

**For Discussion
on 25 June 2013**

LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT

Work of the Urban Renewal Authority

Purpose

This paper reports on the work of the Urban Renewal Authority (URA) in 2012-13 and its future work plan.

Background

2. URA was established in May 2001 to undertake urban renewal in accordance with the URA Ordinance (Cap. 563). The purposes and membership of URA are at **Annex A**.

3. Since the promulgation of the new Urban Renewal Strategy (URS) on 24 February 2011, URA has adopted a “people first, district-based, public participatory” approach in carrying out urban renewal and has by and large implemented all the new initiatives set out in the new URS. At the invitation of the Government, URA has also launched a pilot scheme for the redevelopment of industrial buildings.

Work of URA in 2012-13

4. As at the end of the 2012-13 financial year, URA had directly, or through collaboration with the Hong Kong Housing Society (HKHS), commenced 48 redevelopment projects (seven of which contain preservation elements) and three preservation-cum-revitalisation projects, and took over the implementation of ten ongoing projects of the former Land Development Corporation. These redevelopment projects have not only helped improve the living conditions of a population of around 35 000, but also released 21.8 hectares of brown field sites in the urban areas. These sites have a redevelopment potential of about 1,193,000 m² of domestic gross floor area and 700,000 m² of non-domestic gross floor area.

Implementation of the new URS

5. URA has, guided by the new URS, adopted “Redevelopment” and “Rehabilitation” as its core businesses.

Redevelopment

Self-initiated Redevelopment

6. In line with the new URS, URA has continued to adopt a three-pronged approach in redevelopment, namely, undertaking URA-initiated projects, undertaking owner-initiated demand-led projects and facilitating owners in the assembly of property titles for redevelopment. In 2012-13, the URA commenced a self-initiated project at Tonkin Street / Fuk Wing Street. URA also commenced two other self-initiated industrial redevelopment pilot projects in 2012-13. Details are set out in paragraphs 22 and 23 below.

Demand-led Redevelopment

7. The “Demand-led Redevelopment Project Pilot Scheme” (the Demand-led Scheme) was launched in July 2011. Under the Demand-led Scheme, property owners could initiate redevelopment by submitting an application to URA to redevelop their proposed site. Three projects selected from the first round of applications for the Demand-led Scheme were commenced in April 2012. The owners holding more than 80% of the interests of the lots under each of the three projects accepted URA’s conditional acquisition offers before the stipulated deadline. With the authorisations of the Secretary for Development (SDEV), all three projects are now being implemented.

8. This bottom-up, community-driven approach to urban renewal has been well-received. This is evidenced by the increase in the number of applications received in the second round of the Demand-led Scheme launched between June and August 2012. So far, URA has commenced two of the four selected projects of this second round.

Facilitating Services

9. Apart from being an “implementer”, URA is required under the new URS to take up a “facilitator” role to help owners of buildings in multiple-ownership to assemble titles for redevelopment. URA has set up the Urban Redevelopment Facilitating Services Company Limited, a

subsidiary licensed under the Estate Agents Ordinance, to undertake the related work under the “Facilitating Services Pilot Scheme”. The pilot scheme is open for application throughout the year. Since the launch of the pilot scheme in July 2011, the company has received nine applications of which three had been taken up as at end March 2013. A fourth one had also been taken up in April 2013.

“Flat-for-Flat” Scheme

10. The Flat-for-Flat (FFF) Scheme is an important milestone in the compensation history of URA. For the first time, affected owner-occupiers of URA-implemented redevelopment projects commencing after the promulgation of the new URS have FFF as an alternative option to cash compensation and ex-gratia payment. They can opt for either ‘in-situ’ FFF units in URA’s new developments at the original sites or for units at a site earmarked for the FFF Scheme at the Kai Tak Development Area.

11. The Kai Tak site was granted to URA at market value in July 2012 for the provision of FFF units. Construction is under way.

12. The Pak Tai Street/San Shan Road development project is the first project commenced after the promulgation of the new URS in February 2011, the owner-occupiers of domestic units of which are given an option of FFF. As at 30 April 2013, one owner-occupier of the first demand-led project at Hai Tan Street had opted for an in-situ FFF unit while another owner-occupier of the Kowloon City Road/Sheung Heung Road development project had opted for a Kai Tak FFF unit.

Rehabilitation

Operation Building Bright

13. In 2012-13, URA continued to collaborate with the Government and HKHS to implement the Operation Building Bright (OBB) which is a one-off special operation to create more employment opportunities for the construction sector and to promote building safety. Up till end March 2013, URA had assisted the rehabilitation of 830 buildings comprising around 31 600 units. Guidelines and procedures have been published and implemented in collaboration with the Independent Commission Against Corruption and HKHS to tighten requirements on service providers in the industry to mitigate against malpractices as well as to promote public education. Due to the tight manpower supply situation

in the construction industry, the commencement of rehabilitation works may be delayed in some cases as a result of which completion of works may extend beyond 2015.

Integrated Building Maintenance Assistance Scheme

14. URA has been assisting owners to rehabilitate their buildings since 2004 under URA's Materials Incentive Scheme and the Loan Scheme. To further facilitate rehabilitation by building owners, starting from 1 April 2011, URA and HKHS have collaborated and amalgamated the five financial assistance schemes of URA and HKHS into a single scheme called the "Integrated Building Maintenance Assistance Scheme" (IBMAS), adopting a set of unified application criteria and terms and conditions for all eligible buildings in Hong Kong. IBMAS is now co-managed by URA and HKHS. As at 31 March 2013, 187 cases were in progress.

Mandatory Building Inspection Subsidy Scheme

15. The Mandatory Building Inspection Subsidy Scheme (MBISS) was jointly launched by URA and HKHS on 7 August 2012, following the coming into force of the legislation on the Mandatory Building Inspection Scheme (MBIS). Under the MBISS, URA will assist building owners to arrange inspections of buildings within its Rehabilitation Scheme Areas (RSAs) which are subject to inspection notices issued by the Buildings Department. Owners of buildings which are found to require rehabilitation after inspection can apply to IBMAS for assistance.

Preservation and Revitalisation

16. URA will continue to allocate resources for taking forward those preservation and revitalisation projects which it has already committed.

Preservation

17. On the preservation front, for the shophouse preservation project at Shanghai Street/Argyle Street, the land had reverted to the Government and clearance is under way. The post-war blocks at site will be redeveloped to provide building services to support the adaptive reuse of those pre-war blocks which will be restored and refurbished. URA is continuing with its acquisition efforts for the other shophouse

preservation project at Prince Edward Road West/Yuen Ngai Street, where partial conservation works has commenced on two acquired blocks.

18. The Blue House cluster which used to be a preservation project implemented under a development scheme plan was included under Batch II of the “Revitalising Historic Buildings through Partnership Scheme” under the Commissioner for Heritage’s Office of the Development Bureau. In June 2012, URA formally withdrew from the project and handed it over to the Development Bureau.

Revitalisation

19. There has been good progress with URA’s revitalisation projects in 2012-13.

20. At Mallory Street/Burrows Street, URA is partnering with the Hong Kong Arts Centre to transform the site into a “Comix Home Base” to provide a platform for local and international art exchange. Alteration works is almost complete and the “Comix Home Base” will be officially launched later this summer.

21. For the Central Market, URA is steering the international design consultancy to prepare the conceptual design for the Central Oasis. Soon after the termination of legal action on the draft Central District Outline Zoning Plan, URA promptly finalised its planning application to revitalise the former Central Market building for submission to the Town Planning Board on 24 May 2013. Subject to planning approval, the first phase of the revitalisation works is expected to be completed by 2017-18, while the whole project will be completed by 2019-20.

Pilot Scheme for the Redevelopment of Industrial Buildings

22. To accelerate the pace of renewal of dilapidated industrial buildings so as to release more land for residential or commercial development, at the invitation of the Financial Secretary in his 2012-13 Budget Speech, URA has launched the Pilot Scheme for the Redevelopment of Industrial Buildings. Two pilot projects, one located at Smithfield Road, Kennedy Town, and the other at Yu Chau West Street, Cheung Sha Wan, were commenced in October 2012 and January 2013 respectively.

23. Pursuant to the URA Ordinance, URA shall consider all the objections received during the two-month publication period after the commencement of a development project and submit details of the development project, any unwithdrawn objections, its deliberations on the objections, as well as an assessment as to the likely effect of the implementation of the development for SDEV's consideration. SDEV will decide whether to authorise the project with or without amendments or to decline authorisation.

Corporate Social Responsibility

24. As a responsible public organisation, URA has paid due regard to its corporate social responsibility. This is borne out by URA's endeavours and achievements in promoting sustainable building design, community engagement, support for Non-Government Organisations (NGOs) as well as art promotion. On the environment front, URA has continued to embrace green building designs in its projects, improving energy efficiency of the buildings, reducing water consumption and waste generation. To date, URA has received eight BEAM (Building Environment Assessment Method) Platinum Awards and five provisional awards for projects that are at the design and construction stages. This includes the FFF development at Kai Tak. URA has also spearheaded the first carbon audit covering its own operation as well as its managed properties during 2012-13.

25. On the public engagement front, URA has been making intensive efforts to engage stakeholders in the rollout of all initiatives related to the new URS. In 2012-13, some 7,000 people visited the Urban Renewal Exploration Centre. The Urban Renewal Resource Centre, a one-stop service centre of the URA officially opened in April 2012, also received about 15,000 visitors during the same period. In addition, URA made available information of its projects on mobile platforms to facilitate public access. During the year, URA also stepped up efforts to engage educational institutions and organisations to foster a better understanding of the new URS and its impact on urban renewal. URA also provided venue support at nominal rent to 13 NGOs for various kinds of activities last year.

26. To enhance the vibrancy of the old urban areas through active involvement of the community, URA launched a pilot scheme in October 2011 to encourage NGOs to partner with URA to stage arts events. In 2012-13, 13 programmes were sponsored under the pilot scheme. In addition, URA licensed one ground floor shop premises under the Prince

Edward Road West project to one NGO for operating an art theme-based social enterprise which was officially opened in September 2012. Separately, URA also licensed one of its acquired blocks at Wing Lee Street to the Hong Kong Arts Centre to run an “Artists-in-residence” programme.

27. A detailed account of URA’s work in 2012-13 is at Part III of the URA’s report at the **Annex B**.

URA’s Future Work Plan

28. The Financial Secretary approved URA’s Corporate Plan (CP) for 2013-14 to 2017-18 and Business Plan (BP) for 2013-14 in March 2013. The five-year CP comprises 60¹ redevelopment and preservation projects, including 14 redevelopment projects to be commenced between 2013-14 and 2017-18 (which include the two demand-led redevelopment projects commenced in April 2013). In the light of the positive response to the Demand-led Scheme and the Chief Executive’s invitation to URA to forge ahead with the Scheme in his 2013 Policy Address, URA is going to invite the third round of applications for the Demand-led Scheme between July and September 2013.

29. On the rehabilitation front, URA will continue with its rehabilitation efforts through IBMAS, OBB and MBISS in 2013-14. It is expected that during the year, URA’s rehabilitation efforts will benefit about 115 buildings or 4 400 units under IBMAS within the expanded RSAs of URA. As for OBB, it is expected that URA will assist the owners of around 310 buildings or 14,500 units in 2013-14. In addition, it is envisaged that some 330 buildings or 10,700 units can potentially benefit from the subsidy of the MBISS to recover the cost of the first building inspection fee under the MBIS.

30. URA will also continue its efforts in preservation and revitalisation projects. Details of URA’s work plan in the coming year are set out in Part IV of the URA’s report at **Annex B**.

¹ The figure includes one redevelopment project which was recently completed after the approval of the Corporate Plan.

Financial Position and Disclosure

31. As at 31 March 2013, URA's net asset value stood at \$26.2 billion. A net operating surplus of \$4.4 billion was recorded in 2012-13, representing an increase of \$1.8 billion over 2011-12. The surplus was mainly attributable to the rising property market since the start of 2009.

32. URA has estimated that a total expenditure of about \$26 billion, excluding operational overheads, will be required to meet the costs of all projects contained in its 2013-14 to 2017-18 CP. To ensure that it has sufficient funding in place to meet the needs of its work programme, URA has put in place a Medium Term Note Programme since 2009-10. The total amount of URA's outstanding bond issue stood at \$3.3 billion as at end March 2013. The Government will continue to closely monitor URA's financial position.

33. In response to Members' request and in the interest of transparency and accountability, URA has been disclosing financial information on its completed individual projects since 2010. Following this practice, URA has provided the financial information on its one completed project in 2012-13 at Appendix II of the report at **Annex B**.

Development Bureau
June 2013

Board of the Urban Renewal Authority (URA)

According to Section 5 of the Urban Renewal Authority Ordinance (Cap. 563) (URAO), the purposes of URA are to –

- (a) replace the Land Development Corporation as the body corporate established by statute having the responsibility of improving the standard of housing and the built environment of Hong Kong by undertaking, encouraging, promoting and facilitating urban renewal;
- (b) improve the standard of housing and the built environment of Hong Kong and the layout of built-up areas by replacing old and dilapidated areas with new development which is properly planned and, where appropriate, provided with adequate transport and other infrastructure and community facilities;
- (c) achieve better utilisation of land in the dilapidated areas of the built environment of Hong Kong and to make land available to meet various development needs;
- (d) prevent the decay of the built environment of Hong Kong by promoting the maintenance and improvement of individual buildings as regards their structural stability, integrity of external finishes and fire safety as well as the improvement of the physical appearance and conditions of that built environment;
- (e) preserve buildings, sites and structures of historical, cultural or architectural interest; and
- (f) engage in such other activities, and to perform such other duties, as the Chief Executive may, after consultation with the Authority, permit or assign to it by order published in the Gazette.

Pursuant to Section 4(4) of the URAO, the Board of URA shall be the governing and executive body of the Authority and as such shall, in the name of URA, exercise and perform the powers and duties as are conferred and imposed on URA by, or by virtue of, the URAO.

Membership

(as at 15 June 2013)

	<u>Name</u>	<u>Professional Background</u>	<u>Declared Political Affiliation</u>
Chairman:	Mr Victor So Hing-woh	Fellow Member of the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Housing	-
Deputy Chairman/ Managing Director:	Ms Iris Tam Siu-ying	Registered Professional Planner	-
Non-executive Directors (non-official):	Dr Hon Chiang Lai-wan	Legislative Council Member	Democratic Alliance for the Betterment and Progress of Hong Kong
	Mr Edward Chow Kwong-fai	Founder of China Infrastructure Group and Chartered Accountant	-
	Mr Fung Wai-kwong	Managing Director, PR Concepts Co. Limited	-
	Mr Laurence Ho Wing-him	Adjunct Associate Professor / Part-time Lecturer at HKU SPACE, the Chinese University of Hong Kong and the Hong Kong Polytechnic University	-
	Mr Lester Garson Huang	Partner, P C Woo & Co.	-

<u>Name</u>	<u>Professional Background</u>	<u>Declared Political Affiliation</u>
Professor Eddie Hui Chi-man	Professor, Department of Building and Real Estate, the Hong Kong Polytechnic University	-
Professor Desmond Hui Cheuk-kuen	Cultural Consultant and Architect, and former Associate Dean of Arts (External and General Affairs) and Professor of the Department of Cultural and Religious Studies of the Chinese University of Hong Kong	-
Mr Philip Kan Siu-lun	Partner and Chief Executive Officer, Whale Capital Inc.	-
Hon Dennis Kwok	Legislative Council Member	Civic Party
Mr Nelson Lam Chi-yuen	Founder and Chief Executive Officer, Nelson and Company	-
Mr Daniel Lam Chun	Honorary Advisor, DCL Consultants Limited	-
Mr Laurence Li Lu-jen	Barrister-at-law, Temple Chambers	-
Mr Philip Liao Yi-kang	Partner, Philip Liao & Partners Limited	-
Mr Timothy Ma Kam-wah	Registered social worker and Executive Director of Project Flame, City University of Hong Kong	-

	<u>Name</u>	<u>Professional Background</u>	<u>Declared Political Affiliation</u>
	Dr Billy Mak Sui-choi	Associate Professor, Department of Finance & Decision Sciences, Hong Kong Baptist University	-
	Mr David Tang Chi-fai	Property Director, Mass Transit Railway Corporation Limited	-
	Hon James To Kun-sun	Legislative Council Member	Democratic Party
	Hon Wong Kwok-kin	Legislative Council Member	The Hong Kong Federation of Trade Unions
	Dr John Wong Yee-him	Specialist in Psychiatry	-
	Mr Stanley Wong Yuen-fai	Retired Banker	-
Executive Directors (two):	Mr Calvin Lam Che-leung	Registered Professional Engineer and Registered Structural and Geotechnical Engineer	-
	(Vacant)		
Non-executive directors (official):	Director of Buildings		
	Director of Home Affairs		
	Director of Lands		
	Director of Planning		

Work of the Urban Renewal Authority in 2012-13
and Business Plan for 2013-14

I. INTRODUCTION

1. This paper is a report on the work of the Urban Renewal Authority (URA) for the year ended 31 March 2013 (2012-13) and its Business Plan for 2013-14.

II. BACKGROUND

2. The URA's 11th year of operation was underpinned by its renewed public mandate enshrined in the Urban Renewal Strategy promulgated in February 2011 (URS). Ushering in a new era for urban renewal in Hong Kong, the URS encapsulates innovative and people-oriented measures aimed at combating urban dilapidation, and improving the lot of residents living in dire conditions. Since launching the various initiatives, the signs are looking promising that the new direction is the right one with community support for URA's efforts steadily growing.

3. Although increase in support is inevitably matched by a rise in public expectations, they are both driving forces behind URA's many efforts. In 2012-13, the URA has made significant strides in advancing urban renewal through the new multi-pronged approach to redevelopment; enhanced efforts in rehabilitation that befit its status as the other core business of the Authority; continuing efforts in the on-going preservation and revitalisation projects; as well as community-focused initiatives aimed at enhancing the quality of life in old urban districts.

4. Highlights of the work undertaken by the URA during 2012-13 are reported below. For the sake of contemporaneity, significant events which fall outside the reporting period are also mentioned where appropriate.

III. WORK OF THE URA IN 2012-13

Redevelopment

5. 2012-13 saw a substantial increase in the number of new redevelopment projects being taken on by the URA. In all, six new projects were commenced, namely, the three pilot Demand-led projects at 229A-G, Hai Tan Street, 205-211A, Hai Tan Street and Pine Street/Oak Street; the two pilot projects under the URA's Redevelopment of Industrial Buildings Pilot Scheme - the 12P, Smithfield project and the Yu Chau West Street project; and one URA-initiated project at Tonkin Street/Fuk Wing Street.

Demand-led Redevelopment Projects

6. The Demand-led Redevelopment Project Pilot Scheme which started with three projects achieved a measure of success with all reaching the required 80% acceptance threshold within their respective acquisition offer periods, followed by the Secretary for Development (SDEV)'s authorisation of the projects to proceed. This initial success laid a very good foundation for more of these bottom-up, community-driven projects to be undertaken in future. Indeed, there are perhaps no better endorsements of the Scheme than the increase in the number and quality of applications received in the second round of applications (*with four Demand-led projects selected for inclusion in the 2013-14 Business Plan of the URA*), and the invitation extended by the Chief Executive in his 2013 Policy Address to the URA to "*forge ahead with its 'demand-led' redevelopment scheme*".

URA-initiated Redevelopment Projects

7. With a site area of around 1,200 square metres and affecting around 100 households, the Tonkin Street/Fuk Wing Street project is the type of project which may not be comprehensively redeveloped without the intervention of the URA. Indeed, there is a continuing need for the Authority to initiate redevelopment projects which can ensure comprehensive planning in optimising planning gains; equal consideration

to be given to large scale sites with fragmented ownership as well as smaller sites of scant appeal to private developers; and a more balanced mix of projects in different districts. URA-initiated projects also stand a more guaranteed chance of implementation as they do not need to satisfy any acceptance threshold.

Redevelopment of Industrial Buildings

8. The 12P, Smithfield project and the Yu Chau West Street project commenced in October 2012 and January 2013 respectively.

9. Pursuant to the URA Ordinance, URA shall consider all the objections received during the two-month publication period after the commencement of a development project and submit details of the development project, any unwithdrawn objections, its deliberations on the objections, as well as an assessment as to the likely effect of the implementation of the development for SDEV's consideration. SDEV will decide whether to authorise the project with or without amendments or to decline authorisation. With regard to the 12P, Smithfield project, 100% of the owners had objected to the redevelopment by the URA and owners of 92%¹ of the undivided shares confirmed their intention to redevelop the site themselves. URA has made submissions on both projects to SDEV for consideration.

Facilitating Services

10. During 2012-13, the Urban Redevelopment Facilitating Services Co. Ltd. (URFSL), a wholly-owned subsidiary of the URA, provided its services to three facilitation projects. As it is still a pilot scheme, and site assembly on owners' initiative usually takes time, the level of interest in URFSL's services so far matches the URA's expectation. A fourth project has also been taken up in April 2013.

¹ *The owners of the remaining 8% undivided shares subsequently confirmed their intention to redevelop the site with the owners of 92% undivided shares*

Ongoing Redevelopment Projects

11. In addition to commencing the above initiatives and new projects during 2012-13, the URA continued to implement a total of 30 ongoing redevelopment and four preservation projects (*not including the six projects being undertaken by the Hong Kong Housing Society (HKHS)*).

12. During 2012-13, the URA also -

- (a) issued acquisition/conditional acquisition offers for the Fuk Wing Street project, the three pilot Demand-led projects, and the Kowloon City Road/Sheung Heung Road project;
- (b) held the second round of Demand-led Redevelopment Project Applications and selected four applications out of 34 for inclusion in the 2013-14 Business Plan;
- (c) awarded the joint venture tenders for three projects at Sai Yee Street, Pak Tai Street/Mok Cheong Street and Site B of Peel Street/Graham Street;
- (d) obtained SDEV's authorisation for the Kowloon City Road/Sheung Heung Road and Reclamation Street/Shantung Street projects, and the three pilot Demand-led projects to proceed;
- (e) unveiled the in-situ Flat for Flat (FFF) unit prices for the Demand-led project at 229A-G, Hai Tan Street and the Kowloon City Road/Sheung Heung Road project; and
- (f) conducted the expression of interest exercise for seeking the main operator of the Central Oasis Revitalisation Project.

Details and Progress of Individual Projects

13. Up to 31 March 2013, the URA had commenced a total of 48 redevelopment projects and three preservation projects (this includes the six HKHS projects). Out of these projects, eight had been completed. The 48 redevelopment projects provide around 13,500 new flats, about 262,700m² of commercial space, about 53,000m² of GIC facilities, around 100,000m² for other uses including offices and hotels, and about 26,000m² of open space. At the same time, the URA has been able to improve the living conditions of about 35,000 population previously living in substandard housing.

14. **Appendix I** shows the details and current progress for 60 redevelopment and three preservation-cum-revitalisation projects handled by the URA up to 31 May 2013.

Flat for Flat Pilot Scheme

15. Construction of the URA's first ever self-developed housing estate, at a total cost of some \$2.4 billion for the site designated for provision of FFF units at Kai Tak, commenced in July 2012. Good progress has been achieved and piling works completed with basement excavation and superstructure works having commenced in April 2013.

16. The Pak Tai Street/San Shan Road project was the first project where FFF was offered. Thirty-two affected domestic owner-occupiers became the first batch of owners to be given the additional option to choose in-situ or Kai Tak FFF units. The URA offered 49 in-situ flats on the lower floors of the new development which is targeted for occupation in 2018-19. For the Kai Tak units, some 50 units were offered in different floor zones, targeted for pre-sale in 2014-15 and occupation in 2016-17. Since this project, FFF had been offered to affected domestic owner-occupiers at the Fuk Wing Street project, the Demand-led project at 229A-G, Hai Tan Street, and the Kowloon City Road/Sheung Heung Road project.

17. As at end May 2013, one owner-occupier at the Demand-led project at Hai Tan Street had opted for an in-situ FFF unit while one owner-occupier at the Kowloon City Road/Sheung Heung Road project had opted for a Kai Tak FFF unit. This modest number is understandable as the scheme needs time to mature and the current dearth of interest does not truly reflect its appeal to owners, not until close to the time of completion of the Kai Tak units.

18. Further to the Chief Executive's announcement on 30 August 2012 of 10 new measures to expedite the sale of subsidised and private residential units to meet public demand, Site B of the Kai Tak site (*originally earmarked for FFF*) had been allocated to the Housing Authority to develop Home Ownership Scheme flats. With this latest development, the URA is proceeding with the development of Site A. In parallel, the Authority is also exploring the possibility of carrying out renovation work so that some of the units in its self-owned rehousing blocks could be used for providing another source of FFF units in the near future.

Rehabilitation

19. Rehabilitation is one of the URA's two core businesses. During 2012-13, the URA has continued its rehabilitation efforts through the Integrated Building Maintenance Assistance Scheme (IBMAS) and Operation Building Bright (OBB). In addition, technical and financial assistance to building owners have also been offered under the Mandatory Building Inspection Subsidy Scheme (MBISS). The various schemes remain very popular.

Operation Building Bright

20. The URA has given full support to the Government's OBB programme since it began in 2009. At the end of 2012-13, 830 buildings (around 31,600 units) had been rehabilitated out of the 1,450 target buildings within the URA's Rehabilitation Scheme Areas (RSAs). OBB has raised owners' awareness of the need for rehabilitation as well as

created employment, which was one of the original objectives of the scheme. Through conscientious efforts and collaboration with the Independent Commission Against Corruption and HKHS, guidelines and procedures have also been published and implemented to tighten requirements on service providers in the building renovation industry aimed at mitigating malpractices and promoting public education. Completion of the OBB programme may extend beyond 2015 due to the recent tight manpower situation in the construction industry which in turn may lead to adjustment in the commencement of rehabilitation works of some OBB buildings.

Integrated Building Maintenance Assistance Scheme

21. From 1 April 2011, the assistance schemes previously operated by the URA and the HKHS to promote and facilitate better building maintenance have been amalgamated into a single scheme, adopting the same set of application criteria and providing the same subsidies and assistance to all eligible multiple-owned private domestic and composite buildings in Hong Kong. Through a single application form, owners can also apply for two Government funded assistance schemes i.e. the Building Maintenance Grant Scheme for Elderly Owners operated by the HKHS and the Comprehensive Building Safety Improvement Loan Scheme operated by the Buildings Department (BD). Regular IBMAS coordination meetings are held between the URA and the HKHS.

22. A publicity programme has been implemented to raise awareness of IBMAS. A TV Announcement in the Public Interest commenced airing in August 2012 and the TV publicity will continue until the end of 2013.

23. The URA's Material Incentives Scheme (MIS) (including the Common Area Repair Works Subsidy (CAS)) and Loan Scheme (LS) (including the Common Area Repair Works Interest Free Loan (CAL)) are now replaced by IBMAS. Since the launch of the MIS and LS, and up to the end of 2012-13, about 325 buildings (25,300 units) have been rehabilitated under the MIS and 230 buildings (19,160 units) under the LS. Currently,

there are a total of 187 IBMAS cases in progress. The financial assistance, technical advice and coordination services provided by the URA to Owner's Corporations are welcomed judging by the enthusiastic response. Clusters of renovated buildings marked by coordinated façade colour schemes are also welcomed by many as providing a fresh and pleasing outlook in old densely built-up areas. Other related incentives and subsidies such as the third party liability subsidy are also well received by owners.

Mandatory Building Inspection Subsidy Scheme

24. The subsidiary legislation on the implementation of Mandatory Building Inspection Scheme came into force on 30 June 2012, and the URA duly launched the MBISS in conjunction with the HKHS on 7 August 2012. Under this Scheme, the URA will assist building owners to arrange inspections of buildings within its RSAs and which are subject to inspection notices issued by BD. Since August 2012, the URA's staff have been attending district briefing sessions organised by BD to brief and attend to owners of target buildings on the subsidy and assistance available under the MBISS. The eligible owners of buildings which, on inspection, are found to require rehabilitation, may apply for rehabilitation works assistance under IBMAS, with URA providing a one-stop continual building care service.

Revitalisation

25. The URA's revitalisation work has enjoyed solid progress during 2012-13.

Wanchai

26. The Hong Kong Arts Centre will operate a "Comix Home Base" at the Mallory Street/Burrows Street revitalisation project which provides a platform for local and international art exchange. Alteration and addition works are nearing completion, and official opening is scheduled for mid-2013.

27. During 2012-13, works that were commenced by the now dissolved Old Wan Chai Revitalisation Initiatives Special Committee had been completed. Electricity supply meters and bollards had been handed over to 130 hawkers on Tai Yuen Street and Cross Street for use. In addition, open space and street improvements under the “Public Private Partnership on Revitalisation for Old Wan Chai” had been completed.

Central Oasis

28. The URA is steering the international design consultancy to prepare the conceptual design for the Central Oasis. Major modifications of the building and the vertical extension of additional storeys to create space for diverse uses and rooftop greenery will involve the submission of a section 16 application for the Town Planning Board (TPB)’s approval. With the withdrawal of legal action in January 2013 in relation to the Cheung Kong Center Site, the then draft Central District Outline Zoning Plan had been approved by ExCo. The Section 16 application has been submitted to TPB for consideration.

29. Based on the feedback from the Request for Information exercise for the main operator of the Central Oasis, an invitation for Expression of Interest to become the operator of Central Oasis returned nine submissions (plus one late submission) in January 2013. The URA expects to award the tender in early 2014 so that the operator’s input can be incorporated for the finalisation of the general building plans.

Pak Tsz Lane

30. Phase 2 of the Pak Tsz Lane revitalisation project involved the refurbishment and interior beautification works for the Gage Street Refuse Collection Point (RCP). The project had been completed and the RCP handed over to the Food and Environmental Hygiene Department in December 2012.

Mong Kok

31. The URA is enhancing the local characteristics of five themed streets, namely Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street involving streetscape and pedestrian walkway improvements and greening of the environment to enhance their unique characteristics and ambience. The first phase at Flower Market Road is almost complete now. Site works for streetscape improvement works at Tung Choi Street will commence in 2013-14 subject to the relevant Government departments' approval and the detailed design for the remaining streets will be developed.

Tai Kok Tsui

32. Following the completion of the Phases 1 and 2 works along Beech Street and the Cherry Street roundabout, the Phase 3 landscape improvement measures cover several streets in Tai Kok Tsui. Works for stage 1 of Phase 3 which involved improvement works mainly at parts of Fuk Tsun Street and Tai Kok Tsui Road started in 2012-13 and will be completed in 2013-14.

Preservation

Shophouse Preservation Projects

33. Acquisition of interests is continuing for the Prince Edward Road West project where partial conservation works has commenced on two blocks of the acquired buildings and revised acquisition offers are being made to individual owners upon request. This is felt to be the best approach to proceed with the project. The Shanghai Street project had reverted to the Government and clearance is in progress.

Western Market

34. The term of the land grant for the Western Market has been held over up to February 2015. Following the completion of a structural

survey, a consultancy to identify the character-defining elements of the Western Market had also been completed. The URA is discussing with the Government on the way forward for the Western Market.

Corporate Social Responsibility

Environment

35. The URA has continued to embrace green building designs in its redevelopment projects, thereby improving the energy efficiency of buildings, reducing water consumption and waste generation and providing more greenery areas to the local community. To date, the URA has received eight BEAM (Building Environment Assessment Method) Platinum Awards and five further provisional awards for projects that are undergoing design and construction. The Kai Tak FFF development is the recent recipient of one of these provisional awards under BEAM Plus where, as one of the two projects being implemented by the URA on its own, high environmental standards have been incorporated.

36. In an effort to minimize damage to any remnants of historical significance, archaeological investigation has commenced at the Nga Tsin Wai Village project by an independent consultant engaged by the URA prior to the construction of the new development.

37. During 2012-13, the URA has also spearheaded the first carbon audit covering its own operations as well as its managed properties in order to demonstrate the Authority's commitment in reducing greenhouse gas emissions and to strive for continuous improvement in its environmental performance. A baseline assessment using data from 2011-12 was completed, and the carbon audit for 2012-13 is underway as data is being compiled and analysed.

Educating the Community about urban renewal

38. The URA stepped up its efforts to engage educational institutions and organisations to help the community better understand the

URA's work, particularly its new roles under the URS. During the past year, some 7,000 people visited the Urban Renewal Exploration Centre and attended the docent service at the URA project sites. A mobile application featuring URA's projects and the UREC was developed and made available on iOS and Android platforms to facilitate public access to URA's information.

39. A series of education and extension programmes had been organised during the year. These include a joint project with the University of Hong Kong to arrange urban renewal field trip activities for secondary school students; a territory-wide drama competition themed "Maintaining Buildings for Quality Living" for secondary schools; and a drawing competition themed "Old Districts in My Eyes" for primary schools. URA has now become a key partner of the local education sector.

40. To project URA's image as a caring organisation, we have launched a "Community Service Partnership Scheme" for people living in the old urban districts. URA staff together with participants of the partnering organisations such as Society for Community Organization, Salvation Army, Lingnan University and Polytechnic University, have provided more than 1,000 hours of voluntary service in Sham Shui Po, Wan Chai, Yau Tsim Mong and Western District.

Support for Non-Government Organisations and other Organisations

41. The URA provides premises totaling some 57,000 square feet at nominal rents to some 13 Non-Government Organisations (NGOs). The URA also provides space for various Government departments and organisations to carry out a wide range of activities, training, displays and exhibitions, including the arts, youth activities, education, tourism, hobbies and so on.

42. A total of 20 events with URA's assistance/sponsorship had been staged at venues operated by the URA and its joint-venture partners such as the Central Oasis, Urban Renewal Resource Centre (URRC) and City Walk.

43. Following the official opening of the URRC in April 2012, around 15,000 people visited this one-stop service centre for urban renewal, making use of its facilities and meeting rooms and participating in seminars/briefings held there.

Arts and Cultural Policy

44. The URA's Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme which was launched at the end of 2011 has continued. In the past year, a total of 13 programmes were sponsored, making a total of 17 since its launch. The acquired ground floor shop at Prince Edward Road West which has been licensed to an NGO for an art-themed social enterprise officially opened in September 2012. An acquired block on Wing Lee Street has been licensed to the Hong Kong Arts Centre in October 2012 to run an artist-in-residence programme after the completion of repair works by URA on the premises.

IV. URA's Business Plan for 2013-14

45. In March 2013, the Financial Secretary approved the URA's 12th Corporate Plan for 2013-14 to 2017-18 and the 2013-14 Business Plan.

46. The 12th Corporate Plan comprises 56 redevelopment and two preservation projects and one revitalisation project², including the 14³ redevelopment projects commenced/to be commenced in the five-year period of 2013-14 to 2017-18.

² ***Mallory Street project:*** Previously classified as a preservation project, the Mallory Street/Burrows Street project now falls in the revitalisation project category, having regard to the extensive renovation works involved and the invigorative character of the proposed use. Similar to redevelopment and preservation projects, the Mallory Street project was commenced under the provisions of the Urban Renewal Authority Ordinance and is therefore included as one of the 12th Corporate Plan projects. ***'Blue House' project:*** The 'Blue House' Stone Nullah Lane/Hing Wan Street project is no longer included as a preservation project since being handed over to the Commissioner for Heritage's Office on 19 June 2012.

³ The 14 redevelopment projects do not include potential Demand-led projects which are not yet known.

Redevelopment

URA-initiated Redevelopment Projects

47. In 2013-14, the URA will continue to initiate and implement new URA-initiated projects.

Demand-led Redevelopment Projects

48. In addition to the new URA-initiated projects, the Authority had commenced two Demand-led projects in April 2013 and is set to commence two more in 2013-14.

49. In terms of scale, these four projects range from around 480m² to 1640m² in site size and the buildings therein were built in the 1950's and 1960's. An estimated number of around 435 households will be affected.

50. The third round of invitation for applications for the Demand-led Redevelopment Project Scheme is planned to take place between July and September 2013, and the URA is in the process of refining the Scheme details.

Ongoing Redevelopment Projects

51. Aside from the new redevelopment projects, the URA will continue to implement a total of 36 ongoing redevelopment projects (excluding six projects being undertaken by the HKHS), two preservation projects, one revitalisation project, and the Kai Tak FFF Development which are at various stages of development. Work arising from these ongoing projects makes up the bulk of the Authority's workload. While they may vary in size and complexity, due attention is given to each and every one of them.

Facilitating Services

52. As at end May 2013, the URFSL was providing facilitating services to four facilitation projects. Based on its current workload and manpower resources, the URFSL has the capacity to render its services to facilitate five projects at any one time. Application is open throughout the year.

Redevelopment of Industrial Buildings

53. The URA is continuing with the implementation of the Yu Chau West Street project, aiming at making acquisition offers in the second half of 2013 if SDEV's authorisation for the project to proceed is obtained.

Rehabilitation

54. From 2013-14, the URA will further expand its role, responsibilities and geographic coverage in respect of building rehabilitation in line with the URS, including progressively taking over IBMAS in HKHS's Rehabilitation Areas. From April 2013, the URA has taken over all of Kowloon, Tsuen Wan and Kwai Tsing Districts. Subject to finalising detailed arrangements with the HKHS, the current plan is to pursue a similar take-over of the rest of Hong Kong in 2015-16.

55. During 2013-14, it is expected that URA's rehabilitation schemes will potentially benefit about 115 buildings (4,400 units) within areas covered by the URA under the IBMAS. Together with the approximately 310 additional buildings (14,500 units) that the URA will be assisting under OBB in the same period, the URA will potentially be providing rehabilitation incentives and assistance to a total of 425 buildings (18,900 units) to carry out building rehabilitation works.

56. It is envisaged that some 330 buildings (10,700 units) can potentially benefit from the MBISS in 2013-14. The eligible owners of buildings which, on inspection, are found to require rehabilitation will then be able to apply for assistance under IBMAS.

Preservation and Revitalisation

57. Under the URS, the URA's preservation work is confined to redevelopment project areas, except in cases where there is policy support or specific requests from the Government. Meanwhile, the URA's role in revitalisation will purely be supportive in nature.

Preservation

58. During 2013-14, the URA will continue to work on the following eight projects involving preservation elements, namely, the Lee Tung Street project, the Graham Street/Peel Street project, the Yu Lok Lane/Centre Street project, the Staunton Street/Wing Lee Street project, the Shanghai Street/Argyle Street project, the Prince Edward Road West/Yuen Ngai Street project, the Tai Yuen Street/Wan Chai Road project and the Nga Tsin Wai Village project.

Revitalisation

59. The URA will continue with its revitalisation efforts in 2013-14. These include ongoing endeavours in Wan Chai, Central & Western, Mong Kok and Tai Kok Tsui.

V. FINANCIAL MATTERS

60. The URA's net asset value, which can vary considerably from year to year, was \$26.2 billion as at 31 March 2013. This comprised a capital injection totalling \$10 billion from the Government and an accumulated surplus from operations of \$16.2 billion. For the year ended 31 March 2013, the URA recorded a net operating surplus of \$4.4 billion. Compared to the \$2.6 billion net operating surplus for the year ended 31 March 2012, this represents an increase of \$1.8 billion.

Overall Financial Position

61. The annual operating surpluses/(deficits) of the URA since its formation in May 2001 and the total accumulated surplus from that time up until 31 March 2013 are summarised as follows –

Financial Year

	<u>Annual Surplus / (Deficit)</u> <u>\$'000</u>
Deficit on formation on 1 May 2001	(2,160,610)
2001-02 (11 months)	(558,223)
2002-03	(226,454)
2003-04	(80,320)
2004-05	3,003,560
2005-06	1,579,074
2006-07	766,533
2007-08	2,094,652
2008-09	(4,458,994)
2009-10	7,018,311
2010-11	2,208,787
2011-12	2,584,046
2012-13	4,436,594
Total Accumulated Surplus as at 31 March 2013	<u>16,206,956</u>

62. Any surpluses earned by the URA from redevelopment projects are retained and then applied to finance further redevelopment projects and the URA's rehabilitation, revitalisation and preservation efforts.

63. The operating surplus for 2012-13 of \$4.4 billion was mainly attributable to the favourable property market which has been rising since early 2009.

64. The net cash, excluding the fair value of the investments managed by the investment manager and the URA, less borrowing, held by the URA as at 31 March 2013, was \$4.1 billion.

65. As at 31 March 2013, the URA's cash and bank balances together with the fair value of the investments managed by the investment manager totalled \$9.4 billion, while the URA's accruals and estimated outstanding commitments in respect of projects under acquisition and resumption stood at \$14.3 billion.

66. The URA has put in place suitable external financing arrangements to ensure that it has funding in place to meet the needs of its extensive work programme over the next few years. These arrangements are kept under constant review.

67. The URA is currently rated AAA by Standard and Poor's Rating Services, the same rating as the HKSAR Government. The rating was reassessed and reaffirmed after an annual review in February 2013. As part of the URA's planned funding programme, it maintains a total of \$1 billion in committed bank facilities and a Medium Term Note programme which may facilitate bond issuance in an efficient manner as opportunities arise. As of 31 March 2013, the total bond outstanding was \$3.3 billion with maturities from 2014 to 2023.

68. Detailed financial information relating to the URA's overall position as at 31 March 2013 will be given in its Audited Accounts which will be included in the URA's 2012-13 Annual Report. The Annual Report is expected to be tabled by the Financial Secretary in the Legislative Council in October 2013.

Financial Results of Completed Projects

69. The financial results of the project completed in 2012-13 are attached at **Appendix II** for Members' information.

70. The project completed in 2012-13, namely, First Street/Second Street, Sai Ying Pun was commenced by the URA under its own form of arrangements and project agreements, which are different from those of the former Land Development Corporation (LDC). The number of such projects commenced by the URA and now completed stands at eight, the

same as the number of projects commenced by the former LDC and completed by the URA.

Land Premium Foregone by the Government

71. Unlike the former LDC⁴, the URA is exempted by the Government from the need to pay land premium. If not for this arrangement, the URA's total accumulated surplus since its establishment of \$16.2 billion would have been reduced by \$6.5 billion, being the total amount of land premium assessed by the Lands Department to have been foregone by the Government in making land grants to the URA for 21 projects up to 31 March 2013.

Estimated Expenditure

72. We estimate that, in the five years from 1 April 2013 to 31 March 2018, a total expenditure of about \$26 billion, excluding operational overheads, will be required by the URA to meet the costs of all projects contained in its 2013-14 to 2017-18 Corporate Plan. This expenditure covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation. However, it should be noted that while the Corporate Plan has been drawn up taking full account of the new URS, expenditure may nevertheless vary subject to the levels of interest shown in the new initiatives included in the new URS, including in particular demand-led redevelopment, FFF, the expanded programme of building rehabilitation and other additional initiatives.

⁴ *The former LDC tendered out most of its projects prior to acquisition, clearance and planning approval. Its joint venture partners were generally responsible for the acquisition costs, development costs, bank interest payments and land premium payments. In exchange, the former LDC did the acquisition work, obtained planning approval and received upfront payments or guaranteed payments plus a share of the development profit. The URA operates with a different model. The URA is responsible for acquisition, clearance, site assembly, demolition and obtaining planning approval prior to tender. Only following completion of all these tasks will the URA tender out its projects to joint venture partners. On award of tender, the URA is generally able to recoup its acquisition and other costs in the form of upfront payments, supplemented by some upside potential in the event that sales exceed certain thresholds.*

73. To ensure that its urban renewal programme is sustainable in the long term, the URA will continue to exercise due care and diligence in handling its finances.

VI. CONCLUSION

74. 2012-13 has been an important year for the URA in terms of the progress made with its ongoing work and the inroads achieved in the implementation of its various new initiatives.

75. As before, the URA strives to implement its vision of creating a quality and vibrant urban living environment in Hong Kong while delivering a financially self-sustaining, integrated, environmentally sustainable, adaptable and well balanced urban renewal programme that generally meets the needs and expectations of the community and gives due regard to changes in the social, economic and market conditions.

76. In 2013-14, the URA will continue to implement its work in accordance with its Corporate Plan and its Business Plan which are both aligned with the URS.

Urban Renewal Authority

June 2013

URA Project Highlights as at 31 May 2013

					Site Information before Redevelopment				Project Development Information								
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area (m ²)	GFA (m ²)	Buildings	Population	Residential Flats Number	Total GFA (m ²)	Residential GFA (m ²)	Commercial GFA (m ²)	Other Uses GFA (m ²)	G/IC GFA (m ²)	Public Open Space (1) (m ²)	Remarks	Status
1-39 - 39 still ongoing projects commenced by URA																	
1	(3,4) DL-4:SSP	Kowloon Road/Kiu Yam Street, Sham Shui Po	2013-14	April	599	3,817	1	280	80	4,887	4,072	815	0	0	0	Second round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 12-04-13
2	(3,4) DL-5:SSP	Tung Chau Street/Kweilin Street, Sham Shui Po	2013-14	April	1,640	10,313	1	760	190	12,582	10,485	2,097	0	0	0	Second round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 12-04-13
3	(4) SSP/015	Tonkin Street/Fuk Wing Street, Sham Shui Po	2012-13	March	1,268	4,964	6	275	145	8,955	7,462	1,493	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 08-03-13
4	(2,4) IB-2:SSP	Yu Chau West Street, Cheung Sha Wan	2012-13	January	1,393	12,145	1	0	0	16,700	0	16,700	0	0	0	Pilot project under Redevelopment of Industrial Building	Project commencement gazetted on 18-01-13
5	(2,4) IB-1:CW	12P, Smithfield, Kennedy Town	2012-13	October	944	9,290	1	0	180	8,200	8,000	200	0	0	0	Pilot project under Redevelopment of Industrial Building	Project commencement gazetted on 26-10-12
6	(3,4) DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012-13	April	483	2,547	1	184	69	3,672	3,192	480	0	0	0	First round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 20-04-12 Initial acquisition offer issued on 04-07-12 80% threshold for ASP reached on 03-09-12 SDEV authorised URA to proceed on 13-09-12 Resumption application submitted on 01-02-13 Land Grant application submitted on 19-02-13
7	(3,4) DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012-13	April	470	3,335	1	233	69	3,600	3,139	461	0	0	0	First round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 20-04-12 Initial acquisition offer issued on 25-10-12 80% threshold for ASP reached on 24-12-12 SDEV authorised URA to proceed on 19-02-13
8	(3,4) DL-3:YTM	Pine Street/Oak Street, Tai Kok Tsui	2012-13	April	865	5,105	11	311	115	6,345	5,640	705	0	0	0	First round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 20-04-12 Initial acquisition offer issued on 25-10-12 80% threshold for ASP reached on 24-12-12 SDEV authorised URA to proceed on 12-03-13
9	(4) YTM-010	Reclamation Street/Shantung Street, Mong Kok	2011-12	February	1,640	9,406	9	682	189	12,280	10,432	1,848	0	0	0	Small sized flats of 35 to 65 square metres Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 10-02-12 SDEV authorised URA to proceed on 30-10-12
10	(4) KC-007	Kowloon City Road/Sheung Heung Road, Ma Tau Kok	2011-12	November	1,622	7,258	8	550	200	12,456	10,380	2,076	0	0	0	Small sized flats of 35 to 65 square metres Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 25-11-11 SDEV authorised URA to proceed on 26-06-12 Initial acquisition offers issued on 29-10-12
11	(4) SSP-014	Fuk Wing Street, Sham Shui Po	2010-11	March	649	2,456	6	195	92	5,038	4,478	560	0	0	0	Small sized flats of 40 to 60 square metres Eligible domestic owner-occupiers can join Flat for Flat scheme	Project commencement gazetted on 25-03-11 SDEV authorised URA to proceed on 09-03-12 Initial acquisition offers issued on 04-05-12 Resumption application submitted on 14-09-12 Land Grant application submitted on 03-10-12
12	(4) KC-006	Pak Tai Street/San Shan Road, Ma Tau Kok	2010-11	March	1,277	6,389	12	380	161	9,782	8,152	1,630	0	0	0	Small sized flats of 35 to 65 square metres Eligible domestic owner-occupiers can join Flat for Flat scheme	Project commencement gazetted on 25-03-11 SDEV authorised URA to proceed on 05-01-12 Initial acquisition offers issued on 27-02-12 Resumption application submitted on 14-9-12 Land Grant application submitted on 11-12-12
13	(4) TKW/1/002	Ma Tau Wai Road/Chun Tin Street, Ma Tau Kok	2009-10	February	3,377	10,393	17	770	435	24,127	20,330	2,800	0	1,000	500	URA has taken the initiative to commence the project following the collapse of one building and the demolition of a damaged adjacent one	SDEV authorised URA to proceed on 10-12-10 Decision of Appeal Board to uphold authorisation gazetted on 29-04-11 Initial acquisition offers issued on 30-05-11 Resumption gazetted on 11-01-13 Land Grant application submitted on 22-11-12 Site reverted to Government on 11-04-13 Clearance in progress
14	(4) SSP/3/001	Shun Ning Road, Sham Shui Po	2009-10	June	836	3,820	5	159	110	6,961	6,188	773	0	0	0		SDEV authorised URA to proceed on 29-01-10 Initial acquisition offers issued on 28-04-10 Land Grant application submitted on 03-10-12 Resumption gazetted on 22-02-13 Site reverted to Government on 22-05-13 Clearance in progress

URA Project Highlights as at 31 May 2013

					Site Information before Redevelopment				Project Development Information								
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area (m ²)	GFA (m ²)	Buildings	Population	Residential Flats Number	Total GFA (m ²)	Residential GFA (m ²)	Commercial GFA (m ²)	Other Uses GFA (m ²)	G/IC GFA (m ²)	Public Open Space (1) (m ²)	Remarks	Status
15 (4) MTK/1/002	San Shan Road/Pau Chung St, Ma Tau Kok	2009-10	May		1,170	6,046	7	344	144	10,534	8,778	1,756	0	0	0		SDEV authorised URA to proceed on 29-01-10 Initial acquisition offers issued on 28-04-10 Resumption gazetted on 15-06-12 Site reverted to the Government on 15-09-12 Clearance in progress Provisional basic terms offer of Land Grant accepted by URA on 27-11-12
16 (4,5) MK/01	Shanghai Street/Argyle Street, Mong Kok	2008-09	September		1,128	3,944	14	170	0	3,944	0	3,944	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and-or cultural uses'	DSP approved by CE in C on 02-02-10 Initial acquisition offers issued on 31-03-10 Resumption gazetted on 03-08-12 and site has been reverted to the Government on 03-11-12 Clearance in progress Land Grant application submitted on 05-12-12
17 (4,5) MK/02	Prince Edward Road West/Yuen Ngai Street, Mong Kok	2008-09	September		1,440	4,334	10	31	0	6,126	0	6,126	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and-or cultural uses'	DSP approved by CE in C on 02-02-10 Initial acquisition offers issued on 31-03-10 Resumption application submitted on 27-01-11
18 (4) TKT/2/002	Anchor Street/Fuk Tsun Street, Tai Kok Tsui	2007-08	March		726	3,348	6	257	0	6,529	0	6,529	0	0	0	Commercial space is for hotel with about 184 rooms	Site reverted to Government on 12-11-11 Clearance in progress Provisional basic terms offer of Land Grant accepted by URA on 12-11-12
19 TKW/1/001	Chi Kiang Street/Ha Heung Road, Ma Tau Kok	2007-08	February		931	5,226	5	302	186	8,374	6,980	1,394	0	0	0		Joint venture development tender awarded on 27-02-12 Land Grant executed on 18-05-12 Foundation work commenced
20 MTK/1/001	Pak Tai Street/Mok Cheong Street, Ma Tau Kok	2007-08	February		771	3,772	5	229	168	6,847	5,787	1,060	0	0	0		Joint Venture development tender awarded on 18-06-12 Land Grant executed on 17-10-12 Foundation work in progress
21 K28	Sai Yee Street, Mong Kok	2007-08	December		2,478	14,434	14	431	290	22,302	17,346	4,956	0	0	0		Joint venture development tender awarded on 24-09-12 Land Grant executed on 21-12-12
22 (4,5) K1	Nga Tsin Wai Village, Wong Tai Sin	2007-08	October		4,637	2,051	36	118	750	37,097	34,778	2,319	0	0	0	At-grade conservation park accessible to public will be provided. Commercial space includes preserved buildings-elements, temple office, village committee's office, reprovisioning of public toilet and other covered areas but actual area still subject to detailed design	Demolition of vacated properties in progress Land grant application submitted on 07-01-10 Resumption gazetted on 15-07-11 Site reverted to Government on 15-10-11 Clearance in progress In principle approval for draft Land Grant conditions for K1 obtained at DLC on 26-07-12
23 (4,5) H18	Peel Street/Graham Street, Sheung Wan	2007-08	July		5,267	20,219	37	823	293	67,528	22,818	43,450	0	1,260	2,060	G/IC is a 1,260m ² multi-purpose activity hall Commercial space includes retail space for relocating wet trade market shops, office space and 9,280m ² for a 182 room hotel; 180m ² non-domestic GFA is used for the covered POS at Site A	Site B: Joint venture development tender awarded on 30-04-12 Land Grant executed on 24-07-12 Site B handed over to JVP on 10-10-12 Sites A & C: Property acquisition in progress Class A amendments at MLP parameters approved by Plan D on 07-03-13
24 (4) K7	Kwun Tong Town Centre, Kwun Tong	2006-07	March	Park Metropolitan (YWS site)	53,500	96,104	24	4,440	1,979	401,250	160,610	111,780	97,860	31,000	13,400	Other uses include 65,860m ² for offices and 32,000m ² for hotel G/IC includes 6,200m ² for Kwun Tong Jockey Club Health Centre in Yuet Wah Street Site (YWS) and 8,100m ² for Government uses in Main Site and 16,700m ² for Public Transport Interchange in Main Site Commercial Space includes some space for social enterprises About 2,000 units will be produced. Public space includes min 8,700m ² at-grade public open space and min 4,700m ² streetscape area- pedestrian deck	YWS Site Superstructure works in progress Accommodation for G/IC facilities expected to be completed by end of 2013 with occupation to follow thereafter Main Site Resumption and phased reversion application for Main Site submitted on 13-07-09 LandsD consulted District Council about resumption of DAs 2, 3 and 4 on 03-05-11 Resumption for DAs 2, 3 and 4 gazetted on 02-03-12 and reverted to the Government on 02-06-12 Clearance of DAs 2,3 and 4 in progress In-principle approval for draft Land Grant conditions for DA 2&3 obtained at DLC on 28-07-11 Interim government offices relocation completed on 01-05-12 Hoarding works for construction of interim GIC at KTDBOB site completed in Jan 2013. Road closure for DAs 2 and 3 gazetted on 27-04-12 and authorised on 03-08-12 Class B amendments to fulfill SBD Guidelines approved by Plan D on 24-10-12
25 (4) H14	Sai Wan Ho Street, Shau Kei Wan	2005-06	September		712	3,796	2	21	120	5,791	5,160	631	0	0	0		Project returned by HKHS to URA with effect from 23-11-11 Property acquisition in progress Land Grant application submitted on 29-04-13 Resumption application submitted on 03-05-13

URA Project Highlights as at 31 May 2013

Appendix I

		Site Information before Redevelopment				Project Development Information												
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area (m ²)	GFA (m ²)	Buildings	Population	Residential Flats Number	Total GFA (m ²)	Residential GFA (m ²)	Commercial GFA (m ²)	Other Uses GFA (m ²)	G/IC GFA (m ²)	Public Open Space (1) (m ²)	Remarks	Status	
26	K9	MacPherson Stadium, Mong Kok	2005-06	March	MacPherson Place	2,400	2,788	1	0	293	24,767	16,705	2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Occupation permit issued on 31-12-12
27 28 29	(4) SSP/1/003-005	Hai Tan Street/Kweilin Street & Pei Ho Street, Sham Shui Po	2005-06	February		7,515	25,344	37	1,277	845	57,400	50,100	5,249	0	2,051	1,500	Three projects taken forward as one G/IC includes 1,900m ² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m ² for either social enterprise or non-domestic use	Resumption gazetted on 19-11-10 Site reverted to Government on 19-02-11 Clearance in progress Road Closure-Road Works Scheme authorisation gazetted on 16-12-11 Approval for draft Land Grant conditions obtained at DLC on 13-12-12 Demolition in progress
30	TKT/2/001	Fuk Tsun Street/Pine Street, Tai Kok Tsui	2005-06	December	Park Ivy	560	4,071	3	273	113	4,843	4,003	840	0	0	0	Joint-venture development tender awarded on 22-11-10 Land grant executed on 25-01-11 GBP approved on 18-01-13 Construction in progress Modified consent issued on 19-04-13	
31	(5) SYP/1/001	Third Street - Yu Lok Lane - Centre Street, Sai Ying Pun	2005-06	December		2,150	4,140	14	213	255	16,457	16,212	245	0	0	1,309	Commercial space includes 26.2m ² for shop and 82.1m ² other covered areas and 136.4m ² for preserved buildings and covered public open space	Joint-venture development tender awarded on 27-09-10 Land Grant executed on 07-01-11 GBP approved on 15-03-12 Construction in progress
32	(6) WC/001	Mallory Street/Burrows Street, Wan Chai	2004-05	March		780	2,687	5	122	0	2,435	0	0	2,435	0	300	Zoned 'Other specified uses' annotated 'Open space and historical buildings preserved for cultural and commercial uses' GFA includes retained façade at Burrows Street and two elevated walkways	Tender for Main Operator awarded on 15-04-11 Land Grant executed on 13-10-11 Construction and alteration works in progress Occupation Permit issued on 20-05-13
33 34	SSP/1/001-002	Lai Chi Kok Road/Kweilin Street & Yee Kuk Street, Sham Shui Po	2004-05	March		3,339	13,197	17	551	402	29,720	24,780	4,940	0	0	580	Two projects taken forward as one Commercial space includes some space for social enterprises	Joint-venture development tender awarded on 22-01-10 Land Grant executed on 16-03-10 Construction in progress
35	K32	Pine Street/Anchor Street, Tai Kok Tsui	2004-05	December	Park Summit	2,328	11,802	12	518	462	20,952	17,460	3,492	0	0	450	Flat sale launch on 20-04-12 Occupation Permit issued on 20-09-12 Certificate of Compliance issued on 27-12-12	
36	K31	Larch Street - Fir Street, Tai Kok Tsui	2004-05	December	Lime Stardom	2,195	10,332	12	594	377	19,735	16,425	3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Occupation Permit issued on 29-08-11 Certificate of Compliance issued on 24-11-11 Sales of remaining shops in progress
37	(5) H15	Lee Tung Street/McGregor Street, Wan Chai	2003-04	October	The Avenue	8,236	36,534	52	1,613	1,275	79,930	67,937	9,405	0	2,588	3,967	Commercial space includes some space for social enterprises and three historical buildings G/IC includes Residential Care Home for Elderly/Community Service Support Centre, Refuse Collection Point and Public Toilet	Land grant executed on 25-02-10 Construction works in progress Modification letter for additional commercial GFA executed on 29-08-11 The MTR Johnston Rd Pedestrian Subway works gazetted on 7-9-12, 4 objections were received during the gazettal period. THB panel heard objections on 29-5-13 Binding Basic Terms Offer for lease modification for receiving Hopewell's proposed subway was accepted by URA on 27-05-13
38	(4,5) H19	Staunton Street/Wing Lee Street, Sheung Wan	2002-03	March		2,175	3,049	16	98	92	6,117	5,247	870	0	0	474	Development parameters for Sites B and Site C	Amendments to approved DSP to excise Site A published on 08-07-11 TPB decided not to uphold representations received; excising of Site A and zoning as separate CDA retained The revised DSP with Wing Lee Street area and the Bridges Street Market site excised was gazetted on 18-05-12 following approval by CE in C Draft revised Planning Brief (excluding Site A) endorsed by TPB on 26-09-12. MLP for Sites B and C was approved by TPB on 24-05-13
39	K3	Cherry Street, Tai Kok Tsui	2001-02	January	Floriant Rise	4,510	14,416	33	1,020	522	43,231	36,466	4,916	0	1,849	0	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Sales of remaining parking spaces in progress
1-39 Launched Sub-Total (A)					126,011	382,872	442	18,224	10,601	1,017,494	619,542	252,293	100,295	45,367	24,540			

URA Project Highlights as at 31 May 2013

Appendix I

Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Redevelopment				Project Development Information							Remarks	Status	
					Project Site Area (m ²)	GFA (m ²)	Buildings	Population	Residential Flats Number	Total GFA (m ²)	Residential GFA (m ²)	Commercial GFA (m ²)	Other Uses GFA (m ²)	G/IC GFA (m ²)	Public Open Space (1) (m ²)			
56-63 - 8 Completed projects commenced by ex-LDC (7)																		
56	K17	Yeung Uk Road, Tsuen Wan	(8)		The Dynasty	7,230	NA	0	0	256	44,404	27,031	17,373	0	0	0		Project completed in 2010-11 Leasing of commercial space in progress
57	K13	Tsuen Wan Town Centre, Tsuen Wan	(8)		Vision City	20,300	56,851	22	7,119	1,466	134,185	107,884	23,221	0	3,080	3,700	G/IC is for transport and community facilities	Project completed in 2010-11 Sales of parking spaces in progress Leasing of commercial space in progress
58	H12	Kennedy Town New Praya, Kennedy Town	(8)		The Merton	6,075	24,808	15	1,683	1,182	62,904	62,794	0	0	110	2300	G/IC is for public toilet	Project completed in 2007-08
59	H13	Ka Wai Man Road, Kennedy Town	(8)		Mount Davis 33	728	4,000	1	0	89	7,280	7,280	0	0	0	0		Project completed in 2007-08
60	K10	Waterloo Road/Yunnan Lane, Yau Ma Tei	(8)		8 Waterloo Road	3,869	6,610	19	444	576	32,012	32,010	0	0	0	1,650		Project completed in 2007-08
61	H1	Queen Street, Sheung Wan	(8)		Queen's Terrace	7,964	25,792	50	648	1,148	66,233	60,579	400	0	5,254	1,200	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
62	K2	Argyle Street/Shanghai Street, Mong Kok	(8)		Langham Place	11,976	40,810	58	2,603	0	167,414	0	160,866	0	6,548	1,100	Commercial space includes 41,933m ² for 686 room hotel, 65,793m ² for offices and 53,140m ² for retail G/IC includes Cooked Food Centre and transport and community facilities	Project completed in 2005-06
63	K8	Kwong Yung Street, Mong Kok	(8)		Paradise Square	1,607	4,190	10	178	272	15,160	12,746	2414	0	0	0		Project completed in 2005-06
56-63 Completed Sub-Total (7)(F)						59,749	163,061	175	12,675	4,989	529,592	310,324	204,274	0	14,992	9,950		
Completed Total (7) (D) + (E) + (F)						70,452	207,782	260	14,794	6,628	634,930	402,333	215,406	0	17,189	11,156		
Commenced + Completed						223,168	688,803	856	36,501	19,994	1,922,501	1,207,580	514,555	126,111	74,192	37,215		

Note (1) This table includes only Public Open Space and not any private open space.

(2) Industrial Building Redevelopment project

(3) Demand-led project

(4) The details of projects 1 to 18, 22 to 25 and 27 to 29 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes.

(5) Projects 16 and 17 are purely preservation projects. All other projects are redevelopment projects, with redevelopment projects 22, 23, 31, 37, 38, 47 and 52 containing some preservation elements.

(6) Revitalisation project

(7) In this table, a project is deemed to be fully completed once all residential units have been sold and all commercial and other accommodation, apart from car and motor cycle parking spaces, have been sold or substantially leased out.

(8) The project was commenced by ex-Land Development Corporation

Project Numbers Reconciliation

+ 39 projects commenced by URA
 + 6 projects commenced by HKHS
 + 2 projects commenced by ex-LDC
 + 8 completed URA projects
 + 0 completed HKHS projects
 + 8 completed ex-LDC projects
63 projects in total

Glossary of Terms

ASP = Agreement for Sale and Purchase
 CE in C = Chief Executive in Council
 CDA = Comprehensive Development Area
 DA = Development Area
 DLC = District Lands Conference
 DSP = Development Scheme Plan
 GBP = General Building 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
 OU = Other Specified Use

OZP = Outline Zoning Plan
 R(A) = Residential (Group A)
 SDEV = Secretary for Development
 THB = Transport & Housing Bureau
 TPB = Town Planning Board
 URA = Urban Renewal Authority
 YWS = Yuet Wah Street

URBAN RENEWAL AUTHORITY
CUMULATIVE FINANCIAL RESULTS OF ALL COMPLETED PROJECTS
(to be read in conjunction with Attachment 3 to Appendix II)

Number of Projects Completed

Projects Completed from 2001 to 2011-12	15
Projects Completed in 2012-13	1
Total Number of Projects Completed	16

Reference Dates

	Date	Centa City Index (July 1997 = 100)		R&VD Private Domestic Index - All Classes (1999=100)	
		Index	% Variation Since Formation	Index	% Variation Since Formation
Formation of URA	May 2001	43.1	100%	80.5	100%
Commencement of First Project by URA	January 2002	39.9	93%	74.1	92%
Year of Project Completion of Last Project	2012-13	121.5	282%	239.3	297 %

Cumulative Financial Results for Completed Projects

	Total for 15 Projects Completed by 31 March 2012	1 Project Completed in 2012-13	Total for All Projects Completed by 31 March 2013
	A	B	A + B
	\$ million	\$ million	\$ million
Total Revenue	11,008.0	3,883.2	14,891.2
Total Direct Cost	(8,537.8)	(489.1)	(9,026.9)
Surplus / (Deficit)	2,470.2	3,394.1	5,864.3
Land Premium Foregone by Government	(383.0)	(527.0)	(910.0)
Net Surplus / (Deficit) after Land Premium Foregone	2,087.2	2,867.1	4,954.3

Remarks

Developers and URA are holding commercial spaces in four out of sixteen projects completed by 31 March 2013 for letting pending future sales in accordance with the joint venture agreements of the projects. There was no new addition in 2012-13. Estimated total value of URA's shares in these four commercial spaces was approximately \$3,900 million as at 31 March 2013.

URBAN RENEWAL AUTHORITY
PROJECT INFORMATION SHEET
(to be read in conjunction with Attachment 3 to Appendix II)

Project Address, Name and References

Address: First Street/Second Street, Sai Ying Pun
Name: Island Crest
References: No. 55 in Project Highlights

Project Site Information

Area m² 3,536
Original GFA m² 15,690
Buildings 30

Project Development Information

Total GFA m² 38,178
Residential Flats 488
Commercial Space m² 1,722
G/IC m² 2,197
Public Open Space m² 700
Project Duration 10 Years

Milestones

	Date	Centa City Index (July 1997 = 100)		R&VD Private Domestic Index - All Classes (1999=100)	
		Index	% Variation Since Offers	Index	% Variation Since Offers
Commencement by URA	November 2002	35.0		65.1	
Issue of Acquisition Offers	March 2003	33.5	100%	61.2	100%
Project Agreement	July 2005	54.5	163%	92.8	152%
Land Grant	December 2005	51.8	155%	90.1	147%
Launch of Sales	February 2010	76.8	229%	140.7	230%
Year of Project Completion	2012-13	121.5	363%	239.3	391%

Financial Results

	\$ million
Total Revenue	3,883.2
Total Direct Cost	(489.1)
Surplus / (Deficit)	3,394.1
Land Premium Foregone by Government	(527.0)
Net Surplus / (Deficit) after Land Premium Foregone by Government	2,867.1

Remarks

URA was responsible for acquisition and demolition.
Developer paid all development costs.
URA received upfront payment and share of surplus sales proceeds above certain threshold.

Explanatory Notes to Project Information Sheets

1) Project Commencement Financial Year

For ongoing ex-LDC projects commenced by ex-LDC and inherited by URA, this is the year when the project was first reported by the ex-LDC in its annual reports as being under active implementation.

For ex-LDC and URAO projects commenced by the URA, this is the year when commencement of the project was gazetted and the freezing survey was conducted.

2) Project Completion Date/Financial Year

It represents the financial year by when all residential units were sold and all commercial and other accommodation, other than car and motorcycle parking spaces, were sold or substantially leased out.

3) Project Duration

It represents the number of years from project commencement to project completion.

4) Total GFA

It represents the gross floor area of the project upon completion.

5) Revenue

Revenue includes whichever is applicable in the case of each project out of the following items -

- (a) Upfront payments received from joint venture partners at the inception of the joint development agreements;
- (b) Guaranteed payments received from joint venture partners in accordance with the terms of the joint development agreements;
- (c) Shares of surplus sales proceeds received from joint venture partners in accordance

with the terms of the joint development agreements, including the share of net rental income from the leased commercial portion of the project up to the reporting year but excluding the share of the value of the commercial portion of the project which is yet to be sold.

- (d) Net sales proceeds received from the joint venture partners for the purchases of those project properties previously acquired by the ex-LDC, prior to the engagement of the joint venture partner.

6) Direct Cost

Direct cost represents all costs incurred in connection with each property redevelopment, including whichever is applicable in the case of each project out of (a) acquisition, compensation and rehousing costs; and (b) other costs, including direct consultancy fees, incurred in connection with the development.

7) Land Premium

The ex-LDC was required by the Government to pay full land premium for all redevelopment projects which it undertook.

The URA does not have to pay land premium because, as part of the Government's financial support package for URA, urban renewal sites for new projects set out in URA's Corporate Plans and Business Plans and approved by the Financial Secretary are directly granted to URA at nominal premium.

8) Allocated Overheads

These are not included in the calculation of the results of individual projects.

9) Notional Interest

This is not included in the calculation of the results of individual projects.