

# The Institutional Fix of Historic Revitalization behind Property-led Urban Regeneration: the Comparison between Taipei and Hong Kong

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## Abstract

*Since the 1990s, the content of urban redevelopment has been sharply transformed and including vibrant elements from economic to cultural, historic, social, and environmental considerations, which is termed as the transformation from bulldozed reconstruction to sustainable regeneration. In addition, the agencies involving in the process of redevelopment have been broadened and blurred the boundary between public and private sectors. With the rise of intercity competition, the public-private-partnership (PPP) has taken as the modus operandi to implement the governing capacity of entrepreneurial city and the foundation to achieve successful redevelopment appealing to private actors – not only businessmen, developers and, financiers but also NGOs, tourists, and talents. The paper argues that the logic of urban regeneration is often property-led and requires non-economic elements (e.g. culture, creativity, history, green, and water) enlarging the niche of property market in that they can help upgrade the added values of property-led regeneration. Meanwhile, non-economic elements are functioned as a new institutional fix to alleviate the internal contradictions of entrepreneurial governance in general and property-led regeneration in particular to legitimize the pro-business agenda behind the mechanism. We take Taipei and Hong Kong as the cases to illuminate the argument. Both cities have undergone the heavy burden of living due to the fancy property speculation since 1990s and face the contestations from grassroots level for community livability. We particularly focus on two policies – the Urban Regeneration Station (URS) in West Taipei and Revitalization of Industrial Buildings (RIB) in East Hong Kong to explore how the property-led ideology has embedded in the experiments of historical revitalization and what are the problems these policies have encountered.*

**Keywords:** historical revitalization, urban regeneration, property development, public-private-partnership

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## Introduction

The death and life of cities contribute to the dynamics of urban growth and landscape restructuring. For capitalist cities, creative destruction of built environment is a prevalent phenomenon because the surplus capital relies on a place for profitable circulation (Harvey, 1978). The old, dilapidated downtown area is usually the place of capital inflow for revalorization (Smith, 1996). Herewith, property sector matters to place-remaking because it can provide finance, technique, and expertise required for negotiation with stakeholders, market analysis, physical development, and sales for buildings. Urban regeneration can work more efficiently only when private agencies have involved in the complicated process and made profits from the involvement.

When the globalization has become the pre-eminent ideology to function contemporary world capitalism, the regime of flexible accumulation is forcing major cities to engage in the place war for strengthening the status of global city. Undoubtedly, urban entrepreneurialism, a privatized governing coalition between public and private agencies to promote the pro-business landscape, has dominated the governing agenda of cities to respond to intercity competition (Harvey, 1989; Hall and Hubbard, 1996). Hence, the content of urban redevelopment has been sharply transformed to include extra-economic elements such as culture, history, society, and environment, termed as the transformation from bulldozed reconstruction to sustainable regeneration. Meanwhile, the broadened agencies involving in redevelopment have blurred the boundary between the state and market. The public-private-partnership (PPP) has taken as the modus operandi under entrepreneurialism and platform to achieve successful regeneration appealing to diversified actors – not only investors, developers and, financiers but also NGOs, tourists, creative workers, and talents. The paper argues that urban regeneration often favors property capital and transfers non-economic elements (e.g. culture, creativity, history, green, and water) to enlarge the niche of property market in that they can help upgrade the added values of regeneration projects. That is, non-economic elements are functioned as a new institutional fix to alleviate the internal contestations of entrepreneurialism in general and property-led regeneration in particular to legitimize the pro-business agenda behind the seemingly sustainable idea. It is especially the case in the context of neoliberal city formation today.

When it comes to the variegated landscapes of neoliberalism, critical geographers, Neil Brenner, Jamie Peck, Adam Tickell, and Nik Theodore, have argued that the institutional restructuring might not be a one-way transformation from state intervention to market rejuvenation, but a complicated mix tangled with specific spatio-temporal circumstances a place inherits (Brenner and Theodore, 2002; Peck and Tickell, 2002). From the perspective of Asian urban studies, several works have also indicated that the East Asian cities have encountered the challenge of neoliberalism and exhibited alternative neoliberalization due to the context of developmentalism (Hills et al., 2012). The paper argues that East Asian cities also endow different individual pathways even if they have similar cultural, geopolitical, and historical contexts. The paper takes Taipei and Hong Kong as examples for comparison because they are Chinese cities and the members of Asian Four Tigers. Both are also labeling property-led regeneration as the core experiment to enforce entrepreneurial governance and facing the speculative fever from property sector after 2000s. However, they still have respective PPP frameworks on urban renewal due to the heterogeneous institutional landscapes and specific socio-economic contexts. Dramatically, they have undergone the heavy burden of living due to fancy property speculation since 1990s and face the resistance from grassroots level for livability. The paper address the idea that these new policy experiments covered by historical

revitalization might be a search of new institutional fix help the property capital to establish new investing niche that pure market mechanism cannot achieve in depressed areas. We focus on two policies – the Urban Regeneration Station (URS) in Taipei and Revitalization of Industrial Buildings (RIB) in Hong Kong to explore how the property-led ideology embeds in the experiments of historical revitalization and what are the problems these policies have encountered.

### **Revitalization as the institutional fix to strengthen the property-led regeneration**

In the section, the paper gives a brief review for several concepts of revitalization under property-led regeneration to illustrate why revitalization with non-economic elements functions as the institutional fix to reconcile the accumulative barrier for property capital. Here we illuminate the interrelated ideas about property-led regeneration – revitalization with economic implication, public-private-partnership under neoliberalism, and institutional fix for property capital – as well as in the next section address the main arguments as the reference for the following comparison between Taipei and Hong Kong.

#### *Revitalization with economic implication*

With the rise of global economy and accompanied intercity competition, property-led urban regeneration emerges to support urban reimagining process even if its orthodox operative definition is 'comprehensive and integrated vision and action which leads to ... a lasting improvement in the economic, physical, social and environmental condition of an area' (Roberts, 2005: 17). Indeed, central or city government has acknowledged its key function as a 'global urban strategy' (Smith, 2006). Except catering for ground rent from reinvestment, property-led regeneration helps release urban space from dilapidated areas and transforms old downtown into spectacular landscape with global visibility. Hence, it is hard to throw off the 'growth first' logic (Cochrane, 2007) – place marketing, vibrant labour and property markets, and global inward capital. In addition to market incentives, the practice requires for complicated institutional, legal, political, and social coordination by which the state can alleviate the internal contradictions such as development vs. preservation, social mix vs. global highlight, local community vs. global elites, and economy vs. environment, all of which can be conciliated through 'sustainability' (Imrie et al., 2009).

Revitalization has been taken as a major concept to enforce urban regeneration for a long while. Its form has evolved for several decades with urban socio-economic transformation. The earliest version emerged in the US cities in 1930s, focusing on the supply-side policy for industrial investment in specific areas. Hereafter, the approach has been adjusted towards political assessment and entrepreneurial strategies since 1960s to fairly redistribute resource and efficiently promote local economy. Even though broad ideas (e.g. equity and sustainability) have been included in practice since 1980s, the basic principle still emphasizes 'development' with the rise of privatization in the post-1990s policy experiment (Fitzgerald and Leigh, 2002). The practice of revitalization is to promote local economic development through public-private-partnership (PPP). From the orthodox perspective of new public management, PPP 'can be defined as arrangements whereby private parties participate in, or provide support for, the provision of infrastructure, and ...results in a contract for a private entity to deliver public infrastructure-based services' (Grimsey and Lewis, 2004: 2). PPP is contemporary governing paradigm because it helps the state release fiscal burden and gets rid of the executive impasse of bureaucracy system through infusing enterprise features – innovation, efficiency, and performance. It has been positioned not only as the centerpiece of urban entrepreneurialism

(Harvey, 1989), but also as the experiment for producing neoliberal urban space<sup>1</sup> (Brenner and Theodore, 2002: 21). It is often taken as a 'panacea – whether it is between the statutory agencies of one sort or another, between statutory and voluntary agencies, between community and state, or between public and private sectors' (Cochrane, 2007: 36). As a result, we have to pay attention to the form of PPP and its neoliberal implication.

### **Public-private-partnership under neoliberalism**

When it comes to the public-private-partnership, the field of urban policy, especially urban regeneration, has often taken it as a new form of urban governance to remedy/fix the fault of bureaucratic inefficiency in the era of neoliberalism (Cochrane, 2007). From the eyes of liberal economists, neoliberalism is 'a theory of political economic practices which proposes that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices' (Harvey, 2006: 145). That is, PPP from the perspective of critical geographers is the institutional fix for the capitalist state to protect the integrity of accumulative regime<sup>2</sup> (Peck and Tickell, 1994) and tends to speculation in nature because 'the public sector assumes the risk and the private sector takes the benefit' (Harvey, 1989: 7). It is the case in the context of neoliberal city. With the demise of state accountability for welfare redistribution and social reproduction, the property-led partnership has advanced the capitalization of extra-economic elements in built environment for extending the profit margin of property investment. A set of new initiatives (e.g. enterprise zone, empowerment zone, development trust, urban development corporation, and several special task forces) have been established since 1980s in western countries (Healey, 1992).

In addition, property sector includes several agencies with contesting interests. They compose of a complicated network of stakeholders – landowners, developers, financiers, investors, and planning consultants, which of them stand for different functions in the process of property development but all care about the profit brought about from development (MacLaran, 2003). Further, neoliberalization has forced the state, traditionally considered the regulator and planner of urban development, devote itself to creating entrepreneurial landscape meeting transnational symbols or prestige mega-projects (Acuto, 2010; Cartier, 1999; Olds, 2001). Neoliberal place-making relies on not only site-by-site reconstruction but also a city-wide and large-scale remaking/reimaging to shape international highlights.

#### *The institutional fix for the accumulation of property capital*

Therefore, the extra-economic dimension of revitalization functions as an institutional fix for PPP to create sufficient incentives for private investment. Also, the fix can make viable the

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<sup>1</sup> These efforts include a set of regeneration projects focusing on property investment – 'place marketing, enterprise and empowerment zones,...,urban development corporation,...property redevelopment schemes, [and] business incubator projects...to mobilize city space as an arena both for market-oriented economic growth and for elite consumption practices' (Brenner and Theodore, 2002: 21).

<sup>2</sup> Accumulative regime, from the viewpoint of regulation theory, means particular coupling of accumulative systems from the economic communities (e.g. capitalists) and the mode of social regulation from the state institution. At the specific moments of capitalist history, the regime always encounters new socio-economic barrier (i.e. crisis) detrimental to the stable accumulation. Then the developmental path has to be revised and the accumulative systems and mode of social regulation follow in order to 'fix' the problems caused by crisis. The process of institutional restructuring can be termed as the search for a new institutional fix (Peck and Tickell, 1994).

regeneration project with extra-economic elements because it opens a channel for public engagement. Certainly, the new institutional fix might not assure that all demands among diversified stakeholders can be completely resolved because the property-led nature still takes the capitalist logic as the first priority and possibly intensifies the spatial contestation. In the context of neoliberal city formation, the situation may be more acute. Compared to the traditional socio-spatial displacement (i.e. gentrification) accompanied by the neighbor revitalization in 1950s, the impact of displacement today is far-reaching and scaling-up from single community to entire city. Instead of offering the incentive and loosening land use regulations, the state strengthens its own role to prettify the institution of regeneration for customized pro-business agenda (Hackworth and Smith, 2001; Hackworth, 2007). The mega-redevelopment, owing to the pressure of global intercity competition, has been not the patent of western advanced cities but the feverish property game prevalent among globalizing cities of developing world (Olds, 2001). In order to activate new urban imagineering and make pro-business initiatives publicly acceptable, our paper argues that, extra-economic elements – culture, creativity, history, lifestyle and environment would function as the institutional fix for increasing the added value of renewal projects, to appeal to transnational tourists, investors, consumers, business elites and, through the seemingly innovative, integrative, and comprehensive narratives, to reconcile the contesting interests the stakeholders face in the process of redevelopment. These ostensibly progressive narratives help reduce the potential resistance from the neighborhood and establish the 'false consciousnesses based on bourgeois ideology. The inclusion of non-economic conservation still stresses on economic benefit, which can be transferred to the extra-gain of property and intensify the tendency of property speculation.

### **The main arguments**

From the abovementioned reviews, we can find several interesting aspects worthy of further examination through case studies. The paper here addresses three propositions for exploring the function of revitalization as the institutional fix under property-led regeneration. First, non-economic revitalization (e.g. historical preservation in the paper) is aimed at economic benefits, especially that of property capital. As long as non-economic elements can facilitate the increase of economic values, both dimensions might be not always opposite to each other. Second, pure market mechanism, espoused by the neoliberals, might not always work well alone but usually requires the institutional support from the state. It is the case in the process of land/property (re)development because the location fixity, use monopoly, investment irreversibility, and exclusivity of land/property characterize the tendency that property capital always flows into the place with the best and highest market potential but hesitate to invest the area with higher risk and uncertainty. Third, non-economic elements can be repackaged through revitalization policy to help the downtown area create new niche for property market. It exemplifies the fact that urban policy often tends to favor capitalist logic based on creative destruction, which is especially significant in a city with feverish property investment. That's why historical revitalization may function as an institutional fix in a property society for the interest of property sector is strong and the state is deliberative to stabilize the market integrity.

In the next two sections, the paper will illustrate the context of property-led regeneration and the framework of PPP in Taipei and Hong Kong respectively. Following these propositions, we can realize why property sector plays a key role in their governing agenda even if both cities have respective developmental pathway toward neoliberalization. The tendency to favoring property capital has intensified the articulation of both urban renewal institutions with capital accumulation and property revalorization. Recently, the dilemmas over implementing renewal

projects have emerged. Whilst Taipei faces the problem of uneven development between the booming districts and depressed downtown, Hong Kong fights for the dispute of socio-spatial displacement. In the section, we go on taking the cases – the URS of Taipei and RIB of Hong Kong to explore how both governments, in the name of revitalization, transform non-economic elements (e.g. historical heritages) into economic icons to promote healthy images and attract capital reinvestment.

### **Taipei: the urban transformation from developmentalism to neoliberalism**

The capital of Taiwan is Taipei whose western part along Tamsui River is the earliest developed area since the 18<sup>th</sup> century. Its first systematic urban renewal can be dated back to 1970s. Its major aims were to clear squatters, provide suitable infrastructure, and establish national housing because the postwar Taiwan faced severe questions about rapid urbanization and industrialization, peasant immigrants from the rural area of southern Taiwan, and refugee influx caused by the Chinese Civil War in mainland China (Jou, 1999). The factors forced the state to bear the accountability of urban renewal and bulldozed reconstruction was the main approach.

Under the mode of 'developmental state' as the governing mode to enforce national economic policies (Douglass, 1994), Taiwan's urban planning system functioned as an assistant tool to practice state-led economic plans. Deficient local financing, infrastructures, and social service were the common situation prevailing on cities because the major power to distribute resource was placed on the central state (Chou, 1998; 1999), which played the role of planner, financier, and promoters to determine industrial strategies and financial assistance (Wang, 2003). Therefore, the quality of life was often substandard and the supply of collective consumption was unqualified because the state took economic performance as the first priority. For example, national housing was not only undersupplied but, if any, focused on specific groups of citizens (e.g. military, educational, and public servants) (Chen, 2003). Urban renewal was managed to clear illegal buildings and squatters in order to increase land supply for economic development.

Taipei has entered the global economic system since late 1980s and exercised the transformation of urban renewal system in early 1990s. Resulting from the progress of export-oriented industrialization (EOI) driven by developmental state, new division of labor and the rise of cross-strait investment in China have propelled the central and city government to remake Taipei as a global city even if the intergovernmental political struggles erupted as the central and local states have often been ruled by oppositional parties since mid-1990s (Wang, 2003; 2004). Actually, Taipei City Government (TCG) has recognized the need to establish new urban image for international promotion and the pressure to fasten urban renewal. Conceiving the public fiscal limitation and the importance of property market, TCG has introduced the mechanism for inducing private capital to urban renewal. The policy turn can be seen as the first wave of privatization of urban renewal in Taiwan. Meanwhile, the central state also involved in promoting PPP of urban renewal. In 1998, the 'Urban Renewal Act' was enforced in Taiwan. According to the Act, renewal project was defined as a 'business' whilst private developer was encouraged as the major business implementer. Also, offering extra-floor area and reducing business tax for private implementer are the main incentives to attract developers. Hsu and Hsu (2013) indicate that the legislation is the institutional learning of the state toward neoliberalism, which can be represented in terms of the PPP initiative.

**Table 1: The number of approved/completed renewal business and average housing level by the administrative district of Taipei**

District	No. of approved renewal business	No. of completed renewal business	Average housing level (NTD\$ 10,000/Ping)
Wanhua	4	1	52.6
Datong	11	1	60.2
Shilin	8	1	64.9
Beitou	6	2	55.4
Da'an	12	2	94.1
Zhongshan	21	3	75.4
Zhongzheng	13	2	83.7
Neihu	11	0	61.5
Wenshan	21	4	49.8
Songshan	12	3	79.8
Xinyi	10	0	83.9
Nangang	14	0	62
Taipei City	143	19	66.1

Notes: USD\$1=NTD\$30; 1 Ping=3.31m<sup>2</sup>

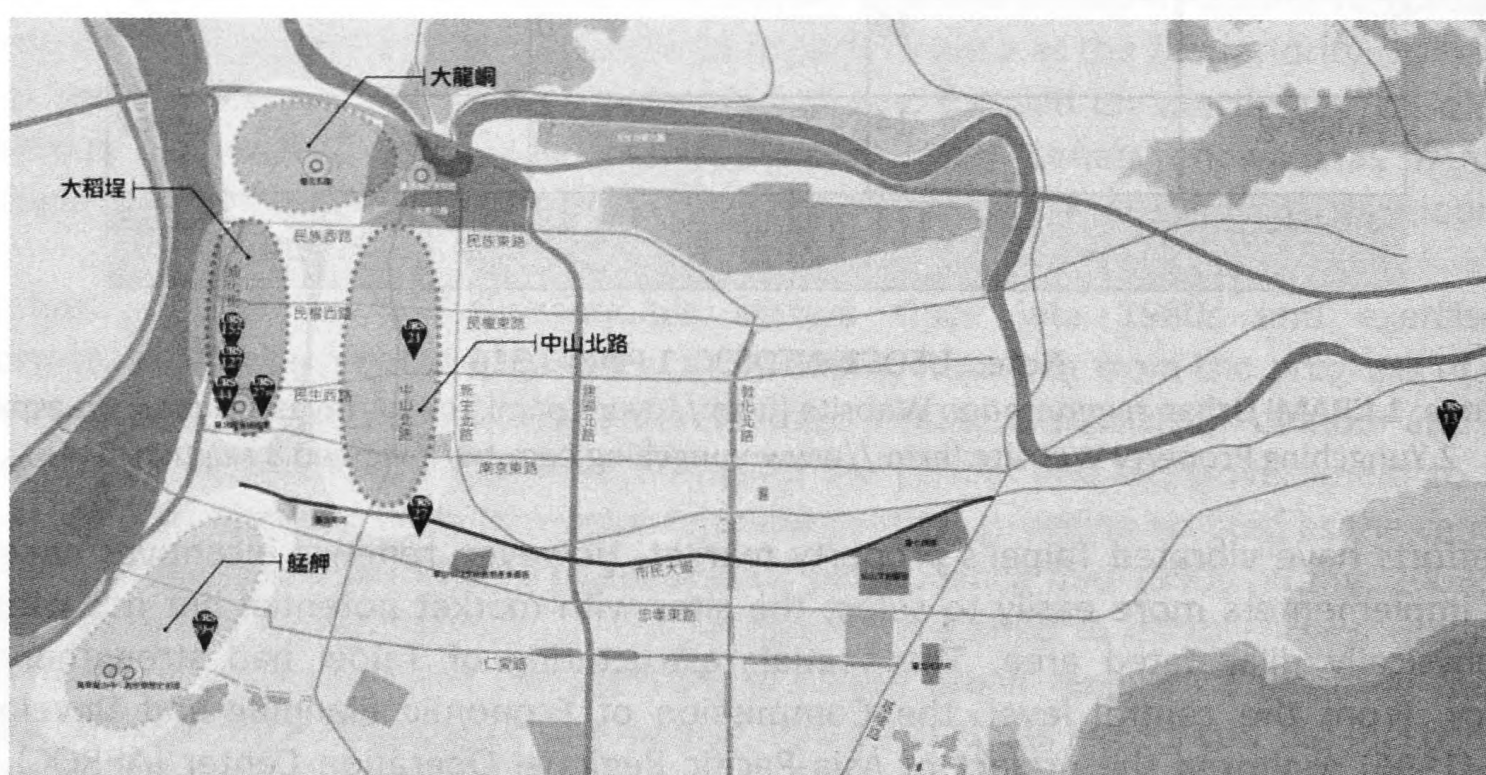
Source: 1.CPAMI Urban regeneration Website ([http://twur.cpami.gov.tw/invest/i-index\\_en.aspx](http://twur.cpami.gov.tw/invest/i-index_en.aspx));  
 2.Yungching Property Website (<http://www.yungching.com.tw/>), viewed 8 August 2014.

These efforts have vibrated Taipei's property market. However, renewal incentives have made private implementers more easily to select the sites with market potential but not within the most physically dilapidated area. The spatial restructuring of Taipei had strengthened the tendency. From the central level, the Commission of Economic Planning and Development (CEPD) (1996) proposed the project of Asia-Pacific Regional Operation Center (APROC), which defined Taipei as a center with international media, telecommunication, and financial functions. TCG soon addressed the mega-project, 'Taipei Manhattan' in Xinyi Planning District at East Taipei as its globalizing campaign (Jou, 2005). Hereafter, Taipei's axis has moved eastward whilst the western district still kept on depressed. Its spatial structure has evolved from monocentric to polycentric as post-industrialization has intensified the emergence of several sub-city centers with the placement of several new industrial districts along the newly developed fringes (Chou, 2005). Facing the uneven development between east and west, TCG has proposed the campaign – 'reversing the axis; balancing the east-west' since late 1990s. New spatial pattern, however, has exerted feverish property speculation and heightened the housing price level in new areas. Therefore, developers tend to invest newer districts because the booming property sub-market might bring about higher profit margin. Within the framework of property-led regeneration, urban renewal in Taipei has become the speculative property game but deviated from the real

meaning of social reproduction, cultural revitalization, and historical preservation in downtown. Table 1 illustrates the uneven development in Taipei. The districts with booming price level usually attract more applications for renewal business. By contrast, Wanhua and Datong Districts, the old downtown in Western Taipei, have few projects and face the ever-depreciating housing price-level.

Urban regeneration stations in Taipei – a temporary utilization of idle space before redevelopment

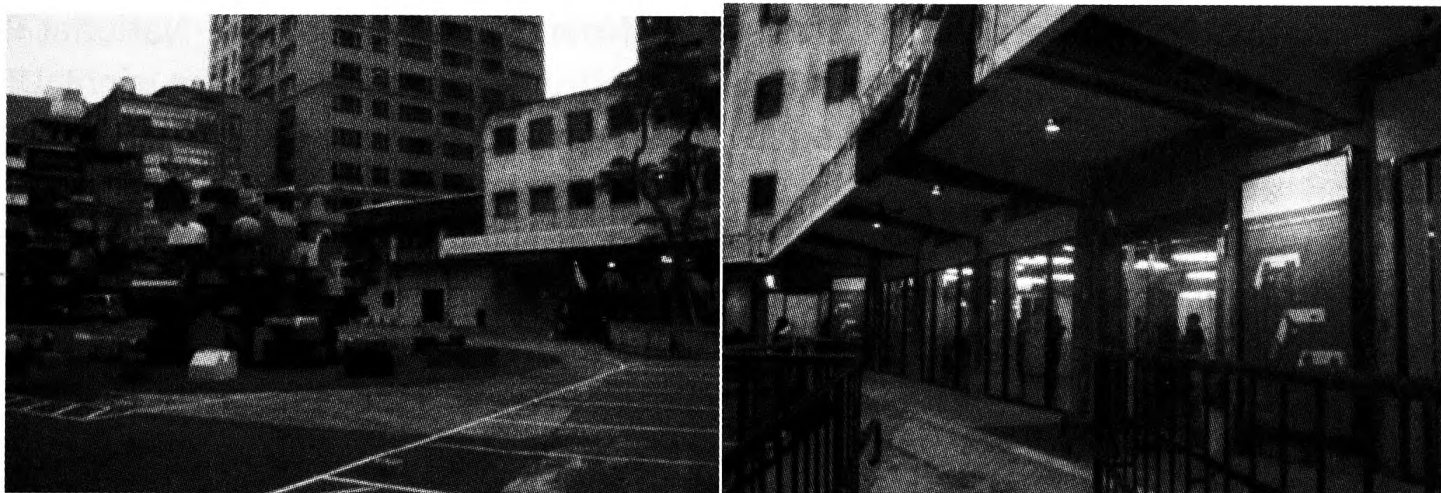
Acknowledging the rise of post-industrial and consumer-based urban life in Taipei, TCG initiated the idea of 'urban regeneration station' (URS) to create the 'soft' urbanism in 2010. According to the saying of the chief head of TCG Urban Regeneration Office (URO), soft urbanism advocates a new mode of urban regeneration based on the visionary framework to establish consensus and direction; strategic planning to determine the focus and adaptation; practical action to learn from the trial-and-error process; dynamic deployment to achieve flexibility and practice; future solution to guide the tendency and action; and integrated synergy to create cross-boundary partnership and diversified interaction (Lin, 2013). In other words, the idea is that urban regeneration covers not only bulldoze reconstruction and physical improvement, but also a direction towards the integration and competitiveness in the future (URO, 2010). URS, the abbreviation of 'urban regeneration station', is a deliberative narrative to symbolize the word, 'yours'. That is, no matter the project is either a soft activity or a hard facility, 'yours/URS' represents to the place-remaking with diversified events, creativity, vitality, and local identity for all citizens. Its extended meaning includes 'your station', 'your society', 'your space', 'your studio', or 'your shelter' (Ibid.).



**Fig. 1:** The location of URSs in Taipei.  
Source: URO (2014).

There are two types of revitalization to operate URS. One is the temporary revitalization for vacant government-owned property. The other is the revitalization for vacant private property before formal reconstruction. The spatial pattern of URS siting is interesting and schematic. Until now, there have ever been eight URSs in Taipei. Fig. 1 reveals most of the locations are situated in Western Taipei – 4 in Datong District, 2 in Zhongzhen District, and 1 in Wanhua. All agents applying for running the stations are NGOs, community micro-enterprise, or cultural organizations and positioned as the strategic partners to reimagine Taipei as a creative city. These stations, regardless of public or private property, are the representative buildings recording the

diversified history of Chinese reclaiming, Japanese colonial, and postwar industrial era. Throughout the 5-years efforts, several public and private buildings have been successfully revitalized for exhibition centers, artist studios, creative shops, cultural and historical workshops, and community places (Fig.2 & 3). Before designated as the URSs, they have been in vacancy for a long while but worthwhile for preservation. In 2012, URO initiated the 'Action Plan for URS Partner' to address an innovative platform to seek for social partners without capitalist logic. The 'partner' covers broad social agents such as enthusiastic community studio, micro-enterprise, coffee shop, troupe, organization, club, school and every Taipei citizen (URO, 2012: 5). Through the involvement of social partners, URSs can organize creative, artist, and life-based events in old communities.



**Fig. 2:** The outcome of revitalization – URS 21: Zhongshan Creative Base  
Source: author



**Fig.3:** The outcome of revitalization – URS 44: Dadaocheng Story Workshop  
Source: author

The experiment of URS has capitalist implication for institutional fix. Superficially, URSs function as catalyzing urban regeneration in terms of non-economic elements. Actually, they stand for the icons of added value to exercise the potential of property values. The agglomeration of URS in the western district reveals the intent of TCG to promote the attractiveness for property reinvestment back to the built environment. It is the economic incentive of Urban Renewal Act (e.g. offering extra-floor area on the site of renewal business) that determines the uneven development between the east and west. The dilemma requires other extra-economic solutions to overcome the market disadvantage of the western district. Cultural, creative, and artist elements are the alternative for redevelopment because they are compatible to the local character embedded in the western district – history. URS is neither a pure experiment for historical preservation, nor a cultural project for heritage reuse. It is a facilitative item to stimulate the possibility of property-led regeneration hindered by the given investment barrier

under Urban Renewal Act. As long as the consumption and people can return to the downtown, the investment will follow the business and bring back the property boom. The institutional fix helps capital surpass the market threshold because the main intention of non-economic elements is for decoration.

We can further observe the property-led feature through the practice. We have mentioned that, according to the 'URS Promotion Plan', URS is a temporary use for vacant public/private property (URO, 2010). The aim of historical revitalization is not for preservation, but for utilization until the economic threshold is matured. If the timing for reconstruction approaches, the revitalization will be terminated. For example, URS 13, Nangang Capsule Factory, had ever been a Japanese private factory in the colonial era and taken over by a state-owned enterprise, Taiwan Tobacco and Liquor Corporation after 1945. Now it is owned by the National Property Administration, Ministry of Finance. Since 2010, it had ever been one of the eight URSs and introduced several activities such as parking lot, open space, creative studio, pop-music center, and recreation and exhibition places. In 2013, URS13 has been terminated and will be demolished in order to meet the development project of Nangang High-Speed Railway Station. Even if the local residents and several cultural groups resisted the decision, the National Property Administration still insisted on the redevelopment for large-scale railway station because the land resale to fulfill the state treasury is more appealing. It is not difficult to understand the mechanism of URS to support the property-led regeneration even if URS indeed help revitalize the dilapidated areas.

### **Hong Kong: the neoliberal city ruled by property state**

As a quasi city-state, Hong Kong relies on the constrained land resources for its development. The natural condition forces Hong Kong Government to concern about land supply and property market. For operating the *entrepot*, Hong Kong Government is the proponent of free market and behaves well in the manner of 'positive non-interventionism'<sup>3</sup>. However, the spirit of *laissez faire* is placed on most policy spheres but not land development. Because the land ownership of entire territory belongs to the government, land-leasing has been an important fiscal tool to earn government revenue while 'high land price' the mechanism to select the bidder willing to pay the highest price, the best revenue claimed from leasing (Schiffer, 1991). The condition contributes to the oligopolistic structure of property sector because only few large-sized developers can afford to the price for bidding. Haila (2000) names Hong Kong as a 'property state' to express the close connection between its economic foundation and property sector. Similarly some scholars call the phenomena the rise of property hegemony (Poon, 2011) or urban growth machine (Lee, 2007). In Hong Kong, these comments reveal that land stands for the power because these property tycoons possess the power to influence urban policy.

The pro-business ideology is further strengthened by the colonial legacy – executive-led government, which has the arbitrariness to dominate the agenda of urban governance. Running around the 'minimal intervention but maximal support' principle, urban planning in Hong Kong never contradicts to 'positive non-interventionism', but makes effort to create pro-business

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<sup>3</sup> 'Positive non-interventionism' is the central philosophy of Hong Kong Government in the postwar period. In brief, the concept, by Sir Phillip Haddon-Cave, the Financial Secretary of Hong Kong Government in 1980, means that 'positive non-interventionism involves taking the view that it is normally futile and damaging to the growth rate of an economy, particularly an open economy, for the Government to attempt to plan the allocation of resources available to the private sector and to frustrate the operation of market forces, no matter how uncomfortable may be their short term consequences' (Yam, 1998). Yam, J. (1998) 'Intervention true to guiding policy', *South China Morning Post*, 28 August.

environment for capital accumulation (Ng and Cook, 1997). During the 1950s-70s, Hong Kong experienced rapid outward development from Victoria Harbor to New Territory. Like Taiwan, Hong Kong also encountered the population pressure owing to the huge amount of refugees from Mainland China. Many squatters mushroomed in downtown across Victoria Harbor and spread along the urban fringes. However, Hong Kong had entered its mode of export-oriented industrialization since 1950s. In order to meet the industrial and housing demands, new town planning was introduced from the Britain and New Territory has been orderly developed (Bristow, 1989).

Since 1970s, Hong Kong Government has started to enforce urban renewal projects as the downtown fell into decay but the financial burden was the constrain (Drakakis-Smith, 1981). Soon globalization and deindustrialization have affected Hong Kong's manufacturing economy since 1980s and forced the government focused the redevelopment of harbor area. In 1988, the government established the Land Development Corporation (LDC) responsible for the promotion of urban renewal, an imitation from the experience of Urban Development Corporation (UDC) in UK.

LDC had ever been labeled as an initiative based on the spirit of PPP and entrusted with accountability to realize comprehensive community improvement and effective renewal procedure (Yeh, 1990). However, it had not achieved expected performance before its abrogation in 1999. Although LDC was a government-funded agency, it did not have the legal right to active claim land resumption in the dilapidated area because lack of legal power to actively claim land and sufficient financial resources for agency operation hindered its policy effectiveness (Adams and Hastings, 2001). Besides, LDC faced the long time of negotiation for land assembly and high reliance on the cooperation with private developers for required funding. In 2001, Urban Renewal Authority (URA) was established to supersede LDC.

Like LDC, URA, is a government-funded agency designed to implement the business of urban renewal but it enjoys extended power to play role of (A) an 'implementer' to initiate a redevelopment project on its own or respond to a joint approach from building owners to initiate redevelopment of their lot(s)/building(s); or (B) a 'facilitator' to provide assistance to owners as consultant to help them assemble titles for owner-initiated redevelopment (URA, 2011: 7). Based on the PPP principle, the property-led attribute in the renewal process has actually been furthered. Ng (2002) has indicated that the most serious question is the connection between pro-business climate and the property-led renewal strategy. The involvement of private developers has been broadened because URA can choose to redevelop the resumed land by itself, redevelop through joint-venture with private developers, or sell the land to private developers. The economic viability of property market is the major consideration of URA although it has claimed the importance of public interest, sustainable development, cultural heritage, and community participation under the slogans such as 'people-first', 'district-based', and 'public participatory' (URA, 2011: 4).

Compared to the urban renewal of Taipei, that in Hong Kong appears to have more systematic institutions and agency to operate the partnering framework. However, the speculative atmosphere of property hegemony has also made renewal disputable. The most significant impact on the dilapidated community is the socio-spatial displacement of neighborhood or social activities (e.g. gentrification). As its operation principle is to 'exercise due care and diligence in handling its finances and to be self-financing in long run'<sup>4</sup>, so URA must be run for profit-making

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<sup>4</sup> URA, (2014) About URA, viewed 31 July, <http://www.ura.org.hk/en/about-ura.aspx>.

increased property price. Due to the expected increase of property price of completed project, original owners and tenants will be difficult to purchase the properties in the same area. The only way they can chose is to move out to the suburban because of the cheaper living cost. Even if URA has proposed the broader, more integrated, and more sustainable concept of urban regeneration in the name of '4Rs strategies' – including redevelopment, rehabilitation, heritage preservation, and revitalization, it is hardly to get rid of the property-led image.

Revitalization of industrial building in Hong Kong – the state project full of investment consideration, Hong Kong has been experiencing de-industrialization since 1980s with many of its manufacturing industries relocated to Mainland China and other areas. Since 1990s, the Hong Kong Government has gradually eased the institutional regulations for more flexibility in using industrial buildings, such as the "Industrial-Office (I/O) Redevelopments" since 1989, rezoning some industrial land and introducing Other Specified Use annotated "Business" \*OU(B)+ since 2000. In 2009 Policy Address, a new package of revitalization measures was announced and was put into practice in 2010<sup>5</sup>. These new measures mainly include lowering the ownership threshold for redevelopment, allowing tailor-made lease modifications, giving owners the option to pay the land premium in installments for five years and waiving the land premiums for conversion upon satisfaction of certain conditions<sup>6</sup>. Basically, economic incentives are provided to encourage the private sector to revitalize old industrial buildings in Hong Kong, either through redevelopment or wholesale conversion.

Kowloon East in Hong Kong is consisted of Kwun Tong, Kowloon Bay Business Area and the former Kai Tak Airport. It is an old industrial area where a large amount of industrial buildings are located in. De-industrialization of Hong Kong urged revitalization of industrial space and economic activity in this area. Two years after the announcement of Hong Kong's new package of revitalization measures, "Energizing Kowloon East" scheme – a place-specific development concept plan is announced by the Chief Executive in 2011 Policy Address. The aim to facilitate and accelerate the transformation of this area into another premier CBD of Hong Kong—the "CBD2" vision to support Hong Kong's economic development and to strengthen Hong Kong's global competitiveness. According to the Government, the project includes land use review and revision, urban design, improved connectivity and associated infrastructure. Revitalization of industrial buildings in Kowloon East not only reflects on the 2010 new package of revitalization policy, but also the "Energizing Kowloon East" scheme by the Government since 2011. Thus, it may serve as an ideal candidate for case study to investigate recent progress of Hong Kong's urban regeneration, as well as the emerging institutional fix.

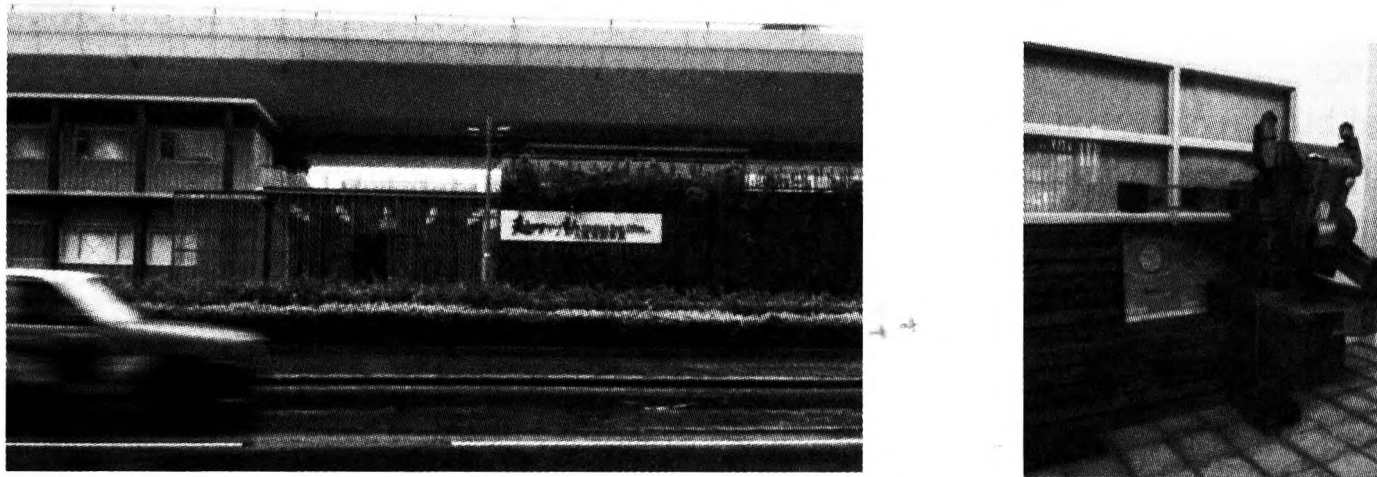
For the revitalization of industrial buildings in Kowloon East, vibrant non-economic elements are included, such as environmental, socio-cultural elements and more room for public participation. In the "Energizing Kowloon East" scheme, there are more such "green" elements. Stated by the Government, Kowloon East will be promoted as "a green community with low carbon building design". Most of the industrial buildings in this area are private-owned. Except Kai Tak, Government land for development is limited. The Government has developed several "Green Buildings", which form a few "Green Check Points" in Kowloon East. Among them, the Energizing Kowloon East Temporary Office built underneath the Kwun Tong Bypass by using recycled freight containers and other materials is a typical example (Figure 1). It is the first low carbon temporary office not only in Kowloon East but also in Hong Kong. Another example is the Zero Carbon Building (ZCB)— the first zero carbon building in Hong Kong to showcase the "state-

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5. 'Optimising the Use of Industrial Buildings', Development Bureau HKSAR, accessed Aug 9, 2014, <http://www.devb.gov.hk/industrialbuildings/eng/home/index.html>

6. 'Optimising the Use of Industrial Buildings'

of-the-art eco-building design and technologies”. Others include an Environmentally Friendly Linkage System—an elevated 9-kilometre, 12-station monorail system to enhance connectivity of the area, “Playful Thursday@Tsun Yip Street – Veggie | Arts Jamboree”—an organic products and home-made craft products market organized on Thursdays, and so on. What is more, the Government is considering specifying in the lease conditions new requirements of achieving Gold or above rating under BEAM Plus for private redevelopment. Based on all these, the concept of “environmental friendly” and “green” is mentioned repeatedly brand Energizing Kowloon East.



**Fig.3:** Energizing Kowloon East Office (EKEO) — the first low carbon temporary office in Hong Kong  
Source: authors

Several endeavors as the institutional fix have been poured into the planning area. Social and cultural elements are included in revitalization of industrial buildings in Kowloon East. Every industrial building in Kowloon East is carrier of the history and regional culture. They have witnessed industrial fading in Hong Kong and currently they function as nurturing ground of Hong Kong’s arts and cultural industrials. EKEO commissioned a study on “Industrial Heritage of Kowloon East and Its Potential for Public Art and Urban Design” to integrate industrial heritage of this area into design in its landscape improvement and place-making through urban design guidelines and public art. A “Kowloon East Cultural Map” is finished, and the Kwun Tong Promenade Stage 1— an important part of the EKEO scheme, is designed with imprints of recycled paper industry—the industry used part of the seafront as loading and unloading area. Today, there are many artists working and even living in these industrial buildings in Kowloon East. Taking this into account, as well as providing more public space, the Government initiated a “Fly the Flyover Operation” emphasizing on creativity, arts and culture to open up lands underneath the Kwun Tong Bypass and turn it into a venue for the public to organize arts and sports activities. However, this still has led to strong oppositions of local artists for aversion to discipline. Besides, to alleviate contestation of the community, more room is provided for public participation than before through regular place making workshops and public forums with certain groups, as well as “Kai Tak Fantasy”—an international idea competition on urban planning and design for a certain part of the Kowloon East.

Although there are various extra-economic elements, revitalization of industrial buildings in Kowloon East is still property-led regeneration following growth first’s logic. Either for the 2010 new revitalization measures or the Energizing Kowloon East scheme, the Government is playing an inducing role, providing incentives to attract private capital in revitalization. The Government initiatives of the 2010 new revitalization measures are to achieve land value upgrade of industrial buildings. In the Energizing Kowloon East scheme, this point is stated more clearly—the target is to transform Kowloon East into “another premier CBD of Hong Kong”, providing quality office to meet the demand of “regional headquarters and regional offices of multi-

national companies setting their foot in Hong Kong” 7. The Energizing Kowloon East scheme is also for land value upgrade but at a larger geographical scale. The logic behind is to achieve upgrade of both built environment and economic activity through property-led revitalization to attract more global inward capital for local employment and wealth creation. The capital accumulation logic behind is unchanged. Mainly relying on individual or developer’s decision in the market, profit pursuing in revitalization is an inevitable outcome. By calculating application cases of industrial buildings’ revitalization in Kowloon East, most of them are being revitalized into offices, shops and services, and hotels for more profits. The extra-economic elements introduced did help in enlarging the niche of property market through providing expectation of future prosperity and future price increases. Undeniable, these elements did also help to alleviate inner contestations. Yet, the inner conflicts remain unchanged. Short-term speculation of industrial buildings by individual and developers transpired in the market, driving up the price dramatically, bringing in an extremely high financial threshold as new hinder of revitalization. That reflects the structured conflicts between government intervention and market response. In addition, spatial displacement still transpires in Kowloon East, like that happens in many other areas. Local artists, small business and urban poor as original users of industrial buildings are gradually driven out from this area. Such gentrification makes grassroots’ oppositions remain unsolved. In revitalization of industrial buildings in Hong Kong’s Kowloon East, it is to revitalize the space, not the social-economic activity of the same community.

The revitalization policy in Kowloon East continues easing institutional constraints for allowing more flexibility in using industrial buildings. Moreover, it represents a more integrated regeneration approach by the Government. One is the introduction of more extra-economic elements including environmental and social-cultural concerns in regeneration policy to alleviate inner contestation as discussed above. Urban regeneration can also be seen in four major types including property-led, cultural-led, tourism-led and industry-led. Thus, reflected by Kowloon East, it is found that the Government is also adopting a more integrated urban regeneration approach integrating property-led, culture-led, tourism-led and industry-led. Yet essentially, revitalization of industrial buildings in Kowloon East reflects the Government’s strategic speculative regeneration through property-led approach following growth first’s logic. Although the introduction of extra-economic elements may help in enlarging the niche of property market for more added value of property-led regeneration, it is not able to solve the internal conflicts of urban entrepreneurial governance.

## Conclusion

Cuthbert (1984) had ever argue that the non-economic values such as cultural, social, or historical element are always vulnerable in the context of capitalist cities because the logic of capital accumulation is based on the process of creative destruction of built environment. However, the paper, after exploring the experiences of historical revitalization in Taipei and Hong Kong, indicates that non-economic elements may be possibly transformed to improve the condition of property reinvestment. The case of both cities also reveals that even if Taiwan and Hong Kong experienced different developmental pathways toward neoliberalism, their approaches to implement property-led regeneration still show the similar phenomenon – establishing pro-business climate decorated by historical revitalization. Of course, there are still differences between both cases. URS in Taipei tries to create several revitalizing points

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7. Background— Hong Kong's CBD2, accessed Aug 9, 2014, [http://www.ekeo.gov.hk/en/about\\_ekeo/background.html](http://www.ekeo.gov.hk/en/about_ekeo/background.html)

in order to strengthen its network synergy from the points through lines to the entire district. By contrast, RIB in Hong Kong intends to initiate a comprehensive, large-scale project for place-remaking to achieve the collective effectiveness of entire downtown regeneration. The comparison also indicates that neoliberalization is a complicated process and exhibits the similarity and difference. But we should keep in mind that these policy narratives about historical revitalization, combined with several non-economic elements such as environmental, social, cultural, or creative dimensions, are the institutional fix to alleviate the internal contestation of property-led regeneration. The projects may still be possible to exacerbate the situation of property speculation and cannot stop the tendency of creative destruction in the built environment even if the narratives are often non-economic.

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