

Recommended measures on the revitalizing industrial buildings scheme in Hong Kong



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ABSTRACT

Many old industrial buildings in Hong Kong are either vacant or under-utilized due to economic restructuring in the past decades, which results in a huge wastage of valuable land resources. The Chief Executive of Hong Kong highlighted the importance of revitalizing old industrial buildings in the 2009–2010 Policy Address. The policy of revitalizing industrial buildings enables owners to revitalize their industrial buildings. More usable floor spaces at competitive price for different trades can be generated. More job opportunities are also created at the same time. However, the progress of implementing the policy is slow since its implementation in April 2000. Comments on the revitalizing policy from building professionals, stakeholders and general public were gathered in a previous study by way of a large scale questionnaire. This paper attempts to examine the identified recommendations for improving the implementation of the revitalizing scheme from different perspectives. The recommendations are based on analyzing the findings of the returned questionnaires by means of Factor Analysis. Analysis of the recommended measures can help policy maker to formulate better strategies for its implementation.

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1. Introduction

As the labour wages of developing countries are much lower than developed countries, the global economic shifted from western countries to developing countries (Sassen-Koob, 1985). During the past 30 years, western cities experienced transformation in the economic, social and land-use structure as a consequence of deindustrialization (Beauregard, 1991; Florida, 2002; Hall, 2000; Hamnett, 2003; Knox, 1991, 1993; Ley, 1980, 1996; Savitch, 1988; Shawl, 2001) owing to global economic shift from Western countries to developing countries of lower wages (Sassen-Koob, 1985). Hong Kong as a metropolitan city also experienced similar economic changes. Most of the manufacturing activity moved into the mainland in the past decades (Chan, Zhai, & Cheung, 2012). Some 1.07 million m² of industrial land are vacant, under-utilized or used for other purposes (RICS (HK), 2009). The Planning Department (PlanD) anticipated the required floor space for manufacturing industries is continuously reducing at 13% per annum (PlanD, 2010) as illustrated in Fig. 1. The shrinkage in local manufacturing

activities left behind a huge waste of valuable land resource. In views of this, the Chief Executive highlighted the significance of revitalizing old industrial buildings in Hong Kong in his 2009–2010 Policy Address, which was supported by the professionals including The Chinese General Chamber of Commerce (CCCC), The Chinese Manufacturers' Association of Hong Kong (CMA), The Hong Kong Institute of Architect (HKIA), The Hong Kong Institute of Housing (HKIH) and Royal Institute of Chartered Surveyors (RICS) (CCCC, 2009; CMA, 2010; RICS, 2009; HKIA, 2009; HKIH, 2012; RICS, 2009). Specific revitalization strategies include the redevelopment and wholesale conversion of industrial buildings (Chan et al., 2012). The HKSAR Government (Government) proposed a package of measures to promote the redevelopment or wholesale conversion of old industrial buildings for alternative uses (Lam, 2010). These activities facilitate developing the local economy and create job opportunities (Policy Address, 2009). However, since the implementation of revitalizing industrial buildings (RIB) in April 2010, The Lands Department (Lands) has approved only 65 applications up to end February 2013 providing 700,000 m² of converted new floor space for retails and other uses (Development Bureau (DB), 2013).

Previous studies were carried out to identify the potential difficulties that would be encountered and impacts on the economic, social and cultural aspects of the society in implementing RIB. This research recommended measures to tackle the identified

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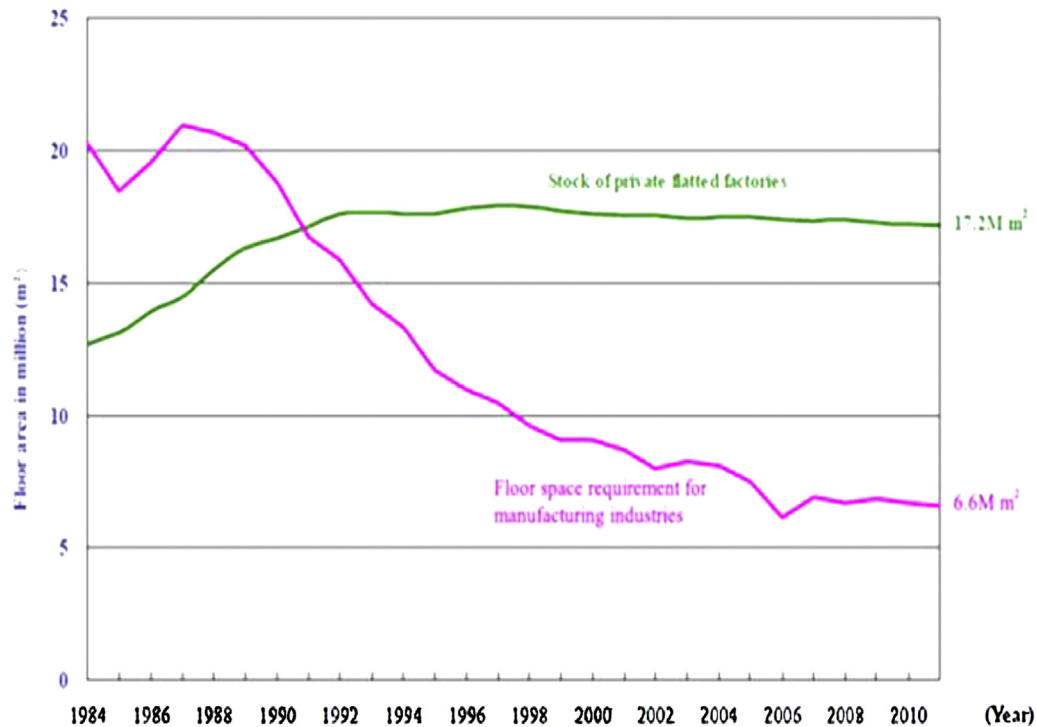


Fig. 1. Demand for industrial floor spaces and stock of premises (PlanD, 2010).

difficulties and adverse effects as well as facilitating measures to achieve favourable effects. The current study focused on exploring recommendations to Government in facilitating the progress of RIB.

Semi-structured interviews were conducted to understand different views from the society on the potential facilitating measures that could improve the implementing progress of RIB. The findings on encountered difficulties and perceived effects were disclosed to target interviewees from building professionals and stakeholders who were expected to possess basic knowledge on RIB. Potential facilitating measures were derived from their comments and literature review. The facilitating measures were summarized in questionnaires. Large scale questionnaire surveys were conducted to collect comments from professionals, stakeholders and laymen on proposed facilitating measures. The interviewees were asked to rank the importance of the facilitating measures that could improve the implementation process. The returned questionnaires were summarized in Microsoft Excel 2010 and entered into a database of Statistical Package for Social Science (SPSS). The data were analyzed by Factor Analysis. This paper reports the findings from analyzing the returned questionnaires from building professionals, stakeholders and the public at large; and made recommendations to policy makers on how to improve the implementation of the policy to the benefit of the society.

2. Implementing RIB

2.1. Facilitating measures

The government has carried out a series of measures to facilitate revitalizing industrial buildings (DB, 2013) by:

- Broadening the permitted uses in industrial buildings.
- Introduction of “Other Uses (Business)” zone.
- Lower the application threshold for compulsory sale order from 90% to 80% for industrial buildings aged 30 years or above which are situated in non-industrial zones.

- Allow tailor-made lease modifications at “pay for what you build” premium.
- Owners who modify the lease for redevelopment can opt for payment of 80% of the land premium by annual instalments over five years at a fixed interest rate of 2% above the average best lending rate if the total premium for modifying the lease for redevelopment exceeds \$20 million.
- A nil waiver fee for changing the use of existing industrial building for the lifetime of the building or the current lease period, whichever is earlier.

2.2. Implementation progress

In spite of the facilitating measures Lands Department had received a total of 121 applications on change of use since the implementation of RIB in April 2010 but only 50 wholesale conversion and 5 redevelopment cases were executed up to January 2014 (DB, 2014). Applications were mainly rejected on the grounds of fire safety, building design, loading/unloading and car park provision (Chu, 2013), which illustrated the inflexibilities of the current building regulations. The summary of applications is shown in Table 1.

2.3. Findings from previous researches

The authors have carried out two studies previously to identify the encountered difficulties and perceived impacts on society during implementation of RIB by means of large scale questionnaire surveys. The findings provided a knowledge base to investigate the potential facilitating to improve implementing RIB.

2.3.1. Encountered difficulties

Three underlying factors of difficulties were identified in previous research. The three factors were (a) difficulties of owners to reach consensus on revitalizing methods, (b) inadequate government support offered to owners, and (c) uncertain economic returns after revitalization.

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