



<b>Title</b>	<b>An institutional analysis on urban renewal in Hong Kong</b>
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<b>Citation</b>	
<b>Issued Date</b>	<b>2008</b>
<b>URL</b>	<b><a href="http://hdl.handle.net/10722/131059">http://hdl.handle.net/10722/131059</a></b>
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THE UNIVERSITY OF HONG KONG

**AN INSTITUTIONAL ANALYSIS ON URBAN RENEWAL IN HONG KONG**

A DISSERTATION SUBMITTED TO  
THE FACULTY OF ARCHITECTURE  
IN CANDIDACY FOR THE DEGREE OF  
BACHELOR OF SCIENCE IN SURVEYING

DEPARTMENT OF REAL ESTATE AND CONSTRUCTION

BY

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HONG KONG

APRIL 2008

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## Declaration

I declare that this dissertation represents my own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or to any other institution for a degree, diploma or other qualification.

Signed: \_\_\_\_\_

Name: FUNG KAI MAN

Date: 10<sup>th</sup> April 2008

## **Abstract**

Urban renewal is a controversial topic. There have been increasing claims for public participation in the urban renewal process. The general public are now more aware of the issue of urban renewal.

In all urban renewal projects conducted by the Urban Renewal Authority or other government bodies, negotiations will be conducted with the affected tenants to purchase their properties prior to the execution of the Lands Resumption Ordinance. However, it appears that the acquiring authority is unsuccessful in acquiring the interests by private negotiations.

This study will investigate why the acquiring authority has failed to achieve such purpose, from the perspective of institutional arrangements, and to evaluate if there are any causal link between the level of participation and such failure.

## **Acknowledgement**

I would like to express my gratitude to my supervisor, Ms. E. M. Hastings, for her invaluable advice, kind support, tolerance and encouragement throughout this study.

As she will be retiring this year, may I wish her all the best in her future.

I would also like to thank Ms. Caroline Law of the Department of Geography for her kind advice, the Delphi Panelists involved (whose identities are to remain anonymous as requested) for their opinions as well as my studiomates for their support.

Lastly, may I also give my sincere thanks to my family for their support and encouragement.

April, 2008

Fung Kai Man

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## List of Abbreviations

LDC	Land Development Corporation
LRO	Lands Resumption Ordinance
TPB	Town Planning Board
URA	Urban Renewal Authority

## **Chapter 1 Introduction**

### **1.1 Background**

Urban renewal is a controversial topic. Not only does it involve a substantial sum of money, it also involves a large number of stake holders. The Urban Renewal Authority, being a public corporation established solely for the purpose of implementing redevelopment projects, has always been emphasizing “People First” as its major strategy (Hong Kong (China). Planning and Lands Bureau., 2001).

The idea of public participation, therefore, as a result of the increasing number of redevelopment project, has become an important issue. Hong Kong Policy Research Institute Limited Real Estate and Housing Policy Group (2002) pointed out that the urban renewal strategy should engage the stakeholders involved and not just upgrading, clearing and re-building.

In fact, public participation in urban renewal is not an innovative idea in other parts of the world. In Britain, public participation in redevelopment projects can be traced back to the early 1980s and a number of social enterprises have been formed to implement redevelopment projects (Coin Street Community

Builders, 2006). The British government has also implemented a number of programmes to engage the community into urban renewal projects (Booth, 2005).

The concept of public participation was brought into practice in eight European cities, forming an “ENTRUST” network<sup>1</sup>. These cities include Berlin and Hamburg (Germany), Copenhagen (Denmark), Dublin (Ireland), Glasgow (United Kingdom), Lisbon (Portugal), Valletta (Malta) and Vilnius (Lithuania) (Corcoran, 2006).

In Hong Kong, the idea of public participation was introduced in the Town Planning (Amendment) Bill 2001. However, recent research reveals that the level of public participation is not sufficient (Hong Kong Policy Research Institute Ltd. Real Estate and Housing Policy Group., 2002).

It is interesting to note that, despite public participation is of the interest of the citizen, not all affected tenants in the urban renewal projects show their enthusiasm in it. Their altitude may well be affected by the characteristics of

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<sup>1</sup> ENTRUST – Empowering neighborhoods through recourse of urban synergies with trades

the district affected, their personal background, etc (R. Chan & Chow (1996)).

Further, we can observe that in certain district, such as Wanchai and Shamshuipo, the request for public participation in the urban renewal process has become more and more popular.

In addition, the Urban Renewal Authority, being the acquiring authority, is quite unable to acquire a large percentage of interests from the affected tenants by negotiations. Table 1.1 shows the percentage of interests acquired by negotiation:-

Project	Percentage of interests acquired by negotiation	Commencement date of the project	Resumption approved
Cherry Street, Kowloon	86	1999	Feb 2003
Fuk Wing Street/Fuk Wa Street, Kowloon	84	1999	Feb 2003
Johnston Road, Hong Kong	92	1999	Dec 2003
Po On Road/Shun Ning Road, Kowloon	89	1999	Jun 2003
Reclamation Street, Kowloon	80	1999	Jun 2003

**Table 1.1 – Percentage of interests acquired by negotiation**

The URA claimed that their offering price for acquisition is obtained by 7 surveyors' firms with reference to the unit rate of the buildings in the similar district with 7 years. Had this been true, the offering price shall properly reflect the market value of the property being acquired. Then, why the percentage interests acquired by negotiation varied across the districts? Is there any relationship with the level of participation?

This study will answer the question from the perspective of institutional arrangements.

## **1.2 Goals and Objectives of the Study**

The primary goal of this study is to investigate reasons why the percentage interests acquired by negotiation varied across the districts.

The objectives of this study include:

1. To review the literature on urban renewal and public participation;
2. To review the literature on institutional arrangements;
3. To investigate the factors affecting the outcome of urban renewal; and

4. To develop an institutional model that reflects the interaction of various factors affecting urban renewal.

## **Chapter 2 Methodology**

### **2.1 Study Approach**

The concept of this study comes from the fact an interesting factual question – in the urban renewal process, why the URA is unable to acquire 100% legal interests and titles in an urban renewal scheme with negotiations prior to the date of resumption? And not only is the URA unable to acquire the whole of the legal interests of a particular scheme, the interests acquired varied from schemes to schemes. What hinders such differences?

This study aims to answer these problems from the perspective of new institutional economics. This will be done by two steps. First, an institutional model incorporating the key factors which may affect the outcome of a resumption project will be established. Then, the model will be placed before the experts in this field and obtaining their comments. The opinion will be collected by Delphi method which will be discussed below.

### **2.2 Literature Review**

An extensive review on the literature, including the review on relevant books, journals, articles, newspaper clippings, annual reports and publications of the



relevant government departments and public authorities, official documents, etc., is conducted in order to gather information, facts and opinions on the issues of study from the point of views of various parties and at the various time frames.

The focuses on the literature review include:-

1. a review on the general definitions of urban renewal, its theoretical framework, critiques, etc;
2. a review on the general definitions of public participation, its theoretical framework, critiques, etc; and
3. urban renewal in the context of Hong Kong, its history and development, its current situation, the ability of public participation in its process and the diverse views in the public.

As this study is preemptively rooted in the context of institutional analysis, a literature review will also be conducted on institutions, institutional economics and new institutional economics and the surrounding issues.

## **2.3 Institutional Analysis**

### **2.3.1 Institutions, Institutional Economics and New Institutional Economics**

### Definitions of institutions

The definitions of institutions varied. The most common definition is:-

“institutions are rules of a society that facilitate coordination among people by helping them to form expectations which each people can reasonably hold in dealing with each other”

(Ruttan & Hayami, 1984)

Oliver Williamson, a fellow to Ronald Coase, also has his authoritative definition of institutions as:-

“the mechanisms which govern transactions and a transaction occurs when a good or service is transferred across technologically separable interfaces.... [they are] the transactions costs minimizing arrangements which can evolve or change with changes in the nature and sources of transactions costs... [they are] the rules if the game – a set of formal and informal rules of conduct that facilitate the coordination of relationships between individuals and groups” (Williamson, 1985)

Another key scholar in this aspect is Douglas North, the Nobel Prize Winner in Economics 1993, whose contribution can be traced from as early as 1955

explanation on economic growth in terms of the institutional structures present in a developed capitalist state (North, 1955, p. 243). North (1991) defines institutions as follows:-

“Institutions are the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct) and formal rules (constitutions, laws and property rights). Throughout history, institutions have been devised by human beings to create order and reduce an uncertainty in exchange. Tougher with the standard constraints of economics they define the choice set and therefore determine transaction and production costs and hence connecting the past with the present and the future... Institutions provide the incentive structure of an economy; as that structure evolves, it shapes the direction of economic change towards growth, stagnation or decline”.

According to North, institutions are created and changed as a result of actions and decisions of rational and self-interested individuals who are, for variety of reasons, followed by others (Herath, 2005). The existence of different kinds of institutions ultimately determines the kind of economic performance a

particular country achieves. Specific institutional conditions need to be taken into consideration when policy prescriptions are put forward. Various incentive structures are determined by the different institutions and therefore the outcome of economic activities may be efficient or inefficient (B. C. Prasad, 2003).

Vandenberg (2002) opined that North's definition is broader and includes inter- and intra-organizational transacting, legal and regulatory framework and cultural, social and cognitive process which provide a norm structure to guide interaction. By setting specific "rules of the game", institutions influence behavior of people and organizations (Vandenberg, 2002).

### Institutional Economics

Institutional economics is concerned with the study of how economic systems are structured, and how that structure changes in response to collective action. Institutional economics sees individuals as members of firms, families, and other organizations, while orthodoxy – following the precepts of methodological individualism – regards individuals as autonomous maximizers and as the sufficient unit of economic analysis (Bromley, 1993).

Samuels (1995, pp. 573 - 574) summarizes eight aspects of institutional economics as follows:

- (1) Institutional economists tend to emphasize the evolutionary processes through which an institution evolves and rejects the neoclassical theory of automatic adjustments mechanisms through changes in the price system.
- (2) Institutionalists reject the neoclassical view of a free and efficient market. They emphasize that the existence of institutions suggests collective actions on the part of individuals in the society. They also argue that the market system is itself a result of different institutions existing at a particular point in time.
- (3) An important point made by institutional economists is that the state of technology is not given. Technology is a process of continuous change and this causes important institutional changes. It determines the ultimate availability of physical resources.

- (4) Institutionalists propagate the view that resources are allocated through the various institutional structures and in particular the various power relations in the society. In fact, in many developing countries large amounts of resources are vested in the hands of the local elite and those in political offices. Often there is a deliberate collusion between the local business elite and those who control state power in the process of allocation of national resources.
- (5) the institutionalist's theory of value does not concern the relative prices through which the values ensconced in institutions, social structures and behaviors are worked out.
- (6) Both culture and power determines the way in which an individual behaves. Individuals are bound by the society's norms and values and they behave in a collective rather than an individualist way. This view again refutes the standard neoclassical view of individual maximizing behavior.

(7) Samuels (1995) points out that institutional economists are more pluralistic or democratic in their orientations". He suggests that the neoclassical view often accepts the given institutional structure and within this it also takes as given the power and social structure. It is not concerned about the inequality and other social evils that may be a result of the existing institutional structures.

(8) Finally, the institutional economists view the economy in a holistic way and have tried to explain economic activities in a multi-disciplinary way.

(B. C. Prasad, 2003)

The institutional economics developed into two streams, ie, the old institutional economics and the new institutional economics after Ronald Coase's publication of his most well-know paper, The Nature of the Firm (Coase, 1937). Key players of the old institutional economics include Thorstein Veblen, Wesley Mitchell, John R. Commons and possibly Karl Marx whilst Ronald Coase, Douglas North, Oliver Williamson, Avner Greif, Claude Menard and Thrainn Eggertsson are the major scholars associated with the

school of new institutional economics.

Both old and new institutionalists are concerned with the question of institutional change and have identified some of the same factors at work. Old institutionalists have approached their explanatory task from a perspective viewing mankind as a cultural product, taking into account the social and legal rules, from the view that social norms and ideologies are important influences on behavior (Rutherford, 1995). New institutionalists approach questions with two levels, the micro and the macro. The macro level is the set of fundamental political, social, and legal ground rules that establish the basis for production, exchange and distribution. The micro level analysis, also referred to as the institutional arrangement, deals with the institutions of governance. They refer to modes of managing transactions and include the market, quasi-market and hierarchical modes of contracting. An institutional arrangement is basically an arrangement between economic agents that governs the ways in which members can cooperate and/or compete (Herath, 2005; Williamson, 2000).

### The Neo School



It has been widely accepted that New Institutional Economics arises from the work of Ronald Coase. The Neo School provides powerful insights into how institutions are created, their evolution over time and their efficiency and distributional implications. The theory argues that those active individuals carefully and rationally evaluate expected costs and benefits of any change in operational rules. Institutions are created when the benefits expected by principal actors from new rules of cooperation outweigh the transactions costs of doing so (Ostrom, 1990).

Many issues such as transactions costs, collective action, organization theory, limitations of the rationality of human behavior, interest group formation, public choice etc. have all coalesced to form the NIE (Williamson, 1975, 1985).

For the purpose of this dissertation, the transaction costs approach, collective action as well as the concept of bounded rationality are important.

### **2.3.2 Transaction costs, collective action and bounded rationality**

#### Transaction costs

Coase (1960) introduced transaction costs into modern economic analysis. He underlines the important role of transaction costs in the organization of firm and other contracts. He explains that firms emerge to organize on transactions costs of market exchange and that the boundary of a firm or the extent of vertical integration will depend on the magnitude of these transactions costs. These transaction costs cover a wide range of costs, which are normally assumed way in classical economics. They include search and information costs, bargaining and decision costs, and policing and enforcement costs (Herath, 2005). Some identify information costs, risk costs, waiting costs and the cost of retailing or using a middleman as being one of those (Hira & Hira, 2000).

The problem of incomplete information and asymmetry of information as rightly identified by scholars are in fact costly to correct (Williamson, 1985). These costs include ex ante search costs to avoid adverse selection and ex post monitoring and enforcement costs to reduce moral hazard problems (Sykuta & Cook, 2001).

Williamson (1975, 1985) regarded transactions costs economics as adopting

transactions as the unit of analysis. He focused on asset specificity bounded rationality and opportunistic behavior by contractual parties as determining the organization form. I will investigate these concepts later on this chapter.

North (1990) believes that institutions evolve to lower transactions costs and are the key to the performance of economics.

### Bounded Rationality

The concept of bounded rationality was first developed by Herbert Simon. He regarded people are intended to be rational, but only partly rational, and are in fact emotional/irrational in the remaining part of their actions (Simon, 1957). He believed that decision makers cannot process all available information in making decisions owing to limited mental abilities. Bounded rationality is relevant to situations where the environment in which one works is more complex than their mental abilities (Herath, 2005). This contravenes the neoclassical notions that all individuals are able to undertake all necessary computations to reach a decision to maximize utility. Given the limited information processing capabilities of human beings, individuals make decisions without considering all possible alternatives and their outcomes

(Dequech, 2001). Therefore, the existence of organizations compensates for this limitation by assigning each individual a limited task environment and standard operating procedures (Simon, 1957).

### Collective action

Collective action is associated with the problem of common goods and social costs which are considered as a source of market failure in neoclassical economics (Coase, 1960). Common property raised the problem of free-riders who exaggerate of the use of the same without any payment. Whoever provides or pays for the common property would have to pay the full costs of one individual's behavior (Demsetz, 1967). However, the Neo School now suggests that certain conditions exist where traditional institutions can regular the use and management of common property successfully (Herath, 2005). The "tragedy of the commons" as a metaphor for common management now is not universally accepted (Bromley, 1992; Ostrom, 1990; Runge, 1986).

Collective action arises as an useful tool to analyze how to overcome the free rider problem and come up with cooperative solutions for the management of

common resources or the provision of public good (Herath, 2005). Olson (1971) proposed that the success of collective action is related to the homogeneity of the groups with features such as the size of the group, purpose, similarity of group characteristics, their goals and incentives, etc. which may foster cooperative behavior (Herath, 2005). Ostrom (1990) showed that local institutional arrangements including custom and social conventions designed to induce cooperate solution can overcome the collective action difficulties and help achieve efficiency in the use of such resources (Nabli & Nugent, 1989). The works of Olson and Ostrom formed a foundation of this study.

### **2.3.3 Model of Kiser & Ostrom (1982)**

Scholars have developed a general framework of institutional analysis that identifies the key aspects of typical situations facing participants in varied social circumstances (Kiser & Ostrom, 1982; Oakerson, 1986, 1992; Ostrom, 1986). The focal point of such an analysis is the action situation in which individuals adopt actions or strategies. Three sets of contextual attributes-structure the action situation:

- (1) physical attributes of the resource;
- (2) attributes of the community of participants; and

(3) the set of institutional arrangements used.

(Tang, 1991)

Participants react differently according to the incentives and constraints inherent in the situation. Strategic interactions among participants in an action produce different outcomes.

Kiser & Ostrom (1982) developed an institutional model to investigate how institutional arrangements affect the level, type and distribution of outcomes. They postulated that the attributes of individuals combine with the attributes of the decision situation will yield individual's actions or strategies. An individual with given attributes will make different choices as decision situations change. Changes in decision situations can also require changes in the attributes of individual decision maker. The actions and strategies at a defined decision situation of every individual will aggregate and transform into the aggregated results.

The decision situation is an aggregate of 3 attributes, namely, (1) the institutional arrangements, (2) events and (3) the community (Figure 1).

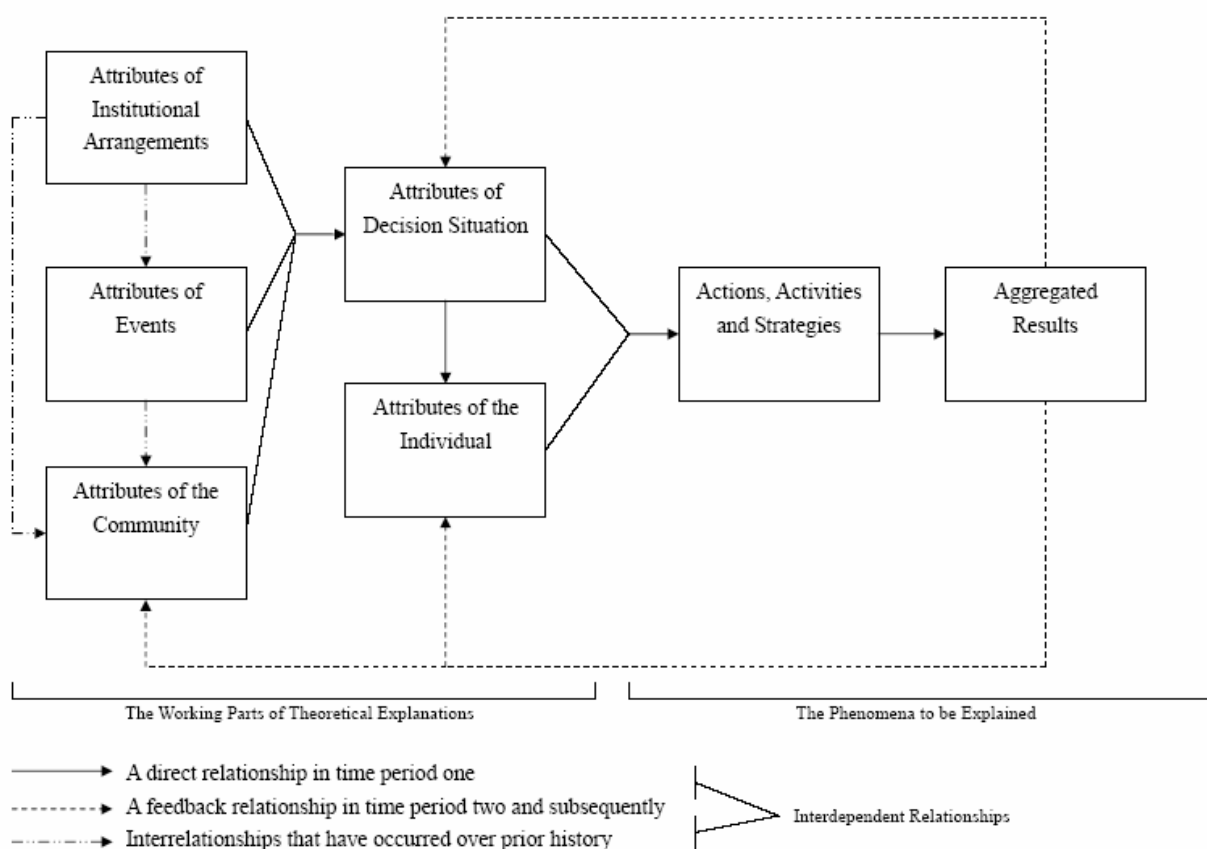


Figure 1 – Kiser & Ostrom's model

(Adopted from Kiser & Ostrom (1982) and reproduced by author)

### Attributes of individual

The model suggested that individuals act to achieve valued outcomes.

Therefore, individuals must have some notion of how actions link up with outcomes and how values are realized by selecting among alternative actions.

In this regard, individuals must *at least* be attributed with the followings:-

- (1) the individual's level of information about the decision

situation;

- (2) the individual's valuation of potential outcomes and of alternative actions possible within the decision situation; and
- (3) the individual's calculation process for selecting among alternative actions or strategies.

#### Attributes of decision situation

The decision situation is an aggregate of 3 attributes, namely, (1) the institutional arrangements, (2) events and (3) the community.

#### *Institutional Arrangements*

The meanings of institutions and the related terminology have been explained above. Institutional arrangements are the sets of rules governing the number of decision makers, allowable actions and strategies, authorized results, transformations internal to decision situations, and linkages among decisions situations. Hurwicz (1973) uses the term “decision mechanism” to describe institutional arrangements. Commons (1950) and Knight (1965) raise that “an institution is collective action in control, liberation, and expansion of individual action”. Commons (1959) also calls this as “the working rules of



a going concern”

For the purpose of this model, Kiser & Ostrom (1982) classified the rules according to their effect on decision situations and on individual choice behaviour within decision situations. They concentrated on:-

- (1) the entry and exit conditions for participating in organizations (boundary rules);
- (2) allowable actions and allowable outcomes from interaction within organizations (scope rules);
- (3) the distribution of authority among positions within organizations to take particular actions (position and authority rules);
- (4) the aggregation of joint decisions within organizations (aggregation rules);
- (5) procedural rules in complex situations linking decision situations together (procedure rules); and
- (6) information constraints within organizations (information rules).

They further used the example of tennis match in explaining this:-

- (1) who can enter tennis as a competitive sport within the member

- universities and the conditions under which players lose eligibility (boundary rules);
- (2) the size of the court, the height of the net, the physical actions that a player is allowed to take, the number of times the ball can bounce on each side of the net, and the allowed set of outcomes (scope rules);
  - (3) the rights and duties assigned to players and to referees (position and authority rules);
  - (4) how specific acts and physical results are scored and aggregated into wins and losses (aggregation rules);
  - (5) how players will proceed through tournament competition (procedural rules);
  - (6) how information about opponent's strategies, tournament rules, specific calls, and other matters are conveyed to participants (information rules).

### *Events*

Kiser & Ostrom (1982) commented that there are a variety of events taking place in a decision situation. However, only those consequential to the institutional arrangements are relevant. For example, a competitive market

will have effect on both wheat and television sets but not on police protection, etc.

### *The Community*

The community is the third cluster of variables constituting the decision situation. The community includes all individuals directly or indirectly affected by the decision situation. These attributes include the level of common understanding, similarity in individuals' preferences, distribution of resources among those affected, etc. Individuals cannot play without coming to a common understanding of the rules.

Kiser & Ostrom (1982) argued that common understanding among community members is necessary for interdependent decision situations. Without a common understanding a community of individuals dissolves into a disorganized aggregate with no social cohesion. Common understanding among community members may grow from a history of shared experience, enhanced by common terms and results in common expectations. Players must share a similar view of the range of allowable actions, or the distribution of rights and duties among players. Some common knowledge of the

institutional constraints is necessary for interdependent decision-making, but participants may vary in their level of knowledge.

### **2.3.4 Delphi Technique**

#### Background

The Delphi technique was developed in the 1950s by two research scientists, Olaf Helmer and Norman Dalkey who were working at The Rand Corporation at the beginning of the cold war to forecast the impact of technology on warfare (Custer, Scarcella, & Stewart, 1999). It is a widely used and accepted method for achieving convergence of opinion concerning real-world knowledge solicited from experts within certain topic areas (Hsu & Sandford, 2007). According to Stufflebeam, McCormick, Binkerhoff, and Nelson (1985), the Delphi technique is effective in obtaining consensus among a purposively selected group of experts. Delp, Thesen, Motiwlla and Seshadri (1977) described the Delphi technique as a group process used to solicit, collate, and direct expert responses toward reaching consensus. Helmer (1966) described the Delphi technique as a method of securing and refining group opinions and substituting computed consensus for an agreed-upon majority opinion.

The rationale of this method is based on the notion that “two heads are better than one, or .... n heads are better than one” (Dalkey, 1972). Helmer and Dalkey developed the technique as a tool for forecasting future events using a series of intensive questionnaires interspersed with controlled-opinion feedback (Dalkey & Helmer, 1963; McCampbell & Stewart, 1992; Weaver, 1971). The Delphi technique attempts to address the question of “what could be or what should be” whilst common surveys try to identify “what is,” (Miller, 2001).

Delbecq, Van de Ven, and Gustafson (1975) provided that the Delphi technique can be used for achieving the following objectives:-

1. To determine or develop a range of possible program alternatives;
2. To explore or expose underlying assumptions or information leading to different judgments;
3. To seek out information which may generate a consensus on the part of the respondent group;
4. To correlate informed judgments on a topic spanning a wide range of disciplines, and;

5. To educate the respondent group as to the diverse and interrelated aspects of the topic.

(Delbecq et al., 1975, p. 11)

In short, Delphi technique is designed as a group communication process that aims at conducting detailed examinations and discussions of a specific issue for the purpose of goal setting, policy investigation, or predicting the occurrence of future events (Ludwig, 1994; Turoff & Hiltz, 1996; Ulschak, 1983).

### The Delphi Process

Ludwig (1994) provided a precise summary of what the Delphi process is:-

“Iterations refer to the feedback process. The process was viewed as a series of rounds; in each round every participant worked through a questionnaire which was returned to the researcher who collected, edited, and returned to every participant a statement of the position of the whole group and the participant’s own position. A summation of comments made each participant aware of the range of opinions and the reasons underlying those opinions”

(Ludwig, 1994, p. 55)

The Delphi begins with an open-ended questionnaire that is given to a panel of selected experts to solicit specific information about a subject or content area. In subsequent rounds of the procedure, participants rate the relative importance of individual items and also make changes to the phrasing or substance of the items. Through a series of rounds the process is designed to yield consensus (Custer et al., 1999).

Theoretically, the Delphi process can be continuously iterated until consensus is determined to have been achieved (Hsu & Sandford, 2007). However, scholars have pointed out that three iterations are often sufficient to collect the needed information and to reach a consensus in most cases (Custer et al., 1999; Cyphert & Gant, 1971; Ludwig, 1994, 1997).

Whenever needed or is valuable, investigators may conduct an additional iteration on top of the normal three. Hsu and Sandford (2007) provided a helpful guideline of what can be done or expected to achieve for each round and is summarized as follows:-

*Round 1:* The Delphi process traditionally begins with an open-ended questionnaire in the first round. The open-ended questionnaire serves as the cornerstone of soliciting specific information about a content area from the Delphi subjects (Custer et al., 1999). After receiving subjects' responses, investigators need to convert the collected information into a well-structured questionnaire which will be used as the survey instrument for the second round data collection.

Literature has been suggesting that it is acceptable and indeed a common modification of the Delphi process to use a structured questionnaire in Round 1. Kerlinger (1973) even took a further view that the use of a modified Delphi process is appropriate if basic information concerning the target issue is available and usable.

*Round 2:* Based on the result of first round, investigators will then summarize the information obtained. The Delphi participant will receive a second questionnaire and is asked to review the summarized information. Accordingly, Delphi panelists may be required to rate or "rank-order items to establish preliminary priorities among items. As a



result of round two, areas of disagreement and agreement are identified” (Ludwig, 1994, pp. 54-55). In some cases, Delphi panelists are asked to state the rationale concerning rating priorities among items. In this round, consensus begins forming and the actual outcomes can be presented among the participants’ responses (Jacobs, 1996).

*Round 3:* In the third round, the rated items and their corresponding ratings obtained in the second round will be summarized by the investigators. Each Delphi panelist will then receive a questionnaire including the summary and is asked to revise his/her judgments. Nevertheless, the panelist may choose to remain outside the consensus but they will be asked “to specify the reasons for remaining outside the consensus” (Pfeiffer, 1968, p. 152). This round gives Delphi panelists an opportunity to make further clarifications of both the information and their judgments of the relative importance of the items. However, compared to the previous round, only a slight increase in the degree of consensus can be expected (Anglin, 1995; Dalkey & Rourke, 1972; Jacobs, 1996; Weaver, 1971).

*Round 4:* In the fourth and often final round, the list of remaining items, their ratings, minority opinions, and items achieving consensus are distributed to the panelists. This round provides a final opportunity for participants to revise their judgments. It should be remembered that the number of Delphi iterations depends largely on the degree of consensus sought by the investigators and can vary from three to five (Delbecq et al., 1975; Ludwig, 1994).

One key aspect of Delphi technique is the selection of subjects because it directly relates to the quality of results generated (Jacobs, 1996; Judd, 1972; Taylor & Judd, 1989). However, Kaplan (1971) opined that “throughout the Delphi literature, the definition of [Delphi] has remained ambiguous” and this was concurred by Hsu & Sandford (Hsu & Sandford, 2007). Klee (1972) and Oh (1974) opined that subjects who are mere knowledgeable concerning the target issue is not sufficient nor recommended. Rather, Gustafson (1975) specifically state that three groups of people are well qualified to be subjects of a Delphi study. They are:-

1. the top management decision makers who will utilize the outcomes of the Delphi study;

2. the professional staff members together with their support team; and
3. the respondents to the Delphi questionnaire whose judgments are being sought”

Gustafson (1975, p. 85).

### Characteristics and benefits of the Delphi technique

The notable characteristics of the Delphi technique include anonymity to respondents, a controlled feedback process and the suitability of a variety of statistical analysis techniques to interpret the data (Dalkey, 1972; Douglas, 1983; Ludwig, 1975). These characteristics render the Delphi technique more accurate and preferable over the conventional means of polling opinions obtained from group interaction which bears a number of shortcomings, e.g., influences of dominant individuals, noise, group pressure of conformity, etc (Hsu & Sandford, 2007). The benefits are explained below:-

1. Reduction of effects of dominant individuals

As Delphi panelists would not interact with each others direct, the problem of dominant individuals which is often a concern when using group-based processes would not occur (Dalkey, 1972). Further, other

shortcomings with group dynamics such as manipulation, coercion to conform or adopt a viewpoint can be minimized (Adams, 2001; Helmer & Rescher, 1959; Hsu & Sandford, 2007; Oh, 1974).

## 2. Reduction of noise

Dalkey (1972) regarded noise as the communication occurring in a group process which both distorts the data and deals with group and/or individual interests rather than focusing on problem solving. As a result, the information developed from this kind of communication generally consists of bias not related to the purposes of the study (Hsu & Sandford, 2007). However, Hsu & Sandford (2007) opined that the controlled feedback process consists of a well organized summary of the prior iteration intentionally distributed to the subjects will allow each participant an opportunity to generate additional insights and more thoroughly clarify the information developed by previous iterations. Through the operation of multiple iterations, subjects are expected to become more problem-solving oriented, to offer their opinions more insightfully, and to minimize the effects of noise.

3. Reduction of pressure for conformity

Dalkey (1972) opined that the ability to use statistical analysis techniques can further reduce the potential group pressure for conformity. The opinions generated by each subject can be well represented in the final iteration because “at the end of the exercise there may still be a significant spread in individual opinions” (1972, p. 21). In the circumstances, the subjects would not have any pressure of reaching a consensus and thus the pressure for conformity is minimized.

Shortcomings and limitations

There are certain shortcomings and limitations of the Delphi technique as identified by the literature:-

1. Potential of low response rates

As the Delphi technique involves a number of iteration sessions and feedback processes, this may cause difficulties to investigators to identify key subjects who are willing to engage in this lengthy process. Witkin & Altschuld (1995, p. 196) opined that “in the Delphi technique, [the poor response rate] is magnified fourfold because a maximum of four surveys may be sent to the same panelists”.

Ludwig (1994) responded to this problem with the focus of motivation. He considered that motivation is the key to the successful implementation of Delphi study and investigators shall play an active role in this area in order to ensure the response rate as high as possible.

## 2. Consumption of time

The Delphi technique is said to be time-consuming and laborious (Hsu & Sandford, 2007). As this method involves an anonymous data collection process and multiple feedbacks, the time required heavily multiplied when compared with simultaneous face-to-face discussion, survey or interview. Ludwig (1994, p. 54) is of the view that “a drawback to Delphi was that the questionnaire method may slow the process greatly as days or weeks may pass between rounds”. It also increases the workload of investigators and the amount of time needed to successfully complete the data collection process (Cunliffe, 2002; Hsu & Sandford, 2007).

## 2.4 Data Collection

The Delphi Technique, as previously explained, will be adopted in this study. A

Delphi Panel will be formed composed of the following persons:-

1. A registered social worker working in the field of urban renewal;
2. A director of a surveyor's firm who have been engaged in the urban renewal process;
3. A core member of a concern group in urban renewal;
4. A former district councilor; and
5. An Estate Surveyor of the Lands Department.

The purpose of forming this Delphi Panel is to deduce the applicability of the institutional model in the context of urban renewal. They will also be consulted with the current level of public participation.

An opinion survey will be conducted separately with the each Delphi Panelist.

The result obtained will be summarized and re-presented to the Panelist for comments and modification.

Thereafter, the model will be finalized and tested with some historical data.

## **2.5 Organization of Study**

This dissertation comprises six chapters. Chapter one is the introductory chapter, which aims to set out the background and the goals and objectives.

Chapter two is the methodology of the study, which covers a detailed discussion of the methodology to be adopted, including the institutional model by Kiser & Ostrom (1983) and the Delphi Technique.

Chapter three covers the literature review in which important concepts and terms in relation to the topic are defined. In particular, the underpinning theory of urban renewal and the justification of public participation are reviewed.

Chapter four is the main chapter. The Model is presented to the Delphi Panel and opinions are obtained. Modifications on the model are then carried out and further tested with the historical data.

Chapter five presents the major findings of the Model. It summarizes and highlights the outcomes and makes logical recommendations. It also includes the limitation of the study and recommendation for further research.



## Chapter 3 Literature Review

### 3.1 Urban Renewal

#### Definitions

There are a number of definitions of Urban Renewal. Couch (1990, p. 1) defines urban renewal as “the physical change, or change in the use of intensity of use of land and buildings, that is the inevitable outcome of the action of economic and social forces upon urban areas”. Couch also drew a distinction between urban renewal as being “[the] process of essentially physical change” and urban regeneration as being “[a process] to bring back investment, employment and consumption and enhance the quality of life within an urban area”.

Yeh (1990) defines urban redevelopment as “an important process in changing land use and improving the building stock and environment of a city”.

However, Ng (1998) holds a wider view. He considers that urban renewal shall include “redevelopment and rehabilitation of the physical and social fabric of the old urban core”. He goes on and criticize that “in Hong Kong, urban renewal

has been narrowly understood as the physical redevelopment of land with unexploited development potential or land under obsolete uses”. Booth (2005) echoes Ng’s idea that a successful urban renewal shall include physical regeneration, the restructuring of economic activity and the reconstruction of social frameworks.

R. Prasad (1989) also held a similar argument. He argued that urban renewal is “a process of replanning and comprehensive redevelopment of land structures, physical and social infrastructure as well as conservation and rehabilitation of areas which have been or are being threatened by decline and blight or are in need of preservation because of historical or cultural linkages, associated with a city or town.”

C. S. Chan & Hastings (1989) defines urban development process as “partly a function of both population and economic growth ... either horizontally or vertically” whereas horizontal development refers to the expansion of city and vertical development refers to the increase of building activity density, from low rise to high rise building. This is known as “insitu redevelopment, which is the form of urban redevelopment undertaken by private developers.

In fact, urban renewal is a continuing process that involves the replacement and renovation of the obsolescence within a district, both physically and socially, and the translation and improvement of the living environment of the district involved. The physical and social aspects are in fact closely interrelated and cannot be dealt with separately. It appears that Couch's distinction of urban renewal and urban regeneration no longer exists, and even it does, the distinction has become narrower.

#### Foreign views

Couch (1990, p. 2) provided a helpful summary of the US Government and the British Government's views on urban renewal.

The experience of the United States has shown that there are market imperfections in the urban renewal process. There are some aspects of urban renewal which are not easily handled by the market, for example, the supply of major infrastructure facilities, which are seldom profitable. This required the state's cooperation.

In the circumstances, the US Government has made efforts to intervene the process of urban change and renewal since the 19<sup>th</sup> century. The purposes are to (1) achieve social objectives and (2) establish a role for itself in defraying some of the social costs associated with urban development and renewal.

The British approach was different. The urban renewal activities in Britain are divided into three types:

- (i) market-led renewal and restructuring without state intervention;
- (ii) urban renewal which takes the form of social expenses regarded by the state as necessary for social harmony and well-being (mainly in the fields of housing, public health and environmental policies);
- (iii) social physical capital investment and state regulation to facilitate profitable private sector property development or redevelopment (such as the subsidies provided for derelict land reclamation, infrastructure and urban public transport provision)

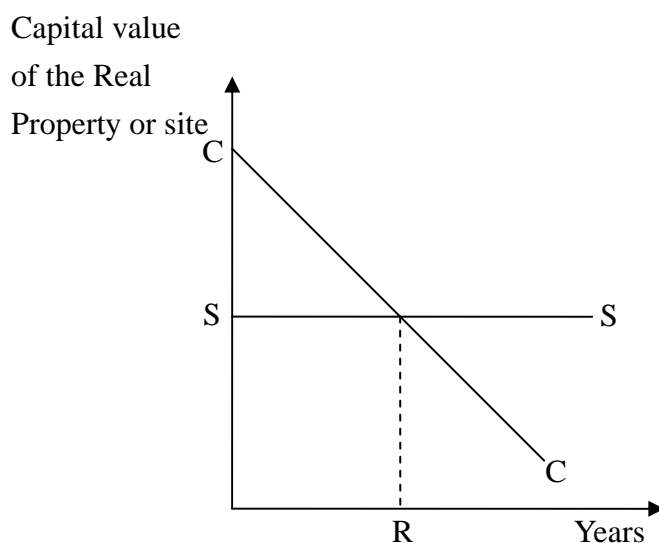
We can note that neither the State nor British government elected themselves as the major player in the urban renewal process. This is quite different from the situation in Hong Kong which I shall discuss in the later part of this study.

## 3.2 Underpinning Theory of Urban Renewal

### When to Renew?

A common perception for urban renewal is that a building or a district ought to be demolished or renewed when it has become old or out of fashion, ie, become obsolete. However, there is no definition as when a building is old, or when the building is old enough to be demolished. Scholars attempted to answer the question when a building or a district has to be renewed from the perspective of economics.

Goodall (1972) approached the problem by a value approach. He opined that the economic life of a building can be considered as the period of time over which the capital value of the building exceeds the capital value of the cleared site. Therefore, a building will be demolished (and that urban renewal will take place) when the present capital value of the real property (the building) is less than the value of the cleared site. This can be graphically represented as follows:-



R = redevelopment

(Source: Goodall (1972, p. 209))

Where SS represents the value of the cleared site over time and CC shows the capital value of the developed site with a building

Couch (1990, p. 63) further opined that the lifespan of a building is determined by the economic imperatives of the market or by social intervention, and outside of this context there is no definable “physical” life of a building. Note that Goodall’s analysis has neglected the impact of social intervention on the building, taking account only the economic value of the building.

Another scholar, Harvey (1981, p. 93) approached the question from the perspective of costs. He opined that when a building is new it is generally the case that the income will be high in relation to the operating costs. As time passes, the building becomes more obsolescent in relation to modern needs and patterns of building use, or other more appropriate buildings are being supplied elsewhere in the market. As such there are tendencies for the real level of income to fall. In the other hands, as the building ages increases maintenance costs will tend to rise, refurbishment may be necessary and voids may become longer and more frequent, the operating costs intend to rise in relation to income. Eventually, the operating costs will exceed the income. At this point the current use may cease. The building may then be turned over to another more profitable use, perhaps after modification or conversion, or it may be demolished and replaced if the returns on the redeveloped building exceed the costs of demolition and reconstruction.

### Who to Renew?

Given the need for urban renewal, the 2<sup>nd</sup> question scholar attempted to answer is who to renew. For market sectors, the possibly of a site being redeveloped depends upon its yielding with not only a positive return (a profit) but also at

least as much profit as the alternative possibilities to potential investors (Couch, 1990, p. 65) If the residual value of the site is to be negative, no redevelopment will take place without subsidy from the Government (Couch, 1990, p. 67). This brings up the question of who to carry out the urban renewal process.

O'Connor (1973), a Marxian economist, formulated a complex sub-division of state expenditure which supported the argument that the state shall intervene with urban renewal process. He argued that the state expenditure can be divided into two categories: legitimization function and accumulation function. Legitimation function requires the state to incur social expenses and to achieve and maintain social order, which includes the provision of defence, police functions and social policies, etc. Accumulation function related to the assisting the good working of the capitalist economy, which, according to O'Connor, include the provision of social capital, such as the production of infrastructure, etc. Couch further developed the idea and presented that the accumulation function of the state as proposed by O'Connor is to lower the costs or increase the efficiency of capital, which includes urban renewal (Couch, 1990, p. 72). In another words, the Marxian is in support of the state intervention in urban renewal.



The neo-school of economists approach the problem from the perspective of transaction costs. The development of transaction costs approach has been discussed in the previous chapter. Coase (1960) proposed that there is a divergence between the private costs and social costs due to the “common goods” nature or “free-rider problem”. Such divergence would result in a loss of the economic, ie, dissipation of rent. The State (or a firm) shall intervene to narrow down such divergence. Following Coase’s logic, the obsolescence of the old buildings, the problems of pollution, traffic congestion, deterioration of infrastructure, etc, would lead to a divergence of the private costs and social costs. As the social costs are burden to the whole society, the State is the most appropriate entity to intervene and reduce such costs. Further, the experience of the US showed that urban renewal is seldom profitable as previously discussed. This provided a factual evidence to support the proposition that the government shall intervene or take part in urban renewal process.

Another neo-classical economists purported is the existing of market imperfections which leads to state intervention. The problem of market imperfections gives rise to transaction costs, as previously discussed. Couch

(Couch, 1990, p. 73) opined that reasons for the land market or housing market to be imperfect include inertia amongst producers or consumers in responding to changes in demand, supply or price; lack of knowledge about aspects of the workings of the market; the distorting effects of monopoly or monopolistic power, etc. The State may intervene to ease these difficulties and distortions in order to improve the functioning of the market.

After all, both the Marxian and neo-classical economists supported the state intervention. However, it is my argument that even if the government is to intervene, the level of such intervention, or in other hand, the level of the public participation is vital towards the effectiveness of urban renewal. This will be explained later in my study.

### **3.3 Public Participation**

#### Definitions

Katz & Kahn (1978, p. 776) defines participation as “engaging jointly with others in some set of activities”. Richardson (1983, p. 8) defines participation as to “take part in” and “to become involved”. He went on and says:-

“Participation is... the active expression of our faith in the dignity and

worth of the individual ... including the opportunity to choose, to be heard, to discuss, to criticize, to protest and to challenge decisions ....”

(Richardson, 1983, p. 55)

The study of participation should not be narrowly focused on the manifested activities but should also extended to an examination of the degree of influence that activities achieve (R. Chan & Chow, 1996, p. 3; Jette, 1990 :Ch. 2; Richardson, 1983, p. 9) and shall not only mean demonstration and parade. Verba, Nie, & Kim (1978, p. 47) argued that “whereby citizens ‘take part’ by expressing support for the government, marching in parade, etc.... are only ‘ceremonial or support’ type of participation.... [participation] is the kind of participation which... emphasizes a flow of influence upward from the masses”

The phrase “influence upward” was echoed by Nagel (1987, p. 2) who opined that participation “has to do with influence from the bottom up, not from the top down”.

This degree of influence differentiates “real” and “unreal” participation. “Unreal” participation is “a mere façade because the decisional outcome is structurally predetermined” (Parry & Anderson, 1972, p. 16). It is only a

“tactical participation” which “participatory action and activities are mere ‘perceptions’ manipulated by the manager” (Jette, 1990, p. 32). This form of participation would not lead to a shift of decision making power from powerful groups to powerless public and is only the authorities employing various strategies to control and manipulate participatory efforts in order to gain support for official actions or induce members to agree to decisions already taken (R. Chan & Chow, 1996, p. 3). Richardson (1983, p. 11) also criticized that this indirect participation is only a kind of “political participation” where “there is no direct involvement [of the citizens]... with the government officials”. This is to be distinguished from “autonomous” or “democratic” participation, which are “real” participation as the latter are free from opposing authorities’ control (Nagel, 1987, p. 3). Richardson (1983, p. 11) defined direct participation as “all those means by which people take part in efforts to influence the course of government policy involving (face-to-face) interaction with official spokesman.

In addition, the specific meaning and format of public participation then depend very much on the nature and characteristics of the context (R. Chan & Chow, 1996). As for public participation in land use planning, Great Britain *et al* (1970) suggests it as “the act of sharing in the formulation of policies and

proposals... (through) the giving of information by the planning authority and of an opportunity (for public) to comment on that information”. He recognizes that importance of public participation in planning as “people should be able to say what kind of community they want and how it show develop: and should be able to do so in a way that is positive and first-hand”.

Putting public participation in the context of urban renewal, it means not only one-way communication, such as policy announcement or mere consultation, but also involvement of the citizens in the whole urban renewal process, or even empowering them in the formulation of urban renewal projects.

### **3.4 Justification of Public Participation**

The foundation of public participation rested on democratic tradition. Nagel opined that the justification of public participation rests in the ultimate value of democracy (Nagel, 1987, p. 15). Richardson looked at this aspect from the viewpoint of human rights. He argued that “those who will be affected by decisions have a basic right to have some influence over their outcome, and therefore should be brought into the decision making process in some capacity” (Richardson, 1983, p. 52).

Kaufman approached this issue from the perspective of human development. He suggested that “a democracy of participation may have many beneficial consequences, but its main justifying function is and always has been... the contribution it can make to the development of human powers of thought, feeling, and action” (Mok, 1988, p. 28; Nagel, 1987, p. 13). R. Chan & Chow (1996, p. 4) opined that “participation can engender developmental and educative effects as the participants develop new values, attitudes, skills, knowledge, and beliefs through the participation process”. Richardson (1983, pp. 54-56) also has a similar argument suggesting that participation exercises can help to develop individual capacities. It can help those involved to acquire a sense of dignity and self respect. It can also help “to discover their real interest, to learn not only about their environment and how to cope with it but also about themselves” (Richardson, 1983, pp. 54-56)

From a costs and benefit approach, participation can serve to smooth the functioning of a polity or organization and bring “benefit to both” (Great Britain. Committee on Public Participation in Planning. et al., 1970, p. 4). It can also “help to improve the quality of the policy” (Mok, 1988, p. 28). Davis (1982)

also argued that “participation in the intervention design by members of the population providing the focus of change may assist in assuring that interventions reflect local diversity” and “increase the degree to which environmental changes meet participants’ needs, values, and perceived control over their environment” (Davis, 1982, p. 431).

Despite that, participation may be potentially costly of time and resources and may cause overt conflicts, social instability or even lead to diseducative effects to the participants. However, it is still a viable means to improve the quality of policy, develop human potential and achieve a democratic society (Arnstein, 1969; R. Chan & Chow, 1996; Mok, 1988).

### **3.5 Empirical Models of Public Participation**

Despite that public participation might be justified on certain grounds, an important question is by how much public participation shall be. Pateman (1970, pp. 70-71) gave the full definition of “full participation” as “a process where each individual member of a decision-making body has equal power to determine the outcome of decisions” whereas “partial participation” is “where several parties involved but final power rested on one party only”. The level of

participation can be measured by Arnstein's "Ladder of Public Participation (1969)" (Figure 2).

In his model, the levels of participation are divided into eight levels. The lowest two levels, which are manipulation and therapy, are regarded as "non-participation". The real objectives of these 2 levels are generally not to enable people to participate, but enable powerholders to "educate" or "cure" the participants. Going up, the next three levels, namely, informing, consultation and placation, are categorized into the degree of tokenism. Under this head, it allows the citizen to "hear and be heard". In particular, placation allows the citizens to advise on the powerholders. Yet, the powerholders still possesses the right to decide.

Further up the ladder, the citizens possess the power of decision-making. This involves the stage of partnership, delegated power and citizen control. The level of citizen control is the highest level in the ladder, which enables the citizens to obtain the majority of decision-making sets or full managerial power.



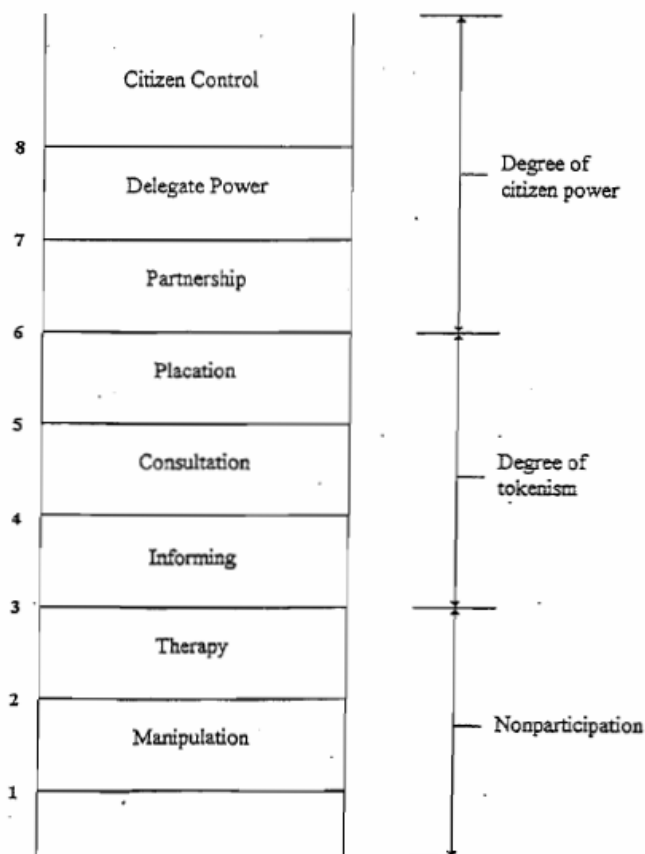


Figure 2 - Artstein's Model – Ladder of Public Participation

(adopted from Arnstein (1969))

With regard to the factors influencing participation, R. Chan & Chow (1996) as

developed a simple model (Figure 3):-

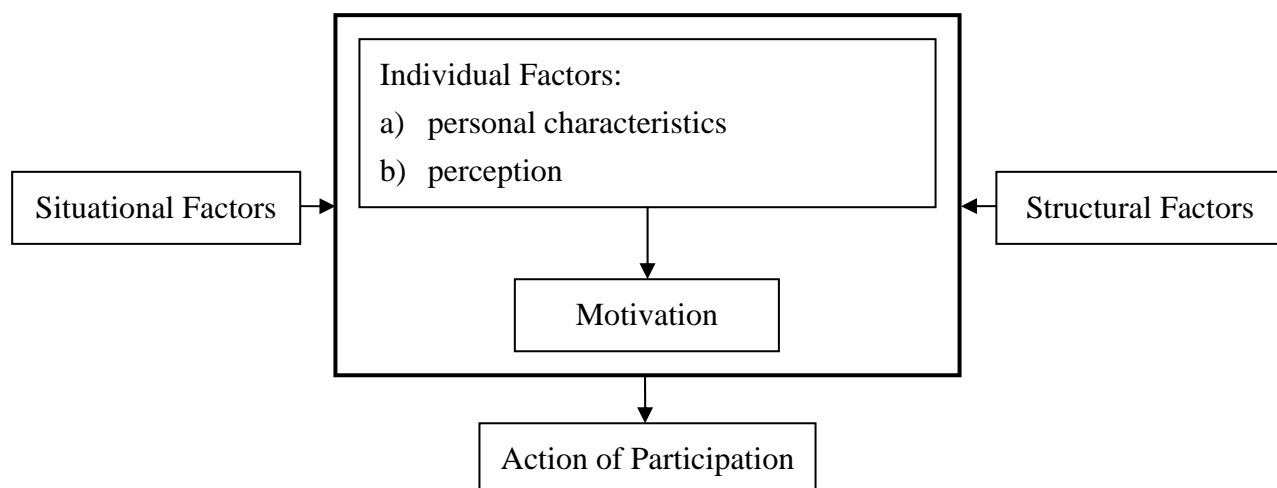


Figure 3 – Factors Influencing Participation

(Adopted from R. Chan & Chow (1996))

R. Chan & Chow (1996) argued, the participation level depends very much the level of motivation. The common beliefs are, the higher the level of motivation, the higher the level of participation. They further discussed that an individual's own level of motivation depends on two factors, namely, his/her personal capacity such as age, sex, education, income level, knowledge of the issues, channels of participation, previous participation experiences, etc whereas the other factor is one's subjective perception which may include possible gain or loss from participatory action, potential impact of participatory effort, chance of success and the attitude of the decision maker.

As far as the personal characteristics are concerned, R. Chan & Chow (1996) take the view that the level of education is often perceived as a more important and determinant one because if an individual is better educated, s/he will be more receptive to participatory action and more capable to comprehend the renewal issues and vice versa.

R. Chan & Chow's model also pointed out the importance of the situational factors and structural factors, which, as they regarded, can be "facilitative or destructive". Situational factors refer to the actions of the intermediary organization or individual acting as a leader on behalf of the participants, which may not always exist. On the other hand, structural factors refer to the role of the government and policies. Huntington & Nelson (1976 : 27) argued that "at least in the short run, the values of the political elites and the policies of the government are more decisive than anything else in shaping the participation patterns of a society".

### **3.6 Urban Renewal in Hong Kong**

#### Background

From the mid 1960s to the mid 1980s, the Hong Kong Government undertook a

number of redevelopment projects, aimed at improving the environment of many of the older areas. Most of these attempts can be viewed as, at best, only partially successful. (Bristow, 1984; Darkakis-Smith, 1979; Leung, 1986; Todd, 1985)

#### Government's position

The Planning Environment and Lands Branch, Government Secretariat, Hong Kong (1996) defines urban renewal as “.. the plan, process and programme through which the environmental quality of large derelict areas ... is upgraded through large-scale clearance and redevelopment .. according to new layouts in comprehensive plans prepared for the purpose.”

However, the Government's view seems to have changed in Planning and Lands Bureau, Hong Kong (2001) by saying that “Urban renewal is not a ‘slash and burn’ process. A comprehensive and holistic approach should be adopted to rejuvenate older urban areas by way of redevelopment, rehabilitation and heritage preservation.”

Clearly, the Government's position has changed from 1996 to 2001 upon the

enactment of the new Urban Renewal Ordinance. The emphasis of “large-scale clearance” seems to have been diminished. The Government’s current view is somewhat in line with Ng’s (1998, *supra*) and Booth’s (2005, *supra*) views.

#### Reasons for lack of success

C. S. Chan & Hastings (1989) summarized the reasons for the lack of success of urban redevelopment programmes in Hong Kong as follows:-

- Land assembly problems due to multiple and absentee ownership
- Limited finance
- Inadequate utilization of private sector resources and tenants
- The lack of a central coordinating body to organize and implement development

As a result of such failure, the Land Development Corporation was established in the late 1980s. The LDC is an independent statutory body “charged with the responsibility of initiating, orchestrating and carrying through the whole business of urban renewal” (Land Development Corporation., 1989)

The main objectives of the LDC were:-

- To speed up private sector redevelopment in selected areas;
- To encourage the participation of land owners;
- To improve the quality and economic benefits of developments by assembling larger sites (an attempt at comprehensive development);
- To ensure equitable treatment of tenants;
- To provide improved community facilities, including better traffic circulation;
- To minimize the need for direct Government subsidies and the application of compulsory acquisition powers

(Todd, 1985)

The urban renewal strategy was subsequently reviewed and the Urban Renewal Authority was formed in place of the LDC in 2000 after the enactment of the Urban Renewal Authority Ordinance (Cap 563, Laws of Hong Kong). A new Urban Renewal Strategy was then formulated.

This Urban Renewal Strategy (Hong Kong (China). Planning and Lands Bureau., 2001), pointed out the reviewed key principles underlying the Government's approach to urban renewal are:-

- (b) owners whose properties are acquired or resumed for the implementation of redevelopment projects should be offered fair and reasonable compensation;
- (c) tenants affected by redevelopment projects should be provided with proper rehousing;
- (d) the community at large should benefit from urban renewal; and
- (e) residents affected by redevelopment projects should be given an opportunity to express their views on the projects.

It went on to state the Government's 12 main objectives of urban renewal:-

- (b) restructuring and replanning designated target areas;
- (c) designing more effective and environmentally-friendly local transport and road networks;
- (d) rationalizing land uses;
- (e) redeveloping dilapidated buildings into new buildings of modern standard and environmentally-friendly design;
- (f) promoting sustainable development in the urban area;
- (g) promoting the rehabilitation of buildings in need of repair;
- (h) preserving buildings, sites and structures of historical, cultural or architectural interest;

- (i) preserving as far as practicable local characteristics;
- (j) preserving the social networks of the local community;
- (k) providing purpose-built housing for groups with special needs, such as the elderly and the disabled;
- (l) providing more open space and community/welfare facilities; and
- (m) enhancing the townscape with attractive landscape and urban design.

Clearly in this new Urban Renewal Strategy, the URA is putting more focus in preserving heritage, district social network and rehabilitation of buildings.

However, the element of public participation seems to have diminished.

#### Level of participation in the urban renewal process in Hong Kong

R. Chan & Chow (1996) presented a research on the level of participation in the urban renewal process in Hong Kong by citizen survey with 186 citizens in Mongkok and Wanchai. They discovered that among the personal characteristics, age, education and income factors has stronger relationships with the affected tenants' overall perception of participation and motivation to use participatory means. However, most of the respondents in their research do not have a clear understanding of the general plan and the details of redeployment in



their districts or the meaning of citizen participation. However, they generally accepted that the assistance given by the near-by NGOs are helpful. R. Chan & Chow (1996) concluded their findings and opined that the level of participation remained low in the urban renewal process.

## **Chapter 4 Kiser & Ostrom's (1982) Model in the Context of Urban Renewal in Hong Kong**

### **4.1 Applicability of the Model**

Kiser & Ostrom's (1982) Model is to answer the question how institutional arrangements affect the level, type and distribution of outcomes. This study also aims to answer the question how institutional arrangements of the relevant institutions within the context of urban renewal in Hong Kong affect the interest acquired by the acquiring authority through negotiation.

As previously discussed, there are market imperfections in the urban renewal process, ie, the existence of dissipation of rent. Following the neo-classical's logic, we can predict that if there is any change in the institutional arrangements, there will be consequential changes in the outcomes.

For the reasons discussed, we can postulate that the affected tenants in an urban renewal scheme when coupled with the decision situations, it will come to a decision when to sell their property to the acquiring authority, or if they will proceed to litigation and have the compensation determined by the Court. The total number of units acquired prior to the date of resumption within an urban

renewal scheme aggregated and become the aggregated results.

The decision situation, for the purpose of my argument, is referred as the level of participation in the Ladder of Participation (Arnstein, 1969, *supra*). The level will be affected by the followings attributes as suggested by Kiser & Ostrom (1983):-

- (1) attributes of institutional arrangements, which include the role of the relevant institutions such as the Urban Renewal Authority, the District Board, the Non-Government Organizations and some other concern groups;
- (2) attributes of events, which include the consultations prior to the execution of the urban renewal scheme, private negotiations, press release, etc;
- (3) attributes of the community, which include the common knowledge of the affected tenants to urban renewal, the age and size of the community, etc.

The attributes of the individual include the educational level, age, family size, etc which will indirectly affect attributes suggested by Kiser & Ostrom (1982) as

discussed above, ie, the level of information about the situations, their valuation to the potential outcomes and calculation process.

Figure 4 shows the model derived from Kiser & Ostrom (1982):-

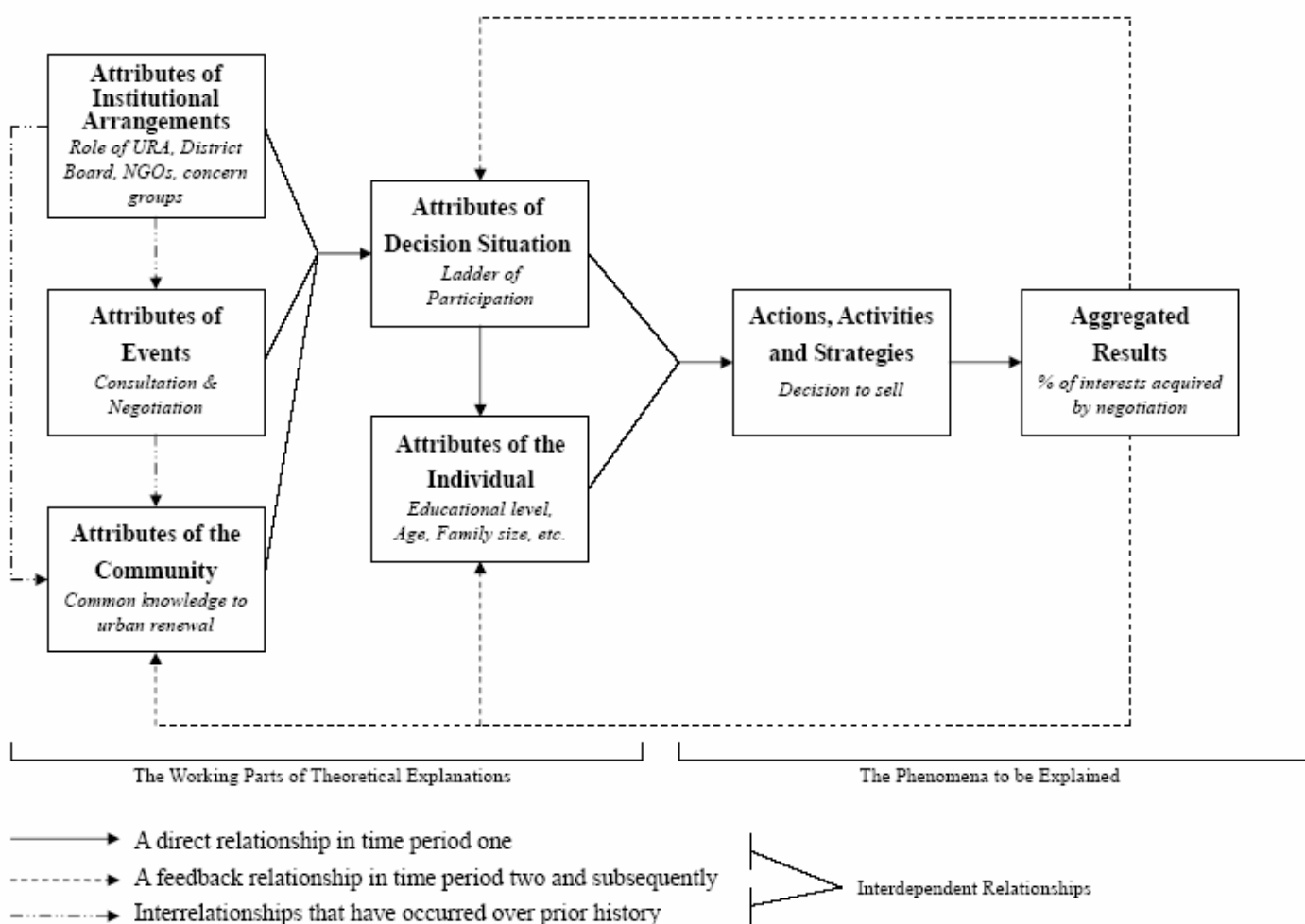


Figure 4 – Model derived from Kiser & Ostrom (1983) (“Derived Model”)

(Source: author)

An interesting point to note is that R. Chan & Chow’s model (1996) is in certain

aspect coherent with Kiser & Ostrom's model (1982). Whereas R. Chan & Chow (1996) are looking at the issue from the social science perspective, Kiser & Ostrom's (1982) are looking at the issue from an institutional economics perspective. However, both models confirmed that the individual's personal characteristics, surrounding environment, role of government and the set of institutional rules will affect the decision making and thus, the outcome.

## **4.2 Research Design**

The research is designed to test the validity and applicability of the derived model. The Delphi Technique will be engaged, and a Delphi Panel will be formed. Two Opinion Surveys will be conducted with the Panelists in person, coupled with some follow-up questions.

The Delphi Panel includes the following Panelists:-

1. A registered social worker working in the field of urban renewal ("A");
2. A director of a surveyor's firm who have been engaged in the urban renewal process ("B");
3. A core member of a concern group in urban renewal ("C");
4. A former district councilor ("D"); and

5. An Estate Surveyor of the Lands Department (“E”).

A has been working in an NGO for 7 years and has been assigned to give assistance to the affected tenants in the urban renewal process. B is a director of a well-known surveyors' firm mainly engaged in valuation issues in relation to lands resumption. C is a core member of a concern group formed by various affected tenants across various resumption schemes with the major objective to provide assistance to the affected tenants. D has been working for the affected tenants for over 4 years. E is a registered professional surveyor of the acquisition unit of the Lands Department.

Due to the anonymity nature of the Delphi technique and the confidentiality concern, the true identity of the Panelists would not be revealed, both in this study and within the data collection process.

The items identified for the comments of the Delphi Panelists are derived from the model of R. Chan & Chow (1996). This is equivalent to round I of the Delphi Technique.

### 4.3 First Opinion Survey

The First Opinion Survey was carried out in January – February 2008 which is equivalent to round 2 of the Delphi Technique as discussed above. Round 1 is superseded by the previously derived model. The objective of this round is obtain the Panelists' views on

- (1) the level of participation in the urban renewal process in Hong Kong;
- (2) the relevance of the attributes of the individual in relation to their decision of sell;
- (3) general applicability of the derived model.

The sample of the First Opinion Survey is annexed in Appendix I.

The first part of the Survey is to identify the personal attributes of the affected tenants in relation to their decision of sell. The second part is to study the decision situations, both the institutional arrangements as well as the relevant events. The third part is to obtain the Panelists' views as to their perception of public participation in the urban renewal process in Hong Kong. The last part is to the direct test of the Derived Model.

The result of the survey is listed below from Table 4.1 to Table 4.6:-

**Table 4.1 - Personal Attributes in relation to the decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Age				B, D, E	A, C
Sex	B, C, D, E	A			
Education Level			E	B	A, C, D
Family Size		E	A, B, C, D		
No. of family members employed		E	B, D	A, C	
Household income				E	A, B, C, D
Knowledge of renewal of the district		E		A, B, D	C
Satisfaction of renewal		E	B	A, D	C
Attitude of participation in urban renewal		E		B, D	A, C

Table 4.1 shows the personal attributes of the affected tenants in relation to the decision of sell. Most Panelists demonstrated a consensus in relation to the attributes of age, sex, family size and household income. E is the one who usually hold a different view. This is probably due to the scaling problem of E and E will be advised of the same in the second opinion survey.

**Table 4.2 - Decision situation in relation to the decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Role of the District Board in the urban renewal process		E	B	A	C, D
Role of the residents' organizations in the urban renewal process			E	B	A, C, D



Reimbursement of professional fees of surveyors				E	A, B, C, D
Other (please specify)					

Table 4.2 shows the relevance of the decision situation, mainly the institutional arrangements in relation to the decision of sell. Compared with other tables, Panelists demonstrated diverse views to the factors except for the reimbursement of professional fees of surveyors. In the second opinion survey, questions will be set to investigate why Panelists hold such a diverse view.

**Table 4.3 - Events in relation to the decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Public consultation / announcements		C, D	A, B, E		
Conferences between experts of the acquiring authority and the affected tenants					A, B, C, D, E
Meetings of residents' organizations			D	A, B, C, E	
Demonstrations, petitions	B, D, E	A, C			
Other (please specify)					

Table 4.3 shows the relevance of the events in relation to the decision of sell.

The Panelists demonstrated quite similar views for the factors. In the second opinion survey, they will be asked to reach a consensus if possible.

**Table 4.4 - Level of satisfaction to participation**

	Not satisfactory		↔	Very satisfactory	
	1	2	3	4	5
Visiting exhibitions		A, B, C	D, E		

Attending residents’ meetings / public hearings (conducted by the acquiring authority)			B	A, C, E	D
Reading relevant documents				A	B, C, D, E
Conducting study/ research	B, C, D, E	A			
Reflecting opinion through mass media	A, B, C	D, E			
Reflecting opinion to responsible authorities		A, B, C, D, E			
Reflecting opinion to District Board members/ councilors		D	A, B, C, E		
Petitions, demonstrations	B, C	A, D, E			
Engagement of residents’ organizations		B, C, E	A, D		

Table 4.4 shows the level of satisfaction to participation of the current situation.

Panelists hold different views to musts of the factors, but they are not too diverse.

In the second opinion survey, they will be asked to reach a consensus if possible.

This would later be transformed into the scaling in the Arstein’s Ladder of Participation.

**Table 4.5 - Relevance of level of participation in relation to decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Level of participation of affected tenants in the urban renewal process				E	A, B, C, D

Table 4.5 shows the relevance of the level of participation in relation to decision of sell. This tests the validity of the derived model. Results show that Panelists generally concede that the level of participation is relevant to the affected tenant’s decision of sell.

**Table 4.6 - Overall personal attributes of the affected tenants in relation to decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Overall personal attributes of the affected tenants					A, B, C, D, E

Table 4.6 shows the relevance of the overall personable attributes of the affected tenants in relation to decision of sell. Similar to Table 4.5, Table 4.6 tests the validity of the derived model. Panelists all agree that the overall personable attributes of the affected tenants are relevant to the affected tenant’s decision of sell.

#### 4.4 Second Opinion Survey

Second Opinion Survey is carried out in February 2008 which is equivalent to round 3 of the Delphi Technique. The results of the First Opinion Survey is summarized and re-presented to the Panelists for comments. Panelists may choose to change their mind, but are also free to remain outside the circle. However for both of the case, they are required to provide explanation to their choices, which is equivalent to the last round of the Delphi Technique. The objectives of the Second Opinion Survey are the same as the First Opinion Survey, save that more focus will be given for the Panelists to reach consensus

and to investigate why Panelists hold different views to the questions.

The sample of the Second Opinion Survey is annexed in Appendix II.

The Panelists’ revised choices are presented in Table 4.7 – 4.12:-

(note: alphabets in bold show the change of the choice)

**Table 4.7 - Personal Attributes in relation to the decision of sell (revised)**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Age				B, D, E	A, C
Sex	B, C, D, E, <b>A</b>	<del>A</del>			
Education Level			<del>E</del>	B, <b>E</b>	A, C, D
Family Size		<del>E</del>	A, B, C, D, <b>E</b>		
No. of family members employed		<del>E</del>	B, D, <b>E</b>	A, C	
Household income				<del>E</del>	A, B, C, D, <b>E</b>
Knowledge of renewal of the district		<del>E</del>		A, B, D, <b>C, E</b>	<del>E</del>
Satisfaction of renewal		E	B	A, D, <b>C</b>	<del>E</del>
Attitude of participation in urban renewal		<del>E</del>	<b>E</b>	B, D	A, C

E admitted that his scaling is slightly lower than other Panelists and was willing to change his choices in most of the cases. However, he still held his position if he could not agree with other Panelists. This will be explained below:-

Sex, family size, household income and knowledge of renewal

Panelists reached consensus for these 4 factors. All Panelists agreed that sex is

irrelevant to the affected tenant's decision of sell whilst the household income is very relevant. Follow-up questions with the Panelists revealed that affected tenants with low household income usually tend to sell their property with a lower price and possibly at an early stage of the renewal process. This is probably because these affected tenants are in need of cash and their decision to sell will bring them with extra cash for all purposes.

Panelists remain neutral as to the effect of family size. Follow-up questions revealed that the Panelists are uncertain with its effect due to the lack of data. However, A and C opined that there may be a tendency for a smaller family to sell their property at a lower price but that is subject to further investigation.

Panelists also agreed that the knowledge of renewal of the district is of some effect to the affected tenant's decision to sell. However, such importance is not as great as the household income.

#### Age and education level

Panelists generally agreed that age and education level are of some relevance in

affecting the affected tenant's decision of sell. However, they cannot come to a consensus as to the weight. The general view is that the older the tenant or the lower the education level, the easier one will choose to sell his property. A and C raised the point that the age and education level would not dictate the affected tenant's decision, even if the tenant is old or of a low education level. Tenants are usually influenced by their family members, experts and peers. They suggested that the study shall take into account of this as well.

#### No. of family members employed

Panelists cannot reach a consensus on this. B, D and E remained neutral on this as they considered the household income shall supersede this factor. A and C gave more weight to this factor, as they held the view that the more family members being employed, the less pressure is on the affected tenants.

#### Satisfaction of renewal and attitude of participation in urban renewal

Panelists do not have consensus on these two factors. However, they generally recognize this factor in relation to the affected tenant's decision of sell. E chose to remain outside the circle, as he regarded the paramount concern of the affected tenants is the offering price of the acquiring authority but nothing to do with their

satisfaction of the renewal or their altitude. A, B and C opined that tenant’s satisfaction and knowledge are somewhat influencing their decision. This is because if tenants are more satisfied with the government’s planning or arrangement, or if they possess more knowledge, the relationship between the tenants and the government will not be so tense and therefore, can achieve an easier settlement.

**Table 4.8 - Decision situation in relation to the decision of sell (revised)**

	Not relevant		←→	Very relevant	
	1	2	3	4	5
Role of the District Board in the urban renewal process		<del>E</del>	B, E	<del>A</del>	C, D, A
Role of the residents’ organizations in the urban renewal process			<del>E</del>	B, E	A, C, D
Reimbursement of professional fees of surveyors				<del>E</del>	A, B, C, D, E
Other (please specify)					

Table 4.8 shows the revised choice of the Panelists in relation to the decision of sell. Again, E reconciled that his scaling is too strict and was willing to change his choices.

Reimbursement of professional fees of surveyors

In the urban renewal process, the professional fees of surveyors are fully reimbursed by the government if the affected tenants are able to reach settlement

with the government prior to legal proceedings. All Panelists agreed that this is the utmost important institutional arrangement as they opined that surveyors can effectively bring to a settlement. B and E concurred that where surveyors are not engaged in the course of negotiation, it is almost impossible for the affected tenants to sell their properties to the government.

#### Role of the District Board in the urban renewal process

Panelists have a dispute over whether the role of the District Board in the urban renewal process will affect the affected tenant's decision of sell. A, C and D regarded this as very relevant. They generally held the view that the District Board can impose pressure on the acquiring authority so as to offer a higher price to the affected tenants. D expressly mentioned that in some districts, it was the District Board who facilitated negotiations between the affected tenants and the acquiring authority. However, B and E disagreed. Despite that they generally recognize the existence of the District Board, they held the view that what the Board can do is minimal. E opined that pressure imposed by the Board does not necessarily bring to an increase of offering price.

#### Role of the residents' organizations in the urban renewal process



Panelists generally recognized the importance of this but they cannot come to a consensus as to the weight. A, C and D opined that the residents’ organizations can effectively affect the affected tenant’s decisions as they provide the affected tenants with a platform to communicate and exchange ideas and information, as well as assisting them in negotiation. B and E had doubts on the effectiveness of the same.

**Table 4.9 - Events in relation to the decision of sell (revised)**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Public consultations / announcements		C, D	A, B, E		
Conferences between experts of the acquiring authority and the affected tenants					A, B, C, D, E
Meetings of residents’ organizations			D	A, B, C, E, D	
Demonstrations, petitions	B, D, E	A, C			
Other (please specify)					

Conferences between experts of the acquiring authority and the affected tenants

Panelists concurred that the conferences between experts of the acquiring authority and the affected tenants are very relevant with regard to the affected tenants’ decisions of sell. Follow-up questions with the Panelists revealed that this is because such conferences can facilitate understandings between the

affected tenants and the acquiring authority and reach settlement.

#### Meetings of residents' organizations

Panelists agreed that the meetings of residents' organizations will have effect on the affected tenant's decision of sell. However, such relevance is not as great as the conferences between experts of the acquiring authority and the affected tenants. As previously explained, residents' organizations provide a platform to communicate and exchange ideas and information, as well as assisting them in negotiation.

#### Public consultations / announcements

Panelists generally recognized that public consultation / announcements do not have much effect on the affected tenant's decision of sell. C and D did not think such events are relevant as they regarded these events are merely the "show" of the government. A, B and E did not have much idea of such effects. They opined that as these consultations / announcements normally take place at the beginning of the urban renewal schemes, the causation link can hardly be established.

Demonstrations, petitions

Panelists have generally regarded that demonstrations or petitions are of little relevance to the affected tenant’s decision of sell. B, D and E opined that such events are wholly irrelevant, as these events would not have any effect on the offering price nor would they cause any change in the circumstances in the negotiation process.

**Table 4.10 - Level of satisfaction to participation (revised)**

	Not satisfactory ←→			Very satisfactory	
	1	2	3	4	5
Visiting exhibitions		A, B, C	D, E		
Attending residents’ meetings / public hearings (conducted by the acquiring authority)			B	A, C, E	D
Reading relevant documents				<del>A</del>	B, C, D, E, A
Conducting study/ research	B, C, D, E, A	<del>A</del>			
Reflecting opinion through mass media	A, B, C	D, E			
Reflecting opinion to responsible authorities		A, B, C, D, E			
Reflecting opinion to District Board members/ councilors		<del>D</del>	A, B, C, E, D		
Petitions, demonstrations	B, C	A, D, E			
Engagement of residents’ organizations		B, C, E	A, D		

This part of the survey investigates the Panelists’ perceptions on the level of satisfaction to public participation in the urban renewal in Hong Kong.

#### Conducting study/ research

All Panelists concurred that conducting study/ research is unsatisfactory. Most of them opined they are not aware of any significant study/research regarding public participation in urban renewal.

#### Reflecting opinion to responsible authorities

All Panelists held the same view that it is not satisfactory for the public to reflect opinion to responsible authorities. D, in his reply to the follow-up questions, opined that the public does not have much direct channel to express their opinions to the responsible authorities. C held the similar view, but added that even if the public can express their opinions to the responsible authorities, it is very unlikely for such opinions be accepted.

#### Reflecting opinion to District Board members/ councilors

Panelists remained neutral on this point. D chose to remain outside the circle at the beginning, but decided to change his mind in this round. He opined that the level of satisfaction of this factor varied across different districts. Some District Boards are more eagerly to give help to the affected tenants, and therefore more

open to opinions. However, the performance is not satisfactory for some districts.

Other items

For the other items, Panelists opined that they are quite unable to comment on the exact level of satisfaction. This is because the remaining items quite rarely occur and even if these occur, they are quite unlike to have brought to the Panelists’ attention.

**Table 4.11 - Relevance of level of participation in relation to decision of sell (revised)**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Level of participation of affected tenants in the urban renewal process				E	A, B, C, D, E

**Table 4.12 - Overall personal attributes of the affected tenants in relation to decision of sell (revised)**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Overall personal attributes of the affected tenants					A, B, C, D, E

Table 4.11 and Table 4.12 showed the Panelists’ views on the relevance of level of participation and overall personal attributes in relation to the decision of sell.

They all concurred that these two factors are very relevant to the affected tenant's decision of sell. This verified the applicability of the derived model.

## Chapter 5 – Conclusion

### 5.1 General Findings

#### The Derived Model

Based on Tables 4.7 – 4.12, we will be able to calculate the total scores for each factors in relation to the decision of sell. Each Panelist will be given 1 mark to each choice and is multiplied by the grade they have given. The result is attached in Appendix III.

For personal attributes, the household income received the highest score. This is related to the valuation of potential outcomes in the Kiser & Ostrom's (1982) Model. The potential value of the same offering price is lower to those affected tenants who have a higher income, as they are not generally in need of money.

Age and education level received a score of 22, ranking the second. These two factors are related to the calculation process in the Kiser & Ostrom's (1982) Model. Those who are older or of a lower education level generally possess lower calculation abilities. They are generally inactive to acquire further information, leading to a slight lack of information when compared with others. Therefore, they are easier to sell their properties.

For institutional arrangements, the reimbursement of professional fees of surveyors scored the highest. As previously discussed, the Panelists all agreed that if surveyors can be engaged, the chance of settlement is higher. This proved that surveyors are viable and effective in the negotiation process. This in fact, in economical terms, recognizes surveyors as agents to reduce transaction costs in this process. If we this into the context of Keiser and Ostrom's (1983) model, this arrangement fulfill the position and authority rules as well as the information rules. Prior to the engagement of surveyors, the affected tenant is at a lower position and possesses a lower authority. Surveyors, with their professional knowledge, can raise the position of the affected tenants in the course of negotiation. Further, affected tenants are lack of professional valuation knowledge. Surveyors, by providing their professional opinions, equip the affected tenants with information of this aspect and fulfill the information rules.

For events, the conferences between experts of the acquiring authority and the affected tenants received the highest rate. This is probably because surveyors, acting on behalf of the affected tenants, when directly discussing the offering



price with the acquiring authority, can facilitate mutual understandings.

Based on the above findings, we can conclude that the derived is generally applicable to the context of urban renewal in Hong Kong, subject to the certain limitations and recommendations as later discussed.

#### Perception of Public Participation

Panelists presented their views on public participation in the context of urban renewal (Appendix III). They all opined that reading relevant documents are the most satisfaction way. The next one is the attending residents' meetings / public hearings (conducted by the acquiring authority). The scores given to the remaining items are rather low compared with these two. However, attending residents' meetings/ public hearings or reading relevant documents are in fact only at the level of informing, or maybe consultation. If the derived model is true to predict that the level of participation is related to the decision situation and thus affecting the tenant's decision of sell, then the acquiring authority shall consider raising the level of participation as requested in the general public.

## 5.2 Limitations and recommendations

This study is based on a derived model of Kiser & Ostrom (1982). The validity and applicability of the model is tested by Delphi Technique. However, as only 5 Panelists are involved, their views may be too narrow. Further, due to the limitation of time and resources, no actual data in respect of the actual attributes of the affected tenants and the districts are collected.

It is recommended that:-

1. A full survey be carried out in different district with the affected tenants to verify quantitatively the validity and applicability of the derived model;
2. Further study to confirm and derive the weight of each attribute or factor of the derived model as identified in this study; and
3. Test the model with historic data to verify the validity and applicability of the derived model.

To conclude this study, I must say that in order to increase the effectiveness of acquiring interests by negotiation, the acquiring authority must strengthen themselves in encouraging the public to participation, open up more

participatory means and allow for opinions. They should also consider to review the institutional arrangements in the urban renewal process, as well as identity the personal attributes of the affected tenants.

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## Appendix I – First Opinion Survey

### First Opinion Survey for Urban Renewal

I am now doing a research in relation to the level of participation in the urban renewal process, the institutional arrangements and the attributes of the affected tenants. My purpose is to investigate *what would affect the affected tenant's decision in selling his property to the acquiring authority.*

Please take into account your professional knowledge and experience in this field.

You may assume that the acquiring authority's offering price is within a reasonable range.

#### Part I – Personal attributes

Please grade, from 1 to 5, the relevance of the following personal attributes of the affected tenants in relation to his *decision of sell*:-

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Age					
Sex					
Education Level					
Family Size					
No. of family members employed					
Household income					
Knowledge of renewal of the district					
Satisfaction of renewal					
Attitude of participation in urban renewal					

**Part II – Decision Situation**

Please grade, from 1 to 5, the relevance of the following *institutional arrangements* of in relation to the affected tenant's *decision of sell*:-

	Not relevant		←→	Very relevant	
	1	2	3	4	5
Role of the District Board in the urban renewal process					
Role of the residents' organizations in the urban renewal process					
Reimbursement of professional fees of surveyors					
Other (please specify)					

Please grade, from 1 to 5, the relevance of the following *events* in relation to the affected tenant's *decision of sell*:-

	Not relevant		←→	Very relevant	
	1	2	3	4	5
Public consultation / announcements					
Conferences between experts of the acquiring authority and the affected tenants					
Meetings of residents' organizations					
Demonstrations, petitions					
Other (please specify)					

### Part III – Participation

Please grade, from 1 to 5, the *level of satisfaction* of the current modes of participation in the urban renewal process:-

	Not satisfactory		↔	Very satisfactory	
	1	2	3	4	5
Visiting exhibitions					
Attending residents' meetings / public hearings (conducted by the acquiring authority)					
Reading relevant documents					
Conducting study/ research					
Reflecting opinion through mass media					
Reflecting opinion to responsible authorities					
Reflecting opinion to District Board members/ councilors					
Petitions, demonstrations					
Engagement of residents' organizations					

### Part IV – Overall

Please grade, from 1 to 5, the *relevance* of the *level of participation* in relation to the affected tenant's decision of sell:-

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Level of participation of affected tenants in the urban renewal process					

Please grade, from 1 to 5, the *relevance* of the *overall personal attributes* of the affected tenants in relation to his decision of sell:-

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Overall personal attributes of the affected tenants					

This is the end of the First Opinion Survey. Thank you for your assistance. You will be contacted later for the Second Opinion Survey.

## Appendix II – Second Opinion Survey

### Second Opinion Survey for Urban Renewal

Thank you for your participation in the First Opinion Survey. In this Second Opinion Survey, you will be presented with the results of all Panelists in the First Opinion Survey. Now, you can either change your choice, or remain outside the scope. You will be asked with questions if you choose to remain outside the consensus.

Here is the background of all Delphi Panelists:-

- ◆ A is a registered social worker working in the field of urban renewal;
- ◆ B is a director of a surveyor's firm who have been engaged in the urban renewal process;
- ◆ C is a core member of a concern group in urban renewal;
- ◆ D is a former district councilor; and
- ◆ E is an Estate Surveyor of the Lands Department.

This is the result of the First Opinion Survey:-

**Table 4.1 - Personal Attributes in relation to the decision of sell**

	Not relevant		←→	Very relevant	
	1	2	3	4	5
Age				B, D, E	A, C
Sex	B, C, D, E	A			
Education Level			E	B	A, C, D
Family Size		E	A, B, C, D		
No. of family members employed		E	B, D	A, C	
Household income				E	A, B, C, D
Knowledge of renewal of the district		E		A, B, D	C
Satisfaction of renewal		E	B	A, D	C
Attitude of participation in urban renewal		E		B, D	A, C



**Table 4.2 - Decision situation in relation to the decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Role of the District Board in the urban renewal process		E	B	A	C, D
Role of the residents' organizations in the urban renewal process			E	B	A, C, D
Reimbursement of professional fees of surveyors				E	A, B, C, D
Other (please specify)					

**Table 4.3 - Events in relation to the decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Public consultation / announcements		C, D	A, B, E		
Conferences between experts of the acquiring authority and the affected tenants					A, B, C, D, E
Meetings of residents' organizations			D	A, B, C, E	
Demonstrations, petitions	B, D, E	A, C			
Other (please specify)					

**Table 4.4 - Level of satisfaction to participation**

	Not satisfactory		↔	Very satisfactory	
	1	2	3	4	5
Visiting exhibitions		A, B, C	D, E		
Attending residents' meetings / public hearings (conducted by the acquiring authority)			B	A, C, E	D
Reading relevant documents				A	B, C, D, E
Conducting study/ research	B, C, D, E	A			
Reflecting opinion through mass media	A, B, C	D, E			
Reflecting opinion to responsible authorities		A, B, C, D, E			
Reflecting opinion to District Board members/ councilors		D	A, B, C, E		
Petitions, demonstrations	B, C	A, D, E			
Engagement of residents' organizations		B, C, E	A, D		

**Table 4.5 - Relevance of level of participation in relation to decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Level of participation of affected tenants in the urban renewal process				E	A, B, C, D

**Table 4.6 - Overall personal attributes of the affected tenants in relation to decision of sell**

	Not relevant		↔	Very relevant	
	1	2	3	4	5
Overall personal attributes of the affected tenants					A, B, C, D, E

### Appendix III – Weighted Scores of the Items

#### Items in relations to the Derived Model

		Personal Attributes								
		Age	Sex	Education Level	Family Size	No. of family members employed	Household income	Knowledge of the district	Satisfaction of renewal	Attitude of participation in urban renewal
Decision of Sell		22	5	22	15	17	25	20	17	21

<b>Institutional Arrangements</b>			
	Role of the District Board in the urban renewal process	Role of the residents' organizations in the urban renewal process	Reimbursement of professional fees of surveyors
Decision of Sell	21	23	25
<b>Events</b>			
	Public consultations / announcements	Conferences between experts of the acquiring authority and the affected tenants	Meetings of residents' organizations
			Demonstrations, petitions

Decision of Sell	13	25	20	7
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**Items in relations to the perception on public participation**

Level of Satisfaction				
	Attending residents' meetings / public hearings (conducted by the acquiring authority)	Reading relevant documents	Conducting study/ research	Reflecting opinion through mass media
12	20	25	5	7
Reflecting opinion to responsible authorities	Reflecting opinion to District Board members/ councilors	Petitions, demonstrations	Engagement of residents' organizations	
10	15	8	12	

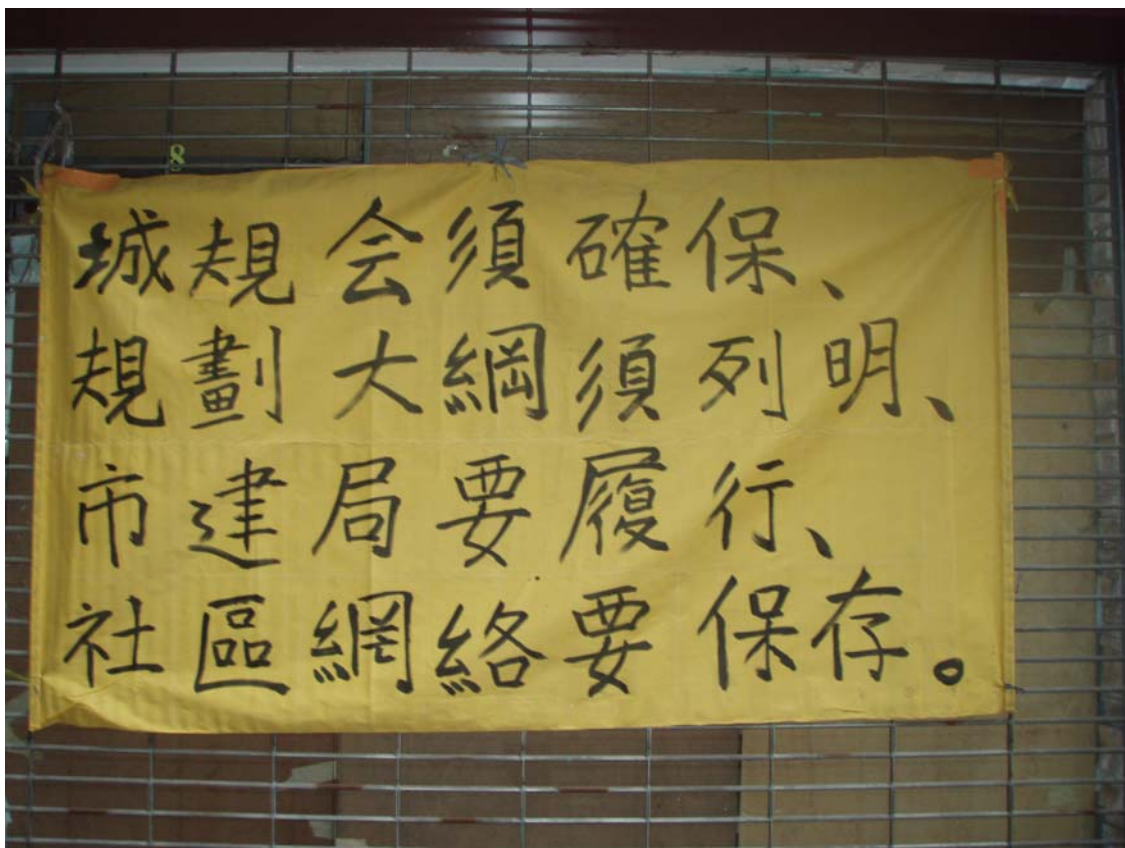
## Appendix IV – Photos taken at a site visit to

### Lei Tung Street, Wan Chai

A site visit has been conducted to Lei Tung Street, Wan Chai on 23<sup>rd</sup> September 2007 when the citizens of Lei Tung held a “Lei Tung Street Festival”. Lei Tung Street is one of the subject of urban renewal and the citizens of Lei Tung Street have been eagerly strive for public participation in the urban renewal process. The “H15 Concern Group”, formed by the citizens involved in the H-15 Urban Renewal Project, has even applied to the Town Planning Board for urban renewal permission.

These are some of the photos taken:-









# 利東街節

## 之全港中學徵文比賽

題目： **壹看我們的利東街**  
**貳以人為本的重建是什麼**

各位親愛的青少年朋友：

我們是一群原本在灣仔H15重建地盤內的住戶及舖戶，四年前，當我們的家園被宣佈為重建區，我們的生活就徹底地改變了。市區重建局帶著它「以人為本」的「市區重建策略」，在尚未好話詢過我們以前，就已決定重建這區。然而，重建之後，大部份的老街坊和面上的老舖戶，都不會有能力再留在此處生活。我們當中許多住在老灣仔廿年以上，住宅或舖戶，都是辛苦經營的生活，緊密的社區網絡，更是生活質素的重要支柱。一朝重建，我們就會被迫各散東西，尤其是聞名的「麵粉街」亦已化為烏有。

所以，我們四年前就有組織註冊，大規模在全區查訪各街坊，在充份了解街坊訴求後，找到專業人士協助，做了香港首份由下而上，民間主導的社區規劃方案，希望在本區做到可持續發展，讓想離去的街坊合理賠償，讓想留下的街坊可以留下，既保存社區特色，更保存社區網絡，發展亦有利可圖。

可惜，這個規劃方案，遭到市區重建局和城市規劃委員會多方的阻撓，今日，市建局已動用「收回土地條例」這一惡法，強行收回所有業權。利東街，只剩下我們最後掛上的業權。應該要我們未能達到的社區民主的理想，但我們知道，多年努力，已在社會的土地上播下了要求社區民主的種子。

經歷了幾年的爭取，我們目睹了整個城市發展過程中，蔑視民主價值的情況，所以，今天，我們仍未放棄，向公民社會提出幾項重要的民主理想：

- 1) 城市規劃民主化，以可持續發展的方向為本；
- 2) 市區重建應真正以人為本，保存社區網絡，保存地區特色。

所以，我們會再透過一連串公民社會教育的活動，再向社會重提這些重要的價值觀。這個徵文比賽就是其中一項重點活動，希望各位同學踴躍參與，徵文比賽還附設社區文化博覽會，由街坊帶領大家，踴躍一論這個將被摧毀的地方。

社區文化導賞團  
**歡迎預約**  
聯絡查詢電話  
**6871 9511**

截止日期 **30.11.2007**



**徵文比賽細則：**

<p>高中學級： 字數：上層2000字 獎項：最高 八萬元獎金，由專業團體設計之利東街T-shirt，再贈送每位DVD及證書 二等 四萬元獎金，由專業團體設計之利東街T-shirt，再贈送每位DVD及證書 三等 二萬元獎金，由專業團體設計之利東街T-shirt，再贈送每位DVD及證書</p>	<p>初中學級： 字數：上層800字 獎項：最高 五萬元獎金，由專業團體設計之利東街T-shirt，再贈送每位DVD及證書 二等 三萬元獎金，由專業團體設計之利東街T-shirt，再贈送每位DVD及證書 三等 一萬元獎金，由專業團體設計之利東街T-shirt，再贈送每位DVD及證書</p>
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大綱詳情：圖文及評語，截稿地址：灣仔春風樓23號地下A，查詢電話：2008年11月9日起 公開方式：傳知此徵文比賽詳情請到 <http://leikongstreet.com> 查詢或由電話及電郵查詢  
查詢：傳知 (H15) 查詢地址：灣仔春風樓 (9樓) 編碼 (28)

