WORKING PAPER No. 33
REGENERATION OF INDUSTRIAL AREAS IN METRO AREA –
A Hypothetical Case Study at San Po Kong

Purpose

1. The paper is to -
   - present the problems of the obsolete industrial areas in the Metro Area;
   - explore a possible new measure to expedite the regeneration of these industrial areas; and
   - carry out a hypothetical case study to examine the application and financial implications of the possible measure.

2. It should be emphasized that the case study is entirely hypothetical in nature to illustrate the possible measure and the financial implications. There is no implication whatsoever that the proposals in this paper are those of the Government or that the study area will be selected for any urban renewal activities.

Background

3. As a result of economic restructuring since the 80’s, labour intensive industrial processes have been moving out from Hong Kong. This has resulted in surplus of industrial buildings and land. In addressing this issue, the Government has adopted a two-pronged approach. On one hand, it has broadened the permissible uses in industrial buildings, e.g. allowing a larger proportion of the floorspace for office use in industrial buildings and permitting industrial-office buildings on industrial land. On the other hand, it has rezoned industrial land at suitable locations for non-industrial uses. Since 1991, some 360 ha of surplus industrial land in the territory have been rezoned to uses such as commercial and residential. In 2001, the Government introduced the “Business” zone to allow the co-existence of clean and less fire-hazard prone industrial activities with office and other commercial activities. Since then, about another 200 ha of industrial land has been rezoned to “Other Specified Uses (Business)” on the statutory town plans.

4. These measures have resulted in many industrial buildings and premises having
been redeveloped or changed to non-industrial uses. In some cases, the land use transformation can be district-wide, e.g. the office node at Taikoo Place. A survey of industrial buildings conducted by the Planning Department (Plan D) in late 2002 revealed that less than 10% of the surveyed establishments in industrial buildings were engaging in manufacturing production process. The majority of them were used for import/export, office, showrooms, etc.

5. Under the existing measures, the industrial area regeneration process is primarily market-driven, i.e. the pace of the regeneration process depends much on the prevailing market condition. When the property market is weak, the pace could be slower. Under a market situation when demand is weak, there may not be sufficient financial incentives to redevelop industrial buildings. Some older industrial buildings are left to become run-down and have resulted in the degradation of the urban environment.

6. Some people have suggested that the Government should consider more proactive measures rather than solely relying on the zoning and market mechanism so as to expedite the process of industrial area regeneration and upgrade the urban environment. Against this background, this paper is prepared to explore this possible approach and its financial implications. A hypothetical case study is conducted to illustrate the application of the concept of selective resumption and the likely magnitude of cost involved.

7. The intention of this paper is to test the application of the possible proactive approach to regenerate an obsolete industrial area and to examine the financial implications. The case study is entirely exploratory and hypothetical and does not in any way imply that the proposals will be accepted by the Government or be taken forward.

Existing Condition of Industrial Buildings

8. Currently, there are about 1,700 industrial buildings (a total Gross Floor Area (GFA) of about 30 million m²) in the territory, with about 1,200 buildings (a total GFA of about 23 million m²) in the Metro Area. These buildings consist mainly of flatted factory and godown buildings and some industrial-office buildings.

9. Based on Rating and Valuation Department’s information, the vacancy rate of the private industrial buildings in 2002 was about 10% in the territory (9.4% in the Metro Area). But as mentioned above, many of the occupied units are used for non-industrial uses.

Existing Problems of Obsolete Industrial Areas

10. The two-pronged approach that has been adopted by the Government (para. 3 refers) has helped the regeneration of a number of the industrial areas in the territory without incurring much public expenditure. However, for various reasons, there are still residual obsolete industrial buildings/areas that have not been redeveloped and have been left to deteriorate. The following problems are usually encountered in these circumstances:
(i) Dilapidated buildings – Whilst some obsolete industrial buildings are in run-down conditions, redevelopment or conversion are hampered by such problems as fragmented ownership and financial viability. The buildings are not only unsightly; but also create hygienic problems like dirty back lanes due to lack of proper management.

(ii) Industrial/Residential interface – Some industrial buildings may still mainly or partly be occupied by active industrial activities. If these industrial buildings are close to residential areas, the industrial activities may bring about such environmental problems as smoke, odour, noise, waste water discharge or dust to the residents nearby. Examples of such industrial uses include hardware workshops and car repairing workshops. In addition, traffic noise from heavy vehicles and noise from on-street loading/unloading of goods associated with the industrial uses are the main sources of nuisance to the residents.

(iii) Undesirable environmental conditions – The general environment within the industrial areas is often undesirable because of the hygienic and environmental problems mentioned above. Moreover, on-street loading/unloading activities, besides causing traffic congestion, also weaken the comfort and cleanliness of the pedestrian environment.

(iv) General layout and environment not attractive to business uses – Many business firms, e.g. those engaging in import/export trades or R&D activities, do not only prefer modern and better-designed accommodation, but also a good external environment. However, as the obsolete industrial areas were developed a long time ago intended for labour intensive industrial uses, the general layout and environment and the design of the public facilities may not be attractive to the business firms. In terms of the layout, some industrial areas are characterised by cramped outlook and high development density. Greening work is usually not extensive enough to create a pleasant environmental setting. As regards the public facilities, the open spaces in the industrial areas are mostly hard-paved ball courts which were designed for active recreational purpose and may have now become less attractive to the business workers.

(v) Building design not suitable for modern business uses – Whilst some industrial buildings are still structurally sound, their design is nonetheless outdated or unsuitable for business uses, e.g. lack of proper/adequate on-site parking and loading/unloading facilities and unattractive lobby. As a result, conversion of the buildings for business uses cannot take place without involving huge cost; and this has hampered the pace of the regeneration process.

Possible New Measures

11. Even under a good market condition as in the past, the problems of fragmented ownership and financial viability have constituted the major obstacles to the market-driven regeneration process. When the property market becomes sluggish, market-driven redevelopment also becomes less viable. As a result, it
is likely that the problems of dilapidation, interface and undesirable environment due to the presence of residual industrial uses would persist and this would deepen urban degradation.

12. The existing measures, mainly through the up-zoning, do not directly address the problems of a wider area such as cramped building layout, uncomfortable pedestrian environment and unattractive public facilities. Without resolving these problems, the drive for the business firms to establish in the industrial areas will be less and consequently, the regeneration process could be hindered.

13. In view of the above, some people have suggested that more proactive measures should be considered to expedite the industrial area regeneration process, through various degrees of Government involvement. Of a lesser degree, the Government could carry out area improvement works to upgrade the general areas to act as a catalyst for private-initiated regeneration. Whilst area improvement works could be implemented by the Government subject to availability of resources, they cannot address such problems as poor street and area layout, lack of amenity/open space and industrial/residential interface. As a more proactive measure, some people have suggested that the Government may consider selective resumption of industrial buildings or even the resumption of buildings in the entire industrial area so as to directly tackle the problems that cause urban degradation, to expedite the industrial area regeneration process or to replan the entire industrial area. The following paragraphs will explore the practicability and implications of these possible measures.

**Wholesale Resumption**

14. One option is the “wholesale” resumption of all industrial buildings in selected industrial areas in the Metro Area. In so doing, the existing problems in the industrial areas could be totally removed, and the land resumed could be comprehensively replanned for new uses (e.g. residential/commercial) and provide solution space to help resolve the planning/environmental problems in other areas.

15. Although this option has benefits from the land use re-structuring and environmental improvement points of view, such an option is considered to be unnecessary and impracticable for the following reasons:

(i) there are still a considerable number of relatively new industrial buildings in the Metro Area (about 15% post-1990 buildings) and many buildings/units have already been converted into non-industrial uses. Resumption of all these buildings/units, which do not create any major problems, appears to be unnecessary.

(ii) many industrial buildings are still quite fully occupied (only about 9.4% vacancy rate in 2002). These buildings are playing an important role in providing employment opportunities in the Metro Area. Such wholesale resumption would be disruptive to the existing economic activities and could induce job loss. Workers might be forced to commute to work elsewhere.
16. Financially, wholesale resumption would involve huge cost. A rough estimate of the acquisition cost could be in the order of $200 billion for the 1,200 industrial buildings in the Metro Area, and there appears little justification for spending such huge amount of public money on industrial area regeneration over other community requirements. To conclude, it is considered that the option of wholesale resumption is both unnecessary and non-viable due to the prohibitive cost involved.

Selective Resumption

17. An alternative to wholesale resumption is to resume buildings on a selective basis. The number of buildings to be resumed and hence the degree of Government involvement could be determined on the basis of the planning objectives. The planning objectives to be achieved through selective resumption could be one or a combination of the following:

- to address problem of fragmented ownership
- to improve general layout by providing amenities/open spaces
- to solve industrial/residential interface problem
- to resume units occupied by obnoxious industrial uses which create environmental nuisances to the surrounding areas
- to resume buildings/part of buildings that are obsolete in design not suitable for change to business uses

18. Notwithstanding its selective nature, selective resumption could still involve substantial amount of public money. Disruption to the community could be considerable and the resumption process could also be very lengthy and complicated. It can be expected that the selection process including the criteria adopted would be highly controversial and subject to challenge. However, as this is meant to be an exploratory study to examine the application and the likely magnitude of costs involved, this paper will assume there are satisfactory solutions/arrangement for these issues.

Case Study - San Po Kong Industrial Area

19. To illustrate the concept of selective resumption, a hypothetical case study at San Po Kong is conducted. San Po Kong represents a typical light industrial area in the Metro Area which was developed for manufacturing industry but is now undergoing gradual transformation from predominantly industrial to business use. It has most, if not all, of the typical problems and issues as mentioned in para. 10 above and is hence, a suitable area for a case study. We would stress again that San Po Kong is chosen purely for illustrative purpose. There is no implication that the district would be selected for any urban renewal activities.

Existing Conditions of San Po Kong Industrial Area

Land uses of Study Area and its surrounding areas (Plan 1)

20. The area of the case study is bounded by Choi Hung Road to the north, Sze Mei
Street to the east, Prince Edward Road East to the south and Sheung Hei and Tseuk Luk Streets to the west, as shown on Plan 1. Located in north-eastern part of Kowloon, the study area, about 19ha in size, is an industrial area established in the 60’s. The area is mainly zoned “Other Specified Uses (Business)” and “Industrial” on the current statutory town plan. An existing open space and indoor games hall are at the eastern side of the area.

21. The area to the south-west across Tseuk Luk Street is mainly occupied by “Residential (Group A)” type developments. A “Comprehensive Development Area” ("CDA") site (i.e. the ex-Tai Hom Village), which is planned for public housing and other uses, is located to the north-east of the study area. To the further north-east is the Diamond Hill MTR Station. To the east are a planned open space development, an existing housing development (Rhythm Garden) and an existing bus terminus. The South East Kowloon Development area is to the further south across Prince Edward Road East.

**Conditions of existing buildings (Plan 2)**

22. Currently within the study area there are 63 private flatted factory buildings (about 1,155,000m² GFA) and a Hong Kong Housing Authority’s (HKHA’s) factory estate (about 54,000m² GFA), together having a total GFA of about 1.2 million m². Based on the Rating and Valuation Department’s information, the average vacancy rate of these private industrial buildings in late 2002 was 7.4%. Most of the private industrial buildings are old (39 buildings are pre-1970, 15 completed in the 70’s-80’s and 9 post-1990), whilst the HKHA’s factory estate was completed in the 60’s. Six of the private buildings are under single ownership, 11 with 2-9 owners and 46 are with 10 or more owners.

23. As to the existing use of these buildings, according to the Plan D’s survey mentioned in para. 4 above, only about 15% of the 71 surveyed establishments in the study area were still engaging in manufacturing production process while about 75% were engaged in non-manufacturing activities such as wholesale, retail, import/export trades, etc.

**Existing Problems (Plan 3)**

24. In view of its Metro location, very high accessibility, proximity to residential areas and that a large proportion of the existing activities are already business-related, the Metroplan Strategy completed in 2003 recommended to upgrade San Po Kong to facilitate its transformation into a business node. Despite the redevelopment and changes that have already been taken place, a number of obsolete industrial buildings still remain and a number of land use/ environmental problems can be found, as follows:

(i) Industrial/Residential Interface – The two street blocks at Tseuk Luk Street are occupied by 7 old, private flatted factory buildings. Five of them were completed in the 60’s while 2 in the early 70’s. These buildings are very close to the residential blocks on the other side of the road (only about 20m apart). Noise generated from the heavy vehicles and loading/unloading activities associated with the industrial uses is a source of nuisance to the residents nearby. Moreover, as long as these buildings remain, they could
accommodate industrial activities, including obnoxious uses, and hence create more environmental problems. From the planning point of view, it is desirable to address this potential source of problems.

(ii) Dilapidated buildings in fragmented ownership – There are 28 obsolete buildings in multiple ownership in the study area (i.e. completed before 1970 and with 10 or more owners). Nine of them are in dilapidated conditions. The exterior or public areas such as lobby/back lanes are lacking in proper and regular maintenance. Apart from the unsightly external appearance, they have also created other problems like pipe leakage, unhygienic conditions, etc. (Annex 1). Whilst they are in need of redevelopment, the fragmented ownership is one of the hurdles for redevelopment to be possible.

(iii) Buildings with obsolete design not suitable for business uses - The typical example is the HKHA’s San Po Kong Factory Estate (Annex 2). The buildings were originally designed to provide an affordable accommodation for small-scale industrial uses. Such a building design can no longer suit the modern business firms. For example, the building blocks, 5-7 storeys high, are not provided with elevators. There is no building lobby and the floor layout is similar to the older public housing estate (e.g. corridor at the periphery of the building).

(iv) General layout not attractive to business firms – The study area is densely built with inadequate open space (a shortfall of about 2 ha local open spaces according to the current planning standard). Majority of the private buildings (over 40) have a non-domestic plot ratio above 10. This results in a cramped layout which adversely affects the quality of the general environment and makes the area less attractive to the establishment of business uses.

(v) Car Repairing Workshops – Since the study area is conveniently located in the Metro Area, many car repairing workshops have been established there. From a site survey in early July 2003, there were 28 car repairing workshops in the area, mostly along Choi Hung Road, Sam Cheuk Street, Pat Tat Street and Sheung Hei Street. These workshops are not a clean industrial use because their operations create odour, dirt and noise, e.g. paint spraying. In the past, the car repairing workshops were a compatible use in the industrial area. However, they have gradually become incompatible as a result of the transformation (Annex 3).

(vi) Lack of facilities in older buildings – Twenty-five buildings in the area do not have any proper parking or loading/unloading spaces. Loading/unloading activities therefore need to be carried out in the back lanes or on-street, particularly in Ng Fong Street, Luk Hop Street, Pat Tat Street, etc. Furthermore, even for those buildings provided with loading/unloading facilities, loading/unloading still takes place on-street, probably because the provision may not be sufficient. Besides causing traffic congestion, the on-street loading/unloading activities have created an uncomfortable pedestrian environment as goods are stacked and transported on the pavements (Annex 4).
(vii) Uncomfortable pedestrian environment – The comfort of the pedestrian environment is often impaired by the on-street loading/unloading activities and the nuisances generated by the car repairing workshops. Furthermore, the hygienic condition of the back lanes, which also form part of the pedestrian network, is far from being satisfactory because of pipe leakage, littering, loading/unloading activities, etc. (Annex 5).

(viii) Outdated design of open space - The existing open space mainly comprises a hard-paved football pitch and basket ball courts, which were constructed mainly to serve the industrial workers in the past (Annex 6). Today, it becomes less attractive to business workers. Instead, a “park-like” open space with extensive greenery and seating facilities with shelters could provide a more comfortable breathing space for the business workers during lunch or after office hours. Furthermore, a green open space can be a visual relief in the congested built environment.

Possible Conceptual Layout - Key planning principles

25. To address the aforesaid problems, a possible conceptual layout for the study area has been prepared to illustrate how the general environment can be improved to facilitate the regeneration process. In formulating the conceptual layout, the following key planning principles have been taken into account:

- to improve the general layout through relieving the overall development density in the area
- to address the industrial/residential interface problem
- to enhance the district identity and image
- to contain obnoxious industrial activities that cause degradation of the general environment at suitable locations
- to beautify the general environment through improving the pedestrian areas, back lanes and open spaces

Major Features of the Conceptual Layout

26. The possible conceptual layout is at Plan 4. The major features of the conceptual layout are explained below. It should be noted that for the purpose of this exercise, the conceptual layout is basically for illustration of how the various problems could be resolved through selective resumption and environment improvement.

Visual Corridor/Breezeway and New Open Space (2 ha)

27. A visual corridor/breezeway could be provided in the central part throughout the study area from Choi Hung Road to Tseuk Luk Street. The intention is to help relieve the cramped development layout, to enhance the visual permeability of the study area and to facilitate better air circulation. The possible visual corridor/breezeway could benefit the study area as well as the surrounding residential areas, especially the residential development on the opposite side of Tseuk Luk Street.
28. In addition to the possible visual corridor, new open spaces could be provided in Luk Hop Street, Tai Yau Street/Sheung Mei Street and Pat Tat Street/Tsat Po Street to relieve the development density and beautify the area. The possible visual corridor/breezeway together with these open spaces could form an open space network linking the existing/ planned open spaces in and near the study area.

**Interfacing area (1.6 ha)**

29. The two street blocks in Tseuk Luk Street could be comprehensively redeveloped into a green buffer (0.9 ha) of about 30m wide facing Tseuk Luk Street with the remaining part (0.7 ha) for business uses. The green buffer is intended to provide a greater separation between the future business buildings on the site and the residential blocks on the opposite side as well as adding more greenery to the area.

**Live Museum and Fashion and Design School (1 ha)**

30. Part of the HKHA’s San Po Kong Factory Estate could be converted into a live museum and a fashion and design school. Together with a possible landmark open space to be described below, this could form the focal point to improve the image of San Po Kong, to strengthen the district identity and to add vibrancy to the area.

31. The two factory estate blocks in Sam Chuk Street could be preserved and converted into a live museum of Hong Kong’s light industry. It could also include facilities such as factory outlets, studios, showrooms, etc. The live museum could serve as an incubation centre for small enterprises engaging in creative industries, e.g. fashion and jewelry design, handicraft workshop, etc. It could also function as a tourist facility so as to complement the hotel proposals submitted by private sector in the study area.

32. The two factory estate blocks between Prince Edward Road East and King Fuk Street could be redeveloped into a fashion and design school with exhibition centres, showrooms, etc.

33. The eastern portion of the ground floor of the possible fashion and design school could be designed for accommodating car repairing workshops to relocate the existing car repairing workshops which could be displaced upon the redevelopment/ conversion of the industrial buildings within the study area. Whilst the car repairing workshops are an unwelcome use, there should be demand for them in the study area. Accommodating the displaced car repairing workshops on this site could help contain the adverse impacts as the site is located at the periphery of the area and abutting Prince Edward Road East such that the nuisances from the car repairing workshops could be kept to the minimum. To avoid direct vehicular access to Prince Edward Road East, a local access road could be provided to serve the proposed car repairing workshops. The school building could be carefully designed to avoid being affected by the car repairing workshops.
**Landmark Open Space (2 ha)**

34. The remaining two factory estate blocks could be demolished and the land used for an open space to be integrated with the existing hard-paved playground and the existing indoor games hall to form a large, landmark open space. The possible open space could also be used for holding events like fashion shows, flea market and street performance. As such, the landmark open space could be suitably designed for carrying out such activities and be provided with extensive greening/landscaping.

**Improved pedestrian network**

35. To achieve area-wide improvement, we may enhance the pedestrian environment within the study area and strengthen the linkage to the surrounding areas. Improvement measures could include greening works (like thematic planting) and footpath widening at suitable locations. Furthermore, improved and convenient pedestrian linkages could be incorporated into the proposed open space system described above, with the CDA site at Choi Hung Road (which leads to the existing Diamond Hill MTR Station) and the existing residential areas nearby. Enhanced pedestrian linkage to the future South East Kowloon Development area could also be provided.

36. The pedestrian linkage could be in the form of an integrated open space/pedestrian corridor such that on-street pedestrian flow could generate more street activities and more vibrancy to the area. Traffic calming measures in Ng Fong Street, Luk Hop Street, Pat Tat Street, Tai Yau Street, etc. may be required to minimize pedestrian/traffic conflict. Alternatively, the pedestrian linkage could be in the form of an elevated footbridge so as to avoid conflict between vehicular/pedestrian flows. However, the footbridge option could pose constraint to the design of the open space underneath.

37. To further enhance the pedestrian environment, the environment of the existing back lanes in the study area could be improved through provision of street lighting and quality street paving. At present, some of these back lanes are also used for loading/unloading purpose. To avoid excessive disruption, it may not be desirable to completely eliminate such activities in the back lanes. However, priority could be accorded to the pedestrian movement and a beautification scheme could also help improve the pedestrian environment.

38. 3-D simulations and a cross-section drawing to illustrate the future outlook of the study area are given in Annex 7.

**Land Use Budget**

39. The broad land use budget of the possible conceptual layout is as follows:

- Business uses: 7 ha
- Fashion & Design School and Live Museum: 1 ha
- Open Space: 5 ha
- Road, etc.: 6 ha
Selective Resumption (Plan 5)

40. To implement the conceptual layout, both private and public sectors involvement is necessary. Most of the proposed business developments could be implemented by the private developers. However, it is unlikely that the private sector could carry out proposals for the visual corridor and open spaces, and hence Government’s involvement in terms of resumption would be required. Furthermore, the Government could also consider resuming some buildings/premises within the buildings to address the more complicated problems in the study area which could not be resolved by the private sector. Having regard to the above, selective resumption could be based on the following:

**To improve the layout and provide additional open spaces**

41. This could involve resumption of 11 buildings falling within the possible visual corridor or additional open spaces. All of these buildings were completed in the 60’s except one in 1982.

**To remove industrial/residential interface**

42. Resumption of 7 interfacing buildings in Tseuk Luk Street could be considered for the provision of a green buffer and for possible business building development. The smaller building at the junction of Sam Chuk Street/Tai Yau Street does not fall within the possible green buffer. However, to allow a comprehensive redevelopment of the whole street block for a better layout, this building could also be considered for resumption.

**To overcome fragmented ownership**

43. There are 9 dilapidated obsolete buildings in fragmented ownership and are observed to be ripe for redevelopment (para. 24 (ii) above and Plan 3 refer). Except the one in Pat Tat Street falling within the possible visual corridor/open space, the remaining 8 buildings (about 0.9 ha in land area) could be for business uses as indicated on the conceptual layout. However, the redevelopment/conversion of these 8 buildings for business uses could likely be very difficult due to fragmented ownership. Their continuing presence could be an eyesore and could degrade the entire area; and hence, they could be considered for resumption for redevelopment/renovation for business uses.

**To redevelop buildings with design not suitable for conversion**

44. The HKHA’s factory estate blocks are not suitable for modern business uses. The conceptual layout proposes to use the site for a live museum, a fashion and design school and an open space. It is uncertain whether there is sufficient market interest to take these uses forward. One possible option is for HKHA to hand over the site back to the Government for development/conversion into the said uses.
To resume residual car repairing workshops

45. The resumption of the buildings as mentioned above could displace all but two existing car repairing workshops (one at Choi Hung Road and the other in Sheung Mei Street). To address the problems due to the car repairing workshops, resumption of the ground floor units occupied by these two residual car repairing workshops could be considered. The resumed units could be used for amenity purpose or retail shops or eating places to serve the business developments. As explained in para. 33 above, suitable accommodation for car repairing workshops to relocate the displaced car repairing workshops could be provided at the eastern portion of the ground floor of the possible fashion and design school, which could be carefully designed to avoid interface problems and to contain such obnoxious industrial use in a suitable location.

To provide on-site loading/unloading facilities

46. As mentioned above, inadequate on-site loading/unloading facilities is a major problem in the study area. In order to provide more on-site loading/unloading facilities, resumption of the ground floor of two buildings in Luk Hop Street and at the junction of Tai Yau Street/ Choi Hung Road respectively could be considered. The reasons for selecting these two units are:

- the ground floors have considerable size and frontage to accommodate properly-designed loading/unloading spaces; and
- the ground floors are not wholly used for loading/unloading purpose.

Acquisition Cost and Revenue

47. The possible order of acquisition cost and revenue are estimated as follows.

48. The acquisition cost of the possible selective resumption could reach about $3,500 million, comprising:

<table>
<thead>
<tr>
<th>Possible Subject of Resumption</th>
<th>Total GFA (m²)</th>
<th>HK$ (million)</th>
</tr>
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<tbody>
<tr>
<td>11 buildings for layout improvement</td>
<td>209,000</td>
<td>1,600</td>
</tr>
<tr>
<td>7 interfacing buildings</td>
<td>149,900</td>
<td>1,100</td>
</tr>
<tr>
<td>8 dilapidated buildings redevelopment of which hindered by fragmented ownership</td>
<td>98,000</td>
<td>720</td>
</tr>
<tr>
<td>2 G/F units occupied by car repairing workshops</td>
<td>1,500</td>
<td>20</td>
</tr>
<tr>
<td>2 G/F units for providing on-site loading/unloading spaces</td>
<td>3,700</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,490</strong></td>
<td></td>
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Note: No acquisition cost required for the factory estate

49. There could also be other costs involved to implement the possible conceptual layout, e.g. provision and upgrading of open spaces, street beautification works,
renovation/demolition of buildings, etc. Nevertheless, such costs are not the subject of this case study and no estimate is made in this exercise.

50. On the other hand, the sites of some industrial buildings which may be considered for resumption could be used for business purposes (about 1.5 ha in land area). Revenue could be generated from the disposal of such land. Assuming that these sites could be redeveloped into business buildings with a non-domestic plot ratio of 12 and no retail use is included, a ballpark estimate of the revenue of disposing the cleared sites could be in the order of $180 million.

Conclusion

51. The possible conceptual layout, if implemented, could substantially improve the existing environment of the study area. For example, the existing cramped development layout could be relieved through the increase in land area for open space development from 0.9 ha to 5 ha and reduction in land area for business uses from 11 ha to 7 ha.

52. However, substantial financial implications are involved which do not include the cost of providing the open spaces and the subsequent maintenance cost. Other than financial implications, there would also be other economic and social implications and implementation issues involved in selective resumption that have not been addressed in this paper. If a regeneration scheme were to be carried out, a full economic assessment would have to be undertaken and other non-quantifiable benefits would have to be taken into account.

53. The Government will need to carefully assess the pros and cons and consider the views of the community before deciding whether to pursue the regeneration of obsolete industrial areas and in what form. There are over 1,200 industrial buildings in the Metro Area locating in different industrial areas, e.g. Cheung Sha Wan, Sham Shui Po, Tsuen Wan, Wong Chuk Hang, etc. The selection of areas for regeneration and the criteria for selecting specific buildings for resumption with a view to improving the environment would likely be very controversial, apart from the wide financial implications. We consider that presenting a hypothetical case to set out the costs and benefits would facilitate meaningful public discussion on the topic.

Planning Department
November 2003
Case Study - San Po Kong Industrial Area
- Dilapidated Industrial Buildings in Fragmented Ownership
Case Study - San Po Kong Industrial Area
- San Po Kong Factory Estate
Case Study - San Po Kong Industrial Area
- Car Repairing Workshops
Case Study - San Po Kong Industrial Area
- Existing Hard-paved Playground
Case Study - San Po Kong Industrial Area

Proposed Fashion & Design School, Preserved Factory
Estate Blocks and Open Space - 3D - Simulation (View from Rhythm Garden)