

**For Discussion  
on 23 June 2009**

## **LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT**

### **Progress of Work of the Urban Renewal Authority**

#### **Purpose**

This paper reports on the progress of the work of the Urban Renewal Authority (URA) and its work plans for the coming year.

#### **Background**

2. The URA was established in May 2001 to undertake urban renewal in accordance with the URA Ordinance. The Urban Renewal Strategy (URS) was published after public consultation in 2001 to provide broad policy guidance to the work of the URA. The URA adopts a “4Rs” business strategy to regenerate the older urban areas and improve the living environment of residents. The “4Rs” refer to “Redevelopment” of dilapidated buildings, “Rehabilitation” of poorly maintained buildings, “pReservation” of buildings with historical and architectural significance, and “Revitalisation” of older areas.

3. The URA has successfully commenced all 25 projects announced but not completed by the Land Development Corporation (LDC) – the URA was tasked under the current URS to accord priority to the implementation of these projects. In view of the scale of the ongoing complex projects and that we are in the midst of reviewing the URS, 2009/10 will be a year of consolidation for the URA. We consider it realistic and appropriate for the URA to focus more on completing the commenced projects and avoid commencing other large-scale, controversial redevelopment projects. We also expect URA to put more efforts on its rehabilitation and revitalisation work in the coming years to complement the Development Bureau’s policy initiatives to provide a quality city environment.

#### **Progress of URA’s Work**

4. As at the end of its financial year 2008/09, the URA had directly, or through collaboration with the Hong Kong Housing Society (HKHS), commenced 35 redevelopment projects (seven of them contain preservation elements) and four preservation cum revitalisation projects.

The URA is now preserving 57 historical buildings located within its project areas. URA has also assisted nearly 500 buildings (over 38 000 units) under its building rehabilitation programmes and carried out area revitalisation initiatives in various districts.

5. A detailed account of URA's work is given in Part III of URA's paper at **Annex**. Some major events in 2008/09 are highlighted below.

### ***Highlights***

#### **Rehabilitation**

6. The URA will continue to enhance its existing building rehabilitation schemes. In February 2009, the URA joined hands with the Government and the HKHS to launch the Operation Building Bright (OBB). The OBB is a special operation to create employment opportunities through the promotion of building rehabilitation, which covers up to 1 000 old buildings. The URA's financial contribution to the OBB is HK\$150 million.

#### **Redevelopment**

7. With the commencement of the last three of the 25 redevelopment projects announced by the former LDC during 2007-08, the URA has commenced all ex-LDC projects. This is an important milestone in URA's redevelopment mission.

8. The Kwun Tong Town Centre Redevelopment project is the largest redevelopment project that the URA has undertaken so far. In December 2008, the URA issued acquisition offers to the owners of the 1 657 domestic and non-domestic property interests in the project area. A record high percentage of owners-occupiers have already accepted URA's offers during the offer period. URA has also agreed to give priority to the owner-occupiers of acquired domestic units to return and live in this redevelopment project upon its completion.

#### **Preservation**

9. On the preservation front, the URA announced a conservation strategy for shophouses with a range of approaches applicable to shophouses of varying heritage value. In September 2008, the URA commenced two projects to preserve two clusters of verandah-style pre-war shophouses of high heritage value and potential for adaptive re-use at Shanghai Street/Argyle Street and Prince Edward Road West/Yuen Ngai Street.

10. The URA is keen to pursue further preservation projects as part of its coordinated 4Rs business strategy. It is also mindful of the need to

balance priorities in resource allocation and the potential of buildings to be preserved to generate revenues to cover their long-term maintenance costs.

### Revitalisation

11. The URA continues its street beautification works around its project areas and in particular in Wan Chai. Working closely with the Old Wan Chai Revitalisation Special Committee chaired by the Vice Chairman of the Wan Chai District Council, the URA has arranged proper electricity supply and installed a canopy for some hawker stalls in Tai Yuen Street, Wan Chai as a pilot. The URA will finalise the design of these installations after collecting feedback from the stakeholders and the public. In addition, the URA is studying proposals to create heritage trails in Wan Chai and Sheung Wan.

12. To strengthen community relations, URA has established six District Advisory Committees in its major action areas so that people from all walks of life can advise the URA on the planning of renewal projects. The URA has also appointed six district-based social service teams to counsel and advise residents affected by implementation of its projects.

### **Review of the Urban Renewal Strategy**

13. In July 2008, the Development Bureau launched a comprehensive review of the URS, which is expected to take two years to complete. The URA has been providing assistance to the Government in taking forward the Review. URA has provided funding for the engagement of the policy study consultant and the public engagement consultant.

14. We have now completed the Envisioning Stage and have moved on to the Public Engagement Stage of the URS review. We will organise larger scale public engagement activities to engage the public to discuss key issues identified in order to develop a broad consensus on the future direction of urban regeneration in Hong Kong. We are committed to achieving this through an open and transparent public engagement process. We will continue to report progress of the review to the Development Panel from time to time.

### **URA's Work Plan**

15. The Financial Secretary has approved the URA's Corporate Plan (CP) for 2009/10 to 2013/14 and Business Plan (BP) for 2009/10.

Taking account of 2009/10 being a year of consolidation and in order not to pre-empt the findings of the URS Review, the five-year CP includes 39 ongoing redevelopment projects and only another 15 to be launched within the next five years, four ongoing preservation projects, a rehabilitation programme covering about 1 000 old buildings, and revitalisation initiatives within URA's Action Areas.

16. In the 2009/10 BP, the URA plans to commence several modest scale new redevelopment projects; introduce two voluntary schemes for the preservation of verandah-style shophouses; enhance its existing building rehabilitation schemes through launching the OBB together with the Development Bureau and the HKHS; and continue its area beautification and revitalisation initiatives.

17. Details of URA's work plan are set out in Part IV of URA's paper at **Annex**.

### **Financial Position**

18. The URA's net assets stood at \$ 9.9 billion as at 31 March 2009. A net operating deficit of \$4.5 billion was recorded in 2008/09 mainly due to a \$4 billion provision made for the Kwun Tong Town Centre redevelopment project.

19. The URA has indicated that it will be increasingly difficult to balance its books due to its increased commitments in preservation, revitalisation and rehabilitation, which will not generate surpluses in revenue. The financial risks associated with redevelopment is also greater than before in the light of the exceptionally large outlay required for the implementation of the Kwun Tong Town Centre redevelopment project.

20. URA envisages that it will have to seek external financing, by such means as bank loans and bond issues, for the implementation of its urban regeneration programme over the next five years. In preparation for this, the URA sought and has obtained a corporate credit rating of "AA+" from Standard & Poor's. URA's report on its financial position is given in Part V of its paper at **Annex**. The Government will continue to closely monitor URA's financial position.

**Work of the Urban Renewal Authority in 2008/09**  
**And Business Plan for 2009/10**

**I. INTRODUCTION**

This paper is a report on the work of the Urban Renewal Authority (URA) for the year ended 31 March 2009 and its business plan for 2009/10.

**II. BACKGROUND**

2. In 2008/09, which was its seventh full year of operation, the URA continued to work within the parameters of its current mandate which is prescribed in current Urban Renewal Strategy (URS) issued by the Government in November 2001. The URA has utilized its holistic 4Rs strategy to implement its redevelopment, preservation, rehabilitation and revitalization programmes, all of which have made significant progress. The strategic partnership between the URA and Hong Kong Housing Society (HKHS) has continued to bear fruit. In addition to carrying on its current work, the URA has also provided support to the Development Bureau in the conduct of the two-year review by the Government of the current URS, which began in July 2008 and is now well under way.

**III. WORK OF THE URA IN 2008/09**

**Redevelopment and Preservation Projects**

1 April 2008 to 31 March 2009

3. During the past year, the URA has continued with its work on redevelopment and preservation projects. Two new preservation projects were launched in 2008/09; planning work continued on three commenced redevelopment projects for which acquisition offers had yet to be made; and property acquisition, clearance and re-housing continued for 15 of the redevelopment and preservation projects launched since URA's establishment in 2001/02. Resumption was approved for one of these projects during 2008/09 and clearance of that project site was

completed. In the projects under acquisition, clearance and re-housing during the year, over 80 households accepted re-housing in estates of the Hong Kong Housing Authority (HKHA) and HKHS. In addition, over 180 other households accepted cash compensation. Work on re-housing or compensating the remaining households affected by URA's projects is continuing.

4. URA awarded the joint venture development tenders for three projects i.e. MacPherson Stadium in Mong Kok, Pine Street/Anchor Street in Tai Kok Tsui and Baker Court in Hung Hom during the year.

May 2001 to 31 March 2009

### ***Ongoing Projects Taken Over From LDC***

5. On its establishment, the URA took over the implementation of 10 projects commenced by the former Land Development Corporation (LDC). Six projects were fully completed with all flats and commercial space sold or leased out in earlier years. During 2008/09, URA continued with the implementation of the remaining four projects. Three of these are at various stages of construction, while sales of flats in the fourth are now under way. Altogether, the 10 projects taken over from the LDC are expected to produce over 6,200 new flats, about 238,900m<sup>2</sup> of commercial space, about 1,100 hotel rooms, over 20,100m<sup>2</sup> of GIC facilities and almost 11,200m<sup>2</sup> of open space.

### ***Projects Launched Directly by URA***

6. The tentative timings of the completions of the development stages of the 30 still ongoing projects out of the 31 projects launched directly by URA from its establishment up until 31 March 2009, including the two preservation projects launched in 2008/09, varies between 2009 and 2021. Based on current plans, these 31 projects are expected to provide an estimated total of over 9,200 new domestic units and almost 235,900m<sup>2</sup> of commercial space upon completion. For the benefit of residents and local communities, these projects are also expected to provide almost 29,600m<sup>2</sup> of Government/ Institution/ Community (GIC) facilities, 126,200m<sup>2</sup> for other uses such as transport facilities, space for cultural and creative industries, offices and hotels and almost 24,900m<sup>2</sup> of open space.

### ***Projects Launched in Cooperation with Hong Kong Housing Society***

7. The URA and HKHS entered into a Memorandum of Understanding on Strategic Cooperation in December 2002. Under the MOU, the HS has to date commenced seven redevelopment projects announced but not commenced by the former LDC, and HKHS is bearing all of the costs of these projects and any profits or losses. Five of these projects are in Sham Shui Po and two are in Shau Kei Wan. Under the agreed arrangement, the HKHS is undertaking acquisition and clearance for the projects. The HKHS is also responsible for redevelopment of the sites after clearance. When developed, the projects are expected to provide about 1,700 new flats, over 12,800m<sup>2</sup> of commercial space, over 4,800m<sup>2</sup> of space for GIC use and 300m<sup>2</sup> of open space. In addition to these seven redevelopment projects, the HKHS and URA commenced implementation, in 2006, under the MOU of a preservation project in Wan Chai, affecting nine tenement blocks. It is now planned that upon completion of the acquisition of all property interests in it, the properties will be handed over to the Government for implementation according to the spirit and terms of the Government's Revitalising Historic Buildings Through Partnership Scheme. The URA and HKHS are looking ahead and exploring the scope for cooperation in bringing further urban renewal projects to fruition for the benefit of the community as a whole.

### ***Details and Progress of Individual Projects***

8. In sum, the URA has carried out or continued to implement a total of 45 redevelopment projects and four preservation projects from its establishment in 2001 up until 31 March 2009, providing over 17,000 new flats, almost 490,000m<sup>2</sup> of commercial space, almost 55,000 m<sup>2</sup> of GIC facilities and almost 37,000m<sup>2</sup> of open space.

9. The **Appendix** shows the details and current progress for -
- a) the 31 projects launched up to 31 March 2009 by the URA;
  - b) the eight projects launched up to 31 March 2009 by the HKHS; and
  - c) the 10 ongoing projects taken over from the LDC.

## *Property Acquisition Policies*

10. Both the URA and HKHS adopt similar policies for acquisition of property interests to the Government's compensation policy on land resumption but add a certain amount of incentive for property owners. Domestic owner-occupiers are offered a home purchase allowance (HPA) equivalent to the difference between the open market valuation of the owner's premises and that of a notional seven-year-old replacement flat in the same general locality. The average acceptance rate of about 87% for projects, which have reached the resumption and clearance stages to date, is considered reasonable, given that the balance of 13% includes properties interests which cannot be acquired due to problems such as unclear legal titles or untraceable owners.

11. Nevertheless, the URA continues to look for and introduce enhancements where appropriate to ensure that its policies and procedures strike the right balance between being sufficiently responsive to the needs of people affected and sufficiently cost-effective to sustain a viable urban renewal programme. Thus, during 2008/09, the URA -

- (a) extended its expression of interest in purchasing arrangement, which provides a means for domestic owner-occupiers to return to live in the same locations, by purchasing residential units in the redeveloped properties built on them, to cover domestic owner-occupiers in further projects, including the Kwun Tong Town Centre project;
- (b) introduced a special local fresh food shop arrangement for the Peel Street/Graham Street project, for both temporary and permanent relocation of such shops within the project's three sites, to enable these shops which, together with the street market surrounding the project sites, contribute to the vibrancy and popular local character of this neighbourhood; and
- (c) introduced a special local flower and school shop arrangement for the Prince Edward Road West/Yuen Ngai Street preservation project, to recognize their contributions to the local character, history and collective memory of this neighbourhood.



## **Preservation**

12. In Wan Chai, URA is implementing directly one preservation-cum-revitalization project at Mallory Street/ Burrows Street, while a similar project is being jointly undertaken with HKHS at Stone Nullah Lane/Hing Wan Street. Three redevelopment projects in Wan Chai also contain significant preservation elements, namely, preservation of five pre-war buildings in the completed redevelopment project at Johnston Road, preservation of the core elements of the Wan Chai Market building in the ongoing Tai Yuen Street project and preservation of three pre-war shophouses as part of the ongoing Lee Tung Street redevelopment project. In Central and Western District, URA currently operates the preserved Western Market and is undertaking three redevelopment projects involving the preservation of heritage at Peel Street/Graham Street, Staunton Street/Wing Lee Street and Yu Lok Lane/Centre Street. Elsewhere, in Nga Tsin Wai Village in Wong Tai Sin, URA is preserving the village gatehouse and stone plaque, the temple and a number of village houses within a themed conservation park.

13. In addition, in response to the Chief Executive's 2007-08 Policy Address, URA conducted a consultancy study on pre-war verandah-type shophouses. In March 2008, after taking into account the respective heritage values, practical issues and potentials for adaptive re-uses of different shophouses, URA announced a conservation strategy comprising a range of approaches for application to shophouses depending on their different levels of heritage value. Subsequently, in September 2008, URA commenced two preservation-cum-revitalization projects in Mong Kok covering two clusters of ten shophouses of high heritage value and potential for adaptive re-use at Shanghai Street / Argyle Street, and Prince Edward Road West / Yuen Ngai Street for the preservation of pre-war shophouses. The Development Scheme Plans for these two projects are currently being processed under the Town Planning Ordinance.

14. As well as operating the Western Market, URA has already completed preservation of five buildings in the projects already completed by URA. After adding to these six buildings, the 51 buildings now being preserved in the above named ongoing projects, URA will have preserved a total of no less than 57 buildings as well as various historic features, upon completion of the latter projects. Action plans for the potential preservation, under new pilot voluntary acquisition and voluntary restoration schemes, of up to a further eight of the list of shophouses, identified in URA's conservation strategy as having lower

but, nevertheless, significant heritage value, have also been drawn up. Subject to the outcomes of these two pilot schemes, preservation plans for further shophouses on URA's list may be drawn up.

15. The URA is keen to pursue further preservation projects as part of its coordinated 4Rs approach. However, the costs of preservation are often high. In considering new preservation projects, the URA must keep in view the need to balance people's aspirations, its priorities in resource allocation and the potential, following their preservation, of buildings to achieve effective adaptive re-use in terms of their public access, long term maintenance and operating costs.

### **Rehabilitation**

16. Initiatives to encourage better care of domestic premises in multiple ownership by the owners continue to be a major area of work for the URA. The purposes of building rehabilitation are to improve the environment and living conditions in residential buildings, and to extend the useful life of buildings. Since 2003, the URA has provided three forms of assistance.

#### ***Materials Incentive Scheme***

17. URA has continued to operate a Materials Incentive Scheme, which was formerly known as the Extended Trial Scheme. This scheme targets buildings with Owners Corporations (OCs) with a view to encouraging owners to form OCs and promoting sustained maintenance and management after rehabilitation. URA invites OCs of domestic or composite buildings in multiple ownership and subject to statutory repair orders to participate in this Scheme.

18. The value of renovation materials, excluding technical advice, provided by URA does not exceed whichever is lower out of \$3,000 per domestic unit or 20% of the total cost of the rehabilitation works on the common areas of the building.

#### ***Building Rehabilitation Loan Scheme***

19. The URA also continued to operate the interest-free Building Rehabilitation Loan Scheme to cover buildings which meet similar criteria to those for the Materials Incentive Scheme and are not subject to statutory orders, in order to encourage owners to undertake voluntary rehabilitation early. Loans are arranged through OCs but made to

individual domestic property owners for up to \$100,000 per domestic unit for a term of up to five years, depending on the amount. Generally speaking, the scope of works covered is:

- Repair or preventive maintenance works to common areas and external envelope;
- Repairs, maintenance or up-grading of building services; and
- Repair and maintenance works inside domestic units which are carried out in association with the works to the whole building.

### ***Hardship Grants***

20. In some cases, the presence of owners, such as elderly people on low incomes, who are unable to contribute to the overall rehabilitation costs, may discourage or prevent other owners from going ahead. The URA has therefore introduced a limited Hardship Grant Scheme to assist such owners. The Scheme covers the same class of buildings as the Materials Incentive Scheme and Loan Scheme. Hardship Grants may be up to \$10,000 per domestic unit or 100% of the share of cost of the works for the whole building attributable to that unit, whichever is lower.

### ***Operation Building Bright***

21. More recently, in February 2009, when the Government announced Operation Building Bright (OBB) which is a special operation proposed by Government as an initiative to create employment opportunities through the promotion of building rehabilitation, we responded positively and promptly to support this and agreed to contribute \$150 million to the OBB as well providing supporting resources to implement this within URA's Scheme Areas. URA and HKHS have been working together with Development Bureau and BD on the necessary implementation details. A Memorandum of Understanding with the Government was signed in May 2009 and this special operation started in June 2009.

22. Around \$425 million has been allowed in the CP for the five years from 2009/10 to 2013/14 for funding the building rehabilitation programme. This can potentially cover up to 1,000 buildings,

comprising about 66,000 domestic units, within the five-year period covered by the CP. Additional resources may be allocated for this use if required in future.

23. Various rehabilitation assistance schemes will help address problems of building dilapidation and improve living conditions and the built environment in these areas. So far assistance has been or is being given to owners of about 38,100 units in over 490 buildings. Expenditure incurred under all schemes up to May 2009 is around \$240 million.

24. As a further measure to encourage better care of buildings in private ownership, the URA has obtained support from 17 local banks to offer mortgages on enhanced terms in respect of older domestic flats in buildings, which have benefited from URA's rehabilitation programmes. This market-led mechanism for reflecting the enhanced value of properly maintained buildings has been widely welcomed by owners, the property industry and the community at large.

### **Revitalization**

25. In 2008/09, the URA started various new revitalisation studies and programmes which will widen and enhance the community benefits of redevelopment, rehabilitation and preservation, as well as continuing the design and construction of ongoing revitalisation projects. In order to carry out this revitalisation programme in a way that meets the local community's aspirations, URA has sought and been given the support of the community through the District Councils to which URA is grateful. URA also works in close co-operation and coordination with key Government Departments such as Highways Department, Transport Department and the Leisure and Cultural Services Department.

26. During the year, street revitalization works in the vicinities of URA's redevelopment and rehabilitation activities continued in Tsuen Wan, Tai Kok Tsui and Sham Shui Po. In Mong Kok, schematic designs are also being prepared for the upgrading of Nelson Street between our Macpherson Stadium and Sai Yee Street projects, as well as for adjoining areas in Mong Kok.

27. URA is continuing to work closely with the Development Bureau, the Wan Chai District Council and the Old Wan Chai Revitalisation Special Committee in preparing a district-based approach to the development and revitalisation of Wan Chai. To revitalize and

enhance the existing open-air bazaars on Cross Street / Tai Yuen Street, and Gresson Street, URA has installed pilot electricity supplies to the hawkers' stalls and is now preparing to install awnings for these stalls, initially on a trial basis, in order to gauge the reactions of stakeholders prior to deciding whether to proceed further. In addition a heritage trail study has been carried out, which has resulted in proposals to install special lightings and signage at significant heritage features on one trail. A Public Private Sector Participation Scheme inviting revitalization proposals from the community was also promulgated during the year. The submissions received in response to it have been submitted to the Special Committee and Wan Chai District Council for consideration.

28. Meanwhile, in Sheung Wan which is home to several URA projects, improvement works at Tung Street were substantially completed in late 2008 to link the earlier revitalisation of Sheung Wan Fong to the recently enhanced Hollywood Road. In addition, the URA has started preparation of a fresh area improvement plan with emphases on both strengthening linkages and designing and laying out a new heritage trail to highlight the many historical features of this district.

### **Community Relations**

29. The Authority is fully aware of the importance and benefits of effective community relations and reaches out to the communities in the Authority's action areas as an integral part of our people-oriented community engagement strategy. Intensive efforts continued to be made throughout the year to engage all relevant stakeholders with a view to ensuring that the sentiments and concerns of stakeholders in individual projects are taken into consideration during the planning and acquisition stages of such projects. The Authority reaches out to all residents groups, concern groups, local consultative bodies, educational institutions, professional bodies, politicians, and the mass media to cultivate and foster better mutual understanding with all stakeholders, to address their legitimate concerns as far as practicable and to enlist both local and general public support.

30. To facilitate this process, URA has established six District Advisory Committees (DAC) in our major action areas, namely, Sham Shui Po, Wanchai, Central and Western, Yau Tsim Mong, Kwun Tong and Kowloon City. Membership of these DACs includes legislators, district councillors, government representatives, academics, social workers, landlords, tenants and trade representatives as well as professionals, so that URA may be suitably and directly advised on all

relevant aspects and concerns when planning our renewal projects. During the year 2008/09, a total of 18 DAC meetings were held, not including numerous informal discussion sessions with individual members. In addition, the Authority attended no less than 30 full District Council and sub-committee meetings to ensure that all relevant Councils were kept fully informed of the progress of our projects in their Districts and that, where practicable, their suggestions were incorporated into our project plans.

31. 2008 marked the 20<sup>th</sup> year of focused and systematic urban regeneration in Hong Kong. To tie in with the two year Urban Renewal Strategy (URS) Review being conducted by the Government's Development Bureau, a series of programmes under the theme "Towards Urban Renewal Version 3.0" were organised by URA. These initiatives, which included roadshows, seminars, advertorials and a brochure, provided a useful platform which enabled the community as a whole to review the past, understand the present and discuss the way forward for urban renewal.

32. The URA's Board Chairman, Managing Director and other representatives of the Authority also participated in various community engagement activities including workshops, goodwill visits and meetings with residents.

33. The URA appreciates that some owners and tenants, especially the elderly, might face difficulties in vacating their premises and setting up new homes elsewhere. Front-line staff are trained to provide personal care and assistance to every family genuinely in need of help. Practical assistance includes providing a special 30% down payment instead of the standard market practice of 10% based on the needs of individual families, helping to arrange a bridging bank loan, gathering market information on home-buying and mortgage, helping out with house moving and providing temporary storage for household items. In addition, the URA and the HKHS have appointed, through open tender, six district-based social service teams (SST) to provide affected residents, who need special help, with counselling and advice services on various issues. The SSTs have provided assistance to about 490 cases in 2008/09 and a total of about 1,770 cases since 2002/03.

#### IV. FUTURE PLANS

34. A number of events have shaped the URA's eighth annual Business Plan (BP) for 2009/10 and five-year CP for 2009/10 – 2013/14.

35. In July 2008, the Secretary for Development announced the start of the current two-year review of the URS promulgated in 2001 and that URA would need to proactively support and help to finance and staff this review.

36. Starting in the second half of 2008, the global financial crisis began to affect Hong Kong's economy, including its financial and property markets. This affected and is still affecting all sectors, including URA.

37. In September 2008, URA commenced two projects under DSPs to preserve two clusters of ten Cantonese verandah-style pre-war shophouses.

38. In December 2008, URA issued acquisition offers to all owners of the 1,657 domestic and non-domestic property interests in the Kwun Tong Town Centre project.

39. In February 2009, the Financial Secretary announced the \$1 billion Operation Building Bright initiative to provide further assistance to rehabilitate buildings and create jobs and URA volunteered to participate and contribute \$150 million towards this.

40. In March 2009 the Financial Secretary approved the URA's eighth CP for 2009 to 2014 and its BP for 2009/10.

#### April 2009 to March 2010

41. The eighth CP, which is built upon the progress made under its predecessors, and has taken account of events occurring in 2008/09, consists of 58 redevelopment projects, including the four still on-going projects out of the ten taken over from the LDC, the 35 redevelopment projects and four preservation-cum-revitalization projects commenced up until 31 March 2009 by URA and still under way, including those undertaken in association with the HKHS, and 15 new redevelopment and preservation projects. In 2009/10, priority continues to be given to taking forward the implementation of the 25 projects announced by the former LDC and commenced by the URA, of which one has been fully

completed with all flats sold to date. In addition, URA will commence such new redevelopment projects as are justified on planning and other grounds.

42. On 1 April 2009, the URA improved the Materials Incentive Scheme by both refining the eligibility criteria in order to assist more old buildings to join this Scheme and enhancing the subsidies available to eligible buildings which do join it.

43. On 4 May 2009, URA called for tenders for the Lee Tung Street/McGregor Street in Wan Chai. The URA may invite further expressions of interest and call for further tenders for other projects as the year progresses.

44. On 11 May 2009, URA announced its new policy on environmentally sustainable development, while on 22 May URA organized a well attended seminar on this subject, with expert speakers from the UK, France, the USA and Hong Kong, including both the Secretary for Development and the Secretary for the Environment.

45. On 26 May 2009, the Financial Secretary announced a package of new measures to support the economy, including an additional allocation of \$1 billion to the funds available for the Operation Building Bright building rehabilitation and job creation programme to which URA has already contributed \$150 million. URA will continue to work closely with the Development Bureau, Buildings Department and Hong Kong Housing Society to implement this programme.

46. On 29 May 2009, URA commenced a new redevelopment project at San Shan Road/Pau Chung Street in Ma Tau Kok.

47. URA's 2009/10 work programme also includes the important role of continuing to support proactively the Development Bureau in the latter's conduct of the review of the URS. In this regard, the URA has, on behalf of the Development Bureau, already -

- a) commissioned and managed a consultant team to conduct an urban renewal policy study on six Asian cities and, in relation to this study, helped arrange two study trips to Tokyo and Shanghai for members of the Government's URS Review Steering Committee, URA's URS Review Committee and URA's District Advisory Committees;



- b) commissioned and managed another consultant team to carry out a great variety of public engagement activities, including innovations such as setting up an idea shop and sponsoring a commercial radio programme with a view to reaching out to the general public; and
- c) started a tracking study, as a supplement to the social impact assessment for two of our projects.

## V. FINANCIAL MATTERS

48. The Authority's net assets value as at 31 March 2009 was \$9.9 billion. This comprised a capital injection totalling \$10 billion from the Government and an accumulated deficit from operations of \$0.1 billion. In 2008/09, URA recorded a net operating deficit of \$4.5 billion. The operating surplus/(deficit) of the URA since its formation in May 2001 are summarized as follow –

	<u>\$'000</u>
Deficit on formation on 1 May 2001	(2,160,610)
2001/02 (11 months)	(558,329)
2002/03	(226,570)
2003/04	(80,443)
2004/05	3,002,087
2005/06	1,576,611
2006/07	758,711
2007/08	2,077,601
2008/09	(4,524,265)
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Total Accumulated Deficit as at 31 March 2009	(135,207)
	=====

49. The operating deficit for 2008/09 was mainly due to the loss provision made for the Kwun Tong Town Centre project. As at 31 March 2009, the URA's cash and bank balances together with the fair value of the funds managed by the investment manager totalled \$7.7 billion and the URA's accruals and estimated outstanding commitments in respect of projects under acquisition and resumption stood at \$17.0 billion. URA had no borrowings in the 2008/09 financial year.

50. Any surpluses earned on projects by URA are retained and then applied to finance further urban renewal projects and its 4Rs efforts to improve the quality of the housing and built environments in dilapidated urban areas.

51. Detailed financial information relating to our position as at 31 March 2009 will be given in our Annual Report and Audited Accounts for 2008/09 which is planned to be tabled in the Legislative Council in October 2009. The status of all of URA's 49 projects launched up until 31 March 2009 are given in the attached **Appendix** from which Members will note that although six out of the 10 commenced projects inherited from the LDC have now been completed with all residential and commercial accommodation having sold, leased or distributed, only one of the projects commenced by URA or its strategic partner the HKHS, has yet reached that stage.

52. Although the seven completed projects as a whole have generated a surplus of about \$1.5 billion for the URA itself, excluding any surpluses or deficits already accounted for by the LDC in respect of these projects, it remains a fact that the URA is heavily exposed to risks arising from property market fluctuations when implementing its urban renewal programme in the coming years, with respect to both the properties it has acquired and the costs of future acquisitions. We estimate that a total expenditure of about \$20.2 billion, excluding operational overheads, will be required by the URA to meet the costs of all projects contained in its 2009 to 2014 Corporate Plan. This expenditure covers the full range of URA's 4Rs work in redevelopment, preservation, rehabilitation and revitalisation.

53. Among the redevelopment projects is the Kwun Tong Town Centre project, which is the largest project ever undertaken by the URA. It requires an exceedingly large outlay for the acquisition of all of the almost 1,657 property interests in it, following issue of acquisition offers for all of these properties on 29 December 2008. Moreover, it will be some years before such cost can be recouped through the awards of joint venture development contracts for this project.

54. In addition, URA has recently launched an extensive new programme of preservation of pre-war shophouses, as well as stepping up the scales of its building rehabilitation and street and open space revitalisation work

55. Therefore, URA envisages, in its approved Corporate Plan that URA will have to seek external financing, by means such as bank loans and bond issues, starting in 2009/10, in order to implement its 4Rs Plans over the next five years. In preparation for this, the URA sought and, in December 2008, was pleased to be assigned a long-term corporate credit rating of AA+ by Standard & Poor's Ratings Services.

56. To ensure that its urban renewal programme is sustainable in the long term, the URA will continue to maintain a very prudent financial position and exercise due care and diligence in handling its finances.

## VI. CONCLUSION

57. The work of the URA continued to make substantial progress in 2008/09. Highlights were obtaining approvals for the Development Scheme Plans and Master Layout Plans for the Kwun Tong Town Centre project, issuing acquisition offers to all owners in that project and achieving a very high rate of acceptance, especially by domestic owner-occupiers; commencing two projects to preserve 20 pre-war shophouses in Mong Kok; joining hands with Development Bureau, Buildings Department, and HKHS to implement Operation Building Bright to rehabilitate buildings and create jobs; implementing the first measures to revitalize Wan Chai using a district based approach under the guidance of the Old Wan Chan Revitalization Initiative Special Committee; supporting the review by the Development Bureau of the current Urban Renewal Strategy; and obtaining a rating of AA+ from Standard and Poor's Ratings Services.

58. Overall, the URA is continuing to strive to implement its vision of creating a quality and vibrant urban living environment in Hong Kong to provide better homes in this world class city by delivering an affordable, financially self-sustaining, integrated, environmentally sustainable and well balanced urban renewal programme that meets the needs and expectations of the community in difficult economic and market conditions.

Urban Renewal Authority  
June 2009

URA Project Highlights

Appendix

Project Name	Development Name	Project Site Information				Project Development Information						Remarks	Status as at 31 May 2009
		Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Total GFA m <sup>2</sup>	Residential Flats	Commercial Space m <sup>2</sup>	Other Uses m <sup>2</sup>	G/IC m <sup>2</sup>	Open Space m <sup>2</sup>		
<b>1-31 - 31 Projects commenced by URA up to 31 March 2009</b>													
1 * #	Shanghai Street/Argyle Street, Mong Kok	1128	3630	14	170	3377	0	0	3,377	0	0	Other uses include compatible daily necessities, traditional foods and commercial uses	Project commencement gazetted on 19/09/08 DSP approved by TPB in 04/09 for public consultation starting in 05/09
2 * #	Prince Edward Road West/Yuen Ngai Street, Mong Kok	1440	4334	10	40	6126	0	0	6126	0	0	Other uses include compatible educational, recreational, cultural and commercial uses Additional means of escape and improved public access will be provided	Project commencement gazetted on 19/09/08 DSP approved by TPB in 04/09 for public consultation starting in 05/09
3 *	Anchor Street/Fuk Tsun Street, Tai Kok Tsui	726	3348	6	257	6534	0	6534	0	0	0	Commercial space is for 200 room hotel	Project commencement gazetted on 07/03/08 Approval of draft DSP by CE in C awaited
4 *	Chi Kiang Street/Ha Heung Road, Ma Tau Kok	928	5226	5	270	8352	116	1392	0	0	0		SDEV authorized URA to proceed on 07/07/08 Property acquisition in progress
5 *	Pak Tai Street/Mok Cheong Street, Ma Tau Kok	776	3772	5	253	6984	92	1164	0	0	0		SDEV authorized URA to proceed on 07/07/08 Property acquisition in progress
6 *	Sai Yee Street, Mong Kok	2465	14434	14	498	22185	196	8241	0	0	0		Project commencement announced on 21/12/07 Property acquisition in progress
7 * #	Nga Tsin Wai Village, Wong Tai Sin	4637	2051	36	154	37097	580	2319	0	0	1400		Project commencement announced on 2/10/07 Property acquisition in progress Demolition of vacated properties in progress
8 * #	Peel Street/Graham Street, Sheung Wan	5320	20219	37	823	68300	293	45940	0	1290	1000	G/IC is a 1,290m <sup>2</sup> multi-purpose activity hall. Commercial space includes 270m <sup>2</sup> for social enterprises and 8,950m <sup>2</sup> for 182 room hotel	Revised MLP approved by TPB in 01/09 Property acquisition in progress
9 *	Kwun Tong Town Centre, Kwun Tong	53500	96104	24	4829	401250	1980	111780	114560	14300	13400	Other uses include 16,700m <sup>2</sup> for Public Transport Interchange, 65,860m <sup>2</sup> for offices and 32,000m <sup>2</sup> for hotel G/IC includes 6,200m <sup>2</sup> for Kwun Tong Jockey Club Health Centre in Development Area 1	Project commencement gazetted on 30/03/07 2 DSPs approved by CE in C on 16/07/08 Yuet Wah Street MLP approved by MPC on 5/12/08 Property acquisition offers made on 29/12/08 Main Site MLP approved by MPC on 23/01/09 1,088 of 1,657 offers accepted before expiry on 30/03/09 Preliminary basic terms offer for Yuet Wah Street Site issued by LandsD on 07/05/09
10	MacPherson Stadium, Mong Kok	2400	2788	1	0	24768	254	2443	0	5619	0	G/IC is for Indoor Stadium and Youth Centre	Estimated completion of construction in mid 2012 Demolition completed
11 * 12 * 13 *	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	7440	25344	37	1233	59580	784	9930	0	2200	1500	Three projects taken forward as one G/IC is for unspecified reserve	DSP approved by CE in Council on 03/06/08 Property acquisition in progress
14 *	Fuk Tsun Street / Pine Street, Tai Kok Tsui	560	4071	3	270	5040	72	840	0	0	0		Clearance in progress Preliminary basic terms offer was issued on 14/10/08
15 * #	Yu Lok Lane / Centre Street, Sai Ying Pun	2156	4140	14	270	16464	270	245	0	0	1100	Commercial space includes 76m <sup>2</sup> for community use	MLP approved by TPB in 09/07 Clearance in progress
16 * #	Mallory Street / Burrows Street, Wan Chai	780	2687	5	122	2140	0	0	2140	0	300	Other uses include cultural and commercial uses	Site clearance completed in 08/08 Section 16 application approved by TPB in 02/09
17 * 18 *	Lai Chi Kok Road / Kweilin Street & Yee Kuk Street, Sham Shui Po	3330	13197	17	551	29538	384	4925	0	0	580	Two projects taken forward as one Commercial space includes 405m <sup>2</sup> for social enterprises	MLP approved by TPB in 01/08 Clearance in progress Demolition of vacated properties in progress Preliminary basic terms offer issued by LandsD on 09/12/08
19	Pine Street / Anchor Street, Tai Kok Tsui	2328	11802	12	520	20952	304	3492	0	0	450		Estimated completion of construction in early 2012
20	Larch Street / Fir Street, Tai Kok Tsui	2195	10332	12	594	19710	377	3285	0	0	0	Commercial space includes 1,000m <sup>2</sup> for social enterprises	Estimated completion of construction in late 2011
21 #	Lee Tung Street / McGregor Street, Wan Chai	8220	36534	52	1611	79697	1212	11749	0	2112	3000	Commercial space includes 968m <sup>2</sup> for social enterprises G/IC includes Residential Care Home for Elderly/Community Service Support Centre, Refuse Collection Point and public toilet	MLP approved by TPB on 22/05/07 Demolition completed Authorization of road scheme and road works gazetted on 30/04/09 Joint venture development tender invited on 04/05/09
22	Baker Court, Hung Hom	277	834	2	9	2316	67	238	0	0	0		Joint venture development tender awarded Estimated completion of construction in late 2011
23	Bedford Road/ Larch Street, Tai Kok Tsui	1229	6313	7	280	10363	182	1148	0	0	0		Construction completed in 03/09 Sales of flats in progress
24 * #	Staunton Street/ Wing Lee Street, Sheung Wan	3563	6272	24	288	11771	133	3375	0	0	920		Revised MLP submitted to TPB in 02/09 Property acquisition in progress
25	Queen's Road East, Wan Chai	378	1806	5	25	3984	96	441	0	0	0		Estimated completion of construction in early 2010
26	First Street / Second Street, Sai Ying Pun	3536	15690	30	777	38178	488	3919	0	2197	700	Commercial space includes G/IC area. G/IC is for Residential Care Home for Elderly	Estimated completion of construction in late 2009
27	Po On Road / Shun Ning Road, Sham Shui Po	1394	4898	8	327	12534	166	2083	0	0	251		Construction completed in 04/08 Sales of flats in progress
28	Reclamation Street, Mong Kok	535	2411	4	122	4921	85	802	0	0	0		Sales of unsold flats in progress
29	Cherry Street, Tai Kok Tsui	4510	14416	33	1020	43231	522	4916	0	1849	0	G/IC is for Residential Home for Elderly	Construction completed in 02/09 Sales of flats in progress
30	Fuk Wing Street / Fuk Wa Street, Sham Shui Po	1384	5129	8	246	12453	173	2075	0	0	255		Construction completed in 11/08 Sales of flats in progress
31 ^ #	Johnston Road, Wan Chai	1970	7640	21	333	20567	381	2600	0	0	0		Project completed in 2008/09
<b>Launched Sub-Total (A)</b>		<b>119105</b>	<b>329422</b>	<b>446</b>	<b>15892</b>	<b>978412</b>	<b>9207</b>	<b>235876</b>	<b>126203</b>	<b>29567</b>	<b>24856</b>		

URA Project Highlights

Appendix

Project Name	Development Name	Project Site Information				Project Development Information						Remarks	Status as at 31 May 2009	
		Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Total GFA m <sup>2</sup>	Residential Flats	Commercial Space m <sup>2</sup>	Other Uses m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Open Space m <sup>2</sup>			
<b>32-39 - 8 Projects commenced by HKHS up to 31 March 2009</b>														
32 * #	Stone Nullah Lane/Hing Wan Street, Wan Chai	Blue House	906	1706	9	67	1706	0	0	1706	0	0	Part of revitalising historic buildings through partnership scheme Other uses include education, recreation, welfare or visitor uses	Resumption in progress
33 *	Sai Wan Ho Street, Shau Kei Wan		712	3796	2	21	5791	88	631	0	0	0	Property acquisition in progress	
34 *	Castle Peak Road/Cheung Wah Street, Sham Shui Po		1000	5935	10	158	9000	149	1500	0	0	0	Demolition in progress	
35 *	Castle Peak Road/Un Chau Street, Sham Shui Po		2609	14193	22	496	23482	356	3914	0	0	150	Clearance and phased demolition in progress	
36 *	Un Chau Street/Fuk Wing Street, Sham Shui Po		2222	10114	22	362	19998	333	1133	0	2200	150	G/IC is for Residential Home for Elderly Clearance and phased demolition in progress	
37 *	Castle Peak Road/Hing Wah Street, Sham Shui Po		1382	8286	11	344	12438	180	2073	0	0	0	Demolition in progress	
38	Shau Kei Wan Road, Shau Kei Wan		1870	9834	17	400	19606	292	2717	0	0	0	Construction in progress	
39	Po On Street/Wai Wai Road, Sham Shui Po		2592	9923	19	528	21219	326	891	2648	0	0	G/IC is for Residential Home for Elderly Construction in progress	
<b>Commenced Sub-Total (B)</b>			<b>13293</b>	<b>63787</b>	<b>112</b>	<b>2376</b>	<b>113240</b>	<b>1724</b>	<b>12859</b>	<b>1706</b>	<b>4848</b>	<b>300</b>		
<b>40-49 - 10 Ongoing projects taken over from LDC</b>														
40	Yeung Uk Road, Tsuen Wan	The Dynasty	7230	NA	0	0	44404	256	17373	0	0	0	Construction completed in 01/09 sales of flats in progress	
41	Hanoi Road, Tsim Sha Tsui	K11	8299	27309	20	220	102625	345	31209	25816	0	1219	Other use is for 384 room hotel Construction completed in 01/09	
42	Tsuen Wan Town Centre, Tsuen Wan	Vision City	20300	56851	22	7119	134185	1466	23221	0	3080	3700	G/IC is for transport and community facilities Sales of remaining unsold flats and leasing of commercial premises underway	
43 #	Tai Yuen Street/Wan Chai Road, Wan Chai	The Zenith	6308	12555	31	975	62310	904	3441	0	5254	0	Redevelopment of Sites A and B completed Revised MLP for Site C approved by TPB on 20/06/08 Partial demolition at Site C in progress Construction at Site C expected to commence in mid 2009 for completion in late 2012	
44 ^	Ka Wai Man Road, Kennedy Town	Mount Davis 33	728	NA	0	0	7280	89	0	0	0	0	Project completed in 2007/08	
45 ^	Queen Street, Sheung Wan	Queen's Terrace	7964	25792	50	648	66233	1148	400	0	5254	1200	G/IC includes Single-person Hostel, Care & Attention Home, Day Nursery, Social Centre for the Elderly, Hostel for Moderately Mentally Handicapped and Cooked Food Centre Project completed in 2007/08	
46 ^	Kennedy Town New Praya, Kennedy Town	The Merton	6075	24808	15	1683	62904	1182	0	0	0	2300	Project completed in 2007/08	
47 ^	Waterloo Road/Yunnan Lane, Yau Ma Tei	8 Waterloo Road	3869	6610	19	444	32012	576	0	0	0	1650	Project completed in 2007/08	
48 ^	Argyle Street/Shanghai Street, Mong Kok	Langham Place	11976	40810	58	2603	167414	0	160866	0	6548	1100	Commercial space includes 41,933m <sup>2</sup> for 686 room hotel, 65,793m <sup>2</sup> for offices and 53,140m <sup>2</sup> for retail G/IC includes Cooked Food Centre and transport and community facilities Project completed in 2005/06	
49 ^	Kwong Yung Street, Mong Kok	Paradise Square	1607	4190	10	272	15160	272	2414	0	0	0	Project completed in 2005/06	
<b>Commenced Sub-Total (C)</b>			<b>74356</b>	<b>198925</b>	<b>225</b>	<b>13964</b>	<b>694527</b>	<b>6238</b>	<b>238924</b>	<b>25816</b>	<b>20136</b>	<b>11169</b>		
<b>Commenced Total (A) + (B) + (C)</b>			<b>206754</b>	<b>592134</b>	<b>783</b>	<b>32232</b>	<b>1786179</b>	<b>17169</b>	<b>487659</b>	<b>153725</b>	<b>54551</b>	<b>36325</b>		

Note ^ In this table, a project is deemed to be completed once all accommodation has been sold, leased out or distributed between joint venture partners

\* The details of projects 1 to 9, 11 to 18, 24 and 32 to 37 have yet to be finalised and are still subject to change during the statutory property resumption, planning and land grant approval processes and prior to the awards of the joint venture development tenders.

# Projects 1, 2, 16 and 32 are purely preservation projects. All other 45 projects are redevelopment projects, with redevelopment projects 7, 8, 15, 21, 24, 31 and 43 containing some preservation elements

**Glossary of Terms**

BP = Business Plan

CDA = Comprehensive Development Area

CE = Chief Executive of Hong Kong Special Administrative Region

CE in C = Chief Executive in Council

C/R = Commercial / Residential

DSP = Development Scheme Plan

GFA = Gross Floor Area

G/IC = Government / Institution and Community

HKHS = Hong Kong Housing Society

LandsD = Lands Department

LDC = Land Development Corporation

MLP = Master Layout Plan

MPC = Metro Planning Committee

OU = Other Specified Use

OZP = Outline Zoning Plan

R(A) = Residential Group A

SDEV = Secretary for Development

TPB = Town Planning Board

TPO = Town Planning Ordinance

URA = Urban Renewal Authority