposals.

(e) "Same-district" Rehousing

Views were split. Some respondents, such as the DP and ADPL, advocated for "same-district" rehousing for tenants affected by redevelopment. Others acknowledged that "same-district" rehousing was often impractical.

Comments: The LDC already provides same-district rehousing whenever feasible. However, it is sometimes

impractical to do so because of valid town planning and land use reasons (e.g. when there is a need to reduce the population density of the area). The proposal to have the HS to act as a rehousing agent in LDC's projects should give tenants more choices in the location of the rehousing units.

(f) Role of HA/private developers in rehousing

Quite a number of the respondents considered that the HA should take up a more active role in the rehousing of affected residents. Some opined that private developers should have a duty of rehousing tenants affected by their schemes, by providing rehousing units or "buying" PRH from the HAMS. As expected, developers objected to this idea.

Comments: Given competing commitments such as reducing the average waiting time in the General Waiting List, HA is not in a position to provide PRH to the residents. Nevertheless, to avoid the hardship arising from "double moves" within a short period of time, we will request the HA to consider extending the Anticipatory Housing period (i.e. priority in allocation of PRH) from six to 12 months. As regards the role of private developers, they are required to pay cash compensation to the domestic tenants under the Landlord and Tenant (Consolidation) Ordinance (LTO).

(g) Development Levy

Some respondents suggested that the Government should charge developers a development levy to fund the provision of rehousing units and community facilities.

Comments: We do not recommend this option. As mentioned in (f), developers are already required to pay cash compensation to the displaced tenants. In addition, imposing an extra levy will discourage private sector participation in urban redevelopment.

CONCLUSION

14. In general, there is considerable support for our proposals to expedite urban renewal, although many respondents also commented that the public consultation was short of important details.

15. There are four "controversial" issues which merit particular attention. The first is the proposal to expand the role of the LDC to include that of acting as a facilitator of private sector schemes. Many respondents indicated that they would accept the idea only on a list of stringent conditions such as requiring the developers to fund the rehousing of affected residents and the provision of G/IC facilities.

16. The second is "same district" rehousing. Despite our efforts in explaining the impracticality to provide "same-district" rehousing in each and every urban renewal project, there are still calls urging Government or private developers to do so.

17. The third is the call for greater protection of the "rights" of tenants affected in private sector redevelopment projects. Quite a number of respondents considered that compensation/rehousing offered by the LDC in its schemes should also be available to affected tenants in private sector projects. They said that there should not be any "double standards" in this area.

18. Finally, some respondents said that Government should work out a clear and comprehensive policy to guide the efforts of individual agents in urban renewal.

Enclosure I of Annex A

BODIES CONSULTED

By Briefing

- The LegCo Panel on Housing
- The LegCo Panel on Planning, Lands and Works
- 11 District Boards (DB) (9 in urban area plus Tsuen Wan DB and Kwai Tsing DB)

- The Land and Building Advisory Committee (LBAC)
- Town Planning Board

By Circulation

Real Estate Developers Association of Hong Kong
 7 DB in the New Territories
 Four Sub-Committees under the LBAC
 Concerned professional bodies : HKIA, HKIE, HKIP and HKIS
 The LDC, HA and HS

Annex B

LDC Schemes

(A) Completed Projects

Location & project code	Accommodation after redevelopment		Completion date
	Residential (no. of flats)	Non residential (m ²)	
Soy Street, K 104	168	1,245	Nov 1994
Tai Yuen Court, WC4	100	269	Oct 1993
Yan Yee Court, WC5	46	207	July 1994
Third Street, H104	226	1,148	June 1994
Li Chit Street, H105	180	1,365	Aug 1994
152 Queen's Road Central	Nil	3,352	Jan 1993
Western Market	Nil	1,861	Dec 1991
Kui Yan Lane*	48	Nil	Nov 1994

(*) Developed by the HKHS and subsequently purchased by the LDC for rehousing

(B) Projects under Construction

Location & project code	Accommodation after redevelopment		Target Completion date
	Residential (no. of flats)	Non residential (m ²)	
Wing Lok Street, H3	Nil	10,890	March 1997
Jubilee Street, H6	Nil	130,068	July 1997
Nathan Road, K102	Nil	12,030	April 1997
Sai Yeung Choi Street South, K102C	Nil	10,643	August 1996
High Street, H104A	26	66	July 1996

(C) Projects under Acquisition

Location & project code	Accommodation after redevelopment		Target Completion date (year)
	Residential (no. of flats)	Non residential (m ²)	
Queen Street, H1	850	35,981	early 2000
Argyle/ Shanghai Street, K2	Nil	166,535	2001
Gillies Avenue, K302			
-Phase I	76	532	Late 1998
-Phase II	48	1,215	Late 2000
Kwong Yung Street, K106			
-Phase I	144	1,585	mid 1999
-Phase II	50	602	early 2000
Bulkeley Street, K114	60	603	early 1998

(D) Projects under Planning

There are a total of eight projects under planning by the LDC. Upon implementation, they will provide an estimated 2,338 domestic units and a total floor area of 556,790 sq. m for non-domestic uses.

Annex C**Urban Areas Which Merit Priority Redevelopment**

District	Site (Area m ²)	No. of affected units	Estimated no. of affected households
----------	-----------------------------	-----------------------	--------------------------------------

1. Tsuen Wan

Tsuen Wan	80,342	3,449	4,096
-----------	--------	-------	-------

2. Kowloon

Tsim Sha Tsui	31,588	1,165	1,428
Yau Ma Tei	26,022	2,214	2,839
Mong Kok	179,458	7,298	9,781
Sham Shui Po	125,228	7,931	10,668
Hung Hom	133,376	11,903	4,960

San Po Kong	27,014	1,635	2,089
Kwun Tong	44,086	1,568	2,380
Sub-total	566,772	33,714	44,145

3. Hong Kong

Central & Western	63,443	3,561	3,855
Wanchai & Causeway Bay	63,350	4,129	4,851
North Point	18,829	985	1,113
Shaukeiwan	9,157	564	616
Kennedy Town	13,495	524	559
Sub-total	168,274	9,763	10,994

Total

Tsuen Wan	80342	3449	4096
Kowloon	566772	33714	44145
Hong Kong	168274	9763	10994
Grand Total	815388	46926	59235