



# Revitalizing industrial buildings in Hong Kong—A case review



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## ABSTRACT

Developed countries have experienced economic restructuring in the past decade which leads to deindustrialization. Many industrial buildings are left vacant or under-utilized owing to global economic shift from developed countries to developing countries of lower wages. The shift of economic activities from manufacturing to financial and business services causes tremendous increase in the value of properties in urban areas. Many artists cannot afford the high land cost and move to some of the industrial buildings which are converted into other uses such as studio. Hong Kong also experienced similar economic restructuring in the past decade. Industrial buildings become vacant or under-utilized. The Hong Kong Government of Special Administrative Region worked out the Revitalizing Industrial Building policy to expedite urban regeneration of industrial areas and optimize land use. Wholesale conversion and redevelopment is regarded as potential means to revitalize industrial buildings. Based on a series of case studies of different revitalizing industrial buildings in Hong Kong, this paper analyzes the potential measures to enhance the revitalizing process. The research identified facilitating measures that can be categorized into three main aspects, which includes rezoning old industrial areas into more diverse uses; government can offer some financial benefits to owners and provide appropriate facilities in neighbourhood.

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## 1. Introduction

Major Western cities experienced drastic transformation in the economic, social and land-use structure as a consequence of deindustrialization in the past twenty to thirty years (Beauregard, 1991; Florida, 2002; Hall, 2000; Hamnett, 2003; Knox, 1991, 1993; Ley, 1996, 1980; Savitch, 1988; Shawl, 2001) owing to global economic shift from Western countries to developing countries of lower wages (Sassen-Koob, 1985). The economy shifts from industrial production to financial and business services (Hamnett & Whitelegg, 2007), which is an inevitable outcome of global competition and an active process undertaken by developers, city planners, policy-makers and landlords (Curran & Hanson, 2005; Golith & Betancur, 1988; Rast, 2001; Zukin, 1989). The economic restructuring that moved production overseas led to an increasing polarization of labour force and deskilling of labour (Castells, 1989; Sassen, 1991). Deindustrialization was accompanied by large-scale abandonment of old factories.

Hong Kong also experienced the migration of manufacturing activities to Mainland China due to major restructuring of the

economy in the past decades. Many industrial buildings are left vacant or under-utilized creating a huge wastage of valuable land resources (Chan, Zhai, & Cheung, 2012). In the 2009–2010 Policy Address, the Chief Executive of Hong Kong highlighted the importance of revitalizing old industrial buildings hoping to boost local economic growth by enabling owners to revitalize their industrial buildings as well as creating job opportunities and more usable floor spaces at competitive price for different trades. The Hong Kong Government of Special Administrative Region (HKSAR) proposed a package of measures aiming to release the potential of over 1000 old industrial buildings (Chan et al., 2012) under the policy of revitalizing industrial buildings (RIB).

The research is based on the background findings from a previous research which identified the difficulties encountered in implementing RIB. Case study of applying revitalizing industrial buildings was carried out. This paper aims at exploring the potential of improving the implementation of RIB. The objective of this research is to identify and recommend the facilitating measures to the policy makers.

## 2. Implementation of RIB in Hong Kong

Most of the industrial buildings are located in former industrial areas with good public infrastructure and transport links. These

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**Table 1**  
Summary of encountered difficulties in implementing RIB (ranking from 1 to 3, 1 being most important).

Components	Variables	Categories
1	C1 Difficulties in reaching agreement in redevelopment or wholesale ownership C8 Disagreements or disputes amongst individual flat owners, owners' corporation or property management company will hinder the implementation process C3 Owners of industrial buildings need to pay full market premium or waiver fee in applying for redevelopment and wholesale conversion, respectively	Difficulties of reaching consensus from different stakeholders
2	C10 Inadequate propagation by government C2 Limitations to change land use under the Town Planning Ordinance and Building Ordinance C9 Complicated and lengthy procedures in application process	Inadequate government support
3	C7 Loss in GFA after wholesale conversion C5 Potential economic risk in converting to commercial or residential uses in non-prime industrial areas C6 Owners may be reluctant to join the revitalization scheme as they have already rented their premises for unauthorized change of use	Uncertain economic benefits

buildings have the merits of high ceiling, large floor loading and flexible floor plan for converting into other uses (Chu, 2014).

Since the implementation of RIB in 1 April 2010, Lands Department (Lands) has received 109 and 17 applications for wholesale conversion and redevelopment up to June 2014, respectively. The rate of applications that are being executed or completed for wholesale conversion and redevelopment are 68% and 76%, respectively (Development Bureau, 2014a,b).

Redevelopment can align with current town planning policy. The environment can be upgraded by planning gains like setback of building lines, creating more open space for public use (Development Bureau, 2014a,b). The mandatory requirement of the application threshold compulsory sale orders under the Land (Compulsory Sale for Redevelopment) Ordinance is 80% of ownerships' consent for industrial buildings aged 30 years or above (Development Bureau, 2014a,b). Comparing with redevelopment, wholesale conversion is more sustainable and environmental friendly (Building Department, 2013), which has the benefit of preserving the historical value of some industrial buildings (JCCAC website). However, wholesale conversion has many limitations such as the mandatory requirement of obtaining consent for the proposed conversion by all owners, and complicated modification to the existing structure in order to comply with the current building regulations (Royal Institute of Chartered Surveyors (Hong Kong), 2009), such as means of escape and parking provision. Such difficulty is not encountered in redevelopment as the new building is designed to meet current building regulations.

### 3. Findings from previous study

The implementation of the revitalization policy is influenced by multiple factors like financial situation of the industry, the physical characteristics of the industrial building, governmental requirements for the proposed new uses, the local district development plan (Chan et al., 2012), social needs and other aspects. A number of obstacles have been encountered by the stakeholders since the implementation of RIB. A questionnaire survey was conducted in a previous research by the authors to identify the encountered difficulties and potential facilitating measures to improve implementing RIB. The questionnaire was formulated based on comments from different stakeholders including industrial building owners, tenants, housing managers and developers, which were collected from preliminary interviews. A total of 420 questionnaires were distributed to stakeholders building professionals and general public and 230 questionnaires were returned. The returned questionnaires were analyzed. The identified difficulties could be grouped into three main aspects relating to (1) difficulties in reaching consensus from different stakeholders, (2) inadequate government support and (3) uncertain economic benefits. Factors 1 and 2 relate to government policy while factor 3 is linked to market

demand. Table 1 shows the summary of the findings. Table 2 illustrates the summary of facilitating factors, which can be grouped into six underlying factors. The factors are (1) measures to facilitate land resumption and change of use, (2) addressing the local situation, (3) holistic planning to incorporate RIB into urban revitalization, (4) overall study of individual district prior to planning RIB, (5) allowing market to design and (6) offer facilitating measures to encourage owner to join RIB. Factors 1, 3 and 6 relate to government policy. Factors 2 and 4 relate to planning facilities within local district; and factor 5 concerns market demand. Location in a convenient transport infrastructure is also an important factor to be considered. These factors can be categorized into five criteria for revitalizing industrial buildings:

- Location
- Facilities within the local district
- Government supports
- Market demand
- Social and cultural needs

### 4. Research methodology

Case study is a preferred method to investigate the effects of various factors (Stake, 1995; Yin, 1994). Considering the distinct characteristics of the revitalizing project in different regions, the case study methodology is adopted in this research (Chan et al., 2012). The five criteria for revitalizing industrial buildings as identified in Section 3 form the scope case studies.

The uses of buildings can be grouped into three main categories, which are residential, commercial and institutional/cultural use. The study of revitalizing industrial buildings into different types of use helps to review the revitalizing policy.

As the process of revitalizing industrial buildings by redevelopment is less complicated than wholesale conversion, four cases of wholesale conversion into residential, institutional/cultural and commercial uses; and only one redevelopment project for residential use were selected. As majority of industrial buildings are converted into commercial use, two hypothetical cases of wholesale conversion are selected to demonstrate the feasibility of converting industrial buildings for residential use.

### 5. Case studies

Studying the following cases of wholesale conversion and redevelopment in Hong Kong demonstrates the feasibility of revitalizing industrial buildings into residential, commercial and cultural premises, and validate the assumption of the five basic criteria for revitalization.

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