The Challenges of Urban Renewal and Housing in Contemporary Hong Kong

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INTRODUCTION

Hong Kong is a quickly evolving city that is often characterized by its density and rich culture; it supports the life, work, and play of seven million inhabitants. The city’s built environment is constantly evolving due to urban renewal, which involves the redevelopment of poor or deteriorating areas through agencies like the Urban Renewal Authority (URA). The Urban Renewal Authority Ordinance instated the Urban Renewal Authority in 2001 “to undertake, encourage, promote and facilitate the regeneration of older urban areas of Hong Kong.”\(^1\) The Authority, however, faces criticism for placing profit above its mission for social betterment in their projects.

THESIS

My research will critically examine and analyze the opaque legalities and inequities surrounding urban renewal and redevelopment in contemporary Hong Kong. I will specifically scrutinize urban renewal projects and plans after the founding of the Urban Renewal Authority in 2001 to the present day. I will answer questions such as: “What is the connection between urban renewal and affordable housing in Hong Kong,” “what is the role of Hong Kong’s government in these planning issues,” “how can agencies like the Urban Renewal Authority produce more equitable and sustainable redevelopment plans,” “what are some of the best housing practices and redevelopment strategies from other cities or countries,” and finally, “is housing affordability related to the ‘Umbrella Movement?’” Ultimately, I propose that unsustainable urban renewal and redevelopment plans exacerbate housing affordability and displacement issues, which are already serious concerns in Hong Kong. I will also propose policies and

\(^1\) Urban Renewal Authority. 2015. “About URA.”
strategies that can improve current renewal and housing conditions. Lastly, I propose that these issues, at least partially, fuelled the Umbrella Movement protests.

**METHODOLOGY**

I conducted my research throughout the summer of 2015 in the city of Hong Kong. I quickly learned that being located in the actual city was the best way for me to carry out my research. Throughout the summer, I contacted a number of academics, urban planners, and researchers who could help deepen and develop my research. I reached out to Civic Exchange, which is a nonpartisan policy think tank based in Hong Kong, as well. Simon Ng, who is the Chief Research Officer at Civic Exchange, helped me to streamline my research. Ng connected me to various urban theorists and planners. I also conducted semi-structured interviews with activists and participants in the Umbrella Movement who helped me gain a better understanding of the socioeconomic issues in Hong Kong.

I carried out a qualitative analysis of past literature and research on Hong Kong’s urban renewal policies, history of urbanization, housing rights, and development. I accessed both Occidental College and Hong Kong University of Science and Technology’s rich research and database centers. I also attended a number of workshops and seminars led by professors and planning experts from Chinese University and Hong Kong University.

**BACKGROUND**

Hong Kong is a prominent financial center that is situated at the southern gateway of China. But there is more to this city than corporate skyscrapers, megamalls, and dim sum restaurants. The Special Administrative Region (SAR) of the People’s Republic of China has the
least affordable housing market in the world according to Demographia’s International Housing Affordability Survey. Hong Kong’s median housing prices were 17 times the average pre-tax housing income in 2014, which is the least affordable recorded in 11 years.2

In Hong Kong, the quality of life worsens as housing prices rise. Low-income households squeeze themselves into smaller flats in order to keep a roof over their heads. A university study revealed that the average rent-to-income ratio for tenants who live in subdivided flats stood at 41 percent.3 The average monthly income of these households is about HK$10,000, but they spend more than HK$4,000 on rent every month.4 Hong Kong’s minimum public housing standard is 70 square feet; however, the median area per capita dropped from 67.6 to 46.8 square feet in 2014.5

According to the Transport and Housing Bureau, 2.10 million people or 29.3 percent of the population reside in public rental housing (PRH) units.6 Meanwhile, 16.5 percent lives in subsidized homes and 0.5 percent in temporary housing shelters provided by the government.7 The remainder of the population (53.7 percent) lives in private permanent housing.8

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3 Liu, Luis. 2015. “Housing Conditions Poorer As Rents Keep Rising.”
4 Liu, Luis. 2015. “Housing Conditions Poorer As Rents Keep Rising.”
5 Liu, Luis. 2015. “Housing Conditions Poorer As Rents Keep Rising.”
6 Information Services Department. 2015. “Hong Kong: The Facts.”
7 Hong Kong Housing Authority. 2014. “Housing In Figures.”
8 Hong Kong Housing Authority. 2014. “Housing In Figures.”
Public Housing flats near Hang Hau Station

Private Housing flats near Hang Hau Station
Hong Kong first instated a public housing system after World War II. An influx of Mainland Chinese refugees to Hong Kong in the 1930’s led to the shortage of affordable housing.\(^9\) Those who could not afford the rising rents took shelter in an area full of squatters and ramshackle huts called Shek Kip Mei.\(^{10}\) But unfortunately, the area caught on fire in 1953 and left 50,000 people homeless.\(^{11}\)

The government created the Resettlement Program in response to the homelessness in Hong Kong. Around 1.8 million people lived in public housing settlements by 1973 as a result of this huge housing program.\(^{12}\) The Land Development Corporation (LDC), which was created in the 1980s, devoted itself to redeveloping aging urban areas and improving living conditions for Hong Kong’s residents.\(^{13}\) The Urban Renewal Authority replaced the LDC in 2001 in order to better meet the housing needs of the present day.\(^{14}\) But despite these large organizational changes, housing is still a serious issue today in Hong Kong.

**Urban Renewal and Affordable Housing**

Urban renewal and redevelopment in Hong Kong replaces or renovates dilapidated buildings and areas. The government established the URA in the hopes that it would improve the built environment of the city through urban renewal. Part of the URA’s mission is to improve housing conditions and housing affordability in Hong Kong. The problem is that many of the URA’s projects do not meet the needs or expectations of local communities. Instead, the URA meets the desires of wealthy Mainland Chinese investors and private developing firms.

\(^{9}\) Fung, Ping Yan. 2006. "Public Housing in Hong Kong: Past, Present and Future."
\(^{10}\) Fung, Ping Yan. 2006. "Public Housing in Hong Kong: Past, Present and Future."
\(^{11}\) Fung, Ping Yan. 2006. "Public Housing in Hong Kong: Past, Present and Future."
\(^{12}\) Fung, Ping Yan. 2006. "Public Housing in Hong Kong: Past, Present and Future."
\(^{13}\) Urban Renewal Authority. 2015. “About URA.”
\(^{14}\) Urban Renewal Authority. 2015. “About URA.”
Carine Lai, who is the Project Manager at Civic Exchange, criticizes the organization’s structure and financial nature. She calls the authority “a machine for buying up old buildings using compulsory purchase powers.”¹⁵ The Authority has the power to transfer land to developers without a premium, split the profits, and plough money into the next project. Property developers perceive a partnership with the URA as an economic opportunity because older low-rises have “vacant airspace” for development and revenue.¹⁶

Urban scholars like Hendrik Tieben, who is an assistant professor of Architecture at Chinese University, voice their skepticism of the URA as well. Tieben remarks that the URA’s projects seems to “upgrade the neighborhood, but not for the residents – they [are] expected to move out.”¹⁷ He even calls the URA’s redevelopment projects as “government-sponsored gentrification.”¹⁸

The URA compensates residents who have been displaced due to a new project with cash or public housing units that are usually located in the New Territories. But most of the former residents cannot financially afford to stay in the new developments. For example, the URA repackaged newly redeveloped apartments in Sai Ying Pun as “Island West” and marketed them at almost HK$15,000 per square foot.¹⁹ These prices are indicative of how URA’s target customer base does not include the former residents of that area.

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¹⁵ Lai, Carine. 2014. “Let’s Start Again.”
¹⁶ Batten, John. 2013. “Destroying Memory Lane.”
¹⁷ DeWolf, Christopher. 2010. “Rethinking Urban Renewal in Hong Kong.”
¹⁸ DeWolf, Christopher. 2010. “Rethinking Urban Renewal in Hong Kong.”
¹⁹ DeWolf, Christopher. 2010. “Rethinking Urban Renewal in Hong Kong.”
The “Masterpiece” is another example of the URA’s profit-driven redevelopment projects. In 2009, the URA and New World Development jointly developed area in Tsim Sha Tsui. Each flat in the completed project sold at more than HK$30,000 per square foot. The original residents moved away because they could not pay the exorbitant housing prices. Wealthy Mainland investors purchased the property hoping to profit from the redevelopment project.

The URA exacerbates income inequality by relocating poor tenants away from these newly redeveloped areas and into public housing estates in Kowloon or the distant New Territories. Hong Kong’s economic inequalities gradually become more spatially visible. Those who cannot afford to live in the center of the city commute from Mongkok or Wanchai for work. On the other hand, high-income groups live comfortably near the urban core, which is on Hong Kong Island. As Carine Lai remarks, poverty is not only about having little money, but also

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20 DeWolf, Christopher. 2010. “Rethinking Urban Renewal in Hong Kong.”
21 DeWolf, Christopher. 2010. “Rethinking Urban Renewal in Hong Kong.”
about being “cut off from the rest of society.” Income segregation breaks down local urban economies, encourages crime, and limits social and economic opportunities for the poor. The geographic proximity of different income groups helps to create safe and vibrant communities in Hong Kong.

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Public housing estates near an MTR stop in the New Territories

An inoperative supermarket at a public housing estate in Tseung Kwan O
The URA claims that it adopts a “people first, district-based, public participatory”\(^{24}\) approach to its decision-making. In 2011, the Authority produced a new Urban Renewal Strategy that emphasized greater community engagement and a commitment to more holistic planning.\(^{25}\) Unfortunately, this new strategy does not always reflect the organization’s practices.

The Authority spends about HK$260 million on building rehabilitation every year, but this amounts less than to what the organization spends yearly on administrative expenses.\(^{26}\) In 2013, the URA spent only HK$65 million on building rehabilitation loans out of its total assets of HK$32 billion.\(^{27}\) An organization’s distribution of funds and resources is a strong indicator of its values and interests.

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\(^{24}\) Urban Renewal Authority. 2015. “Our Commitment.”


\(^{26}\) Lai, Carine. 2014. “Let’s Start Again.”

\(^{27}\) Lai, Carine. 2014. “Let’s Start Again.”
Urban Policies, Strategies, and Proposals for Change

Public policy plays an important role in shaping planning issues in Hong Kong. Families need more proactive measures from the government to protect them in the housing market. The Transport and Housing Bureau promised to build 200,000 public rental flats and 280,000 private units over the next ten years. But solely increasing the supply of housing will not relieve locals from Hong Kong’s skyrocketing property prices and rents. The waiting list for public rental flats had 260,000 applicants in 2014 and the list grows longer every year. The government builds flats at a pace that can no longer keep up with the existing demand.

The government should explore viable alternatives to help address the needs for affordable housing. For example, the government can foster the private rental market. The private rental market plays an important role in creating economic opportunities such as home ownership for middle to low-income families in Hong Kong. But in the past three years, the median rent of a private home rose by 31 percent while the median income of a household rose by only 15 percent. The government can address housing needs in a number of ways.

One way is for the government to tap into the MTR’s redeveloped property above stations, and then rent out flats on that land at an affordable rate. Hong Kong also has thousands of empty apartments are owned by the wealthy as speculative investments. The rate of rental vacancies is at a record high of 12.5 percent, which amounts to about 180,000 flats in Hong Kong. The government can also encourage landlords to rent out their vacant properties with subsidies or tax incentives.

29 Cha, Li-si. 2014. “How Private Flats At Affordable Rents Can Be Increased.”
30 Liu, Luis. 2015. “Housing Conditions Poorer As Rents Keep Rising.”
31 Cha, Li-si. 2014. “How Private Flats At Affordable Rents Can Be Increased.”
Rent control is another way for the government to level out the playing field between tenants and landlords. The Long Term Housing Strategy Steering Committee carried out a public consultation on rent control last year (2014) and discovered that 70 percent of the participants wanted the government to reinstate rent control measures.\footnote{Tse, Betsy. 2014. “Should Hong Kong Reintroduce Rent Control?”} Rent control will not solve all of Hong Kong’s housing issues, but it can be part of the solution in helping ordinary families afford a home.

The government must reassess and intervene in the URA’s methods and strategies as well. The Authority should begin placing greater importance on community partnerships over profits from private development. The URA should prioritize itself on enlarging the pool of affordable housing in all areas in Hong Kong.

Community participation and involvement is a missing component of all the URA’s projects. A single building might have multiple owners, which means that a redevelopment project should involve multiple stakeholders. Unfortunately, the URA believes that it saves time and money by utilizing a top-down approach to redevelopment. Douglas Young, who is a self-described ‘grassroots architect,’ describes the need for a bottom-up approach in urban planning. Tenants, regardless of their socioeconomic status, are the “ultimate designers”\footnote{DeWolf, Christopher. 2010. “Rethinking Urban Renewal in Hong Kong.”} of the city. The URA, through a bottom-up planning approach, can better address the social, economic, and environmental needs of local communities.

I interviewed a freelance urban planner in order to gain more insight into my research topic. The planner worked at the Land Development Corporation from when it was founded in 1988, to when it changed into the Urban Renewal Authority, and up until 2005. I asked her a number of questions related to urban renewal and housing. She criticized the URA for being
more interested in their personal finances rather than improving the standard of living in Hong Kong.

When I asked the planner about sustainable strategies for urban renewal, she suggested that the Authority place a greater emphasis on rehabilitation over redevelopment. The refurbishment of a building is less costly and more efficient than complete demolition. Agencies like the URA or third-party developers should demolish a building only when it is beyond repair. She also suggested that the URA mix public with private housing units in order to address issues like income segregation.

The planner raised to my attention that public housing estates are often neglected or overlooked. For example, supermarkets with fresh food and produce as well as Mass Transit Railway (MTR) stops are located further away from these public housing estates. The URA must better utilize its power in private and public markets for social change and betterment.

Hong Kong can also learn from the housing policies and redevelopment practices of places like Singapore, which is a highly developed and globalized city-state in Southeast Asia. Affordable housing in Singapore is considered an “integral part of a wider commitment to promote economic development.” Over 80 percent of Singapore’s residents live in government designed and constructed public housing. In addition, Singapore boasts an almost 90 percent homeownership rate with various financial supports like the Central Provident Fund. Singapore will even reward first-time homebuyers with S$60,000 towards the purchase of a Housing Development Board (HBD) apartment. The Housing and Development Board, which was

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established in 1960, is Singapore’s public housing authority and responsible for planning,
designing, assembling land, and constructing public housing.\(^\text{38}\)

The HDB makes socioeconomic and racial integration a high priority in its public housing developments. The Ethnic Integration Policy (1989) set quotas for the racial makeup of neighborhoods and apartment buildings in order to prevent residents from selling apartments to overrepresented groups.\(^\text{39}\) Singapore makes a concerted effort through its policies to bring people of different ages as well as economic and racial backgrounds together. Hong Kong can learn from and adopt policies after Singapore to also create mixed-use and mixed income neighborhoods.

In Singapore, the Urban Redevelopment Authority (also URA) is the national land-use planning authority that prepares long term and local area strategic plans.\(^\text{40}\) The Singaporean URA’s actively works toward producing a compact urban structure that is oriented towards public transportation. Singapore’s URA is also a leader in heritage and building conservation. The Authority promises to put the “community at the heart of redevelopment” by preserving and respecting the “local character and sense of identity” in the city.\(^\text{41}\) For example, Singapore’s Conservation Program received the Urban Land Institute (ULI) Global Awards for Excellence in 2006.\(^\text{42}\) The ULI recognizes projects and places that generate the best cross-regional lessons in land use practices.\(^\text{43}\) The ULI praised Singapore for demonstrating a “‘balanced, market-oriented approach’” that encouraged owners as well as developers to restore properties instead of tearing

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\(^{39}\) Miller, Anna Bergren. 2014. “Public Housing Works: Lessons from Vienna and Singapore.”


\(^{41}\) Urban Redevelopment Authority. 2013. “Designing Our City.”

\(^{42}\) Urban Redevelopment Authority. 2013. “Heritage and Modernity in Singapore’s Urban Renewal.”

\(^{43}\) Urban Redevelopment Authority. 2013. “Heritage and Modernity in Singapore’s Urban Renewal.”
them down to “accommodate new functions.”

Old buildings, through the URA’s strides towards conservation and restoration, remain economically viable, well maintained, and have longer life spans.

Singapore’s housing and urban renewal systems are imperfect; however, have successfully provided for its citizens in both quality and quantity. Hong Kong can learn from places like Singapore to improve upon its own urban policies and practices.

The Umbrella Movement and Housing Affordability

Hong Kong’s pro-democracy protests garnered worldwide media attention and became known as the Umbrella Movement in 2014. Protestors demonstrated against China’s interference in the election of the next Chief Executive. The Umbrella Movement demands an electoral

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44 Urban Redevelopment Authority. 2013. “Heritage and Modernity in Singapore’s Urban Renewal.”
46 Forsythe, Michael. 2014. “Protests in Hong Kong Have Roots in China’s ‘Two Systems.’”
system that truly represents the peoples’ needs and interests. I wondered, as these events unfolded, whether urban renewal and housing issues fueled the protestors’ frustrations in any way.

I spoke with a number of protestors, professors, and urban planners on this topic. I learned through my conversations and interviews that people joined the Umbrella Movement for various reasons. I spoke with a professor from Chinese University’s urban planning department who said that housing issues might have some bearing on the movement; however, protestors are more concerned with political representation. I discovered, after more research and speaking with protestors from the movement, that political and economic frustrations are intimately linked in Hong Kong.

In Hong Kong, corporations and big real estate developers wield a considerable amount of control and influence over Hong Kong’s economy, and in turn, these groups dominate legislature. I met with a protestor from the movement who told me that residents are angry at how the administration handles social and economic issues. For example, the government does a poor job of addressing housing concerns. Hong Kong’s land regulation and development policies significantly impact the level of crowding in the housing stock. Hong Kong now has one of the highest housing prices in the world; its median housing price is almost 30 percent higher than New York City.

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48 Chen, Liyan. 2014. “Beyond the Umbrella Movement: Hong Kong’s Struggle With Inequality In 8 Charts.”
According to another protestor, who is a young professional in his mid-twenties, people fight for a spot in top universities, compete for corporate jobs only to work extremely long hours, and spend almost half of their income on housing. Many young people have no other choice but to live with their parents well into their thirties because of the shortage of affordable housing. Young people do not have enough opportunities to climb up the social ladder; they hold the political system responsible for letting the city fall into such a state. The same protestor exclaimed that inequality permeates not only housing policies in Hong Kong. For example, minimum wage in Hong Kong is only HK$32.5 an hour; that is not even half the cost of taking the subway from the center of the city to the airport. Many protestors in the Umbrella Movement hope to bring these inequalities to light, hold the government responsible for its negligence, and see real change in their lives through grassroots organizing. A movement for

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49 Labour Department. 2015. “Statutory Minimum Wage.”
social change around political representation could potentially address housing challenges in Hong Kong as well.

CONCLUSION

Through my research, I conclude that Hong Kong’s urban renewal policies and practices have poorly served its communities and residents. The government and Urban Renewal Authority cannot adequately address critical social or economic issues without making changes to their approach, structure, and visibility. Hong Kong can also learn from other cities or countries in order to develop more effective strategies for equitable planning. I believe that ordinary citizens, as in the pro-democracy protests, can organize around collective interests and pressure organizations like the Urban Renewal Authority to reform housing and redevelopment policies in Hong Kong.
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WORKS CITED


