

THE UNDERPRIVILEGED AND DISPLACEMENT: GENTRIFICATION IN HONG KONG,
1986 TO 2016

By

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ABSTRACT

Gentrification has fundamentally reconstructed urban landscapes as well as the social characteristics of many cities all over the world, and particularly key global economic centers. As a global city and a special administration region of China, Hong Kong is also experiencing physical, economic, and social changes that are fundamentally restructuring the physical fabric of the city (La Grange & Pretorius, 2016b; Ye & Vojnovic, 2018; Ye, Vojnovic, & Chen, 2015). This study focuses on the social impacts of gentrification by identifying gentrified neighborhoods across the whole city of Hong Kong and tracking the paths of gentrification and the associated displacement pressures in three selected neighborhoods. This study investigates four research questions: 1) How can gentrification be located and conceptualized gentrification in Hong Kong? 2) How extensive was the gentrification in Hong Kong between the years 1986-2016 and what are the manifestations, characteristics, mechanisms, and impacts of gentrification in different neighborhoods? 3) What are the impacts of gentrification on the underprivileged in different neighborhoods across Hong Kong? 4) What is the role of government in gentrification processes across Hong Kong?

This research uses PCA and K-means clustering to capture gentrified neighborhoods in Hong Kong. Results show that different areas across the city exhibit different patterns of gentrification. A total of 141 TPUs, covering 430.89 km² or 38.82% of Hong Kong's land area, have been identified as gentrified/gentrifying neighborhoods. Based on the quantitative analysis and field observations, three neighborhoods—Sham Shui Po and Kwun Tong in Kowloon and

Wan Chai in Hong Kong Island—are selected for a detailed qualitative study examining gentrification processes. Results show that the Hong Kong government has been very active in initiating gentrification processes, through its renewal efforts. It acts as the initiator, facilitator, and is a major beneficiary of renewal. In addition to state-led gentrification, a diversity of gentrification type, including classical gentrification, industrial gentrification, and heritage-fueled gentrification are also identified. In the gentrification processes in Hong Kong, the underprivileged are constantly the most vulnerable group, the most likely to be displaced. Lastly, because of the compact urban morphology and large-scale public housing provision, gentrification and its associated displacement in Hong Kong have led to social polarization but necessarily spatial segregation.

Key words: Hong Kong, gentrification, displacement, PCA and cluster analysis, qualitative analysis

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CHAPTER 1 INTRODUCTION

1.1 Background

The term of gentrification was coined by the British sociologist Ruth Glass (1964) to refer to the upgrading of deteriorated housing and displacement of the working class by the middle class in the inner city of London. Glass located gentrification as a unique urban redevelopment process that involved the transformation of housing tenure, upgrading of old houses, a change of social character, and displacement of the working class.

In fact, this type of phenomenon had already begun before Glass coined this term. Back in the late 1850s in Paris, Baron Haussmann's destruction of the residential areas and the monumental reconstruction displaced the working class to make room for the middle class (Smith, 1996). In the 1920s in Hong Kong, the government-led development of Kowloon Tong, which aimed to build a self-sufficient and mixed-use community with a variety of classes (Fong, 1986; Ho, 2004), transformed it into a low density and luxury residential area with only upper-class and wealthy English businessmen (Wang, 1997). In the 1930s in the Georgetown area of Washington, D.C., the black working-class neighborhood was displaced by the white middle class (Smith, 1996). As a physical and social upgrading process, sporadic gentrification has happened throughout the history of urban development. But it was not until the postwar inner-city rehabilitation and rebuilding in the 1950s that systematic gentrification has begun to occur in large Western cities like New York, London, Toronto, Washington, D.C., and Boston (Lees, Slater, & Wyly, 2007). In the 1970s, gentrification became popular not only in the largest global

cities, but also in second-tier cities, as almost half of the 260 U.S. cities with over 50,000 in population were experiencing redevelopment in the city centers (Smith, 1979). Entering into the 21st century, gentrification has gone from North to South, from West to East, and has moved down the urban hierarchy from first-tier cities to second- and third-tier cities all over the world (Lees, Shin, & Lopez-Morales, 2016).

At the same time, gentrification has received increasing attention in academia. A literature search in the Web of Science with the topic of “gentrification” shows 7,172 papers published within the last five decades. As Figure 1-1 shows, there is an acceleration of gentrification-related publications over time. Prior to 1979, there was little literature focused on gentrification with a few exceptions (Glass, 1964; Pitt, 1977). The 1980s witnessed a debate between production explanations (Smith, 1979, 1987) and consumption explanations (Ley, 1986). The study of gentrification entered into a period of flourishing research activity in the twenty-first century and the focus of gentrification study has shifted from examining “what leads to gentrification” to also exploring the “gentrification leads to what” question.

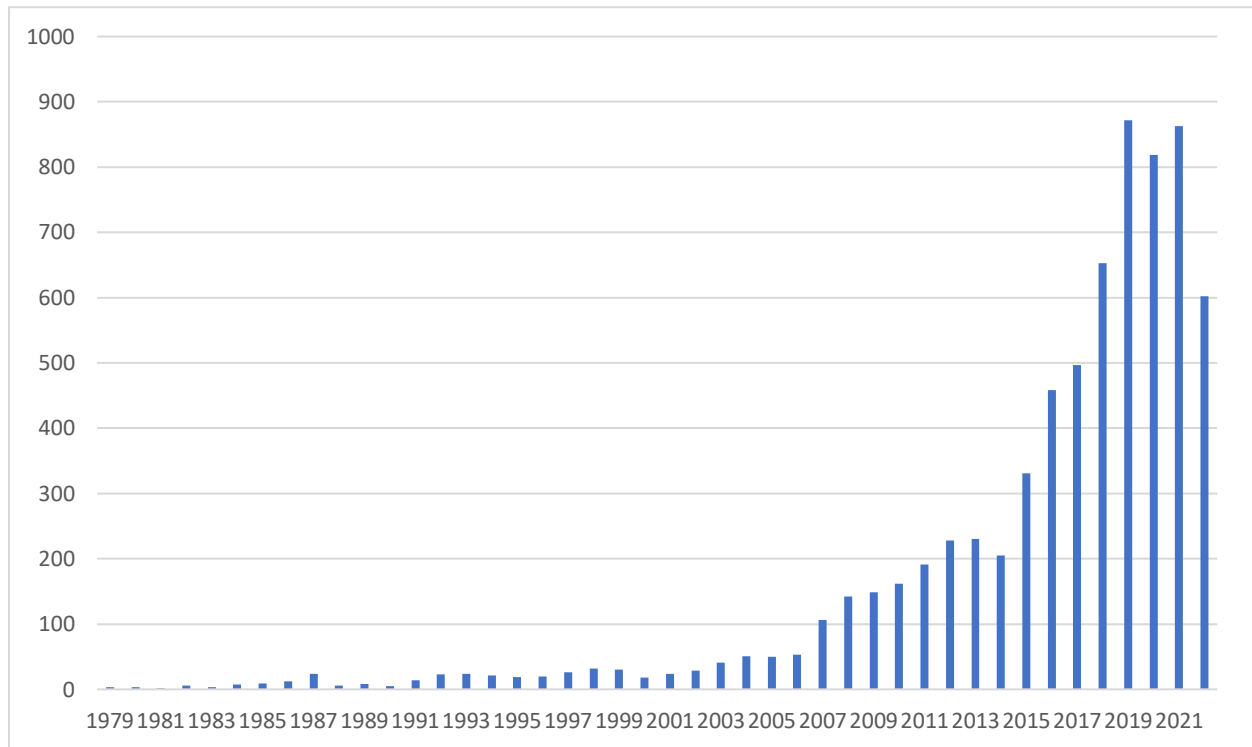


Figure 1-1. Gentrification-related publications in each year

Source: Adapted from Web of Science, <https://apps.webofknowledge.com/>

To illustrate how gentrification has traveled through space, the 7,172 papers found in the Web of Science have also been grouped by study areas. Figure 1-2 shows the top ten countries/territories in terms of gentrification-related publications. Only one developing country (China) is found in Figure 1-2. With that said, although gentrification has spread around the world, research on gentrification still focuses on high-income countries. Thus, gentrification in cities within emerging economies needs to be examined to a greater extent.

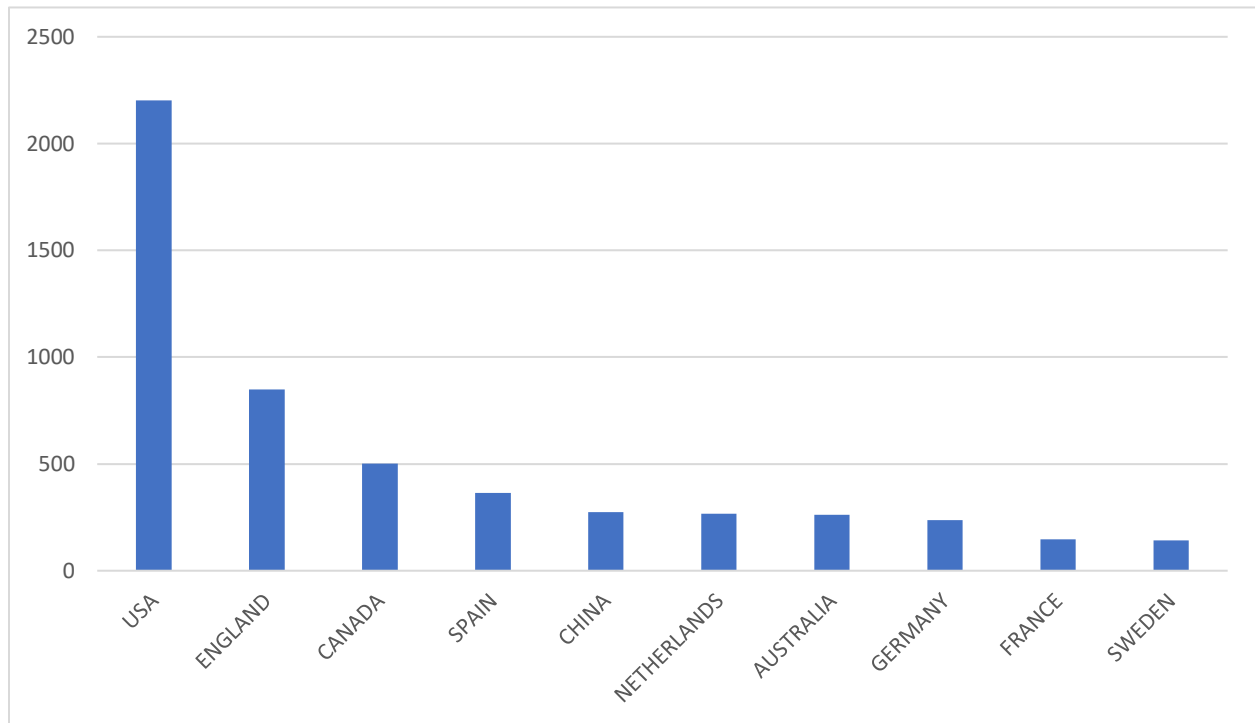


Figure 1-2. Gentrification studies in different countries/territories

Source: Adapted from Web of Science, <https://apps.webofknowledge.com/>

Within this context, I will explore gentrification in Hong Kong, China. There are several reasons for selecting Hong Kong. First, covering the years 1986-2006, Ye (2014) demonstrated that in Hong Kong, gentrification is initiated by multiple actors, leading to a variety of displacement issues, and that it is a large scale process. I will investigate new trends in gentrification across Hong Kong, extending into a period that witnessed heightened levels of capital reinvestment within the city and unprecedented increases in property values. Between 2010 and 2020, Hong Kong has been consistently ranked as one of the most “unaffordable” cities in the world (Cox & Pavletich, 2020).

Second, Hong Kong has long been a British colony and served as mainland China’s window to the world. The economy and politics in Hong Kong, along with the social and physical

landscape, have shown a combination of Eastern and Western cultures. Thus, it is critical to examine how gentrification, as a Western term, has been embedded into Hong Kong's culture. This will also be explored through a detailed analysis of Hong Kong's underclass, the core poor within the city.

Third, Hong Kong experienced a structure transition from an industrial economy into a services economy in the 1980s and 1990s. The number of people employed in manufacturing fell by 55.8 %, from 868,000 in 1987 to 484,000 in 1992 (Luk, 1995). Hong Kong is also experiencing a new transition from the service economy into a high value-added industry and services economy. The number of people employed in “four economic pillars”¹ increased by 30.3 %, from 1.25 to 1.76 million (Feng, 2015). Along with this broader economic transition, the physical and social landscape of the city are also experiencing tremendous change. Thus, it is important to assess the role of gentrification during this period of major transition.

Fourth, on the one hand, Hong Kong has been ranked as the least affordable major housing market in the world for nine consecutive years by the Annual Demographia International Housing Affordability Survey (Cox & Pavletich, 2019); on the other hand, Hong Kong has one of the most successful public housing systems that helps 45.6 % of Hong Kong's total population live in either rental housing or subsidized sale flats (Housing Authority, 2016). The coexistence of the extremely high housing prices and one of the largest public housing systems make Hong

¹ Four economic pillars refer to international financial service, producer services, information and logistics, and tourism industry (Leung, 2012).

Kong an important case in the study of redevelopment and gentrification, and again, particularly with a focus on the city's most disadvantaged.

Fifth, according to the results of the 2016 Population By-Census (Census and Statistics Department, 2016a), there are some 92,700 subdivided units (SDUs) accommodating 91,800 households and 209,700 persons. The median floor area per household was 107.6 square feet and the median monthly rent was HK\$4,500 (or US\$576²). Worse still, residents of even these small and highly concentrated units are facing increasing pressures of displacement due to the high potential land use values, increasing rent, and location benefits. This study will address urban equality issues and fill a critical gap in understanding the impacts of gentrification on the underprivileged in Hong Kong.

1.2 Statement of Problem

Over the past four decades, Hong Kong has transformed from a more labor-intensive industrial economy to a high value-added industrial and services economy. Along with these transitions, Hong Kong has been experiencing tremendous urban growth, both suburbanization and in some cases higher density redevelopment. As a byproduct of these physical changes, gentrification has accompanied the urban redevelopment and revitalization in Hong Kong. As Ye et al. (2015) show, 34.0% of the whole territory is being or has been gentrified during the two decades from 1986 to 2006. Gentrification has broken long-standing social networks built by

² The Hong Kong Dollar to US Dollar exchange rate is set as 0.1279 in this research.

local residents and has been the driver of large-scale displacement, especially of the underprivileged. In addition, gentrification in Hong Kong is usually state-led. The underprivileged have little power to resist gentrification and usually are forced to leave their neighborhoods. However, despite the large-scale upgrading of the physical environment, the social consequences of gentrification in Hong Kong have received little attention (Ley & Teo, 2014).

While literature has begun to appear on the displacement of the underprivileged in Hong Kong, most studies tend to examine the process and outcomes of displacement using demographic data (He, 2010b; He & Wu, 2007; Wu, 2004; Wu & He, 2005). Few studies have combined qualitative and quantitative methods to investigate the impacts of gentrification on the underprivileged. In addition, using census data to explore gentrification at the city scale has seldom been conducted. This study is intended to complement previous studies and focus specifically on the underprivileged who are most affected by gentrification in this Chinese city, Hong Kong.

1.3 Research Questions and Propositions

This dissertation investigates four fundamental questions: 1) How can gentrification be located and conceptualized in Hong Kong? 2) How extensive was the gentrification in Hong Kong between the years 1986-2016 and what are the manifestations, characteristics, and mechanisms of gentrification in different neighborhoods? 3) What are the impacts of

gentrification on the underprivileged in different neighborhoods across Hong Kong? 4) What is the role of government in gentrification processes across Hong Kong?

The central argument in this dissertation is that gentrification in Hong Kong is shaped by different factors and actors in different parts of the city, with the underprivileged being the most vulnerable group to gentrification and displacement. Four propositions will be tested in this research: 1) As a global city that experienced structural transitions, gentrification in Hong Kong reflects the unique characteristics in the economic, social, and spatial restructuring processes; 2) Hong Kong has been experiencing a diversity of gentrification processes in different neighborhoods of the city, and even within the same neighborhood, between the years 1986 and 2016 and the spatial distribution of gentrification reflects different economic, cultural, and political forces of urban (re)development; 3) The underprivileged are particularly affected by gentrification and are most vulnerable to displacement in different parts of Hong Kong, resulting in high levels of social polarization but not necessarily high levels of spatial segregation; 4) The government plays a decisive role in facilitating gentrification, and thus shapes the process in both the nature of displacement and public housing provision, a unique dimension of redevelopment processes in Hong Kong.

1.4 Overview of Methods

Both quantitative and qualitative methods will be used to investigate gentrification processes in Hong Kong and the role of the underprivileged in gentrification between 1986 and

2016. The quantitative methods will identify areas that are experiencing gentrification and the qualitative methods will examine different dimensions of these upgrading processes.

1.4.1 Quantitative Analysis

The quantitative data collected from the 1986 and 2016 by-census will be used to identify different types of gentrification processes in Hong Kong. All census data are collected at the Tertiary Planning Unit (TPU) level. The boundaries of each TPU have been changing over the years and the number of TPUs has increased from 247 to 291 between 1986 and 2016. To ensure the data are comparable between 1986 and 2016, data normalization of each TPU will be needed. The 1986 TPU boundaries and data are adjusted to match 2016 counterparts using the areal weighting interpolation method. The two datasets are used to track neighborhood changes in Hong Kong from 1986 to 2016, covering the aspects of population, education, occupational structure, income, rent, housing, and sub-divided units. In addition, income polarization will also be measured by the population-share index to show the trend of social polarization of each neighborhood from 1986 to 2016.

The normalized 1986 data, together with the 2016 data, are converted into ‘change of percentage’ and ‘percentage change’ variables. A total of 55 variables are used to capture the socio-demographic and housing changes between 1986 and 2016 in Hong Kong. Following the methods employed by Podagrosi, Vojnovic, and Pigozzi (2011); Ye (2014); Ye and Vojnovic (2018); Ye et al. (2015), the above 55 variables will be used in the principal component analysis (PCA) and K-means clustering to capture TPUs experiencing similar changes. PCA is a

dimension-reduction tool that will be used to reduce a large number of variables – here, 55 population, socioeconomic, and housing variables – to a smaller number that still contains most of the information. PCA will capture the socio-demographic and housing changes in Hong Kong's 291 TPUs and identify different dimensions of gentrification being experienced across the city. SPSS will be used to run the PCA. The results of the PCA – principal components – will be visualized and analyzed using GIS. The principal components will also be used in K-means clustering to group distinct clusters of TPUs experiencing similar social and physical changes. This method will identify different types of gentrification, such as super-gentrification, student gentrification, and rural gentrification, in different neighborhoods across Hong Kong and will help to determine suitable neighborhoods for further case studies.

1.4.2 Qualitative Analysis

Based on the quantitative results, three neighborhoods representing different types of gentrification will be selected for the qualitative analyses. The selection criteria include 1) neighborhoods that represent a diversity of gentrification types; 2) neighborhoods that contain a large number of underprivileged residents; and 3) neighborhoods that involve a large scale of displacement. Government documents, archives, newspapers, reports, journal articles, books, and photographs will be used to investigate the role of different initiatives, policies, and actors in the gentrification process. Special attention will be paid to underprivileged residents who live in the sub-divided units in Hong Kong. The underprivileged residents usually have little economic and political power and are facing particularly unique and acute displacement pressures. The

qualitative, neighborhood case study analysis will be an important component of this research since it will provide details of the gentrification process that will not be evident in the large-scale, city-wide quantitative analysis.

In the detailed, neighborhood case study analysis, I will select three neighborhoods that have experienced similar levels of social upgrading based on the quantitative results, with a particular focus placed on neighborhoods with a concentrated underclass, the core poor of Hong Kong. By analyzing the three neighborhoods, I will investigate the diversity of gentrification processes at a micro-scale and identify the impacts of gentrification on the underprivileged in the context of Hong Kong. This will be a study of gentrification examining the unique conditions and pressures of the underclass in large-scale urban revitalization efforts.

1.5 Outline of the dissertation

After the introduction chapter, I will review the literature on gentrification in Chapter 2. This chapter will discuss the evolution of gentrification. It will start with the discussion of the definition of gentrification. Displacement will be emphasized as the defining feature of gentrification. Then, I will review varied forms of gentrification. The relationship between gentrification and the global city will also be discussed.

Chapter 3 will locate gentrification in a Hong Kong. I will first review the unique characteristics of gentrification in the Chinese context. Then, Hong Kong's economic transformations will be investigated to provide a broader background of gentrification in Hong Kong. Finally, urban development process, public housing and housing policies, and land

policies and the real estate market will be discussed to identify the potential factors related to gentrification in Hong Kong.

Chapter 4 will focus on gentrification, displacement, and the underprivileged in Hong Kong. It will first provide a definition of displacement and classify displacement into five forms. The impacts of displacement in Hong Kong will be discussed. Then, I will examine the poverty situation and the causes of poverty in Hong Kong. Lastly, gentrification among the underprivileged in Hong Kong will be investigated.

Chapter 5 will present the quantitative analysis. This chapter will begin with the introduction of data collection and the standardization of data. Then, this chapter will investigate neighborhood changes from 1986 to 2016 through analyses of population, education, occupational structure, income, rent, housing, and sub-divided units. In addition, social polarization will be analyzed through the population-share index. Maps showing the spatial changes will be presented. Following the analysis of neighborhood changes, a PCA and a K-means clustering will be performed to capture TPUs experiencing similar changes, explicitly seeking-out neighborhood upgrading. The quantitative analyses would identify likely gentrified/gentrifying neighborhoods, allowing for the selection of potential neighborhoods for the qualitative analyses.

Based on the results of the quantitative analyses, Chapter 6, 7, and 8 will present the qualitative analyses of three neighborhoods. These neighborhoods are Sham Shui Po, Kwun Tong, and Wan Chai. In each neighborhood, several gentrification cases will be examined,

showing the diversity of gentrification. In addition, the history of neighborhood development and redevelopment, the gentrification processes, the displacements of the underprivileged, and the demographic trends will be presented. The qualitative analyses will allow for a more nuanced examination of gentrified/gentrifying neighborhoods, uncovering the trajectories of gentrification in each neighborhood.

Chapter 9 will summarize the findings of this research. First, the scale of gentrification in Hong Kong will be examined. Then, a comparison of the three neighborhoods will be conducted. The conclusion chapter will highlight the contributions of the research, including the role of government in leading gentrification, the diversity of gentrification and the associated displacement, and social polarization of gentrification.

CHAPTER 2 THE EVOLUTION OF GENTRIFICATION

Since gentrification was first coined by Glass in 1964, it has received increasing attention from scholars in different disciplines, such as geography, urban studies, urban planning, political science, sociology, and leisure sciences and tourism. There are several reasons for the importance of gentrification research (Hamnett, 1991). First, it challenges some of the traditional urban geography theories, such as urban social structure and residential location preferences. Second, it resonates with the policy and political debates regarding gentrification-related displacement. Third, it replaced suburbanization, a major trend in the 1950s and 1960s, as a new leading trend of urban restructuring and as a global urban strategy (Smith, 2002c). Lastly, gentrification has emerged as a major theoretical battleground between the liberal humanists (see Ley, 1986) and the structural Marxists (see Smith, 1979, 1987) in urban geography. Therefore, gentrification is a frontier not just physically, economically, and culturally, but also theoretically, ideologically, and politically (Hamnett, 1991; Smith, 1996).

However, three major problems emerge with the existing gentrification research. First, it is extremely hard to identify an agreed-upon definition and explanation, leading to a theoretical debate in the 1980s. Second, whether gentrification is good or bad and whether gentrification is necessarily associated with displacement are widely discussed, leading to a practical debate in the 1990s and into the present. Third, with globalization evolving into the 21st century, gentrification is increasingly taking on other and unique forms all over the world, adding another

layer of complexity to gentrification and its theoretical framing. This section will address the above three major problems and capture the characteristics of gentrification in global cities.

2.1 Towards an agreed-upon definition of gentrification

There have been two major schools of thought explaining gentrification. The production explanation emphasizes the capital reinvestment process in existing built-up areas of a city. Researchers on this side focus on the relations between capital flows and urban space production. The central theory is the rent gap, which demonstrates “the disparity between the potential ground rent level and the actual ground rent capitalized under the present land use” (Smith, 1979, p. 545). Smith (1982, p. 149) argued that “when, and only when, this rent gap between actual and potential ground rent becomes sufficiently large, redevelopment and rehabilitation into new land uses becomes a profitable prospect, and capital begins to flow back into the inner-city market.” Smith embedded gentrification in the long processes of investment and disinvestment in urban history and focused on the relationship between disinvestment and reinvestment and between property value and land value.

Smith (1979, p. 547) believed that gentrification “is driven by the movement of capital rather than people”. Some researchers, however, argued that gentrification does involve capital, but it also involves people as a key component of the process, as people have different preferences for a residential location (Hamnett, 1991; Ley, 1986). Without gentrifiers, gentrification would not happen. This is the consumption explanation of gentrification, the demand side explanation, with Ley being the leading advocate of this paradigm. According to

Ley (1980, 1986), the social and cultural aspects of the gentrifiers themselves are the most important factors in understanding gentrification. He argued that cultural values and new lifestyles of the middle class, along with the attraction of urban locations, are the main causes of gentrification (Ley, 1996).

The theoretical debate became the dominant topic of gentrification in the 1980s. In fact, both explanations are important in understanding gentrification (Munt, 1987; Zukin, 1987). They are the two sides of the same coin (Lees, 1994) and gentrification must be interpreted from both sides. As Smith (Smith, 1987, p. 464) acknowledged “whatever the shortcomings of his (Ley) analysis...it should now be evident that the relationship between consumption and production is crucial to explaining gentrification” and Ley (1987, p. 468) responded that “for some years the necessity to unite theories around production and consumption in understanding gentrification and, more generally, the making of the built environment has been apparent”. Further, Clark (1992, 1995) advocated that attempts should be made to draw connections between different explanations of gentrification and our focus should shift from competition to complementarity.

2.2 Displacement as the defining feature of gentrification

Since the 1970s, cities all over the world have gradually adopted gentrification as a global urban strategy (Smith, 2002c) to rehabilitate the inner city and promote the local economy. On the one hand, gentrification has effectively promoted economic growth and fundamentally changed the urban physical and social landscape over the past several decades, and thus has become a major driving force for urban (re)development and economic vibrancy. On the other

hand, gentrification has facilitated increased social inequality. Residential displacement caused by large-scale (re)development has destroyed the elaborate community fabric, broken residents' social ties, and limited their potential life opportunities (He & Wu, 2007). Residents who are displaced suffer drastic residential disparities and lose the "right to the city" (Leaf, 1995).

This dilemma resonates with the displacement debate in the broad gentrification literature. Several studies (Freeman, 2005, 2006; Hamnett, 2003; Vigdor, 2002) argue that gentrification is not necessarily associated with displacement. Vigdor (2002) in a paper titled 'Does gentrification harm the poor?' concluded that low-income households are more likely to stay in their home than they are elsewhere in other areas. Hamnett (2003) argued that the decrease of the working class population in London is a process of replacement rather than displacement. Freeman (2006) also argued that gentrification can improve neighborhood services and amenities that benefit local residents. He sees gentrification as a better solution than disinvestment. He also advocated that cities should promote gentrification since it can provide a better physical environment and public services.

Newman and Wyly (2006) strongly refuted those ideas and argued that the evidence is just being used to dismiss the negative aspects of market-oriented urban policies of privatization, home-ownership, and social mixing. In fact, displacement has been viewed as the major concern of gentrification by many scholars (Newman & Wyly, 2006; Smith, 2002c; Wu, 2004, 2016; Wyly, Newman, Schafran, & Lee, 2010). After a systematic review of 114 articles, Atkinson (2002) concluded that most gentrification studies found that gentrification leads to displacement

and other negative social problems. He (2007) further argued that the central issue of gentrification is displacement and its associated social problems. Gentrification simply removes social problems rather than resolving them. Davidson and Lees (2010) also argued that no matter direct or not, displacement has fundamentally changed the class composition of neighborhoods. Elliott-Cooper, Hubbard, and Lees (2019) restated that displacement is a defining feature of gentrification and always destroys the connection between people and place. In fact, gentrification-related displacement is no longer limited to the Global North, it has also been observed in the Global South (Zhang & He, 2018). Displacement is confirmed in cities all over the world, such as London (Atkinson, 2000), Shanghai (He, 2007), Hong Kong (Ye et al., 2015), Houston (Podagrosi & Vojnovic, 2008), and New York (Lees, 2003).

Within the context of displacement, it is relevant to recognize that gentrification changes through time and across space (He, 2007), and is increasingly taking other forms all over the world (Davidson & Lees, 2005). The evolution and the actual process of gentrification make it so hard to define a clear single concept. Thus, gentrification remains a chaotic concept not only ideologically, historically, and politically, but also contextually and geographically. To reach a comprehensive and clearer definition of gentrification, this section will shift the focus to the diversity of gentrification.

2.3 Diversity of gentrification

Gentrification is evident across time and space (He, 2007). Temporally, gentrification is evolving in unique ways over time. Gentrification, however, is also taking different forms—its

unique identity—all over the world simultaneously. Thus, a variety of different forms of gentrification have been observed by different scholars, across different places, at different times, and varies widely, from urban to rural gentrification (Parsons, 1980), studentification (Smith, 2002a, 2004), super-gentrification (Butler & Lees, 2006; Lees, 2003), new-build gentrification (Davidson & Lees, 2005, 2010), tourism gentrification (Gotham, 2005), and state-led or state-sponsored gentrification (Hackworth & Smith, 2001; He, 2007). The following section will review the complexity and diversity of gentrification processes that have been captured and examined in the literature to date.

2.3.1 Rural gentrification

Gentrification is generally associated with cities and is meant to explain a unique urban (re)development process. Although the theory is rooted in urban settings, it should be recognized that this process is no longer uniquely associated with the city. Parsons (1980), for example, observed a rural gentrification process in the United Kingdom. Rural gentrification refers to the socioeconomic and cultural transformations initiated by the new middle class, involving the displacement of low-income residents in rural areas. Following Parsons, Little (1987), Phillips (1993, 1998a, 1998b), and Smith (2002b) also found rural gentrification processes in Welsh and English rural settings. Darling (2005, pp. 1016-1017) further concludes that literature concerning rural gentrification mainly focuses on four issues: “shifts in the class structure of rural Britain; shifts in the rural capital accumulation process; shifts in the composition of the rural British housing stock; and rural gentrification as an object of theorization.” Besides the United

Kingdom, rural gentrification has also been found in other high-income countries, such as the United States (Darling, 2005; Nelson, Oberg, & Nelson, 2010), France (Richard, Dellier, & Pistre, 2015), Spain (Solana-Solana, 2010), etc. Qian, He, and Liu (2013) also addressed the rural gentrification process in China. Similar to the classical gentrification process, rural gentrification is also seen as transitioning from a high-income national context to more emerging economies.

Scholars have clearly identified the differences as well as similarities between rural gentrification and urban (classical) gentrification. Phillips (1993, p. 138) argued that “the integration of class positions within households and the influence of patriarchal gender identities” are the major differences between urban and rural gentrification. Qian et al. (2013) found that local villagers are actually active rent-seekers while the grassroots artists, displaced by students, are actually victims of gentrification. This is quite different from what we have observed in other gentrification processes.

But it is not necessary to say that rural gentrification is completely different from its urban counterpart. In fact, they still share a lot of similarities. Both urban and rural gentrifiers seek-out social distinction (Phillips, 2002, 2004). The gentrified area has long provided a place for those in pursuit of difference (Smith & Phillips, 2001). And similar to urban gentrification, rural gentrification involves the displacement of a lower social class. Thus, rural gentrification should not be viewed as being so different from urban gentrification, but as “another illustration of process operating along a rural-urban continuum” (Lees et al., 2007, p. 137).

2.3.2 Studentification

Studentification, or student gentrification, was first termed by (Smith, 2002a) referring to the process of economic, environmental, and social changes effected by students invading university areas. He used the University of Brighton as a case to investigate how college students, as the gentrifiers, initiate the change of physical and cultural landscapes around universities. Similar to other types of gentrification, studentification has also travelled to other places, such as the U.S. (Foote, 2017; Laidley, 2014), Spain (Garmendia, Coronado, & Urena, 2012), New Zealand (Collins, 2010), Australia (Fincher & Shaw, 2009), and China (He, 2015; Wu, Zhang, & Waley, 2016). Specifically, He (2015) provided a contextualized studentification analysis in two villages around university campuses in Guangzhou, China, arguing that students' consumption and residential choices, desire to escape from university control, and cultural identities are the reasons for studentification in China.

Studentification has a unique feature compared with classical gentrification – college students, instead of the well-off middle class, are the major gentrifiers in the process of gentrification. Though students do not have a stronger consumption power than the middle class, their consumption choices have fundamentally reshaped the retail and real estate market, by encouraging both social and physical upgrading.

2.3.3 Super-gentrification

Traditionally, the middle class displaced the low-income residents in dilapidated neighborhoods in the gentrification process. But recent research shows that the middle class

sometimes is also being displaced by the upper class. Butler and Robson (2003) argued that Barnsbury in London has been witnessing the (re)gentrification process. Lees (2000) argued that the rent gap between old and newly gentrified property is as large as the gap between ungentrified and gentrified property. This rent gap, therefore, leads to super-gentrification – a higher level of gentrification that happens in an already gentrified neighborhood. Lees (2003) further examined the super-gentrification in Brooklyn Heights in New York City and defined super-gentrification as the “transformation of already gentrified, prosperous and solidly upper-middle-class neighborhoods into much more exclusive and expensive enclaves” (p. 2487).

Super-gentrification is not only an advanced type of gentrification, but a process superimposed on an already gentrified area (Lees et al., 2007). Some global cities, including New York (Lees, 2003), London (Butler & Lees, 2006), and Houston (Podagrosi et al., 2011) are experiencing super-gentrification. Though super-gentrification is limited in certain cities, it still involves the displacement of a lower social class, sociodemographic changes, physical upgrading, and the reinvestment of capital into already developed areas.

2.3.4 State-led gentrification

The initial idea of state-led gentrification can be traced back to Smith’s (1979) classical work, where he argues that “the process of gentrification is not initiated by the consumer preferences, but by some form of collective social action at the neighborhood level. The state, for example, initiated most if not all of the early schemes, and ... is still important today” (p. 545). Even in cities that are claimed as *laissez-faire*, state-led gentrification is a critical aspect of governance

(Vojnovic, 2003a, 2003b). He (2007) provided two reasons for state intervention in China: the pursuit of economic growth and city beautification. He (2007) further concludes that there are three aspects of state intervention in Shanghai: accommodation of consumption demands; environment beautification and infrastructure construction; and fragmented property rights.

It is worth noting that the state is particularly important in the gentrification process in a Chinese context, as it facilitates both the consumption and production prerequisites of gentrification (He, 2007). On the one hand, local governments help to tackle the issue of fragmented property rights, which have prevented developers from redeveloping old neighborhoods. On the other hand, city beautification and infrastructure construction have attracted capital investment within inner cities from both real estate developers and gentrifiers. Thus, state-led gentrification should be viewed as a dominant form of gentrification in China, and critically important within Hong Kong as well (Ye & Vojnovic, 2018; Ye et al., 2015).

Besides the above-mentioned types, there are numerous other forms of gentrification, including, but not limited to, new-build gentrification, where large, newly constructed apartments complexes and luxury estates are newly built by developers (Davidson & Lees, 2005, 2010); tourism gentrification, where the neighborhoods have been upgraded into tourism-oriented enclaves (Gotham, 2005); Gayification, where the local neighborhoods are gentrified by LGBT groups (Lauria & Knopp, 1985); Heritage-fueled gentrification, where heritage preservation provides a catalyst for gentrification (Grevstad-Nordbrock & Vojnovic, 2019). Gentrification processes are clearly diverse. The debate on explanations of gentrification has

encouraged gentrification scholars to seek other manifestations of gentrification within the broader framework in different periods across different geographical locations. Thus, gentrification is taking other forms in different cities all over the world. Even in the same city, there are different types of gentrification happening simultaneously. Further, even in the same neighborhood, gentrification is evolving over time. Thus, it is extremely hard to generate an agreed upon definition/concept of gentrification. These vastly different forms of gentrification directed some scholars to refer to gentrification as a “chaotic concept” (Beauregard, 1986; Rose, 1984).

However, Clark (2005) strongly refuted focusing on the chaos and complexity of gentrification and argued that it needs to be an elastic yet targeted definition. He noted that gentrification has two basic common characteristics: local population changes by the new residents with higher socioeconomic status, and the upgrading of the built environment. These two common criteria are confirmed by Podagrosi et al. (2011), Podagrosi and Vojnovic (2008), and Ye et al. (2015). Thus, I will use two defining characteristics of gentrification in this research: 1) capital reinvestment in the built environment, leading to the physical upgrading of neighborhoods, and 2) extensive social changes, leading to the displacement of low-income residents. No matter where, no matter when, any (re)development fitting these two criteria is, in my opinion, gentrification.

2.4 Gentrification and the global city

Gentrification has clear global processes and must be seen in the context of globalization (Atkinson & Bridge, 2005). Although gentrification now can be found in new regional centers (for detailed discussions about gentrification in non-global cities, see Atkinson and Bridge, 2005, Lees, Shin, and Lopez-Morales, 2015, 2016), it is global cities that have witnessed the most pronounced gentrification pressures. In addition, even in the early gentrification literature, both production and consumption explanations attested to the physical and social changes found in global cities (Dutton, 2003). Thus, it is critical to address why gentrification was first identified in a few major global cities, such as London and New York, and what are the characteristics of global cities that make them susceptible to gentrification.

As the urban economy is increasingly integrated into the global system of capital, labor, and commodity markets, the economic structure has been changed because of functions assigned to it in the new spatial division of labor (Friedmann, 1986). Global capital, more specifically, the direction and volume of capital flows, has fundamentally changed urban functions all around the world. The traditional production sector (i.e. manufacturing) has been replaced by new production sectors, such as headquarters, advertising, accounting, and insurance (Sassen, 2001; Smith, 2002c). These leading-edge economic sectors have facilitated the urban transformations in the inner cities and provided a strong impulse for urban gentrification. This perspective has been emphasized by the production explanation of gentrification (Smith, 1982, 2002c).

The economic restructuring has also led to occupational restructuring (Friedmann, 1986), and further, to social (class) and spatial polarization (Sassen, 2001). In global cities, a highly dichotomized labor force exists: on the one hand, the specialized services increase the number of top-level professionals, which, on the other, requires a large number of low-skilled and low-waged workers engaging in personal services, hotel, tourism, and entertainment industries that cater to these high-income earners. This trend has been found in New York, London, and Tokyo (Sassen, 2001). Ye and Vojnovic (2018) also captured a U-Shaped sociodemographic imprint in Hong Kong's gentrifying neighborhoods. The cultural values and new lifestyles of the new professionals require preferable urban locations (Butler & Robson, 2003), and thus, have inevitably led to gentrification—this is seen as the consumption explanation of gentrification (Ley, 1996).

In addition, global cities have also witnessed the return of heavy state intervention in the gentrification process (Hackworth & Smith, 2001). The intensification of partnerships between local state and private sectors has led to a larger scale urban (re)development (Smith, 2002c). This is also evident in urban China, where the national state decentralized fiscal and administrative power and empowered the local state with strong decision-making rights in urban development (He, 2007), leading to local state corporatism (Oi, 1999) and the entrepreneurial state (Duckett, 2001). Thus, global cities have strong power and motivation to pursue rapid economic and revenue growth (He, 2007), and as a result, gentrification has been adopted as a competitive urban strategy among global cities (Smith, 2002c).

CHAPTER 3 LOCATING GENTRIFICATION IN A CHINESE GLOBAL CITY – HONG KONG

Hong Kong, officially the Hong Kong Special Administrative Region of the People's Republic of China, is located on the eastern side of the Pearl River Delta in southern China. The year 1841 was a watershed in Hong Kong's history. The British occupied the Hong Kong Island through the First Opium War in 1841 and compelled the Qing Dynasty of China to sign the Treaty of Nanking in the following year. In this treaty, Hong Kong Island was officially "ceded" (give, in the Chinese version of the treaty) to the British Queen "in perpetuity" (long-term, in the Chinese version of the treaty) to provide British traders with a harbor where they could careen and refit their ships and keep stores for that purpose (Wang, 1997). In October 1860, Kowloon was ceded to the United Kingdom through the Convention of Beijing. In addition, the New Territories were leased to the United Kingdom through the Second Convention of Beijing in July 1898 for 99 years (Endacott, 1973). Hong Kong has been colonized by the United Kingdom for 155 years until 1997, the year that Hong Kong came back to China.

After the transfer of sovereignty, Hong Kong became a special administrative region under the rule of 'one country, two systems'. Now, Hong Kong is the world's most services-oriented economy. Hong Kong is the fourth largest financial center, only after London, New York, and Singapore (GFCI, 2017), and the eighth largest stock market in the world (HKTDC, 2017b); Hong Kong is the sixth largest exporter of merchandise trade and the fifteenth largest exporter of commercial services. Hong Kong is also a leading telecommunications hub, a premier offshore

RMB center, and the world's busiest airport for international cargo. In terms of the relations with mainland China, Hong Kong is still the most important entrepôt for and the largest FDI source of mainland China (HKTDC, 2017b). As a multidimensional global city, Hong Kong has also been experiencing tremendous physical and social change since the late 20th century. This section will first discuss gentrification in the broader Chinese background. Then, the economic transitions of Hong Kong will be discussed and urban (re)development processes will be examined within the context of the city's major economic transitions.

3.1 Gentrification in the Chinese context

In the late 1990s, along with China's large-scale urban renewal, the concept of gentrification was introduced to China. Chinese scholars then started to explore the concept, its meaning, and the impacts of gentrification in the Chinese context. Rather than reviewing the gentrification literature in a chronological way, I will select three different, but overlapping dimensions to capture the characteristics of gentrification in China.

3.1.1 Investigating gentrification on the citywide scale

Ruth Glass (1964) defined the term gentrification as a spontaneous movement induced by the middle class at a micro level. It first occurred in “working class quarters”, then expanded to the whole district. Thus, gentrification was investigated at a relatively small scale at first. In addition, due to the difficulties in obtaining census data in mainland China, there is little literature that has analyzed gentrification on the citywide level. Nonetheless, a gentrification

study, focusing on a whole city, is of great significance in understanding the social and spatial segregation in Chinese cities.

Beginning in the late 1990s, Shanghai started to experience significant changes in both the urban physical landscape and sociodemographic composition. Using a population census and a one percent sample survey, Yang, Wang, and Wang (2015) found that Shanghai's inner city had been largely gentrified. Most of the local residents were displaced, directly or indirectly, by high-income newcomers. The socio-spatial structure had changed from a homogenous class composition to a socially segregated class structure. As a popular saying among local Shanghai residents goes, "the residents in the inner city speak English, the residents in the mid-ring areas speak Mandarin, and only the residents in the outer circle speak the Shanghai dialect". While Shanghai is becoming a global city and is playing a more and more important role in the world economy, the local residents in Shanghai have become victims and were relocated to urban peripheries. Even the relatively high-income and well-educated residents, who first occupied the inner city and displaced the local residents, have been now displaced by elites from all over the world.

As a world city, Hong Kong has also been experiencing a widespread gentrification process from the late-20th and into the 21st century. Using PCA and cluster analysis, Ye et al. (2015) systematically analyzed the gentrification in Hong Kong at a citywide level, finding that 34.0 % of Hong Kong's territories are being or have been gentrified. Similar to Shanghai, Hong Kong has been experiencing a significant socio-spatial restructuring. The low-income residents,

especially the underprivileged, have been relocated to Hong Kong's periphery. Social polarization and access to affordable housing have become major issues that Hong Kong must address in the context of rapid urban (re)development and revitalization.

3.1.2 Considering gentrification as a positive or negative social process

Gentrification has been perceived as positive and a desired outcome by some, and a social detriment, an unwanted policy and market consequence, by others. On the positive side, gentrification could increase property values, local fiscal revenues, physical and architectural renewal, and the viability of further development (Atkinson, 2002; Rose, 2004). It could also reduce vacancy rates, suburban sprawl, and inner-city decline (Atkinson & Bridge, 2005; Butler, 2007; Wu, 2016). However, there is a long-standing claim that gentrification leads to large-scale displacement, as the low-income residents are forced to move out and the long-standing social ties are torn apart within these traditional and long-standing communities (Knapp & Vojnovic, 2013, 2016; Newman & Wyly, 2006; Podagrosi & Vojnovic, 2008; Slater, 2006; Wyly et al., 2010).

In the Chinese context, gentrification is a tool for cities to pursue economic and urban growth as part of the strategy to become global cities (He, 2007, 2010b; Wu, 2016). Gentrification has indeed updated the urban landscape, created more job opportunities in inner cities specifically in the service economy, and has become a hallmark of global cities (He, 2007). For example, Qian et al. (2013) found that local villagers in Xiaozhou village, Guangzhou benefit from rural gentrification. Grassroots artists first moved into Xiaozhou village and

initiated rural gentrification. As the village became a famous artist enclave, many art students came to the village to receive art training. During this period, each household in Xiaozhou village could earn, at least, \$3,000 every year from housing provision and student-related services. Local villagers played a crucial role in facilitating the rural gentrification process. Another dimension of the bright side is that social capital protected residents from being displaced, and helped the local residents keep their way of living and conducting business (Zhai & Ng, 2013). Through resisting gentrification, local residents actually enhanced their attachment to their community and the social capital among the community members became stronger. By reviewing the existing literature, Li, van Ham, and Kleinhans (2018) also argued that positive effects may occur during displacement.

Compared with the limited reports on the positive aspects of gentrification, numerous studies have also shown the negative social consequences of physical and social upgrading, including socio-political conflict, polarization and fragmentation of urban space, displacement, and secondary psychological costs of displacement. Gentrification in China is usually initiated top-down by governments without an extensive democratic process (He, 2007). Local governments have often used gentrification as a tool to obtain land from the residents, especially low-income residents, and maximize revenue. Social conflict has often occurred during land grabbing, but due to the political implications of displacement (He, 2010b; Wu, 2004), this issue seldom receives attention (Ye et al., 2015).

Among the variety of negative impacts, displacement is the essential outcome and main feature of gentrification in China (Wu, 2004). Based on the empirical study of Shanghai, He and Wu (2007) found that the scale of displacement due to urban redevelopment in Shanghai is much larger than that in U.S. cities. He (2010b) argued that the displacement has deprived low-income residents of life opportunities in the inner cities. She also pointed out several impacts of the displacement on residents: limited access to public facilities, unemployment risk, fragmented social networks, and long-distance commutes. Xia and Zhu (2014) also found that low-income residents were forced to relocate to urban peripheries, which have limited public services, amenities, and accessibility to the core area. Other Chinese scholars also studied the manifestations and impacts of displacement in Beijing, Nanjing, and Shanghai (Song & Wu, 2010; Yang et al., 2015; Zhang & Kahn, 2013). Displacement from revitalization and redevelopment has led to a series of social problems, and as a result, it is a topic of increasing importance for Chinese scholars, particularly in a context of rapid urban development processes.

3.1.3 Understanding the hegemonic power of government

There are two main features of gentrification in China – government dominance and the displacement of the underprivileged. There are several reasons for this dichotomy. Unlike Western counterparts, Chinese governments usually have hegemonic power over spatial production (Wu, 2016) and have received less resistance during gentrification. This has led to large-scale displacement.

Second, the Chinese central government is more conservative, while local governments are more aggressive and entrepreneurial (He, 2007). The competition among Chinese cities, their desire for being global cities, and the substantial power towards urban development, have stimulated local governments to extensively involve themselves in gentrification, leading to large-scale displacement.

Third, the property rights system in China is unique. All urban land belongs to the government. Thus, the local governments could generate a large amount of land premium by selling the use rights of urban land to real estate companies (Wu, 2016). Though the rural land is collectively owned by farmers, the government has the right to transfer the land from rural to urban. Thus, the government has the legitimacy in selling and transferring the land, which is the essential resource in gentrification.

He (2007) argued that the local government's desire for rapid economic growth and revenue generation in the post-reform era and local city beautification initiatives are two motives for the Shanghai local government to encourage revitalization and in the process facilitate gentrification. The local government initiated and facilitated gentrification in three ways: accommodating gentrifiers' consumption demands, facilitating the capital inflows, and tackling the property rights issue. Wu (2016) developed two arguments concerning government dominance: housing improvement is regulated by stringent control, and the migrants are constrained by property ownership. These two key factors made it possible for the government to maintain its dominance.

Other studies also documented the role of government dominance in driving gentrification (Song & Wu, 2010; Su, 2015; Wang, 2011; Zhang & Kahn, 2013).

3.1.4 Summary

Gentrification within China followed some similar patterns to the West, but also adopted some unique features. It first became evident in first-tier cities, and then increasingly became apparent in second and third tier cities. Most research focuses on the neighborhood level of gentrification while a few studies have investigated the process across the whole city. Similar to the West, policy analysts and researchers' views are split on gentrification in China, some viewing the process as socio-economically positive and others as a socially negative aspect of redevelopment. Last but not least, state dominance and displacement of the underprivileged are the main features of gentrification in China (Wu, 2016).

3.2 Hong Kong's economic transformation across the 20th and 21st centuries

It is generally believed that Hong Kong has experienced two structural transformations since 1841, and that it is experiencing its third transformation since 1997. Hong Kong has long been an entrepôt port, into the years of the Korean War. Due to the trade embargoes imposed by the United Nations and the United States, Hong Kong's entrepôt trade declined quickly during the 1950s. Thus, Hong Kong began its industrialization. In the first transition, Hong Kong transformed from an entrepôt port into a port that mainly exported its domestic commodities. In the late 1970s, China's Open Door policy provided Hong Kong investors a new opportunity to strengthen the overall structure of the economy. Taking advantage of the cheap labor and land

cost, Hong Kong's manufacturing, especially labor-intensive manufacturing, moved to mainland China. Hong Kong has transformed from an industrial economy into a services economy.

However, there were several defects along with the second transformation, such as the unsustainable economic structure, lack of innovation, heavy dependence on external factors, and mismatch of labor. These defects led to the third transformation after 1997. The third transformation aimed to shift Hong Kong's economy from a service economy to a high value-added industry and service economy.

3.2.1 The first transformation

Hong Kong has long been a free and entrepôt port since the British takeover (Taylor & Kwok, 1989; Youngson, 1982). As an entrepôt port, Hong Kong imported oil, rubber, and other industrial products from Japan and Western countries, and re-exported them to mainland China. On the other hand, Hong Kong imported raw materials from mainland China, and re-exported them to nearby countries and Western countries after processing and/or packaging (Wang, 1997).

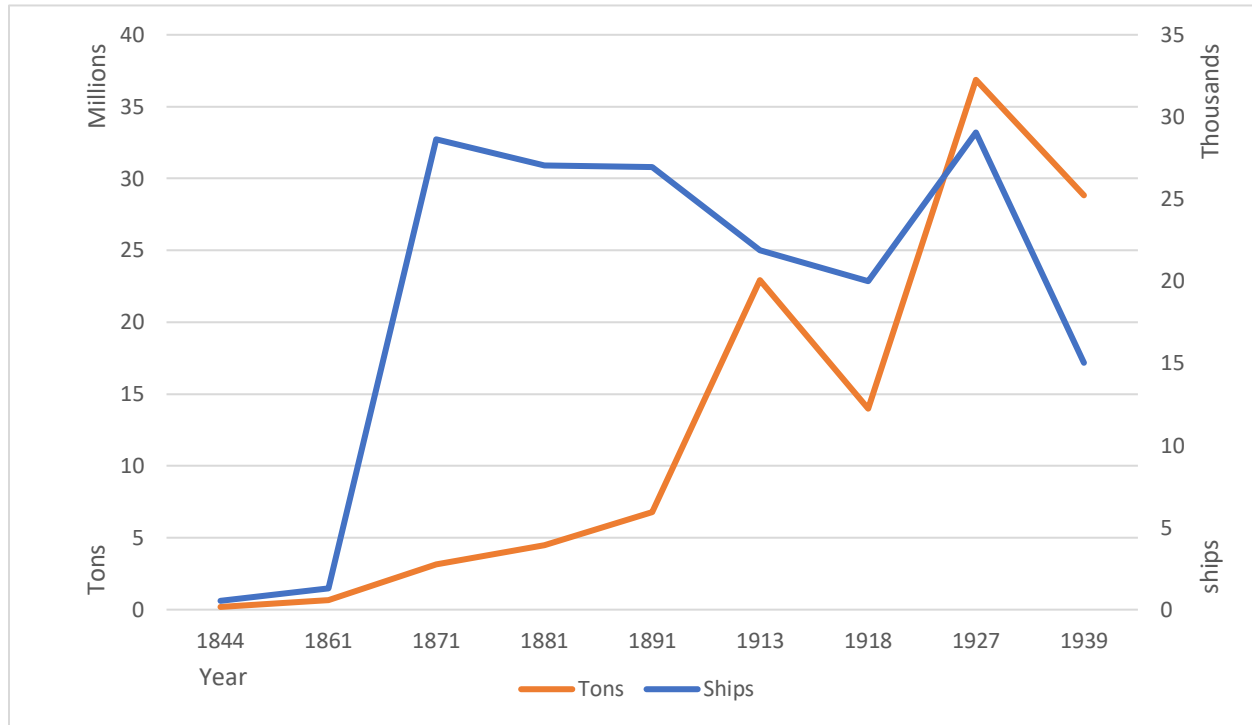


Figure 3-1. Ships and tons engaged in Hong Kong's foreign trade (1844-1939)

Note: Sail boats were not included in 1847 and 1861.

Source: Adapted from Wang (1997).

Figure 3-1 uncovers parts of the development pattern of Hong Kong during that period.

Hong Kong's re-export was largely influenced by the world's political and economic circumstances. The First World War was a huge blow to Hong Kong's re-export trade in the 1910s. Right after the war, some Chinese established shipping companies and shipyards, which helped Hong Kong quickly recover from the war. In the 1920s, although the Canton-Hong Kong strike hit Hong Kong's economy and made it stagnate, Hong Kong still became one of the most important global ports. However, the world economic depression in the 1930s severely hindered Hong Kong's economy. Table 3-1 details Hong Kong's external merchandise trade and the trade balance during the 1930s. Hong Kong relied on imported raw materials and commodities

because of its trade-oriented economy, limited territory, resources, and increasing population.

Therefore, it is not surprising to find that Hong Kong has had huge trade deficits in the 1930s.

Table 3-1. External merchandise trade (1931-1940)

Year	Imports	Exports	Total	Trade Balance
1931	738	542	1063	-196
1932	624	472	1096	-152
1933	501	403	904	-98
1934	416	325	741	-91
1935	365	271	636	-94
1936	452	351	803	-101
1937	617	467	1084	-150
1938	618	512	1130	-106
1939	594	533	1127	-61
1940	753	622	1375	-131

Unit: HK\$ Million

Note: Movements of gold and specie are not included in the table.

Source: *Census and Statistics Department (1969)*

Although Hong Kong lived by trade, there is no doubt that industry is of significant importance to a healthy economy. The industry, thus, began to emerge around the 1930s (Endacott, 1973; Szczepanik, 1958). During the 1930s, Hong Kong developed some light industries, such as rubber shoes, torches, textiles, hardware, and ceramics. In 1940 there were 800 factories and 30,000 people employed in these factories (Szczepanik, 1958). There were several factors for the emergence of the light industry. First, Hong Kong was a free port and had adopted a liberal policy for trade, which initiated light industry. Second, as a place colonized by the United Kingdom, Hong Kong enjoyed the right of Imperial Preference, which promoted the export trade. Third, the increasing population provided cheap labor as well as stimulated domestic demand (Koo, 1968; Wang, 1997).

The Second World War and subsequent Japanese occupation in the early 1940s suspended almost all trade and light industrial activities. During the occupation, Hong Kong's population declined from 1.6 million to under 600,000 with many of the displaced residents being driven back to mainland China (Endacott, 1973). The population loss affected industry as the number of factories declined from 800 to 366 (Wang, 1997).

After the Japanese occupation (1941-1945), Hong Kong began to recover through industrialization. Several factors contributed to Hong Kong's industrial development. First, the Hong Kong and Shanghai Bank (HSBC) put HK\$ 119 million (US\$ 15.2 million) in notes into circulation. This restored public confidence in the currency (Youngson, 1982). The civil war in mainland China played a vital role in Hong Kong's recovery and industrialization. After the war, the basic nature and pattern of the entrepôt trade were maintained (Xue & Wong, 1989). Hong Kong's total trade increased from HK\$ 2,767 million (US\$ 354 million) in 1947 to HK\$ 9,303 million (US\$ 1191 million) in 1951 (World Development Report, 1994).

Second, Hong Kong experienced high immigration due to the political changes stemming from the war between the Kuomintang and the Communists. The population reached 1.75 million in 1947 and continued to increase since then (see Figure 3-2). This immigration provided ample cheap labor, which was a great advantage for the labor-intensive manufacturing needed for industrialization.

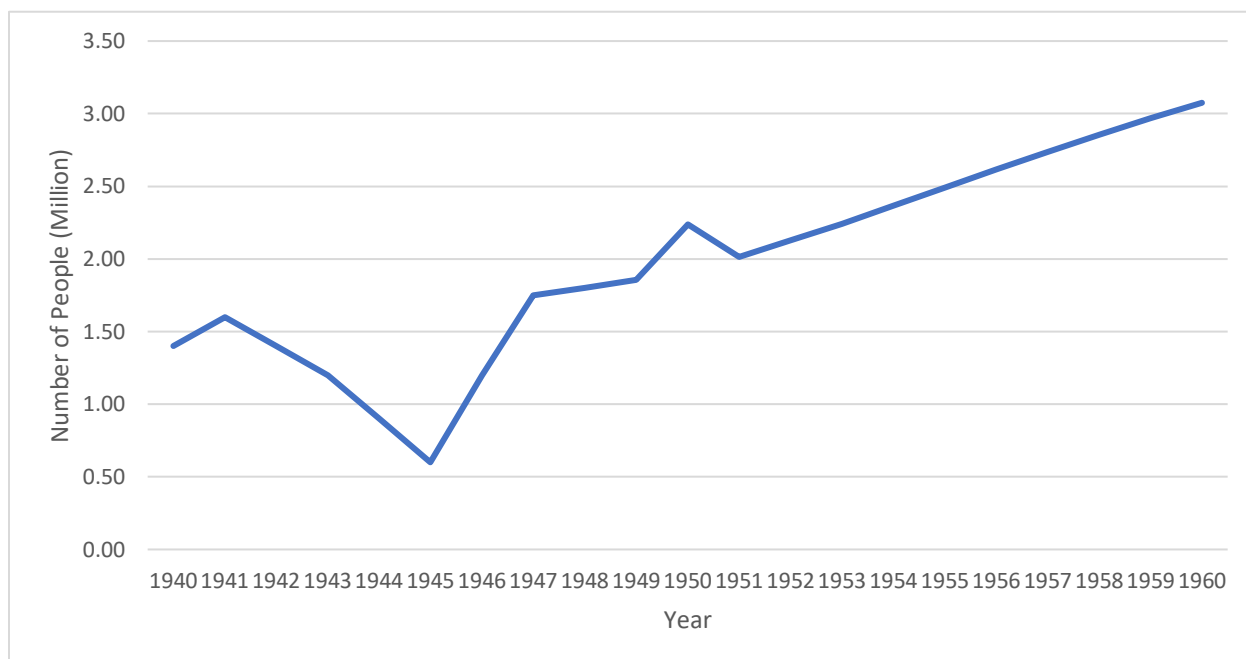


Figure 3-2. Hong Kong's population (1940-1960)

Source: Census and Statistics Department (1969); Endacott (1973); Ho (2018)

Third, among the immigrants, there were a large number of Shanghai entrepreneurs in the textile industry. These entrepreneurs brought capital, machinery, and business networks, which were essential factors that helped Hong Kong start industrialization (Sit, 1998). As a result, textiles and clothing became the major industry in the early stages of industrialization. By 1960, these two industries provided almost half of total manufacturing employment (see Table 3-2).

Table 3-2. Employment in textiles and clothing

Year	Textiles	% of total manufacturing employment	Clothing	% of total manufacturing employment
1950	26,300	32%	2,000	3%
1960	61,800	28%	41,000	19%
1970	127,000	23%	107,000	19%
1980	125,000	14%	256,000	29%

Source: Youngson (1982)

The Korean War was another impetus that stimulated Hong Kong's industrialization. Before the Korean War, Hong Kong acted as a "middleman" for transporting materials from

Western countries to the newly reestablished China, leading to a total of 36 % of Hong Kong's exports going to mainland China in 1951 (Luk, 1995). However, the United Nations imposed an embargo on the export of strategic commodities to mainland China in 1951. Since then, Hong Kong's entrepôt trade began to decline, which actually helped Hong Kong expand the industry, especially textiles and clothing. In 1953, only 30 % of Hong Kong's exports were local products and 70 % were re-exports. The position had reversed and Hong Kong's exports had exceeded re-exports in 1959 (see Figure 3-3) (Youngson, 1982).

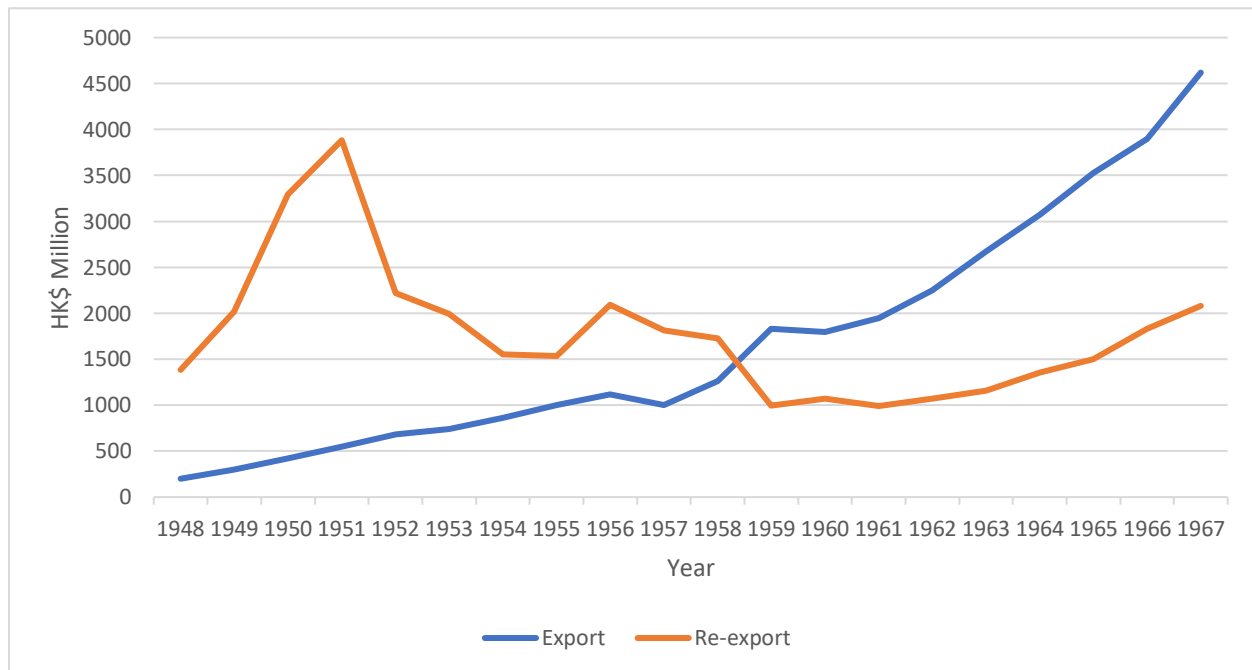


Figure 3-3. Hong Kong's exports and re-exports (1948-1967)

Source: *Census and Statistics Department (1969)*

The import substitution industrialization could not benefit economic development, developing countries/regions should find another strategy to promote growth—export-oriented industrialization (Johnson, 1965; Van Dijck, Verbruggen, & Linnemann, 1987). Hong Kong has adopted this strategy after the Second World War (Koo, 1968) and its export of domestic

products had increased consistently (see Figure 3-3). Textiles played a major role in the early stage of Hong Kong's industrialization, and clothing took over as the largest export item later in the 1960s. Industrial diversification took place in the 1970s when the electronics and toy industries emerged and experienced rapid growth (see Figure 3-4). At the same time, there was a shift in Hong Kong's industry from labor-intensive to more technology-intensive, higher priced, and higher quality products. The industry grew very quickly, with an annual rate of 9% in real terms in the 1970s (Xue & Wong, 1989). As the industry was growing, Hong Kong's role changed from entrepôt to manufacturing center, the share of domestic exports in total exports increased while the share of re-exports decreased (Luk, 1995; Meyer, 2000).

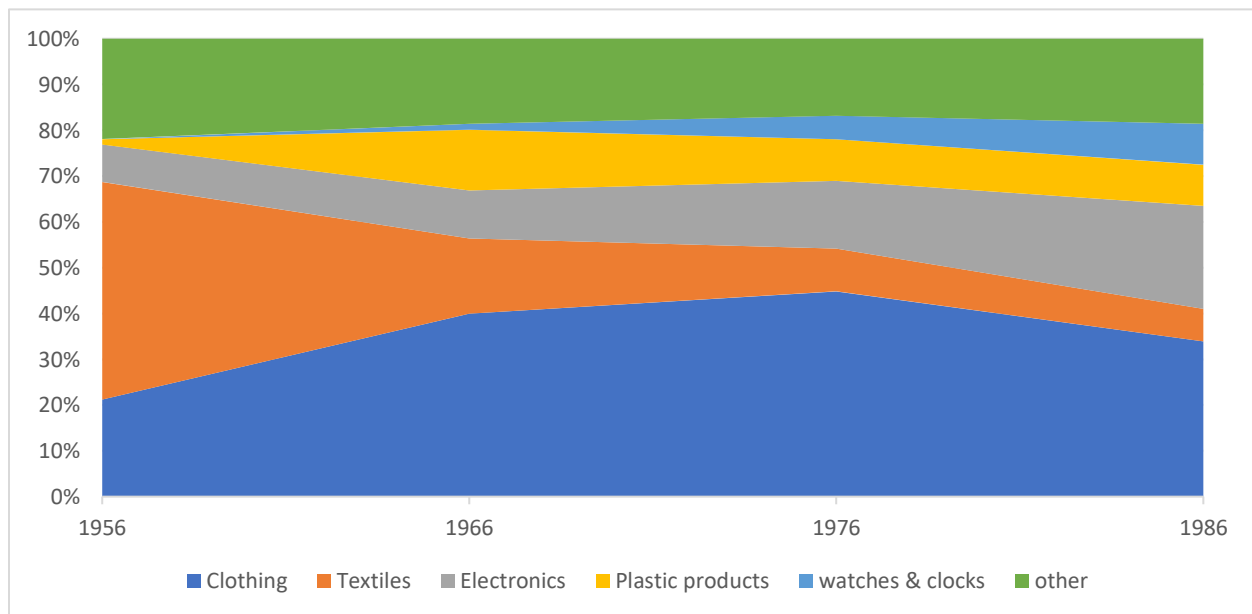


Figure 3-4. Distribution of major items of Hong Kong's exports, 1956-1986
Source: Adapted from Xue and Wong (1989)

3.2.2 The second transformation

In December 1978, China initiated its major economic reform, a more open policy, which led to immense changes in mainland China and later restructured Hong Kong's economy. Being a neighbor of and sharing the same culture with Hong Kong, Shenzhen was selected as one of the four special economic zones (SEZs) and was given special autonomy in foreign trade and investment in 1979. The cheaper land and labor of Shenzhen SEZ and the Pearl River Delta (PRD) region provided new stimuli for Hong Kong's manufacturing (Lo, 1997). A large number of manufacturing firms moved to Shenzhen SEZ and the PRD region in the 1980s (Chen, 1996; Kwok & So, 1995; Yang, 2006b). Figure 3-5 shows China's foreign direct investment (FDI) in the 1980s. Hong Kong played a leading role and accounted for 60.2% of China's FDI in the 1980s.

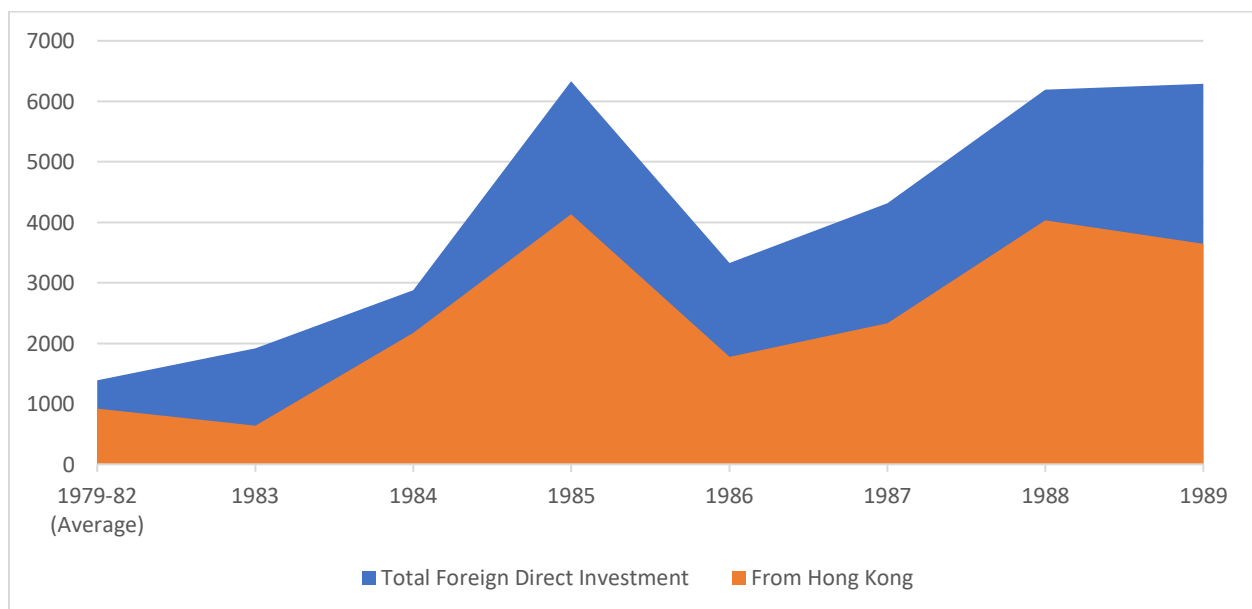


Figure 3-5. China's Foreign Direct Investment in the 1980s

Unit: US\$ Million.

Source: Adapted from Sung (1991)

As manufacturing factories moved to mainland China, the share of the manufacturing sector in Hong Kong's GDP shrunk from 23.7% in 1980 to only 8.3% in 1995 (see Figure 3-6). The employment in manufacturing in Hong Kong fell by 55.8%, from 868,000 in 1987 to 484,000 in 1992. On the other side, around 3 million workers were working for Hong Kong's companies in the PRD region (Luk, 1995). Roughly speaking, the ratio of Hong Kong employees to PRD region employees was 1 to 6 in 1993. This ratio climbed to 1 to 170 in 2007 (Zhan, Li, & Fung, 2010). The increasing ratio indicates that Hong Kong invested manufacturing experienced an expansion in the scale of production since moving to the PRD region. Most of the workers in the PRD region were unable to perform work such as product design, marketing, insurance, and management. These types of jobs were done in Hong Kong, being defined as services (Luk, 1995). On the other hand, the offices and factories that had previously been used for manufacturing in Hong Kong had changed their role as regional headquarters (Zhan et al., 2010). As a result, the services sector increased rapidly in Hong Kong's economy (see Figure 3-6). This relationship between Hong Kong and the PRD region was referred to as "shops in the front with factories in the back", meaning that Hong Kong kept the headquarters as "shops in the front" while the processing operations were located in the PRD region as "factories in the back" (Chen, 2007b; Kwok & So, 1995; Pun & Lee, 2002; Xue & Wong, 1989). This synergistic relationship helped Hong Kong transform from an industrial economy into a services-based economy (Ho, 2016; McDonogh & Wong, 2005).

The positive non-intervention economic policy has helped Hong Kong successfully exploit the economic opportunities offered externally (Luk, 1995). Since the opening up of mainland China, Hong Kong has acted in four roles to promote the economic development of both sides: financier, trading partner, middleman, and facilitator (Sung, 1991). As a financier, Hong Kong played a major role in foreign direct investment in China. As can be seen in Figure 3-5, Hong Kong's investment was a leading part of China's total foreign investment, this is largely because the cheap land and labor in the Shenzhen SEZ and nearby region have attracted a large number of Hong Kong's manufacturing companies.

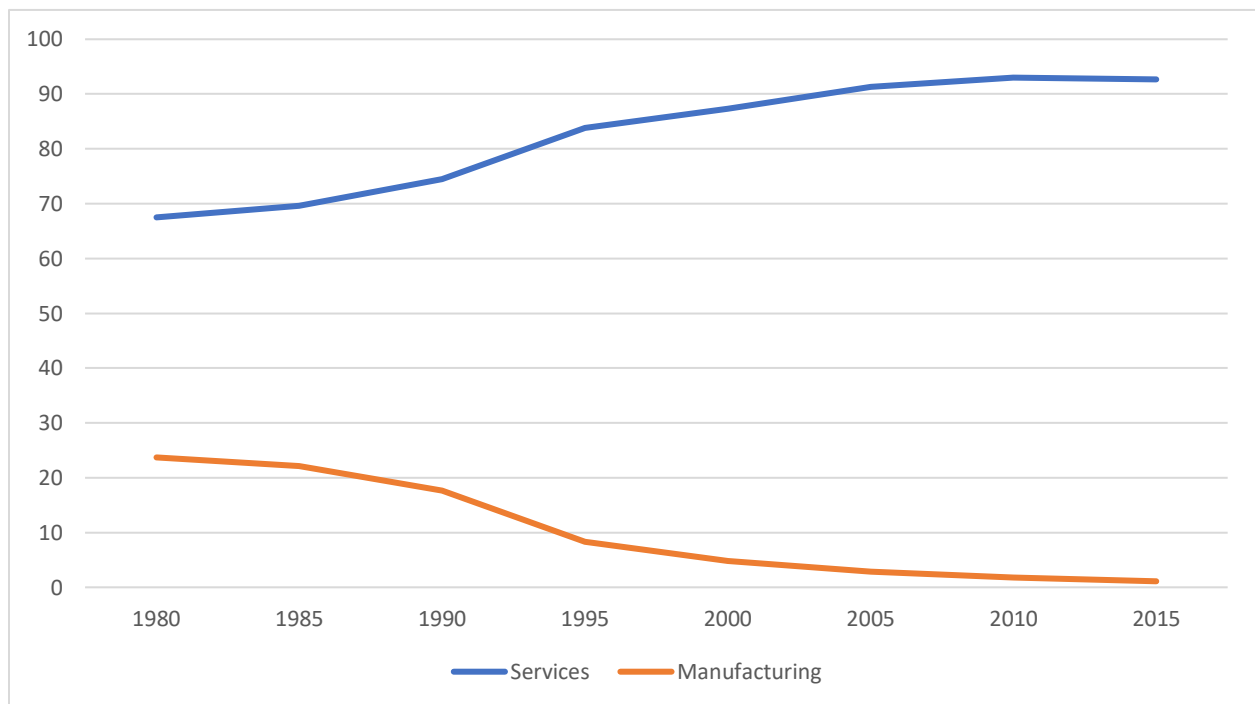


Figure 3-6. Percentage Share of Services and Manufacturing Sectors in GDP, 1980-2015
Source: Adapted from Tao and Wong (2002) and Census and Statistics Department (2016a)

As mentioned earlier, Hong Kong has been a major trading partner with China and has acted as a middleman between China and the rest of the world until the outbreak of the Korean

War in the 1950s. Since the launch of the opening-up policy, the trade between Hong Kong and mainland China has recovered dramatically. According to Sung (1991), the total value of exports, domestic exports, and re-exports of Hong Kong to mainland China has increased 257, 511, and 203 times respectively from 1977 to 1987. The positive interaction in trade between Hong Kong and mainland China led to economic booms on both sides and helped Hong Kong upgrade its economic structure.

Although Hong Kong successfully transformed from an industrial economy into a services economy, there were several defects in its second transformation (Guo, 1999). First, there was no technological revolution in Hong Kong's economic upgrading (Jessop & Sum, 2000), which is quite uncommon compared to the similar economic upgrading in the U.S., Japan, U.K., Germany, and France. Typically, similar trajectories happened in these countries during the economic upgrading. New technological revolution drove the manufacturing upgrading, which increased the labor productivity and the total wealth of society. The changes led by manufacturing stimulated the development of the service sector, which became the major component of the national economy later. However, Hong Kong never experienced this technological revolution. As Figure 3-4 indicates, although industry grew quickly, the distribution of major items of Hong Kong's exports did not have a significant change during its second transformation. Table 3-3 further provides the details of the relationship between labor-intensive and technology-intensive manufacturing in Hong Kong's economy during its second

transformation. It is surprising that since 1980, there has been little change in the ratio of labor- and technology-intensive manufacturing.

Table 3-3. The structure of Hong Kong's manufacturing (1970-1993)

	1970	1980	1985	1990	1993
Labor-intensive manufacturing (%)	87.0	74.4	75.8	73.2	71.7
Technology-intensive manufacturing (%)	13.0	25.6	24.2	26.8	28.3

Source: Guo (1999)

Thus, Hong Kong's success is largely attributed to the external factor, which is the opening-up policy in mainland China. This is the second defect of Hong Kong's second transformation. Beginning in the mid-1980s, around 85% of local factories moved to Shenzhen SEZ and the nearby region. The share of re-export trade in Hong Kong's total export has increased from 53% in 1982 to 75% in 1992 (Guo, 1999). The development of re-export trade, mainly with mainland China, has stimulated finance, transportation, tourism, and real estate. These sectors attracted labor as well as capital. As a result, the remained manufacturing companies, mostly small and mid-sized, are not able to focus on innovation, which heavily depends on capital and professionals. Thus, due to the positive non-intervention economic policy, labor-intensive and low value-added manufacturing has long been the major component of Hong Kong's remaining manufacturing.

Historically, labor played one of the most important roles in Hong Kong's development. Immigrants from Shanghai in the 1950s brought cheap labor, technology, and capital, which helped Hong Kong start industrialization. In the 1980s, the cheap labor in the PRD region became new stimuli for Hong Kong's manufacturing and helped Hong Kong shift from an

industrial economy into a services economy. However, Hong Kong has experienced a service labor shortage along with the second transformation in the 1980s and 1990s due to the decline of labor participation, fewer immigrants since the abolition of the “touch base” policy, and political uncertainties surrounding 1997. On the other hand, with the relocation of manufacturing sectors, a large number of employees in manufacturing lost their jobs. The unemployment rate in manufacturing in 2003 reached 7.6%. The mismatch between lower-skilled labor and higher-skilled labor in Hong Kong’s labor structure became the third defect in Hong Kong’s second transformation.

3.2.3 The third transformation

As discussed above, although Hong Kong has shifted from an industrial economy into a services economy, the unhealthy economic structure, the dependence on external factors, and the service labor shortage increased the vulnerability of Hong Kong’s economy to external factors. Unfortunately, Hong Kong has experienced a series of external shocks since 1997, such as the 1997 Asian Financial Crisis, “911” attacks, 2003 SARS, and the 2008 World Financial Crisis (Feng, 2015). As a result, Hong Kong has fallen into economic recessions in 1998 and 2009, as can be seen in Figure 3-7.

Besides the external shocks, the biggest challenge is the rise of the services economy in the PRD region and the fall of Hong Kong’s former intermediary role between mainland China and the world. Since the relocation of Hong Kong’s manufacturing companies in the 1980s, the share of the manufacturing sector in Hong Kong’s GDP shrank from 23.7% in 1980 to only 1.1%

in 2015 (see Figure 3-6). Along with the economic structural shift, the real estate market has soared to an improbable height, which also pulled the stock market rising and inflation climbing. This economic “prosperity” depended on the high costs of property and labor rather than productivity growth. Thus, Hong Kong’s economy suffered a steep slowdown as the economic bubble busted in the 1997 Asian Financial Crisis (Lui, 2002). A series of problems began to emerge, such as industry shrinking, employment exclusion, social polarization, and high real estate prices. These problems made the structural regulation of the economy inevitable for the new government after the handover in 1997.

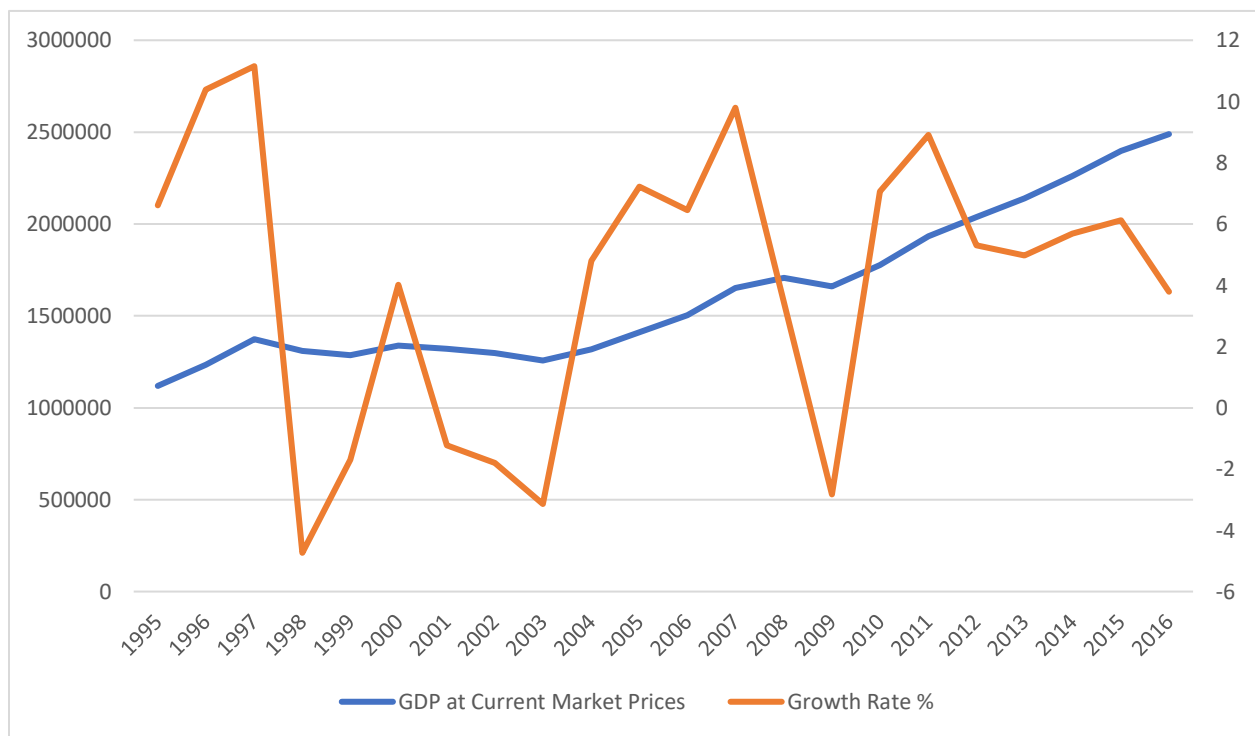


Figure 3-7. Hong Kong’s GDP and Growth Rate by Major Expenditure Component at Current Market Prices

Unit: HK\$ million.

Source: Census and Statistics Department (2022)

Tung Chee-hwa, the first Chief Executive of Hong Kong, proposed that the low value-added industry and services were no longer suitable for Hong Kong's further development in the 1997 Policy Address. On the one hand, due to the high cost of living, Hong Kong lost the advantage of cheap labor when compared with nearby regions. On the other hand, it is unreasonable to maintain Hong Kong's competitiveness by lowering residents' income. Thus, the high value-added industry and services should be the only strategy for Hong Kong's future (HongKong, 1997). The 1997 Policy Address kicked off the third transformation.

There are some new features of the third transformation. First, the high value-added services play an increasingly important role in Hong Kong's economy. In 2003, Tung further put forward the "four economic pillars" of Hong Kong (Leung, 2012): "Backed by the Mainland and engaged globally, we are building Hong Kong as Asia's World City, consolidating and developing our position as an international financial center, a producer services center, a hub for information services and logistics and a premier tourist destination." The "four economic pillars" provided specific strategies for the third transformation. The share of the "four economic pillars" in Hong Kong's GDP increased from 49.6% in 1998 to 57.6% in 2013. The number of employed people in the "four economic pillars" also increased by 30.3%, from 1.35 million to 1.76 million (Feng, 2015).

Second, besides the "four economic pillars", six industries, including education services, medical services, testing and certification services, environmental industries, innovation and technology, and cultural and creative industries, are also crucial for Hong Kong's economy in

future (HongKong, 2010). The six industries directly contributed 9.1% of Hong Kong's GDP and employed 0.45 million people or 12.1% of the total workforce in 2013 (Feng, 2015). In addition, a total of HK\$ 18 billion (US\$ 2.3 billion) was used to enhance Hong Kong's innovation and technology, such as promoting re-industrialization, funding universities, and supporting entrepreneurial companies. These high value-added industries are expected to propel Hong Kong towards a knowledge-based economy.

Table 3-4. Employed persons by industry in 2015

Industry ¹	Employed Persons	Percentage (%)
Manufacturing	114.0	3.02
Construction	316.7	8.38
Import/export trade and wholesale	481.6	12.74
Retail, accommodation ² and food services	624.7	16.52
Transportation, storage, postal and courier services, information and communications	453.5	11.99
Financing, insurance, real estate, professional and business services	750.7	19.86
Public administration, social and personal services	1015.0	26.85
Others	2407.0	63.66
Total	3780.9	100.00

Unit: Thousands

Note: 1. The industry classification is based on Hong Kong Standard Industrial Classification (HSIC) Version 2.0.

2. Accommodation services cover hotels, guesthouses, boarding houses, and other establishments providing short-term accommodation.

Source: *Census and Statistics Department (2016a)*

Third, although industries enjoy advantages in the process of Hong Kong's re-industrialization, the manufacturing sector continues to decline since the 1980s, as can be seen in Figure 3-6. In 2015, only 0.11 million people or 3.02% of the total workforce engaged in the manufacturing sector (see Table 3-4). Manufacturing only accounted for 1.1% of Hong Kong's

GDP in 2015. Meanwhile, the services sector continues to expand and accounts for 92.7% of Hong Kong's GDP (see Table 3-5). This incredibly high share of services in GDP makes Hong Kong one of the most vibrant yet vulnerable economies.

Table 3-5. Hong Kong's GDP by economic activity at basic prices

Economic activity	2011	2012	2013	2014	2015
Agriculture, fishing, mining and quarrying	0.0	0.1	0.1	0.1	0.1
Manufacturing	1.6	1.5	1.4	1.3	1.1
Electricity, gas and water supply, and waste management	1.8	1.8	1.7	1.6	1.5
Construction	3.4	3.6	4.0	4.4	4.6
Services	93.1	93.0	92.9	92.7	92.7
Import/export, wholesale and retail trades	25.9	25.4	25.0	24.1	22.7
Accommodation and food services	3.5	3.6	3.6	3.6	3.4
Transportation, storage, postal and courier services	6.3	6.0	6.0	6.2	6.5
Information and communications	3.3	3.5	3.6	3.5	3.5
Financing and insurance	16.1	15.9	16.5	16.7	17.6
Real estate, professional and business services	11.3	11.5	10.8	10.9	10.9
Public administration, social and personal services	16.5	16.8	17.0	17.2	17.5
Ownership of premises	10.3	10.3	10.4	10.5	10.6

Source: *Census and Statistics Department (2016b)*

Fourth, the Belt and Road Initiative provides Hong Kong a new opportunity for economic development in the next decades. Taking advantage of the 'one country, two systems' policy, Hong Kong aims to maintain and strength the role as a "super-connector" and a modern financial hub in the world.

Fifth, a new wave of immigration has moved to Hong Kong since 1997. Similar to the immigrants in the 1950s, the new immigrants also bring in a large amount of capital, which booms Hong Kong's economy, especially the services sector. This indicates that Hong Kong is becoming the major destination of international immigrants, both the rich and the poor. This has

become one of the major features of a global city (Friedmann, 1986; Sassen, 2001). As a result, property market prices increased dramatically due to foreign capital investment in real estate.

After two decades of development in the post-1997 era, the share of services in Hong Kong's GDP increased from 83.8% in 1995 to 92.7% in 2015, making Hong Kong the world's most services-oriented economy. Taking advantage of the Belt and Road Initiative, Hong Kong's financing and insurance play an increasingly important role in regional economic activities, accounting for 17.6% of Hong Kong's GDP in 2015. Hong Kong is the fourth largest financial center, only after London, New York, and Singapore (GFCI, 2017), and the eighth largest stock market in the world (HKTDC, 2017a). Hong Kong is the sixth largest exporter of merchandise trade and the fifteenth largest exporter of commercial services. Hong Kong is also a leading telecommunications hub, a premier offshore RMB center, and the world's busiest airport for international cargo. In terms of the relations with mainland China, Hong Kong is still the most important entrepot for and the largest FDI source of mainland China (HKTDC, 2017a). In conclusion, Hong Kong becomes a multidimensional global city with an increasingly diverse economy in the new era (Ku, 2016; La Grange & Pretorius, 2016a; Postiglione & Tang, 2016).

3.2.4 Summary

The three economic transformations helped Hong Kong become a global city. However, Hong Kong is different from other global cities. To begin with, real estate plays an important role in Hong Kong's economy. According to the World Investment Report in 2019, Hong Kong retained its position as the third-largest recipient of foreign direct investment (FDI) and 62.4 %

of FDI inflows were invested in holding, real estate, professional, and business services in 2018 (UNCTAD, 2019). Unlike other global cities, real estate is the major investment sector by FDI, which creates an optimal economic environment for gentrification. Moreover, 80 % of FDI inflows come from the British Virgin Islands, Mainland China, and the Cayman Islands (Census and Statistics Department, 2018). It is worth mentioning that the British Virgin Islands and the Cayman Islands are major hubs for Chinese overseas investment. With that said, capital from Mainland China has a strong influence on Hong Kong's economy—this is another major difference from other global cities. Lastly, although Hong Kong has generally been seen as a *laissez-faire* city, compared to other global cities, the government maintains an active role in housing provision. For example, in Hong Kong, 46 % of the population lives in public housing, whereas as a comparison, New York City, the model city of subsidized housing in the U.S., has only 5 % of the population living in subsidized housing (Ye & Vojnovic, 2018). Such differences suggest that Hong Kong—with both global city characteristics and strong Chinese influences—would be a unique and special case for gentrification research in the global east. And it is reasonable to assume that as an expression of social, economic, cultural, and political relations (Smith, 2002c), gentrification in this special global city would reflect unique characteristics in urban (re)development.

3.3 Urban development and real estate market in Hong Kong

According to the Annual Demographia International Housing Affordability Survey, Hong Kong has been ranked as the least affordable major housing market in the world for ten

consecutive years (Cox & Pavletich, 2020). The Median Multiple, which means median house price divided by gross annual median household income, stood at 20.8 in Hong Kong. Other world cities, such as London and New York, pale in comparison with Median Multiples of 8.2 and 5.4 respectively. On the other hand, Hong Kong has one of the largest public housing systems in terms of the percentage of the population living in public housing. The public housing system helps 45.6% of Hong Kong's total population live in either rental housing or subsidized sale flats, which are affordable to them (Housing Authority, 2016). The coexistence of the extremely high housing price and one of the largest public housing systems among global cities make Hong Kong a unique case study.

3.3.1 The urban development and new towns

Hong Kong has been ceded to the United Kingdom from China in three states: Hong Kong Island was ceded in 1842; Kowloon was ceded in 1860; and the New Territories were leased in 1898 for 99 years. At the beginning of the colonial period, the British government was only interested in the military and commercial purposes of Hong Kong Island. They built military bases and leased land through land auctions to Europeans. To cater to merchants mainly consisting of the middle class from mainland Britain, the government also built churches, clubs, racecourses, and sports centers.

In 1842, the Land Committee and Public Works Department were established to handle construction activities in Hong Kong Island. Similar to Hong Kong Island, public infrastructures, roads, and buildings were built after the establishment of military bases in Kowloon. Due to the

limited territory of Hong Kong Island and Kowloon, large population, and lack of natural resources, there was only small-scale development and most commodities and food were imported from mainland China. This limitation was partly relieved by obtaining the New Territories in 1989. The New Territories is a large hinterland, providing Hong Kong commodities, such as food, labor, and mainland Chinese rail service.

In the 1920s, Hong Kong's government began to develop Kowloon Tong, a small village in Kowloon West, based on the "Garden City" model initiated by Ebenezer Howard (Wang, 1997). The initial idea was to build a self-sufficient and mixed-use community with a variety of classes. However, Kowloon Tong actually was turned into a low density and luxury residential area for the wealthy (Fong, 1986). Now, Kowloon Tong is a popular area among the upper-income groups in Hong Kong.

In 1932, Hong Kong's government established the Housing Commission to deal with the increasing population density and the sanitation issues (Wang, 1997). The commission advocated for the government to clean the slums and to develop new residential areas. However, in the 1930s a large number of refugees who came in from mainland China further increased Hong Kong's population density (Endacott, 1973). With its limited territory, large population, and refugees, Hong Kong has long been considered a "crowded city."

From 1941 to 1945, Hong Kong was occupied by the Japanese. During the war, urban development completely stagnated and numerous buildings were destroyed. The population declined from 1.6 million to under 600,000, and 160,000 people were homeless (Endacott,

1973). After the war, the British reclaimed war-damaged Hong Kong. The government soon established a special group to evaluate the post-war reconstruction and invited Patrick Abercrombie as Hong Kong's urban development counselor (Wang, 1997). However, his new-town development plan was abruptly halted by the economic recession and the refugee influx.

Although refugees provided enough cheap labor for Hong Kong's economic transformation, they also led to an urgent need for accommodations. Due to the shortage of housing, refugees used iron sheets and timber to build temporary housing. As a result, a large number of immigrants resided in squatter settlements, with serious sanitation, public security, and fire threats (Wong, 1978b). In the 1950s, Shek Kip Mei, which was known for its agriculture activities, quickly developed into an area with small-scale factories and timber houses. The notorious fire in Shek Kip Mei in 1953 made 53,000 squatters homeless overnight (Castells, Goh, & Kwok, 1990). In order to resettle the squatters, the Hong Kong government established the Resettlement Department in 1954 and built about 30 public housing buildings for the squatters — the first public housing program in Hong Kong. The Shek Kip Mei fire made government begin to get involved in public housing (Yeung & Wong, 2003).

The Hong Kong government also quickly realized that it was not enough to only provide public housing for the squatters, as they needed jobs as well. At the same time, manufacturers kept asking for land for further development. These two factors made the government decide to develop a “satellite town” in Kwun Tong in the 1950s (Yeh, 2003). This concept was borrowed from the United Kingdom. The principle of satellite town planning was largely influenced by

Patrick Abercrombie and Le Corbusier. Factories, government, and public facilities are located in the central area of Kwun Tong, with high-density residential housing surrounding them. The population density in public housing was estimated at 2,500 people per hectare (Wang, 1997). The industry activities in the central area produced severe pollution, which negatively impacted residents' health and quality of life. In addition, many of the Kwun Tong residents worked in Kowloon, and their daily commute made traffic conditions a serious problem for the satellite town.

Built roughly at the same time, the second satellite town, Tsuen Wan, had similar problems as Kwun Tong. In 1965, based on the experience of Kwun Tong and Tsuen Wan, the government carried out the Sha Tin and Tuen Mun New Town Plan. These New towns were well-planned and began to develop in the 1970s. In government documents, only Tsuen Wan, Sha Tin, and Tuen Mun were considered as the first stage of satellite town development³, and the term “satellite town” was replaced by “new town”. This development strategy was officially named the New Town Development Programme (NTDP) (Li, 2010).

With the experience in these early new towns, further stages of new towns were constructed in subsequent decades, including Tai Po, Fanling/Sheung Shui, Yuen Long, Tseung Kwan O, Tin Shui Wai, and Tung Chung (HKSAR, 2016). In 2007, *Hong Kong 2030: Planning*

³ Since Kwun Tong is a part of Kowloon, the government considered it as part of the urban area rather than a new town.

Vision and Strategy report proposed that New Development Areas (NDAs) on a much smaller scale will replace new towns as the strategy of development in the New Territories (Planning Department, 2007). At present, NDAs include Kwu Tung North, Fanling North, Tung Chung East and West, Hung Shui Kiu, and Yuen Long South.

In the past four decades, the NTDP has successfully changed the geographical distribution of Hong Kong's population. Table 3-6 shows that in 1971, before the new town strategy was initiated, only 16.9% of the total population resided in the New Territories. In 2016, this number reached 52.3%, which means that more than half of the population lived in New Territories. The percentage of the total population in Kowloon dropped from 55.8% in 1971 to only 30.6% in 2016. This is a remarkable achievement of the NTDP.

Table 3-6. Geographical distribution of Hong Kong's population (1971-2016)

	1971	1976	1981	1986	1991	1996	2001	2006	2010	2016
Hong Kong Island (%)	25.3	23.3	23.8	21.9	22.0	21.1	19.9	18.5	18.3	17.1
Kowloon (%)	55.8	54.0	49.2	42.7	35.8	32.0	30.2	29.4	29.6	30.6
New Territories (%)	16.9	21.3	26.0	34.7	41.9	46.8	49.8	52.1	52.1	52.3
Land Total (%)	98.0	98.6	99.0	99.3	99.7	99.9	99.9	100.0	100.0	100.0
Marine (%)	2.0	1.4	1.0	0.7	0.3	0.1	0.1	0.0	0.0	0.0
Whole Territory (Million)	3.93	4.40	5.11	5.50	5.67	6.22	6.71	6.86	6.98	7.34

Source: *Census and Statistics Department, various years*

The new towns provided enough urban public services, including government offices, parks, shopping malls, schools, hospitals, social services centers, and the like. However, the imbalanced spatial distribution of jobs and residences is increasingly evident (Yeh, 2003).

Beginning in the 1980s, the relocation of Hong Kong's manufacturing to the north of the border has led to a spatial concentration of services sectors in the urban core – around 90% of service

jobs are concentrated in Kowloon and Hong Kong Island. Although Hong Kong has an efficient public transportation system, commuting is still a heavy burden for the low-income residents living in new towns. The reason for living in a new town for most of the residents is the relatively shorter queuing time to secure a public housing flat rather than spatial preference (Li, 2010).

Due to the cost consideration, the land use densities of new towns are very high, leading to high population densities. Table 3-7 shows the population density in each new town. There are a total of 261,000 people living in Fanling/Sheung Shui New Town in only 2.58 square miles, resulting in a population density of 101,347 people per square mile. In comparison, the overall population density in Hong Kong and the United States is 17,175 and 86, respectively (Census Bureau, 2017).

Table 3-7. Population density of Hong Kong's new towns in 2016

	Area (mi ²)	Population	Density (pop./mi ²)
Tsuen Wan	12.69	805,000	63,449
Sha Tin	13.86	771,000	55,608
Tuen Mun	12.61	502,000	39,809
Tai Po	11.61	278,000	23,953
Fanling/Sheung Shui	2.58	261,000	101,347
Yuen Long	2.17	164,000	75,714
Tin Shui Wai	1.66	290,000	174,674
Tseung Kwan O	6.63	396,000	59,699
Tung Chung ¹	9.65	130,000	8,290
Hong Kong (land only)	427.16	7,336,585	17,175

Note: 1. The Tung Chung New Town Extension project is expected to finish in 2023. The population density is expected to reach 27,806 (pop./mi²).

Source: *Census and Statistics Department (2016a)*

Table 3-7 also shows that the areas of new towns are relatively small, ranging from 1.66 square miles to 13.86 square miles. The Hong Kong government successfully controlled urban

development within the nodal spaces through NTDP. In 2015, the area of total urban or built-up land only accounted for 24.2% of Hong Kong's total land area while grassland, woodland, and shrubland accounted for 65.9% (Planning Department, 2015). Hong Kong's urban development is defined as a multiple nuclei model (Harris & Ullman, 1945), which decentralized and relieved the population pressures from the urban core (Yeh, 2003).

3.3.2 Public housing and housing policies

The tragic fire in Shek Kip Mei on the 1953 Christmas Eve marked the beginning of Hong Kong's public housing program (Castells et al., 1990). More than sixty years later, 30.8% of households are living in public rental housing flats and 15.0% in subsidized home ownership housing flats. About half of Hong Kong's residents benefit from the program (see Table 3-8). Public housing not only meets the housing needs of the general public, but also promotes the urban development process in Hong Kong. The success of new town development is largely attributed to the need for land for public housing projects (Wang & Yeh, 1987). The public housing system also played an important role in making Hong Kong's society stable and keeping the labor costs low as the city experienced its economic transformations (Castells et al., 1990). As a result, Hong Kong's public housing program has been recognized as one of the most successful public housing systems in the world.

Table 3-8 shows the changes in Hong Kong's population by type of housing. It is also a reflection of the trajectory of public housing development. In 1954, the government set up the Resettlement Department and began to build six- and seven-story resettlement blocks. About 240

of these basic blocks were built and about 500,000 people were resettled between 1954 and 1964 (Yeung & Wong, 2003). However, the housing conditions of these basic blocks were very poor. Residents living on the same floor needed to share a restroom, kitchen, and washing facility (Wong, 1978a). Realizing this problem, the Public Works Department began to build government low-cost housing in 1961 to cater to the low-income residents living in overcrowded and sub-standard accommodation. In 1971, 37.7% of the total population had already settled in public housing under different schemes.

Table 3-8. Hong Kong's population by type of housing (1971-2016)

	1971	1976	1981	1986	1991	1996	2001	2006	2011	2016
Public rental housing (%)	37.7	40.2	38.9	40.8	40.5	38.5	31.9	31.0	29.6	29.1
Subsidized home ownership housing (%)	N.A.	N.A.	0.6	4.1	7.5	11.1	16.1	17.8	17.0	15.8
Private permanent housing (%)	53.9	48.8	51.2	46.8	47.0	46.9	49.0	49.3	51.5	53.2
Non-domestic housing (%)	N.A.	1.1	0.8	1.6	1.4	1.1	1.2	1.2	1.2	1.2
Temporary housing (%)	8.4	9.1	8.5	6.7	3.6	2.0	1.1	0.7	0.7	0.7
Total (%)	100	100	100	100	100	100	100	100	100	100

Source: *Census and Statistics Department, various years*

In 1972, the government announced a Ten Year Housing Programme — a landmark program in the history of Hong Kong's public housing development (Li, 2010). This program planned to provide 35,000 to 45,000 units per year and house 1.8 million people between 1973 and 1982. In addition, a new Housing Authority and a unified Housing Department were created to replace the previously fragmented bodies and promote the government's public housing program (Yeung & Wong, 2003). However, due to the global oil crisis and illegal immigration

from mainland China, this program did not meet the initial target. As can be seen in Table 3-8, the percentage of people living in public rental housing decreased between 1976 to 1981.

In 1976, the Hong Kong government set up the Home Ownership Scheme, which encourages current public housing tenants to buy new flats built by the Housing Authority at lower prices. In this way, the rental flats could be released for families in greater need. This scheme also provided flats at a lower price for those who were ineligible for public rental housing. With the implementation of the Home Ownership Scheme, two sectors began to exist in Hong Kong's public housing, namely public rental housing and subsidized home ownership housing. The percentage of the population living in subsidized home ownership housing increased from 0.6% to 15.8% between 1986 and 2016 (see Table 3-8).

By 1986, 40.8% of people were living in public rental housing and 4.1% in subsidized home ownership housing, together accounting for 44.9% of the total population. That was a great achievement of Hong Kong's public housing program. However, the government realized that there might be an over-provision of public rental housing and an under-provision of subsidized home ownership housing (Planning Department, 2015). Thus, the government introduced the Long Term Housing Strategy (1987-2001) to further assist public rental housing tenants to buy their own flats. The strategy also provided interest-free loans to help families buy private housing (Housing Authority, 1987). As a result, the percentage of people living in subsidized home ownership housing quickly increased from 4.1% in 1986 to 16.1% in 2001, and the ratio of

public rental housing to subsidized home ownership housing increased from 9.95:1 in 1986 to 1.98:1 in 2001 (see Table 3-8).

However, the land price and housing price reached a record high before the handover in 1997. Due to the high housing prices, most people in Hong Kong have little hope to buy their own flats. To restrain the housing price skyrocketing, Tung Chee-hwa proposed three targets in his first Policy Address: 1) Building at least 85,000 flats including public and private housing each year since 1999; 2) Increasing the home ownership rate to 70% by the end of 2007; and 3) reducing the average waiting time for public housing to 3 years by the end of 2005 (Tung, 1997). In the following year, the White Paper on Long Term Housing Strategy confirmed these three targets. Beginning in 1998, there was a significant increase in housing construction, and 326,479 flats were built between 1997 to 2001 (see Figure 3-8). The average waiting time for public housing was also reduced to 2.3 years in 2003 (Zongcai Wei, 2017). In this period, the government played a positive role in housing provision and allocation. The home ownership rate reached 65.1% (including subsidized home ownership housing and private permanent housing), which is a record high. In addition, the government also introduced a series of methods to insure the equity of public housing allocation.

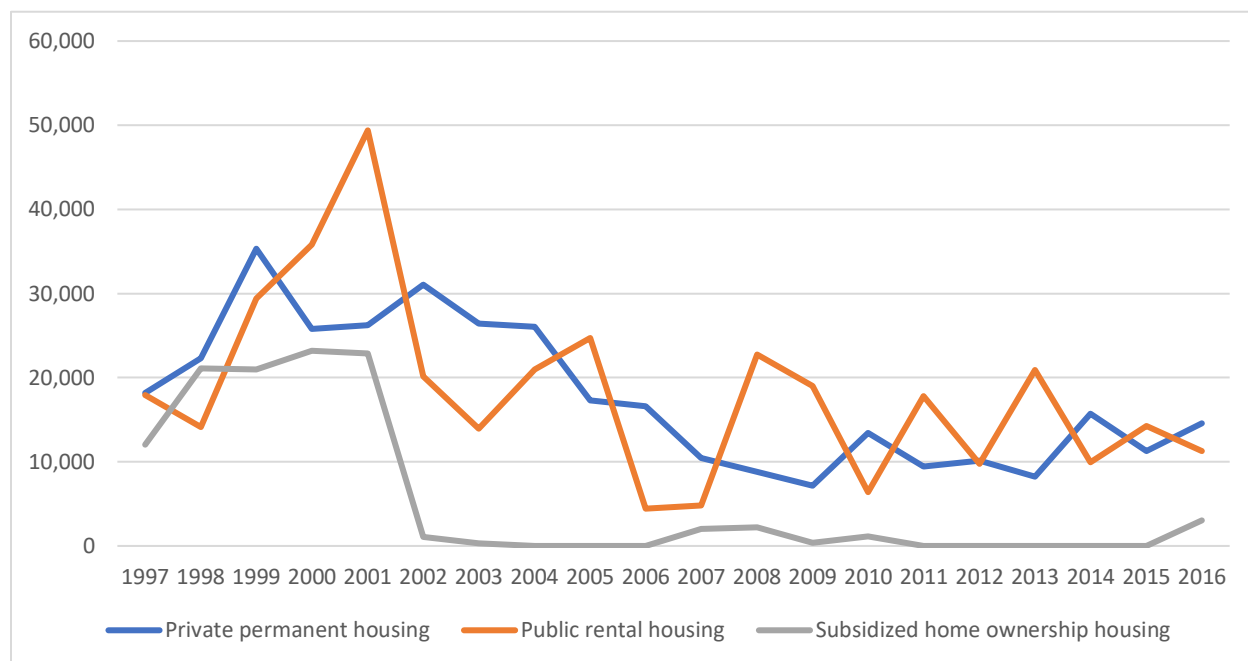


Figure 3-8. Completions of housing flats by type of housing (1997-2016)

Source: *Hong Kong Annual Digest of Statistics*, Census and Statistics Department, various years

However, the 1997 Asian Financial Crisis severely hit Hong Kong's economy. The average private housing price in Kowloon dropped from 347,214 HK\$/m² (44,434 US\$/m²) in 1997 to 127,944 HK\$/m² (16,373 US\$/m²) in 2003. Figure 3-9 also shows the significant decrease in housing prices between 1997 and 2003. The drastic fall of housing prices forced Suen Ming Yeung, the Secretary for Housing, Planning, and Land, to announce the Statement of Housing Policy (also called nine-point plan), proposing that "...public housing policies should be to satisfy the society's basic housing needs. Home ownership should be a matter for the market with which Government should refrain from competing." (Suen, 2002, p. 15). Among the nine policy changes, the most influential one was to terminate the construction and sale of subsidized home ownership housing from 2003 and stop the sale of public rental housing under the Tenants Purchases Scheme. As can be seen in Figure 3-8, the completion of subsidized home

ownership housing drastically dropped to zero in 2003. Instead of enhancing the home ownership rate, the housing policy focused on society's basic housing needs. This statement marked the transition of the government's role in subsidizing home ownership from a provider to a facilitator (Yeung & Wong, 2003) or from a supplier to an enabler. The real estate market became market-led instead of government-led (Poon, 2011; Yung, 2008).

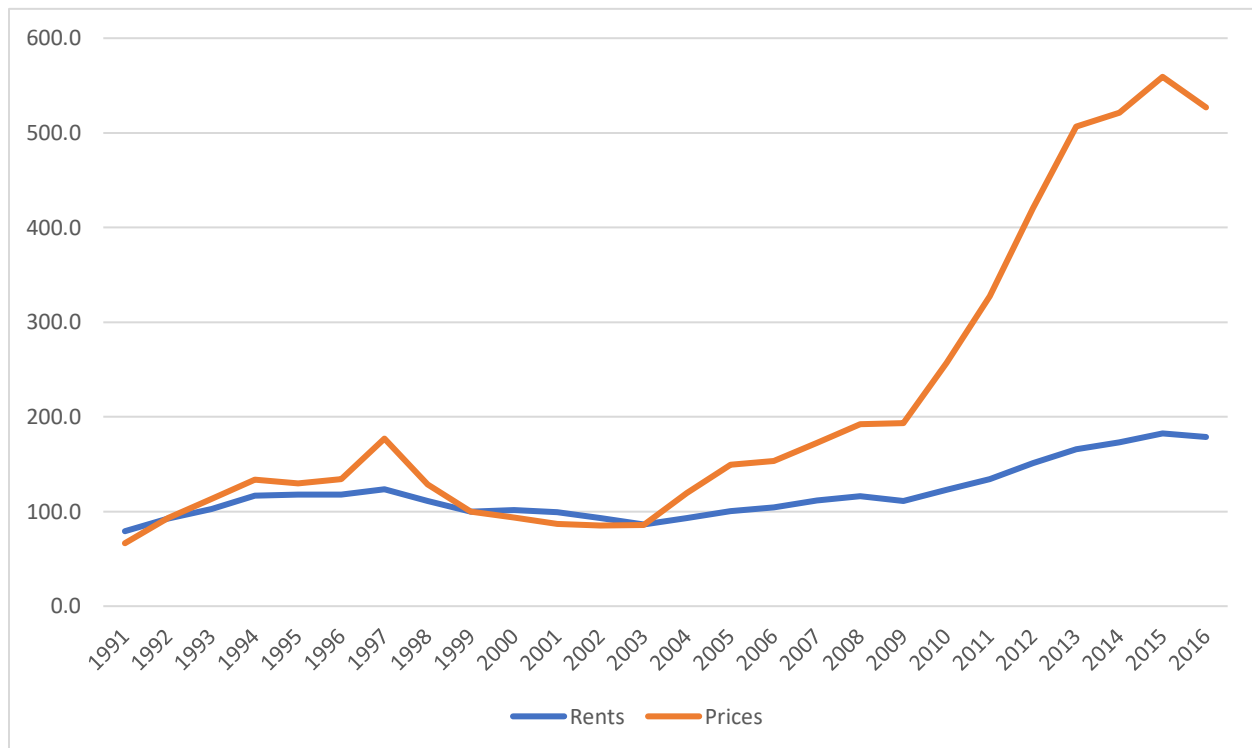


Figure 3-9. The rental and price indices ¹ of private retail of Hong Kong (1991-2016)
(1999=100)

Note: 1. The rental and price indices measure value changes by reference to the factor of rent or price divided by the rateable value of the subject properties.

Source: Rating and Valuation Department (2017)

This transition of the government's role, therefore, led to the decrease of public housing provision. The completion of public rental housing decreased from 49,386 flats in 2001 to only 6,385 flats in 2010 (see Figure 3-8). The shortage in housing supply led to the increase in rental

and housing prices, as can be seen in Figure 3-9. Moreover, the “quantitative easing” by the Federal Reserve System of the United States further increased housing prices and worsened housing affordability (Li, 2013). In response, the government made several attempts to ensure land supply of housing provision and relief for the housing prices. Donald Tsang announced that the government would intervene in the real estate market by increasing land supply and subsidizing home purchases (Tsang, 2012). Unfortunately, this policy had little influence on the real estate market.

Therefore, tackling the housing issue became the top priority of the new government. The new Chief Executive, Leung Chun-ying, adopted an “appropriately proactive” housing policy. This policy aimed to help low-income households own homes and meet their basic housing needs; encourage residents to buy homes based on affordable prices; and provide subsidized home ownership flats (Leung, 2013). Further, the policy focused on maintaining the healthy and steady development of the private property market. Under this framework, the government promised to increase the supply of both public rental housing and subsidized home ownership housing. The government also announced an increase in land supply in the short, medium, and long terms through optimal use of developed land and identifying new land for development (Leung, 2013).

In 2014, the government introduced the new Long Term Housing Strategy to deal with the supply-demand imbalance. Building more public rental housing flats, providing more subsidized sale flats, and stabilizing the residential property market became the main strategies

(Transport and Housing Bureau, 2014). By 2016, 3,017 subsidized home ownership housing flats and 11,276 public rental housing flats have been built (see Figure 3-8).

However, these attempts failed in relieving housing prices, which kept increasing and reached the highest point in 2015 (see Figure 3-9). Since 2010, Hong Kong has been ranked as the least affordable major housing market in the world for ten consecutive years (Cox & Pavletich, 2020). It is extremely hard for the middle class to buy their own homes, creating severe social polarization and urban inequity issues in Hong Kong.

3.3.3 Land policies and the real estate market

Hong Kong's land policy could be traced back to the early years of the occupation of Hong Kong Island by Britain. Because of the confusion and uncertainty of the permanency of Hong Kong, the government adopted a policy that allows merchants to lease the land for 75 years by auction in Hong Kong Island and Kowloon (Hadland, 1978). The government also began to lease the land in New Territories and New Kowloon for 99 years less three days in 1898 (Land Department, 2017). These policies were created to meet the particular circumstances at that time but the basic principles, namely leasehold system and sale by auction, still apply today. On the one hand, the leasehold system allows the government to reevaluate the basic social and physical organization of an urban area and reallocate the land to meet up-to-date needs. On the other hand, the sale of land by auction ensures that the land is used as economically and intensively as possible (Hadland, 1978).

The land policy has included some changes to meet the new circumstance in the new era. The Government Leases Ordinance was enacted in 1973, stipulating that all renewable land leases in Hong Kong are required to pay a reassessed annual rent equal to 3% of the ratable value of the land concerned upon renewal (Legislative Council, 1973). After the handover in 1997, the general land grant policy was endorsed by the Executive Council under the Hong Kong Government. It stipulates that new leases of land (except for recreational purposes and gas stations) should be granted for 50 years, and are subjected to the payment of an annual rent equal to 3% of the ratable value of the property (Land Department, 2017). Any revisions that increase the use values of the land incur a further premium. Therefore, the leasehold policy makes the land in Hong Kong a renewable resource, as any transactions and further changes yield revenue to the government (La Grange & Pretorius, 2005). The revenues generated from the land premium and related processes range from 10% to 30% of the total government revenues from 1989 to 2016, as shown in Figure 3-10.

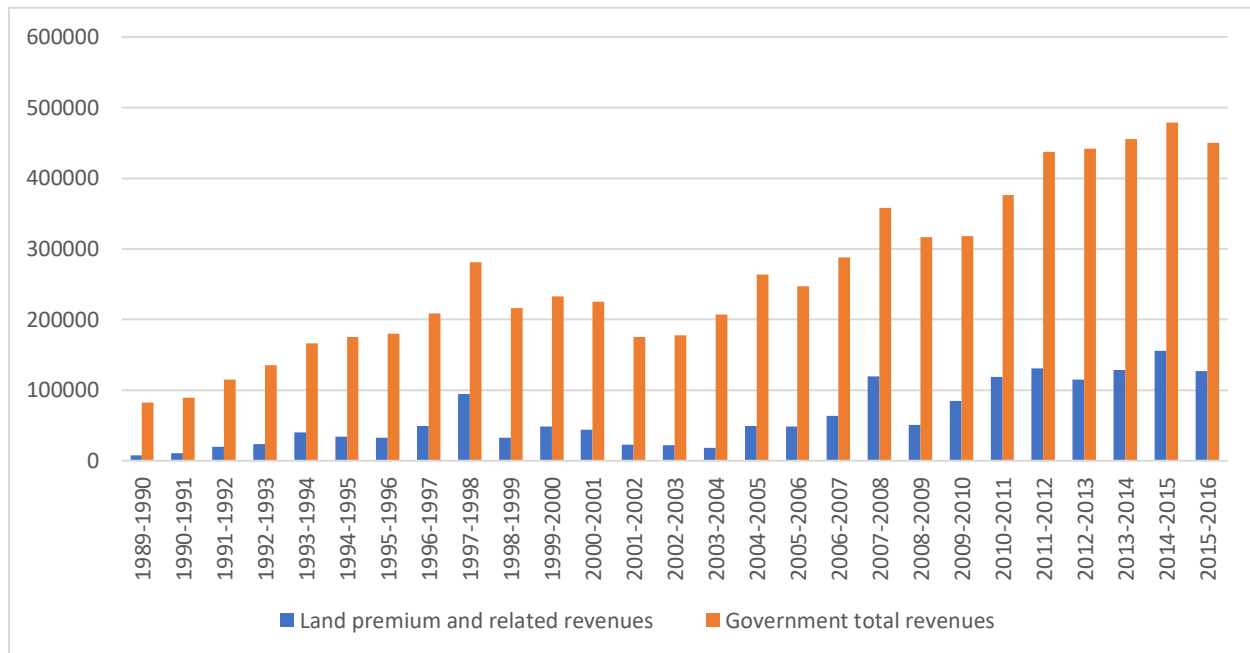


Figure 3-10. Land premium and related revenues (1989-2016) (HK\$ million)
Source: Census and Statistics Department (2017b)

Therefore, the government has a strong motivation for urban development – it acted entrepreneurially and became the “largest developer” during urban development (La Grange & Pretorius, 2016b). Generally, the more use value the land has, the more revenues the government can obtain. In this sense, the underdeveloped land in the urban core, which possessed the highest development density and potential land use values, faced the strongest pressure for redevelopment (La Grange & Pretorius, 2011).

The reason the government had a strong motivation in generating revenues from land transactions is that the revenues are of great importance to Hong Kong’s renowned fiscal policy. Hong Kong has maintained a low tax regime for a long time, with virtually no customs duty and sales tax, and 15% for personal income and 16.5% for corporate income (Renaud, Pretorius, & Pasadilla, 1997). The revenue strength also helped Hong Kong operate and maintain efficient

and high-quality education, health, and social welfare systems (Li, 2010). Parts of the revenues also flowed back to real estate, as Hong Kong provided public housing for almost half of the total population (Yeung & Wong, 2003).

In addition, Hong Kong is the only place attaining fiscal surplus over the past decade among the 35 advanced economies (IMF, 2016) and the accumulated fiscal reserves reached a record high of HK\$ 936 billion (US\$ 119.8 billion) in March 2017, equivalent to 24 months of government expenditure (Legislative Council, 2017). The revenues generated from land transactions at high prices have helped the Hong Kong government run the whole city system successfully. However, the Hong Kong Government, in turn, also depended on the land revenues heavily. This is part of the reason why the Hong Kong Government always keeps the land and housing values very high through constrained supply.

Another factor of the high land and housing values is the limited land area of Hong Kong's territory. There are a total of 7.34 million people living in only 427.16 square miles, making Hong Kong one of the most densely populated cities in the world. Worse still, for geographical and political reasons, only around 20% of Hong Kong's territory is developable (Renaud et al., 1997). Because of the physical shortage of developable land, policies regarding restrained land supply have been adopted. For example, the Annex 3 of the 1984 Sino-British Joint Declaration capped the land sale for all uses to 50 hectares each year until 1997 (Department of Justice, 1984). After the handover, the Hong Kong Government kept its tradition and land areas sold never exceed 50 hectares each year (see Figure 3-11). It can be concluded

that Hong Kong Government has long adopted a constrained land supply policy. The limited land supply is the direct cause of high residential densities in both the urban core and New Towns. The long imbalanced supply and demand of land has resulted in high land prices in Hong Kong.

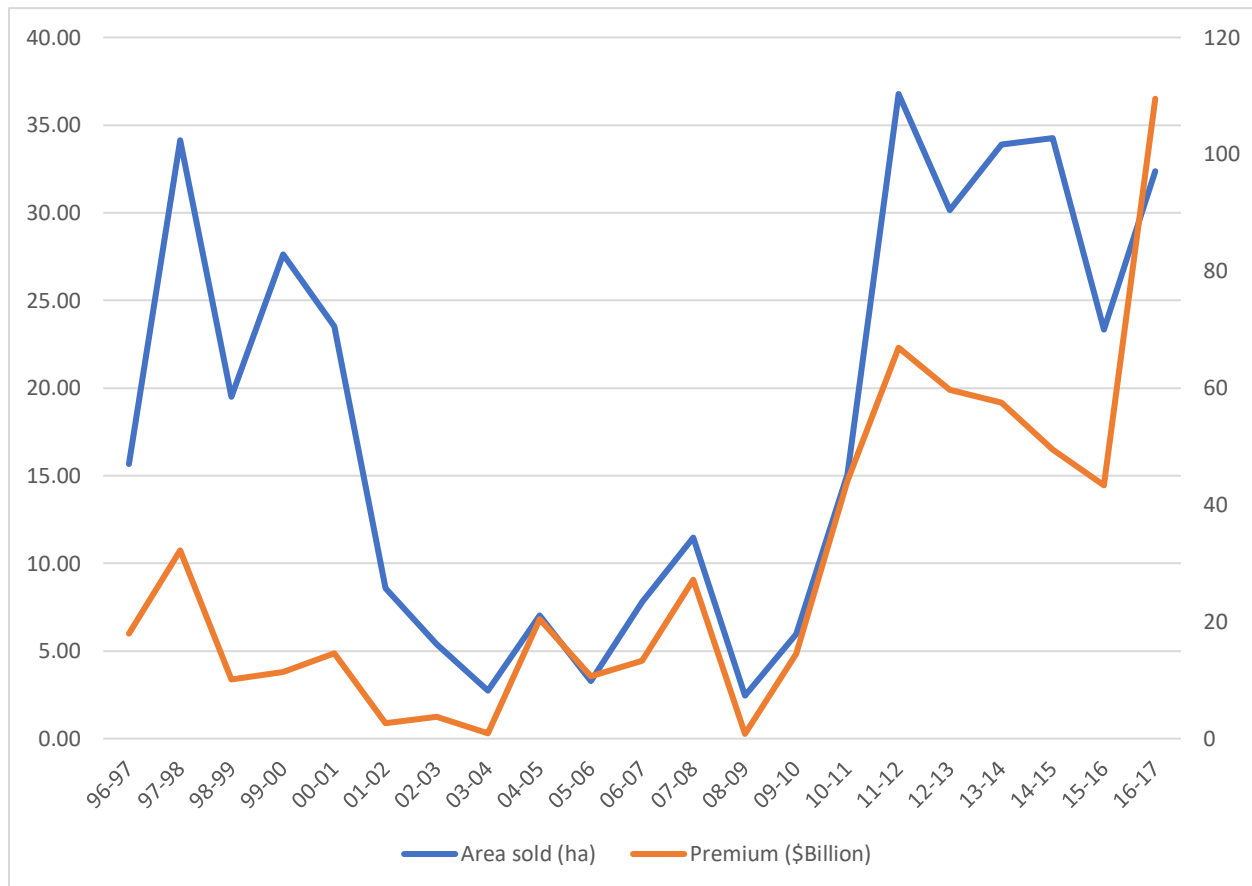


Figure 3-11. Areas sold and premium of land sale (1996-2017)

Source: Land Department (2018)

The demand side also contributed to high land prices. With the rapid economic and income growth in the past several decades in Hong Kong, residential flats buyers had strong bidding power in the real estate market (Renaud et al., 1997). In addition, because of the increasing property prices in Chinese mainland cities and the desire to diversify the wealth

offshore, increasingly mainland buyers and investors are purchasing Hong Kong properties (Chao & Yu, 2015). The local and mainland buyers' strong demands for housing units led to the consequently high prices for land and property.

The high land prices had fundamental influences on the real estate market. The land price and related costs constituted 60% to 80% of the total development cost (Shen & Ann, 2015). The limited supply and high entry cost of land, to a great extent explained the domination of Hong Kong's real estate market by large and vertically integrated companies (Poon, 2011; Renaud et al., 1997). As can be seen in Figure 3-12, the city's biggest five real estate companies – Sun Hung Kai Properties, Cheung Kong Property, New World Development, Sino Land, and Kerry Properties – have dominated the land market over the past decade.

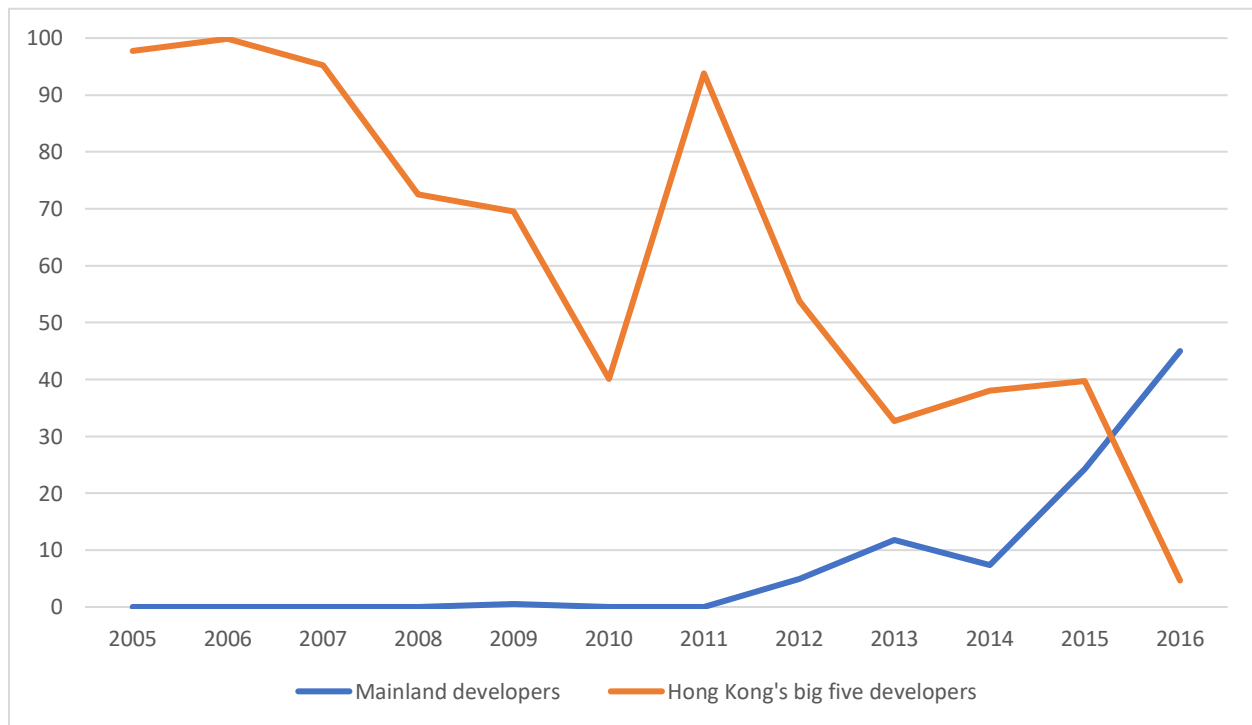


Figure 3-12. The share of Hong Kong land sales by value

Source: Huang (2016)

It should be noted that because of the depreciation of the Yuan against the U.S. dollar and the mainland government's regulation on the real estate market (Sito, Zhou, Zhen, & Li, 2017), developers from mainland China began to pour their capital into Hong Kong, with a pronounced impact by 2016, as the share of land sales by value to them climbed to 45% (Huang, 2016).

However, regardless of whether one is considering mainland developers or Hong Kong developers, it has always been the large and cash-rich companies that have dominated the local land market. For example, up to 2016, Sun Hung Kai Properties (SHKP), Hong Kong's largest developer, had a land bank of more than 50 million square feet and continued to buy new land through government tenders (Li, 2016). The land monopolization led to an uncompetitive real estate market structure, and eventually oligarchy, which kept property prices and rents very high (Poon, 2011).

Therefore, although almost half of the residents in Hong Kong benefit from the public housing program, the land policy was criticized as it catered to large developers' interests. For example, in 2002, the Statement of Housing Policy terminated the construction and sale of subsidized home ownership housing from 2003 and stopped the sale of public rental housing. In addition, the statement also announced that the government would reduce the land supply. This was by no means a successful plan for the public. Instead, large developers, especially those who had large land banks, benefitted a lot from this statement (Poon, 2011). By reducing the provision of public housing, the public was encouraged to buy private housing from the developers. The reduction of land supply also made the existing land more valuable. In addition,

the government also helped private developers obtain vacant possession by legislating the Land (Compulsory Sale for Redevelopment) Ordinance. The ordinance, effective in 1999, enabled private developers who acquired no less than 90% (further reduced to 80% in 2010) of the undivided shares in a lot to make an application to the Land Tribunal and trigger a sale by auction of all undivided shares (Department of Justice, 1999). The ordinance significantly facilitated the private developers' role in the inner city redevelopment process and made them more powerful. Through these ways, the domination of the market position of larger developers became more stable. Thus, the large developers have enjoyed monopoly power and controlled the real estate market (Tse, 1998).

3.3.4 Summary

Since 1841, Hong Kong has successfully experienced two transformations through its ability to exploit the external opportunities and developed from a small village into a world city. In terms of urban development, Hong Kong has adopted a multiple nuclei model to deal with the increasing population and land supply pressures. Since the 1970s, several new towns have been developed in the New Territories, the peripheries of the city. This strategy helped Hong Kong relieve the population pressures and decentralized Kowloon and Hong Kong Island. However, the development of the new towns also brought some social problems. The employment has not decentralized along with the population. A lot of people still work in the urban core while living in new towns, leading to a great mismatch between the workplaces and residential areas (Yeh, 1987, 2003). Although Hong Kong has an efficient public transportation system, residents living

in new towns still spend a large amount of time and money for daily commuting. In addition, due to the increasing housing prices, the urban core is occupied by middle- or upper-classes. In order to improve the living conditions, most low-income earners are “displaced” to new towns. The low-income residents have little chance to stay in the urban core, and therefore lost “the right to the city”. Further, the development of new towns also influenced local villagers living in New Territories. For example, the North East New Territories Development Programme will displace existing villagers, who have lived there for generations and heavily relied on local social networks (Li, 2013). Therefore, although the development of new towns has helped Hong Kong relieve the population pressures, it also led to gentrification in both the urban core and rural areas.

Since the Shek Kip Mei fire in 1953, public housing has played a unique role in Hong Kong’s economic and urban development. Over the past seventy years, the government has introduced a series of policies, such as the Ten-year Housing Programme, Home Ownership Scheme, and Long Term Housing Strategy, making Hong Kong’s public housing system one of the most successful systems in the world. It is no exaggeration to say that public housing is the catalyst of Hong Kong’s transformation, as well as the foundation of modern Hong Kong (Yeung & Wong, 2003). Now, roughly half of the residents live in public rental housing or subsidized home ownership housing flats, making the society more stable and diverse. The government was the largest housing provider and dominated public housing development until the Asian Financial Crisis. Since then, the back-and-forth on public housing policies made the real estate

market out of control. The government even terminated the provision of subsidized home ownership housing. The housing prices began to increase in 2003. After 2010, the increase in housing prices even speed up. Hong Kong became the least affordable city in the world.

Although Hong Kong has been seen as an exemplifier of *laissez-faire* government, government controls the most important factor of production—land. Both the development of new towns and the public housing policies are closely associated with land supply policies. Restricting land supply made Hong Kong a compact land use, high density, and multiple nuclei city. The shortage of land supply also led to the increase in housing prices. The shortage of land supply, extremely high housing and rental prices, long waiting list for public housing, and the redevelopment process led to serious social problems that are needed for further study.

CHAPTER 4 GENTRIFICATION, DISPLACEMENT, AND THE UNDERPRIVILEGED IN HONG KONG

Gentrification was first coined in the 1960s to refer to the renovation of deteriorated housing and displacement of the working class by the middle class in the inner city of London (Glass, 1964). It is not surprising that, over the past 60 years, the patterns of urban redevelopment have completely changed and the forms of gentrification have become increasingly diverse. However, the defining feature of gentrification remains unchanged — the displacement of the underprivileged (Ley & Teo, 2014). Although some studies have argued that gentrification does not necessarily cause much displacement of low-income residents (Freeman, 2005; Freeman & Braconi, 2004; Hamnett, 2003), the strong linkage between gentrification and displacement of the urban poor has been persuasively supported (Newman & Wyly, 2006; Slater, 2006; Wu, 2016), including in cities across China (e.g., Beijing (Huang & Liu, 2021), Shanghai (He & Wu, 2005; Wu, 2004), Guangzhou (He, 2012), Nanjing (Chen & Zhang, 2021), and Shenzhen (Liang & Bao, 2015)). Scholars (e.g., He, 2007; Slater, 2006) even argued that displacement is the central issue of gentrification. Gentrification-induced displacement has tremendous negative impacts on the underprivileged (Zhang & He, 2018), who usually have little or no economic and political power to resist gentrification. Displacement may completely destroy low-income residents' social ties, increase their living costs, limit their potential life opportunities, and thus, residents who are displaced may lose the “right to the city” (He & Wu, 2007; Leaf, 1995).

Displacement is especially evident in Hong Kong, where rapid urban (re)development, large-scale New Town development, and the state-led Public Housing Programme have pushed the urban poor out of the inner-city (i.e., Hong Kong Island and Kowloon), either directly or indirectly. From 1971 to 2016, the percentage of Hong Kong's total population in Hong Kong Island and Kowloon dropped from 81.1% to 47.7%, while in New Territories, the figure increased from 16.9% to 52.3% (Census and Statistics Department, 2016a). Meanwhile, the population in New Territories increased by 533.3%, from 0.6 million to 3.8 million. In contrast, Hong Kong's total population increased by 86.8% and the population in Hong Kong Island and Kowloon only increased by 9.9% (Census and Statistics Department, 2016a). Thus, Hong Kong has likely experienced a city-scale displacement. In order to stay in the inner-city, the underprivileged have to accept much smaller dwellings (i.e., sub-divided units) to compensate for the higher cost of housing in the inner-city (Leung & Yiu, 2019). However, they are still facing increasing pressures of gentrification and displacement (La Grange & Pretorius, 2016b; Mai, 2020; Ye et al., 2015). Within the context of gentrification in Hong Kong, this chapter clarifies the concept of displacement, evaluates the condition of the core poor in the city, and proposes a framework to investigate gentrification among the underprivileged.

4.1 Gentrification and displacement

As discussed in the previous chapter, in the 1990s and 2000s, there was an empirical debate over whether gentrification leads to displacement among gentrification scholars (Freeman, 2005; Newman & Wyly, 2006; Slater, 2006). This is largely due to the lack of conceptual clarity of

displacement in gentrification research. Thus, a clear definition and classification of displacement should be recognized. For example, although new-build gentrification does not always lead to direct displacement—for example, the redevelopment of an industrial site—indirect displacement is likely to occur. This indirect displacement would take the form of what Marcuse (1985) called ‘exclusionary displacement’ or ‘price shadowing’, where lower-income groups would be potentially unable to access property within the neighborhoods experiencing such redevelopment.

4.1.1 Defining and classifying displacement

The term displacement has been widely used in different disciplines, such as physics, engineering, chemistry, and social sciences. Originally, displacement referred to the change in the position of an object. In the social sciences, studies often focus on people who are being displaced. Displacement occurs in a variety of scenarios, such as war, natural disaster, climate change, and urban redevelopment. Grier and Grier (1978) and LeGates and Hartman (1981) proposed a widely accepted definition of displacement: displacement may happen when any household involuntary moves from its original residency due to the uncontrollable or unaffordable conditions that affect the dwelling or its immediate surroundings.

However, this definition only considers people who are physically displaced but ignores people who are suffering from gentrification pressure or are excluded from urban space. Building upon the work of Grier and Grier (1978) and LeGates and Hartman (1981), Marcuse (1985) further conceptualized four types of displacement: direct last-resident displacement, direct chain

displacement, exclusionary displacement, and displacement pressure. The conceptualization of displacement has significantly influenced subsequent research on gentrification-induced displacement (e.g., Davidson & Lees, 2010; He, 2010a; Slater, 2009)

Direct last-resident displacement includes physical displacement and economic displacement. Physical displacement occurs when any household is forced to move out of the unit by various actions, such as cutting off electricity and water supplies by landlords, intimidating current occupants by developers, or in some cases, forced evictions by government-backed agencies. Physical displacement usually immediately displaces current occupants, bringing tremendous impacts to their lives. Economic displacement refers to the involuntary move due to the increased rent that makes it unaffordable for current occupants to stay. Compared to physical displacement, economic displacement may seem somewhat soft but still has huge influences on current occupants, especially the low-income residents.

Direct chain displacement, according to Marcuse (1985), refers to the displacement of previous households. While last-resident displacement considers only the last residents of that unit as displaced, chain displacement also considers residents that may have been displaced at an earlier stage of physical decline or an earlier rent increase. Direct chain displacement would also take the form of physical displacement and economic displacement. Direct chain displacement is an important dimension of displacement, since it would uncover the full impacts of displacement in a neighborhood in the entire gentrification process.

Marcuse's (1985) explanation of displacement is anchored in the *laissez-faire* urban policies dating back to the 1970s (Zhang & He, 2018). Nowadays, with gentrification increasingly linked to neoliberalism and state entrepreneurialism across the world, new forms of direct displacement have evolved. For example, in China, market-oriented neoliberalism has intensively affected urban policies and practices (He & Wu, 2009). As a result, several rounds of state-led urban redevelopment programs have been implemented, such as the "Three olds" (meaning old urban areas, old factories, and old villages) Development Scheme and the Shantytown Redevelopment Scheme. It was estimated that under the "Three olds" Development Scheme, about 0.6 million people were displaced in Guangzhou alone (He, 2012). From 2016 to 2020, about 23 million housing units in shantytowns were demolished, relocating 50 million people to public housing in China (Zhao & Han, 2020). There's no doubt that the living conditions of the displacees have been greatly improved, the social impacts of displacement, however, need further evaluation. In addition, mega-events have also triggered large-scale displacement. For instance, from 2002 to 2007, 6037 households were displaced to make room for the 2008 Beijing Olympic venues (China News, 2007). Clearly, the scale of direct displacement in China has become more intensive than ever, and local governments are increasingly involved in these processes.

In addition to direct displacement, Marcuse (1985) also discussed indirect displacement, including exclusionary displacement and displacement pressure. Exclusionary displacement, the third type of displacement advanced by Marcuse (1985), occurs when a household loses the potential opportunity to move into a certain neighborhood or is "excluded from living where it

would otherwise have lived” (Marcuse, 1985, p. 206) due to the increased rent and living expense. Finally, displacement pressure, as the term itself indicates, refers to pressure on low-income families to move out of a neighborhood due to gentrification. Because of the changes in a neighborhood’s physical and social conditions—access to certain types of public facilities, transportation, and support services in the gentrifying neighborhood—low-income families may move because the amenities they need are themselves displaced from the community. While exclusionary displacement focuses on households/people who want, but are not able, to move into a neighborhood, displacement pressure sheds light on the households/people who are suffering from gentrification in their current residence. Nevertheless, they are facing the same fate – being displaced from the neighborhood they prefer. But, due to the drastic changes in the neighborhood being experienced because of the higher-income households moving in, the original residents select to leave as the daily amenities, social networks, and destinations disappear due to the physical and social upgrading.

While the classification of displacement is informative in evaluating the impacts of gentrification-induced displacement, one should also consider the psychological impacts of displacement (Davidson, 2009). Although exclusionary displacement and gentrification pressure concern the social impacts of displacement, the outcome of indirect displacement is still physical relocation. Marcuse (1985) indicated that “families living under these circumstances may move as soon as they can” (p. 207). Drawing from the work of Heidegger (1962) and Lefebvre (1991), Davidson (2009) argued that it is impossible to fully evaluate the impacts of displacement purely

from identifying the movement of people between physical locations — displacement of everyday life and lived space should also be considered. This type of displacement is later defined as phenomenological displacement (Davidson & Lees, 2010) or symbolic displacement (Atkinson, 2015). Unlike other types of displacement, phenomenological displacement may occur even without spatial dislocation (Davidson, 2009). This type of displacement is also important because it reflects the feelings of injustice, resentment, and being supplanted, which are evidence of the negative impacts of gentrification (Atkinson, 2015).

Phenomenological displacement is often associated with the commodification of urban space (Davidson, 2009), especially the poor areas, including slums, urban villages, favelas, and the like. During this process, some areas become the “celebrity slums” (Ascensão, 2018), such as Santa Marta in Rio de Janeiro, Dharavi in Mumbai, Kibera in Nairobi, and Sham Shui Po in Hong Kong. These celebrity slums often appear in films (e.g., *Slumdog Millionaire*), documentaries (e.g., *The Real Slumdogs* by National Geographic), and books (e.g., *Planet of Slums* by Mike Davis (2006)). Ascensão (2018) described this phenomenon as “the slum as spectacle” and “slum gentrification”:

“These settlements are perfect illustrations of ‘the slum as spectacle’, a process whereby ‘visualisations of [poverty and] stigma can become commodified’ (Jones and Sanyal, 2015: 432). In becoming subject to intangible commodification, they have also attracted (variable) capital investments into their local economies, resulting in more tangible forms of commodification. This is where slum gentrification begins.” (p. 226-227)

As such, thousands of tourists are attracted to these slums every day to experience the neighborhood environment, building style, local food, or purely the “infamous poverty” (Robertson, 2007). This type of tourism is noted as poverty tourism (Burnett, 2014):

“Although travelling within the city to consume different types of food is normal practice for urban dwellers, travelling for the purpose of sharing spaces of consumption with “othered” residents of the city and of participating in the foodways of a marginalized neighborhood is what transforms this normalized urban experience into poverty tourism.”

(p. 163)

Unlike other types of gentrification, the urban poor play an indispensable role in slum gentrification and poverty tourism because it is the authentic poverty that attracts tourists and the following capital investments. Ironically, the urban poor and the associated stigmatization have become a cultural product that is being commodified in the slum gentrification process, and there must continue to be poor residents to attract tourists and capital investment (Burnett, 2014). In this process, the urban poor are “forced” to stay in their neighborhoods, but their lived spaces and social roles have been completely reconstructed. They may lose their identities, develop feelings of injustice and resentment, but as long as they are sufficiently managed and controlled, they can still be “used” to facilitate the gentrification process (Burnett, 2014). This inevitably causes phenomenological displacement of the urban poor.

4.1.2 Impacts of displacement

Some scholars argued that gentrification could bring various benefits to dilapidated neighborhoods in the urban core while only causing minimum displacement (Freeman, 2005; Freeman & Braconi, 2004). However, it is not simply a matter of weighting the cost against the benefits as the people paying the costs are not those receiving the benefits (Marcuse, 1985). In fact, the urban poor have disproportionately been the people paying the costs (i.e., the burdens of displacement). This section evaluates the impacts of displacement on the urban poor.

From policymakers' perspective, direct displacement may boost the local economy, alleviate poverty, and improve the living environment of the urban poor (Zhang & He, 2018). However, displacement may also yield tremendous negative impacts on the urban poor. First, direct displacement may completely destroy the local social support networks, which are essential to the everyday life of the urban poor. Due to the lack of skills and political power, the urban poor usually rely on the social network in their neighborhoods to meet and maintain daily needs. Although it is possible that they may be relocated to a public housing project with better physical housing conditions and neighborhood environments, they may also lose the social network they rely on. A study carried out in Guangzhou, China shows that public housing residents, most of whom are displacees, perceived lower levels of housing conditions, neighborhood environments, and community attachment than those living in commodity housing (Chang et al., 2020). As Betancur (2002) argued, the most traumatic aspect of displacement is

perhaps the destruction of the elaborate and complex community fabric that is crucial for low-income residents without any compensation.

Second, direct displacement may also deprive low-income residents' 'right to the city' (Harvey, 2008). The urban poor are increasingly displaced to urban peripheries and high-density new towns, as can be seen in Hong Kong (Ye et al., 2015), Shanghai (He, 2007), New York (Lees, 2003), and London (Atkinson, 2000). Displacees usually experience a heavy commute burden, including high commuting costs. As Atkinson (2003) stated, the problem is often not simply the social cost of local household dislocation but also the difficulty of re-entering the inner city.

Third, from a broader perspective, displacement may also lead to social polarization and spatial segregation. Gentrification usually displaces the working-class from the inner city to the outskirts and new towns, which are likely to turn into new low-income neighborhoods and slum concentrations (Sink & Ceh, 2011). Thus, gentrification may create spatial concentrations of affluent people in the urban core and the underprivileged in the urban peripheries. The more gentrification has progressed in a neighborhood, the greater the reduction in levels of the social mix (Walks & Maaranen, 2008). This may lead to worsened social polarization and segregation (Zhang & He, 2018).

Compared to direct displacement, the impacts of indirect displacement are harder to evaluate. Yet, indirect displacement may yield more complicated outcomes for the urban poor. Exclusionary displacement may prevent low-income residents' access to neighborhoods in the

inner city. Similar to the people who were displaced to the urban peripheries, the indirect displaced are also relegated to low-income neighborhoods outside the inner city, losing the “right to the city” (Harvey, 2008). In addition, although the displacement pressures do not immediately cause socioeconomic loss, residents may suffer from tremendous psychological stress as these neighborhood changes take place—such as uncertainty, ambivalence, and anxiety—because they do not know when and where they should move. The urban poor in such a situation may move sooner than they need to just because of the psychological anxiety. Finally, although phenomenological displacement does not necessarily lead to physical displacement, it may cause displacement in residents’ everyday life and lived spaces. Under phenomenological displacement, although the urban poor may get a chance to stay in their neighborhood, in which they lived for generations, they may develop feelings of injustice and resentment because in order to stay, they need to make accommodations and even serve the needs of the new upper income residents who have moved into their neighborhoods.

4.1.3 Displacement in Hong Kong

As demonstrated by (Ye et al., 2015), from 1986 to 2006, about 377 km², 34.0 % of Hong Kong’s territory was experiencing social and physical upgrading, which confirmed the large-scale gentrification in Hong Kong. In addition, Susnik and Ganesan (1997) also found that from 1984 to 1993, approximately 1.5 buildings had been demolished every day, displacing 14,000 urban residents annually. The actual displacement figure may be much higher since Susnik and Ganesan (1997) only considered 10-year building demolition data and original building

populations of the renewal case studies. It can be expected that different types of displacement may co-exist in Hong Kong in the past few decades.

The displacement process in Hong Kong can be understood through two spatial scales. On the city scale, Hong Kong has developed a number of New Towns and New Development Areas since the 1950s through the New Town Development Programme (NTDP) and the New Development Areas (NDAs) Strategy. The majority of these sites, however, are located outside of the urban core areas (i.e., beyond Kowloon and Hong Kong Island). In these new towns and new development areas, the Hong Kong government has built an extensive amount of public housing flats through the Ten Year Housing Programme, the Long Term Housing Strategy, and the New Long Term Housing Strategy. By 1986, there were 40.8% of people living in public rental housing and 4.1% in subsidized home ownership housing, together accounting for 44.9% of the total population (Census and Statistics Department, 1991). Although these programs have successfully provided housing for almost half of the total population in Hong Kong, they have fundamentally changed the geographic distribution of Hong Kong's population. The percentage of the total population in Hong Kong Island and Kowloon dropped from 25.3% and 55.8% in 1971 to only 17.1% and 30.6% in 2016, respectively, while in New Territories it increased from 16.9% in 1971 to 52.3% in 2016 (see Table 3-6).

Meanwhile, the population in New Territories increased by 533.3%, from 0.6 million to 3.8 million. In contrast, the population in Hong Kong Island and Kowloon only increased by 9.9%, from 3.2 million to 3.5 million. As a reference, Hong Kong's total population increased by

86.8% from 1971 to 2016 (Census and Statistics Department, 2016a). It is reasonable to assume that the city-wide displacement has been taking place in Hong Kong since the beginning of the new town development and public housing program. Quantitative evidence of the city-wide displacement will be presented through PCA and K-means clustering in the subsequent chapters.

Besides the urban core displacement, due to the new town development and public housing programs at the periphery, different types of displacement can also be identified on the neighborhood scale in Hong Kong. For example, Tai Hang, located in central Hong Kong Island, has experienced both direct and indirect displacement since the 1960s, when the first wave of gentrification took place. Developers demolished the village-style houses and built five-floor buildings. Many local villagers were forced to move out. In the 2000s, another wave of gentrification hit this neighborhood due to the increasing housing prices. Most of the auto-repair shops were replaced by modern restaurants (Carvalho, 2015). At the same time, many returnees mainly from Los Angeles, San Francisco, and Toronto moved into this neighborhood because of the community feel and “low rents”. The neighborhood has now become the “foodie’s heaven” (Kapoor, 2015). However, after two waves of gentrification, there are only a few local people, the traditional residents, left. For those who managed to preserve their homes within the neighborhood, they may not be able to afford the new costs of living in this upgraded area of the city. At the same time, the long-standing social network that they relied on has been destroyed. Thus, they may soon move out of their neighborhood to a more affordable place.

Among the many gentrified neighborhoods that are experiencing redevelopment pressures and displacement in Hong Kong, Tai Hang is only one example. In subsequent chapters, the quantitative and qualitative analyses of Hong Kong and three neighborhood case studies will examine in more detail the different types of capital reinvestment and displacement that are occurring, and even within the same neighborhood.

4.2 Gentrification and the underprivileged in Hong Kong

Poverty is pronounced deprivation in well-being and comprises many dimensions in a person's life, including income, health, education, vulnerability, voicelessness, and powerlessness (World Bank, 2000). Fundamentally, the poor are those who do not have enough income to meet their basic needs, including food, clean water, clothes, shelter, and other necessities. Thus, poverty is often measured in monetary terms (Haughton & Khandker, 2009). Accordingly, poverty can be defined in absolute or relative terms. Absolute poverty refers to the condition where household income is insufficient to meet basic human needs. For example, the World Bank uses US\$ 1.90 a day as the international poverty line. In 2015, about 10% of the world's population, or 734 million people, lived below the international poverty line, and nearly 1 in 2 people in the world lived on less than US\$ 5.50 a day (World Bank, 2018). In contrast, relative poverty is often dependent on social context and is measured as household income less than a fixed percentage of median income (Haughton & Khandker, 2009).

Poverty is often associated with the underprivileged. According to Merriam-Webster (2021), the underprivileged refers to the people who are "deprived through the social or

economic condition of some of the fundamental rights of all members of a civilized society.”

Compared to poverty, underprivilege is a more comprehensive concept. While poverty is usually defined through monetary terms, the underprivileged can be identified through social, economic, and political conditions. Since gentrification is more than an economic process, this study uses “underprivileged” to refer to socially, economically, and politically disadvantaged people who have suffered, or are suffering, from displacement.

4.2.1 Poverty situation in Hong Kong

Following the system of the U.K., Hong Kong adopted relative poverty thresholds to determine the poverty line, which is set at 50% of median monthly household income before policy intervention, comparable to same size households (Census and Statistics Department, 2020b). Table 4-1 shows the poverty line by household size in 2019⁴.

Table 4-1. Hong Kong’s poverty line by household size in 2019						
Household size	1-person	2-person	3-person	4-person	5-person	6-person and above
Poverty line (HK\$)	4,500	10,000	16,600	21,400	22,100	23,000
Poverty line (in US\$)	579	1,287	2,136	2,754	2,844	2,960

Source: Census and Statistics Department (2019)

According to this standard, in 2019, before policy intervention, the number of poor households, poor persons, and poverty rate was 649,000, 1,491,000, and 21.4%, respectively.

Even taking the recurrent cash intervention into consideration, the poverty rate in Hong Kong

⁴ This poverty line only covers the situation up to 2019. The impacts of Covid-19 are not reflected due to data availability.

remains high (15.8%) (Census and Statistics Department, 2020b). Despite the fact that the Hong Kong government has taken a variety of policy interventions to relieve poverty in the city, the poverty rate and the number of poor have been increasing since 2014 (see Figure 4-1). Moreover, due to the impacts of Covid-19, the social incidents, and the U.S.-China trade tensions, the poverty rate is expected to increase in 2020. Hong Kong maintains some of the highest poverty rates among other world major economies (Statista, 2021). The high poverty rate, coupled with the high housing prices in Hong Kong, has put a large number of low-income people at high displacement risk.

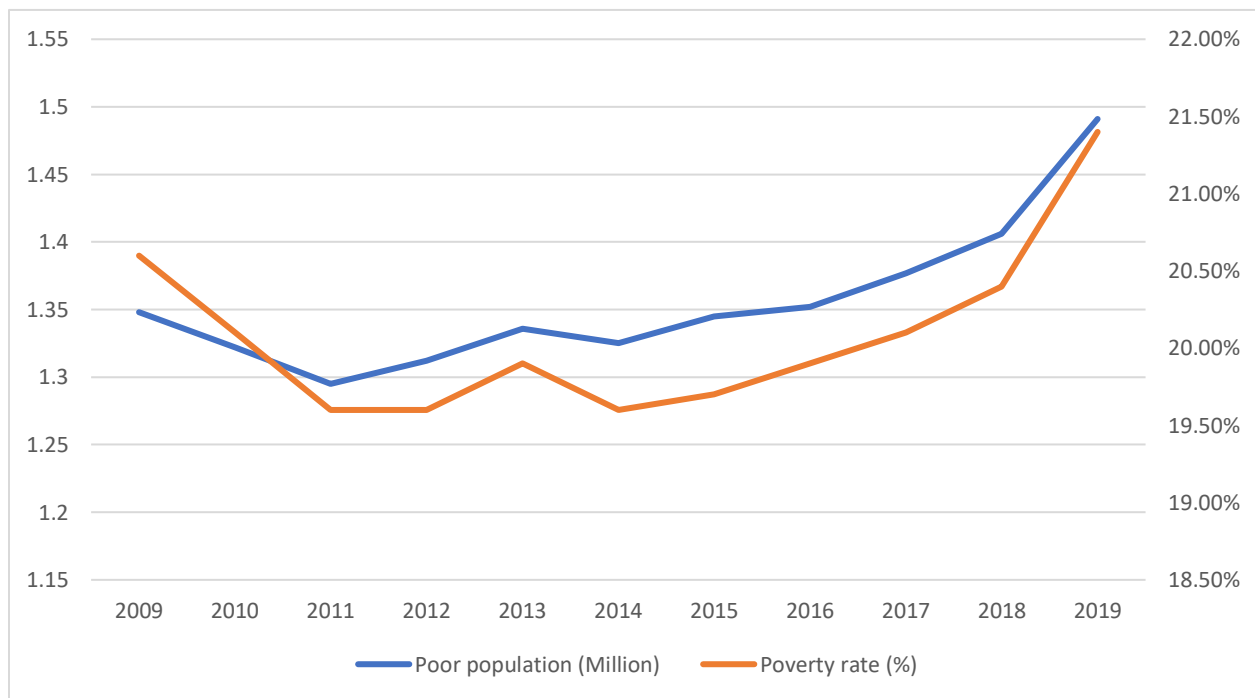


Figure 4-1. Number of poor population and poverty rate in Hong Kong, 2009-2019
Source: Census and Statistics Department (2020b)

According to the Hong Kong Poverty Situation Report (Census and Statistics Department, 2020b), Kwun Tong and Sham Shui Po are the poorest districts, with poverty rates at 27.2% and

24.7%, respectively (before policy intervention). These two districts not only have dilapidated physical environments, but also have higher child poverty rates, less favorable employment situations, and a higher proportion of single-parent households than the Hong Kong average. In other words, these districts have higher proportions of the underprivileged, who are disproportionately vulnerable to gentrification and displacement.

Further analysis of the poverty statistics reveals that demographic factors have greatly impacted the poverty situation in Hong Kong. First, due to the post-war baby boom, Hong Kong is facing an accelerated aging population trend. Census and Statistics Department (2020a) projected that the percentage of elders (aged 65 and above) will increase from 18.4% in 2019 to 27.6% in 2029, and to 33.3% in 2039. In 2019, the elderly poverty rate before policy intervention reached 44.9% and this figure is expected to increase due to current aging patterns in Hong Kong. Second, females are found to be poorer than males. According to the Hong Kong Poverty Situation Report (2020), before policy intervention, the number of poor and the poverty rate of females are 806,000 and 22.1%, which are higher than those of males (685,000 and 20.7%). In general, females are more economically disadvantaged than males, and thus are more vulnerable to displacement (Ye & Vojnovic, 2018). Third, there is a growing trend toward smaller household sizes in Hong Kong. The average household size has decreased from 2.85 persons in 2009 to 2.66 persons in 2019 (Census and Statistics Department, 2020b). Smaller households usually only have one, or perhaps no working family members, since many of them are made up of retired elders; they are generally at high poverty risk.

One of the major consequences of poverty is associated with undesirable living conditions. Since the underprivileged generally have little purchasing power but prefer to stay in the urban core to secure jobs that require spatial proximity (such as domestic helpers, restaurant servers, babysitters, and the like), a unique form of housing has emerged in Hong Kong — sub-divided units (SDUs). SDUs are “formed by the sub-division of individual quarters into two or more units for rental purposes to more than one household” (Census and Statistics Department, 2016c, p. 4). In some extreme situations, a single room can be further divided into two or more units, known as coffin cubicles or cage homes (Figure 4-2). To some extent, the SDUs, coffin cubicles, and cage homes are spatial reflections of poverty in Hong Kong.



Figure 4-2. Sub-divided units

Source: Author

Due to high housing prices, high housing demand, and land shortages, the size of dwelling units in Hong Kong tends to be comparatively small in an international context. According to the 2016 Population By-census, the median per capita floor area of accommodation in Hong Kong is

161 square feet. For sub-divided units, the median per capita floor area is even smaller — the per capita floor area is only 48 square feet (Census and Statistics Department, 2016a). Worse still, the subdivided units are becoming a norm at the bottom-end of the housing market (Ye & Vojnovic, 2018).

According to the 2016 Population By-census, 91,787 households, or 209,700 persons, accounting for 2.86 % of Hong Kong’s total population, lived in 92,700 SDUs in 2016 (Census and Statistics Department, 2016a). Although the SDUs have extremely poor fire protection, hygiene conditions, and limited space, they attract people, especially the underprivileged, for several reasons (see Table 4-2). The first and most obvious is the low rents. Rent is a heavy burden for the underprivileged. The median monthly rental payment of SDUs increased 10.53 % in 2015 and reached HK\$ 4,200 (or US\$ 537), accounting for 32.3% of the median monthly household income in 2016 (Census and Statistics Department, 2016c). Though the rent of the SDUs keeps increasing, the residents living in SDUs cannot afford to move out because the increasing housing prices have made it impossible for the underprivileged to purchase their own property in Hong Kong’s urban core.

Table 4-2. The reasons for households living in the SDUs

Reasons	Percentage (%)
More affordable rent (as compared with that of a whole unit of private quarters)	61.6
Convenient to go to work/school	36.3
Financial difficulties	22.6
Lack of space to live with parents/relatives	5.7
Family problems	5.1
Others	6.6

Source: Census and Statistics Department (2016c)

In addition, the limited supply and accessibility of public housing in the urban core forces the underprivileged to live in the SDUs. Most of the public housing projects have been constructed in the New Towns, which are located in the peripheries of Hong Kong. The urban core, in comparison, has only a few public housing projects. As can be seen in Table 3-10, the low-income groups have a strong preference for living in the urban core because of the accessibility to work and school. The imbalance between demand and supply of public housing in the urban core makes it almost impossible for low-income groups to live in public housing. Moreover, according to the survey, 53.2 % of the households did not apply for public housing because of ineligibility or lack of knowledge concerning the public housing application process. As of September 2022, for general applicants who apply for public housing, they will wait about 5.6 years on average before moving into their state subsidized dwelling (Housing Authority, 2022c).

Within this context, it should be recognized that the urban core, which possesses the highest development density and a large concentration of SDUs, also maintains high potential land use values, and hence faces the strongest redevelopment pressures (La Grange & Pretorius, 2011). In addition, the Land (Compulsory Sale for Redevelopment) Ordinance further strengthens the power of the private developers and facilitates urban reinvestment and renewal. Thus, an increasing number of neighborhoods in the urban core are becoming gentrified. The government's role in the real estate market, the unequal power between the private developers and residents, and the growing and unprecedented housing costs ensure that there is little hope

for the underprivileged to own a home in Hong Kong's urban core. Thus, the underprivileged increasingly have little choice but to move out of the urban core. For those who are able to stay in the SDUs, they are facing increasing displacement pressure or phenomenological displacement. Gentrification has become an intractable problem that they must deal with, with the threat of displacement constantly looming.

4.2.2 The causes of poverty in Hong Kong

Urban poverty is a complex problem in many global cities across the world. In the west, urban poverty can be largely attributed to economic restructuring, globalization, socioeconomic structural factors which led to large-scale unemployment in manufacturing, the rise of low-paid jobs in service sectors, and increasing single mother families and migrants (Chen, Gu, & Wu, 2006). This process also led to growing urban inequality, social polarization, and spatial segregation (Hamnett, 1994; Sassen, 2001). In China, while urban poverty has similar causes to the West, some unique features, such as rural-urban migration, state-owned enterprises (SOEs) reform, and housing reform, can be identified (Chen, 2012). As a special administrative region of China and a former colony of the U.K, Hong Kong's urban poverty issue can be viewed from both Western and Chinese perspectives.

4.2.2.1 Economic transition

In the late 1970s, the opening-up policy in mainland China provided Hong Kong an opportunity to upgrade its economic structure. Taking advantage of the cheap labor and land costs, Hong Kong's manufacturing sectors, especially labor-intensive manufacturing, have

moved to the Pearl River Delta (PRD) region in mainland China. As factories moved out of Hong Kong, the share of the manufacturing sector in Hong Kong's GDP shrunk from 23.7% in 1980 to 8.3% in 1995, and then to only 3.0% in 2015 (Figure 3-6). The employment in manufacturing in Hong Kong fell from 868,000 in 1987 to 484,000 in 1992, and further to 114,000 in 2015 (Census and Statistics Department, 2016a). In addition, the offices and factories that had previously been used for manufacturing in Hong Kong have changed their role, becoming regional headquarters (Zhan et al., 2010). As a result, the services sector increased rapidly in Hong Kong's economy.

Similar to the West, along with the economic transition, there was large-scale unemployment in manufacturing. Although the growing service sector created a large number of low-skilled jobs (e.g., domestic helpers, restaurant servers, babysitters, and the like), people who were previously employed in manufacturing were not necessarily suitable for those service positions. For those who were willing to accept low-paid jobs in the service sector, their incomes were relatively low. In a sense, the economic transition since the 1970s has contributed to urban poverty.

4.2.2.2 Sociodemographic factors shaping poverty

The most noticeable sociodemographic factor in Hong Kong that is impacting the rates of poverty is population aging. As previously mentioned, the percentage of elders (aged 65 and above) will increase from 18.4% in 2019 to 27.6% in 2029, and to 33.3% in 2039 (Census and Statistics Department, 2020a). Accordingly, the number of households with elders is also

increasing. It is reported that the percentage of households with elders has increased from 27.8% in 2009 to 35.1% in 2019, and this figure will continue to rise (Census and Statistics Department, 2019). As most of the elders generally have no employment incomes, but confront more health-related expenses; families with elders are more likely to fall into poverty.

Another sociodemographic factor shaping poverty in the city is the growing number of female-headed households. In 2006, Hong Kong had 643,569 female-headed households and the number increased by 8.2% to 827,810 in 2016. The percentage of female-headed households has also increased from 28.9% in 2006 to 33.0% in 2016 (Census and Statistics Department, 2016a). Female-headed households are more likely to suffer from poverty worldwide and Hong Kong is not an exception (Ye & Vojnovic, 2018). In Hong Kong, working males earned much more than working females. In 2016, the median monthly income of males is HK\$ 16,890 (US\$ 2,161), which is 40.8% higher than HK\$ 12,000 (US\$1,536) earned by females. Additionally, 24.3% of working females earned less than HK\$ 6,000 (US\$ 768) per month, while the percentage was only 4.6% for working males (Census and Statistics Department, 2017a). Thus, females and female-headed households are at higher risk of poverty.

The growing number of female-headed households, together with the postponing of marriage, the decline of the fertility rate, and population aging, has led to a trend towards smaller household sizes. The average size of households in Hong Kong has dropped from 2.85 persons in 2009 to 2.66 persons in 2019 and the percentage of small households (households with one or two persons) has increased from 42.8% in 2009 to 49.1% in 2019 (Census and Statistics

Department, 2019). Again, as many of the small households are made up of elders, they generally have only one or even no working family members, putting them at a higher risk of poverty (Census and Statistics Department, 2020b). The trend of smaller households has contributed greatly to the poverty situation in Hong Kong.

Finally, it should also be recognized that Hong Kong has an open immigration policy and welcomes immigrants from all over the world. In 2015, Hong Kong had 2.84 million immigrants, accounting for 38.95% of the total population (World Bank, 2021). Among the immigrants, many are foreign domestic helpers. In 2020, Hong Kong had 373,884 foreign domestic helpers, comprising 5% of the total population, and the number of foreign domestic helpers has been increasing over the years (Census and Statistics Department, 2021). The current minimum allowable wage for foreign domestic helpers is only HK\$ 4,630 (US\$ 593) per month (HKSAR, 2020). Thus, most of the foreign domestic helpers in Hong Kong suffer from a greater risk of poverty.

4.2.2.3 Land policies and housing prices

Although Hong Kong has been identified as a *laissez-faire* economy, it has an unusual land system compared with other market based countries/regions, as all land belongs to the government. In Hong Kong, new leases of land are only granted for 50 years, and are subject to the payment of an annual rent equal to 3% of the ratable value of the property (Land Department, 2017). Since the land in Hong Kong is a renewable resource that would continually yield revenue, the government has a strong motivation for urban development. On the other hand,

Hong Kong has long adopted a constrained land supply policy due to geographical and political reasons. Thus, the long imbalance in the supply and demand of land has resulted in high land prices, and therefore high housing prices. According to the Annual Demographia International Housing Affordability Survey, Hong Kong has been ranked as the least affordable major housing market in the world for ten consecutive years (Cox & Pavletich, 2020). In Hong Kong, the median monthly mortgage payment is HK\$ 10,500 (US\$ 1,344) for owner-occupiers in private permanent housing and the median mortgage payment to income ratio was 19.0% in 2016. The median monthly rent for rental households in private permanent housing is HK\$ 10,000 (US\$ 1,280) and the median rent to income ratio was 30.7% in 2016 (Census and Statistics Department, 2016a). The high housing prices and rental prices are great burdens for dwellers, putting them at high risk of poverty.

4.2.2.4 Other factors

Besides the economic transition, sociodemographic factors, and high housing prices, two other variables have greatly impacted poverty in Hong Kong – the local social incidents involving violent acts and the Covid-19 pandemic. These two factors have hit the consumption- and tourism-related sectors seriously. As these sectors involved most of the low-skilled and low-paid jobs, many of the workers who lost their jobs, including many of the city's underprivileged, were particularly hard hit (Census and Statistics Department, 2020b). It should be noted that this study only covers the years from 1986 to 2016 due to data availability issues, the above two factors will not be considered in the following analysis.

4.2.3 Gentrification among the underprivileged in Hong Kong

The different gentrification impacts on the underprivileged can be understood through three aspects: 1) the underprivileged who were physically displaced from their neighborhoods (direct last-resident displacement and direct chain displacement); 2) the underprivileged who were excluded from certain neighborhoods (exclusionary displacement); and 3) the underprivileged who still live in their neighborhoods but will be or are being displaced, either physically or psychologically (displacement pressure and phenomenological displacement).

The first situation is the most noticeable and prominent gentrification process in Hong Kong. Direct displacement would focus on the vulnerable and low-income incumbent populations who were physically displaced to public housing or rental housing with a lower rent in less valued locations, mostly in the New Territories. In the second scenario, exclusionary displacement can be understood from the low-skilled and low-paid workers who work in the urban core areas but are excluded from living in these areas because of the high rent (or high housing prices) and high living expenses. These people have to bear the high cost of commuting every day. Unlike the above two displacement processes, the third focuses on the underprivileged who remain living in their original urban core neighborhoods. In these urban core neighborhoods, the physical environment and consumption patterns have been drastically changed to cater to the demands of the middle- and upper-classes. Due to the increasingly high cost of living expenses (for example, local convenience stores were turned into upper-scale restaurants or coffee shops), the underprivileged in these neighborhoods may not be involved in

the new consumption patterns but are constantly facing displacement pressure or phenomenological displacement.

4.3 Concluding remarks

This section introduced two key concepts that will be used to understand the gentrification processes in Hong Kong – displacement and the underprivileged. In addition to the four types of displacement proposed by Marcuse (1985), this chapter argued that phenomenological displacement (Atkinson, 2015; Davidson & Lees, 2010) is also critical to understanding the psychological impacts of gentrification. Different types of displacement may lead to various outcomes, such as destroying the long-established social network, depriving residents’ “right to the city”, and creating feelings of injustice and resentment. Unfortunately, as an economically, socially, and politically vulnerable group, the underprivileged have disproportionately been the population suffering from displacement.

In Hong Kong, 1,491,000 persons lived under the poverty line and the poverty rate reached 21.4% in 2019 (Census and Statistics Department, 2020b). The economic transition, socioeconomic factors, and high housing and rental prices were identified as the major causes of poverty in Hong Kong. Based on the analyses of displacement and poverty, this chapter proposed that the impacts of gentrification on the underprivileged could be understood through different types of displacement. In subsequent chapters, PCA and K-means clustering analyses will be used to identify neighborhoods experiencing different gentrification processes. Then, three

neighborhoods will be selected to investigate the situation of the underprivileged from the abovementioned three aspects.

CHAPTER 5 QUANTITATIVE ANALYSIS

5.1 Data Collection

Census data from 1986 and 2016 at Tertiary Planning Units (TPU) are used to address the first research question. I collected the 1986 census data from the 1986 by-census books. The 2016 census data were collected from the Hong Kong 2016 Population By-census website. Some non-public available variables were purchased from the Census and Statistics Department of HKSAR. Maps with TPU boundaries and building footprints were used to normalize the 1986 by-census data and make them comparable between 1986 and 2016. The 1986 and 2016 maps with TPU boundaries were purchased from the Planning Department of HRSAR. The map with building footprints was obtained from Open Street Map.

Qualitative data from government documents, archives, newspapers, reports, journal articles, books, and photographs will be used to investigate the details of gentrification processes in the selected neighborhoods of Hong Kong. Two field trips were conducted to collect the qualitative data. During the first field trip in the summer of 2019, I explored a variety of neighborhoods to get a general sense of Hong Kong. Neighborhood photographs were also collected on the first field trip. The second field trip was conducted in the summer of 2022, after analyzing the quantitative data. The second field trip focused on ground truthing of the quantitative analyses and collecting additional data for detailed neighborhood case study analyses. Ground truthing is an important process of identifying gentrification because the quantitative analyses only consider neighborhoods that were below median household income of

a specific scale at a certain time (Brown-Saracino, 2017), missing important information of neighborhood changes (Betancur, 2011).

5.2 Standardization and processing of data

Due to town planning and land reclamation⁵ in Hong Kong, many of the TPUs have experienced dramatic boundary changes. The number of TPUs has increased by 17.8%, from 247 in 1986 to 291 in 2016. The boundaries of TPUs have changed in many ways, including merging, splitting, shrinking, and expanding. It should be noted that the changes of boundaries are not always straightforward, often involving a combination of these reorganizational processes. Figure 5-1 provides some typical examples of how boundaries of TPUs have changed.

Unlike the U.S. census, which provides standardization files of Census Tract between different years, the Hong Kong by-census data in 1986 and 2016 does not provide standardization files. To compare the Hong Kong by-census data between 1986 and 2016, the areal weighting interpolation method was used to normalize the 1986 TPU boundaries and by-census data to the 2016 counterparts. Figure 5-2 provides an example within Hong Kong of the data normalization process.

⁵ Land reclamation refers to the process of creating new land from the sea.

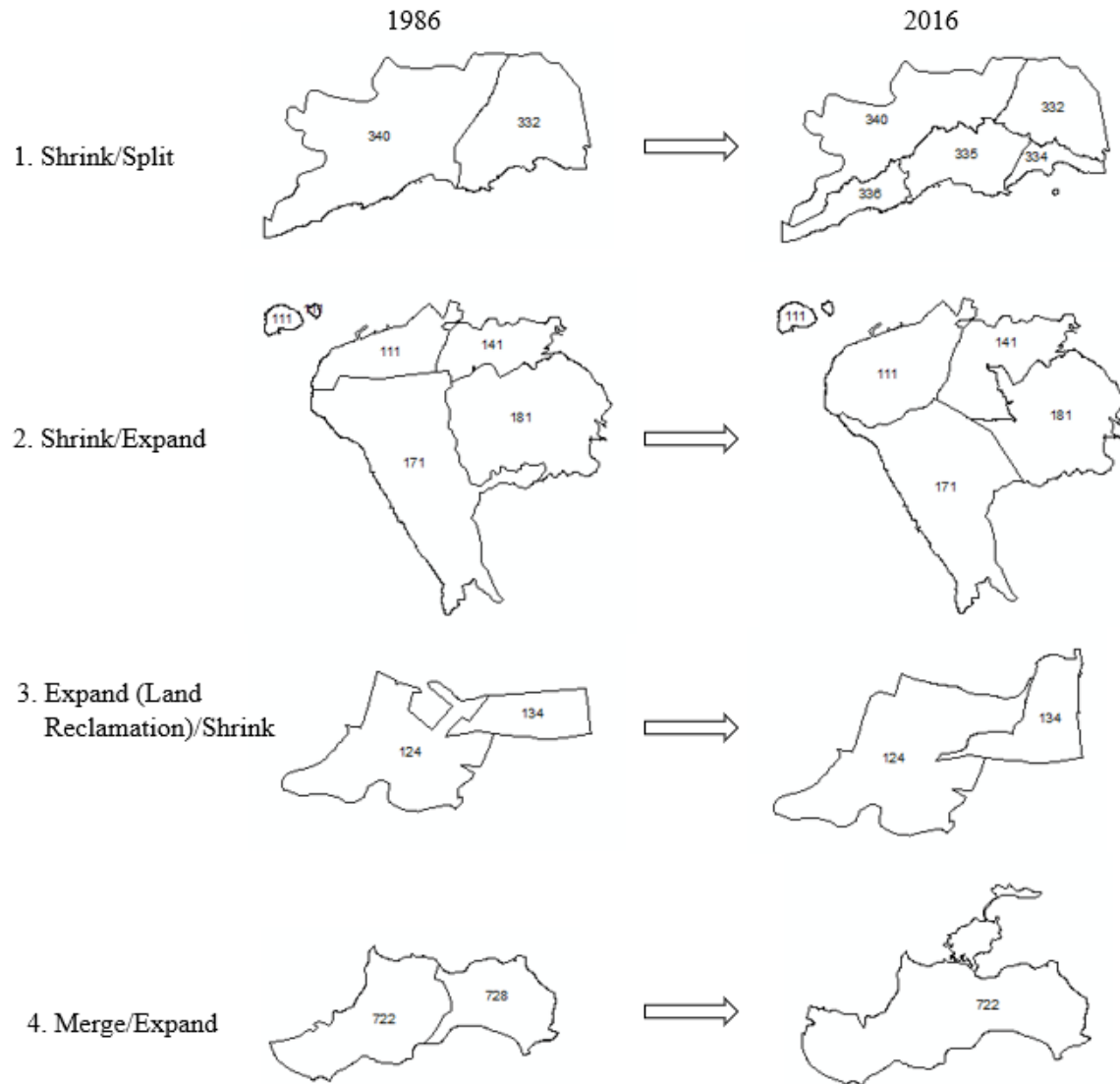


Figure 5-1. Boundary changes of TPUs from 1986 to 2016

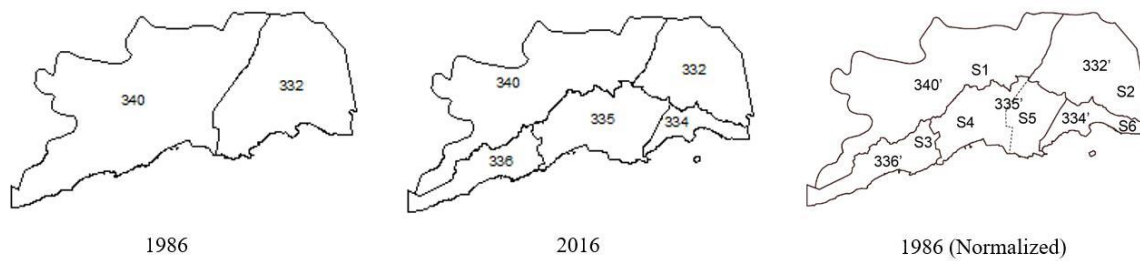


Figure 5-2. An illustration of the data normalization process

In this example, TPUs 332 and 340 in 1986 are split into TPUs 332, 334, 335, 336, and 340

in 2016. A given variable in 1986 by-census data would be normalized as follow:

$$N_{332} = V_{332} * [S2 / (S2 + S5 + S6)]$$

$$N_{334} = V_{332} * [S6 / (S2 + S5 + S6)]$$

$$N_{335} = V_{332} * [S5 / (S2 + S5 + S6)] + V_{340} * [S4 / (S1 + S3 + S4)]$$

$$N_{336} = V_{340} * [S3 / (S1 + S3 + S4)]$$

$$N_{340} = V_{340} * [S1 / (S1 + S3 + S4)]$$

where N stands for a normalized variable, V stands for a given variable in the 1986 by-census data, and S stands for the respective area.

It should be noted that, instead of the territorial area of each TPU, I used the total area of the building footprint in each TPU in the normalization process to distinguish redevelopment from new development and suburbanization. This method also applied to other variables that required standardization in this study.

The normalized 1986 by-census data, together with the 2016 by-census data, are then converted into ‘percentage change’ and ‘change of percentage’ variables to capture the actual value of changes and the structural changes. ‘Percentage change’ variables are measured by the change in value (change from 1986 value to 2016 value) divided by the original value (1986 value). Although this conversion captures the changes comparatively, it would create extreme values if the 1986 value is small. Thus, ‘Change of percentage’ is also used to capture structural changes in a certain category. It is measured by the percentage of the 2016 value in its corresponding category minus the percentage of the 1986 values in its corresponding category.

All Hong Kong dollar values in 1986 were adjusted for inflation. A total of 55 variables on

socio-economic and physical characteristics are collected. The 55 variables with detailed descriptions are listed in Table 5-1.

Table 5-1. Descriptions of the variables

Variable	Description
Population Variables (13)	
PPOP	% change in total population
CMAGE	Change of median age between 2006 and 1986
PAGE15	% change in population 15 years old and over
PAGE024	% change in population 0-24 years old
PAGE2554	% change in population 25 to 54 years old
PAGE55	% change in population 55 years old and over
PMALE	% change in male
PFEMALE	% change in female
PNMALE	% of change of never-married male
CNMALE	Change in the % of never-married male
PNMFEMALE	% of change of never-married female
CNMFEMALE	Change in the % of never-married female
PHSH	% change in the number of households
Socioeconomic Variables (25)	
PSECONDARY	% change of population aged 15 and over having upper secondary education
CSECONDARY	Change in the % of TPU that have secondary education
PDEGREE	% change of population aged 15 and over having post-secondary – Degree course
CDEGREE	Change in the % of TPU that have post-secondary - Degree course
CFHEADED	Change in % of HH that are female-headed
PFHEADED	% change in female-headed households
PRENT	% change in median gross rent—Adjusted
PHSHINCOME	% change in median household income—Adjusted
PEMPINCOME	% change in personal income for main employment—Adjusted
PEMPLOYED	% change in employed civilian population 16 years and over
PRPROF	% change in professional jobs
CPROF	Change in the % of TPU in professional jobs
PCRAFT	% change in craft and related workers
CCRAFT	Change in the % of TPU craft and related workers
PCLERICAL	% change in clerical and related workers
CCLERICAL	Change in the % of TPU in clerical and related workers
PADMIN	% change in administrative and managerial workers
CADMIN	Change in the % of TPU in administrative and managerial workers

Table 5-1. (cont'd)

PMANUF	% change in manufacturing
CMANUF	Change in the % of TPU in manufacturing
PFIRE	% change in FIRE (financing, insurance, real estate & business services)
CFIRE	Change in the % of TPU in FIRE
PWRIR	% change in WRIR (Wholesale, retail & import/export trades, restaurants & hotels)
CWRIR	Change in the % of TPU in WRIR
CTRAD	Change in the % of TPU in traditional sectors (agriculture and fishing, mining and quarrying, manufacturing, and unclassifiable)
Housing Variables (17)	
PHOUSING	% change in total housing units
POWNER	% change in owner-occupied housing units
COWNER	Change in the % of owner-occupied housing units
PRENTER	% change in renter-occupied housing units
CRENTER	Change in the % of renter-occupied housing units
PPUBLIC	% change in subsidized public housing
CPUBLIC	Change in the % of households living in subsidized public housing
PPRIVATE	% change in private housing
CPRIVATE	Change in the % of households living in private housing
P2PLUSHSH	% change in TPU with more than 1 household in one housing unit
C2PLUSHSH	Change in the % TPU with more than 1 household in housing unit
POCCUP6PLUS	% change in TPU with more than 6 occupants in housing unit (6 and over)
COCCUP6PLUS	Change in the % of TPU with more than 6 occupants in housing unit (6 and over)
PSIZE1OR2	% change in household size with 1 or 2
CSIZE1OR2	Change in the % of TPU with household size 1 or 2
PPERSON1	% change in TPU with one-person family
CPERSON1	Change in the % of TPU with one-person family

5.3 Neighborhood changes in Hong Kong, 1986-2016

This section will present a series of maps that illustrate neighborhood population, sociodemographic, and housing changes in Hong Kong from 1986 to 2016. These visualized maps aim to provide a general sense of neighborhood transitions experienced across Hong Kong and to set a foundation for the following quantitative analyses. It should be noted that TPUs 217, 251-254, 256, 269, 286, 320, 510, and 838 were excluded from the maps since part of the data was not available in 1986 by-census. Unless otherwise specified, all maps used quantile

classification with minor manual edits to reflect clear trends. For example, a value near zero would be replaced by zero to indicate increase or decrease.

5.3.1 Population

Figure 5-3 shows that most TPUs in urban core areas (i.e., the northern shore of Hong Kong Island and the southern part of Kowloon) have experienced either population decline or minor population growth, with a few exceptions (e.g., Tsim Sha Tsui East, Hung Hom Bay, Ma Tau Wai, and Cheung Sha Wan). In contrast, most of the TPUs outside of the urban core have experienced dramatic population growth. There are two extreme cases of population increase identified in the New Territories: Ma On Shan and Ma Wan. Both neighborhoods were small villages with a few hundred people in the 1980s. In the 1990s and 2000s, many private housing estates have been built in these neighborhoods, resulting in a huge population increase. The overall pattern of population change is consistent with the previous urbanization processes discussed. Over the past few decades, Hong Kong has experienced outward growth facilitated by a series of government-initiated programs, including New Town Development, the New Development Areas strategy, and the Public Housing Program. As a result, the percentage of the total population in Hong Kong Island and Kowloon together dropped from 64.6 percent of the whole city in 1986 to only 47.7 percent in 2016, while the population in the New Territories increased from 34.7 percent in 1971 to 52.3 percent of the city in 2016.

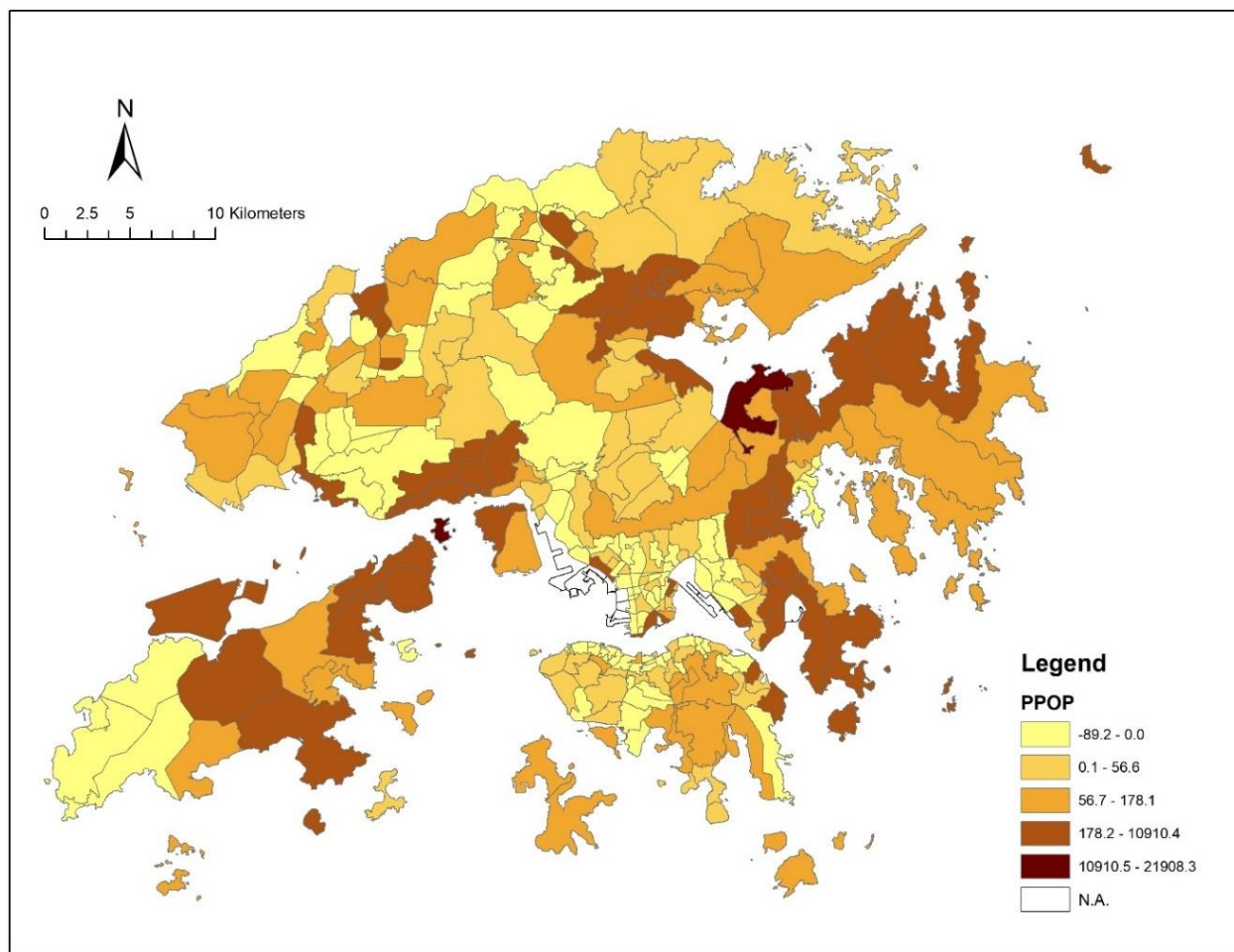


Figure 5-3. Map of percentage change in total population in Hong Kong, 1989-2016

5.3.2 Education

From 1986 to 2016, educational attainment has increased substantially in Hong Kong.

Figure 5-4 illustrates that the percentage of secondary education in all TPUs (except TPU 295) has greatly increased. In particular, compared to the urban core areas, the more remote areas in the New Territories have had greater increases in educational attainment. This is consistent with the population change patterns, partly because people who moved from the urban core into the intensifying suburbs generally have a higher level of educational attainment than the traditional local population at the urban periphery. It is worth noticing that Kwan Tung (TPU 295) is the

only neighborhood that experienced a decline in the percentage of secondary education.

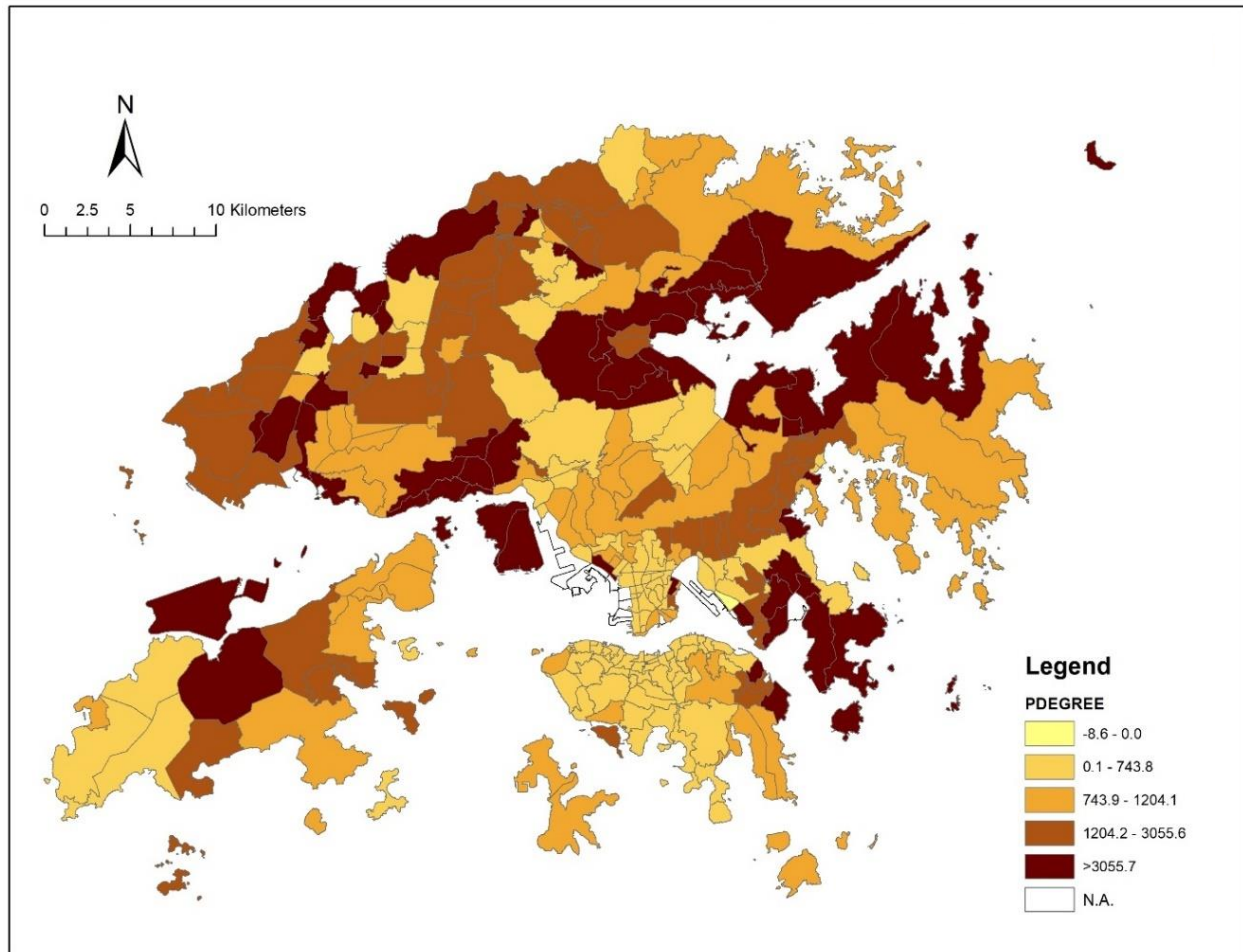


Figure 5-4. Map of percentage change in degree educational attainment in Hong Kong, 1986-2016

5.3.3 Occupational structure

As discussed in previous chapters, Hong Kong has experienced de-industrialization since the 1980s, leading to the decline of manufacturing and the rise of service sectors. As a result, the occupational structure has also been significantly transformed. To reflect on the transitions in the occupational structure, this section presents the changes in two key Census variables—employment in manufacturing and as professionals.

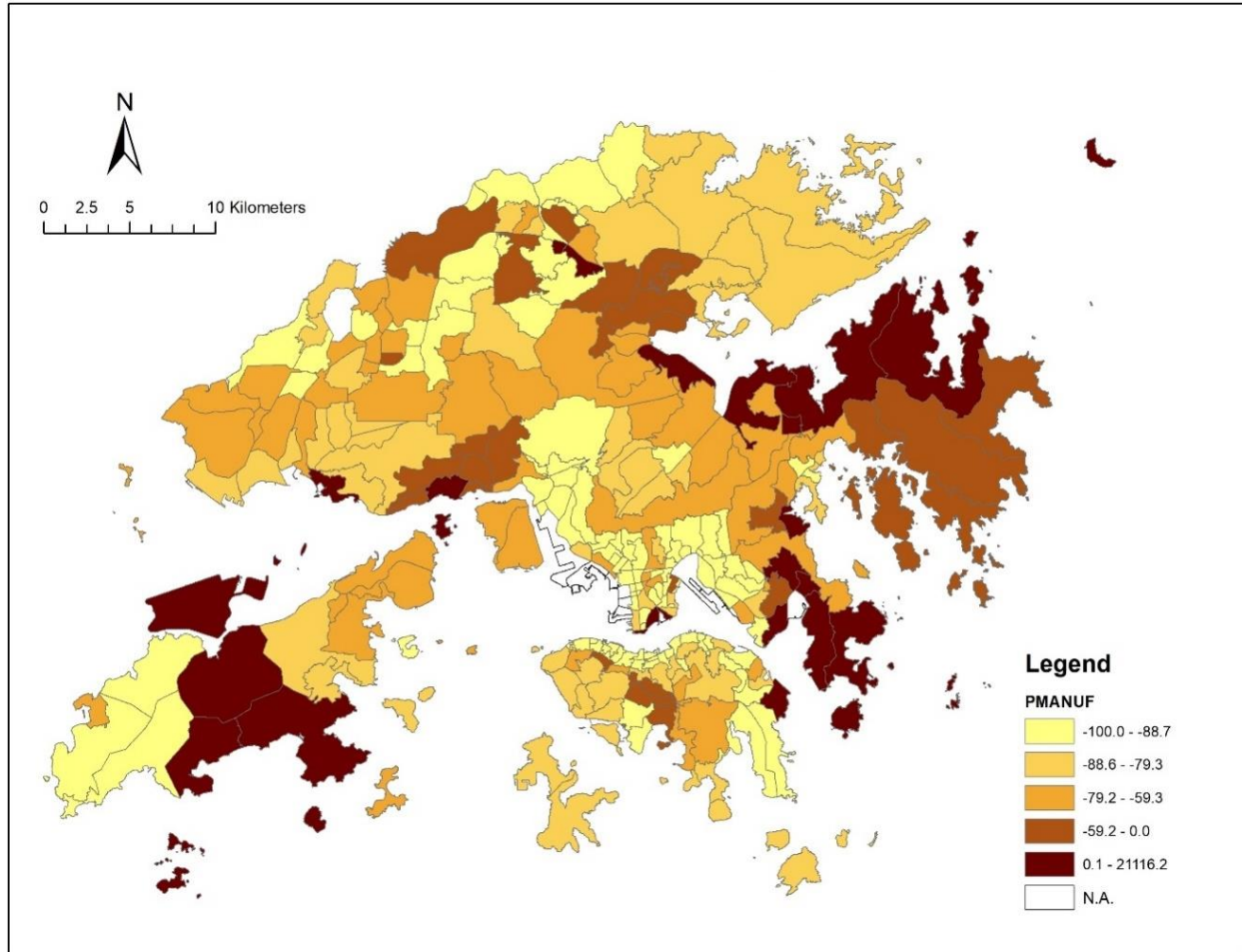


Figure 5-5. Map of percentage change in manufacturing in Hong Kong, 1986-2016

Figure 5-5 indicates that the number of people employed in manufacturing has significantly decreased in most of the Hong Kong TPUs from 1986 to 2016. In particular, the urban core has witnessed the greatest decline of residents employed in manufacturing. This spatial pattern is consistent with the population change experienced in the core. It is worth noticing that a few TPUs located in the southern tip of the Kowloon peninsula have experienced an increase in manufacturing employment. Except for these TPUs, other TPUs that have experienced a manufacturing increase are all located in urban peripheries or even in further remote areas.

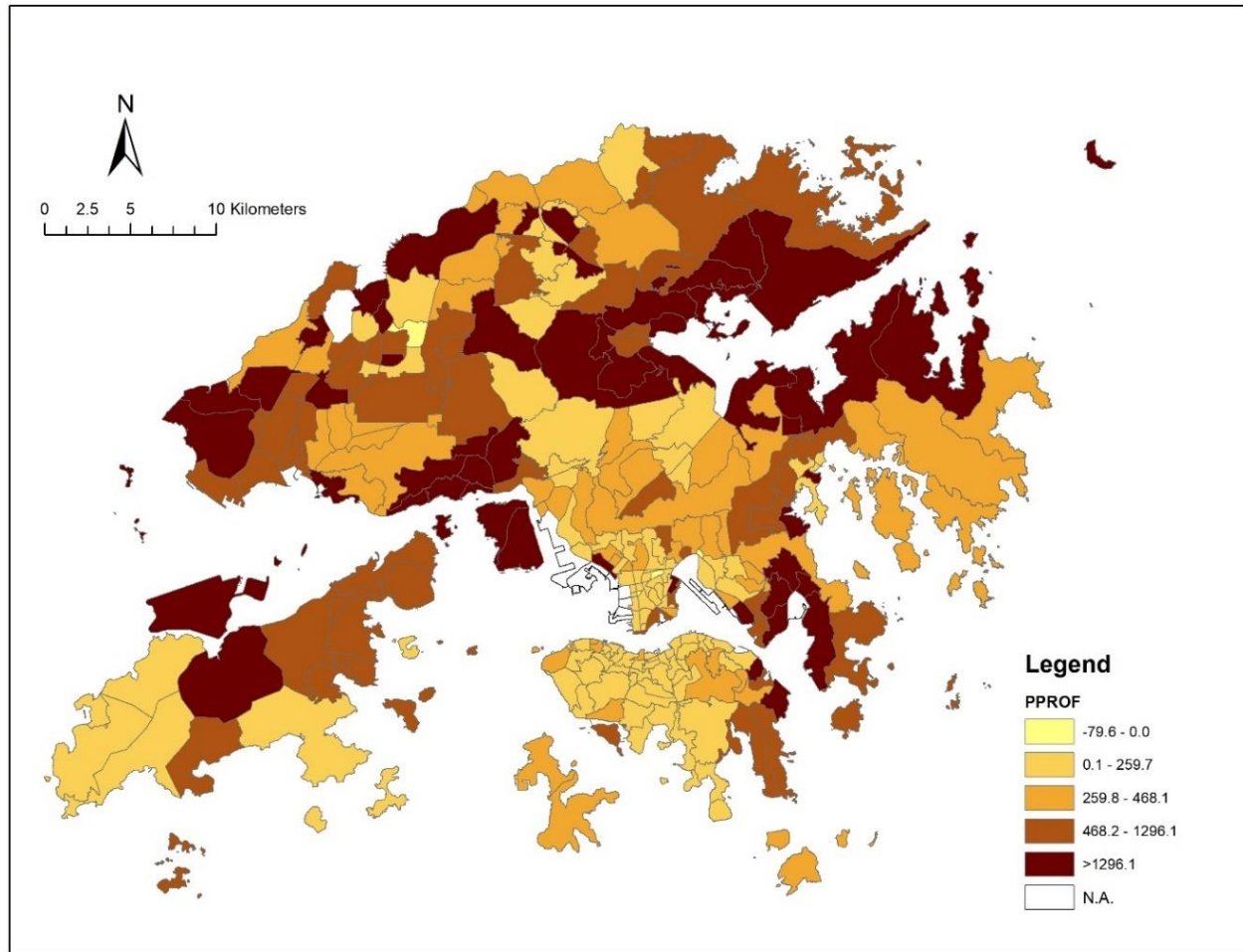


Figure 5-6. Map of percentage change in professional occupation in Hong Kong, 1986-2016

In contrast to the decline in manufacturing, the increase in professional occupations can be observed across the whole city (Figure 5-6). Interestingly, the overall spatial pattern of changes in professional occupation is similar to shifts in manufacturing. The remote areas of the city have experienced the most dramatic increase in residents employed in professional occupations. This spatial pattern is a reflection of the general trend of outward population growth. However, some TPUs (e.g., Kwun Tong, Sham Shui Po, and Siu Sai Wan) in the urban core areas have also experienced a substantial increase in residents employed in professional occupations.

5.3.4 Income

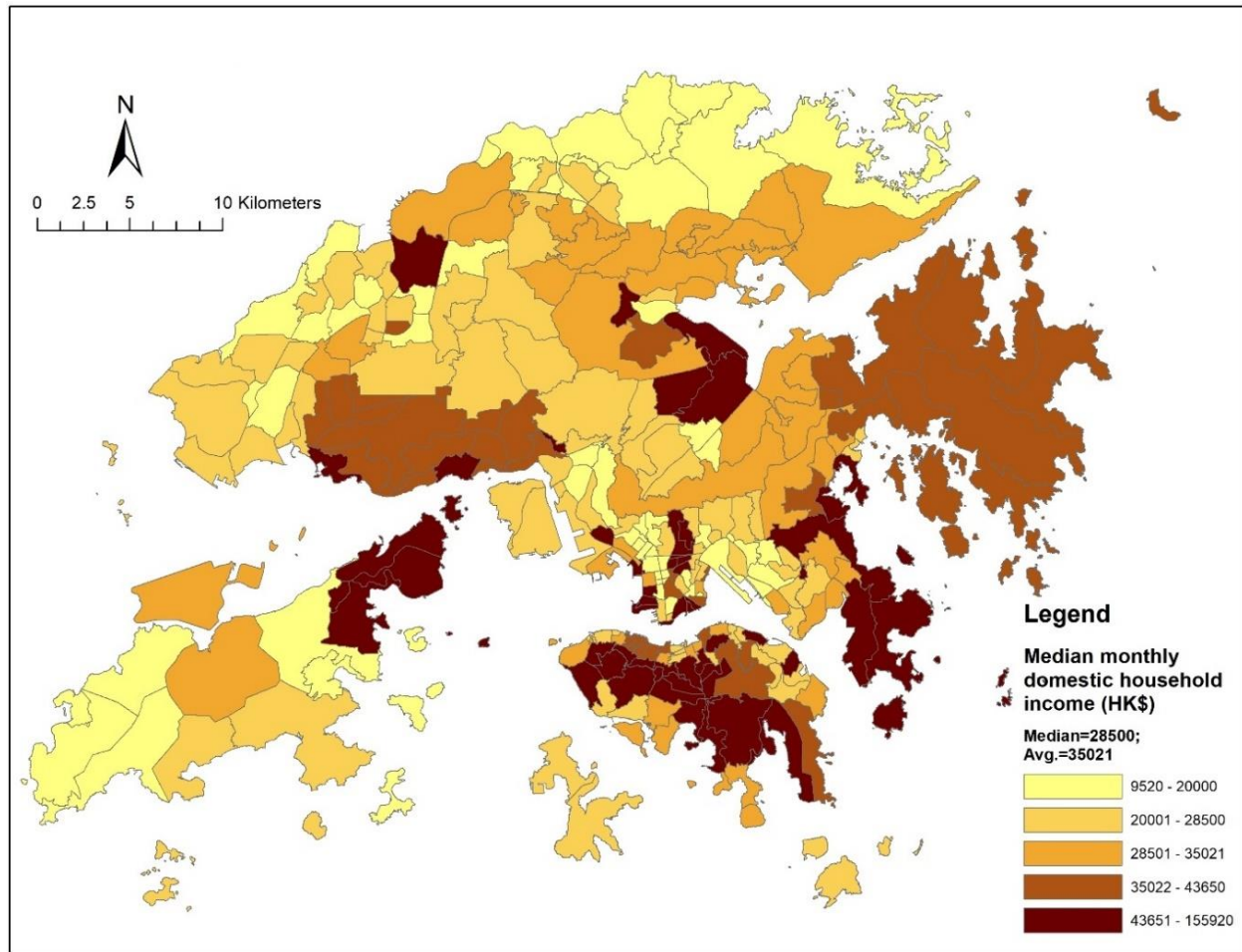


Figure 5-7. Map of median monthly domestic household income (HK\$) in Hong Kong, 2016

This section presents both an imprint of household incomes across the city in 2016 and also income trends from 1986 to 2016. Figure 5-7 illustrates that the median monthly domestic household income is very high in the TPUs along the mountains in Hong Kong Island (e.g., the Peak, Mid-Levels, Happy Valley). These TPUs are home to the most expensive and exclusive neighborhoods in Hong Kong. Another high-income neighborhood in the urban core area is Kowloon Tong, which is located south of Beacon Hill. It attracted many wealthy people because of its low-density nature of development and its well-known school system. Other high-income

neighborhoods in the urban core are distributed sporadically, such as East Tsim Sha Tsui, West Kowloon, and Taikoo.

In the New Territories, high-income neighborhoods can be found in Sha Tin, Ma Wan, and Sai Kung. As to the low-income neighborhoods, Sham Shui Po and Kwan Tong have the lowest level of median monthly domestic household income in the urban core areas. Surprisingly, neighborhoods along Nathan Road, the major artery in Kowloon, also have a low level of median monthly domestic household income. These neighborhoods include Yau Ma Tei, Jordan, Mong Kok, and Prince Edward. It is worth noticing that Wan Chai, located in one of the richest districts in Hong Kong, has a relatively low level of median monthly domestic household income. In the New Territories, most low-income neighborhoods are located in remote areas, including most neighborhoods in the North, northern Yuen Long, and southern Lantau Island.

However, the percentage change in household income from 1986 to 2016 shows a different socio-economic pattern, the dynamic transformation of earnings across the city (Figure 5-8). Overall, the median household income has greatly improved across Hong Kong. The median household income only experienced a moderate increase in the traditional high-income neighborhoods in the urban core. West Kowloon and Deep Water Bay have experienced the greatest increases in median monthly household income. In contrast, the median household income in most of the TPUs in the New Territories have increased dramatically. This is consistent with the population outward growth pattern, as increasingly, middle-income households have moved out of urban core and into the suburbs.

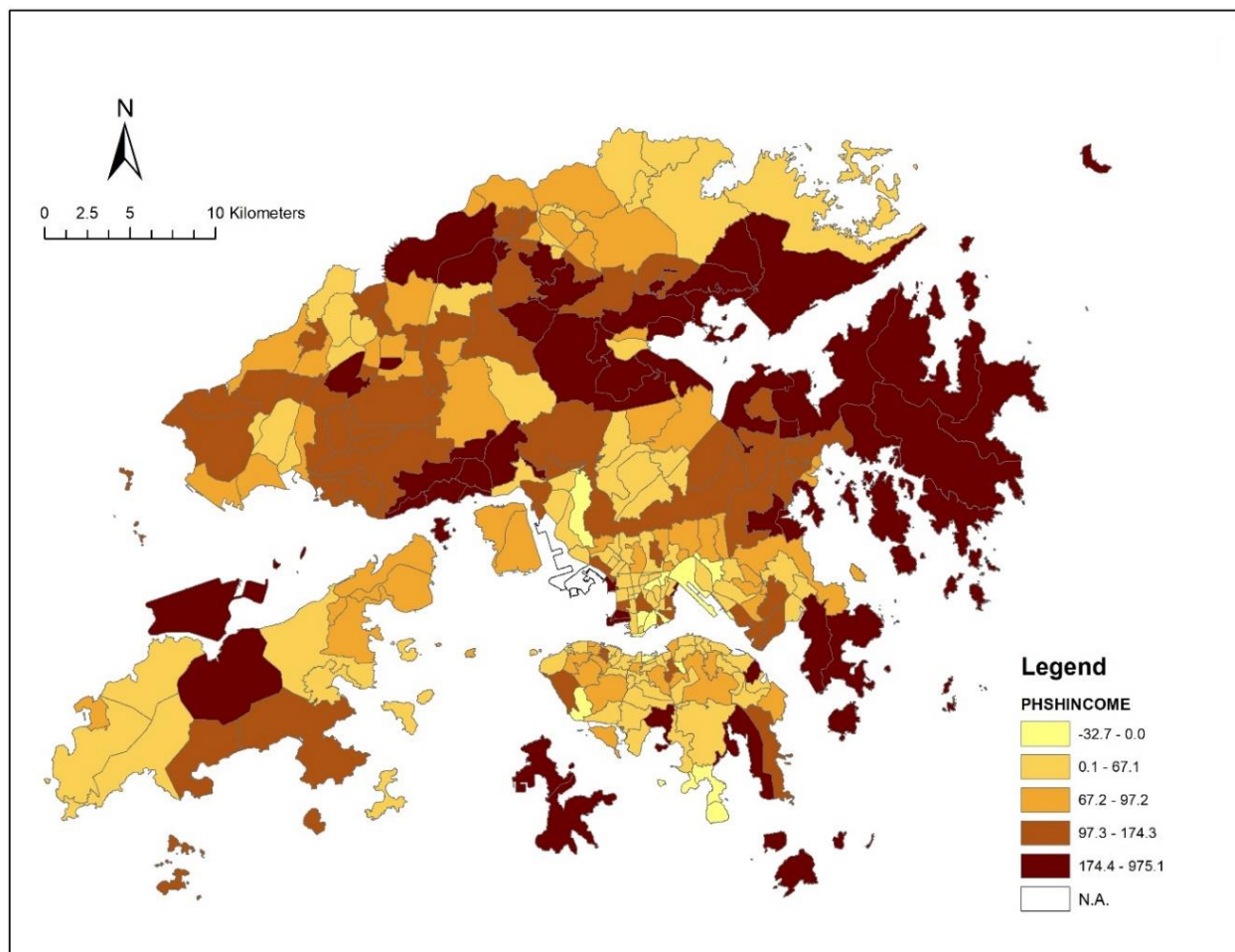


Figure 5-8. Map of percentage change in household income in Hong Kong, 1986-2016

5.3.5 Rent

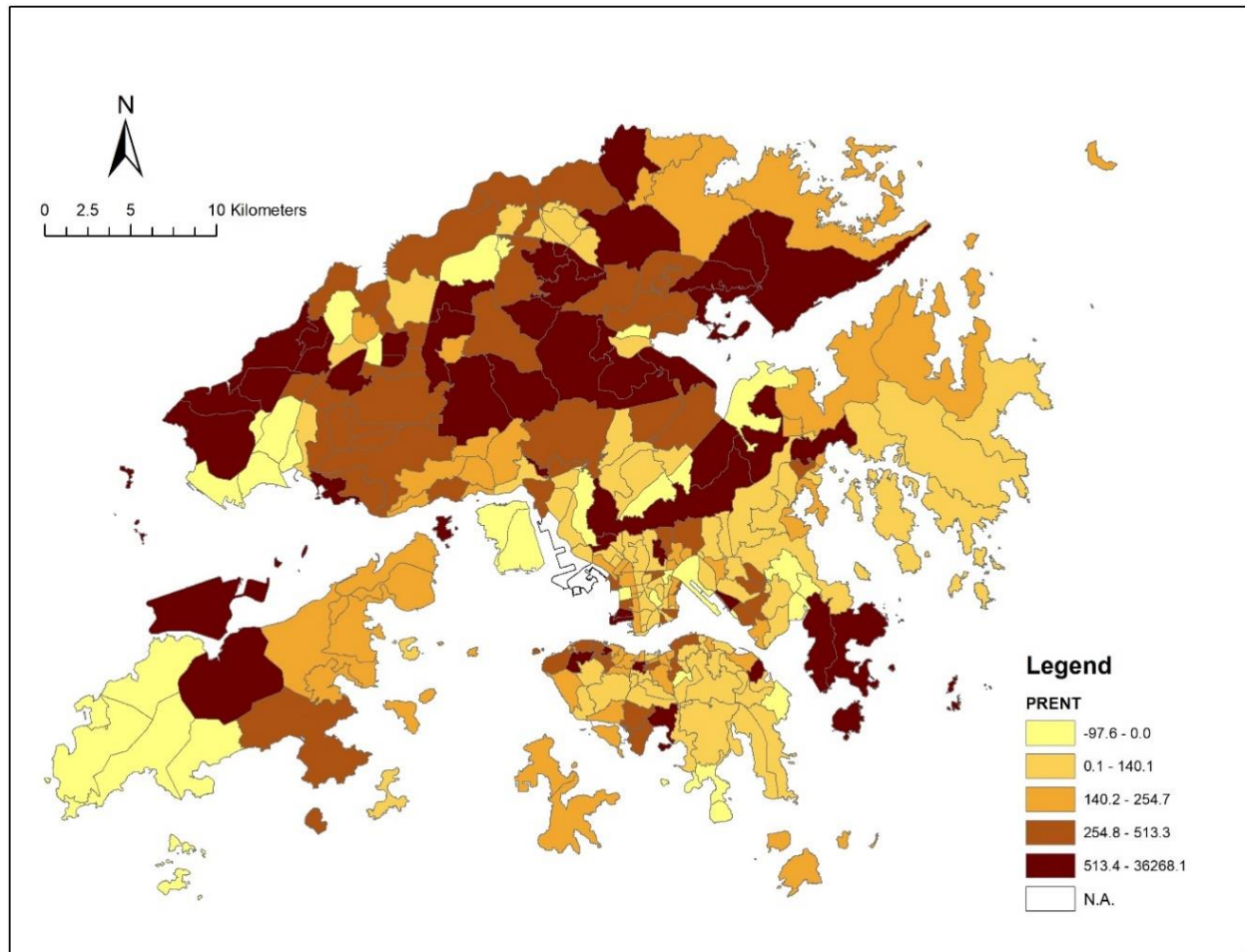


Figure 5-9. Map of percentage change in rent in Hong Kong, 1986-2016

The percentage change in rent shows a similar pattern to the percentage change in household income (Figure 5-9). Most neighborhoods in Kowloon and Hong Kong Island have experienced either moderate or substantial increases in rent. Kwun Tong, West Kowloon, Kennedy Town, Wan Chai, Deep Water Bay, and Heng Fa Chuen are neighborhoods experiencing the highest rent increases in the urban core. However, neighborhoods in the New Territories have experienced a greater rent increase when compared to those in Kowloon and Hong Kong Island. Rent in most neighborhoods in the New Territories has increased over 100

percent. Neighborhoods experiencing a decrease in rent are sporadically distributed in remote areas of the city.

5.3.6 Housing

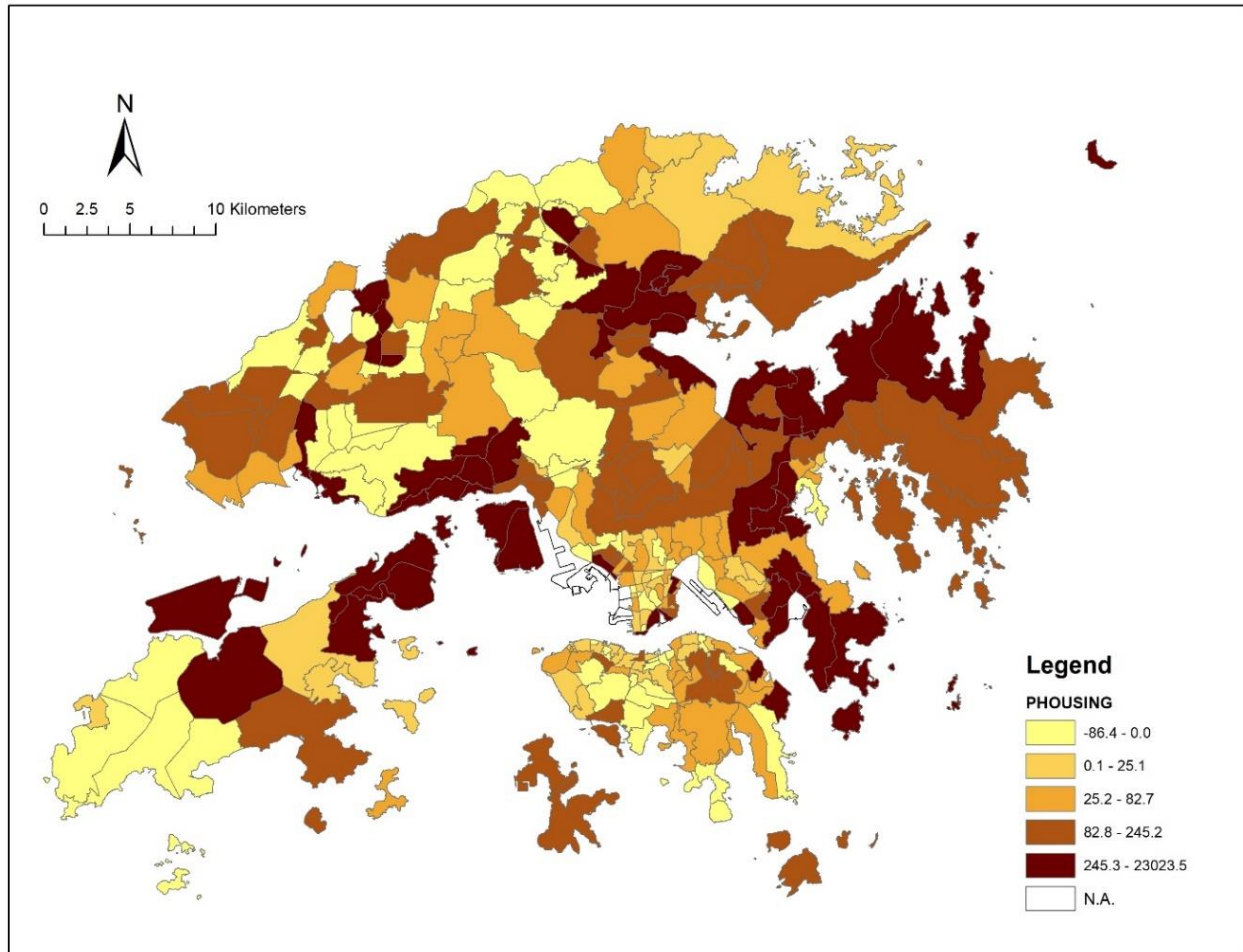


Figure 5-10. Map of percentage change in housing units in Hong Kong, 1986-2016

Both the percentage change in total housing units and the percentage change in subsidized public housing units from 1986 to 2016 are presented to reflect the general housing trends experienced across Hong Kong (Figure 5-10 and 5-11). Overall, the increase in total housing units is more substantial in the New Territories than that in Kowloon and Hong Kong Island. This, again, reflects the outward growth trend in Hong Kong. In the urban core areas,

neighborhoods such as Kwun Tong, Sham Shui Po, Hung Hom, Tsim Sha Tsui East, and Heng Fa Chuen, have the highest increase in total housing units. While the increase in total housing units is widely and sporadically distributed across Hong Kong, the increase in public housing units is concentrated in certain neighborhoods, most of which are located in the New Territories. The subsidized public housing units have also increased in Sham Shui Po and Kwun Tong, the two poorest neighborhoods of Hong Kong.

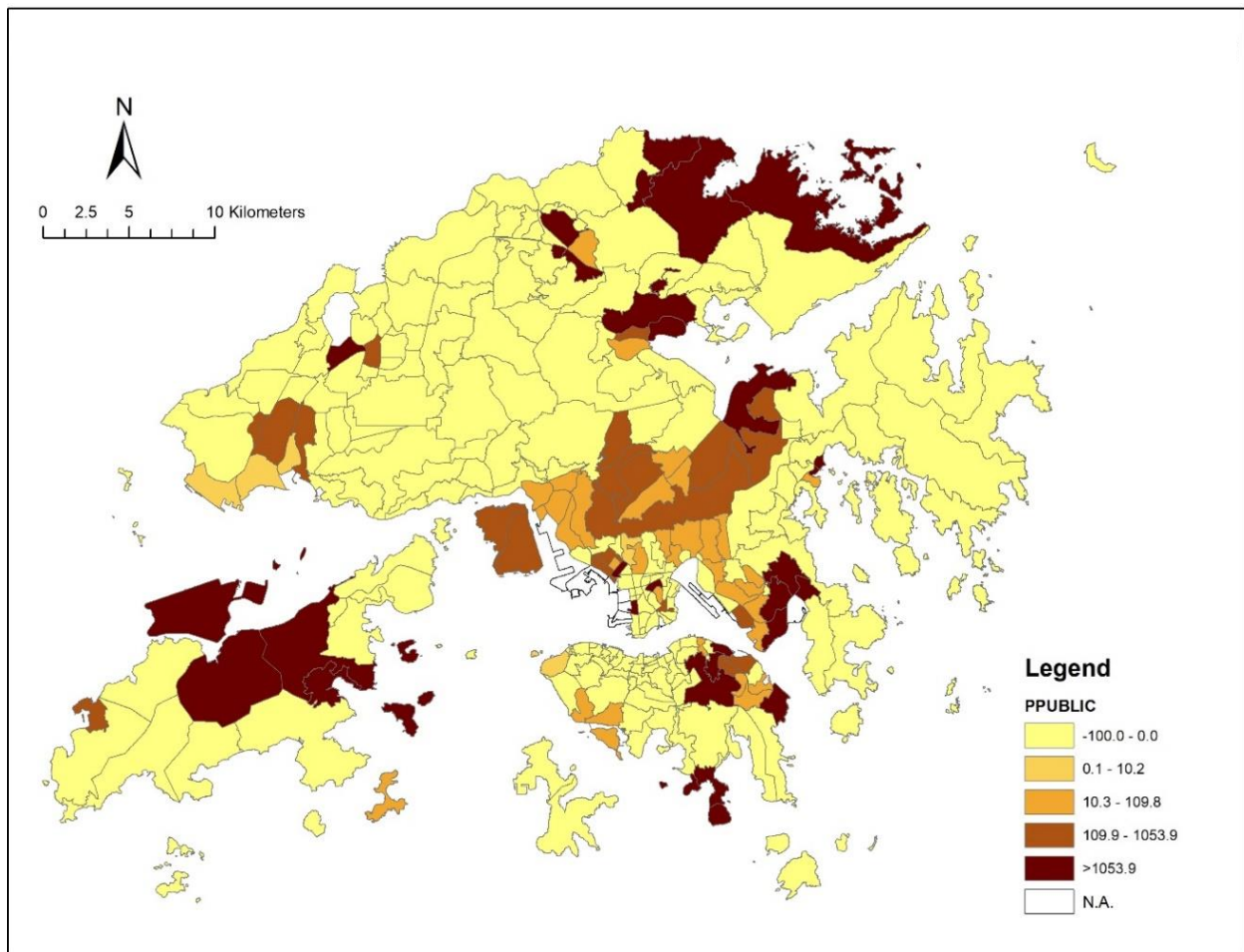


Figure 5-11. Map of percentage change in subsidized public housing units in Hong Kong, 1986-2016

5.3.7 Sub-divided units

Statistics on sub-divided units are only available at the District Council level in Hong Kong for the 2016 by-census. Thus, two variables will be used as proxies of sub-divided units: 1) the median floor area of accommodations of domestic households and 2) housing units with more than one household.

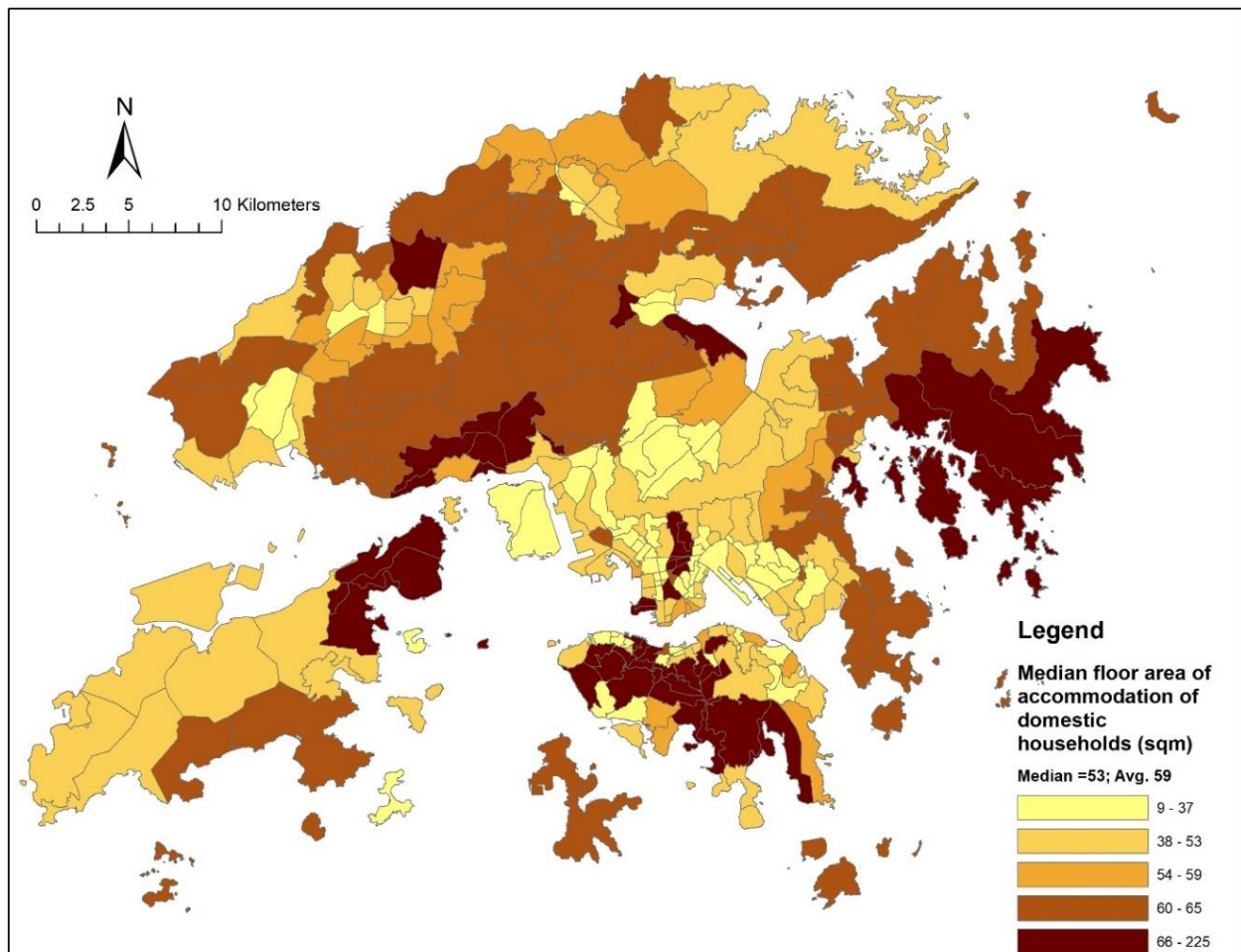


Figure 5-12. Map of the median floor area of accommodations of domestic household (sqm) in Hong Kong, 2016

Overall, the median floor area of accommodations of domestic households is greater in the New Territories and Hong Kong Island than that in Kowloon (Figure 5-12). A closer look at the

median floor area in Hong Kong Island, however, reveals a polarized scenario—the median floor area of accommodations in neighborhoods along the mountains, which is home to the city’s ultra-rich, is very high, while the median floor area of accommodations in the area along Victoria Harbor, the Hong Kong CBD, is relatively low. In Kowloon, the lowest level of the median floor area of accommodations can be found in the poorest two neighborhoods—Sham Shui Po and Kwun Tong.

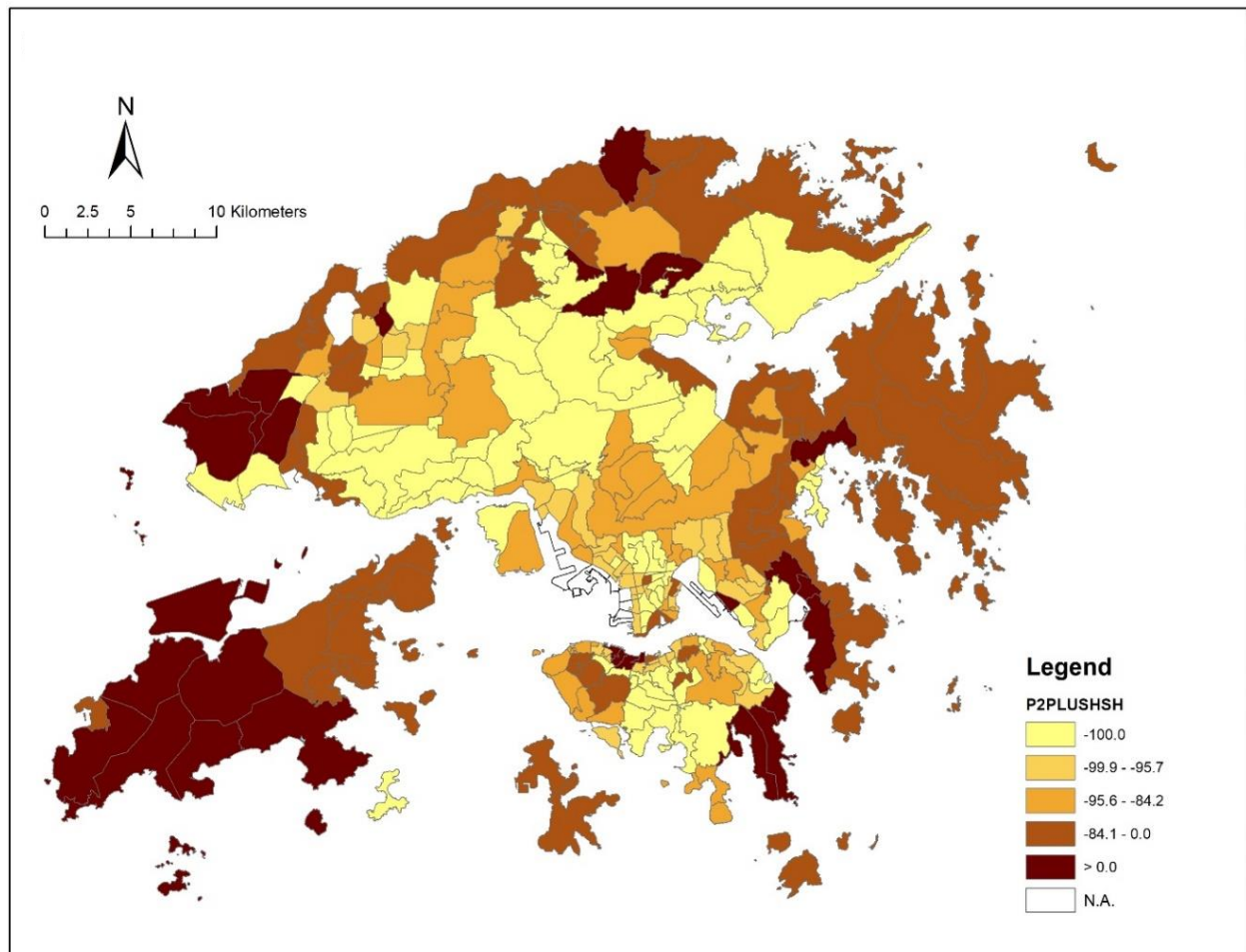


Figure 5-13. Map of percentage change in TPU with more than one household in one housing unit in Hong Kong, 1986-2016

Figure 5-13 shows that the number of shared housing units has dramatically decreased in most TPUs in Hong Kong from 1986 to 2016. However, in some sporadically distributed TPUs, the number of shared housing units has increased. In the urban core areas, these neighborhoods include Central and Kwun Tong. It should be noted that Kwun Tong already has the lowest level of the median floor area in its accommodations, and the situation has been getting worse over the years. It is not surprising that the number of shared housing units has been increasing in Central, the CBD of Hong Kong. Because of the favorable location and accessibility to work, people would trade personal space for travel time. Thus, the number of shared housing units has increased over the years within Hong Kong's CBD.

5.4 Index of income polarization

Social polarization has been viewed as one of the major negative social impacts of gentrification. The more gentrification had progressed in a neighborhood, the greater the reduction in levels of the social mix (Walks & Maaranen, 2008). In other words, worsened social polarization and segregation were created (Zhang & He, 2018). To address the polarization perspective of gentrification, I measured the index of income polarization. It should be noted that, instead of measuring the overall income polarization situation that indicates the unequal distribution of incomes among people within a polity, I focused on the neighborhood income polarization, which illustrates the distribution of people within space (Kohn, 2013), allowing a comparison of the spatial distribution of gentrified/gentrifying neighborhoods.

Income polarization was measured by the population-share index, which is defined as “the share of the household population that is not in the middle-income class” (Ali Alich, 2016, p. 8):

$$p_t^s = 1 - hhshare_t^{m,s}$$

Where p_t^s denotes the value of income polarization in TPU s and year t ; $hhshare_t^{m,s}$ denotes the share of the middle-income household in TPU s and year t . The middle-income household was defined as the household whose income falls between approximately 40 to 160 percent of the median income⁶. The value of income polarization of each TPU in both 1986 and 2016 was calculated through domestic households by monthly domestic household income obtained from the 1986 and 2016 by-census data, respectively. Figures 5-14 and 5-15 present the polarization index in Hong Kong in 1986 and 2016, respectively.

Overall, Hong Kong Island was the most polarized territory in Hong Kong in 1986 (Figure 5-14). Specifically, most TPUs (e.g., the Peak, Mid-Levels, Happy Valley) along the mountains in Hong Kong Island are highly polarized. These neighborhoods are home to the ultra-rich, who require a large number of low-skilled and low-wage workers engaging in personal services, hotel, tourism, and entertainment industries that cater to the very high-income earners. Thus, a

⁶ Due to the availability of the categorization of income groups, instead of using 50 to 150 percent, I used 40 to 160 percent of the median income as the income range of middle-income households. In 1986, the median monthly domestic household income was HK\$ 5,160 (US\$ 660), the income range of middle-income households was set as HK\$ 2,000-7,999 (US\$ 256-1024). In 2016, the median monthly domestic household income was HK\$ 25,000 (US\$ 320), the income range of middle-income households was set as HK\$ 10,000-39,999 (US\$ 1280-5119).

higher level of polarization can be expected in these neighborhoods. In addition, Sha Tin, Sai Kung, and part of Lantau Island also witnessed high levels of polarization in 1986.

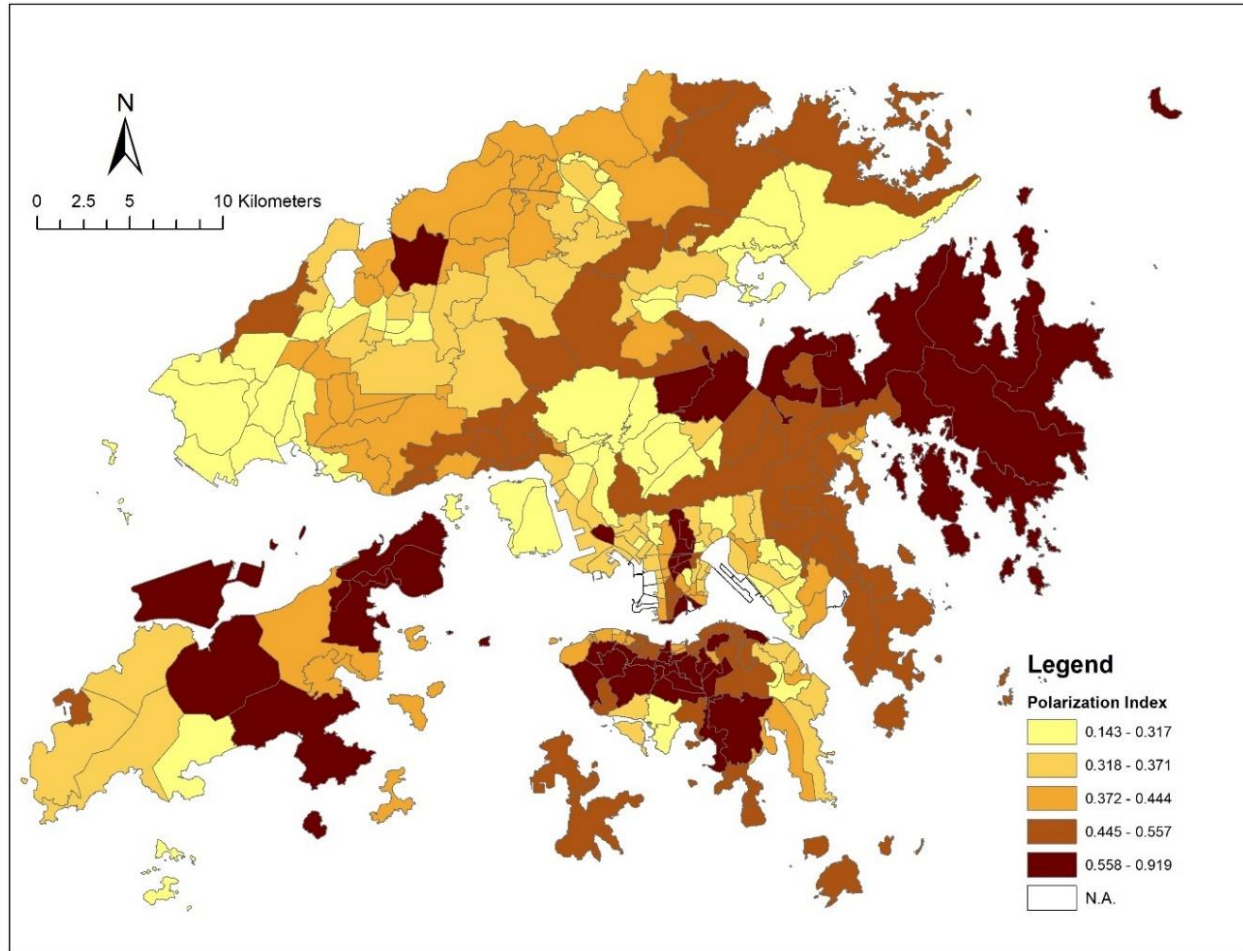


Figure 5-14. Map of polarization index in Hong Kong, 1986

In 2016, when compared to 1986, the overall spatial pattern of polarization in Hong Kong had only minor changes (Figure 5-15). More TPUs along the mountains in Hong Kong Island had become highly polarized neighborhoods, such as Deep Water Bay and Redhill Peninsula. Overall, most TPUs in the New Territories have become more polarized. In Kowloon, some TPUs, which were built on reclaimed land, had developed high levels of polarization in 2016.

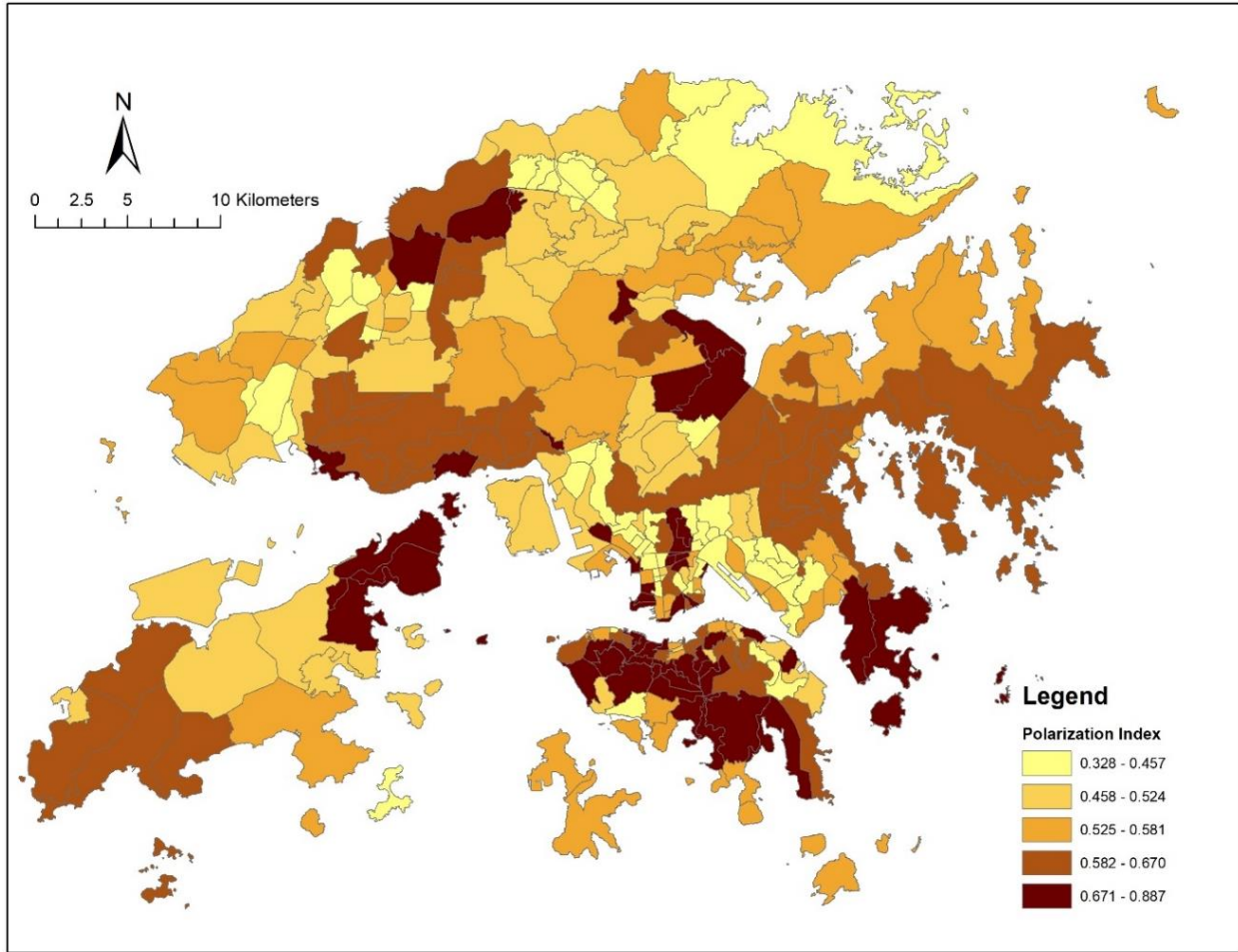


Figure 5-15. Map of polarization index in Hong Kong, 2016

In addition, in order to better illustrate the change of polarization between the years 1986 and 2016, the areal weighting interpolation method was used to normalize the 1986 by-census data to the 2016 counterparts. Figure 5-16 shows that almost all TPUs have become more polarized, with a few exceptions. By 2016, although the polarization levels of TPUs along the mountains in Hong Kong Island, Sai Kung, and part of Lantau Island have slightly decreased, the absolute value remained very high in these TPUs. Only one area—the North—had become less polarized and maintained a low level of polarization in 2016.

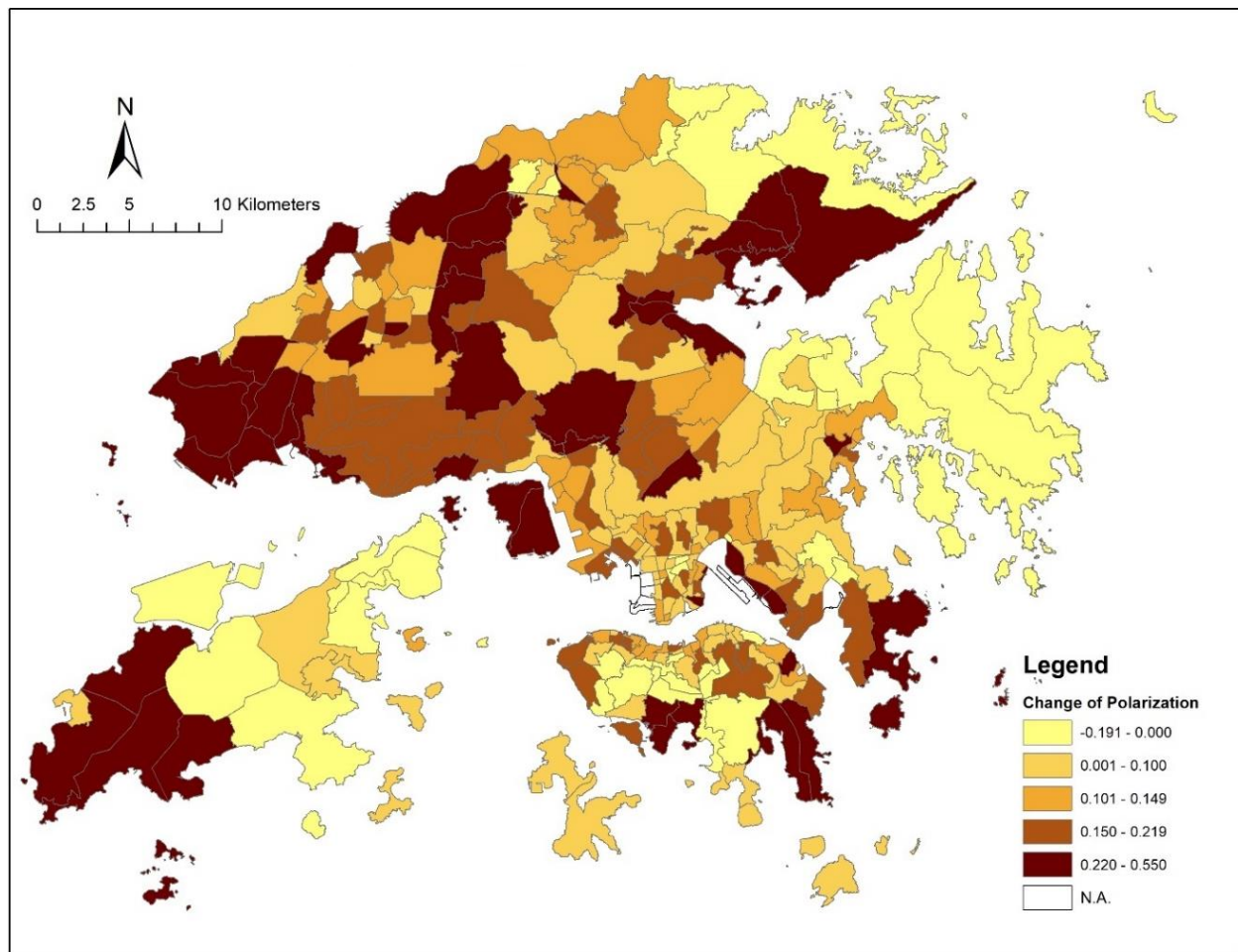


Figure 5-16. Map of change of polarization in Hong Kong, 1986-2016

5.5 Principal component analysis and K-means clustering

The three economic transformations that reshaped Hong Kong's economy also have substantial influences on nearly every aspect of Hong Kong's society. As discussed in sections 2 and 3 in this chapter, neighborhoods in different parts of Hong Kong have experienced different levels of population, socioeconomic, and housing changes. Thus, different processes of gentrification can be expected across this one city, and even throughout its neighborhoods. In order to capture all the nuances of gentrification, all available variables (55 in total) from both the 1986 and the 2016 Hong Kong by-census were obtained. Since population, socioeconomic,

and housing changes are the primary focus of this research, ‘change of percentage’ and ‘percentage change’ variables are used in the analysis. The statistical analysis was conducted in SPSS.

5.5.1 Data cleaning

Although outliers can sometimes provide useful information, they may also create biased results. Thus, prior to the PCA analysis, several criteria were used to detect potential outliers. First, TPUs located on reclaimed lands were removed.⁷ Since there were such no TPUs in 1986, ‘change of percentage’ and ‘percentage change’ cannot be calculated. Second, TPUs with a small number of people in 1986 but that experienced huge population changes from 1986 to 2016 were also removed⁸ because practically, this process might be suburbanization rather than gentrification, and methodologically, the PCA is very sensitive to outliers and the presence of these extreme values would lead to misleading results. A total of 21 TPUs were removed. The sample size was reduced from 214 to 193.

5.5.2 Principal component analysis

Building upon the work of Podagrosi et al. (2011) and Ye et al. (2015), I employed PCA to reduce the 55 variables into a much smaller number of components that still contain the key information of the original variables. The PCA could also correct the problem of

⁷ The excluded TPUs due to land reclamation are TPU 217, 251 and 256, 252, 253, 254, 286, 510, and 838.

⁸ TPUs with small number of people in 1986 but that experienced huge population changes from 1986 to 2016 include TPU 167, 213 and 215 - 216, 426, 627, 628, 741-744, 757, 833, 836, 837, 839, 950 - 951, and 975.

multicollinearity. In the PCA analysis, the number of principal components (i.e., dimensions) was determined by a number of criteria, including 1) the eigenvalue of the component should be greater than 1; 2) the common variance accounted for by the component should be greater than 3%; 3) the combined components account for at least 70% of the total variance; 4) scree test; and 5) the interpretability of the retained components. Based on these criteria, six components were retained, accounting for 70.2% of the total variance.

A varimax rotation is used to achieve a simple structure and make the interpretation of the components easier. As suggested by Hair, Black, Babin, and Anderson (2010), the concept of statistical power can be employed to specify factor loadings considered significant for differing sample sizes. Given that the sample size is 191 in this study, 0.40 is used as the factor loading cut-off. After the varimax rotation, twenty-six variables are loaded on component 1. They explain 33.8% of the total variance. Fourteen variables are loaded on component 2 and account for 12.3% of the total variance. Both components 3 and 4 have seven variables, which account for 7.2% and 7.0% of the total variance, respectively. Eight variables are loaded on component 5, accounting for 6.3% of the total variance. Lastly, three variables are loaded on component 6 and account for 3.4% of the total variance. Table 5-2 presents the variables and factor loadings for each component.

Table 5-2. Factor loadings for each component

Variables	Factor loadings
Component 1	
% change in total population	.978
% change in population 15 years old and over	.977
% change in male	.976
% change in employed civilian population 16 years and over	.975
% change in the number of households	.975
% change in female	.974
% change in total housing units	.962
% change in population 0-24 years old	.954
% change in population 25 to 54 years old	.942
% of change of never-married male	.934
% of change of never-married female	.918
% change of population aged 15 and over having upper secondary education	.913
% change in female-headed households	.912
% change in population 55 years old and over	.888
% change in WRIR (Wholesale, retail & import/export trades, restaurants & hotels)	.884
% of change in household size with 1 or 2	.791
% change in renter-occupied housing units	.738
% change in clerical and related workers	.686
% change in owner-occupied housing units	.651
% change in professional	.642
% change in manufacturing	.620
% of change in TPU with more than 6 occupants in housing units (6 and over)	.600
% change in craft and related workers	.521
% change in FIRE (financing, insurance, real estate & business services)	.530
% change in administrative and managerial workers	.456
% of change in TPU with one person family	.594
Component 2	
Change in the % of TPU in WRIR	.758
Change in the % of TPU that have secondary education	.754
% change of population aged 15 and over having post-secondary – Degree course	.640
% change in FIRE (financing, insurance, real estate & business services)	.567
% change in private housing	.555
% change in administrative and managerial workers	.544
Change of median age between 2006 and 1986	.532
% change in professional	.513
% change in personal income for main employment—Adjusted	.467
Change in the % of TPU in traditional sectors	-.907
Change in the % of TPU craft and related workers	-.801
Change in the % of TPU in manufacturing	-.694
Change in the % of TPU that have post-secondary - Degree course	-.530
Change in the % of TPU with more than 6 occupants in housing units (6 and over)	-.449

Table 5-2 (cont'd)

Component 3	
Change in the % of TPU in administrative and managerial workers	.749
% change in personal income for main employment—Adjusted	.709
Change in the % of TPU that have post-secondary - Degree course	.705
Change in the % of TPU in professional	.645
% change in median household income—Adjusted	.624
% change in median gross rent—Adjusted	.546
Change in the % of TPU in FIRE	.466
Component 4	
Change in the % of TPU with household size 1 or 2	-.859
Change in the % of TPU with one person family	-.824
% of change in TPU with one person family	-.654
% of change in household size with 1 or 2	-.435
Change of median age between 2006 and 1986	-.409
Change in the % of TPU in clerical and related workers	.553
% change in median household income—Adjusted	.428
Component 5	
Change in the % TPU with more than 1 households in housing units	.830
Change in the % of renter-occupied housing unit	.698
Change in the % of TPU with more than 6 occupants in housing units (6 and over)	.601
Change in the % of household living in private housing	.526
Change in the % of TPU in clerical and related workers	.440
% change in private housing	.429
Change in the % of TPU in manufacturing	.421
Change in the % of TPU in FIRE	-.425
Component 6	
Change in the % of owner-occupied housing units	.957
% change in owner-occupied housing units	.519
Change in the % of renter-occupied housing unit	-.504

Next, each component is interpreted based on the mapping of each principal component score and the rotation results. Figure 5-17 presents the spatial distribution of the factor score of component 1, which depicts population turnover. Variables loaded on component 1 reflect the changes of population in terms of number, demographic structure, housing condition, and occupational structure. It is a comprehensive measurement of population change. As can be seen from Figure 5-17, most TPUs did not experience a dramatic population turnover from 1986 to 2016. TPUs with a high level of population turnover are mainly located in the New Territories.

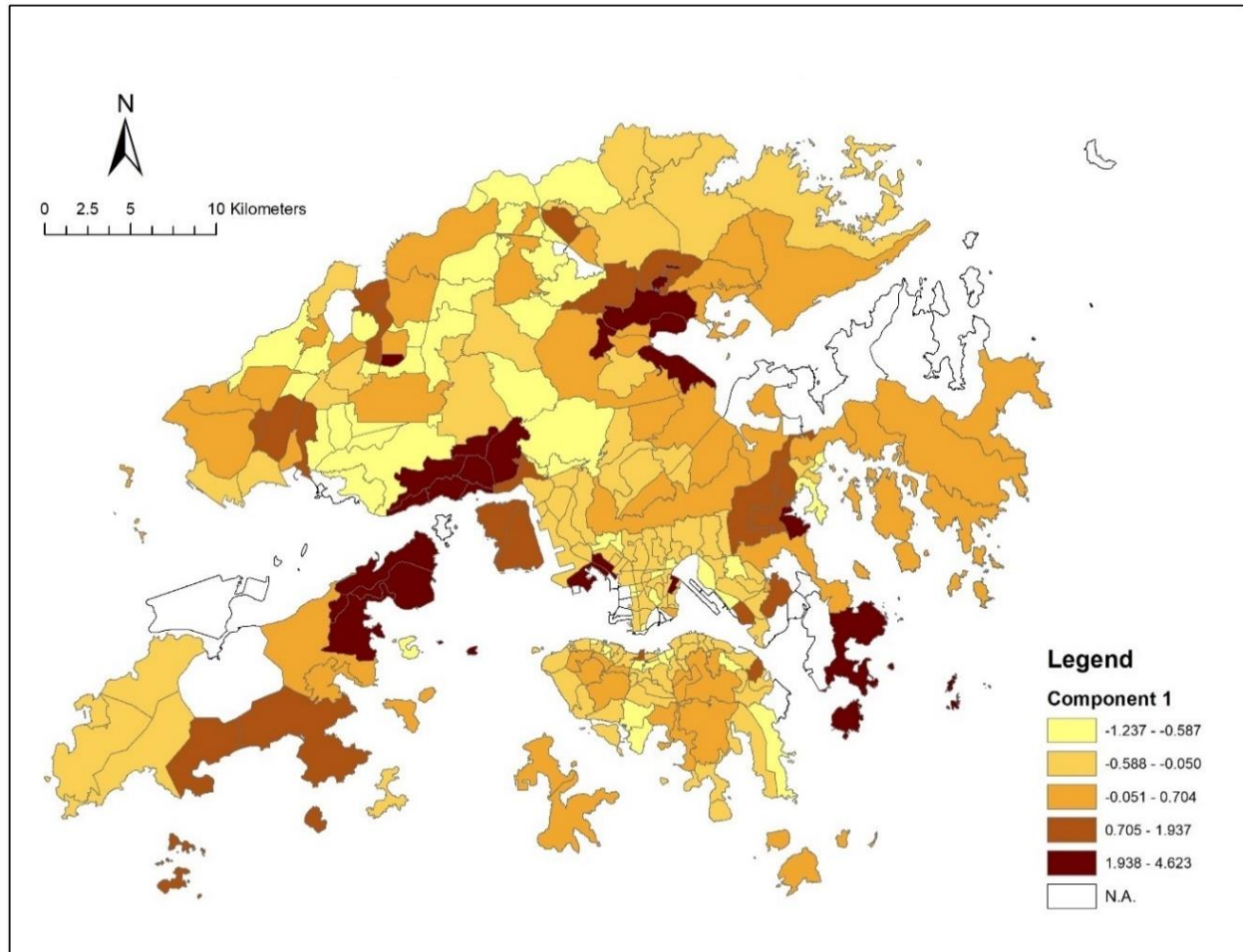


Figure 5-17. Map of factor score of population turnover

TPU 242, located in Ma Tau Kok in Kowloon, has the highest level of population turnover. A major site in this TPU was a cattle depot and slaughterhouse, which turned into the Cattle Depot Artist Village in 2001. TPU 242 experienced a dramatic population turnover during this transition. TPU 335, located in Sham Tseng in New Territories, has the second-highest level of population turnover. Once a small village with a few thousand residents, Sham Tseng developed into a new town in the 1990s, in part, because of its perfect view of Tsing Ma Bridge. Other TPUs with a dramatic population turnover are located in Tai Po Kau, Nam Wai, and Discovery Bay.

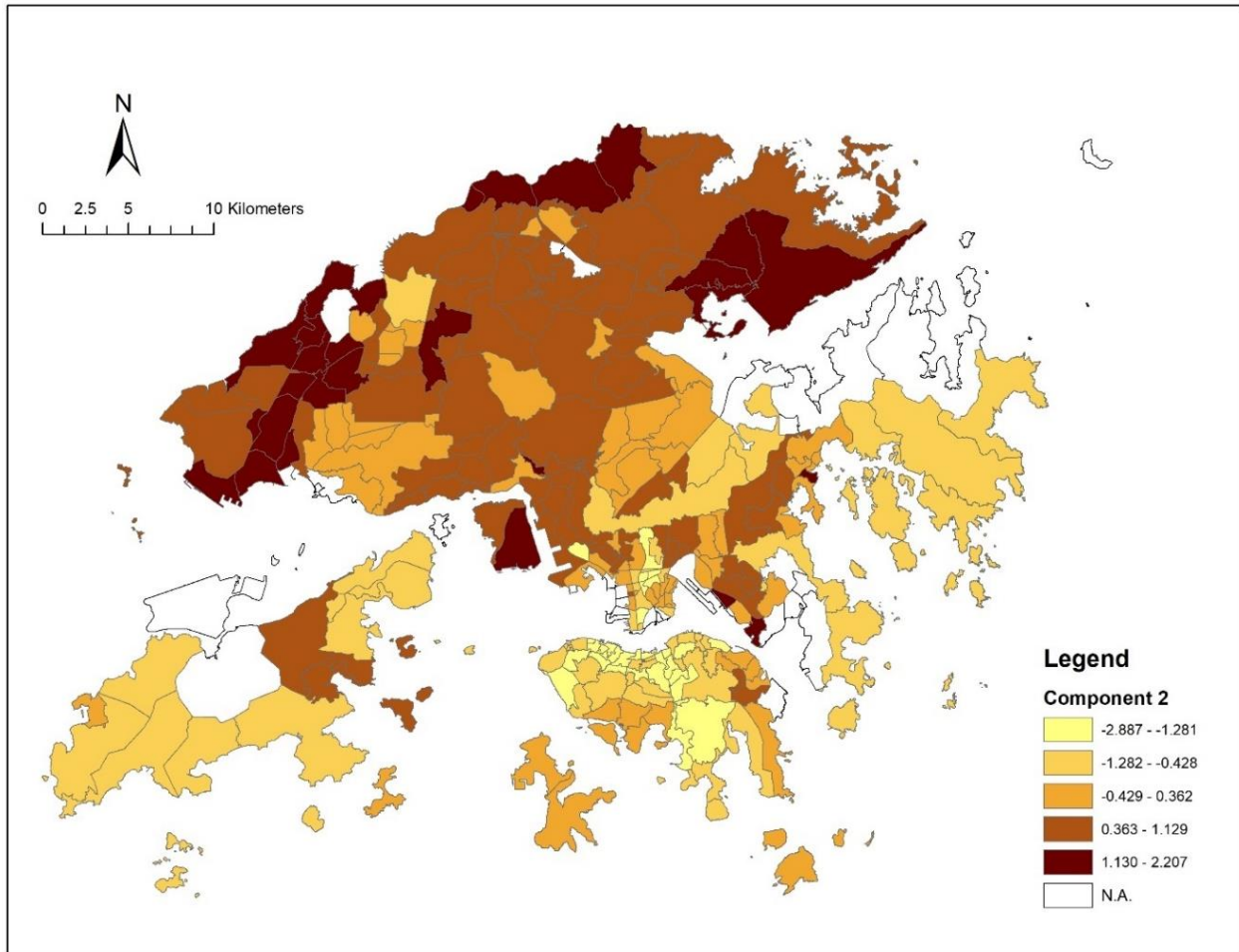


Figure 5-18. Map of factor score of economy restructure

Component 2 portrays the transition of Hong Kong's economy. As discussed in previous chapters, Hong Kong has transformed from an industrial economy into a service economy in the second economic transition. The share of the manufacturing sector in Hong Kong's GDP shrunk from 22.1% in 1985 to only 1.1% in 2015. Along with this transition, the employment structure has also undergone tremendous changes—the number and percentage of professionals and administrative and managerial workers have increased while the number of people engaged in manufacturing and traditional sectors has decreased. In addition, levels of employment income, educational attainment, and living environment also experienced dramatic increases. Component

2 systematically reflects such changes—the increase in professionals and managers, the decrease of residents employed in manufacturing, increases in educational attainment and income, and decreases in number of occupants in housing units —by transforming a set of variables that are related to these changes into one variable.

Figure 5-18 displays the spatial distribution of the value of component 2 of each TPU.

There is a clear trend showing that TPUs in the New Territories have experienced more dramatic transitions than TPUs on Hong Kong Island and/or Kowloon. This result resonates with the occupational structure changes discussed in the previous section. It should be noted that in the ultra-rich neighborhoods – TPUs along the mountains in Hong Kong Island, negative values of component 2 are observed. This indicates that from 1986 to 2016, the percentage of higher- order occupations decreased while the percentage of lower-order occupations increased. On the other hand, as Figure 5-8 shows, the household income in these neighborhoods also increased during this period, indicating that these neighborhoods might have become more polarized from 1986 to 2016.

Component 3 reflects the social upgrading of residents. Variables loaded on this component include high-end employment, income, rent, and educational attainment. Since gentrification focuses on the displacement of low-income households by middle- or upper-income groups, component 3, which reflects the changes of residents' socio-economic status in each TPU, can be considered as a strong indicator of upgrading. In Figure 5-19, TPUs with darker colors indicate higher levels of social upgrading, thus indicating gentrification. Heng Fa Chuen has the highest

score of component 3. Located in eastern Hong Kong Island, Heng Fa Chuen is a large-scale private housing estate developed in the late 1980s. The private housing estate has completely changed the demographic structure of Heng Fa Chuen. Ma Nam Wat also has a high score of component 3. Other neighborhoods with high scores of component 3 include Ma Nam Wat, Central, and Wan Chai.

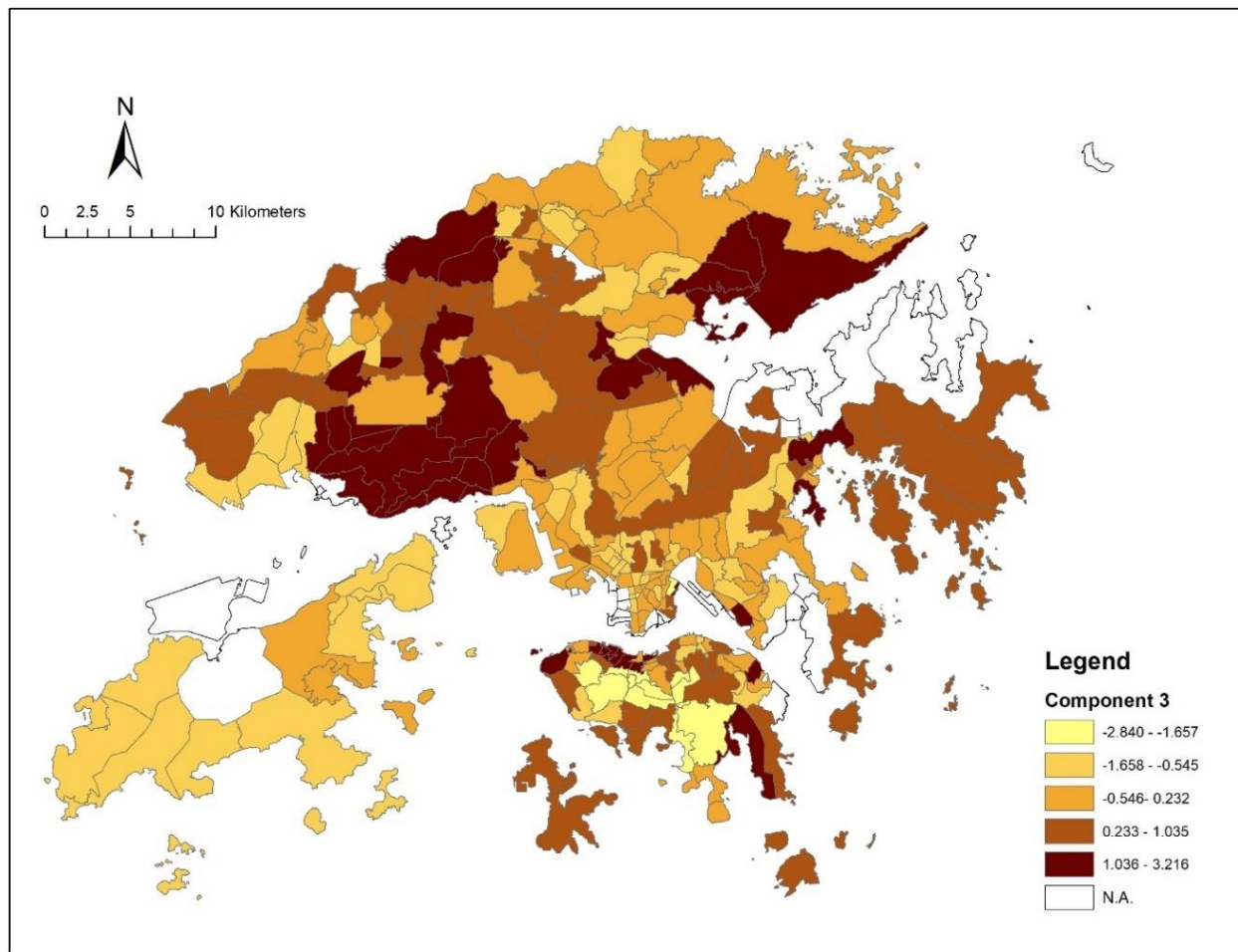


Figure 5-19. Map of factor score of social upgrading

The fourth component depicts the change in family structure and reveals the trend toward smaller households. The major variables loaded on this component include 'Change in the % of TPU with household size 1 or 2', 'Change in the % of TPU with one person family', '% of

change in TPU with one person family’, and ‘% of change in household size with 1 or 2’. Since these variables are negatively loaded on component 4, TPUs with darker colors tend to have a higher percentage of smaller households. These TPUs generally have a higher housing demand, which may stimulate gentrification. Figure 5-20 presents the trend toward a smaller household size in each TPU. Overall, TPUs in the urban core and selected areas in the New Territories tend to have transitioned toward a smaller household size between 1986 and 2016.

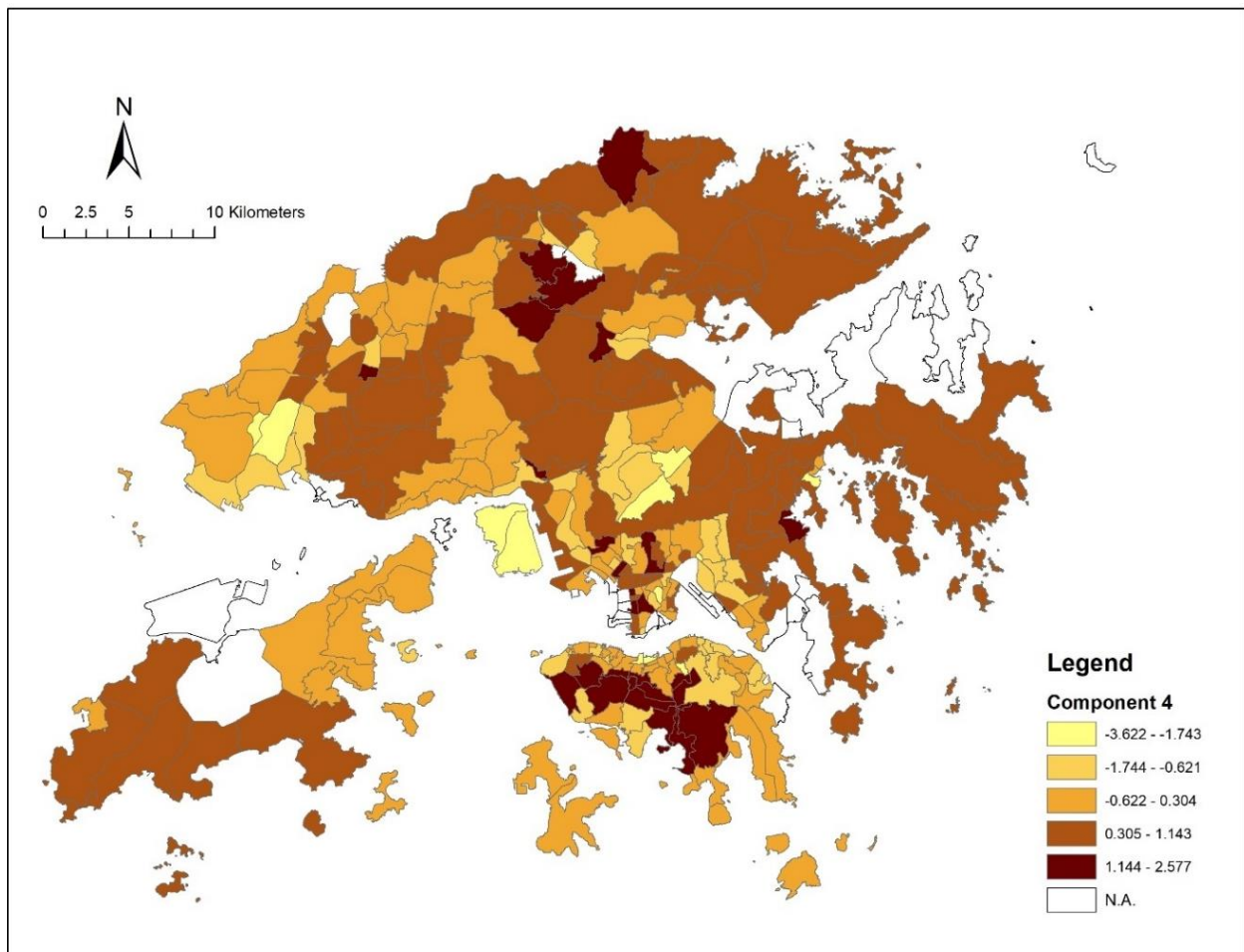


Figure 5-20. Map of factor score of family structure

A higher score on component 4 indicates that the average household size in a certain TPU is relatively large. As can be seen from Figure 5-20, TPUs along the mountains in Hong Kong

Island generally have higher scores of component 4. This makes sense since very wealthy families in Hong Kong typically have a larger household size. Located in Wan Chai, TPUs 134 and 135 have the lowest component 4 score. Wan Chai is one of the busiest commercial areas and one of the most densely populated residential areas. Over the years, Wan Chai has had several urban renewal projects. As the family size became smaller and rent become more expensive, Wan Chai faced significant gentrification pressures. Other TPUs that have a trend of smaller household size are located in Ho Man Tin, Tuen Mun, Tsing Yi, and Tai Hang.

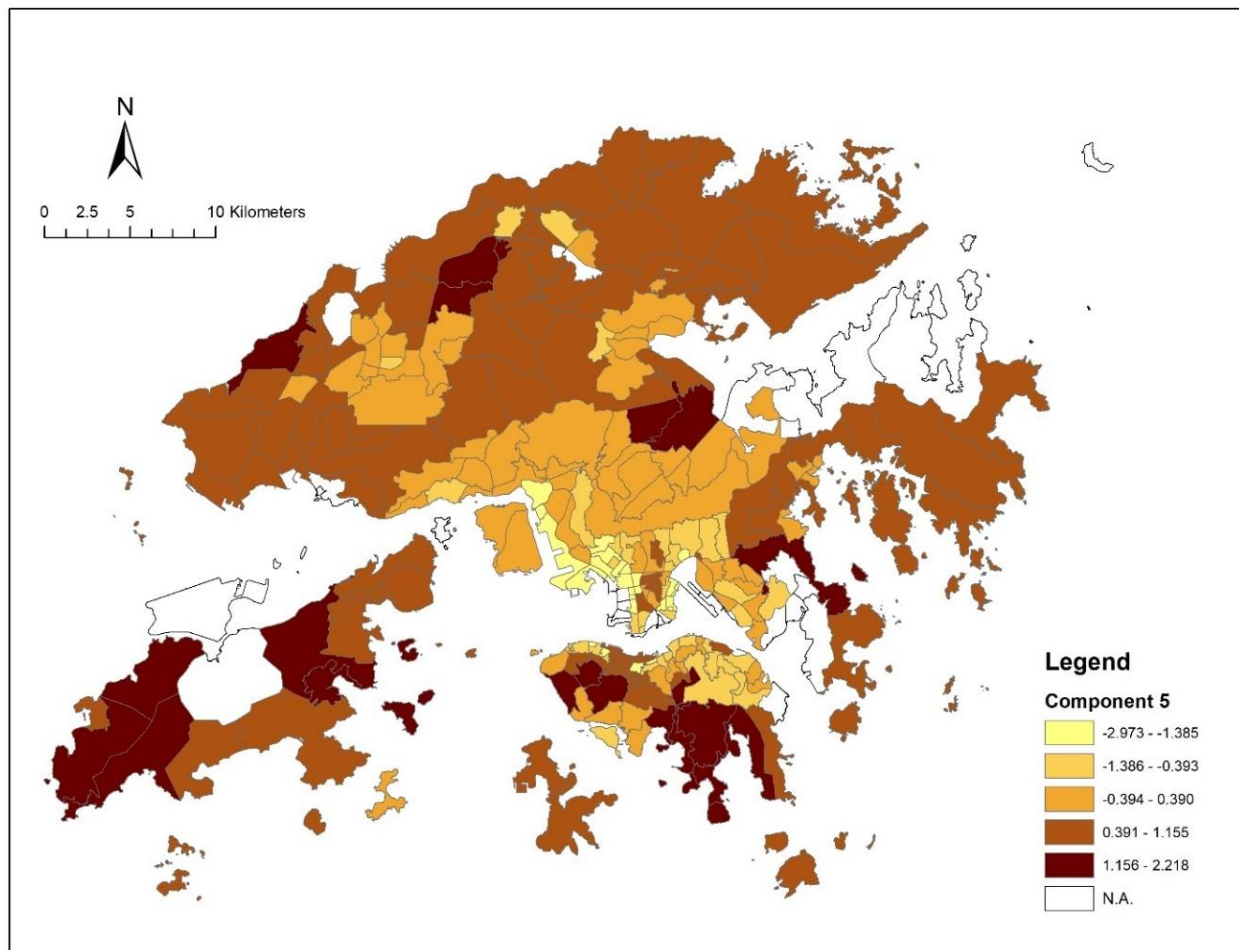


Figure 5-21. Map of factor score of housing sharing

Component 5 reflects the trend toward housing sharing. The key variables loaded on this component include ‘Change in the % TPU with more than 1 households in housing units’, ‘Change in the % of renter-occupied housing unit’, and ‘Change in the % of TPU with more than 6 occupants in housing units (6 and over)’. Overall, the TPUs in the rich neighborhoods in Hong Kong Island and in remote areas in the New Territories have higher scores of component 5, but the two areas have completely different demographic structures. Thus, the reasons for having high scores of component 5 vary. The remote areas in the New Territories are home to many low-income families (see Figure 5-7), who prefer to live in shared housing to further reduce their living expenses (see Figure 5-13). In the rich neighborhoods on Hong Kong Island, the number of housing units with more than one household is quite small (see Figure 5-13), but the household size is usually large among the rich families, resulting in higher scores of component 5.

Component 6 portrays the change in housing tenure from 1986 to 2016. Variables loaded on this component include ‘Change in the % of owner-occupied housing units’, ‘% change in owner-occupied housing units’, and ‘Change in the % of renter-occupied housing unit’ (negatively loaded). Thus, TPUs with darker colors indicate an increase in owner-occupied housing units. Overall, owner-occupied housing units have increased in most TPUs in Hong Kong Island and Kowloon. In particular, Victoria Peak, Central, Kwun Tong, Wang Tau Hom, Wong Tai Sin, and Wong Chuk Hang have the highest increase. Most of the TPUs in the New Territories also experienced an increase in component 6, except for some located in the remote

areas of the city. Since gentrification often leads to an increase in homeownership, component 6 can be used as another indicator of gentrification.

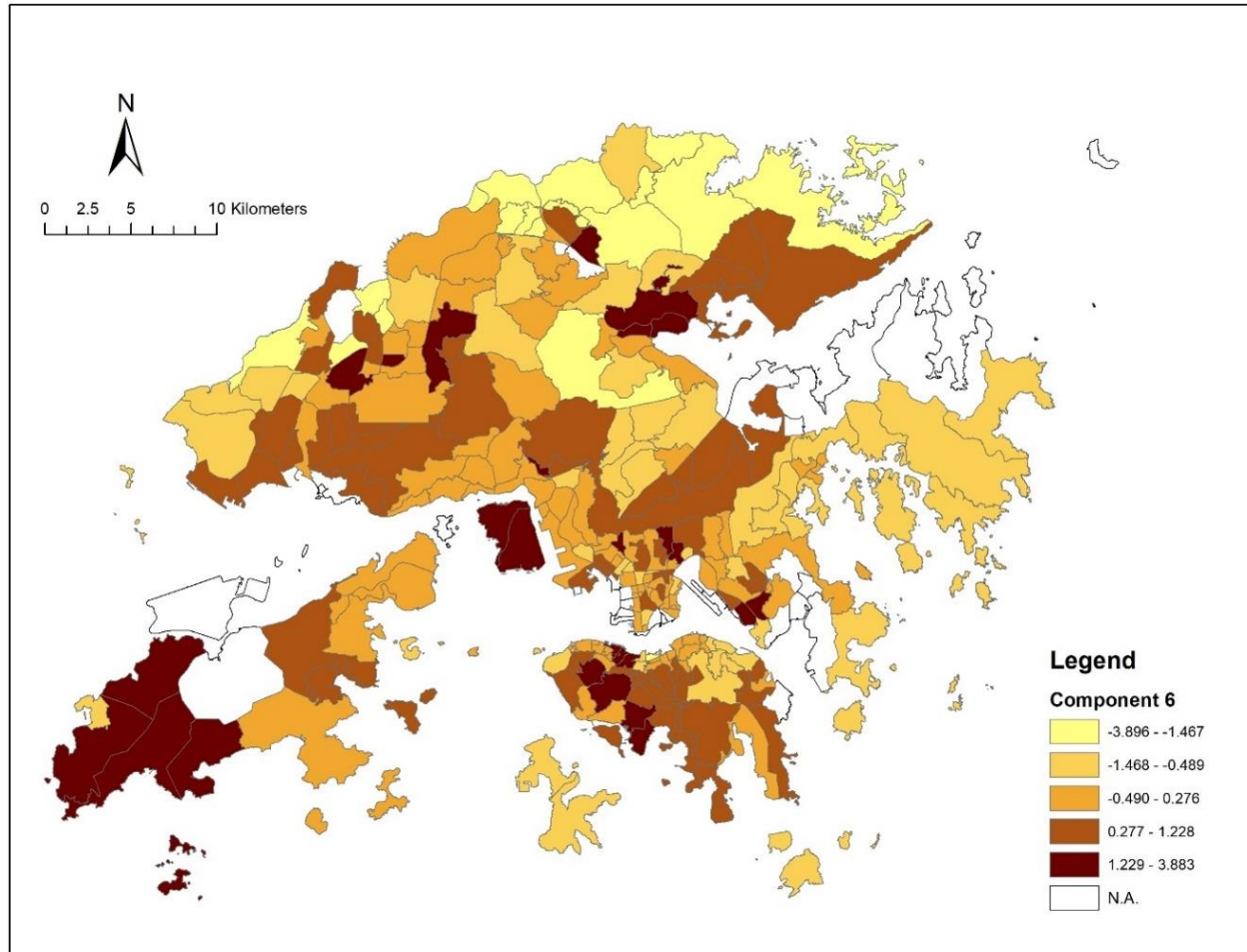


Figure 5-22. Map of factor score of housing tenure

Using PCA, the 55 variables are reduced to six components that contain key sociodemographic and physical conditions across the city, including population, socioeconomic, and housing changes in Hong Kong from 1986 to 2016. The six maps presented above not only provide a comprehensive picture of Hong Kong's transformation over these three decades, but they will also be used as a reference to identify gentrified/gentrifying neighborhoods. The values

of the six components generated from the PCA will be used in the K-means clustering analysis to identify potential gentrified/gentrifying neighborhoods, as detailed in the next section.

5.5.3 K-means clustering analysis

Using the components generated from the PCA, a K-means clustering analysis is performed to group together TPUs experiencing similar patterns of change. The non-hierarchical method—Ward’s method—was used to determine the number of clusters. Results from the PCA using Ward’s method can be found in the Appendix. Based on the analysis, five clusters were identified. The K-means clustering analysis captures neighborhoods having similar levels of social and physical upgrading and identifies a variety of gentrified/gentrifying neighborhoods (Figure 5-23).

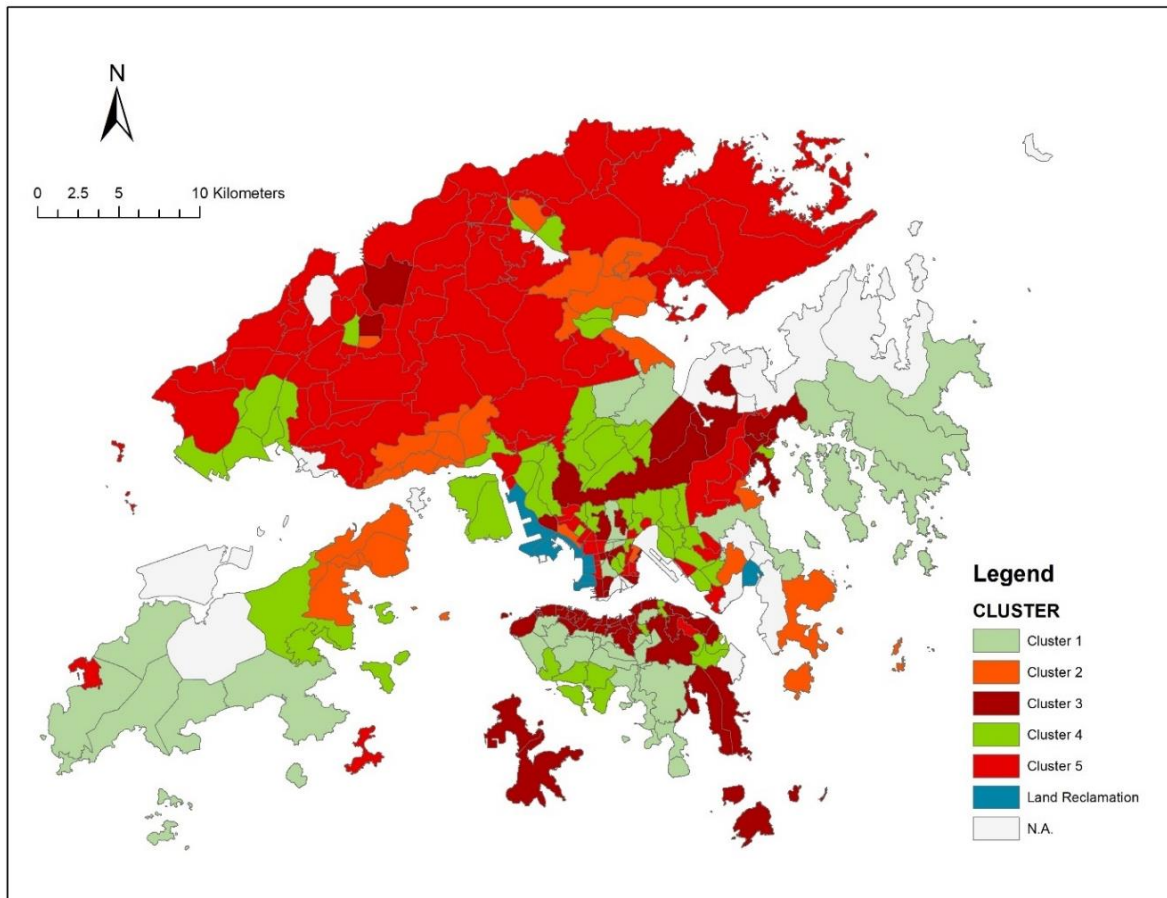


Figure 5-23. Map of K-means clustering results

As proposed by Podagrosi and Vojnovic (2008) and Ye et al. (2015), capital reinvestment in the built environment, leading to the physical upgrading of neighborhoods, and extensive social changes, leading to the displacement of the low-income residents are the defining features of gentrification. Since the census data alone cannot capture capital reinvestment and physical upgrading of neighborhoods, social changes are used as the key indicator of gentrification. In addition, ground truthing was also used to exclude neighborhoods with suburbanization rather than gentrification. The ground truthing could also reaffirm the results. In the quantitative analysis, I use changes of gross rent, median household income, and median personal income from main employment as proxies of social changes. Since rent reflects the change of the land

value and major living expenses, it is assigned more weight in identifying gentrification. Table 5-3 presents the average change in gross rent, median household income, and median personal income resulting from the main employment of residents in each of the clusters.

Table 5-3. Change of gross rent, median household income, and median personal income from the main employment in Hong Kong, 1986-2016

Cluster	% change in median gross rent	% change in median household income	% change in median personal income for the main employment
1	173.8	89.5	21.1
2	454.4	192.8	131.7
3	313.0	89.4	88.4
4	71.6	39.5	76.8
5	396.1	106.1	112.8
Hong Kong Average	273.7	90.0	88.6

Among the five clusters, clusters 2, 3, and 5 demonstrate fundamental features of gentrification. In clusters 2 and 5, the percentage of changes in median gross rent, median household income, and median personal income are all greater than the Hong Kong average. In cluster 3, although the percentages of change in median household income and median personal income are slightly lower than the Hong Kong average, the percentage of change in rent is significantly greater than the Hong Kong average. Thus, cluster 2, 3, and 5 are identified as potential gentrified/gentrifying areas.

In order to identify gentrification, ground truthing is needed to verify whether TPUs in these clusters are experiencing capital reinvestment and displacement. TPUs experiencing limited or no capital reinvestment will be excluded from further analysis. TPUs experiencing capital reinvestment, but only with limited or no displacement will also be removed since these are

suburbanization processes. Despite an upgrading in socioeconomic variables resulting from suburbanization, the absence of displacement excludes this process as being gentrification.

Following the ground truthing, 5 TPUs were excluded from the potential gentrified/gentrifying neighborhoods since most of the areas in these TPUs are parks and limited displacement was identified⁹. As a result, a total of 141 TPUs were identified as gentrified/gentrifying neighborhoods. The total area of the 141 TPUs are 430.89 km², covering 38.82% of Hong Kong's total land area.

⁹ The removed TPUs include TPU 331-334, 336 and 340 (Lin Fa Sham and Shek Lung Kung), TPU 411-416 and 427 (Tai Lam Country Park), TPU 651-653 (Plover Cove Country Park and Pat Sin Leng Country Park), TPU 711-712, 721 and 728 (Pat Sin Leng Country Park and Plover Cove Reservoir), and TPU 756 and 761-762 (Kam Shan Country Park, Lion Rock Country Park, and Ma On Sham Country Park).

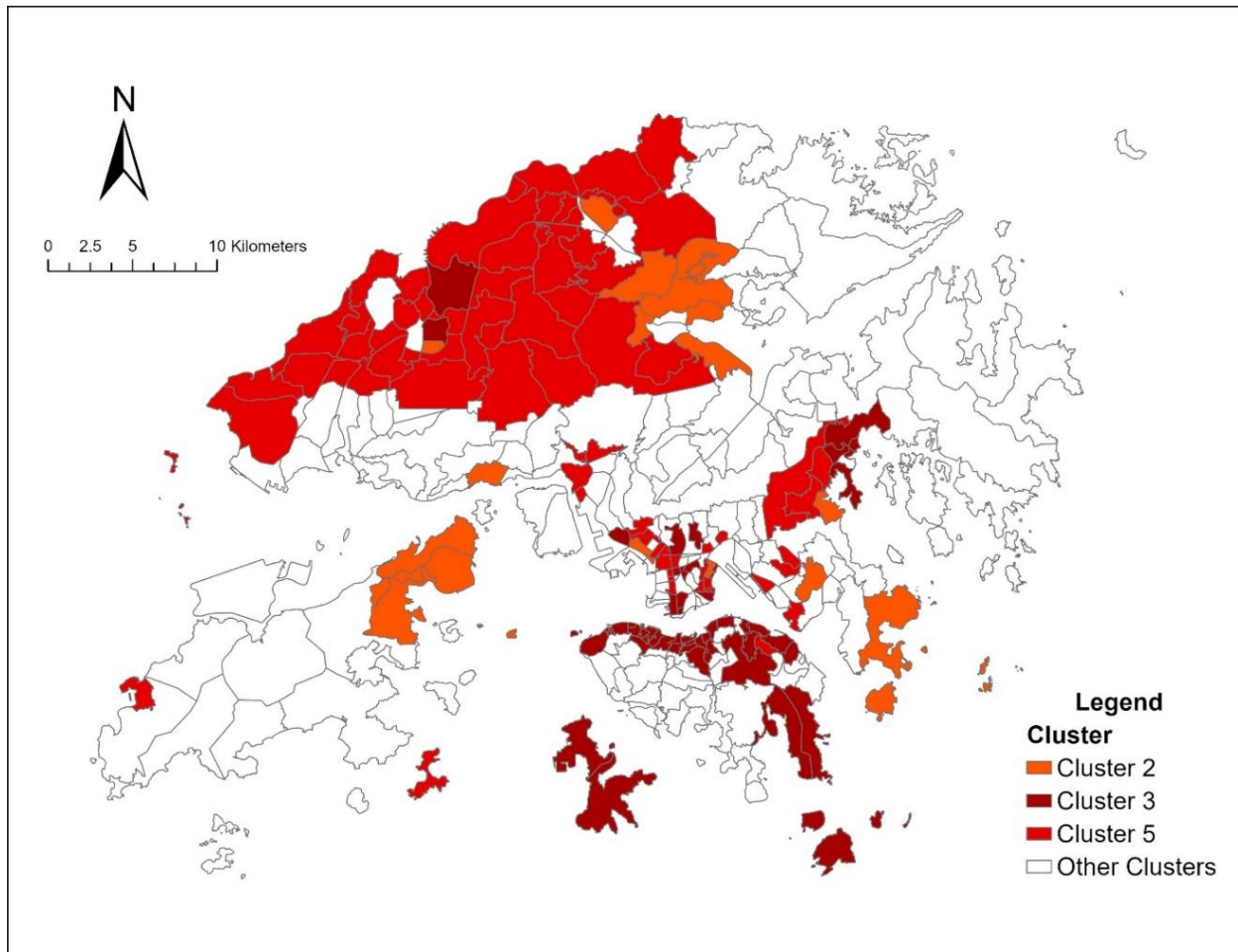


Figure 5-24. Map of K-means clustering showing social upgrading clusters

5.6 Concluding Remarks

This chapter presented the methods, data, and quantitative analysis employed in this study to identify gentrification. To compare the changes of each variable from 1986 to 2016, the 1986 TPU boundaries and by-census data were first standardized to the 2016 counterparts. The demographic, socioeconomic, and housing changes from 1986 to 2016 were then examined through a series of maps to assist in the understanding of Hong Kong's neighborhood changes and an elemental identification of social and physical upgrading processes.

Next, the index of income polarization was presented. Based on the census data, the income polarization in 1986 and 2016, and the change in income polarization between 1986 and 2016 of each TPU were mapped. The spatial distribution of income polarization will contribute to the discussion of the relationship between gentrification and polarization.

Using a PCA, 55 census variables were converted into six components that contain the key information of the social changes experienced in Hong Kong. Each component was mapped, followed by a detailed discussion. These illustrations can help identify gentrification. Based on the values of the six components, a K-means clustering analysis was conducted to identify TPUs with similar levels of sociodemographic changes. Using the Ward's method, five clusters were determined.

Three clusters (2, 3, and 5) of TPUs that experienced different redevelopment processes were identified as potential gentrified/gentrifying neighborhoods. The further ground truthing process removed 5 TPUs that only involve limited or no displacement. Finally, 141 TPUs, covering 430.89 km² or 38.82% of Hong Kong's total land area, have been identified as gentrified/gentrifying neighborhoods. In the next chapter, three neighborhoods will be selected to discuss the process of physical and social upgrading.

CHAPTER 6 SHAM SHUI PO

To further investigate gentrification processes and their impacts on the underprivileged on a neighborhood scale, I select three neighborhoods based on the PCA and clustering analysis results for a more detailed qualitative analysis. The selected neighborhoods, with a concentration of the urban poor, allow for an exploration of the dynamic processes of gentrification, the diversity of agents, and the varied impacts of gentrification on the urban poor. These neighborhoods include Sham Shui Po (Chapter 6) in the western part of Kowloon Island, Kwun Tong (Chapter 7) in the eastern part of Kowloon Island, and Wan Chai (Chapter 8) in central Hong Kong Island. The locations of the three studied neighborhoods were shown in Figure 6-1.

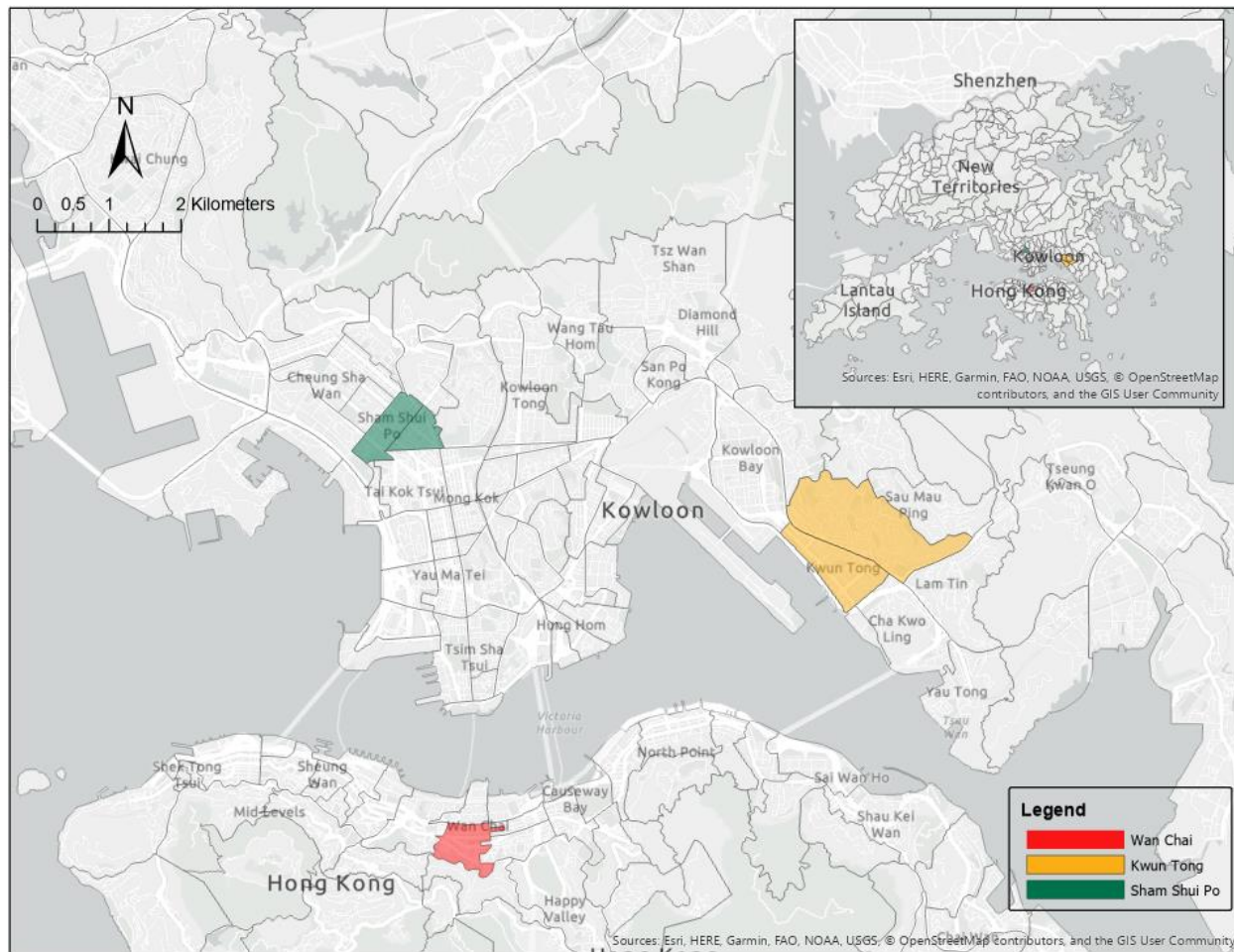


Figure 6-1. Locations of the three studied neighborhoods

The qualitative analysis of the gentrification processes starts with the case of Sham Shui Po. Sham Shui Po has been the poorest neighborhood in Hong Kong, with the lowest median household income in 2016 (Census and Statistics Department, 2016a). Sham Shui Po also witnessed the birth of the public housing system, due to the notorious fire in Shek Kip Mei in 1953. In recent years, Sham Shui Po has also simultaneously experienced top-down redevelopment in the southern part of the neighborhood and bottom-up regeneration along Tai Nan Street in the eastern part of the neighborhood. In Sham Shui Po, both public and private agencies were actively involved in the redevelopment and regeneration process. To some extent,

Sham Shui Po is a typical gentrified neighborhood, as the urban poor were displaced by the new middle class and local shops were replaced by coffee shops, art galleries, and record stores.

6.1 The history of Sham Shui Po

Sham Shui Po, which literally means “deep water pier” in Cantonese (Er, 2003), is located in the northwest part of the Kowloon Peninsula. It is surrounded by Cheung Sha Wan to the northwest, Shek Kip Mei to the northeast, Tai Kok Tsui to the southeast, and Stonecutters Island to the west. It connects the Kowloon Peninsula and New Territories

The discovery of the Lei Cheng Uk Han Tomb in 1955 indicates that Sham Shui Po has been inhabited as early as the Eastern Han dynasty (AD25-220) (Leung, 2011). As the name suggests, throughout its history, Sham Shui Po has long been a docking area for ships. Before 1898, villagers in Sham Shui Po mainly lived on fishing, farming, and shipping (Figure 6-2).



Figure 6-2. Panoramic view of Sham Shui Po Village, 1898

Source: Government Records Service (2022a)

In 1898, the territories north of Boundary Street and south of the Sham Chun River, including Sham Shui Po, were leased to the British for 99 years (Ye, 2003). The Sham Shui Po Improvement Scheme, which was proposed after a fire in Apliu Village in 1912, demolished the entire villages in Sham Shui Po (Woo & Hui, 2011). Since then, the British Hong Kong government has begun to reclaim the land in Sham Shui Po. By 1914, 9.67 hectares of land were reclaimed, from Kweilin Street to Tonkin Street. The land in Sham Shui Po was further extended to Lai Chi Kok by 1929 (Leung, 2011). Figure 6-3 shows the reclaimed land in Sham Shui Po in 1927.



Figure 6-3. Reclaimed land in Sham Shui Po, 1927

Source: Government Records Service (2022b)

In the 1920s, industrial and commercial activities began to emerge in Sham Shui Po. It is estimated that there were already over 400 private buildings in Sham Shui Po in the 1920s (Zheng, Zhou, & Lin, 2010). A variety of commercial activities, including a currency exchange, liquor store, jewelry store, and jar store, could be found along Pei Ho Street in Sham Shui Po in 1927 (Figure 6-4).



Figure 6-4. Pei Ho Street in Sham Shui Po, 1927

Source: *Government Records Service (2022c)*

However, the population in Hong Kong has experienced dramatic ups and downs in the 1930s and 1940s due to the Second World War and the subsequent Chinese Civil War. It is estimated that nearly 750,000 people entered Hong Kong between 1937 and 1939, shortly after the Sino-Japanese War (Swee-Hock & Kin, 1975). During the Japanese occupation (1941-1945), Hong Kong's population declined from 1.6 million to under 600,000 with many of the displaced residents being driven back to mainland China (Endacott, 1973). After the occupation, a large number of immigrants flooded into Hong Kong because of the political changes stemming from the war between the Kuomintang and the Communists. The total population in Hong Kong

reached 1.75 million in 1947 and continued to increase since then. Being a connecting hub of the New Territories and Kowloon, Sham Shui Po was usually the first stop for the mainland refugees. Thus, the population changes in Sham Shui Po were even more intensive. Among the immigrants, there were many Shanghai entrepreneurs in the textile industry. They brought techniques, machinery, capital, and networks into Hong Kong. Because of the low rent and land prices, cheap labor, and favorable location, Sham Shui Po attracted an extensive amount of investment in the textile industry. Many families in Sham Shui Po benefited from the industrial investment and made a living on handcraft works at home (Leung, 2011). Sham Shui Po became the center of Hong Kong's textile industry in the 1950s.

Because of the population surge, an extensive amount of wooden temporary shelters were built to accommodate the immigrants. However, the notorious Shek Kip Mei fire on Christmas Day in 1953 destroyed most of the wooden shelters and made over 53,000 people homeless overnight (Figure 6-5) (Castells et al., 1990). The catastrophic damage of the fire prompted the government to get involved in housing provision. In 1954, the Hong Kong government established the Resettlement Department and built about 30 public housing buildings in Shek Kip Mei for the squatters (Figure 6-6) — this marked the beginning of the massive construction of public housing in Hong Kong (Yeung & Wong, 2003).

In the 1960s and 1970s, industrial development was rapid in Sham Shui Po. It is estimated that the number of factories in Sham Shui Po was over 6,000 at its peak (Leung, 2011). Despite the rapid industrial development and its favorable location, urban redevelopment never took

place in Sham Shui Po. As a result, the dilapidated-looking *Tong Lau* was still the dominant building type and the living conditions of local residents hardly improved in Sham Shui Po. This is partly because Sham Shui Po is located on the airway of Kai Tak airport, which limited the height of buildings and ensured constant noise pollution to the neighborhood. Due to low expected returns, there was seldom private investment in Sham Shui Po. Thus, Sham Shui Po missed the opportunity for redevelopment due to government planning (Cheng, 2013). In a sense, the fate of Sham Shui Po was shaped by its location, both during the beginning of industrialization in the 1940s and rapid urban (re)development in the 1970s.



Figure 6-5. The Shek Kip Mei Fire

Source: *The Land Registry* (2022)



Figure 6-6. Newly built Shek Kip Mei Public Housing Estate

Source: The Land Registry (2022)

6.2 The varied urban development and revitalization processes in Sham Shui Po

The urban development trajectory of Sham Shui Po was altered by three major events. The first one is the above-mentioned Shek Kip Mei fire, which stimulated the Hong Kong government to start the massive public housing program in 1954. As of 2016, 39.4% of the total population of Sham Shui Po is living in public housing estates. Table 6-1 lists all public housing

estates in Sham Shui Po. The construction of public housing not only satisfied the basic housing needs of the general public, but also facilitated the urban development process in Sham Shui Po.

Table 6-1. List of public housing estates in Sham Shui Po

Public Housing Estate	Year of intake	Flat size (m ²)	No. of households ¹	Population ¹
Cheung Sha Wan Estate	2013	14.05 - 39.72	1,400	3,100
Wing Cheong Estate	2014	14.50 - 41.63	1,500	3,600
So Uk Estate	2016/19	14.05 - 37.04	6,900	18,800
Hoi Ying Estate	2018	14.08 - 37.43	1,300	3,500
Lai Tsui Court	2019	14.25 - 35.84	1,300	4,100
Hoi Tat Estate	2020/21/22	14.05 - 36.37	3,200	9,200
Fu Cheong Estate	2001	9.60 - 52.10	6,000	15,200
Lai Kok Estate	1981	11.20 - 39.40	2,900	6,500
Lei Cheng Uk Estate	1984	21.50 - 65.10	700 ²	1,700 ²
Lai On Estate	1993	13.10 - 43.60	1,300	3,500
Un Chau Estate	1998/2008/12	9.70 - 49.0 0	7,600	18,100
Nam Cheong Estate	1989	13.50 - 49.40	400 ²	1,000 ²
Nam Shan Estate	1977	23.10 - 46.50	2,700	6,700
Chak On Estate	1983	11.30 - 39.10	1,800	3,800
Fortune Estate	2000	16.30 - 43.70	2,100	4,600
Shek Kip Mei Estate	1976/2006/12/19	14.05 - 55.70	10,400	26,100
Pak Tin Estate	1975	12.09 - 52.28	8,100	21,600
Tai Hang Tung Estate	1984	17.70 - 50.10	2,000	4,600
Hoi Lai Estate	2004	17.40 - 53.60	4,900	16,100

Note: 1. Number rounded to the nearest hundred.

2. Only includes households and population under Public Rental Housing.

Source: Housing Authority (2022a)

The second event was the reform and opening-up policy by mainland China. In the late 1970s, China initiated the reform and opening-up policy, which attracted a large amount of foreign direct investment. Because of the cheaper land and labor in the Pearl River Delta region, many factories in Sham Shui Po moved to the mainland in the 1980s (Yang, 2006a). As a result, most of the factory buildings were abandoned and factory workers lost their jobs (Leung, 2011). This economic restructuring has greatly impacted Sham Shui Po, which was transformed from an

industrial neighborhood to a residential neighborhood. As most of the residential buildings in Sham Shui Po were built for workers, the quality of the buildings was relatively low. Even into the present, Sham Shui Po is characterized by the large amount of old and dilapidated buildings (Figure 6-7), making it a favorable site for urban redevelopment by both the public sector and private developers.



Figure 6-7. Old and dilapidated buildings in Sham Shui Po

Source: Author

The trend of urban development in Sham Shui Po was further accelerated by the third event — the removal of building height restrictions. In 1998, as the Hong Kong airport moved from Kai Tak to Chek Lap Kok, the restrictions on the heights of buildings for Kai Tak airport were repealed (Legislative Council, 1998). Accordingly, the Town Planning Board revised the Outline Zoning Plan of Sham Shui Po. According to the latest Outline Zoning Plan (Town Planning

Department, 2022), most of the land sites in Sham Shui Po neighborhoods are zoned “R(A)”, which is intended for high-density residential development. As can be seen in Figure 6-8, the maximum building height ranges from 80 to 120 meters, creating great redevelopment potential in Sham Shui Po. The high-density development potential, given the revised land regulations, the favorable location of the neighborhood, and the relatively low market value of the dilapidated buildings makes Sham Shui Po a hot spot for potential urban redevelopment.



Figure 6-8. Outline zoning plan of the Sham Shui Po neighborhood

Source: Town Planning Board (2022a)

In the urban redevelopment processes in Sham Shui Po, the government has been actively involved in driving the renewal. This is evident by the construction of public housing, the revitalization of historic buildings, and the leading role of the Urban Renewal Authority played in a variety of redevelopment projects.

6.2.1 Construction and redevelopment of public housing estates

Since the tragic Shek Kip Mei fire in 1953, the Hong Kong government has been playing an important role in housing provision. A variety of housing schemes have been proposed by the government under different economic and social policy initiatives over the past few decades. This includes the Ten Year Housing Programme (1972), the Home Ownership Scheme (1976), the Long Term Housing Strategy (1987), the “Nine-point Plan” (2002), and the New Long Term Housing Strategy (2014). The government’s efforts to build public housing are especially evident in Sham Shui Po, where public housing policies began and where the poorest and the most dilapidated housing stock in Hong Kong still remains.

Located in the northern part of the neighborhood, the Pak Tin Estate used to be a squatter area in Sham Shui Po (Figure 6-9, left). The Pak Tin Estate was built between 1969 and 1979 as a resettlement housing estate to meet emergency housing needs (Figure 6-9, upper right). However, only a few years later, in 1985, the Housing Authority announced that three blocks had to be demolished due to structural problems. It was later found by the Independent Commission Against Corruption (ICAC) that the structural problems were caused by insufficient cement being mixed into the concrete, and this was a decision that ultimately ended up being related to corruption issues (ICAC, n.d.). In subsequent years, more blocks were demolished and rebuilt. In 2011, the Housing Authority issued the “Refined Policy on Redevelopment of Aged Public Rental Housing Estates”, which states that in addition to structural safety and economic repair,

the redevelopment potential (i.e., the availability of rehousing resources) should also be considered in the capital investment decisions for public housing provision (Cheng, 2012).

In 2012, the Pak Tin Estate became the first redevelopment project under this policy. It was expected that with 8 blocks, consisting of 3,500 housing units, being demolished, the redevelopment project would offer 5,650 housing units upon completion (Cheng, 2012). Phases 7 and 8 of the redevelopment of the Pak Tin Estate began in 2014 and the last phase (phase 13) of this round of redevelopment is expected to finish in 2026 (Planning Department, 2020). Pak Tin Estate now has 16 blocks and 10,900 housing units ranging from 12.09 to 52.28 square meters (130.14 to 562.73 square feet) in size (Figure 6-9, lower right). As of June 2022, there were 21,600 persons and 8,100 households living in the Pak Tin Estate.



Figure 6-9. Redevelopment process of Pak Tin Estate (Left: before redevelopment; upper right: 2000s; lower right: 2022)

Source: Housing Authority (2022b) and author

Apart from the Pak Tin Estate, the government also built a number of other public housing estates in Sham Shui Po. For example, in the western part of the neighborhood, there's a cluster of public housing estates, including the Lai On Estate, the Lai Kok Estate, Lai Tsui Court, the Cheung Sha Wan Estate, the Un Chau Estate, and the Fortune Estate (Figure 6-10). These public housing estates together house 16,600 households and 39,900 persons.



Figure 6-10. A cluster of public housing estates in Sham Shui Po

Source: Author

6.2.2 Revitalization of historic buildings

The government was also actively involved in the revitalization of historic buildings. In 2008, the Development Bureau established the Commissioner for Heritage's Office (CHO) to provide support for heritage conservation. In the same year, 7 historic buildings were selected by the CHO for revitalizing under the Batch I of the Revitalizing Historic Buildings Through Partnership Scheme. Mei Ho House is one of the 7 historic buildings (see Figure 6-11).



Figure 6-11. Mei Ho House (before revitalization)

Source: *Commissioner for Heritage's Office (2022)*

Mei Ho House, built in 1954, was one of the eight blocks in the Shek Kip Mei resettlement estate, which was used to house the homeless due to the Shek Kip Mei Fire in 1953. Mei Ho House is one of the first public housing blocks as well as the only surviving H-shaped¹⁰ resettlement block, making it an ideal case for heritage conservation and revitalization (Commissioner for Heritage's Office, 2008). In 2009, the CHO announced that the Mei Ho House would be renovated and used as a City Hostel by Hong Kong Youth Hostels Association (HKYHA). The cost of this project was about HK\$ 192.3 million (US\$ 24.6 million), and it

¹⁰ Mei Ho House resembled the letter "H", which has two residential wings, linked with communal sanitary facilities.

included HK\$ 4.4 million (US\$ 563,081) in government subsidies (Commissioner for Heritage's Office, 2009).

The City Hostel was opened in 2013, with a public housing museum on the first floor and more than 129 rooms for travelers (see Figure 6-12). According to the HKYHA (2009), the hotel was built to empower underprivileged individuals in Sham Shui Po and offer budget travelers the experience of the old living style of Hong Kong's public housing. However, the high room rates make Mei Ho House inaccessible to most budget travelers. As of September 2022, on average, the non-weekend room rate is HK\$ 800 (US\$ 102) for a twin room and HK\$ 1,200 (US\$ 154) for a family room¹¹, which are similar to the room rates of global hotel brands in Hong Kong (e.g., Hilton Garden Inn, Best Western, and Hyatt Regency). The renovated Mei Ho Houses turned out to be an expensive place to experience Hong Kong's public housing culture for the middle class.

The Mei Ho House conservation and revitalization project was initiated and subsidized by the government and operated by a non-government-funded and non-profit organization. The initial goals of this project were to offer low-skilled job opportunities for the underprivileged in Sham Shui Po and provide a unique living experience for budget travelers. However, despite offering a few job opportunities, Mei Ho House has turned into an expensive hotel exclusively for the middle- and upper-classes.

¹¹ The room rate was obtained from <https://www.yha.org.hk/en/hostel-booking/>



Figure 6-12. Mei Ho House (after revitalization)

Source: Author

6.2.3 Demolition and redevelopment of dilapidated blocks

The Urban Renewal Authority (URA) has been playing a leading role in the demolition and redevelopment processes of dilapidated housing blocks both in Sham Shui Po and across Hong Kong. The URA was established to replace its predecessor, the Land Development Corporation, in 2001 (Ng, 2002). According to the Urban Renewal Authority Ordinance (HKSAR, 2001b), the URA is not regarded as an agent of the government and cannot enjoy any status, immunity, or privilege of the government. However, unlike the Land Development Corporation, the URA does

have the power of land acquisition under the Lands Resumption Ordinance, making it a powerful quasi-government agent to facilitate urban redevelopment in Hong Kong.



Figure 6-13. Seaside Sonata (before redevelopment)

Source: URA (2022c)

In the Seaside Sonata redevelopment project, the URA acted as an initiator and driver of the redevelopment. In February 2006, the URA announced the Seaside Sonata project. It took a freezing survey to collect the current residents' information¹² and submit a planning application to the Town Planning Board. Covering a total area of 7,507 square meters, this project

¹² The freezing survey was also used to prevent opportunists from moving in to get compensation.

demolished 37 old buildings, affecting 737 households and 1,589 individuals (Figure 6-13) (URA, 2006b). According to the URA (2008a), the affected households could get HK\$ 5,297 (US\$ 678) per square foot of saleable floor area. This compensation was based on the market value of the properties plus the Government's Home Purchase Allowance (HPA), which is the difference between the market value of the acquired property and a seven-year-old nearby property of a similar size (URA, 2008a).

In December 2014, the URA announced that Cheung Kong (Holdings) Ltd had won the contract for the redevelopment project (URA, 2014). This project was finally completed in October 2021, with a total floor area of 57,339 square meters and 876 residential flats (Figure 6-14) (URA, 2021a). According to the Seaside Sonata website, the prices of the saleable area range from HK\$ 18,000 (US\$ 2,304) per square foot to HK\$ 35,000 (US\$ 4,479) per square foot (Seaside Sonata, 2022), which is much higher than the unit rate of compensation. The extremely high prices make it impossible for the original residents to move back.



Figure 6-14. Seaside Sonata (after redevelopment)

Source: Author

In the case of the Seaside Sonata project, the quasi-government URA led the entire redevelopment process, including land acquisition, building demolition, and relocation/compensation of the original residents. The URA has also been assisted by the Planning Department that approved the high-density redevelopment plans. The URA redeployed the land through a joint-venture partnership with Cheung Kong (Holdings) Ltd, a major private-sector developer in Hong Kong. Thus, the government played an essential role in facilitating the redevelopment of the Seaside Sonata project, leading to the displacement of the original residents and gentrification (He, 2007; La Grange & Pretorius, 2016b).

It should be noted that Seaside Sonata is only one of the many redevelopment projects in Sham Shui Po. With URA tackling the major impediment of redevelopment—fragmented property right issues, gentrification is and will be an inevitable process in Sham Shui Po. It is interesting to find that, as Figures 6-14 and 6-15 indicate, the redevelopment processes started from the southern part (coastal side) of the neighborhood through several up-scale residential projects, including Cullinan West, Hyde Park, Seaside Sonata, and Trinity Towers. In the southern part of Sham Shui Po, there's a mixture of old and new buildings (see Figure 6-16). It is expected that the redevelopment processes will roll over to the northern part (inland side) of the Sham Shui Po neighborhood in the next phase of renewal.



Figure 6-15. Old and new buildings in Sham Shui Po

Source: Author



Figure 6-16. A mixture of new (Seaside Sonata) and old buildings in the southern part of Sham Shui Po

Source: Author

6.2.4 Reinvention of a leather street

In addition to redevelopment led by the government and private real estate developers, artists and small businesses were also actively involved in the revitalization of Sham Shui Po, especially on Tai Nan Street. Tai Nan Street was home to many leather and fabrics factories back during the industrial era from 1940s to 1980s in Hong Kong (Hong Kong Tourism Board, n.d.-b). Because of the tradition of making leather-related products, Tai Nan Street is also known as leather street. However, with the decline of the manufacturing industry in Sham Shui Po, most of the business owners closed their shops on Tai Nan Street. Currently, the relatively cheap rent, favorable location, and unique cultural vibe allow artists and entrepreneurs to practice their business ideas at low cost on Tai Nan Street (Lai, 2021). This bottom-up revitalization process was accelerated by the street art festival by HKWalls. In March 2016, the HKWalls, a non-profit arts organization aiming to showcase artists' work in Hong Kong, organized 40 artists to create 40 original murals on blank walls, shop shutters, and hawker stalls in Sham Shui Po (HKWalls, 2016). Among those murals, the Smiling Dog (Figure 6-17) located at the corner of Tai Nan Street and Wong Chuk Street, has received much attention. After the street art festival, many boutique stores, art spaces, coffee shops, and music stores have been attracted to and moved into Tai Nan Street (Figure 6-18).



Figure 6-17. The Smiling Dog mural at the corner of Tai Nan Street and Wong Chuk Street
Source: Author



Figure 6-18. Boutique stores, art spaces, coffee shops, and music stores on Tai Nan Street
Source: Author

This trend has further intensified since the Covid-19 pandemic. Due to the restriction on international travel, many locals have been exploring new places within Hong Kong. In Sham Shui Po, Tai Nan Street, in particular, became a new hot spot for hipsters to visit. It is estimated that about 20 coffee shops opened in 2020 along Tai Nan Street, compared to just two or three in 2017 (Kwan, 2020). Largely attributed to Tai Nan Street, Sham Shui Po was selected as the world's third coolest neighborhood in 2020 by Time Out (2020). The increasing number of boutique stores and coffee shops has caused significant gentrification concerns. Tai Nan Street was even described as “the new Brooklyn” by an art gallery owner (Pang, 2020) and the media (Ifeng, 2021). A boutique store on Tai Nan Street is now selling a pen for more than HK\$ 10,000 (US\$ 1280), which is more expensive than the monthly rent of sub-divided units upstairs in the

same building. In fact, a real estate developer, Full Well Eng., came to Tai Nan Street in 2019 and redeveloped one parcel of land (Figure 6-19). After the redevelopment, the housing prices significantly increased. While a nearby housing unit was sold at HK\$5,751 (US\$ 736) per square foot in January 2022, the newly developed condominium is currently being sold for prices between HK\$18,876 (US\$ 2,416) to \$30,746 (US\$ 3935) per square foot (Centaline Property, 2022a, 2022b).



Figure 6-19. New high-rise residential buildings in Tai Nan Street (Left: before redevelopment; center and right: After redevelopment)

Source: Left: map.baidu.com; center and right: Author

In addition to local residents, business owners are also facing gentrification and displacement pressures. According to the Centaline Property, compared to 2017, the rent of retail properties in Tai Nan Street has increased by 54% in 2020 (Kwan, 2020). The increasing rent

makes Tai Nan Street no longer a cheap place for micro-enterprises. Thus, an increasing number of stores are being pushed out, leaving many vacant store fronts (Figure 6-20).

In the reinvention process of Tai Nan Street, the artists played a vital role. Similar to other gentrified neighborhoods, the pioneer artists were attracted by the rich culture and low rent on Tai Nan Street. Later, the street art festive facilitated gentrification by bringing eye-catching murals that turned the dilapidated neighborhood into a hot spot for the hipsters. Since then, a growing number of artists have come to Tai Nan Street. However, unlike other neighborhoods, the gentrification process on Tai Nan Street is also impacted by an unexpected factor — the restriction on international travel that encourages local tourism. With the real estate developers coming in and the increasing rents, some of the pioneer artists were pushed out. In this case, the artists play the role as both gentrifiers and victims of gentrification. The underprivileged, who do not want to pay HK\$ 50 (US\$ 6.4) for a cup of coffee, were gradually displaced by either the increasing rent or the redevelopment of their residential buildings.



Figure 6-20. Stores for rent on Tai Nan Street

Source: Author

6.3 Displacement of the underprivileged in the center of poverty

Sham Shui Po has the highest concentration of sub-divided units, cage homes, and rooftop additions in Hong Kong. These accommodations were built in response to the sharp population increase after the Second World War (Blundell, 1993). During the urban redevelopment processes, many of the temporary structures and cage homes were demolished. It can be expected that the urban redevelopment process in Sham Shui Po has triggered gentrification and

displacement, which have fundamental impacts on the daily life of original residents, especially the underprivileged who had little negotiation power in resisting gentrification and displacement.

The impact of gentrification and displacement on the underprivileged is especially evident in the Hai Tan Street redevelopment project. Due to dissatisfaction with the compensation, several individuals still refused to move out in 2014 — eight years after URA announced this project. On June 12, 2014, a household was forced to move out by staff and safeguards of the URA and bailiffs of the Court, creating tensions between the original residents and the URA. Nevertheless, the household was physically forced out and the son of the family was even arrested due to assault that led to actual bodily harm (On.cc, 2014). This is a typical case of last-resident displacement, bringing tremendous economic and psychological impacts on residents' lives (Marcuse, 1985).

The impacts of the forced displacement on residents' lives and mental health were evident in a social impact tracking survey on the Hai Tan Street redevelopment project conducted by the URA and a consultant team at the University of Hong Kong. The survey reported that a high percentage of residents indicated that relocation had no impact on their housing, work opportunity, education, medical, and social aspects, which seemed counterintuitive as previous studies have suggested that displacement induced by gentrification may reduce residents' potential life opportunities, including work, education, medical, and social support (He & Wu, 2007; Leaf, 1995). The detailed analyses, however, suggested that the actual impacts on these aspects were significant and this is particularly the case for tenants (Wong, Law, & Ho, 2010a,

2010b). For example, the change in working/studying location was obvious to tenants. Before the redevelopment, 54.2% of tenants were working/studying in Sham Shui Po, but the percentage dropped to only 22.2% after relocation. In terms of work opportunities, the percentage of tenants who were unemployed significantly increased from 16.7% to 28.6% after relocation.

Tenants' social capital was almost destroyed by displacement. The percentage of tenants that did not or seldom have contact with their neighbors increased from 36.7% to 80.0% and the trust level reduced from 84.9% to only 25.7% (Wong et al., 2010b). The impacts of medical access were significant to both tenants and owner-occupiers. The percentage of tenants and owner-occupiers who frequented hospitals and clinics dropped from 30.8% and 32.1 to 2.8% and 12.5%, respectively. In addition, displacement also significantly reduced residents' quality of life. While the average monthly rent has significantly increased from HK\$ 2,060 (US\$ 264) to HK\$ 3,261 (US\$ 417), the basic living expenditures of tenants dropped sharply (the percentage of tenants who spent less than HK\$ 3,000 or US\$ 384 increased from 12.6% to 75.0%) (Wong et al., 2010b). Displacement also influenced the elderly's quality of life, as displacement significantly reduced the accessibility of grocery stores and community facilities, which are essential to their daily life. The above analyses revealed that gentrification-induced displacement has impacted many aspects of residents' lives, and these impacts were especially evident among the underprivileged.

He, Talamini, and Jiang (2021) investigated the density of social interactions in public open spaces on Hai Tan Street and surrounding areas after the redevelopment. They found that social

interactions were more intensive in public open spaces surrounded by old buildings. In other words, after the redevelopment, social interactions have reduced on Hai Tan street (He et al., 2021).

Sham Shui Po has been characterized by the dilapidated *Tong Lau*¹³ (see Figures 6-7 and 6-15) and marginal street businesses (e.g., second-hand market, hawkers, and small family businesses). According to Hong Kong's 2016 Population By-census (Census and Statistics Department, 2016a), Sham Shui Po has 15,449 subdivided units (SDUs), accounting for 16.7% of total SDUs in Hong Kong, just after Yau Tsim Mong (23.2%). Sham Shui Po is the home to many low-income and low-skilled residents, who seek the vicinity of jobs and low rents at the expense of living conditions. For example, *Tong Lau*, often the home to sub-divide units and cage homes, provides affordable housing options for the underprivileged in Sham Shui Po. The street businesses provide everything from used cooking utensils to clothes, shoes, books, and mobile phones (Ho, 2010). In addition, street businesses in Sham Shui Po also offer the cheapest food in Hong Kong. For example, the watermelon is as low as HK\$ 12.5 (US\$ 1.6), as compared to HK\$ 60-100 (US\$ 7.7-12.8) in other neighborhoods in Hong Kong. Sham Shui Po is also home to many homeless people. Tung Chau Street Park, located in Sham Shui Po, has been the home for dozens of homeless (Figure 6-21), who were squeezed out from formal housing by high rents.

¹³ *Tong Lau* refers to a typical type of residential building in Hong Kong. It is generally seven to nine floors high with no elevators.



Figure 6-21. Homeless' "home" in front of high-rise residential buildings

Source: Author

In a sense, the low-cost neighborhood economy makes life possible for the underprivileged in Sham Shui Po. Meanwhile, the informal economy also makes it hard for the underprivileged to live in other neighborhoods, where living expenses are much higher than Sham Shui Po (Cheng, 2013). Thus, once gentrification occurs in the neighborhood and upgrades the low-cost neighborhood economy into an economy that is exclusively for the middle- and upper-classes, the living strategies of the underprivileged may be completely erased. And it is almost impossible for the underprivileged to find a low-cost neighborhood like Sham Shui Po in Hong Kong, if they are displaced through renewal and redevelopment.

Moreover, because of its rich history, its notorious “coffin homes”, and authentic food and poverty, Sham Shui Po also become a major tourism spot in Hong Kong, attracting thousands of tourists every day. The Hong Kong Tourism Board even invested HK\$ 12 million (US\$ 1.5 Million) for the “Every Bit Local” tourism project to promote Sham Shui Po in 2018 (Xiang, 2018). The low-income residents and their everyday lives became the “selling point” of “poverty tourism” (Burnett, 2014). Thus, local residents may experience phenomenological displacement — their everyday lives and identities may be reconstructed in poverty tourism. Within this context, Sham Shui Po is likely being primed for the next stage of large-scale redevelopment and gentrification, and hence large scale displacement of the residents.

6.4 Demographic trends from 1986 to 2016

With the varied urban development and revitalization processes going on in Sham Shui Po, gentrification and displacement have significantly changed the demographic characteristics of

this neighborhood. Sham Shui Po was the poorest neighborhood housing the working class in Hong Kong. The deindustrialization and land reclamation are gradually transforming Sham Shui Po physically and socially. The transformation process is also reflected in the change in census data between 1986 and 2016.

Census data of TPUs 266 and 267 are used in this section to reflect the demographic trends in Sham Shui Po. TPU 266 is a rectangular-like area bounded by Yen Chow Street, Sham Mong Road, Chui Yu Road, Nam Cheong Street, and Berwick Street. TPU 266 has the Sham Shui Po MTR Station, Tung Chau Street Park, a public housing estate, newly developed residential high-rises, along with many dilapidated residential buildings. TPU 267 is a triangular area bounded by Boundary Street, Nam Cheong Street, and Berwick Street. Tai Nan Street is situated in TPU 267. These two TPUs are the core area of Sham Shui Po, representing the major characteristics of this neighborhood. While most of the top-down urban redevelopment projects took place in TPU 266, TPU 267 represents the bottom-up revitalization process in Sham Shui Po. Thus, TPUs 266 and 267 are selected to reflect the demographic changes in Sham Shui Po. Locations of TPUs 266 and 267 are shown in Figure 6-22.

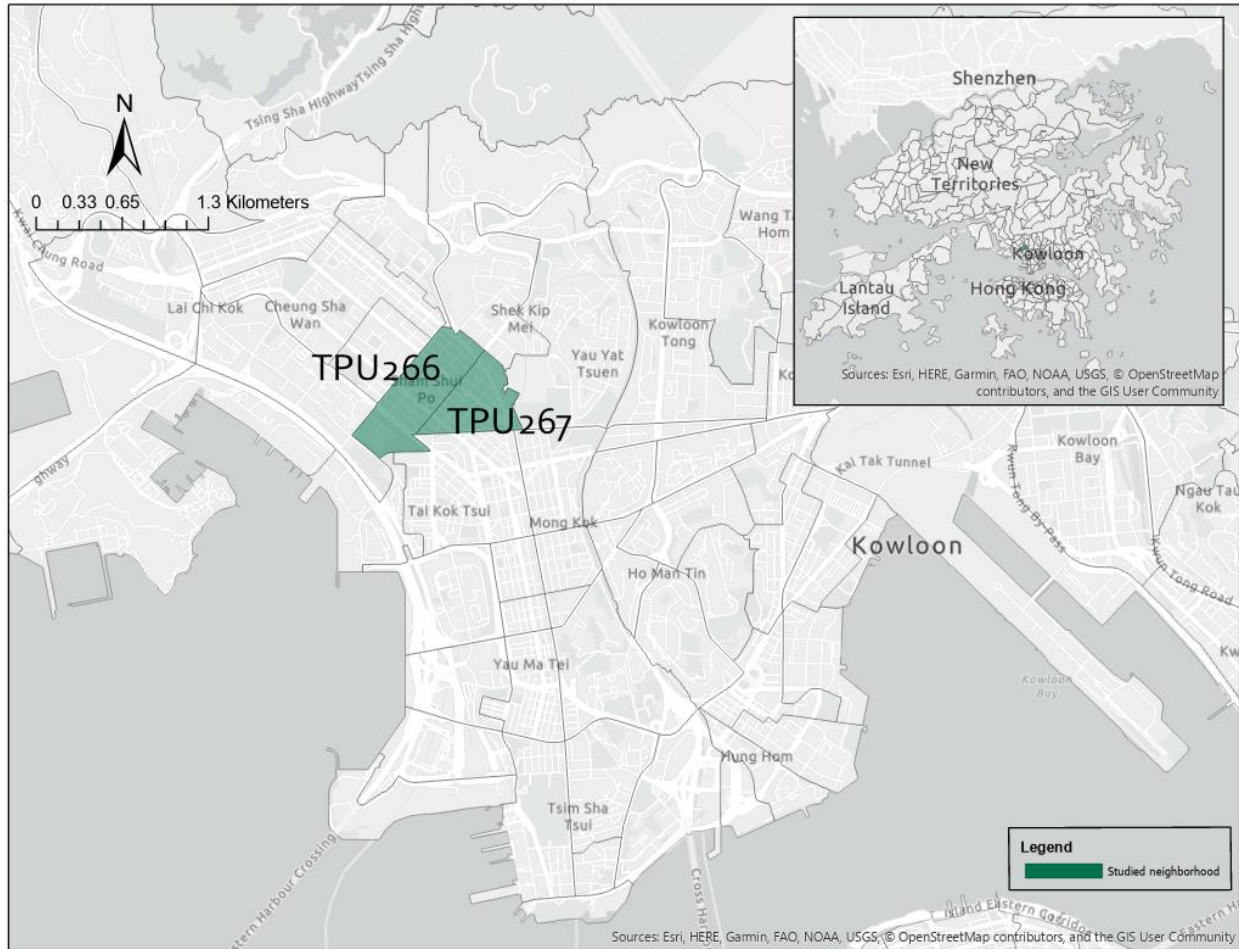


Figure 6-22. Locations of TPUs 266 and 267

Source: Author

As can be seen from Table 6-2, in 2016, Sham Shui Po has a higher median monthly domestic household rent than Hong Kong's average, but both the median monthly domestic household income and the median monthly income from main employment are below Hong Kong's average. In other words, despite the fact that people living in Sham Shui Po are earning less, they are paying more rent than other parts of Hong Kong. Worse still, people living in TPUs 266 and 267 are paying extremely high rents but are earning very low incomes. The high rents and low incomes make life very hard for the underprivileged in the core part of Sham Shui Po. Meanwhile, they also need to face the constant gentrification and displacement pressures.

Table 6-2. Comparisons of rent, household income, and personal income in TPUs 266, 267, Sham Shui Po, and Hong Kong overall, 1986 and 2016 (In 2016 prices, HK\$)

Region/District Council District/TPU	Median monthly domestic household rent		Median monthly domestic household income		Median monthly income from main employment	
	1986	2016	1986	2016	1986	2016
TPU 266	1,701	4,500	11,445	16,190	7,733	12,000
TPU 267	2,011	5,000	13,162	19,500	7,733	12,250
Sham Shui Po	1,036 ¹	2,500	14,854	20,000	N.A.	13,500
Hong Kong overall	1,253 ²	2,180	15,962	25,000	7,959	15,000

Note: 1. This value reflects the median monthly domestic household rent of public housing; the median monthly domestic household rent of private housing is 1,890.

2. As the value for Hong Kong overall is not available, this value only reflects the median monthly domestic household rent of Hong Kong Island, Kowloon, and New Kowloon.

The values of New Towns and other areas in the New Territories are 1,247 and 1,225, respectively.

Source: *Census and Statistics Department (2016a)*

One of the key indicators of gentrification is social upgrading, which is reflected by the increase in higher-income earners. Table 6-3 presents the changes in occupational structure between 1986 and 2016, which indicates the characteristics of a neighborhood experiencing social upgrading. For example, the percentage of professionals has significantly increased from 4.6% and 6.4% in 1986 to 18.9% and 27.1% in 2016 in TPUs 266 and 267, respectively. The percentage of managers and administrators, which is another high-end occupation, has significantly increased in TPU 266. Although the percentage of managers and administrators has also increased in TPU 267, it is not as extensive as the Hong Kong average. This is largely because TPU 267 was only experiencing bottom-up gentrification among the artist and shop owners; the large-scale redevelopment projects had not taken place yet in 2016. The percentage of service-related occupations, including financing, insurance, real estate, business service, wholesale, retail & import/export trades, restaurants & hotels, has also experienced a significant

increase between 1986 and 2016. In contrast, the percentage of people employed in manufacturing has sharply decreased from 38.10% and 39.10% in 1986 to only 3.20% and 3.60% in 2016 in TPUs 266 and 267, respectively. This is in line with the trajectory of neighborhood changes in Sham Shui Po, as discussed earlier in this section.

The percentage of change in population, rent, income, college graduates, and occupations also indicate that TPUs 266 and 267 have experienced extensive neighborhood changes between 1986 and 2016 (Table 6-4). For instance, the total population has decreased by 4.92% in TPU 266 and increased by 21.30% in TPU 267. This was expected, because by 2016, many residential buildings were demolished but the new high-rise residential buildings were not completed yet in TPU 266, while TPU 267 has not experienced any demolitions but kept attracting artists, small business owners, and the middle-class more broadly.

Table 6-3. Occupational structure in TPUs 266, 267, Sham Shui Po and Hong Kong, 1986 and 2016

	TPU 266		TPU 267		Sham Shui Po		Hong Kong	
	1986	2016	1986	2016	1986	2016	1986	2016
Professionals	1,673 ¹	5,617	1,248	6,172	3,311	53,010	225,533	1,034,528
% of Professionals	(4.6%) ²	(18.9%)	(6.4%)	(27.1%)	(5.3%)	(25.8%)	(8.3%)	(27.5%)
Craft and related workers	19,957	2,899	9,281	1,792	32,137	12,666	1187,158	210,341
% of Craft and related workers	(54.3%)	(9.8%)	(47.7%)	(7.9%)	(51.6%)	(6.2%)	(43.6%)	(5.6%)
Clerical and related workers	3,563	3,614	2,357	3,031	6,657	27,446	398,230	531,175
% of Clerical and related workers	(9.7%)	(12.2%)	(12.1%)	(13.3%)	(10.7%)	(13.4%)	(14.6%)	(14.1%)
Managers & administrators	693	1,524	1,077	2,023	2,107	20,419	96,901	380,620
% of Managers & administrators	(1.9%)	(5.1%)	(5.5%)	(8.9%)	(3.4%)	(9.9%)	(3.6%)	(10.1%)
Manufacturing	14,000	959	7,606	811	23,982	6,638	984,109	142,445
% of Manufacturing	(38.1%)	(3.2%)	(39.1%)	(3.6%)	(38.5%)	(3.2%)	(36.2%)	(3.8%)
Financing, insurance, real estate and business services	1,323	4,905	1,051	4,336	2,702	43,192	174,762	781,802
% of Financing, insurance, real estate and business services	(3.6%)	(16.5%)	(5.4%)	(19.0%)	(4.3%)	(21.0%)	(6.4%)	(20.8%)
Wholesale, retail & import/export trades, restaurants & hotels	10,850	10,646	5,691	7,386	18,319	61,944	616,469	1,017,626
% of Wholesale, retail & import/export trades, restaurants & hotels	(29.5%)	(35.8%)	(29.2%)	(32.4%)	(29.4%)	(30.1%)	(22.6%)	(27.1%)
Traditional sectors	105	0	53	0	42	1,119	45,710	21,741
% of Traditional sectors	(0.3%)	(0.0%)	(0.3%)	(0.0%)	(0.1%)	(0.5%)	(1.7%)	(0.6%)

Note: 1. The values represent the absolute number of employments in each category.

2. The values in parentheses indicate the percentage of a certain employment category in total working population.

Source: Census and Statistics Department (1986, 2016a)

It should be noted that the percentage of change in the population aged 55 and over has significantly increased in TPU 267, indicating a more serious aging problem. And it seems that the population aged 55 and over in TPU 266 has not increased much, largely due to the demolition of the old residential buildings that displaced many of the elderly. Despite the differences in population changes, the rents in TPUs 266 and 267 have experienced a significant increase, making them much higher than the Hong Kong average. Although the median household income and median employment income have increased by about 40% - 60%, they are still below Hong Kong's average due to the large percentage of the urban poor living in these TPUs.

Another dramatic change is the number of college graduates. Between 1986 and 2016, the number of college graduates increased by 581.40% and 730.07% in TPUs 266 and 267, respectively. But again, due to the large percentage of urban poor in these TPUs, the percentage of college graduates in TPUs 266 and 267 is still below the Hong Kong average (Census and Statistics Department, 2016a).

Housing characteristics in TPUs 266 and 267 have also changed, but in different ways. The percentage of owner-occupied housing units has increased by 7.58% and 34.79% in TPUs 266 and 267, respectively. The modest increase in owner-occupied housing units in TPU 266 is again largely due to the large-scale demolitions being experienced into 2016.

It should be noted that, as many of the blocks in TPUs 266 and 267 are currently being demolished and redeveloped, it can be expected that a lot of new high-rise residential buildings

will appear in the neighborhood over this decade. Thus, the changes in population, occupational structure, and housing tenure will be more extensive by the 2021 Census.

Table 6-4. Percentage of change in major indicators in TPUs 266 and 267, 1986-2016

Major indicators	Percentage of Change (%)	
	TPU 266	TPU 267
Total population	-4.92%	21.30%
Population aged 55 and over	35.00%	81.32%
Median gross rent	164.50%	148.67%
Median household income	41.45%	48.15%
Median employment income	55.17%	58.40%
College graduates	581.40%	730.07%
Owner-occupied housing	7.58%	34.79%

Source: Census and Statistics Department (1986, 2016a)

6.5 Concluding remarks

Once the heart of Hong Kong's textile manufacturing industry, Sham Shui Po has begun to transform from the poorest blue-collar neighborhood into a neighborhood of luxury condominiums, high-end restaurants and bars, and art spaces. The varied urban development and revitalization processes in Sham Shui Po involve different types of gentrification processes, including top-down gentrification led by the state, and classical bottom-up gentrification led by the pioneer artists. Several factors have facilitated Sham Shui Po's transition and gentrification processes: the low rent and favorable location that encourages capital investment, the rich and diverse cultures that attract pioneer artists, and the government's ambition to redevelop Hong Kong's old neighborhoods.

Along with the varied gentrification processes, displacement is also evident in Sham Shui Po. The impacts on the people who were displaced, especially the underprivileged, are detrimental. Sham Shui Po was seen as the last bastion of affordable stores and housing in the

overcrowded and expensive city (DeWolf, 2016). Lives would be extremely hard for the underprivileged who were displaced by gentrification, as they cannot find a place that is cheaper than Sham Shui Po. In addition, for those who are lucky enough to stay in the neighborhood, the living conditions are getting worse (YWCA, 2017). With ongoing reinvestment and renewal in the neighborhood, the poor still face gentrification and displacement pressures on a daily basis.

The case of gentrification in Sham Shui Po is unique. Not only because it is the poorest neighborhood in Hong Kong, but also because it is a neighborhood containing a rich and diverse culture. As the Hong Kong Tourism Board (n.d.-a) described, Sham Shui Po “offers a lot of cheap but cheerful experiences that can’t be found anywhere else in the city”, with “cheap” being a key word in this promotion.

In Sham Shui Po, the top-down gentrification process has displaced some of the poorest people in Hong Kong, including by forcible means. As the dilapidated residential buildings were gradually replaced by luxury high-rise buildings, a mixture of old and new buildings as well as rich and poor people has become increasingly evident, making Sham Shui Po a neighborhood with high micro-level segregation. In addition, the “cheap but cheerful experience” offered by Tai Nan Street also attracted pioneer artists and hipsters, increasing the gentrification and displacement pressures not only among the local residents, but also the small business owners. It should be noted that due to data limitations, the census data used in this research only reflect the demographic changes up to 2016. With an increasing number of redevelopment projects going

on in recent years, it is expected that the gentrification and displacement processes in Sham Shui Po will be further intensified.

CHAPTER 7 KWUN TONG

Kwun Tong is located in the eastern part of the Kowloon Peninsula. It is bounded by Lion Rock to the north, Lei Yue Mun to the south, Kowloon Peak to the east, and the north coast of the Kai Tak Airport runway to the west. The district of Kwun Tong is about 1,130 hectares with a population of over 620,000, making it one of the most densely populated districts in Hong Kong. The core area of Kwun Tong, including the Kwun Tong Industrial Area and the adjacent residential area, will be examined. The Kwun Tong Industrial Area has historically been the neighborhood's manufacturing core. The residential area, located adjacent and north of the industrial district, includes the largest urban renewal project led by the URA in Hong Kong.

Over the past three decades, Kwun Tong and Sham Shui Po have been the poorest districts in Hong Kong (Census and Statistics Department, 2016a). This is largely because Kwun Tong and Sham Shui Po were neighborhoods that contained many of the city's working class population, who contributed greatly to the economic prosperity experienced during Hong Kong's industrialization in the 1960s and 1970s. Similar to Sham Shui Po, and Hong Kong more broadly, Kwun Tong also experienced an economic transition during the 1980s. However, unlike the case of Tai Nan Street in Sham Shui Po, which transformed into a residential area with many members of the creative class, the industrial area in Kwun Tong has transformed into a commercial area consisting of retail stores, high-end restaurants, coffee shops, and most importantly, high-rise office towers. This can be attributed, in part, to the urban morphology shaped by the industrial era in Kwun Tong. The gentrification process in the residential area of

Kwun Tong shares many similarities with the case of the Hai Tan redevelopment project in Sham Shui Po — the URA played an active role in land acquisition, demolition, and redevelopment.

7.1 The development history of an industrial new town

The original Chinese name of Kwun Tong was “官塘”, which literally means the “official salt-bed”. As suggested by its Chinese name, Kwun Tong has a historical role in the region’s salt industry, which can be dated back to the Southern Song Dynasty (1127-1279) (Ping-wa, 2008). The salt industry ceased production in 1661, when the Qing Dynasty asked the coastal residents in five provinces, including residents in Kwun Tong in Dongguan Province, to move approximately 29 km from the sea to prevent Zheng Chenggong, a Ming Dynasty General who occupied Taiwan, from communicating with coastal residents (Ping-wa, 2008). Since then, Kwun Tong remained largely undeveloped for over two-and-a-half centuries. In 1933, Kwun Tong became a dumping bay for urban refuse. In 1953, the official Chinese name of Kwun Tong changed from “官塘” to a more neutral name “观塘”, which means “view of pond”. This signals the government’s strong effort to develop Kwun Tong.

With the industrial boom and the rapid economic growth in the post-World War II era, the Hong Kong government recognized that it had inadequately developed land for residential and industrial purposes (Lai & Dwyer, 1964). In 1954, the government decided to develop a “satellite town” in Kwun Tong through large-scale land reclamation (Mok, 1972; Yeh, 2003). In 1956, the government established the Kwun Tong Advisory Committee and published the “Kwun Tong

Development Plan” (Chan, 1973). Kwun Tong became the very first fully planned new town¹⁴ in Hong Kong.

Kwun Tong Bay was the outlet of several small streams. The hilly nature of the topography of Kwun Tong was not suitable for urban development. Thus, large-scale reclamation from the sea and the leveling of hills played a major role in the development of Kwun Tong (Lai & Dwyer, 1965). Between 1947 and 1950, the Shell Company reclaimed about 43 acres of land on the southern edge of Kwun Tong Bay for oil storage purposes.

The government’s scheme to reclaim the land in Kwun Tong began in 1954. The first and second phases of the scheme leveled Ngau Chai and part of Ngok Yu Shan, creating spaces for industrial, commercial, and residential uses, zones 1, 2, and 3 (Lai & Dwyer, 1965), as illustrated in Figure 7-1. Figure 7-2 depicts the reclamation and construction of residential and industrial buildings in 1960, towards the end of the second phase. The oil storage facilities are also visible on the right side of the photo. The third phase of land reclamation leveled Ngau Tau Kok and further parts of Ngok Yu Shan, providing additional industrial and residential land (Figure 7-1). The three phases of land reclamation have reclaimed a total of 250 acres of land (Lai & Dwyer, 1965). Figure 7-3 shows the land reclamation and development processes in Kwun Tong.

The land shortage has long been an issue in the urbanization of Hong Kong. The development of the Kwun Tong Industrial Area is not an exception (Chan, 1973). Thus, a unique

¹⁴ Although Kwun Tong was a completely new town back in the 1950s, in the subsequent government’s document, it is considered as part of the urban area of Kowloon, rather than a new town.

form of factories—industrial buildings and flatted factories—have been adopted in response to the land constrain issues (Shelton, Karakiewicz, & Kvan, 2013) (see Figures 7-2 and 7-3). The flattered factories are multi-stored buildings, with each floor or even part of the floor rented by different industrial enterprises (Lai & Dwyer, 1965). This unique industrial form also met Hong Kong’s industrial needs, as most of the industrial enterprises were light industries, which do not requires large space to operate. As in other parts of Hong Kong, once built, the industrial buildings were auctioned and sold to entrepreneurs.

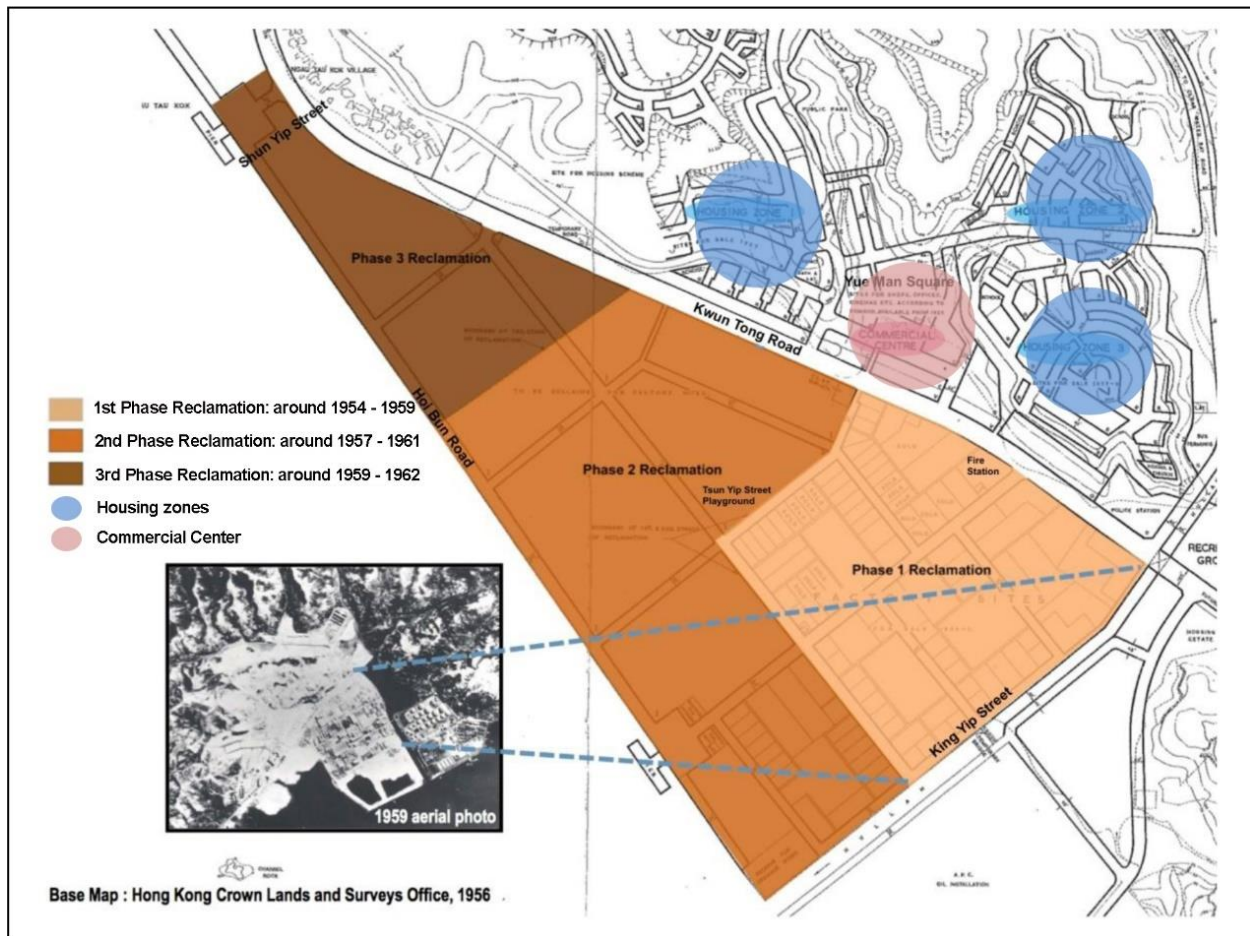


Figure 7-1. Land reclamation process in Kwun Tong

Source: Compiled from EKEO (2014)



Figure 7-2. Land reclamation and construction of industrial and residential buildings in Kwun Tong in 1960

Source: Information Service Department (1960)



Figure 7-3. Aerial photos showing the land reclamation and development processes in Kwun Tong (Left: 1963; middle: 1967; right: 1986)

Source: Survey & Mapping Office, Lands Department (1963, 1967, 1986)

Because of the proximity between the Kwun Tong Industrial Area and the Kai Tak airport, the building heights and the selection of the type of industries had certain restrictions. Industries that emit large volumes of smoke were prohibited (Mok, 1972). According to a field survey in 1962, textiles, plastics, and metal products were the major industries in Kwun Tong, with the three employing 85% of the labor force in Kwun Tong (Lai & Dwyer, 1965). Another industry that emerged later in Kwun Tong was paints and lacquers (ibid). The paints and lacquers manufacturers in Kwun Tong employed 51.8% of the overall paints and lacquers labor force in Hong Kong (Lai and Dwyer, 1965).

As Kwun Tong is a fully planned new town, the industrial and residential areas are located in separated zones, divided by Kwun Tong road. For the convenience of pedestrians, the commercial center is laid out at the center of Kwun Tong. Although it is planned as a commercial center, only the first two floors of the buildings within this area are for commercial purposes and the rest of the floors are planned for residential use. In this sense, the urban landscape is not significantly different from the nearby residential areas of Kwun Tong. Figure 7-4 shows the layout of the industrial, commercial, and residential areas of Kwun Tong in 1972.



Figure 7-4. An aerial view of Kwun Tong after the completion of land reclamation in 1972
Source: *Information Service Department (1972)*

Residential areas are planned to the west, north, and east of the commercial center (Figure 7-1). Most of the residential buildings, including the Kwun Tong Resettlement Estate¹⁵, the Wo Lok Estate, and the Garden Estate, are intended for the resettlement of refugees, squatters, and

¹⁵ Kwun Tong Resettlement Estate was redeveloped into Tsui Ping Estate in the 1980s and 1990s.

other low income subpopulations from Hong Kong Island and Kowloon. In the Kwun Tong development plan, 108.4 acres of land are allocated for resettlement housing and low-cost housing, while only 51.2 acres are used for private housing (Lai & Dwyer, 1965). In addition, some parts of the land for private housing were sold to factory owners to accommodate their workers. In 1971, 57.9% of the Kwun Tong population was living in the resettlement estate and 19.5% was in low-cost housing estates. Of the working population in Kwun Tong, only 4.6% were in jobs of upper- or middle-level occupations. The median income of the working population in Kwun Tong was much lower than Hong Kong as a whole (Census and Statistics Department, 1971). The allocation of residential land in the Kwun Tong development plan, and its focus on low cost housing provision, explains the reason why Kwun Tong has historically been one of the poorest neighborhoods in Hong Kong (Chan, 1973).

In 1962, there were 146 factories and 19,758 workers in Kwun Tong (Lai & Dwyer, 1965). By 1970, these figures increased to 800 factories and 72,300 workers. In 1976, the cargo terminal of the Kai Tak Airport opened, further strengthening Hong Kong as a major trade port in the world (Govada, Spruijt, & Rodgers, 2017). In the 1970s and 1980s, Kwun Tong experienced rapid industrial development. By 1985, the number of factories and workers has jumped to 7,000 and 200,000, respectively (EKEO, 2014).

In the 1980s, 18% of Hong Kong's total industrial output was produced in Kwun Tong (EKEO, 2014). Civic services and transportation were also greatly improved in Kwun Tong along with industrial development. For instance, The United Christian Hospital opened in 1974

and the Kwun Tong MTR line opened in 1979 (Govada et al., 2017). The 1970s and early 1980s witnessed the heyday of Kwun Tong, with industries booming and businesses bustling. Because of its successful development, Kwun Tong was used as an example for the land use plans of the new towns during the 1970s (Sit, 1998).

7.2 Two tales of one town: industrial and state-led gentrification

In the “Kwun Tong Development Plan”, Kwun Tong was divided into two distinct yet connected areas — the industrial area to the south of Kwun Tong road and the residential and commercial areas to the north of Kwun Tong road. Because of the different nature of land uses, these two areas have had different urban development trajectories in recent years. The industrial area has transformed from industrial spaces into a mix-used commercial area with increasing property prices and rents, leading to industrial gentrification. The residential and commercial areas, which are home to the urban poor, have experienced government-led large-scale urban redevelopment and gentrification.

7.2.1 From industrial buildings to expensive commercial spaces

In the late 1970s, mainland China initiated the Open Door policy to attract foreign investment. Taking advantage of the cheap labor and land cost in the Pearl River Delta region, much of the manufacturing in Kwun Tong, especially the labor-intensive manufacturing, moved to mainland China. Both the number of factories and the number of workers in the Kwun Tong Industrial Area began to decline in the mid-1980s (Sit, 2012). As a result, factory buildings in

Kwun Tong became increasingly vacant or under-utilized. The decline of Kwun Tong was severe and over a short period in history as factories left the neighborhood and the city.

The Hong Kong government realized that the homogeneous land use pattern in the Kwun Tong Industrial Area was no longer appropriate as the economic transition away from manufacturing was taking place. In 1989, the government introduced a new zoning code “Industrial/Office (I/O) buildings”, which allowed for ancillary offices within the industrial buildings (EKEO, 2014). In the same year, the Hong Kong government approved the first industrial-office redevelopment project in Kwun Tong (Xian & Chen, 2015). Since then, the private sector has gradually redeveloped the previous industrial spaces, but the process has been slow.

While some structures were being transitioned into commercial uses, the majority of the land was still industrial by 1995 (Sit, 2012). Within this context, the Hong Kong government continued to relax the land use regulations in the industrial area over the subsequent years. In 1997, the government allowed commercial use on lower floors of industrial buildings (Xian & Chen, 2015). The building height restrictions in Kwun Tong were also repealed when the airport moved to Chek Lap Kok in 1998 (Legislative Council, 1998).

In 2001, the regulations were further relaxed as the entire Kwun Tong Industrial Area was rezoned into “Other Specified Uses” annotated as "Business" (HKSAR, 2001a). This policy was a big move, which facilitated the conversion of the existing industrial buildings in Kwun Tong. In addition, in 2005, the Sun Hung Kai Properties opened the first shopping mall, APM Mall, in

Kwun Tong. This shopping mall is a part of Millennium City, a large shopping and commercial complex that consists of 5 high-rise office buildings along Kwun Tong road (Figure 7-5). The name of APM (a combination of “am” and “pm”), along with its slogan “Play more, sleep less”, was a reflection of Kwun Tong’s transition from an old industrial area to a vibrant and trendy neighborhood in Hong Kong (Govada et al., 2017).



Figure 7-5. The AMP shopping mall and other Millennium City buildings along Kwun Tong road

Source: Author

In 2009, Donald Tsang, the Chief Executive of the Hong Kong SAR, announced policy measures to revitalize the vacant and under-utilized industrial buildings in non-industrial zones in his 2009-2010 Policy Address (Tsang, 2009). These measures were implemented as the “Revitalization of Industrial Buildings” Policy in 2010, which included lowering the application threshold for compulsory sale orders, enabling owners to pay additional premiums, allowing owners to opt for payment by installments over five years, and exempting owners from paying the waiver fee when certain requirements are met (Legislative Council, 2011). Many departments, including the Development Bureau, the Planning Department, the Lands Department, and the Buildings Department were involved in this policy (Chan, 2011). This policy has significantly stimulated the transaction of industrial buildings and further facilitated the revitalization process in Kwun Tong. However, while this policy was welcomed by the property owners and private sector, the existing tenants worried that the increasing rent would drive them out and destroy their businesses and local networks (EKEO, 2014).

In 2011, the government proposed to develop Kowloon East, including Kwun Tong, Kai Tak Development Area, and Kowloon Bay, into another core business district (CBD) of Hong Kong (Tsang, 2011). In the second year, the Energizing Kowloon East Office was established to facilitate the transformation of Kowloon East to a new CBD in Hong Kong (EKEO, 2012). Comparing the current land uses to 1995, most of the land in the Kwun Tong Industrial Area has

been transformed from industrial to business uses¹⁶, including offices, hotels, shopping and restaurants (Figure 7-6). Since the implementation of the Energizing Kowloon East initiative, the commercial gross floor area in Kowloon East has increased by 70%, from 1.7 million square meters in 2012 to 2.9 million square meters in 2020 (Lam, 2020). As part of the Energizing Kowloon East initiative, Kwun Tong has transformed into a second CBD in Hong Kong (ibid).



Figure 7-6. Outline zoning plan of the Kwun Tong Industrial Area

Source: Town Planning Board (2022b)

In the Kwun Tong Industrial Area, the multi-story industrial buildings have been the major building type since the early development of Kwun Tong. These multi-story buildings provided relatively low-cost and convenient spaces for the flatted factories (Shelton et al., 2013). During

¹⁶ In the outline zoning plan, it is designated as “other specified uses, for ‘business’ only”, including art studio, eating place, exhibition or convention hall, hotel, school, shop and services, and office etc.

the deindustrialization, many multi-story industrial buildings in Kwun Tong became under-utilized or even vacant (Xian & Chen, 2015). In 1996, Kwun Tong accounted for approximately 20% of the private flatted factory floor space in Hong Kong (Tang & Tang, 1999). Because of the attractive policy, relatively cheap rent, unique history, large spaces, and a flexible layout, many creative industries, retail stores, and small businesses are currently being attracted into these industrial buildings. For example, in 2013, Osage Gallery, one of Asia's largest commercial gallery groups, has relocated its main exhibition space to the Union Hing Yip Factory Building in Kwun Tong. In addition to art galleries, many art and music studios, bookstores, handmade workshops, tattoo stores, costume designers, retail stores and other small businesses also moved into the Kwun Tong industrial buildings. The book, *From the factories*, documents a variety of stores in the creative industry sector (Mak, 2014). Figure 7-7 also shows some stores in the industrial buildings in Kwun Tong. These different businesses in the Kwun Tong industrial buildings have attracted many young people, particularly in the after work hours (Figure 7-8), signifying the transition of the Kwun Tong Industrial Area from an old industrial town to a fashionable and trendy Hong Kong nightlife spot. It should be noted that, the revitalization process of the Kwun Tong Industrial Area also led to displacement of the urban poor, who lived in industrial buildings. However, since residential uses are illegal in the industrial buildings in Hong Kong (Xian & Chen, 2015), the number of people living in industrial buildings and the scale of residential displacement are relatively small. Thus,

residential displacement is not discussed in detail in the case of the revitalization of the Kwun Tong Industrial Area.



Figure 7-7 Shops in the industrial buildings of Kwun Tong (Upper left: retail stores; upper right: internal decoration; bottom left: a boutique store; bottom right: a furniture & coffee shop)

Source: Author



Figure 7-8. People waiting in line to get into a refurbished industrial building business
Source: Author

Besides art galleries and small businesses, many large companies have also moved into Kwun Tong. For instance, the Standard Chartered Bank relocated its headquarter to the Standard Chartered Tower in 1998; Manulife moved into Manulife Financial Center in 2008; and AXA and AIA opened their offices in Landmark East in 2010 (EKEO, 2014). Thus, a combination of old industrial buildings and new office buildings became a common urban landscape in the Kwun Tong Industrial Area. Figure 7-9 shows the high-rise office buildings as well as the old industrial buildings in the Kwun Tong Industrial Area.



Figure 7-9. High-rise office buildings in Kwun Tong Industrial Area

Source: Author

The Hong Kong government has also pursued initiatives to retain the industrial culture and unique history of the Kwun Tong Industrial Area by creating public space that echoes the area's past. For example, the Hong Kong government has put weaving net and sewing machine

sculptures in a recent renovated park in the Kwun Tong Industrial Area, reflective of the historical textile heritage of the neighborhood (Figure 7-10).



Figure 7-10. A renovated urban park in Kwun Tong Industrial Area

Source: Author

The development of Kwun Tong since the 1950s has largely been influenced by the Hong Kong government, which has served as a policy maker, planner, and entrepreneur (Chan, 1973). First of all, the government proposed the “Kwun Tong Development Plan” in 1956 to deal with the land shortage issue, making Kwun Tong the first fully planned new town in Hong Kong. The government also provided land, the most important element for production, through large scale reclamation. In the de-industrialization and transition period, the government has proposed a

series of policies to facilitate the transformation of the industrial buildings into mixed-use commercial spaces. Thus, the Hong Kong government has played a leading role in the development and redevelopment of Kwun Tong. Similar to Tai Nan Street in Sham Shui Po, the pioneer artists, creative class, and small business owners also played an important role in facilitating the redevelopment of the industrial buildings in Kwun Tong. But unlike Tai Nan Street, the vitalization of Kwun Tong Industrial Area was also facilitated by the redevelopment of industrial buildings into large-scale office towers and shopping malls, which displaced the underprivileged in the industrial buildings.

7.2.2 From a dilapidated neighborhood to a new Hong Kong landmark

Similar to the Seaside Sonata redevelopment project in Sham Shui Po, the URA played a leading role in the Kwun Tong Town Center redevelopment. Located between the industrial area and the residential area in Kwun Tong (Figure 7-1), the Kwun Tong Town Center (also known as the commercial center of Kwun Tong) was designed as a mixed-use pedestrian activity node, with shops on the first two floors and residential units on the upper floors of the buildings¹⁷. As discussed in the previous section, most of the residential buildings were built for refugees, squatters, and other low income households in Hong Kong Island and Kowloon. In the Kwun Tong Town Center, nearly all the buildings were built between 1963 and 1967 (Nicholls, 1989).

¹⁷ According to the Kwun Tong Town Centre redevelopment study (Nicholls, 1989), residential area accounts for 56.32% of the total gross floor area, while commercial area only accounts for 19.81% of the total gross floor area.

However, a survey taken in the early 1970s reported that most residents considered their living space and cleanliness inadequate (Chan, 1973).

Because of the lack of maintenance and upkeep of the buildings, in addition to the illegal extension of structures on the ground floors, and under-utilization of land, the government initiated a redevelopment and renewal of the Kwun Tong Town Center during the 1980s. In 1989, the Land Development Corporation (LDC), the predecessor of URA and the initiator of the development project, designated the boundary of the redevelopment area (Figure 7-11). The redevelopment area consists of two parts. The main site, which is bounded by Kwun Tong Road, Hip Wo Street, Mut Wah Street, and Hong Hing Road, includes the Yue Man Square and the Yan Oi Court Bus Terminus. The Yuet Wah Street site is bounded by Yuet Wah Street and Hip Wo Street. It was used as the Yuet Wah Street Bus Terminus before its redevelopment.

In 1989, the LDC commissioned the Kwun Tong Town Center Redevelopment Study, which concluded that “Kwun Tong represents an ideal location for substantial commercial development” (Nicholls, 1989, p. 2). In 1997, the LDC conducted the freezing household survey within the redevelopment area and officially announced the redevelopment project in 1998 (LDC, 1998). However, due to the Asian Financial Crisis, the Kwun Tong Town Center redevelopment was postponed (Tsang & Hsu, 2022). The LDC also fell into financial difficulties and was replaced by the URA in 2001. The Kwun Tong Town Center redevelopment project was then transferred to the newly established URA and was put on the agenda in 2005 (Qian & Yin, 2018).



Figure 7-11. Kwun Tong Town Center before redevelopment, 2005

Source: URA (2005)

Between 2005 and 2007, the URA conducted several rounds of surveys to collect residents' opinions and assess the social impact of the redevelopment project. According to the residents' willingness survey, 95.5% of residents and 85.3% of business owners agreed with the redevelopment project (Chen, 2007a). The detailed social impact assessment also reported that all residents either supported (about 80%) or had no opinion (over 16%) regarding the redevelopment and renewal proposal (URA, 2007a). However, the survey received extensive critique as the URA did not even include the *in-situ* settlement¹⁸ option in the survey Li (2018b). The survey purposely combined the “do not want to move unless the compensation is

¹⁸ *In-situ* settlement means residents who were impacted by the redevelopment were able to be rehoused in the same site.

reasonable” and “want to move to get the compensation” into the “want to get compensation and move” category, leading to a biased result (ibid). Nevertheless, the redevelopment project received a fair amount of support from residents because the building conditions and living environments had been deteriorating over the years (Figure 7-12).



Figure 7-12. The dilapidated building conditions and living environment in Kwun Tong Town Center (Left: an entrance of an old building, with graffiti saying “no pee here, please”; upper right: the corridor in an old building, showing the dilapidated conditions; bottom right: one unit was purchased by the URA)

Source: Author

The Town Planning Board approved the master layout plan of the Kwun Tong Town Center redevelopment project in 2009 (Figure 7-13), but the master layout plan has been revised several times over the subsequent years. The Wah Street site was completed in 2014. The main site includes four Development Areas (DA). While DAs 2&3 were completed in 2021, DAs 4&5 are expected to be completed in phases from 2028 to 2032. Figures 7-14 and 7-15 show the

development process of the main site of Kwun Tong Town Center. According to the URA (2022b), the Kwun Tong Town Center redevelopment project is the largest single project led by the URA. The DAs 1, 2, and 3 alone have affected 24 buildings, about 1,653 property interests, and 4,763 people. Upon completion, this project could provide 2,298 residential units and about 209,640 square meters of commercial gross floor area (Figure 7-16) (ibid). Once a dilapidated neighborhood, Kwun Tong Town Center will be turned into a new landmark with high-rise residential buildings, a shopping mall, an office and hotel tower, and public facilities. As can be expected, this project involves large scale gentrification and displacement.

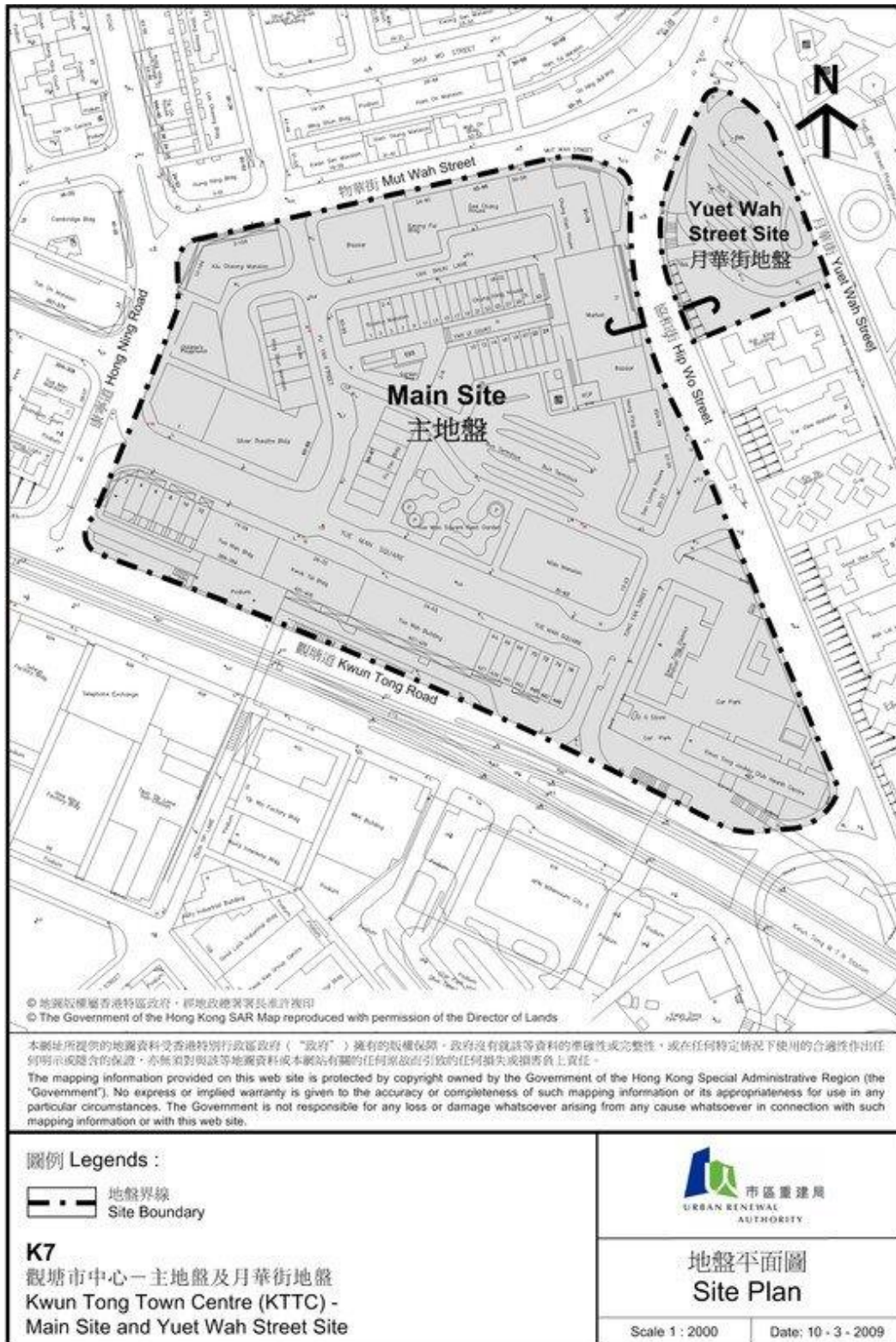


Figure 7-13. Site plan of Kwun Tong Town Center redevelopment project
 Source: URA (2009)



Figure 7-14. Main site of Kwun Tong Town Center, 2019 (Front: buildings in DAs 4&5 were waiting for demolition; back: DAs 2&3 were being built)

Source: Author



Figure 7-15. Main site of Kwun Tong Town Center, 2022 (Front: buildings in DAs 4&5 were demolished; back: DAs 2&3 completed)

Source: Author

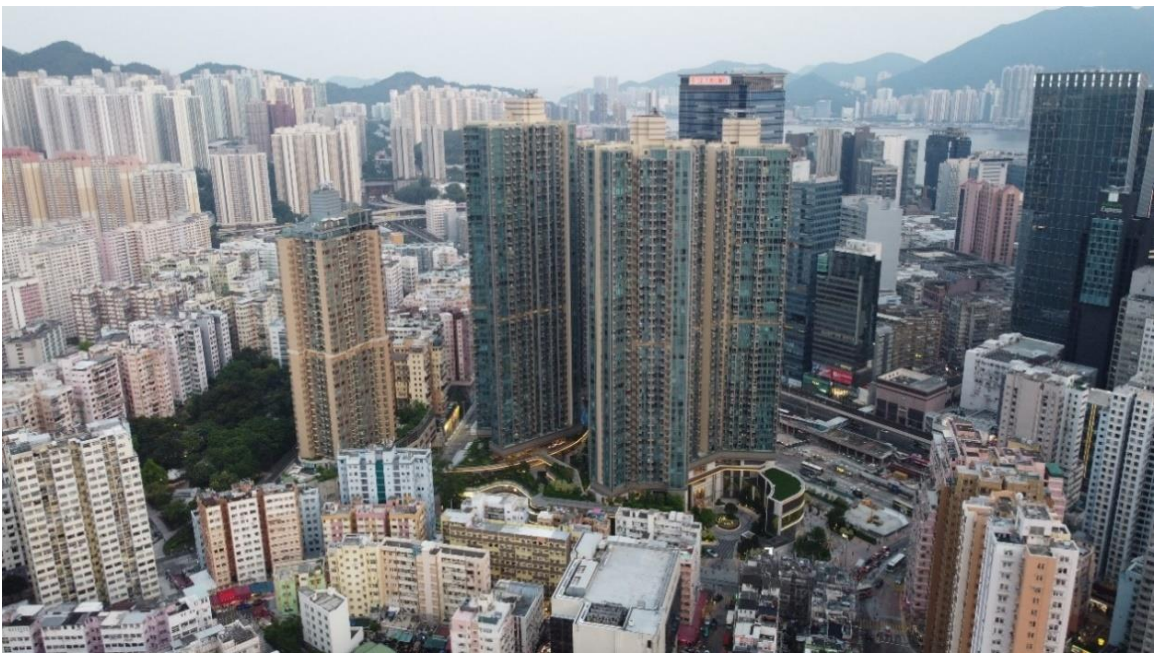


Figure 7-16. An aerial view of the main site of Kwun Tong Town Center, 2022

Source: Author

7.3 Displacement of the grassroots artists and underprivileged in Kwun Tong

Over the past few decades, with the revitalization of the Kwun Tong Industrial Area and the redevelopment of the Kwun Tong Town Center, the neighborhood is evolving into a second CBD in Hong Kong. At the same time, these redevelopment and renewal initiatives have also triggered gentrification, as extensive displacement is evident.

The pioneer artists, and other members of the creative class, and small business owners played an important role in facilitating the revitalization of the Kwun Tong Industrial Area. However, the increasing popularity of the artist and commercial spaces, along with the efforts of the Hong Kong government to redevelop Kwun Tong into another CBD have significantly pushed up the land values in the Kwun Tong Industrial Area. Figures 7-17 and 7-18 present the price and rental indices for the Hong Kong property market from 1997 to 2022. It is obvious that both the rental and price indices of flatted factories have increased significantly. Specifically, the increase in flatted factory prices is increasing at a much faster rate than for domestic, office, and retail property spaces. Since 1999, the price of flatted factories increased by about 9 times, while the price of domestic housing only increased by approximately 4 times. The rising of flatted factory rent is also significant. From 1999 to 2022, the rents of flatted factories have increased by about 2.2 times, which is higher than that of domestic and retail properties (Rating and Valuation Department, 2022a, 2022b).

The increasing rent and property prices of industrial buildings have had a detrimental impact on artists, small business owners, and the urban poor. Similar to the story of Tai Nan

Street in Sham Shui Po, the pioneer artists were first attracted by the low rent and unique cultural background in the neighborhood. The affordable rent has nurtured the pioneer artists and creative industries in industrial buildings within Kwun Tong (Xian & Chen, 2015). However, the increasing rent has forced many small business owners to move to much smaller places in Kwun Tong or low-rent places in other parts of Hong Kong (Mak, 2014). Worse still, the underprivileged who illegally live in industrial buildings have also been forced to move out. The revitalization process has turned Kwun Tong Industrial Area from a cheap and vibrant neighborhood into an expensive and exclusive commercial space.

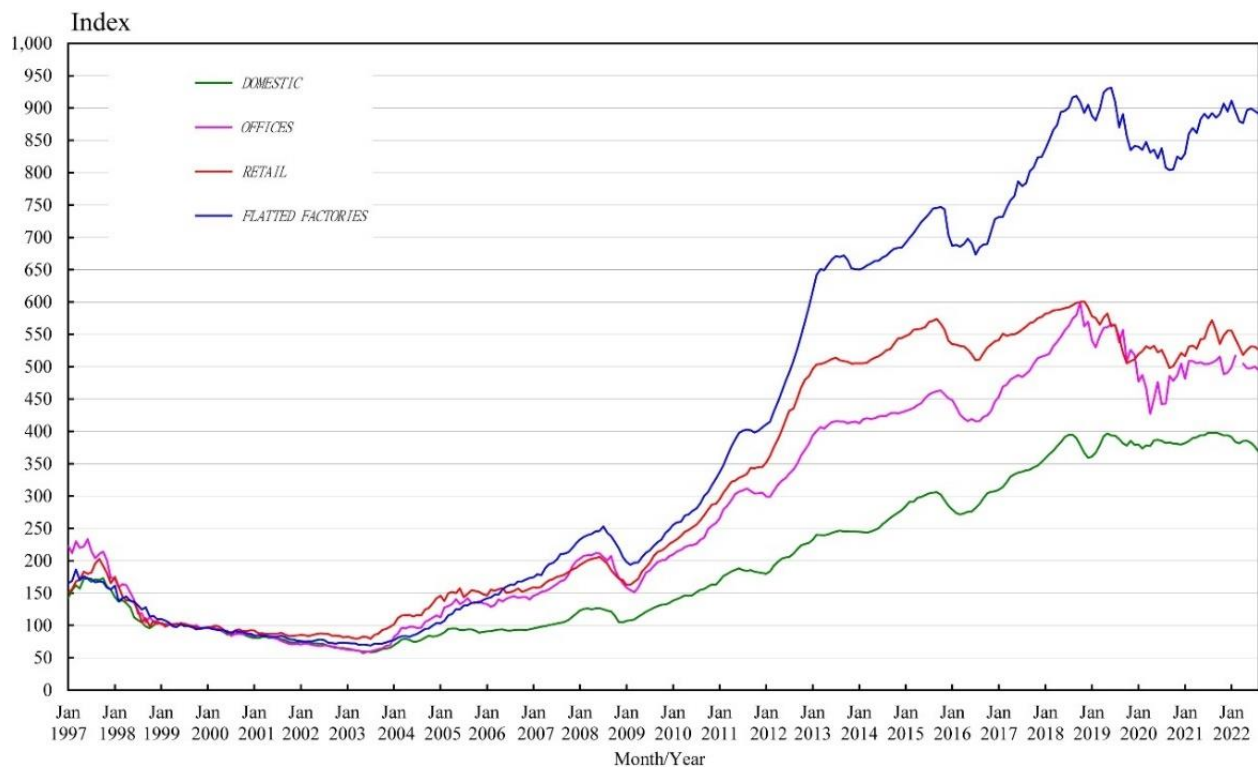


Figure 7-17. Price indices for Hong Kong property market, 1997-2022 (1999 = 100)
Source: Rating and Valuation Department (2022a)

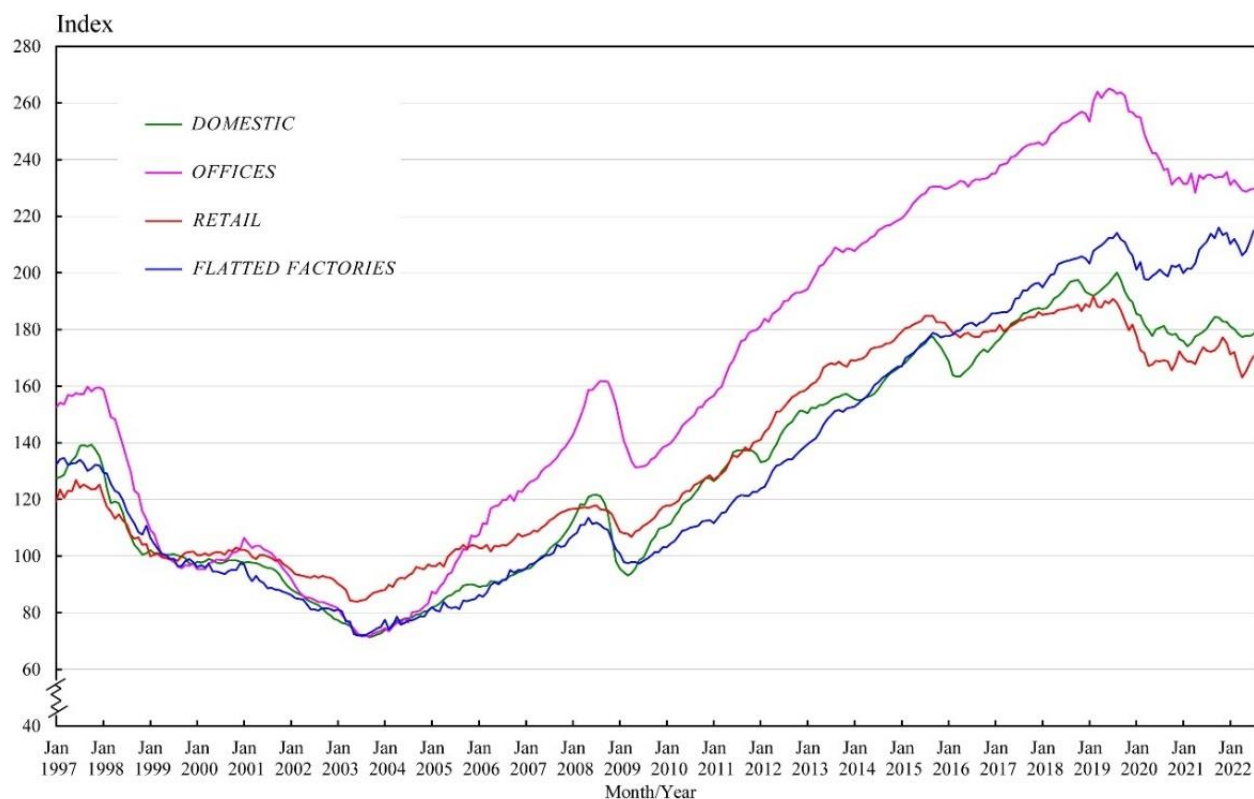


Figure 7-18. Rental indices for Hong Kong property market, 1997-2022 (1999 = 100)
Source: Rating and Valuation Department (2022b)

Displacement is even more evident and extensive in the Kwun Tong Town Center redevelopment project. According to the URA (URA, 2022b), the Kwun Tong Town Center project (DAs 1, 2, and 3) has displaced about 1,401 households comprising some 4,763 persons. This project has had fundamental impacts on residents' daily lives, as many of the displaced residents were underprivileged¹⁹, the core poor who had little economic and political power to

¹⁹ As discussed in previous section, Kwun Tong has historically been one of the poorest neighborhoods in Hong Kong. According to the Social Impacts Assessment (URA, 2007a), approximately 47% of the households earn monthly incomes less than HK\$ 10,000 (US\$ 1,279). This is significantly higher than the Hong Kong average of 28%. The percentage of the elders (aged 60 and above) is 18%, which is higher than Hong Kong average of 16%. In addition, the percentage of the unemployed is 7%, which is higher than Hong Kong average of 4.3%.

relocate to nearby areas and lost the neighborhood social networks they have been relying on for survival.

The URA claimed that they would assist in finding appropriate rehousing for the underprivileged and the Yuet Wah Street Site, the DA 1 that was completed in 2014, may offer suitable flat supply for the owner-occupiers (URA, 2007a). However, the URA has never provided an *in-situ* settlement option for the impacted residents in the entire redevelopment process (Cheng, 2014).

The above mentioned Yuet Wah Street Site, which was redeveloped into a high-end residential building named Park Metropolitan, was completed in 2014. The opening price of Park Metropolitan was HK\$ 11,417 (US\$ 1,461) per square foot, which is much higher than the compensation standard provided by URA²⁰. By August 2016, 295 flats in the Park Metropolitan were sold at an average of HK\$ 8.2 million (US\$ 1.1 million) (Qian & Yin, 2018). According to the URA compensation policy, about 70% of owner-occupiers received a compensation package between HK\$ 2.3 million (US\$ 294,000) and HK\$ 2.5 million (US\$ 320,000). As the Detailed Social Impact Assessment suggested, at least of the persons who responded, about 47% of the

²⁰ The compensation standard for the owner-occupiers in Kwun Tong Town Center was based on the market value plus a Home Purchase Allowance or Supplementary Allowance (URA, 2022a). The Home Purchase Allowance was based on the difference between the value of the property being acquired and a seven-year-old flat with similar size and same locality. And the Supplementary Allowance is a percentage of HPA for those who do not reside in the affected property as their sole residence (ibid). In the Kwun Tong Town Center project, the compensation was set at HK\$ 5,937 (US\$ 760) per square foot plus additional HK\$ 111,900 (US\$ 14,320) or HK\$111 (US\$ 14)per square foot for owner-occupiers who accept the offer within 90 days (URA, 2008b).

households earn incomes less than HK\$ 10,000 (US\$ 1279) per month, which is much higher than Hong Kong's average (28%) in 2016 (URA, 2007a). Thus, it is almost impossible for the majority of displaced residents to purchase a new home in the Park Metropolitan. In fact, only about 57% of the surveyed residents still lived in the Kwun Tong district. Thus, a large scale of displacement has occurred in the Kwun Tong Redevelopment project.

According to the tracking study of the Kwun Tong Town Center, about 60% of the surveyed residents thought the redevelopment project has had more benefits than losses, and 76.9% agreed their new flats are better than old flats in Kwun Tong Town Center (Huang, Lin, & Liang, 2012). However, the detailed analysis suggested another scenario. Levels of satisfaction with job opportunities, medical services, shopping, entertainment and leisure, and transportation were significantly reduced. In particular, satisfaction with transportation has been reduced from 9.04 to only 6.58 after the relocation, which indicated that the impacted residents moved to areas with low accessibility (ibid). Visiting grocery stores used to be very convenient in the Kwun Tong Town Center, but after the relocation, many of the residents found it hard for them to buy groceries. Visits to medical services also got harder after the relocation (ibid). In a sense, the relocation has had many negative impacts on residents' daily lives, depriving them of a variety of life opportunities.

Residents' social networks have also been negatively affected by the redevelopment project. Except for the number of good friends, all other aspects of social networks have declined (Huang et al, 2012). Specifically, the number of friends within the same neighborhood that one engages

in entertainment activities with has decreased from 4.5 to 1.3 (ibid), indicating that relocation has significantly impacted displaced residents' social lives. Although the URA proposed several ways to rebuild social networks after the relocation (e.g., organizing a reunion gathering for displaced residents, collecting contact information, and helping displaced residents establish new social networks), it is hard for the displaced residents to maintain the old social networks and to build new social networks in a short period of time.

The impacts of displacement on small local business owners were also detrimental. Most of the family-operated businesses in the Kwun Tong Town Center were largely supported by close social networks (Qian & Yin, 2018). The Detailed Social Impact Assessment also suggested that an adequate customer base is a major reason for the small business to operate in Kwun Tong Town Center (URA, 2007a). Thus, the URA has strived to protect small businesses by setting up a temporary hawker bazaar in 2014 and the permanent Yue Man Hawker Bazaar in the newly developed YM² square. This has enabled the small business owners to continue their businesses and maintain their old customers (URA, 2021c). Although the temporary market is just a few minutes away from their original marketplace, the pedestrian volume has been significantly reduced. And the situation did not get better four years after the relocation (Li, 2018a).

One business owner reported that he has lost about HK\$ 250,000 (US\$ 31,993) over the past four years following the relocation (ibid). After the YM² square was completed, many of the small business owners found that they were unable to afford the renovation cost and rent in the new mall, even at a discounted rate. For example, one small business owner was told that

moving there would result in a monthly rent of HK\$ 20,000 (US\$ 2,559) plus a HK\$ 700,000 (US\$ 89,581) construction fee (Chau, 2021). As many of the businesses were small enterprises, they were unable to afford the relocation cost. In addition, they were also concerned about the business in the Yue Man Hawker Bazaar because of the underground location and the unsuccessful experience of the temporary hawker bazaar. Worse still, it seems that there is no option for them to stay. Those who refused to move out were sued for illegally occupying government land by the URA and Lands department (Yeung, 2020). In a sense, the small business owners were displaced by the redevelopment project, either physically or economically. Thus, it is not strange to see that the Kwun Tong Town Center redevelopment project has triggered resistance from both residents and small business owners. For example, Chau (2021) reported that a slogan “URA is unscrupulous, bailiffs carrying people away, in-situ resettlement, conserve old neighborhood, social enterprise and public housing, and sustainable development” was found on the door of a vendor.

Gentrification-induced displacement is often associated with improved living conditions and neighborhood environments, but life opportunities and social networks have been significantly affected (He & Wu, 2005, 2007; Zhang & He, 2018). While residents living in the dilapidated neighborhoods were longing for the improvement of living conditions, maintaining a social network and the local lifestyle was also critical, as the underprivileged, including both residents and small business owners, were relying on these local community ties for survival.

In the case of Kwun Tong Town Center, unfortunately, both last-resident displacement and direct chain displacement (Marcuse, 1985) were observed. Although displaced residents generally reported higher levels of satisfaction with their new living environment, their social networks and lifestyle had been completely destroyed. Some people even became homeless as they could not afford the increasingly high rent (Figure 7-19). Moreover, there are still a large number of private dilapidated buildings around the Kwun Tong Town Center. Those old buildings also faced similar issues, such as lack of maintenance, illegal extension of structures on the ground floors, and under-utilization of land. In the old buildings in Kwun Tong, there were 4,629 households and 11,085 persons living in sub-divided units in 2016 (Lai, Wong, Fan, & Law, 2021). A survey also indicated that about 33% of the households living in sub-divided units had experienced rent increases in the past three years (ibid). With the completion of the Kwun Tong Town Center project, it can be expected that more and more people will be attracted to this area. Thus, the residents living there will continue to face displacement pressure (Marcuse, 1985) and the areas surrounding Kwun Tong Town Center are likely to be the next target of gentrification.



Figure 7-19. A “spacious home” for homeless people on the Kwun Tong public pier
Source: Author

7.4 Demographic trends from 1986 to 2016

Divided by Kwun Tong road, the Kwun Tong Industrial Area and Kwun Tong Town Center have experienced completely different urban redevelopment trajectories. But the outcomes of the urban redevelopments in these two areas, to some extent, are the same — physical and social upgrading, or more specifically, gentrification with extensive displacement. This trend can also be observed in demographic trends in Kwun Tong from 1986 to 2016.

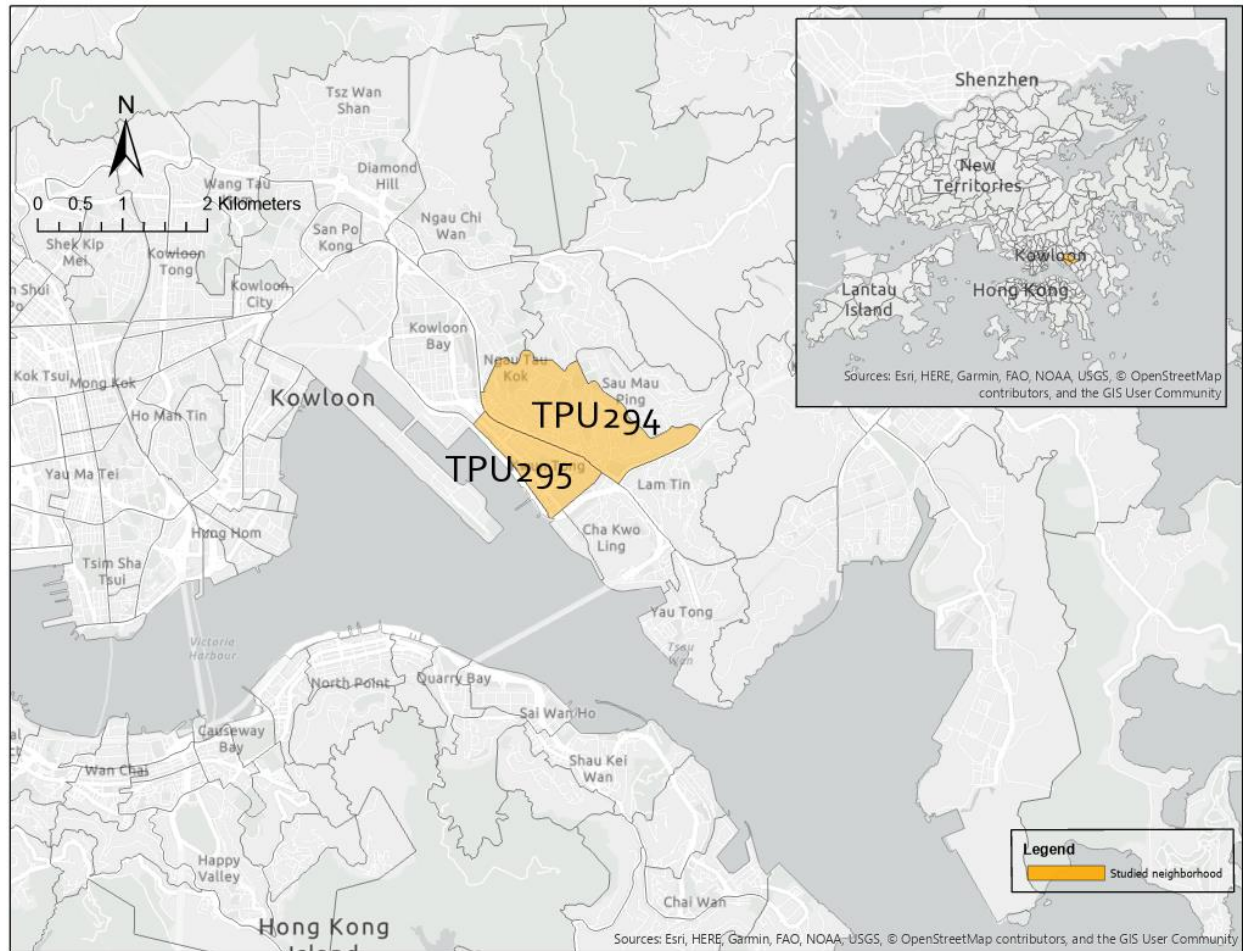


Figure 7-20. Locations of TPUs 294 and 295

Census data of TPUs 294 and 295 are used to portray the demographic changes in Kwun Tong. TPU 294 is the residential area of Kwun Tong, bounded by Kwun Tong Road, Tseung Kwan O Road, Hiu Kwong Street, Hip Wo Street, Hong Ning Road, Chun Wah Road, and Ngau Tau Kok Road. TPU 295 is the Kwun Tong Industrial Area, bounded by Kwun Tong Road, King Yip Street, Hoi Bun Road, and Shun Yip Street. It should be noted that TPU 294 is a large residential area consisting of a number of public housing estates in the north and private housing estates in the south. Thus, census data of TPU 294 reflect the overall demographic trends of the Kwun Tong residential area, rather than Kwun Tong Town Center. In addition, while the Park

Metropolitan was completed in 2014, the major residential buildings in the Kwun Tong Town Center redevelopment project were completed in 2021. Thus, the current census data may not catch the latest demographic trends impacted by the redevelopment. Nevertheless, the census data of TPU 294 still indicate social upgrading trends. Figure 7-20 shows locations of TPUs 294 and 295.

Table 7-1 presents the rent, household income, and personal income of TPUs 294 and 295, Kwun Tong District, and Hong Kong overall in 1986 and 2016. In 2016, although both the median household income and median personal income of TPU 294 are lower than Kwun Tong and Hong Kong overall, residents living in TPU 294 are also paying less rent than Kwun Tong and Hong Kong's average. As discussed in the previous section, Kwun Tong residential area has traditionally been a poor neighborhood. The relatively low rent and commodity prices have made it possible for the urban poor to live there. In contrast to TPU 294, TPU 295 suggests a completely different scenario — while both median household income and median personal income are much lower than in Kwun Tong District and the average for Hong Kong, the median household rent is much higher than Kwun Tong and Hong Kong's average. Even though it is illegal, many urban poor still choose to live in industrial buildings because of the low rent (Xian & Chen, 2015). However, the fast-increasing rent has pushed out most of the low income earners, as evident in Table 7-2. Between 1986 and 2016, the median rent increased by 1226.24%, leading to a 67.36% decrease in the population along with a 63.05% decrease in owner-occupied housing flats.

Table 7-1. Comparisons of rent, household income, and personal income in TPUs 294, 295, Kwun Tong, and Hong Kong overall, 1986 and 2016 (In 2016 prices, HK\$)

Region/District Council District/TPU	Median monthly domestic household rent		Median monthly domestic household income		Median monthly income from main employment	
	1986	2016	1986	2016	1986	2016
TPU 294	1,265	1,600	15,466	16,830	7,733	13,000
TPU 295	241	3,200	9,280	9,520	6,249	7,730
Kwun Tong	699 ¹	1,870	17,106	20,160	N.A.	13,500
Hong Kong overall	1,253 ²	2,180	15,962	25,000	7,959	15,000

Note: 1. This value reflects the median monthly domestic household rent of public housing; the median monthly domestic household rent of private housing is 2,610.

2. As the value for Hong Kong overall is not available, this value only reflects the median monthly domestic household rent of Hong Kong Island, Kowloon, and New Kowloon. The values of New Towns and other areas in the New Territories are 1,247 and 1,225, respectively.

Source: *Census and Statistics Department (2016a)*

The difference in the land use pattern of TPUs 294 and 295 has led to different demographic changes. Both TPUs have experienced population decline due to de-industrialization. It is worth noticing that, although the total population has declined by 21.89% in TPU 294, the population aged 55 and over has almost doubled. Thus, aging will be a critical issue in the next round of gentrification in the Kwun Tong residential area. Changes in college graduates also shows a different pattern of change between the two TPUs. While the number of college graduates in TPU 294 has increased by 273.27% from 1986 to 2016, the figure in TPU 296 has decreased by 8.57%. Considering the large decrease in population in TPU 295, the percentage of college graduates from 1986 to 2016 has actually increased. It should be noted that, unlike other gentrified neighborhoods, the median household income in both TPUs has only slightly increased. This is reasonable because in TPU 294, as previously noted, only a small proportion

of neighborhoods²¹ were experiencing gentrification in 2016; in TPU 295, nearly all industrial buildings were transformed into commercial spaces, but the census data only reflect the demographic trends of people living there, not people working there.

Table 7-2. Percentage of change in major indicators in TPUs 294 and 295, 1986-2016

Major indicators	Percentage of Change (%)	
	TPU 294	TPU 295
Total population	-21.89%	-67.36%
Population aged 55 and over	+86.42%	-62.75%
Median gross rent	+26.46%	+1226.24%
Median household income	+8.81%	+2.58%
Median employment income	+68.10%	+23.70%
College graduates	+273.27%	-8.57%
Owner-occupied housing	+24.51%	-63.05%

Source: Census and Statistics Department (1986, 2016a)

Changes in the occupational structure are a direct reflection of social upgrading in a neighborhood (Table 7-3). Despite the population decline in TPUs 294 and 295, the occupational structure has significantly upgraded. As an industrial town, the percentage of employment in manufacturing in both TPUs was above the Hong Kong average in 1986. However, along with the de-industrialization process in Kwun Tong, the percentage of employment in manufacturing in both TPUs has significantly dropped. Employment in manufacturing even dropped to zero in TPU 295. The percentage of professionals in TPUs 294 and 295 has increased from 6.9% and 1.3% in 1986 to 23.2% and 27.4% in 2016, respectively. The percentage of financing, insurance, real estate, and business services employment also experienced an extensive increase, which is in line with the overall trend in Hong Kong. The percentage of lower-end service employment,

²¹ DA 1 of Kwun Tong Town Center redevelopment project was completed in 2014 and the DAs 3&4 were completed in 2021.

including wholesale, retail & import/ export trades, restaurants & hotels, in both TPUs 294 and 295 exceeded 30% in 2016, which is above the Hong Kong average. The increasing lower-paying service employment, as well as the higher-paying service employment, has created a U-shaped demographic structure, which is also observed by Ye and Vojnovic (2018) among women in other neighborhoods in Hong Kong.

Table 7-3. Occupational structure in TPUs 294, 295, Kwun Tong, and Hong Kong, 1986 and 2016

	TPU 294		TPU 295		Kwun Tong		Hong Kong	
	1986	2016	1986	2016	1986	2016	1986	2016
Professionals	2,688 ¹	17,981	28	158	11,256	75,360	225,533	1,034,528
% of Professionals	(6.9%) ²	(23.2%)	(1.3%)	(27.4%)	(5.7%)	(23.9%)	(8.3%)	(27.5%)
Craft and related workers	7,525	5,312	1,386	89	103,194	20,738	1187,158	210,341
% of Craft and related workers	(50.0%)	(6.8%)	(66.0%)	(15.5%)	(52.2%)	(6.6%)	(43.6%)	(5.6%)
Clerical and related workers	4,970	11,397	84	0	27,755	47,391	398,230	531,175
% of Clerical and related workers	(15.9%)	(14.2%)	(4.0%)	(0.0%)	(14.0%)	(15.0%)	(14.6%)	(14.1%)
Managers & administrators	1,225	4,743	14	0	3,185	21,688	96,901	380,620
% of Managers & administrators	(2.6%)	(6.1%)	(0.7%)	(0.0%) ³	(1.6%)	(6.9%)	(3.6%)	(10.1%)
Manufacturing	5,138	3,264	1,456	0	89,726	11,715	984,109	142,445
% of Manufacturing	(44.3%)	(4.2%)	(69.3%)	(0.0%)	(45.4%)	(3.7%)	(36.2%)	(3.8%)
Financing, insurance, real estate, and business services	2,982	15,232	7	70	9,569	63,697	174,762	781,802
% of Financing, insurance, real estate, and business services	(5.3%)	(19.7%)	(0.3%)	(12.2%)	(4.8%)	(20.2%)	(6.4%)	(20.8%)
Wholesale, retail & import/ export trades, restaurants & hotels	22,533	24,225	259	195	39,627	93,596	616,469	1,017,626
% of Wholesale, retail & import/ export trades, restaurants & hotels	(20.7%)	(31.3%)	(12.3%)	(33.9%)	(20.1%)	(29.7%)	(22.6%)	(27.1%)
Traditional sectors	385	443	49	0	574	1386	45,710	21,741
% of Traditional sectors	(0.4%)	(0.1%)	(70.6%)	(0.0%)	(0.3%)	(0.4%)	(1.7%)	(0.6%)

Note: 1. The values represent the absolute number of employments in each category.

2. The values in parentheses indicate the percentage of a certain employment category in total working population.

Table 7-3 (cont'd)

3. Number of managers and administrators has dropped from 14 in 1986 to zero in 2016. It is not used as an indicator of changes in occupational structure due to the small sample size.

Source: Census and Statistics Department (1986, 2016a)

7.5 Concluding remarks

As the first fully planned industrial new town, Kwun Tong represents the glorious industrial history of Hong Kong. Due to de-industrialization, beginning in the late 1980s, Kwun Tong has gradually transformed into a second CBD in Hong Kong. Once occupied by thousands of flatted factories, the industrial buildings in the Kwun Tong Industrial Area have transformed into commercial and creative spaces, including office towers, shopping malls, art galleries, music studios, bookstores, handmade workshops, costume designers, retail stores, restaurants, and bars. The Kwun Tong Town Center is also transforming from a dilapidated neighborhood into a new landmark in Hong Kong. During the revitalization and redevelopment processes, however, two gentrification processes—one public driven and one private-sector initiated—have taken place in Kwun Tong, leading to large-scale displacement of the local residents, especially the underprivileged. Several factors have contributed to the gentrification processes in Kwun Tong.

The government played a leading role in redeveloping Kwun Tong. In recognition of the rapid decline of the industrial sector and the increasing vacancy rate in Kwun Tong, the government had issued a number of policies, which directly facilitated the transformation of the Kwun Tong Industrial Area into a service-oriented urban space, and over a very short period of time. In the Kwun Tong Town Center redevelopment project, the URA—the powerful quasi-government agent—dominated the entire process, from property acquisition to joint-venture development.

In addition to the government, grassroots artists also played an important role in the initial gentrification process. They were attracted by the unique atmosphere created by the industrial heritage, large spaces, and low rent. However, the increasing rent caused by gentrification

eventually displaced the local artists themselves. As the initial gentrifiers, the artists also became the victims of gentrification.

Along with the two gentrification processes, displacement is also diverse in Kwun Tong. In the Kwun Tong Industrial Area, the grassroots artists and small business owners have experienced direct chain displacement — many of them had to move out of the industrial buildings because they were unable to afford the increasing rent. In addition to the grassroots artists and small business owners, many low-income residents were also excluded from the urban space because of the high cost of living. Thus, the revitalization process of the Kwun Tong Industrial Area also caused exclusionary displacement.

In the Kwun Tong Town Center, both direct chain displacement and last-resident displacement were taking place. Many residents were displaced because they were unable to afford the high housing prices nearby even with the compensation from the URA. In some cases, residents were even physically displaced by using the government's power to force them out of their homes. Using strong economic and political power, the URA has successfully displaced all residents in Kwun Tong Town Center. This is a typical case of last-resident displacement. In addition, the residents living nearby are also facing constant displacement pressure because the incoming middle- and upper-income individuals, who were attracted by the newly developed residential buildings and the more upscale commercial and retail amenities, push up the living expenses in the neighborhood. Thus, the nearby private buildings will likely be the target of the next round of gentrification.

Kwun Tong Industrial Area represents a unique case of gentrification because, unlike other gentrification processes that focus on local residents, grassroots artists and small business owners were the main targets and victims of gentrification and displacement. In contrast, the Kwun Tong

residential area depicts a typical gentrification case in Hong Kong — the government plays a leading role in the entire gentrification and displacement process, signifying the strong power of the government in urban redevelopment.

CHAPTER 8 WAN CHAI

8.1 The history of Wan Chai

Wan Chai literally means “small bay” in Cantonese, from the shape of its original coastal line along the Queen’s Road East. In 1881, the government officially named this settlement as Wan Chai (Xia, 2017). It is located on the northern shore of Hong Kong Island and is bounded by Canal Road to the east, Bowen Road to the south, and Arsenal Street to the west. Wan Chai is one of the earliest settlements in Hong Kong. Over the decades, because of its spatial proximity to the CBD of Hong Kong (i.e., Central), Wan Chai has gradually developed from a small fishing village to one of the busiest commercial areas in Hong Kong through several rounds of land reclamations from south to north. Thus, the urban landscape of Wan Chai now is a reflection of the reclamation history, with a mix of low-rise historical buildings and high-rise office towers.

Wan Chai’s history is one of land reclamation. The original coastline of Wan Chai was located at Queen’s Road East. The first round of land reclamation began in 1841, soon after the British occupied Hong Kong. The reclamation project was completed in 1887, extending the land in Wan Chai from present-day Queen’s Road East to Johnston Road (Xia, 2017). Lee Tung Street, which later became the spotlight due to the URA’s redevelopment scheme, was formed during the first round of land reclamation. From 1921 to 1929, to relieve the population density and offer more housing units, the government conducted the Praya East Reclamation Scheme. This round of land reclamation extended the land from Johnston Road to Gloucester Road (Er, 2003). The Praya East Reclamation Scheme was considered the most influential land reclamation in Wan Chai’s history (Xia, 2017). The present-day major roads, including Hennessy Road, Lockhart Road, and Jaffe Road, were all formed in this round of land reclamation. In the 1930s, a large number of refugees from the mainland and an extensive amount of investment from

overseas Chinese were attracted to Wan Chai, making it a flourishing district in Hong Kong (Xia, 2017). In the late 1960s and early 1970s, the coastline of Wan Chai further extended to Hung Hing Road and Convention Avenue through two rounds of land reclamations (Wan Chai District Council, 2007). The Hong Kong Convention and Exhibition Center was built on the newly reclaimed land in 1988. In the early 1990s, an island north of Convention Avenue was reclaimed (Wan Chai District Council, 2007). The new wing of the Hong Kong Convention and Exhibition Center and the Golden Bauhinia Square were built before the handover of Hong Kong in 1997. Figure 8-1 illustrates the evolution of the Wan Chai coastline on a map, while Figure 8-2 shows photos of the Wan Chai coastline in different periods.

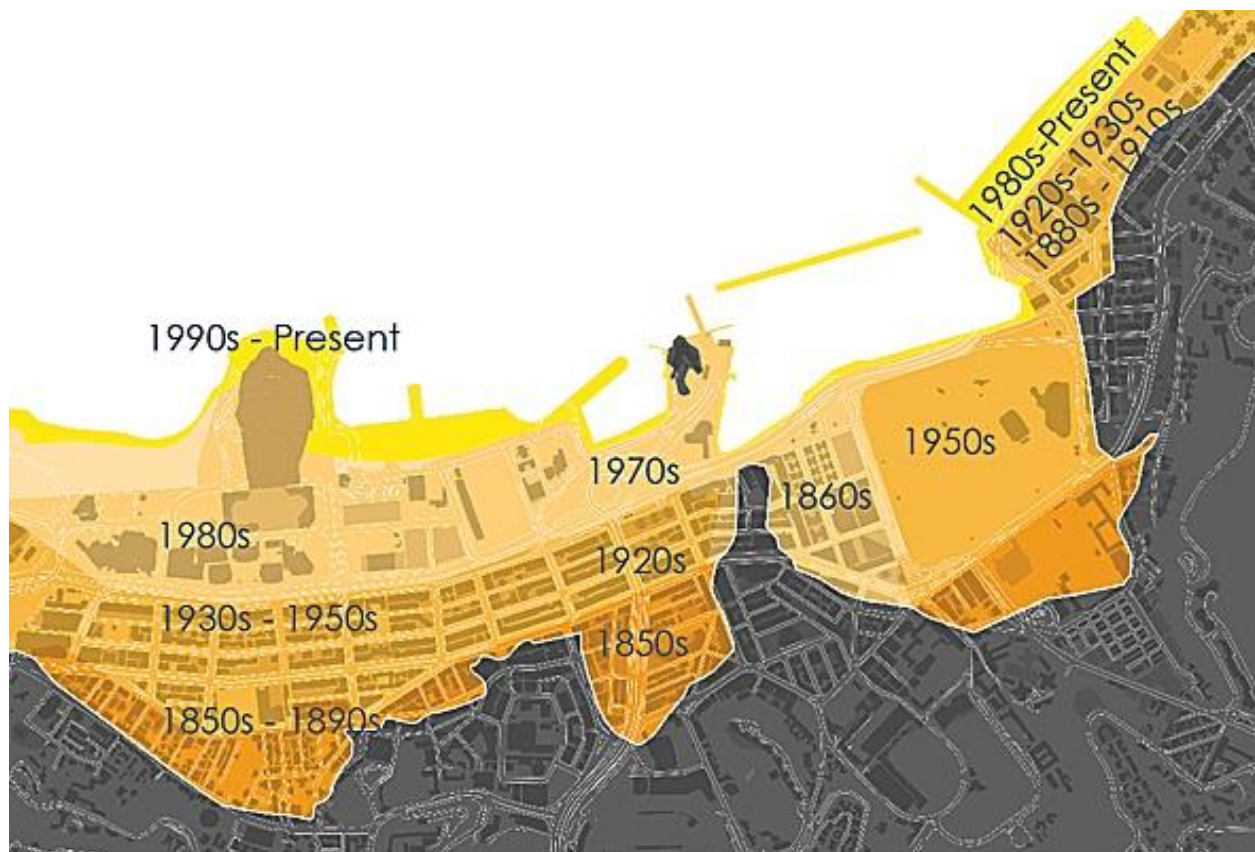


Figure 8-1. Evolution of Wan Chai coastline and the periods of land reclamation
Source: Planning Department (2022)



Figure 8-2. Hong Kong's coastlines since 1842 (Upper left: 1842-1890s coastline; upper right: 1890s-1930s coastline; middle left: 1930s-1945 coastline; middle right: 1960s-1972 coastline; bottom left: 1980s-1990s coastline; bottom right: 1990s coastline)

Source: *Wan Chai District Council (n.d.)*

The several rounds of land reclamation processes, along with the synchronous urban development, have created a unique urban landscape — a chronological order of the building ages can be observed from the south to the north in Wan Chai. In particular, Johnston Road is a divider of the old and new Wai Chai. A lot of historical buildings, including the Blue House Cluster, Hung Shing Temple, Woo Cheong Pawn Shop, and Wan Chai Market, were located to

the south of Johnstone Road. The north of Johnstone Road, in contrast, is a modern neighborhood full of high-rise office towers, shopping malls, and exhibition centers. The old and new districts of Wan Chai have completely different features – larger blocks for commercial uses on the reclaimed land and smaller and compact blocks with mixed uses in the old area (Mee Kam, 2017). Xia (2017) described Wan Chai as a time tunnel — the historical urban development of Hong Kong can be experienced in a 15 minutes walk from the south to the north of Wan Chai.

However, historical buildings and blocks in old Wan Chai have become the targets for urban redevelopment and revitalization since the late 1990s (Mee Kam, 2017). This process has been further accelerated in the late 2000s. In the 2007-2008 Policy Address, the Chief Executive of Hong Kong called on the URA to extend the scope of historical building protection to cover pre-war buildings and extend the method from preservation to revitalization (Tsang, 2007). In response to the Chief Executive's call, the Development Bureau established the Old Wan Chai Revitalization Initiatives Special Committee to propose historical building revitalization (URA, n.d.-b). Since then, the old area of Wan Chai has been facing increasing pressures of urban redevelopment, gentrification, and the associated displacement. This chapter focuses on the revitalization processes of some historical buildings and blocks, along with the consequent gentrification, including the resulting displacement, and community struggles in Wan Chai.

8.2 Redevelopment or preservation? Different fates of shophouses in Wan Chai

As one of the earliest settlements in Hong Kong, Wan Chai used to be comprised of shophouses²². However, the rapid economic development in the post-war era changed the urban landscape of Wan Chai — most of the shophouses were replaced by skyscrapers. Entering into

²² Shophouses refer to a building type where shops are on the first floor and residential units are on the upper floors.

the 21st century, the rising awareness of local culture preservation and heritage protection saved many shophouses in Wan Chai, including the Woo Cheong Pawn Shop, three shophouses on 186-190 Queen's Road East, and Blue House Cluster. Nevertheless, there are still many shophouses that do not have enough cultural or economic value facing the fate of demolition in Wan Chai, such as the shophouses on Lee Tung Street. Thus, the conflict between urban redevelopment and heritage conservation has always been the central theme in Wan Chai's urban renewal efforts. Unfortunately, gentrification and the associated displacement have become the inevitable outcomes of either the urban redevelopment or the heritage conservation initiatives.

8.2.1 Redevelopment: from Lee Tung Street to Lee Tung Avenue

Lee Tung Street was a 150-meter street located on reclaimed land between Queen's Road East and Johnston Road. This area was initially a high-class foreign residential block (Li, 2014). Between 1911 and 1920, the block was demolished and three-story buildings were built along a street (Zheng, 2001), which was named after the Lee Tung Construction Company, Lee Tung Street (Li, 2014). After the redevelopment, Lee Tung Street gradually became a tailor street, as many British soldiers who lived in Wan Chai purchased custom clothes. In the late 1950s, the buildings on Lee Tung Street were demolished again and about fifty six-story *Tong Laus* with connected rooftops and shops were built by private developers (Xia & Chen, 2014). Right after the redevelopment, many printing shops moved into Lee Tung Street to produce business cards, stationeries, and envelopes. During the 1970s, many of these printing shops also began to print and sell wedding cards, money packets, and spring festival scrolls. As these products are all red in color, the entire street is full of red goods. Lee Tung Street gradually became a famous place for wedding cards until the local renewal initiatives during the 2000s (Liu, 2020).

In 1997, the LDC announced the Lee Tung Street/McGregor Street project, which covers an area of 8,236 square meters (Figure 8-3). The announcement had significant negative impacts on the neighborhood's physical environment and local social networks. Since the owner-occupiers had realized that their properties would be purchased by the URA soon, they no longer had the motivation to maintain their properties. In order to be an owner-occupier and get more compensation, some landlords even forced the tenants to move out. The shop owners were also worried about their businesses, as the redevelopment project would demolish their shops and cut their ties with customers (Xia & Chen, 2014). The stable local social network began to decline as soon as the redevelopment project was announced.

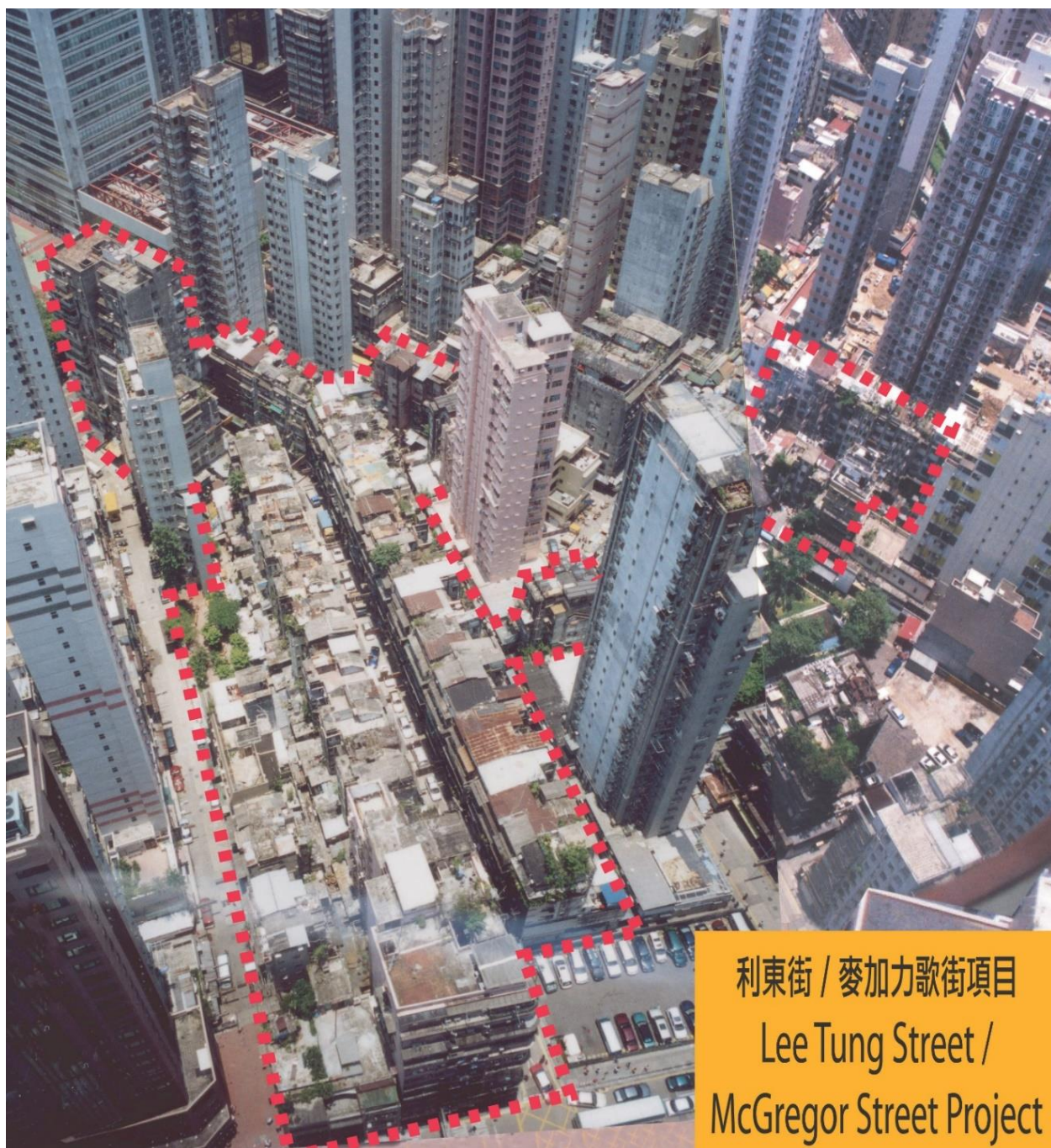


Figure 8-3. The affected areas of the Lee Tung Street/McGregor Street redevelopment project
Source: URA (2003)

Similar to the Kwun Tong Town Center redevelopment project, the Lee Tung Street/McGregor Street project was also postponed due to the Asian Financial Crisis in 1997. As the LDC fell into financial difficulties, this project was transferred to the newly established URA. In 2003, the URA restarted the Lee Tung Street/McGregor Street project and named it as

the H15 project (URA, 2003). The entire project would cost HK\$ 3.58 billion (US\$ 458.14 million). By the end of 2004, the URA obtained about 75% of the properties within the project area and by August 2005, this figure reached 93% (ibid). The government then issued an official resumption under the Land Resumption Ordinance requested by the URA (Yung, 2005). The residents that remained in their homes had no choice at this point but to move out. In October 2006, the last owner-occupier in Lee Tung Street had moved out of their property (Law, Chui, Wong, Lee, & Ho, 2010).

Shortly after the URA announced the Lee Tung Street redevelopment project in 2003, with the help of the local district council and social workers in St. James Settlement, the local residents and shop owners established the H15 Concern Group to negotiate with the URA on the compensation for their properties and the development plan itself (Law et al., 2010; Mee Kam, 2017). In September 2007, the H15 Concern Group took a series of actions, including hosting the Lee Tung Festival, an essay competition, a movie show, and a cultural tour, to raise public awareness of the demolition of Lee Tung Street. In October, fifteen local residents were arrested due to their action of stopping the demolition process in the central part of Lee Tung Street. Before Christmas in 2007, one resident went on a hunger strike in Lee Tung Street but failed to stop the demolition process. In January 2008, the Town Planning Board again rejected the revised proposal submitted by the H15 Concern Group. By March 2008, all shophouses on Lee Tung Street were demolished (Xia & Chen, 2014). The H15 Concern Group did all it could do to prevent the redevelopment of Lee Tung Street, but it eventually failed due to the lack of economic and political power. Nevertheless, the H15 Concern Group successfully raised public awareness of the unfair redevelopment process led by the URA. The actions against the urban redevelopment made by the H15 Concern Group are usually considered an “important landmark

of the new social movement” (Law et al., 2010, p. 19). A Hong Kong pop singer even produced a song *Wedding Invitation Street* in 2008 to express her nostalgia and support for Lee Tung Street. This song soon struck a chord among the public and became the most popular song in 2008, receiving many prestigious awards.

In June 2009, the URA announced that Grand Site Development Limited, a joint venture of Sino Land Company Limited and Hopewell Holdings Limited, won the development contract for the Lee Tung Street/McGregor Street project (URA, 2009). The redevelopment project was completed in 2015, bringing in a total of 1,275 residential flats. The total gross floor area (GFA) in Lee Tung Street was raised from 36,534 square meters to 79,931 square meters. After the redevelopment, the commercial space increased to 9,404 square meters and the open space increased to 3,967 square meters. Figures 8-4 and 8-5 show a panoramic view and a street view of the redevelopment project after completion. To pay homage to the history and the rich culture of Lee Tung Street, the commercial area was named Lee Tung Avenue. However, the promised “Wedding City” and Wedding Traditions and Culture Gallery disappeared along the new retail strip. The only elements along this retail strip that reflect the past of Lee Tung Street are several wedding-themed street art pieces (Figure 8-6). The neighborhood traditions, along with the social capital built by the original residents over the years, have been completely destroyed by the redevelopment project.



Figure 8-4. An aerial photo of the newly developed Lee Tung Avenue

Source: Author



Figure 8-5. A street view of the Lee Tung Avenue

Source: Author



Figure 8-6. Street art indicating the past wedding culture on Lee Tung Avenue
Source: Author

8.2.2 Preservation: from dilapidated historical buildings to high-end commercial spaces

As part of the Lee Tung/McGregor Street redevelopment project, the private enterprises, Sino Land Company Limited and Hopewell Holdings Limited, are also responsible for the conservation and revitalization of three historical buildings on the redevelopment site (Figure 8-7). The three historical buildings, which were built in the 1930s, are four-story *Tong Laus* with a combination of Chinese and Western architectural features. These *Tong Laus* were built in a contiguous block with a continuous façade verandah. The first floors of the *Tong Laus* were used as retail outlets, usually for family businesses—like tailor shops and jewelry stores—while the upper floors were used for residential purposes (URA, n.d.-a). Thus, these types of *Tong Laus* are also known as shophouses.

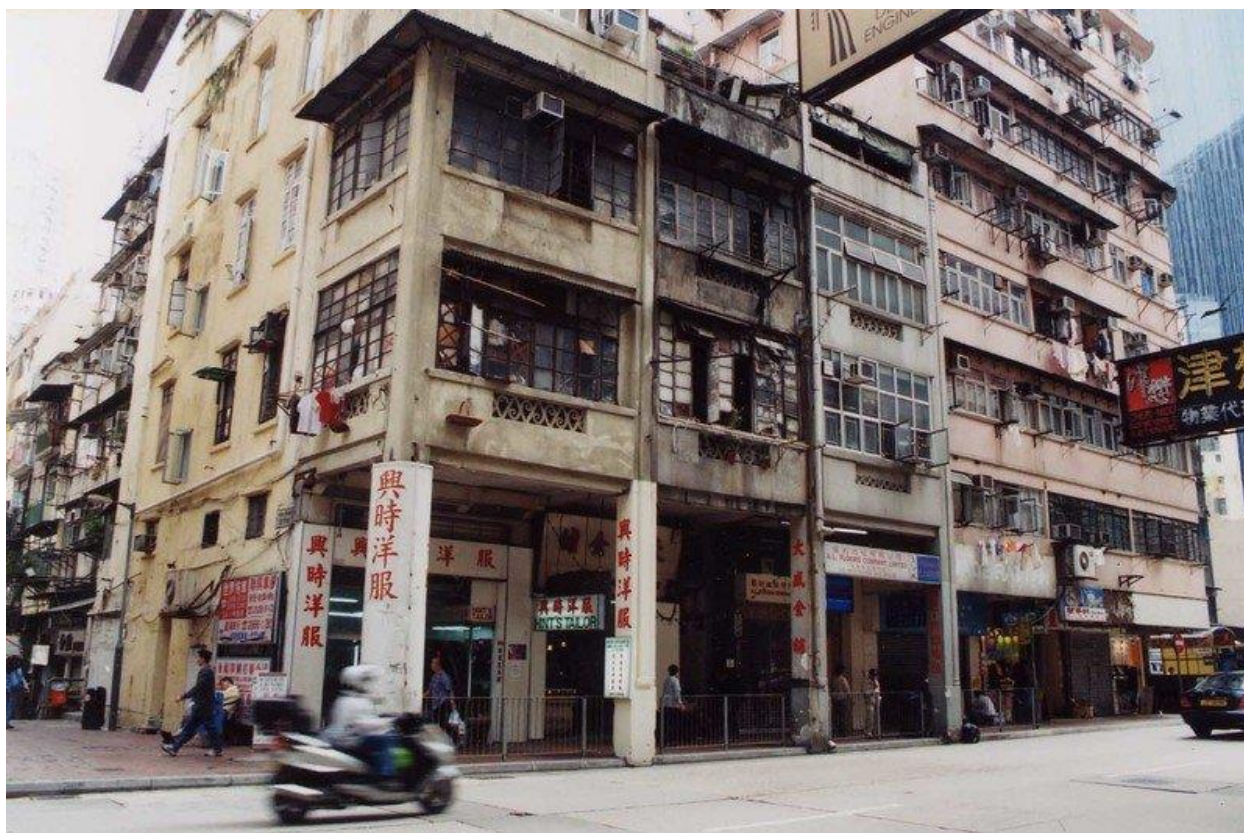


Figure 8-7. Three historical buildings before revitalization

Source: URA (n.d.-a)

Because of their unique features and heritage, the URA planned to preserve them for wedding-related adaptive reuses in the Lee Tung/McGregor Street redevelopment project. In 2007, the URA announced that a “wedding city” would be created to preserve the tradition of Lee Tung Street (URA, 2007b). According to the plan, the three historic buildings were to be used as a Wedding Traditions and Culture Gallery. However, due to the extremely high rent (HK\$ 163,700 or US\$ 20,949 per month), no private enterprise could afford to operate the gallery (Mingpao, 2016). Instead of community facilities, the first two floors of the three shophouses were rented for commercial purposes to Kee Wah Bakery, a worldwide bakery chain originally founded in Hong Kong. Now, the Kee Wah Bakery operates a flagship retail store, Kee Wah Tearoom, and a Kee Wah Studio that offers pastry-making classes in the three

shophouses (Figure 8-8). The third floor was rented to PH3, a social enterprise of The Hong Kong Federation of Youth Groups that provides one-stop services for parties and events.



Figure 8-8. The revitalized historical buildings and the newly developed high-rise residential buildings on the Lee Tung Avenue

Source: Author

Similar to the three historical buildings in the Lee Tung/McGregor Street redevelopment project, the four historical buildings on Johnston Road, including the famous Woo Cheong Pawn Shop, were also preserved and revitalized as part of the Johnston Road redevelopment project. This project was completed by the private real estate developer, K. Wah International (Figure 8-9). The four *Tong Lau* style buildings were built as early as 1888. They were built to meet the business needs in a compact urban setting. The buildings have narrow frontages with a covered pedestrian way, which provides good walkability in the rainy season in south China (Yung, Langston, & Chan, 2014).



Figure 8-9. The historical buildings on Johnston Road before revitalization
Source: URA (2021b)

The businesses in the four historical buildings were traditionally targeted for the local working class. Over the decades, many businesses moved in and out, including a pawn shop,

beauty salons, boutiques, and other family-run businesses. The four buildings were famous for the Woo Cheong Pawn Shop, which was the longest-running enterprise among the businesses that occupied these structures. In 2003, the URA acquired the four buildings, and all businesses were moved out. The buildings were then redeveloped into the commercial component of the newly built structures. Since the completion of the redevelopment project in 2008, the buildings have welcomed several rounds of tenements, but all of them are high-class restaurants and bars (Jayantha & Yung, 2018). Now, the buildings are rented to the Woo Cheong Tea House, a high-end Cantonese restaurant and bar (Figure 8-10). The revitalization has gradually changed the cultural landscape of the area, attracting new businesses, including the first Five Guys restaurant in Asia.

Instead of revitalizing these four historical buildings into a cultural and heritage space, these structures have been converted into high-end restaurants, which exclusively cater to the wealthier Hong Kong residents and tourists. Within this context, this revitalization has received widespread debate (Wan, 2010). Moreover, added to the revenues brought to the URA by the redevelopment and revitalization, the four historical buildings have significantly pushed up the retail shopping property values nearby (Jayantha & Yung, 2018), leading to gentrification not only among local residents but also among surrounding small businesses (Yung et al., 2014).



Figure 8-10. The revitalized historical buildings and the newly developed high-rise residential building

Source: Author

8.3 Gentrification, community struggles, and displacement of the underprivileged

With the de-industrialization and growth of the service economy, the office and commercial land use started to spill over to the reclaimed land in north Wan Chai, triggering a variety of urban redevelopment projects in the older parts of the neighborhood (Mee Kam, 2017). The urban development and redevelopment processes have transformed Wan Chai from a once poor urban neighborhood into a neighborhood with high-rise office buildings and luxury shopping malls, which are almost exclusively targeting the rich and unaffordable for the underprivileged. Meanwhile, the underprivileged in Wan Chai have been, and continue to constantly face, the pressures of displacement. In these redevelopment processes, the local stakeholders in Wan Chai, many who consider this neighborhood their home, have tried to fight against the URA to protect local residents' "right to the city". In the Lee Tung redevelopment project, the H15 Concern Group and local residents had tried to block the redevelopment, but with no success. However, in the Blue House Cluster revitalization project, three Non-Profit Organizations (NPOs) successfully altered the fate of the neighborhood, ensuring that the residents stayed in their homes. This section illustrates two neighborhood struggles, where residents confronted similar redevelopment processes, but with two very different outcomes.

The Lee Tung Street redevelopment project was possibly the most controversial project conducted by the URA, not only because this project had completely destroyed the social network of the neighborhood and urban memory among Hong Kong residents, but also because of the active but unsuccessfully bottom-up community participation in the redevelopment process. In 2004, the H15 Concern organized a Yellow Banner Movement to express their demands to the URA (Figure 8-11). The major demands proposed by the H15 Concern Group include enough compensation to buy a 7-year housing flat in the same district; offering "flat-for-

flat” and “shop-for-shop” options with top-up payment; and preserving the Wedding Card Street (Law et al., 2010).



Figure 8-11. Yellow Banner Movement on Lee Tung Street (The yellow vertical banner reads: compensate a 7-year flat by law)

Source: Wikimedia Commons (2005)

From March 2004 to February 2005, the H15 Concern Group organized over ten resident meetings, workshops, and exhibitions. Based on local residents' demands and with the help of some professionals, the H15 Concern Group submitted a planning application (known as the “Dumbbell Proposal”) to the Town Planning Board in February 2005 (H15 Concern Group, 2008). It was the first bottom-up planning application that involved substantial public participation in Hong Kong. In the planning application, the H15 Concern Group proposed three major ideas, including retaining the social network of Lee Tung Street, *in-situ* settlement, and

preserving some shophouses in the central portion of the road and building high-rise buildings on the remaining portions of the street (ibid). However, the Dumbbell Proposal was turned down by the Town Planning Board because the dilapidated structures were not suitable to retain and the buildings did not have enough historical value to preserve. Nevertheless, the Town Planning Board agreed to incorporate the “good elements” of the Dumbbell Proposal into the Planning Brief. Although the H15 Concern Group made several appeals against the Town Planning Board in the subsequent months, they were all rejected. Several residents even filed a complaint to the Ombudsman, but their complaint was not supported (Law et al., 2010).

In June 2006, the Planning Brief was finalized and approved by the Town Planning Board. The Master Layout Plan for the URA development scheme at Lee Tung Street/McGregor Street (Plan No. H15/MLP1) was approved by the Town Planning Board in May 2007 (Figure 8-12). To the residents’ disappointment, the URA did not accept the key element of the Dumbbell Proposal (i.e., retaining the shophouses in the central part of the street). The entire street was to be demolished. The social network and local character of the main retail strip was to be completely erased by the plan proposed by the URA.



Figure 8-12. Master Layout Plan for URA development scheme at Lee Tung Street/McGregor Street (Plan No. H15/MLP1)

Source: URA (2007c)

It should be noted that not all revitalizations of historical buildings in Wan Chai have led to displacement, and hence were cases of gentrification. The Blue House Cluster revitalization project is one of the few examples that successfully challenged the redevelopment initiatives by the URA and managed to retain the residents' right to stay in the neighborhood (Chan, 2016). The Blue House Cluster has three major buildings, the Blue House at 72-74A Stone Nullah Lane, the Yellow House at 2-8 Hing Wan Street, and the Orange House at 8 Kin Sing Street. The site of the Blue House was originally the home to Wah To Hospital, also known as Wan Chai Kaifong Hospital, possibly the first hospital in Wan Chai to provide medical services to the local Chinese (Commissioner for Heritage's Office, 2009). After the hospital closed in 1886, the building was turned into a temple dedicated to the God of Medicine, Wah To (ibid).

The existing Blue House was built between the late 1910s and early 1920s. Over the years, apart from being home to low-income Chinese, other parts of the buildings were also occupied by the Lam Chun Hin Chinese Medical Practice, Kang Ham Free School, Yat Chong College, and the Chamber of Commerce for Fishmongers. The external walls were painted blue when the Blue House was obtained by the government in 1978. The Yellow House and Orange House were not as famous as the Blue House. They were obtained by the government in 1978 (Commissioner for Heritage's Office, 2009). The Blue House was designated as a Grade 1 building while the Yellow House was designated as a Grade 2 building by the Antiquity Advisory Board in 2000²³ (ibid).

In 2006, the Hong Kong Housing Society and URA announced a HK\$100 million (US\$ 127,972) Community Revitalization and Heritage Preservation project to redevelop the Blue House neighborhood into a tourist destination with an open space for the public (URA, 2006a). The initial plan of this project was to displace all existing households, most of whom were underprivileged²⁴. After the project was announced, the St. James Settlement, a charity established in 1949 that provides services to the local residents, took a series of actions, including organizing focus group meetings, exhibitions, seminars, workshops, and community bazaars to rally local residents, business owners, social workers, professionals, and academics to resist the revitalization project (Tang, 2016). These actions evolved out of the Blue House Community Conservation Group. Taking the "Dumbbell Proposal" of Lee Tung Street as a

²³ According to the Antiquities and Monuments Office (2022), Grade 1 buildings are "buildings of outstanding merit, which every effort should be made to preserve if possible." Grade 2 buildings are "buildings of special merit; efforts should be made to selectively preserve."

²⁴ According to the Social Impact Assessment (URA, 2006c), the percentage of the elderly in the Blue House neighborhood is 41%, which is much higher than the Hong Kong average of 15%; the percentages of household having less than HK\$10,000 (US\$ 1280) monthly household income is 57%, which is much higher than the Hong Kong average of 24%; all of the residents are tenants or sub-tenants.

reference, the Blue House Community Conservation Group unveiled a counterproposal “Living in the Living Museum” (Lai, 2006).

This bottom-up proposal recommended that the revitalization project should allow the original residents to have the option to stay in the neighborhood and should not change the existing use of the three houses as it is the best way to preserve the area’s original character (ibid). The Blue House Community Conservation Group also organized a protest against the Hong Kong Housing Society and URA for their Development Scheme Plan (Ng, 2018). In January 2007, the Town Planning Board amend the zoning to include “Flat Use” in the Development Scheme Plan (Lam, 2007). In 2009, the Development Bureau officially launched the Blue House Cluster Revitalization Scheme. In the scheme, three NPOs, including St. James’ Settlement, Community Cultural Concern Institution, and Heritage Hong Kong Foundation Limited, were appointed to operate the revitalization project of the Blue House Cluster (Chan, 2017). The government offered a one-off financial package of HK\$ 61 million (US\$ 7.8 million) to renovate the buildings and initiate the project in 2012. The revitalization project includes a “House of Stories” (later renamed the Hong Kong House of Stories under the sponsorship of the Hong Kong and Shanghai Bank), an Existing Resident Housing and Engagement Unit, a Good Neighbor Scheme for new tenants, a Social Enterprise Unit, and a Community-Oriented Mutual Economy Hall (Commissioner for Heritage’s Office, 2021).

The renovation work began in 2013 and lasted until 2017. A current view of the Blue House Cluster is shown in Figure 8-13. As the first bottom-up neighborhood revitalization and heritage preservation project in Hong Kong’s history, this project has won a series of awards, including the UNESCO Asia-Pacific Awards in 2017, the MIPIM Asia Awards in 2017, and the HKIA Annual Awards in 2018. Instead of the demolition-displacement-redevelopment pattern used by

the URA, this project had successfully protected the affected residents and retained the social network of the neighborhood. The House of Stories and the “Living Museum” also become a hub to advertise the tangible and intangible heritage of the neighborhood (Ng, 2018). The success of this project is largely attributed to the cooperation among the NPOs and strong sense of community that encourages residents’ involvement.



Figure 8-13. Bule House Cluster (Left: Blue House; upper right: neighborhood open space; bottom middle: Orange House; bottom right: Yellow House)

Source: Author

In the Blue House Cluster revitalization project, although the residents have experienced “*in situ* displacement” as the neighborhood is experiencing physical and social upgrading (Ng, 2018), this case provides a possible solution for gentrification and displacement in the urban redevelopment and heritage preservation processes in Hong Kong.

8.4 Demographic trends from 1986 to 2016

From a neighborhood with low-rise shophouses to a district with high-rise office towers, shopping malls, and historical buildings, Wan Chai has experienced extensive urban (re)development processes during the past three decades. Most of the shophouses during the

(re)development processes had been demolished to make way for the high-rise buildings. Along with the remarkable changes in the urban landscape, gentrification had also taken place, displacing thousands of households in Wan Chai. The demographic changes in the census data between 1989 and 2016 also reflect the gentrification and displacement processes in Wan Chai.

Census data of TPU 131 is used in this section to reflect the demographic trend. TPU 131 has an irregular shape and is bounded by Gloucester Road, Fleming Road, Wan Chai Road, Kennedy Road, and Arsenal Street. Figure 8-14 shows the location of TPU 131. The majority of the land in TPU 131 was obtained through land reclamation between the 1840s and 1930s. Thus, TPU 131 has a concentration of pre-war shophouses in Wan Chai. TPU 131 is also the battleground of urban redevelopment and heritage preservation, where constant tensions were created between local residents and the URA. The cases discussed in previous sections were all located in TPU 131. Thus, TPU 131 was selected to illustrate the gentrification and displacement processes in Wan Chai.

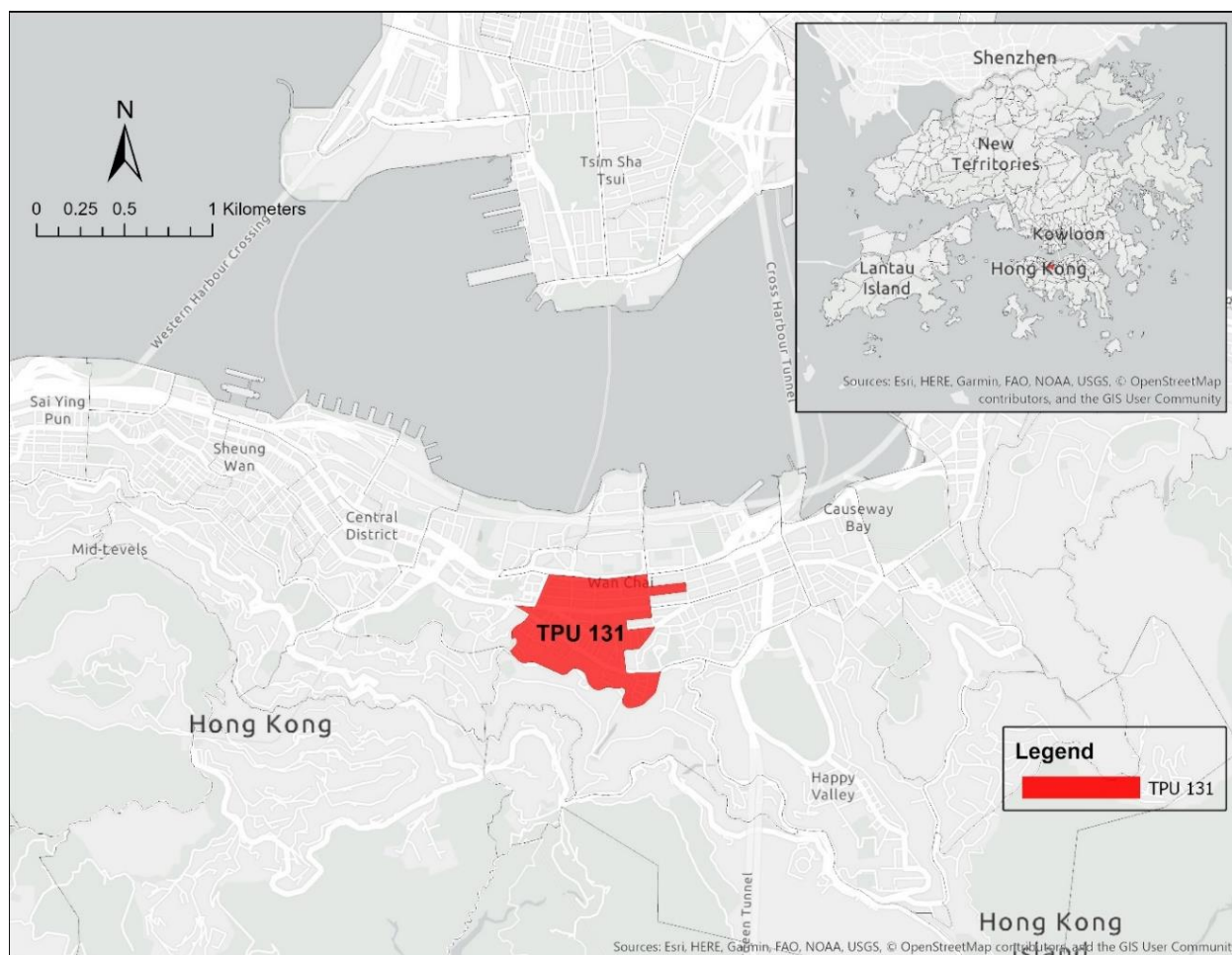


Figure 8-14. Location of TPU 131

Source: Author

Table 8-1 shows the median monthly domestic household rent, median monthly domestic household income, and median monthly income from main employment of TPU 131, Wan Chai, and Hong Kong overall in 1986 and 2016. In 2016, while the median monthly domestic household income and median monthly income from main employment of TPU 131 are only slightly higher than Hong Kong overall, the median monthly domestic household rent is astonishingly high – nearly 6 times higher than Hong Kong overall. In other words, residents living in TPU 131 do not have significantly higher income than the Hong Kong average, but they are paying extremely high rents. The median monthly domestic household income and median monthly income from main employment have similar increase rates to Hong Kong overall.

However, the median monthly domestic household rent in TPU 131 has increased by 525%.

During the same period, the median monthly domestic household rent in Hong Kong only increased by 74%. The changes in rent show that the land values in TPU 131 have significantly increased over the past three decades. Clearly, when the underprivileged in TPU get displaced due to the redevelopment and revitalization projects, it is almost impossible for them to stay in the same neighborhood.

Table 8-1. Comparisons of rent, household income, and personal income in TPU 131, Wan Chai, and Hong Kong overall, 1986 and 2016 (In 2016 prices, HK\$)

Region/District Council District/TPU	Median monthly domestic household rent		Median monthly domestic household income		Median monthly income from main employment	
	1986	2016	1986	2016	1986	2016
TPU 131	2,320	14,500	15,467	30,500	8,661	15,300
Wan Chai	3,542 ¹	14,000	21,115	37,750	N.A.	15,000
Hong Kong overall	1,253 ¹	2,180	15,962	25,000	7,959	15,000

Note: 1. As the value for Hong Kong overall is not available, this value only reflects the median monthly domestic household rent of Hong Kong Island, Kowloon, and New Kowloon. The values of New Towns and other areas in the New Territories are 1,247 and 1,225, respectively.

Source: *Census and Statistics Department (2016a)*

Table 8-2 presents major indicators in population, housing, and employment. It can be seen that both population and owner-occupied housing have declined. This is largely because the redevelopment and revitalization processes have demolished many old buildings to make spaces for commercial use. It should be noted that the population aged 55 and over declined slower than the total population, indicating an aging problem in TPU 131. In TPU 131, the median household income and median employment income have increased by 97% and 76% respectively, and the number of college graduates has increased by 402% between 1986 and 2016. The increases in income and college graduates suggest a social upgrading process in TPU 131 over the past three decades.

Table 8-2. Percentage of change in major indicators in TPU 131, 1986-2016

Major indicators	Percentage of Change (%)
Total population	-36.63
Population aged 55 and over	-11.54
Median household rent	+524.99
Median household income	+97.19
Median employment income	+76.64
College graduates	+402.37
Owner-occupied housing	-10.98

Source: *Census and Statistics Department (1986, 2016a)*

Changes in the occupational structure also reflect the social upgrading process in TPU 131 (Table 8-3). For example, between 1986 and 2016, the percentage of professionals increased from 10.3% to 33.2% and the percentage of financing, insurance, real estate, and business services increased from 11.4% to 31.6%. The percentages of professionals, managers and administrators, and financing, insurance, real estate, and business services in TPU 131 are all higher than Hong Kong overall, indicating the highly concentrated nature of the service-oriented economy in the neighborhood.

While the percentage of workers in the wholesale, retail & import/ export trades, restaurants & hotels has increased in Hong Kong, the percentage in the TPU has slightly decreased between 1986 and 2016. However, it still remains at a comparatively high level, at 29.8% of the labor force in TPU 131, still above the Hong Kong average. The percentage of employment in manufacturing and traditional sectors in TPU 131 have been historically low and remain lower than the Hong Kong average in 2016. Like other gentrified TPUs, the occupational structure in TPU 131, again, suggests a U-shaped structure — employment is increasingly moving towards higher-paying service jobs (i.e., professionals, managers and administrators, and financing, insurance, real estate, and business services) as well as the low-paying service jobs (i.e., wholesale, retail & import/ export trades, restaurants & hotels). This U-shaped demographic structure is a feature of a gentrified neighborhood, where higher income residents were attracted

by the high-end restaurants, coffee shops, bars, and boutiques that provide job opportunities for the lower-income earners.

Table 8-3. Occupational structure in TPU 131, Wan Chai, and Hong Kong, 1986 and 2016

	TPU 131		Wan Chai		Hong Kong	
	1986	2016	1986	2016	1986	2016
Professionals	2,688 ¹	6,255	5,915	34,291	225,533	1,034,528
% of Professionals	(10.3%) ²	(33.2%)	(10.5%)	(32.3%)	(8.3%)	(27.5%)
Craft and related workers	7,525	620	14,644	2,191	1187,158	210,341
% of Craft and related workers	(28.8%)	(3.3%)	(26.1%)	(2.1%)	(43.6%)	(5.6%)
Clerical and related workers	4,970	3,258	10,416	10,790	398,230	531,175
% of Clerical and related workers	(19.0%)	(17.3%)	(18.5%)	(10.2%)	(14.6%)	(14.1%)
Managers & administrators	1,225	2,760	2,824	16,261	96,901	380,620
% of Managers & administrators	(4.7%)	(14.6%)	(5.0%)	(15.3%)	(3.6%)	(10.1%)
Manufacturing	5,138	434	11,739	1,899	984,109	142,445
% of Manufacturing	(19.6%)	(2.3%)	(20.9%)	(1.8%)	(36.2%)	(3.8%)
Financing, insurance, real estate, and business services	2,982	5,951	6,538	30,316	174,762	781,802
% of Financing, insurance, real estate, and business services	(11.4%)	(31.6%)	(11.6%)	(28.6%)	(6.4%)	(20.8%)
Wholesale, retail & import/ export trades, restaurants & hotels	8,701	5,613	18,676	25,645	616,469	1,018,042
% of Wholesale, retail & import/ export trades, restaurants & hotels	(33.3%)	(29.8%)	(33.2%)	(24.2%)	(22.6%)	(27.1%)
Traditional sectors	105	0	189	299	45,710	21,741
% of Traditional sectors	(0.4%)	(0.0%)	(0.3%)	(0.3%)	(1.7%)	(0.6%)

Note: 1. The values represent the absolute number of employments in each category.

2. The values in parentheses indicate the percentage of a certain employment category in total working population.

Source: *Census and Statistics Department (1986, 2016a)*

8.5 Concluding remarks

From a fishing village before the 1840s, to a neighborhood with refugees in the early 20th century, and currently developing as a fashionable district with high-end restaurants, bars and retail outlets, interspersed between high-rise office towers, shopping malls, and exhibition centers, Wan Chai has experienced substantive urban development and redevelopment

throughout its history. Along with the latest round of redevelopment, the urban landscape has been completely changed, erasing the community that has occupied this neighborhood for much of the 20th century. Once a symbol of wedding culture Lee Tung Street in the old area of Wan Chai has transformed into high-rise luxury residential buildings with high-end restaurants, bars, and boutique shops on the ground floor. The only historical buildings preserved in these redevelopment and renewal initiatives are three shophouses located on the south side of Lee Tung Street. But even with these three buildings, instead of the proposed community facilities that were planned, these preserved historic buildings are being used as upscale commercial outlets. Lee Tung Street has completely lost its cultural tradition and social network due to the 21st century redevelopment initiatives.

Among the many redevelopment and revitalization projects, the Blue House Cluster is an exception. With the help of local NPOs, residents in the Blue House Cluster have successfully resisted the rehousing plan proposed by the URA and stayed in their neighborhood. The local social network as well as the rich cultural tradition have been preserved. It should be noted that, however, with only about 60 households benefiting (URA, 2006c), the Blue House Cluster revitalization project cannot change the trend of large-scale gentrification and displacement in Wan Chai or Hong Kong.

In the redevelopment and revitalization processes in Wan Chai, the government, and in particular, the URA, has been actively involved as the initiator, facilitator, and beneficiary. The URA has led the entire redevelopment process in Lee Tung Street, from property acquisition, to compensation, to the joint-venture development. In 2007, the 2007-2008 Policy Address has called on the URA to revitalize, instead of simply preserving the pre-war buildings (Tsang,

2007). The redevelopment and revitalization processes have been further facilitated with the support of the government.

The redevelopment and revitalization processes in Wan Chai's old area have triggered extensive gentrification and displacement. In the Lee Tung/McGregor Street redevelopment project, the entire street was demolished, displacing 1,613 local residents and all small businesses that were a symbol of wedding culture in Hong Kong. This is a typical case of last-residents displacement (Marcuse, 1985), where all residents are displaced either physically or economically. In addition, the newly developed residential complex—with expensive restaurants, coffee shops, bars, and boutiques—has replaced the low-cost family-run restaurants and local grocery stores (see Figures 8-4 and 8-5). The high-end businesses have significantly increased the living costs of the remaining residents nearby, as there are no longer the low-cost, small, family businesses in the neighborhood offering affordable goods and service options. This in itself brought substantial gentrification pressure to the this and adjacent neighborhoods.

In the case of the Blue House Cluster, although the local residents have successfully resisted the physical displacement and retained the community network, they are still facing gentrification and displacement pressure, as the living cost in the surrounding area is increasing. Further, under the Good Neighbor Scheme, in order to be eligible to rent a flat in Blue House, one must pay a membership fee of HK\$ 11,616 (US\$ 1,487) to the scheme, which makes the rent unaffordable (Mee Kam, 2017).

The gentrification and displacement processes in Wan Chai have two features. First, most gentrification processes in Wan Chai are associated with heritage preservation. The urban landscape of Wan Chai has been shaped by several rounds of land reclamations. Thus, many pre-war shophouses still exist in the southern part of Wan Chai. Second, the rising awareness of local

culture preservation and heritage protection has triggered many community movements to resist urban redevelopment and gentrification. Unfortunately, in front of the powerful URA, a quasi-government agency, most of the community struggles failed in stopping urban redevelopment, and more specifically, gentrification. Thus, government, rather than the private sector, played a leading role in the gentrification and displacement processes in Wan Chai.

CHAPTER 9 CONCLUSION

Gentrification has fundamentally reconstructed urban landscapes as well as the social characteristics of many cities all over the world, particularly key global economic centers. This phenomenon is particularly evident in China, where almost all cities are undergoing rapid development and redevelopment processes (He, 2012). As a global city and a special administration region of China, Hong Kong is also experiencing physical, economic, and social changes that are fundamentally restructuring the physical fabric of the city (La Grange & Pretorius, 2016b; Ye & Vojnovic, 2018; Ye et al., 2015). Despite the large-scale upgrading of the physical environment, the built form itself, the social consequences of gentrification in Hong Kong have received little attention (Ley & Teo, 2014). This study focuses on the social impacts of gentrification by identifying gentrified neighborhoods across the whole city of Hong Kong and tracking the paths of gentrification and the associated displacement pressures in three selected neighborhoods. In this dissertation, I have investigated four research questions: 1) How to locate and conceptualize gentrification in Hong Kong? 2) How extensive was the gentrification in Hong Kong between the years 1986-2016 and what are the manifestations, characteristics, mechanisms, and impacts of gentrification in different neighborhoods? 3) What are the impacts of gentrification on the underprivileged in different neighborhoods across Hong Kong? 4) What is the role of government in gentrification processes across Hong Kong?

9.1 Summary of the quantitative analysis

PCA and K-means clustering were used to capture gentrified neighborhoods in Hong Kong. The PCA and K-means clustering analyses revealed that different areas across the city show different patterns of gentrification. Most areas in the New Territories have been gentrified between the years 1986 and 2016. In Hong Kong Island, the most developed areas—areas along

the Victoria Harbor—have experienced intensive physical and social changes characteristic of upgrading. In Kowloon, on the other hand, only the neighborhoods along Nathan Road and selected areas in Kwun Tong have shown gentrification characteristics. A total of 141 TPUs, covering 430.89 km² or 38.82% of Hong Kong's land area, have been identified as gentrified/gentrifying neighborhoods.

9.2 Summary of the three case studies neighborhoods

Based on the quantitative analysis and field observations, three neighborhoods—Sham Shui Po and Kwun Tong in Kowloon and Wan Chai in Hong Kong Island—were selected for a detailed qualitative study examining gentrification processes. This qualitative analysis reveals that while the gentrification processes from the three case study neighborhoods share commonalities, they also show distinctive characteristics of physical and social upgrading. Table 9-1 summarizes the cases examined in this study.

The first neighborhood, Sham Shui Po, has transformed from a poor blue-collar neighborhood, largely developed around the textile manufacturing industry, into a neighborhood of luxury condominiums, high-end restaurants and bars, and art spaces. Along with the transformation and the urban redevelopment processes in Sham Shui Po, different types of gentrification processes have been identified, including top-down gentrification led by the state and classical bottom-up gentrification led by the pioneer artists. As revealed in Chapter 3, the government was very aggressive in the upgrading of Hong Kong, and particularly as the city transitioned from an industrial to a specialized services economy. The Hong Kong government became the “largest developer” driving the urban (re)development schemes undertaken since the late 1980s. These (re)development initiatives included the construction of new towns, large-scale construction of public housing, and urban renewal in the inner city. In contrast to these broader

trends, Tai Nan Street in Sham Shui Po became one of the few cases in Hong Kong where renewal was initiated at the grassroots level, by local artists. However, the “cheap but cheerful experience” offered by the grassroots artists eventually increased the gentrification and displacement pressures not only among the local residents but also the grassroots artists themselves.

Following a very different gentrification process, the Hai Tan Street redevelopment project in Sham Shui Po (TPU 267) shows a typical state-led gentrification case, which involves large-scale demolition and displacement. Overall, the neighborhood (i.e., TPUs 266 and 267) became more polarized after the redevelopment.

Kwun Tong and Sham Shui Po are the poorest two neighborhoods in Hong Kong. However, Kwun Tong illustrates a completely different redevelopment pattern when compared to Sham Shui Po. While Sham Shui Po has transformed from a traditional poor neighborhood into a neighborhood with mixed high-rise buildings and dilapidated *Tang Laus*, Kwun Tong has transformed from an old industrial town to the second CBD in Hong Kong.

Table 9-1. Summary of the redevelopment cases in three neighborhoods in Hong Kong

	Purpose before redevelopment	Purpose after redevelopment	Actors	Impacts on the underprivileged	Type of gentrification
<i>Sham Shui Po</i>					
Mei Ho House	Public housing 1954-2005, vacant 2005-2009	A City Hostel	Initiated by a government agency, Commissioner for Heritage's Office; operated by Hong Kong Youth Hostels Association.	Tenants moved out by 2005; The city hostel is unaffordable for lower income earners.	State-led gentrification; Heritage-fueled gentrification
Hai Tan Street / Kweilin Street & Pei Ho Street Development Scheme	Low-income neighborhood with human-scale residential buildings	Upscale, high-rise residential complex	Initiated and led by the quasi-government agency, URA; invested and built by a private enterprise, Cheung Kong (Holdings) Ltd.	1,589 persons, most of whom are underprivileged, were displaced; Neighborhood became more polarized.	State-led gentrification
Tai Nan Street	Low-income neighborhood with human-scale residential buildings and small businesses	Upscale, high-rise residential buildings, coffee shops, boutiques	Initiated by artists; many upscale boutique businesses moved in and replaced the affordable and family-run businesses.	The neighborhood became unaffordable for local residents; the neighborhood became more polarized.	Classical gentrification
<i>Kwun Tong</i>					
Kwun Tong Industrial Area	Industrial uses	Business uses, including offices, hotels, shopping malls, and restaurants	Initiated and led by the government; a variety of private enterprises were attracted to this area because of favorable policy.	Residents illegally living in the industrial buildings were displaced; the neighborhood became unaffordable for local residents.	Industrial gentrification; State-led gentrification
Kwun Tong Town Center redevelopment	Low-income neighborhood with residential buildings and small businesses	Upscale residential complex, offices, hotels, shopping mall	Initiated and led by the quasi-government agency, URA; invested and built by private enterprises, Sino Land and Chinese Estates Holdings.	4,763 persons, most of whom are underprivileged, were displaced; 1,653 property interests were demolished; the neighborhood became more polarized.	State-led gentrification

Table 9-1 (cont'd)

Wan Chai						
Lee Tung Street / McGregor Street Project	Low-income neighborhood with human scale residential buildings and small businesses	Upscale residential high-rise complex, restaurants, coffee shops, boutiques	Initiated and led by the quasi-government agency, URA; invested and built by private enterprises, Sino Land Company Ltd and Hopewell Holdings Ltd.	1,613 persons, most of whom are underprivileged, were displaced; 649 property interests were demolished; the Neighborhood became more polarized.	State-led gentrification	
186-190 Queen's Road East	Three historical buildings (shophouses) for residential and family-run businesses	Upscale bakery flagship store and studio; one-stop services for parties and events	Initiated and led by the quasi-government agency, URA; invested and built by private enterprises, Sino Land Company Ltd and Hopewell Holdings Ltd.	Original residents were displaced.	State-led gentrification; Heritage-fueled gentrification	
60 -66, Johnston Road	Three historical buildings (shophouses) for residential and business purposes	Upscale restaurant	Initiated and led by the quasi-government agency, URA; invested and built by a private enterprise, K. Wah International	Original residents were displaced.	State-led gentrification; Heritage-fueled gentrification	
Blue House Cluster	Residential purpose for tenants	Residential purpose for tenants; a living museum	Initiated and led by the quasi-government agency, URA and the government agency, Hong Kong Housing Society; operated by three NPOs, St. James' Settlement, Community Cultural Concern Institution, and Heritage Hong Kong Foundation Ltd	Original residents were able to stay in the neighborhood; Living environment has been greatly improved; Local social networks were retained.	Gentrification not observed	

While the factories in the Kwun Tong Industrial Area have transformed into commercial and creative spaces, the Kwun Tong Town Center has become a new residential landmark in Hong Kong. Although the grassroots artists facilitated the gentrification process at the beginning of the redevelopment, the government played a leading role in redeveloping Kwun Tong, including issuing favorable policies (such as lowering the application threshold for compulsory sale orders and allowing owners to opt for payment by installments over five years), rezoning, land acquisition, and joint-venture development. The case of Kwun Tong shows the industrial gentrification that took place across the industrial town and the state-led gentrification in the Kwun Tong Town Center redevelopment project. The analysis of industrial gentrification adds another dimension to the diversity of gentrification in Hong Kong.

The last neighborhood, Wan Chai, is one of the oldest neighborhoods in Hong Kong. Given its unique historical imprint, heritage preservation was a key point of consideration during the redevelopment and renewal of Wan Chai. The redevelopment and revitalization processes in Wan Chai's historical area have triggered extensive local protests and opposition by residents. However, because of the extraordinary powers of the URA, most of the community struggles failed in stopping the redevelopment and associated displacement. Wan Chai has been transformed into a fashionable district with high-end restaurants, bars, and retail outlets, interspersed between high-rise office towers, shopping malls, and exhibition centers. It should be noted that the government, and in particular, the URA, has again led most of the upgrading efforts in Wan Chai. The 2007-2008 Policy Address, which called on the URA to revitalize, instead of simply preserving the pre-war buildings, further facilitated heritage-fueled gentrification in Wan Chai. The gentrification cases in Wan Chai shed light on how heritage

preservation in Hong Kong facilitates gentrification. This analysis of how heritage fuels physical and social upgrading contributes to the diversity of gentrification in the context of Hong Kong.

9.3 Major findings

9.3.1 State-led as the main feature of Gentrification in Hong Kong

One common feature of the gentrification cases in the three neighborhoods is that the government has actively been involved as the initiator, facilitator, and beneficiary (as discussed below) of the urban redevelopment projects. This finding affirms the argument of La Grange and Pretorius (2016b) that gentrification processes in Hong Kong are predominantly led by the state and resonates with the state-led gentrification in Western cities (Mösgen, Rosol, & Schipper, 2019; Vojnovic, 2003a). Similar to Houston, where government involvement was observed in a *laissez-faire* city (Vojnovic, 2003b), the Hong Kong government has been actively involved in economic development and urban (re)development. In the context of China, and including in the Hong Kong Special Administrative Region, the government holds hegemonic power over spatial production (Wu, 2016). This is largely because of the leasehold land policy—new leases of land are subject to an annual rent equal to 3% of the ratable value of the property and any revisions that increase the use values of the land incur a further premium. Thus, the government has a strong motivation for urban development as the land in Hong Kong is a renewable resource and any transactions yield revenue to the government (La Grange & Pretorius, 2005).

He (2007) argued that accommodating gentrifiers' consumption demands, facilitating the capital inflows, and dealing with land assembly are three major ways that local government in China initiates and facilitates gentrification. Hong Kong is not an exception. In the cases of Hai Tan Street, Kwun Tong Town Center, and Lee Tung Street, the quasi-government agency, URA, has responded to the fragmented property rights issues through property acquisition with the

support of government. The URA also submitted the redevelopment plan—usually upscale residential buildings along with high-end retail to accommodate middle and upper class consumption demands—to the Town Planning Board. The URA then invites private real estate developers to tender for the redevelopment projects. With the backing of government and clearly defined property rights over the assembled land, the profit-driven private real estate developers generally have a strong motivation to be involved in these redevelopment projects. It is worth recognizing that it has always been the large and cash-rich companies that have won the bid for these redevelopment projects. This monopolization has led to an uncompetitive real estate market structure, and eventually oligarchy, which kept property prices and rents high (Poon, 2011).

9.3.2 The diversity of gentrification in Hong Kong

It should be noted that, although state-led is the dominant form of gentrification in Hong Kong, these three neighborhoods illustrate the diversity of gentrification in the role of actors who are involved in these upgrading processes. The bottom-up gentrification case of Tai Nan Street in Sham Shui Po shows that art and artists, like many gentrification cases in Western countries (Cameron & Coaffee, 2005; Grodach, Foster, & Murdoch, 2018; Mathews, 2010), could trigger gentrification. The transformation of the industrial buildings in the Kwun Tong Industrial Area suggests that pioneer artists, creative industries, and small business owners played an important role in the initial stage of gentrification in Kwun Tong. And the unique industrial atmosphere in Kwun Tong also contributes to the gentrification process. In the old areas of Wan Chai, heritage preservation, like the case in Chicago (Grevstad-Nordbrock & Vojnovic, 2019), provided a catalyst for revitalization and stimulated gentrification. In the context of Wan Chai, the raising awareness of heritage preservation and local social networks were responsible for triggering

community movements to fight against gentrification in Wan Chai. The three cases suggest that it is the different urban development trajectories, the urban landscape itself, the socio-demographic characteristics, and local social networks that contribute to the diversity of gentrification across these three Hong Kong neighborhoods.

9.3.3 Displacement as the major outcome of urban redevelopment

However, the diversity of gentrification in different neighborhoods in Hong Kong has ultimately resulted in the same outcome — the displacement of the underprivileged by the middle and upper classes. As discussed in Chapter 4, gentrification-induced displacement has five major forms, including *direct last-resident displacement*, *direct chain displacement*, *exclusionary displacement*, *displacement pressure*, and *phenomenological displacement* (Davidson & Lees, 2010; Marcuse, 1985). The URA-led redevelopment projects, including Hai Tan Street, Kwun Tong Town Center, and Lee Tung Street, have demolished entire neighborhoods, displacing all residents. There are typical cases of *direct last-resident displacement* and *direct chain displacement*. Meanwhile, the luxury residential flats and upscale shops brought by the redevelopment project also led to *displacement pressure* among the residents living in surrounding neighborhoods. The bottom-up gentrification process of Tai Nan Street in Sham Shui Po also triggered *direct chain displacement* and *displacement pressure* on local residents because the rising living expenses and rents made the neighborhood increasingly unaffordable. The heritage-fueled gentrification in Wan Chai caused *direct last-resident displacement* and *displacement pressure* in surrounding neighborhoods. Even the successful case of anti-gentrification—Blue House Cluster—may trigger *phenomenological displacement* as the original residents' everyday life and living space have been changed from a traditional neighborhood to a community center and tourism destination. Lastly, all gentrification cases

examined in this study led to *exclusionary displacement* because the gentrified neighborhoods are exclusively designed for the middle- and upper classes, and thus are no longer affordable to the underprivileged.

Displacement has detrimental impacts on the residents, especially the underprivileged. It is almost impossible for those who were displaced to return to the redeveloped neighborhood because of the high housing prices, as evident in the cases of the Seaside Sonata project, the Lee Tung Street project, and the Kwun Tong Town Center redevelopment project. Although Hong Kong has one of the largest public housing systems in the world, the average waiting time for general applicants for public housing was 5.6 years in 2022 (Housing Authority, 2022c). Thus, public housing was not an option for most of the displaced residents. As a result, the displaced residents have to move to either cheaper but larger housing in the New Territories or more expensive but smaller housing in the urban core area. For those who moved to the New Territories, they have to spend a considerably longer time and high costs for commuting. For example, for people who work in the CBD and live in Tung Chung, Yuen Long, and Sha Tin, the commuting time would approximately be 2.4 hours, 2 hours, and 1.8 hours, respectively. In contrast, the average commuting time with public transit in Hong Kong is only 45 minutes (Moovit, 2022). For those who decided to stay in the urban core area, they have to pay high rent for housing, even in dilapidated neighborhoods. In some extreme cases, people have to live in cage homes (Figure 4-2) to reduce housing costs. The desperate housing conditions may cause detrimental impacts on people's mental and physical health. In a sense, unlike the middle or upper classes, the underprivileged are most vulnerable to displacement, as they do not have enough economic power to deal with a residential relocation. When displacement occurs, they have no choice but suffer from the pain caused by residential relocation.

9.3.4 Social polarization facilitated by gentrification

Previous literature has suggested that gentrification and its associated displacement not only destroys the social networks (Betancur, 2002) and deprives the “right to the city” (Harvey, 2008) of the displacees, but it also leads to social polarization and spatial segregation (Ley, 1996; Smith, 2003; Smith, 1996; Walks, 2001; Walks & Maaranen, 2008; Zhang & He, 2018). In this study, I found that income polarization increased in all studied TPUs from 1986 to 2016 (Figure 5-16). In other words, growing income inequalities have been observed, with a high concentration of both high- and low-income earners in the same neighborhood. The social polarization is also reflected in the changes in occupational structure, as revealed in the discussion of demographic trends in qualitative chapters. Affirming Ye and Vojnovic (2018), U-shaped sociodemographic imprints have been found in gentrified neighborhoods. The highly dichotomized income and occupational structure is a typical feature of global cities, where the specialized services raise the number of top-level professionals, which requires a large number of low-skilled and low-waged workers engaging in personal services, hotel, tourism, and entertainment industries that cater to these high-income earners (Friedmann, 1986; Sassen, 2001).

It should be noted that, unlike in Western countries where spatial segregation is a major outcome of gentrification (Ley, 1996; Smith, 2003; Smith, 1996; Walks, 2001), spatial segregation is not observed in this study. The gentrification cases investigated in this study suggest that the redevelopment took place only in selected block(s) in the poor neighborhoods so far, resulting in a mixture of upscale residential buildings and low-rise *Tang Laus*. This spatial arrangement is obvious in Figures 5-12, 6-19, and 7-4. Thus, the gentrified neighborhoods in Hong Kong still have high levels of social mix. This is mainly because of the compact and high-

rise urban form that makes the rich and poor live in close spatial proximity (La Grange & Pretorius, 2016b). The large-scale public housing provision across Hong Kong also contributes to high levels of social mix. This finding is in line with previous studies, which found that although the inequality level in Hong Kong is very high, the inequality is not reflected in spatial segregation (Forrest, La Grange, & Yip, 2004; Monkkonen & Zhang, 2014). Thus, I argue that, at the neighborhood level, gentrification and the associated displacement has facilitated increasing social polarization, but not necessarily spatial segregation in Hong Kong.

9.4 Contributions

This study tests four propositions: 1) As a global city that experienced structural transitions, gentrification in Hong Kong reflects the unique characteristics in the economic, social, and spatial restructuring processes; 2) Hong Kong has been experiencing a diversity of gentrification processes in different neighborhoods of the city, and even within the same neighborhood, between the years 1986 and 2016 and the spatial distribution of gentrification reflects different economic, cultural, and political forces of urban (re)development; 3) The underprivileged are particularly affected by gentrification and are most vulnerable to displacement in different parts of Hong Kong, resulting in high levels of social polarization but not necessarily high levels of spatial segregation; 4) The government plays a decisive role in facilitating gentrification, and thus shapes the process in both the nature of displacement and public housing provision, a unique dimension of redevelopment processes in Hong Kong.

By identifying gentrification neighborhoods across Hong Kong and by analyzing a diversity of gentrification cases in three selected neighborhoods, this research provides insights into the pathways of gentrification and the associated social impacts on the underprivileged in Hong Kong. It reveals that gentrification in Hong Kong is shaped by different factors and actors in

different parts of the city, with the underprivileged being the most vulnerable group to displacement following renewal. The gentrification cases discussed in this study aim to raise public awareness of the social impacts of gentrification and the associated displacement of local residents, especially the underprivileged. This research also provides an examination into the local communities, NPOs, and policymakers who strived to help the underprivileged survive in the gentrification process.

In addition, this research contributes to the gentrification literature by providing a city-scale quantitative analysis and neighborhood-scale qualitative analyses of gentrification in a Chinese global city with extensive Western influences. In line with other Western cities, Hong Kong's case reveals that the underprivileged are constantly the most vulnerable group in a gentrification process, the most likely to be displaced. The Hong Kong government has been very active in initiating gentrification processes, through its renewal efforts. It acts as the initiator, facilitator, and is a major beneficiary of renewal. In addition, because of the compact urban morphology and large-scale public housing provision, gentrification and its associated displacement in Hong Kong have led to social polarization but necessarily spatial segregation.

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