

# Revitalization of Industrial Buildings

Compiled by Chow Yuen-ying, Lam Ka-man Carmi Translated by Chan Lai-kuen

To accommodate “six industries where Hong Kong has enjoyed clear advantages” (namely, educational services, medical services, testing and certification, environmental industry, innovation and technology, and cultural and creative industries) a package of measures to facilitate change of use, redevelopment and wholesale conversion of industrial buildings was announced by the Chief Executive in his 2009-10 Policy Address, which includes a three-year “Revitalising Industrial Buildings” scheme.

On 31 January, 2007, a motion on assisting in the transformation of factory buildings was debated in the Legislative Council.<sup>1</sup>

On 14 Oct 2009, plans to revitalise industrial buildings to accommodate the six industries were announced in the Policy Address. Details include:

1. Lower the threshold for compulsory sale for redevelopment of industrial buildings in non-industrial areas to facilitate the consolidation of fragmented ownership;
2. Enable owners to pay additional premiums according to the actual development density after redevelopment based on a “pay for what you build” approach;
3. Allow owners who modify the lease for redevelopment to opt to pay additional premiums by instalments over a period of five years at a fixed interest rate if the premiums payable exceed \$20 million; and
4. Exempt owners who opt for the wholesale conversion of a building instead of redevelopment from paying the waiver fee for change of land use, provided that the requirement on age of property is met and planning permission is obtained.<sup>2</sup>

On 1 April, 2010, the “Revitalisation of Industrial Buildings” plan was launched.

Acknowledgement: Revitalization Independence Partnership, Factory Artists Concern Group, Leung Po-shan, Lin Chiu-fai Terence

Photo Credit: Asia Art Archive, Factory Artists Concern Group

Information: (For more detail please refer to the footnote of Chinese version):

- Local newspapers
- Press releases from the Information Services Department, HKSAR Government
- 2009-10 Policy Address
- 2010-2011 The Budget
- Revitalising Industrial Buildings official website:  
<http://www.devb.gov.hk/industrialbuildings/eng/home/index.html>
- Revitalization Independence Partnership (RIP)<sup>3</sup>  
<http://riphk.blogspot.com>
- Facebook page of SPK Artists & Friends  
<http://www.facebook.com/pages/SPK-Artists-Friends/158385366575>

- Factory Artists Concern Group  
<http://www.fac.org.hk>
- Hong Kong Inmedia  
<http://www.inmediahk.net>

## 2010/01

### On 16 January

Fotan Artists Open Studios 2010 was held for 2 consecutive weekends (16, 17 and 23, 24 January) across 59 studios and with the participation of 224 artists. Thematic exhibition "If You Park Here"<sup>4</sup> was held accompanied by screenings, seminars and artists dialogue.

### On 18 January

SPK Artists and Friends was jointly set up by Loft Stage, The Young Communicator, School of Communication, Hong Kong Baptist University<sup>5</sup> and Employment Promotion Committee of Hong Kong Federation of Trade Unions.

The group conducted a survey on "Effects of the revitalisation of industrial buildings policy on the creative industry". Questionnaires were given to enterprises located in Ng Fong Street, Sheung Hei Street and Luk Hop Street, in areas of advertising, architecture, design, digital entertainment, film and video, music, performing arts, publishing, software and electronic computing, TV and radio, fine art, and antiques and crafts.

### On 20 January

At a Legco meeting, Secretary for Development, Carrie Lam, said that the Lands Department will form a 10-strong dedicated team to handle applications for conversion of industrial buildings. As such conversion would involve commercial consideration, the Government would not be involved in the mediation among individual owners of the same building if they had not reached a consensus. A number of applications for conversion into hotels were pending the approval from the Town Planning Board.<sup>6</sup>

### On 28 January

Officials from the Development Bureau, Lands Department, Buildings Department and Planning Department gave speech in "Special Topics Series 2010: Optimising the use of industrial buildings", presented by The Estate Agents Authority, expounding details of the policy to estate agents.

### On 30 January

A band show featuring over 20 local bands titled *Ma Shang Feng* (which means "to block immediately") was held for 2 consecutive days. Indie concert venue Hidden Agenda was evicted upon a month's notice and refused renewal of lease. Its final performance was held on the day accompanied by a press conference titled "The last of arts workers, reality in industrial buildings". This event was dubbed "the biggest auction in the arts community ever".

Revitalization Independence Partnership (RIP) was founded. The revitalization had proved its harm before it showed any benefit, according to spokesperson AhKok Wong, as rent had risen at least 30 per cent, and some tenants were denied renewal of lease. "Real revitalization is actually the efforts of bands and artists, but they are the ones being kicked out," Wong said.

## 2010/02

### On 10 February

A meeting was being held between concern group SPK Artists & Friends, Cheung Man-to Raymond, Political Assistant to the Secretary for Development, and Lo Chi-hong Laurie, Head of Development Opportunities Office, Development Bureau. The

concern group said that the revitalization policy inflicted heavy stress of rental increase and eviction upon tenants, and raised four suggestions: to impose a rent cap, to reserve a percentage of units for cultural and creative groups in revitalization plans, government as landlord, and to set up a fund with the premium received.

#### On 19 February

At the meeting of Subcommittee on Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice of the Legislative Council, members expressed doubts about lowering the threshold of compulsory sale to 80% from the original 90, as it would be unfair to smaller landlords.

#### On 20 February

RIP organized a rally titled “Being revitalized while alive” to protest against the negative impact of the revitalization policy on artists. The rally began from the Hong Kong Central Library and ended at Taikoo Place, where the office of the Hong Kong Arts Development Council (HKADC) was located. The rally attracted numerous press reports with interviews on participating artists. A number of tenants were immediately imposed with big leap in rent or refused renewal of lease, or even forced to move or close business, since the launch of the policy in the previous October.

#### On 21 February

An article “Revitalization expels artists, Pak Sheung-chuen leaves Fotan” was published in *Ming Pao*. Local artist Pak Sheung-chuen and AhKok Wong pointed out in a dialogue that artistic units, which survived because of low rent, were the ones who had really given life to the industrial buildings, and that the government should intervene by capping the rent and take up renovation. The present “revitalization” policy would only benefit property developers.

#### On 23 February

“Optimising Land Resources → Revitalising Old Industrial Buildings” of the 2010 Budget states that the Lands Department will set up a dedicated team to centrally process applications, and the government will consider old industrial buildings in the relocation of its offices and facilities, so as to take the lead to inject impetus.<sup>7</sup>

#### On 24 February

Ada Wong’s article “Coolly observing the same fate”, published in *Oriental Daily*, pointed out that the revitalization of industrial buildings in Hong Kong led to eviction of artists, not dissimilar from the forceful dismantling of 008 international artists zone in Beijing. Artists in both cities were made victims of urban development.

### 2010/03

#### On 3 March

“Revitalization of industrial buildings turns sour as artists face eviction” by Sin Chung-kai, Vice-chairman of Democratic Party was published in *Hong Kong Daily News*. The article states that as revitalization of industrial buildings caused rental rise, no wonder artists would think that the government was ignorant of the fact that space was most important in the development of art, much more than funding.

#### On 8 March

RIP held a protest outside the Legislative Council building to oppose again lowering of the threshold for compulsory sale of premises.

#### On 12 March

Carrie Lam, Secretary for Development admitted that individual arts and cultural units might be evicted after conversion

of industrial complexes. Lam pointed out that as some units were operating in the factory buildings without approval, the revitalization policy can actually widen the scope of operation in such premises. She expressed hope that property owners would fulfill their social responsibility by renting out units to cultural industry at a lower rent.

Lam also stated that many owners intended to turn the industrial buildings to 3 star hotels, creating great potential for development.

#### On 13 March

According to reports of *Oriental Daily* and *The Sun*, visual artist Ah Tat used to pay \$6200 for an over 700 sq.ft. industrial unit in Kwun Tong. He was forced to move out last October as rent was raised by 10%. Property agents said that property prices of industrial units in Kowloon Bay had risen by 25 to 30 percent, while rent also rose by 5 to 10 percent since the revitalization policy was announced.

According to commentary of *Wen Wei Po*, revitalization should not be totally handed over to the free market, but should be under the guidance of effective policies to contribute resources in the development of creative industry.

A commentary in *Oriental Daily* pointed out that the revitalization policy did not give any details regarding the new use of those buildings after conversion. At first the Development Bureau said “there will be no designated use”, later on it explained that “residential use is out of the way”, but yesterday it expressed that conversion of industrial buildings into economy hotels would have great economic potential. Sad irony is that this policy originally invented to boost the “six industries” turned out to be at the expense of the creative industry.

#### On 15 March

Three members of the RIP staged a protest against the revitalization policy outside the Development Bureau and posted a banner with the line “Collusion between government and business; revitalize your boss! Better revitalize Carrie Lam!”

#### On 16 March

RIP protested outside the LegCo building for 2 consecutive days against the new revision to lower the threshold for compulsory resale.

#### On 18 March

A seminar titled “Revitalization of industrial buildings: how to create vibrant business opportunities?” (third section of the “Leadership: Dialogue for the young” lecture series) presented by Young Entrepreneur Council of the Kowloon Chamber of Commerce, was between 6:30-8:30pm at the main hall, K.C.C. Building. Speakers: Cheung Man-to, Political Assistant to the Secretary for Development Raymond; Lo Chi-hong Laurie, Head of Development Opportunities Office, Development Bureau, and Alnwick Chan, Executive Director, Auction, Development consultancy, Hong Kong, Knight Frank Petty Limited EAA (Company).

#### On 19 March

The Land and Development Advisory Committee held their fourth meeting. Members were briefed on the new land supply arrangements announced in the 2010-11 Budget, and on the preparatory work done by the Administration as a whole to implement the policy measures to optimise the use of industrial buildings. Application period: 1 April 2010 to 31 March 2013.<sup>8</sup>

On the same day, an anonymous developer placed a newspaper advertisement against the revitalization policy, on the grounds that the authorities had not yet conducted sufficient consultation, and that such policy would have detrimental effect on the price of grade B offices, and that the nil waiver on premium was unfair.

#### On 21 March

SPK Artists & Friends held a press conference to announce the result of the survey “Effects of the revitalisation of industrial

buildings policy on the creative industry”, at Indie Theatre, Loft Stage, 8/F Wah Mow Factory Bldg, 202-204 Choi Hung Road, Sun Po Kong, hosted by Chan Yuen-han.

The report stated that there is no need for “revitalization” as creative industry had bloomed by itself due to the low rent, spacious units (average over 2,900 sq.ft.) and convenient location of the factory units in the district.

#### On 22 March

A meeting was held between Carrie Lam, Secretary for Development, and SPK Artists & Friends with a league of artists from San Po Kong, Fo Tan and Kwun Tong. Chan Yuen-han, Vice-Chairperson and head of the Employment Promotion Committee of the Hong Kong Federation of Trade Unions, also attended the meeting.

Representatives of users of industrial units requested suspension of the revitalization policy, and expressed that the plan lacked consultation and took no notice of the needs of the cultural sector, and that it would only benefit the owners of industrial premises. The representatives requested that 20% of the units be reserved for the cultural industry under revitalization policy.

#### On 23 March

According to Tse Kin-man, spokesperson of SPK Artists & Friends, the government had promised to call a meeting among 3 parties to collect views of tenants and owners before the policy was to be launched.

On 25 March, Carrie Lam, Secretary for Development, in an interview with the *Hong Kong Economic Journal*, suggested two ways to assist affected units: firstly, the government would purchase industrial units as offices to serve as example; secondly, property owners would, she hoped, take up their social responsibility to set apart a portion of their property on a discount rate for artists, as they have already benefited from the new policy.

#### On 31 March

An article titled “Food, water and generator to occupy industrial buildings against revitalization” appeared in *Apple Daily* with interviews with indie musician AhKok Wong, painter Chow Chun-fai and Tse Kin-man of Loftstage. Chow told the paper that the price of his Fotan unit has risen sharply from \$790,000 when he purchased it two years ago to almost \$1.3m, and that the revitalization policy had achieved nothing but sacrificed Hong Kong’s diverse culture for the sake of property interests.

2010/04

#### On 1 April

Application for revitalization of industrial buildings began, including redevelopment of industrial buildings within non-industrial zones, and wholesale conversion of industrial buildings in “industrial”, “other specified uses (business)” and “commercial” zones.<sup>9</sup>

#### On 2 April

According to media reports, the Lands Department began to receive applications for revitalization of industrial buildings, among which was the application for Niche Centre in Kowloon Bay to be converted to retail complex. The conversion of Big Star Centre in the same area, as well as 42A Wing Hong Street into hotels was already approved by the Town Planning Board.

#### On 7 April

The *Hong Kong Economic Times* article titled “Financial Secretary’s idea for industrial buildings to become hotels” reported that Financial Secretary Tsang Chun-wah John had recommended revitalization plans to convert old factory buildings into hotels towards Tony Fernandes, founder of Air Asia.

#### On 8 April

Ada Wong’s article “Cool observation: better from below” appeared in A36, *Oriental Daily*. Wong opined that private art spaces

run by the public were much more efficient than their government-run counterparts, and that the former fitted the needs of the arts community much better. She worried that once revitalization was launched, high rent would hinder the development of these spaces.

**On 22 April**

According to a report in *Oriental Daily*, owner of Yue Shing Industrial Building intended to convert the whole block into retail outlets with one or two floors reserved for art groups, as revealed by Ricky Lau, Director (Industrial) of Savills. Due to short supply of venue for art activities, rent was expected to rise by 160%.

**2010/05**

**On 15 May**

Cover story “The beginning of the end – hidden community at the time of revitalization of industrial buildings” appeared on *Ming Pao Weekly*, penned by Sincere Hui. It looked into lives of artists in industrial buildings and their future upon imminent “revitalization”.

**On 19 May**

Carrie Lam, Secretary for Development, gave a written reply on revitalization of industrial buildings to a question raised in the Legislative Council.

According to Lam, The Planning Department conducted the latest “Area Assessments of Industrial Land in the Territory” in 2008-09. Comprehensive and sample surveys were carried out with regard to the uses of industrial buildings. The findings showed that among the units successfully surveyed, less than 1% were used as “Art/Music/Film studios”. Towards the end of the year, HKADC would conduct a survey with a view to understanding the current situation and needs of art groups and art practitioners.

The government was encouraging owners of industrial building to demonstrate their commitment to corporate social responsibility, but it had no intention to provide additional incentives to attract owners to lease their premises to operators in the cultural and creative industries who may be affected by the new measures.<sup>10</sup>

**2010/06**

**On 2 June**

Open forum titled “Art space in industrial buildings” was held 7-9pm at the HKADC hosted by its Chief Executive Louis Yu. Speakers include Lo Chi-hong Laurie, Head of Development Opportunities Office, Development Bureau; Gilford Law, Principal Assistant Secretary for Home Affairs (Culture); Ida Lee, Principal Assistant Secretary (Communications and Technology), Commerce and Economic Development Bureau; and Chow Chun-fai, representative of artists in industrial buildings. Almost a hundred individuals including local artists and proprietor of art gallery in industrial buildings participated in the forum.<sup>11</sup>

A report by *Hong Kong Economic Journal* appeared on the following day, pointing out the difficulties of survival of artists in Hong Kong due to lack of studio space. “Some of the studios have a name list of over 10 artists, but in fact some of them exist only in name for the sake of correspondence because they could not afford the rent.” The government should be concerned about the difficulties faced by art groups and to offer assistance instead of just explaining details of the policy.

**On 9 June**

HKADC conducted “Survey on the Current Status of Industrial Buildings for Arts Activities and Future Demand”, in 2 phases. The first phase is data collection which was issued by postal circular to occupants/hirers of industrial buildings in Fo Tan, Chai Wan, Wong Chuk Hang, Kwun Tong, Ngau Tau Kok, Kowloon Bay, San Po Kong, Sham Shui Po and Cheung Sha Wan, by a deadline of 31 August 2010.

**On 17 June**

According to *Oriental Daily*, there are 17 transactions of industrial units in Fo Tan in the first 5 months of 2010. The number of transactions almost equals that of the entire 2009 (18), with selling price per feet raised by 32%.

**2010/07****On 26 July**

RIP set up booths at Kwun Tong and Ngau Tau Kok MTR stations to help collecting questionnaires of “Survey on the Current Status of Industrial Buildings for Arts Activities and Future Demand”, on 26, 27 July, and 16, 17 August, 5:30pm.

**On 28 July**

According to *Ming Pao*, Carrie Lam had admitted that response to the revitalization of industrial buildings did not meet expectation, and the government would study the possibility of revitalization by district. Consultation with the LegCo might begin later this year or the next.

**2010/08****On 15 August**

RIP held a concert at Sai Yeung Choi Street, and collected questionnaires of the HKADC Survey.

**2010/09****On 1 September**

Leung Po-shan's article “A brief study on ‘company and venue as one’ – with industrial units in San Po Kong and Tai Kok Tsui as examples” was published in *Hong Kong Drama Yearbook 2009*.<sup>12</sup> The essay focused on the development, use of space, modes of operation, and relationship with the city of the following groups located in factory buildings: Loft Stage, Theatre Horizon, FM Theatre Power

**On 13 September**

As reported by the *Hong Kong Economic Times*, up to August 2010, the Lands Department had received 26 applications for revitalization, among which 21 are wholesale conversion.

**2010/11****On 1 November**

HKADC conducted the second phase of “Survey on the Current Status of Industrial Buildings for Arts Activities and Future Demand”, which is a random telephone interviews among those who had replied to the questionnaire of the first phase. Response rate was 70%.

**On 28 November**

A tour of industrial buildings was organized by RIP to familiarize the public with existing development of the cultural community in Ngau Tau Kok. The tour visited community radio station FM101, graffiti unit Start From Zero, Grahicairlines, beekeeper HK Honey, and The Cave, a workshop of creations made from disposed material, from 2-6pm. Jam night took place at Jammixwork, 6-8pm with a charge of \$50.

2010/12

On 23 December

HKADC announced report of “Survey on the Current Status of Industrial Buildings for Arts Activities and Future Demand”. Half of the 1,133 eligible interviewees were housed in industrial buildings, the other half in non-industrial buildings. The percentage of visual arts practitioners was highest in both categories (37.85%/28.2%). 80% of users of industrial units were tenants, among which about half of them were co-tenants. Among those who completed a whole period of lease from October 2009, 61.5% indicated that rent had increased, a percentage considerably higher than that among non-industrial buildings, which was 46.8%.<sup>93</sup>

The result was also reported by *Ming Pao* on 25 December 2010.

<sup>1</sup> Official record of proceedings, 31 January 2007. Online version:

<http://www.legco.gov.hk/yr06-07/english/counmtg/hansard/cm0131-translate-e.pdf>

Subsequently, the Secretary for Development spoke in response to the motion “Transformation of old industrial zones”. Full text (Chinese only), Information Services Department, 20 February 2008

<http://www.info.gov.hk/gia/general/200802/20/P200802200317.htm>

<sup>2</sup> Policy Address 2009-2010 Online version

<http://www.policyaddress.gov.hk/09-10/eng/p24.html>

<sup>3</sup> From the group’s introduction: “Revitalization Independence Partnership (RIP) is a support group which connects victims of revitalization of industrial buildings and takes action to urge the government to abolish such policy. RIP also seeks to vindicate the self-sustainability of arts community in industrial buildings, and that creativity is not just an industry, and it should not be sacrificed for short-term economic gain. Actually what is so-called “revitalization” by the government is already our existing way of life. Protect our last free space for creativity, and protect ourselves, the last survivors of the high land price policy.”

<sup>4</sup> Presented by Sino Group’s Art in Hong Kong & Fotanian, curated by Tang Ying-chi Stella. Exhibiting artists: Chan Kam-shing Chris, Margaret Chu, Ko Tin-yan Celia, Violet Shum, Gretchen So, Tang Ying-mui, Tse Kam-wing Kenneth, Wong Wo-bik. Location: Shatin Galleria.

<sup>5</sup> The Young Communicator is a student workshop for Organizational Communication, Department of Communication studies of Hong Kong Baptist University:

<http://ihome.coms.hkbu.edu.hk/~tyc/>

<sup>6</sup> Official record of proceedings, January 20, 2010

<http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0120-translate-e.pdf>

<sup>7</sup> Budget 2010-2011, 23 February 2010,

<http://www.budget.gov.hk/2010/eng/budget17.html>.

<sup>8</sup> “LDAC briefed on Budget initiatives relating to land supply”, press release from Information Services Department, 19 March 2010.

<http://www.info.gov.hk/gia/general/201003/19/P201003190296.htm>

<sup>9</sup> Website of “Optimising the use of industrial buildings to meet Hong Kong’s changing economic and social needs”

<http://www.devb.gov.hk/industrialbuildings/eng/home/index.html>

<sup>10</sup> “LCQ9: Revitalisation of old industrial buildings”, Press releases of the Development Bureau, 19 May 2010.

[http://www.devb.gov.hk/en/sdev/press/index\\_id\\_5998.html](http://www.devb.gov.hk/en/sdev/press/index_id_5998.html)

<sup>11</sup> Video excerpt of the forum: (<https://www.ourtv.hk>)

[https://www.ourtv.hk/cgi-bin/ourdb/bdetail?session\\_id=start&share=ourdb@ourtv.hk&dbname=vid\\_Video&template=344118260202&key=1802](https://www.ourtv.hk/cgi-bin/ourdb/bdetail?session_id=start&share=ourdb@ourtv.hk&dbname=vid_Video&template=344118260202&key=1802)

<sup>12</sup> *Hong Kong Drama Yearbook 2009*, ed. Chan Kwok-wai (Hong Kong: IATC(HK), 2010), p.30-41.

<sup>13</sup> Report on “Survey on the Current Status of Industrial Buildings for Arts Activities and Future Demand”

[http://www.hkadc.org.hk/UserFiles/ResourcesCentre/Report/20110127\\_CSIB/Research\\_Report.pdf](http://www.hkadc.org.hk/UserFiles/ResourcesCentre/Report/20110127_CSIB/Research_Report.pdf)