

Fuzzy governance approach to wholesale conversion of industrial buildings under the new revitalization policy: a case study of Kwun Tong, Hong Kong

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1. INTRODUCTION

The package of measures to facilitate redevelopment and wholesale conversion of industrial buildings (the revitalization policy) came into operation in HK on 1 April 2000. It allows owners to apply for waivers at a nil fee for change of use of the existing buildings. Despite the bottom-up revitalization enthusiasm, hard negotiation for all the owners of the building to agree the conversion, 26% of the applications withdrawn by applicants. The slow conversion process made the HK government worried.

The objective of this research is to explore fuzzy governance methods and optimal implementation of the revitalization policy at the operational level. Kwun Tong is chosen as the typical case. The research mainly consists of two parts. (i) Find problems: because of the scattered ownership, hard negotiations between owners restrict the wholesale conversion application. (ii) Fuzzy conversion procedures have strict structure restriction and make interior space difficult to meet modern needs. The regional supporting system is lack, such as parking and pedestrian facilities. Kwun Tong is supposed to be changed from an industrial district to a commercial district. This paper discusses fuzzy governance methods: a) Three-layered fuzzy negotiation and after-compensation; b) Individual floor conversion (such as ground floor); c) Flexible building conversion process for better spatial uses in the future; d) Regional planning guidance to promote benefit-oriented conversion in order to gain a double-track balance.

2. GENERAL REVITALIZATION POLICY AND IMPLEMENT RESULT

2.1 policy of redevelopment and wholesale conversion

Measures To Encourage Redevelopment In Non-Industrial Zones: Allow lease modification and exchange for redevelopment at "pay for what you build" premium (i.e. based on the proposed development intensity) for redevelopment of industrial buildings situated in non-industrial zones.

Measures To Encourage Wholesale Conversion In "Industrial", "Other Specified Use" And "Commercial" Zones: Owners may apply at a nil waiver fee for change in use of existing industrial buildings during the lifetime of the building or until expiration, whichever is earlier.

2.2 implement result

The package of measures to facilitate redevelopment and wholesale conversion of industrial buildings (the revitalisation measures) came into operation on 1 April 2010. This paper shows the latest position with regard to the applications under the revitalisation measures.

Table 1. Applications under the Revitalisation Measures (Position as at the end of 2010)

Source: HK Development Bureau

| | Wholesale Conversion | Redevelopment | Total |
|---|----------------------|---------------|-------|
| Applications received | 133 | 21 | |
| Approved | 91 | 17 | 108 |
| executed | 64 | 7 | 71 |
| pending execution | 6 | 4 | 10 |
| Withdrawn/terminated by applicants after approval/execution | 21 | 6 | 27 |
| Under processing | 19 | 4 | 23 |
| Withdrawn by applicants during processing | 18 | 0 | 18 |
| Rejected due to not meeting the eligibility criteria | 5 | 0 | 5 |

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For the applications for wholesale conversion approved by the Lands Department, located in Kwun Tong and Kwai Chung, and the major proposed new uses for the conversion include office, eating place, shop and services, and hotel. For the approved redevelopment, they are situated mainly in Kwun Tong, Yau Tong, Cheung Sha Wan, and Wong Chuk Hang, and the proposed new uses after redevelopment include commercial and hotel.

Generally speaking, whether the wholesale conversion or the redevelopment is acceptable

3. FUZZY GOVERNANCE APPROACH TO WHOLESALE CONVERSION

3.1 case selection: Kwun Tong, Hong Kong

Site of the study involves 81 hectares of all kind of land. Among them, there are 256 industrial buildings, 37 cases wholesale conversion applications (including four multiple applications) and one case applications.



Figure 1. Site: Kwun Tong industrial area

From the view of land uses in 2010, 62.1% of industrial land, totalling 50.4 hectares, followed by institutions, communities land follows, totalling 17.5 hectares, 21.6% ; relatively commercial land , accounting for 7.5 and 4.5 hectares respectively , accounting for the remaining land for the road.



Figure 2. Land uses layout (M:industrial/ C:commercial/ G/IC:government/ C

3.2 problems during wholesale conversion of industrial buildings

Firstly, according to statistics, within the scope of the study a total of 84 si buildings. Layered unit including 70 industrial buildings, 9 industrial / office warehouse and four vacant premises; and work with a number of owners of a total including 165 tiered units of industrial buildings, 6 Block industrial / office mix. Because of the scattered property rights, hard negotiations between owners conversion application



Figure 3. The relation between property rights (green: scattered right, blue: single right) and conversion implement (red dot)

Secondly, as we know, the height of the level during the industrial era is much h distribution is not flexible. During the research, a lot of the property right o

conversion procedures have strict structure restriction and make interior space modern needs.

Typical Application Process

Wholesale Conversion of Industrial Buildings (the Buildings Process)

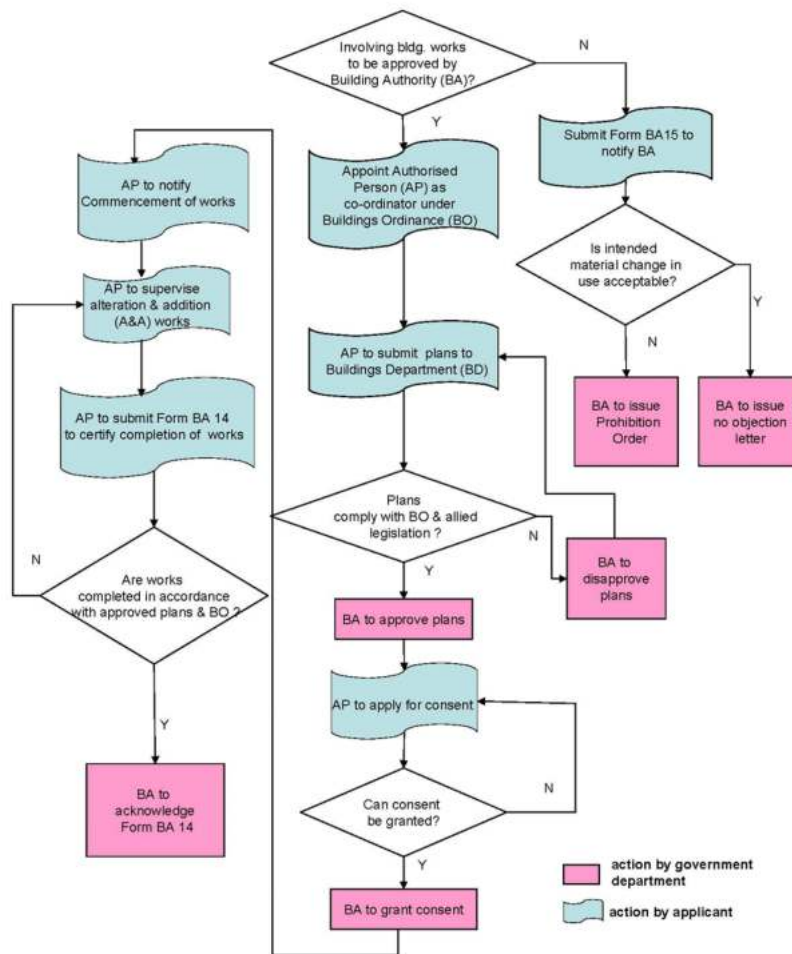


Figure 3. building application process in HK

Thirdly, HK Government did not make excessive interference in the planning, no s adjustment of land, simply set for industrial use to commercial alternative. The industrial building is independent and lack of co-ordination. So regional support such as parking and pedestrian bridge, when Kwun Tong is supposed to be changed district to a commercial district

3.3fuzzy governance methods

a) fuzzy negotiation and after-compensation mechanism

Firstly, it is after-compensation mechanism (for planned land property of the profit the land compensation in accordance with the standard, the District Government appropriate proportion from land-transferring fees and return it to the original establish a special fund to encourage reinvestment in Kwon Tong.

Secondly, it is transfer payments (for planned land property of the non-profitable detailed plan, a lot of land for public service facilities, green spaces and municipalities these industrial land blocks, resulting in great economic pressure on the implementation encouraged to have transfer payments or package sell with planned land of the profit level.

b) Individual floor conversion (such as ground floor)

A lot of conflicts occur because the owner of ground floor property want to have the upper level right owners have lower interests. As a result, the conversion according to the existing policy (100% supporting rate of the conversion). So, individual floor conversion is suggested to solve this problem. However the conversion tested by the experimental permit is welcomed.

c) Flexible building conversion approval process for better spatial uses in the Due to the flexible space distribution need of the modern company, if the policy building conversion in the perspective of the structure, the outcome and fit to satisfied. So such kind of restriction should be removed gradually.

d) Regional planning guidance to optimize bottom-up benefit-oriented conversion in double-track balance.

Regional planning guidance is needed, such as parking and pedestrian bridge, which supposed to be changed from an industrial district to a commercial district. benefit-oriented conversion can only accelerate the process of the renewal but lack of top-up-bottom planning control is advised during the whole industrial land regeneration track balance can be achieved.

4. Conclusions

As to the problems which HK government is facing and the difficulties during the conversion of the industrial buildings, the following fuzzy governance methods are fuzzy negotiation and after-compensation mechanism; b) Individual floor conversion (ground floor); c) Flexible building conversion approval process for better spatial uses Regional planning guidance to optimize bottom-up benefit-oriented conversion in double-track balance.

5. References

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