

**For Discussion  
on 23 June 2015**

## **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 2014-15 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 Urban Renewal Strategy on 24 February 2011 (the 2011 URS), URA has adopted a “People First, District-based, Public Participatory” approach in carrying out urban renewal and launched all the new initiatives set out in the 2011 URS. In 2014-15, URA has reviewed the progress of some of the initiatives and proposed revisions where appropriate.

#### **Work of URA in 2014-15**

4. Since its establishment and up till the end of the 2014-15 financial year, URA had directly, or through collaboration with the Hong Kong Housing Society (HKHS), commenced 57 redevelopment projects (seven of which contain preservation elements) and three preservation-cum-revitalisation projects, and took over the implementation of 10 ongoing projects of the former Land Development Corporation. These projects, upon completion, would have helped improve the living conditions of a population of around 37 000, and release about 22.4 hectares of brown field sites in the urban areas for better land utilisation. Based on a rough estimate, these sites have a redevelopment potential of about 1 234 000 m<sup>2</sup> of domestic gross floor area and 710 000 m<sup>2</sup> of non-domestic gross floor area (including areas for commercial use; Government, institution or community facilities; and other uses).

5. In line with the 2011 URS, URA has adopted “Redevelopment” and “Rehabilitation” as its two core businesses.

## Redevelopment

### *Self-initiated Redevelopment*

6. URA has continued to adopt a three-pronged approach in redevelopment: undertaking URA-initiated projects, undertaking owner-initiated demand-led projects and facilitating owners in the assembly of property titles for redevelopment. In 2014-15, URA commenced one self-initiated project at Chun Tin Street / Sung Chi Street.

### *Demand-led Redevelopment*

7. Under the Demand-led Redevelopment Project (Pilot Scheme) (Demand-led Scheme), property owners could initiate redevelopment by submitting an application to URA to redevelop their buildings/lots. Since the launch of the Demand-led Scheme in July 2011, URA has received 110 applications from three rounds of applications invited under the Scheme. All the 11 projects selected from the three rounds of the Scheme have been commenced, with the last one at Ash Street, Tai Kok Tsui, having been commenced on 29 May 2015. Of these 11 projects, two were terminated as the requisite 80% owners’ acceptance of URA’s conditional acquisition offers could not be attained before the stipulated deadlines.

### *Review of the Demand-led Scheme*

8. After consulting Members of this Panel at the meeting on 24 June 2014, URA’s seven District Advisory Committees and the relevant District Councils, URA completed the review on the Demand-led Scheme and announced its findings on 5 December 2014. The major revisions made to the Scheme include –

- (a) raising the application threshold of requiring not less than 67% owners’ consent to not less than 80% owners’ consent so that the projects to be selected in future will have secured a higher degree of support from the incumbent owners at the point of application which should enhance the chance for the project to proceed smoothly;

- (b) increasing the minimum site size of applications from 400 m<sup>2</sup> to 700 m<sup>2</sup> so as to enhance the planning gain and efficiency of floor layout of the ‘demand-led’ project upon redevelopment; and
- (c) assigning greater weighting to the conditions of buildings covered by the applications in the project selection process. If the application involves buildings with long outstanding building orders issued by the Buildings Department (BD), scores will be deducted. URA would wish to give a clear message to building owners that it does not encourage dereliction of owners’ duty of building maintenance and management by seeking redevelopment of their buildings under the Demand-led Scheme.

### *Facilitating Services*

9. URA has set up the Urban Redevelopment Facilitating Services Company Limited (URFSL), a subsidiary licensed under the Estate Agents Ordinance, to provide service under the Facilitating Services (Pilot Scheme). Since the launch of the Scheme in 2011, URFSL has successfully facilitated the joint sale by public auction of one project site under the scheme. As at 31 March 2015, URFSL was processing three applications and facilitating another.

10. After four years of operation of the Scheme, URA has reviewed and streamlined the application procedures. To meet the demand from owners of aged commercial and industrial buildings, in 2014-15, URA has expanded the scheme coverage from residential buildings only to commercial and industrial buildings located in non-industrial zones.

### *“Flat-for-Flat” Scheme*

11. Affected owner-occupiers of URA-implemented redevelopment projects that commenced after the promulgation of the 2011 URS are offered “Flat-for-Flat” (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 the Kai Tak Development Area site earmarked for the FFF Scheme.

12. The Kai Tak site was granted to URA at market premium in July 2012. The main structural works are already completed, while finishing and building services works are in progress. The units are

expected to be ready for occupation in the first quarter of 2016. In response to the 2015 Policy Address, URA is exploring the use of some of the Kai Tak FFF units for subsidised sale flats (SSF) purpose so as to enhance the opportunity of home ownership of low to middle income families (see paragraphs 27-28 below).

13. As at 31 May 2015, the FFF Scheme had been offered to affected domestic owners of 13 redevelopment projects. Nine affected owners had opted to participate in the Scheme.

#### *Pilot Scheme for the Redevelopment of Industrial Buildings*

14. URA launched the Pilot Scheme for Redevelopment of Industrial Buildings in 2012. Two pilot projects, namely the Smithfield Road project and the Yu Chau West Street project, were commenced in October 2012 and January 2013 respectively. The Smithfield Road project was terminated due to unanimous objection from the owners who mentioned that they would plan for redevelopment themselves. Acquisition for the Yu Chau West Street project is still underway.

#### Rehabilitation

##### *Operation Building Bright*

15. In 2014-15, URA continued to collaborate with the Government and HKHS to implement “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 2015, URA had assisted the rehabilitation of 1 260 buildings comprising some 48 500 units. Completion of the rehabilitation works for all the buildings is expected to be extended beyond 2016.

##### *Integrated Building Maintenance Assistance Scheme*

16. Since 2004, URA has been assisting owners to rehabilitate their buildings under its “Materials Incentive Scheme” and “Loan Scheme”. Starting from 1 April 2011, URA and HKHS have amalgamated their five financial assistance schemes into a single scheme, i.e. the “Integrated Building Maintenance Assistance Scheme” (IBMAS), which adopts a set of unified application criteria and terms and conditions to facilitate application for support from eligible buildings. As at 31 March 2015, 405 cases were in progress.

17. IBMAS has all along been co-managed by URA and HKHS. With effect from 1 July 2015, URA will take over all the Rehabilitation Scheme Areas (RSAs) previously managed by HKHS under IBMAS and provide a territory-wide service.

#### *Mandatory Building Inspection Subsidy Scheme*

18. The Mandatory Building Inspection Subsidy Scheme (MBISS) was jointly launched by URA and HKHS on 7 August 2012 after the subsidiary legislation on the Mandatory Building Inspection Scheme (MBIS) came into force. Under MBISS, URA assists owners of buildings within its RSAs to arrange inspections of buildings which are subject to inspection notices issued by BD. Owners of buildings which are found to require repairs after inspection can apply to IBMAS for assistance. As at 31 March 2015, URA received 286 applications, of which 261 had already been granted approvals-in-principle.

#### *Building Rehabilitation Strategy of URA*

19. In October 2014, URA reviewed and refined its building rehabilitation strategy with a view to better utilising resources to assist owners who are most in need after URA expands its IBMAS service to cover the whole territory as from 1 July 2015. The refinements include changing the eligibility criteria for IBMAS from private residential/composite buildings aged 20 years or above to 30 years or above to focus resources on assisting buildings built in or before mid-1980s which are comparatively less well maintained or managed; introducing the “Green Incentive Subsidy” under the “Common Area Repair Works Subsidy” to encourage owners to use environmentally-friendly building materials and install energy-saving facilities when carrying out building maintenance and repair works while ceasing to accept application for the “Common Area Repair Works Interest-free Loan”. Details of the new rehabilitation strategy are provided in URA’s report at **Appendix II to Annex B**.

#### Preservation and Revitalisation

20. In 2014-15, URA carried on with the preservation and revitalisation projects already commenced.

### *Preservation*

21. On the preservation front, following reversion of the project site at Shanghai Street/Argyle Street, URA submitted a planning application for the preservation of the pre-war buildings which was approved by the Town Planning Board (TPB) in December 2014. The preserved shop-houses will be for restaurant and retail uses to reflect the local character and meet local needs.

22. URA's acquisition efforts continued at the other shop-house preservation project at Prince Edward Road West/Yuen Ngai Street. Four of the acquired units at the project site have been leased out to the Hong Kong Council of Social Service for the operation of social enterprises while the rest of the acquired units have been renovated and let out for flower shop operation and arts and cultural uses to match the character of the neighbourhood.

23. As for the Western Market, URA's holding over of the building has been extended to early February 2017. This will allow more time for URA and the Government to work out a future plan for this monument.

### *Revitalisation*

24. URA obtained TPB's approval for the revitalisation of the Central Market in July 2013. The progress of the project was held up by an application for judicial review (JR) which was rejected by the Court in April 2014. In August 2014, URA obtained general building plan approval for the project.

25. When the revitalisation of the Central Market was first announced in 2009, URA projected that it would need \$500 million to complete the revitalisation works. With the rise in construction cost over time, the original estimate has been rendered out-of-date. URA is now revisiting the scheme details with a view to rationalising both the cost and the works to be carried out. The Government will continue to render support to URA on the revitalisation project.

26. URA continued with the streetscape enhancement works in Mong Kok and Tai Kok Tsui in 2014-15, and oversaw the operation of the "Comix Home Base" at the revitalised Mallory Street / Burrows Street project site.

## **Subsidised Sale Flats**

27. In response to the Chief Executive's suggestion in the 2015 Policy Address, URA has actively explored how to support the provision of SSFs, with a view to providing more property choices and home ownership opportunities for low and middle-income families. URA has initially identified possible use of part of the Kai Tak (De Novo) units for SSF purpose. URA will also give further thoughts to the feasibility of providing SSF at the Ma Tau Wai Road/Chun Tin Street redevelopment project site.

28. The redevelopment projects of URA have been targeting the private property market. The standard of finishing as well as the sale price of the URA flats is different from those of flats sold under subsidised housing schemes. In view of the difference in standard, the sale price and target purchasers of the SSFs to be provided by URA will not necessarily follow those of the other subsidised housing schemes.

## **Corporate Social Responsibility**

29. As a responsible public organisation, URA has developed its own corporate social responsibility programme. This includes URA's endeavours and achievements in promoting green building design, community engagement, as well as support for Non-government Organisations (NGOs). On the environment front, URA has continued to embrace green building design in its projects, as well as improve energy efficiency and reduce water consumption and waste generation of its buildings. To date, URA has received 11 BEAM (Building Environment Assessment Method) Platinum Awards and seven provisional BEAM Awards or BEAM Plus Awards for projects that are at the design and construction stages.

30. On the public engagement front, URA has expanded its Community Service Partnership programme, which is a tripartite programme amongst URA, tertiary institutions and NGOs to show care to residents living in old urban districts. Since the launch of the scheme in 2012-13, about 440 volunteers have spent some 4 000 service hours for nearly 1 000 residents in the old districts. This corporate social programme is well received by the partnering organisations and the beneficiaries.

31. A detailed account of URA's work in 2014-15 is at Part III of URA's report at **Annex B**.

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

32. The Financial Secretary approved URA's 14<sup>th</sup> Corporate Plan (CP) (2015-16 to 2019-20) and Business Plan (BP) for 2015-16 earlier this year. The five-year CP comprises 59 redevelopment projects, two preservation projects and one revitalisation project, including those new redevelopment projects to be commenced between 2015-16 and 2019-20.

33. On the redevelopment front, URA will launch the fourth round of the Demand-led Scheme under the refined application and scoring criteria in July 2015. On the facilitation front, at the invitation of the Government, URA will consider designating a queue for applications under the Facilitating Services (Pilot Scheme) for buildings under the Civil Servants' Co-operative Building Societies Scheme to facilitate joint sale of these buildings for redevelopment.

34. On the rehabilitation front, URA will continue with its rehabilitation efforts through IBMAS, OBB and MBISS in 2015-16. Under the new Building Rehabilitation Strategy, URA will take up a maximum of 250 IBMAS applications each year which is comparable to the annual average number of applications handled by URA and HKHS together in the past. It is expected that in 2015-16, URA's rehabilitation efforts will benefit about 180 buildings or 8 600 units under IBMAS. The owners of another 160 buildings or 9 100 units are expected to benefit under OBB. In addition, it is envisaged that some 80 buildings or around 3 600 units can potentially benefit from the subsidy of MBISS to recover the cost of their first building inspection fee under the MBIS.

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

## **Financial Position and Disclosure**

36. As at 31 March 2015, URA's net asset value stood at \$25 billion (including the \$10 billion capital injection from the Government). A net operating surplus of about \$1.1 billion was recorded in 2014-15, as compared to a \$2.3 billion net operating deficit in 2013-14. The surplus was mainly from share of sales proceeds of a number of earlier URA projects and a few others tendered in 2014-15, and from provision for loss written back in 2014-15.



37. URA has estimated that a total expenditure of about \$29 billion, excluding operational overheads, will be required to meet the costs of all projects contained in its 14<sup>th</sup> CP (2015-16 to 2019-20). The net cash, excluding the fair value of the investments managed by the investment manager and URA, less borrowing, held by URA had increased from \$1.4 billion as at end March 2014 to \$5 billion as at end March 2015. 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. URA's outstanding bond issue stood at \$4.6 billion as at end March 2015. The Government will continue to closely monitor URA's financial position.

38. In addition to the \$10 billion capital injection, URA receives Government support through the land premium waiver for its redevelopment sites. As at 31 March 2015, the total amount of land premium assessed to have been foregone by the Government in issuing land grants to URA for 26 projects stood at \$14.3 billion.

39. 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. There was one completed project in 2014-15. The cumulative financial results of all the 17 completed projects as at 31 March 2015 is shown at Appendix III of URA's report at **Annex B**.

### **Value-for-money Study and Organisation Structure Review of URA**

40. When submitting its 13<sup>th</sup> CP (for the period of 2014-15 to 2018-19) and BP for 2014-15, URA raised concern over the sustainability of a self-financing urban renewal programme in the long term. While assuring URA on the Government's commitment to providing financial support to the cause of urban renewal, we asked URA to critically review its financial strength, including the need to conduct a value-for-money (VFM) study. URA was also encouraged to conduct an organisation structure review (OSR) to ensure its organisational effectiveness.

41. We shared with URA the Director of Audit's "Value-for-Money Audit Guidelines" which specifies that a VFM study should examine the economy, efficiency and effectiveness with which an organisation discharges its functions.

42. In December 2014, the URA Board commissioned a management consultant to undertake the VFM study and OSR for the Authority. The consultant submitted its draft final report to URA in April 2015. The URA Board will consider the consultant's recommendations before reporting its findings to the Government.

### **Advice Sought**

43. Members are invited to note the work of URA in 2014-15 and its future plan.

**Development Bureau  
June 2015**

**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 2015)

	<u>Name</u>	<u>Professional Background</u>
Chairman:	Mr Victor So Hing-woh	Surveyor
Deputy Chairman/ Managing Director:	Mr Daniel LAM Chun	Surveyor
Non-executive Directors (non-official):	Dr Hon Chiang Lai-wan	Legislative Council Member
	Mr Edward Chow Kwong-fai	Accountant  Founder of China Infrastructure Group
	Mr Laurence Ho Hoi-ming	Managing Director, Kingsford Far East Ltd.  Part-time Lecturer at HKU SPACE, the Chinese University of Hong Kong and the Hong Kong Polytechnic University
	Mr Lester Garson Huang	Solicitor  Partner, P C Woo & Co.
	Professor Eddie Hui Chi-man	Professor, Department of Building and Real Estate, the Hong Kong Polytechnic University
	Mr Philip Kan Siu-lun	Partner and Chief Executive Officer, Whale Capital Inc.
	Hon Dennis Kwok	Barrister  Legislative Council Member

<u>Name</u>	<u>Professional Background</u>
Mr Nelson Lam Chi-yuen	Accountant  Founder and Chief Executive Officer, Nelson and Company
Dr Gregg Li G. Ka-lok	Professor of Practice, the Hong Kong Polytechnic University
Mr Laurence Li Lu-jen	Barrister
Mr Philip Liao Yi-kang	Architect  Partner, Philip Liao & Partners Limited
Mr Timothy Ma Kam-wah	Social Worker  Executive Director of Project Flame, City University of Hong Kong
Hon Alice Mak Mei-kuen	Legislative Council Member
Dr Billy Mak Sui-choi	Associate Professor, Department of Finance & Decision Sciences, Hong Kong Baptist University
Dr Lawrence Poon Wing-cheung	Senior Lecturer, Division of Building Science and Technology, City University of Hong Kong
Mr David Tang Chi-fai	Surveyor  Property Director, Mass Transit Railway Corporation Limited
Mr Stanley Wong Yuen-fai	Retired Banker
Hon Wu Chi-wai	Legislative Council Member

	<u>Name</u>	<u>Professional Background</u>
Executive Directors (two):	Mr Pius Cheng Kai-wah (Vacant)	Solicitor
Non-executive directors (official):	Director of Buildings Director of Home Affairs Director of Lands Director of Planning	

**Work of the Urban Renewal Authority in 2014-15  
and Business Plan for 2015-16**

**I. INTRODUCTION**

1. This paper is a report on the work of the Urban Renewal Authority (URA) for the year ended 31 March 2015 (2014-15) and its Business Plan for 2015-16.

**II. BACKGROUND**

2. During 2014-15, the URA sustained its endeavours on a broad front covering redevelopment, rehabilitation, preservation and revitalisation as well as its community-oriented initiatives directed at raising awareness of urban renewal issues generally and improving living conditions in old urban districts. In particular, the URA consolidated its efforts on the clearance and tendering of already commenced projects.

3. Highlights of the work undertaken by the URA during 2014-15 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 2014-15**

**Redevelopment**

4. In 2014-15, the URA had commenced three new projects comprising one URA initiated project at Chun Tin Street/Sung Chi Street and two Demand-led projects at To Kwa Wan Road and Hang On Street. The Demand-led project at To Kwa Wan Road was subsequently terminated as it failed to meet the conditions precedent for continued implementation. On 29 May 2015, the URA commenced the last project selected from the third round of the Demand-led Redevelopment Project Pilot Scheme (the Demand-led Scheme) which is located at Nos. 5-13 (odd number), Ash Street, Tai Kok Tsui.

### ***Demand-led Redevelopment Projects***

5. As at 31 May 2015, 11 Demand-led projects had been commenced with eight under active implementation, having satisfied both conditions precedent of the Demand-led Scheme, i.e. having met the 80% owners' consent threshold within the specified period and having obtained the Secretary for Development (SDEV)'s authorisation to proceed. Amongst the remaining three, one was commenced on 29 May 2015 while two were terminated in 2013 and 2014 respectively due to their failure to meet the 80% threshold.

### ***Demand-led Scheme Review***

6. While the Demand-led Scheme has been well received, URA is facing the challenge of an increasing number of applications involving sites with larger areas and which require the consideration of more varied factors. For the purpose of maintaining a sustainable urban renewal programme that balances the objective of achieving better land use and improved living conditions for the affected households and, at the same time, is capable of being self-financed in the long run, URA has conducted a review of the scheme. During the process, URA consulted the Legislative Council (LegCo) Panel on Development, its seven District Advisory Committees and the District Councils of the major URA redevelopment areas. The review findings were announced by URA on 5 December 2014. The major revisions to the scheme include –

- (a) raising the application threshold of requiring not less than 67% owners' consent to not less than 80% owners' consent so that the 'demand-led' projects to be selected in future will have secured a higher degree of support from the incumbent owners at the point of application in order to enhance the chance for the project to proceed smoothly;
- (b) increasing the minimum site size of applications from 400 m<sup>2</sup> to 700 m<sup>2</sup> so as to enhance the planning gain and efficiency of floor layout of the 'demand-led' project upon redevelopment; and
- (c) assigning greater weighting to the conditions of buildings covered by the applications in the project selection process. If the application involves buildings with long outstanding



building orders issued by the Buildings Department (BD), scores will be deducted. This is to make it clear that URA does not encourage dereliction of owners' duty of building maintenance and management by seeking redevelopment of their buildings through the Demand-led Scheme.

7. In sum, the major refined application requirements for the fourth round of the Demand-led Scheme will be as follows:

- (a) Joint application by owners of not less than 80% of the undivided shares of each lot of an applicant site. If an owner owns not less than 20% of the undivided shares in any lot, he/she must be among the applicants;
- (b) All buildings within the site are classified as "Poor" or "Varied";
- (c) The total area(s) of the lot(s) in the site should be no less than 700m<sup>2</sup>; and
- (d) The site should not comprise buildings/structures of historical, architectural or cultural significance as recognised by District Urban Renewal Forum and/or the Antiquities and Monuments Office unless they can be preserved and integrated with the future design of the new buildings.

8. URA plans to launch the fourth round of application by July 2015.

### ***URA-initiated Redevelopment Projects***

9. The Chun Tin Street/Sung Chi Street project was commenced in January 2015 with a site area of around 1,230m<sup>2</sup> affecting some 83 households. The project is adjacent to another URA-initiated project at Ma Tau Wai Road/ Chun Tin Street, the construction of which will commence shortly.

### ***Redevelopment of Industrial Buildings***

10. The URA is proceeding with the implementation of the Yu Chau West Street project with SDEV's authorisation obtained in August 2013. Initial offers were made in December 2013. Acquisition is still underway.

### ***Facilitating Services***

11. URA has set up the Urban Redevelopment Facilitating Services Co. Ltd. (URFSL), a subsidiary wholly-owned by the URA, to provide facilitating services for urban renewal. After four years of operation, URA conducted a review on the Facilitating Services (Pilot Scheme). Based on the experience gained, some refinements and modifications to the application requirements and implementation arrangements were introduced such as relaxation of application requirement on existing usage, revision of scoring system on project selection etc. Furthermore, to meet the demand from owners of aged commercial/industrial buildings and to tackle urban renewal from a holistic perspective, the scope of the Scheme has been extended to cover commercial and industrial buildings in non-industrial zone.

12. Up to 31 March 2015, a total of 20 applications (19 for residential buildings and one for industrial building) had been received under the Facilitating Services (Pilot Scheme). One of the 20 applications was successfully auctioned, three were being processed, one was being facilitated, and the remaining 15 were either rejected or terminated. As facilitating services is still a relatively new URA initiative, and site assembly usually takes time, the level of interest in URFSL's services so far matches the URA's expectation.

### ***Ongoing Redevelopment Projects***

13. In addition to commencing the new projects during 2014-15, the URA continued to implement a total of 39 ongoing redevelopment and two preservation projects and one revitalisation project (*not including the six projects being undertaken by the Hong Kong Housing Society (HKHS)*).

14. During 2014-15, the URA also -
- (a) obtained SDEV's authorisation for the Castle Peak Road/Un Chau Street project and the Demand-led project at Kai Ming Street;
  - (b) issued acquisition offers for the Castle Peak Road/Un Chau Street and Tonkin Street / Fuk Wing Street projects and the To Kwa Wan Road (subsequently terminated) and Hang On Street Demand-led projects;
  - (c) completed the clearance of seven sites including one of the largest projects in the URA's portfolio so far at Hai Tan Street/Kweilin Street/Pei Ho Street, the first Demand-led project at 229A-G, Hai Tan Street, the preservation project at Shanghai Street/Argyle Street and redevelopment projects at Fuk Wing Street, Ma Tau Wai/Chun Tin Street, Anchor Street/Fuk Tsun Street and Pak Tai Street/San Shan Road. In addition, the Sai Wan Ho Street project was cleared in April 2015; and
  - (d) awarded the joint venture tenders for five projects including two of the largest projects in its portfolio so far comprising Kwun Tong Town Centre Project Development Areas 2 and 3 and the Hai Tan Street/Kweilin Street/Pei Ho Street project. The other three were the Fuk Wing Street project, the San Shan Road/Pau Chung Street project and the Demand-led project at 229A-G, Hai Tan Street.

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

15. Up to 31 March 2015, the URA had commenced a total of 57 redevelopment projects (including the six HKHS projects), two preservation projects and one revitalisation project. Out of these projects, nine had been completed and three had been terminated. Excluding the three terminated projects, the remaining 54 redevelopment projects and the two preservation projects and one revitalisation project provide/will provide around 15 000 new flats, about 376 000m<sup>2</sup> of commercial space including shops, offices and hotels, about 53 000m<sup>2</sup> of Government, institution or community facilities, and about 26 000m<sup>2</sup> of open space.

Taking into account all the on-going and completed projects commenced by URA and the former Land Development Corporation (LDC), totaling 67, the URA has been able to improve the living conditions of a population of around 37 000 previously living in substandard housing.

16. **Appendix I** shows the details and current progress of 65 redevelopment projects, two preservation projects and one revitalisation project handled by the URA up to 31 May 2015.

### ***Flat for Flat Pilot Scheme***

17. The main structural works of the Kai Tak (De Novo) units designated for Flat-for-Flat” (FFF) purpose were completed. Finishing and building services works for the towers and external drainage works are in progress. Since the promulgation of the Urban Renewal Strategy in 2011 (the 2011 URS), the domestic owner-occupiers affected by URA redevelopment projects have been offered the Kai Tak FFF units in different floor zones. These FFF units are expected to be ready for occupation in the first quarter of 2016.

18. The Pak Tai Street/San Shan Road project was the first project where FFF was offered. Since this project, the FFF scheme has been offered to affected domestic owner-occupiers at five other URA-initiated projects and seven Demand-led projects. Apart from the Kai Tak FFF units mentioned above, the affected domestic owner-occupiers may opt for in-situ FFF units. As at 31 May 2015, nine owners had taken up the offers of either the Kai Tak FFF (eight) or in-situ FFF (one).

### **Subsidised Sale Flats**

19. At the suggestion of the Chief Executive in his 2015 Policy Address, the URA has been exploring ways to help increase the supply for subsidised sale flats (SSF) to provide more property choices and home ownership opportunities for low and middle-income families. The URA has identified some of the units at De Novo at Kai Tak for SSF purpose, and will submit its formal proposal to the Government shortly. The URA Board will also give further thoughts to the feasibility of providing SSF through the redevelopment of the Ma Tau Wai Road/ Chun Tin Street project.

## **Rehabilitation**

20. Rehabilitation is one of the URA's two core businesses. During 2014-15, the URA 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 were offered under the Mandatory Building Inspection Subsidy Scheme (MBISS). The financial assistance, technical advice and coordination services provided by the URA to Owners' Corporations (OC) are well received, judging by the enthusiastic response and frequent commendations received.

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

21. The URA has given full support to the Government's OBB programme since it began in 2009. At the end of 2014-15, 1,260 buildings comprising around 48,500 units out of the 1,420 target buildings within the URA's Rehabilitation Scheme Areas (RSAs) had either been rehabilitated or had rehabilitation works substantially completed. Of these 1,260 buildings, 190 buildings (around 7,900 units) had either been rehabilitated or rehabilitation works were substantially completed within the financial year of 2014-15. OBB has raised owners' awareness of the need for rehabilitation as well as created employment opportunities, which was one of the original objectives of the scheme. Through conscientious efforts and collaboration with the Independent Commission Against Corruption (ICAC) 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. Supplementary Note 3 – "New Tendering Arrangement" (NTA) was introduced in September 2013 which specifically tackles the latest tendering malpractices, with an aim to promote a healthier industry environment by providing a fair, interference-free bidding platform. Since the introduction of the NTA, the average number of tender returns has increased by over 50%. A similar percentage increase was also noted in the proportion of submitted tendering costs within our independent consultants' estimates. Collaboration with the Police and the ICAC remains as strong as ever. Since early 2013, relatively costly bids submitted for rehabilitation work have resulted in lengthy discussions amongst owners, price negotiations and even the need for re-tendering, thereby delaying OBB work

commencement with completion likely to stretch beyond 2016. Regular OBB Steering Committee meetings attended by the BD, HKHS and the URA to deliberate on significant issues and to monitor and update progress continue.

### ***Integrated Building Maintenance Assistance Scheme***

22. 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 BD. Regular IBMAS coordination meetings are held between the URA and the HKHS.

23. The URA's Materials Incentive Scheme (MIS) and Loan Scheme (LS) are now replaced by the Common Area Subsidy (CAS) and the Common Area Repair Works Interest-free Loan (CAL) under IBMAS. From the commencement of the MIS and LS in 2004 up to the end of 2014-15, about 364 buildings (around 27,000 units) have been rehabilitated under the MIS and the CAS under IBMAS, and 238 buildings (around 19,400 units) under the LS and the CAL under IBMAS. Out of the 364 buildings rehabilitated under the MIS and CAS, 26 buildings (around 850 units) have been rehabilitated within 2014-15. In addition, there are about 240 OCs being formed under the Owners' Corporation Formation Subsidy (OCFS) of IBMAS. Currently, there are a total of 405 IBMAS cases in progress (314 cases for common area repair works and 91 cases for OC formation).

### ***Mandatory Building Inspection Subsidy Scheme***

24. The subsidiary legislation on the implementation of Mandatory Building Inspection Scheme (MBIS) 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 the first inspections of buildings within its RSAs which are subject to inspection notices issued by BD. Since

August 2012, the URA staff have been attending district briefing sessions organised by BD to brief and attend to the questions of owners of target buildings on the subsidy and assistance available under the MBISS. Owners of buildings which, on inspection, are found to require rehabilitation may apply for rehabilitation works assistance under IBMAS, with the URA providing a one-stop continual building care service. Up to the end of 2014-15, out of the 1,029 MBIS target buildings located in the URA target areas, 634 have been contacted. From these 634, 286 applications have been received and approvals-in-principle were granted to 261 buildings. A publicity programme has been implemented to raise awareness of MBISS. The radio publicity through radio API was extended to April 2015. As the MBIS covers all buildings of 30 years old or more, it is expected that there would be an increase in the number of buildings seeking rehabilitation assistance from the URA in the coming years.

### ***Building Rehabilitation Strategy Review***

25. The URA Board decided on 21 October 2014 to refine the URA's strategy in promoting and facilitating building rehabilitation. These refinements are warranted in order to better utilize our resources to assist the most needy owners after the expansion of the URA's RSAs under the IBMAS to cover the whole territory with effect from 1 July 2015. The consolidations and refinements, as well as the annual intake case numbers, have taken into account the prevailing market demand and our past experience in providing financial and technical assistance to owners. The major refinements include –

- (a) increasing emphasis on promotion and education, in particular, the continuous development and management of the publicly accessible resources platform (consisting of the Building Rehabilitation InfoNet; the Building Maintenance Assistance Scheme Hotline, the Urban Renewal Resources Center (URRC), etc.) in order to empower the public in building rehabilitation;
- (b) streamlining the IBMAS, focusing URA's assistance on multiple-owned private residential/composite buildings aged 30 years or above (instead of the existing 20 years or above); terminating the Common Area Loans with the Building Safety Loan Scheme operated by BD as a readily available

substitute, and controlling the intake of new cases of IBMAS per year to around 250 through setting up an application scoring system which would assign priority to applications with impending Government actions and lower average rateable value; and

- (c) refining the package for financial subsidy (the current cap of the Common Area Repair Works Subsidy of \$3,000 per unit up to \$1.2 million per OC will be increased by an additional Green Incentive Subsidy, amounting to \$1,500 per unit or a maximum of \$600 000 per OC). This is to encourage owners to consider a comprehensive maintenance approach and environmental friendly work items. Technical assistance to needy buildings will be maintained and refined as appropriate for meeting the needs of the owners while continually optimizing the operational efficiency in the expanded service areas, through the streamlining of systems and processes.

The refinements to the existing building rehabilitation strategy are summarized at **Appendix II**.

26. Starting from early June 2015, a series of briefings on the details of the consolidation and refinements of IBMAS after 1 July are being conducted by URA staff and our partnering non-governmental organisations (NGOs) in our District Advisory Committees, in different local communities, as well as for the relevant stakeholders and district officers of the Home Affairs Department. A number of promotional activities including publicity on commercial radio, bus shelter and bus seat back poster, advertorials in local newspapers, promotional booklet, leaflet, poster and banner will be launched after 1 July 2015 on the revised IBMAS.

27. A building rehabilitation website (called the “Building Rehab Info Net” - [www.buildingrehab.org.hk](http://www.buildingrehab.org.hk)) was launched in January 2014 to serve as a one-stop e-platform for building owners as well as building professionals and contractors to access comprehensive building rehabilitation-related information. This information includes details on and application forms for various assistance schemes, an experience-sharing corner, tender information and so on, to enhance awareness of their roles, rights and obligations as owners in rehabilitation projects.



Thus far, the URA has promoted the website by informing our stakeholders and partnering government departments, district opinion leaders and other organisations. Since its launch, the website has recorded over 22,000 visits up to end March 2015 (an average of over 50 visits per day). We are currently working on Phase 3 enhancement of the Building Rehab Info Net which is expected to launch on 1 July 2015.

### **Revitalisation**

28. URA continued with its revitalisation work during 2014-15.

#### ***Wanchai***

29. The Hong Kong Arts Centre is now operating the “Comix Home Base” at the Mallory Street/Burrows Street revitalisation project which provides a platform for local and international art exchange. Since the completion of the project and its official opening in July 2013, the “Comix Home Base” has become a popular attraction. The URA has retained ownership of the project and will continue to oversee its operation. Highlights during the year included an exhibition tribute to local comic artist Lee Wai Chun and a series of street music, art workshop and film events using the public open space.

#### ***Central Oasis***

30. Following the Court’s refusal in April 2014 to grant leave for the judicial review against the Town Planning Board (TPB)’s approval for a section 16 planning application for minor height relaxation of the project given in July 2013, the building plan for revitalising the Central Market building submitted by URA was approved by the Building Authority in August 2014.

31. When the project was announced in 2009, the URA initially projected that it would need \$500 million to complete the project. With the construction cost rising over time, the original estimate has been rendered out-of-date. The URA is now revisiting the project details with a view to rationalising both the cost and the works programme to be carried out, so as to commence the project as soon as possible. Meanwhile, URA continues to discuss with the Government on the land grant and premium issues for this revitalisation project.

### ***Mong Kok***

32. 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 improvement to enhance their unique characteristics and ambience. The improvement works at Flower Market Road have been completed. The implementation of the improvement works at Tung Choi Street will be proceeded after completion of gazettal procedures taking into account the revised improvement scheme. Improvements for Sai Yee Street and Fa Yuen Street would be coordinated with URA's Sai Yee Street redevelopment project now under construction. Meanwhile, the URA will liaise with Government departments on the design approach for the Nelson Street improvements.

### ***Tai Kok Tsui***

33. Following the completion of the Phase 1 and Phase 2 improvement works along Beech Street and the Cherry Street roundabout, the Phase 3 streetscape improvement works which covers several streets in Tai Kok Tsui is progressing well. Following the completion of package 1 of the Phase 3 works, the implementation of package 2 of the Phase 3 works which includes parts of Fuk Tsun Street, Fir Street and Larch Street is making steady progress.

## **Preservation**

### ***Shophouse Preservation Projects***

34. The acquisition of interests is continuing for the Prince Edward Road West project. Four of the acquired units have been leased out to the Hong Kong Council of Social Service as a social enterprise hub while the rest is being leased out for flower shop, arts and cultural uses.

35. The Shanghai Street project site has now been cleared. In December 2014, the Town Planning Board approved URA's section 16 application for the proposed revitalisation and the adaptive re-use of the shophouses fronting Shanghai Street. The preserved shop-houses will be for restaurant and retail uses to reflect the local character and to meet local

needs. General Building Plan approval has been obtained from the Building Authority recently.

### ***Western Market***

36. Following the expiry of the three-year holding-over period of the Western Market in February 2015 and settlement of the land premium, the URA has extended the holding-over period for two more years to February 2017 to allow more time to work out a better future plan for the Western Market.

## **Corporate Social Responsibility**

### ***Environment***

37. 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. Following the completion of several projects in various districts, the URA has attained the final BEAM Platinum rating in three more projects during 2014-15, making a total of 11 (final) BEAM Platinum Awards. At the same time, seven other projects that are in the design or construction stage have already received provisional BEAM or BEAM Plus Awards.

38. To align with best practices, the URA has continued to compile the sustainability-related key performance indicators, such as open space and G/IC area provision, rehousing assistance rendered, environmental performance of redevelopment projects, and rental to NGOs and social enterprises, and report them in our Annual Report.

39. The URA set a 3-5% carbon reduction target covering our operations and URA-owned properties when the first carbon audit was undertaken for 2011-12. The carbon reduction measures arising from that baseline audit were completed and they were proven to be effective based on the result of the 2013-14 carbon audit, which showed a 7% reduction in the carbon emissions against the baseline level (for like-for-like comparison). Since more properties are added to our portfolio over time, it becomes increasingly important for the URA to conscientiously manage the carbon footprint. In association with this effort, the Environmental

Campaign Committee has awarded the Carbon Reduction Certificate to the URA headquarters.

40. Sustainability strategies that aim at raising the URA's environmental performance have been integrated into our operation and projects where appropriate. This includes some new provisions in the green office guidelines to encourage sustainable procurement and promote waste reduction, as well as requirements in the Development Agreements of new tenders with a view to further reducing energy and water consumption and exercising better construction waste management.

### ***Educating the Community about Urban Renewal***

41. The URA continued to use an education portal "Urban Renewal Web Academy" which was launched in November 2013 in support of secondary and primary schools syllabi and a mobile application "UR City Fun" to extend its reach to the public, in particular the young people. The response from the education sector has been very positive.

42. The URA carried on stepping up its efforts to collaborate with educational institutions and NGOs to help the community better understand the URA's mission and initiatives. During the past year, some 7,000 people had visited the Urban Renewal Exploration Centre and availed themselves of the docent service to navigate a virtual tour of the URA's project sites. Moreover, some 36,000 visitors and users were served by our URRC at Tai Kok Tsui for meetings, viewing of the URA exhibition, making enquiries, docent service and community talks on redevelopment, rehabilitation and related matters.

43. A series of education and extension programmes was organised during the year. These included urban renewal field trip activities for the Young Ambassador Programme organised by the Hong Kong Federation of Youth Groups for primary and secondary school students of the Summer Planning School of the Planning Department and for the youngsters of the Future Stars Programme of YWCA; as well as a roving drama workshop on urban renewal for primary schools to tie in with the school curriculum and a territory-wide drama competition for secondary schools on sustainable development. The URA has now become a key partner of the local education sector. In addition, collaboration with professional bodies, e.g. Hong Kong Institute of Surveyors and Hong Kong Sustainable Society, has been established to

develop education programmes for the youngsters on urban renewal and sustainability. An Outreach Programme was launched in October 2014 to conduct interactive talks and mobile exhibition on urban renewal in both secondary and primary schools, with the participation of more than 3,000 teachers and students within the first six months.

44. The URA's "Community Service Partnership Scheme" continued and expanded in 2014-15. This is a tripartite programme organised by the URA and involves NGOs and tertiary institutions to show our care to residents living in the old urban districts. It included visiting the elderly, residents in sub-divided units and underprivileged families. During the past year, we undertook about 1,300 hours of voluntary service in Sham Shui Po, Yau Tsim Mong, Tokwawan and Western District. Since the launch of the scheme in 2012-13, a total of 4,000 service hours have been achieved by about 440 volunteers for nearly 1,000 residents in the old districts. This is a good corporate social responsibility programme that is well received by the partnering organisations and the beneficiaries.

#### ***Strengthened Support for NGOs and Partnering Organisations***

45. The URA provides premises totaling some 57,000 square feet at nominal charges to 13 NGOs. The URA also provides space for various Government Departments and organisations to carry out a wide range of activities in the interest of the public. During 2014-15, about 132 community events with the URA's assistance or sponsorship had been staged at venues operated by the URA.

46. While the URRC continued as a venue for various community activities and events in relation to urban renewal and related matters, since July 2014, it has also been open for mediation meetings arranged by the Joint Mediation Helpline Office. During the year, 18 such mediation meetings were held.

#### ***Community Arts Programmes***

47. The URA's "Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme" continued in 2014-15. During the year, a total of nine programmes were supported, making it a total of 32 since its launch. These 32 programmes had benefited or will benefit about 570,000 residents in old urban areas. The acquired ground floor shop at Prince

Edward Road West which was licensed to an NGO for an art-themed social enterprise in 2012 has recorded about 148,000 visitors since its launch and has hosted 176 workshops for the local community. An acquired block on Wing Lee Street has been licensed to the Hong Kong Arts Centre to run an artist-in-residence programme and about 100 overseas and Mainland artists have stayed there during the licence period from October 2012 to July 2014.

#### **IV. URA's Business Plan for 2015-16**

48. The Financial Secretary approved the URA's 14<sup>th</sup> Corporate Plan (CP) for 2015-16 to 2019-20 and the 2015-16 Business Plan (BP) in March 2015.

49. The 14<sup>th</sup> CP comprises 59 redevelopment projects, two preservation projects and one revitalisation project, including the new redevelopment projects commenced or to be commenced in the five-year period from 2015-16 to 2019-20.

#### **Redevelopment**

##### ***URA-initiated Redevelopment Projects***

50. In 2015-16, the URA will continue to initiate and implement new URA-initiated project(s).

##### ***Demand-led Redevelopment Projects***

51. In addition to the new URA-initiated project(s), the Authority has committed to commencing one Demand-led project in 2015-16. The project was already commenced on 29 May 2015.

52. The fourth round of invitation for applications for the Demand-led Scheme will take place by July 2015 under the revised application requirements and scoring criteria.

### ***Ongoing Redevelopment Projects***

53. Aside from new redevelopment project(s) which is/are scheduled to be commenced in the remainder of 2015-16, the URA will continue to implement a total of 42 ongoing redevelopment projects (excluding six projects being undertaken by the HKHS), two preservation projects, one revitalisation project, and the Kai Tak project which are at various stages of development. Work arising from these ongoing projects makes up the bulk of the Authority's workload. While these projects may vary in size and complexity, due attention is given to each and every one of them. Particular efforts will be dedicated to clearing long-standing project sites to facilitate provision of new flats.

### ***Facilitating Services***

54. The URFSL is providing facilitating services to one facilitation project and processing four applications (all for domestic buildings). Based on its current workload and manpower resources, the URFSL has the capacity to render its services to facilitate seven projects at any one time (including a maximum of two projects for industrial or commercial buildings). Application is open throughout the year. The URFSL is considering proposals to increase its capacity to handle more projects and designate a queue for applications from owners of buildings under the Civil Servants' Co-operative Building Societies Scheme.

### ***Redevelopment of Industrial Buildings***

55. The URA is continuing with the implementation and acquisition of the Yu Chau West Street project.

### **Rehabilitation**

56. The URA has been progressively taking over the RSAs of HKHS under the IBMAS since 2013. Starting from 1 July 2015, the URA will take over all the RSAs of HKHS under the IBMAS and handle all new applications from then on.

57. During 2015-16, it is expected that URA's rehabilitation schemes will potentially benefit about 180 buildings or around 8,600 units under the IBMAS. Together with the approximately 160 buildings or around 9,100 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 340 buildings or around 17,700 units to carry out building rehabilitation works.

58. It is envisaged that some 80 buildings (around 3,600 units) can potentially benefit from the MBISS in 2015-16. Owners of buildings which, on inspection, are found to require rehabilitation will then be able to apply for assistance under IBMAS.

### **Preservation and Revitalisation**

59. Under the 2011 URS, the URA's new preservation work is confined to redevelopment project areas, except in cases where there is policy support or specific request from the Government. Meanwhile, the URA's role in revitalisation will purely be supportive in nature.

#### ***Preservation***

60. During 2015-16, the URA will continue to work on the following seven on-going redevelopment projects with 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, and the Nga Tsin Wai Village project.

#### ***Revitalisation***

61. The URA will continue with its revitalisation efforts in 2015-16. These include ongoing endeavours in Wan Chai, Central & Western, Mong Kok and Tai Kok Tsui.

## **V. FINANCIAL MATTERS**

62. The URA's net asset value, which can vary considerably from year to year, was \$25.0 billion as at 31 March 2015. This comprised a capital injection totalling \$10 billion from the Government and an accumulated surplus from operations of \$15.0 billion. For the year ended 31 March 2015, the URA recorded a net operating surplus of \$1.1



billion, which represents a difference of \$3.4 billion from the \$2.3 billion net operating deficit for the year ended 31 March 2014.

***Overall Financial Position***

63. 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 2015 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
2013-14	(2,269,780)
2014-15	1,075,576
Total Accumulated Surplus as at 31 March 2015	<u>15,012,752</u>

64. 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.

65. The operating surplus for 2014-15 of \$1.1 billion was mainly contributed by the share of surplus sales proceeds from various joint venture projects and the surplus from tendered projects. This is partly offset by the provision for loss made for various projects, including

Demand-led projects and self-initiated projects. 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 2015, was \$5.0 billion. For comparison, the net cash, excluding the fair value of the investments managed by the investment manager and the URA, less borrowing, held by the URA for the year end 31 March 2014 was \$1.4 billion.

66. As at 31 March 2015, the URA's cash and bank balances together with the fair value of the investments managed by the investment manager and in-house totaled \$12.6 billion (as compared to \$8.0 billion last year), while the URA's accruals and estimated outstanding commitments in respect of projects under acquisition and resumption as well as construction cost for the Kai Tak site stood at \$13.3 billion (as compared to \$13.4 billion last year).

67. 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.

68. The URA is 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 2015. 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 (MTN) programme which may facilitate bond issuance in an efficient manner as opportunities arise. As at 31 March 2015, the total bond outstanding was \$4.6 billion with maturities from 2015 to 2026.

69. Detailed financial information relating to the URA's overall position as at 31 March 2015 will be given in its Audited Accounts which will be included in the URA's 2014-15 Annual Report. The Annual Report is expected to be tabled by the Financial Secretary in the LegCo in October 2015.

### ***Financial Results of Completed Projects***

70. The financial results of the project completed up to 31 March 2015 are attached at **Appendix III** for Members' information.

71. The project completed in 2014-15, namely, the Cherry Street project in Tai Kok Tsui, was commenced by the URA under its own form of arrangements and project agreements, which are different from those of the former LDC<sup>1</sup>. The number of such projects commenced by the URA and now completed stands at nine, while the number of projects commenced by the former LDC and completed by the URA stands at eight.

### ***Land Premium Foregone by the Government***

72. Unlike the former LDC, 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 \$15 billion would have been reduced by \$14.3 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 26 projects up to 31 March 2015.

### ***Estimated Expenditure***

73. It is estimated that, in the five years from 2015-16 to 2019-20, a total expenditure of about \$29 billion, excluding operational overheads, will be required by the URA to meet the costs of all projects contained in its 2015-16 to 2019-20 Corporate Plan. This expenditure covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation. However, it should be noted that the expenditure may vary subject to the levels of interest shown in the various initiatives, including the Demand-led Scheme, the FFF scheme, the building rehabilitation programme and other additional initiatives not yet reflected in the approved 14<sup>th</sup> BP/CP. For comparison, for the five years from

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<sup>1</sup> *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.*

1 April 2014 to 31 March 2019, a total expenditure of about \$33 billion was projected in the work report last year.

74. 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.

### **Value for Money Study and Organisation Structure Review**

75. In submitting its 13<sup>th</sup> CP/BP covering the period of 1 April 2014 to 31 March 2019, URA highlighted its concerns over the sustainability of the Authority's self-financing urban renewal programme in the long term. In approving the 13<sup>th</sup> CP/BP of URA and in reconfirming its commitment to providing financial support to the cause of urban renewal, the Government invited the URA to critically review its financial strength under the guidance of the URA Board, including conducting an independent value-for-money (VFM) study. URA was also encouraged to conduct an organisation structure review (OSR) to ensure its organisational effectiveness. Upon URA's request for guidance to conduct the VFM study, the Government has shared for URA's reference the "Value for Money Audit Guidelines" adopted by the Director of Audit in examining the economy, efficiency and effectiveness with which any public body has discharged its functions.

76. In December 2014, the URA Board commissioned a management consultant to undertake the VFM study and OSR for the Authority. The URA Board has also tasked the consultant to explore ways to enhance the long term financial sustainability of the URA. The consultant's draft final report was submitted to the URA in April 2015. The URA Board will consider the consultant's recommendations before reporting its findings to the Government.

## **VI. CONCLUSION**

77. 2014-15 has been an important year for the URA with solid progress made on project clearance despite challenges and the tendering of several projects including the two of the largest projects in the URA's portfolio at Kwun Tong Town Centre and Hai Tan Street/Kweilin Street/Pei Ho Street.

78. 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.

79. In 2015-16, the URA will continue to implement its work in accordance with its CP and BP, clear the considerable backlog arising from the ongoing projects and initiatives, and pay special attention to the provision of SSF and the need to devise a sustainable plan to support our future work.

**Urban Renewal Authority**  
**June 2015**

URA Project Highlights as of 31 May 2015

Appendix I to Annex B

					Site Information before Development				Project Development Information								
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings (1)	Population	Residential Flats Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space (2) m <sup>2</sup>	Remarks	Status
<b>1-43 43 still ongoing projects commenced by URA</b>																	
1	(4,5) DL-11:YTM	Ash Street, Tai Kok Tsui	2015-16	May	474	3,228	1	210	69	3,527	3,135	392	0	0	0	Third round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 29/05/15
2	(5) KC-008	Chun Tin Street/Sung Chi Street	2014-15	January	1,226	3,738	7	200	150	8,028	6,690	1,338	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 16-01-15
3	(4,5) DL-10:KT	Hang On Street, Kwun Tong	2014-15	November	865	5,304	1	393	138	6,691	5,948	243	0	500	0	Third round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 07-11-14 Initial acquisition offers issued on 16-01-15
4	(5) SSP-016	Castle Peak Road/Un Chau Street, Sham Shui Po	2013-14	February	1,900	7,335	8	497	261	14,841	12,367	2,474	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 21-02-14 SDEV authorised URA to proceed on 15-11-14 Initial acquisition offers issued on 27-02-15
5	(4,5) DL-8:KC	Kai Ming Street, Ma Tau Kok	2013-14	December	553	2,467	3	146	72	4,545	3,788	308	0	450	0	Third round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 19-12-13 Initial acquisition offers issued on 04-03-14 80% threshold for ASP reached on 10-04-14 SDEV authorised URA to proceed on 24-05-14 Land Grant application submitted on 20-06-14 Resumption application submitted to DEVB on 28-08-14 Resumption gazetted on 27-03-15
6	(4,5) DL-6:YTM	Fuk Chak Street/Li Tak Street, Tai Kok Tsui	2013-14	June	716	3,461	2	182	96	5,788	5,145	643	0	0	0	Second round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 28-06-13 Initial acquisition offers issued on 11-09-13 80% threshold for ASP reached on 25-11-13 SDEV authorised URA to proceed on 10-12-13 Resumption application submitted to DEVB on 28-08-14 Resumption gazetted on 24-04-15 Land Grant application submitted on 27-04-15
7	(4,5) DL-4:SSP	Kowloon Road/Kiu Yam Street, Sham Shui Po	2013-14	April	599	3,817	1	265	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 Initial acquisition offers issued on 27-06-13 80% threshold for ASP reached on 10-09-13 SDEV authorised URA to proceed on 14-11-13 Resumption application submitted to DEVB on 10-07-14 Resumption gazetted on 06-03-15 Land Grant application submitted on 12-03-15
8	(4,5) DL-5:SSP	Tung Chau Street/Kweilin Street, Sham Shui Po	2013-14	April	1,640	10,313	1	531	200	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 Initial acquisition offers issued on 27-06-13 80% threshold for ASP reached on 10-09-13 SDEV authorised URA to proceed on 26-09-13 Resumption application submitted to DEVB on 10-07-14 Resumption gazetted on 06-03-15 Land Grant application submitted on 12-03-15
9	(5) SSP-015	Tonkin Street/Fuk Wing Street, Sham Shui Po	2012-13	March	1,268	4,964	6	330	175	9,513	7,927	1,586	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 08-03-13 SDEV authorised project to proceed on 13-11-13 Decision of the Appeal Board to uphold authorisation gazetted on 11-07-14 Initial acquisition offers issued on 10-09-14 Resumption application submitted to DEVB on 11-11-14
10	(3,5) IB-2:SSP	Yu Chau West Street, Cheung Sha Wan	2012-13	January	1,393	12,145	1	0	0	16,716	0	16,716	0	0	0	Pilot project under redevelopment of industrial building	Project commencement gazetted on 18-01-13 SDEV authorised URA to proceed on 08-08-13 Initial acquisition offer issued on 17-12-13 Resumption application submitted to DEVB on 07-08-14
11	(4,5) DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012-13	April	483	2,547	1	172	69	3,611	3,210	401	0	0	0	First round "Demand-led" Scheme project Eligible domestic owner-occupiers can join the Flat for Flat scheme	Land Grant executed on 27-02-15 Joint Venture Development tender awarded on 22-12-14 Demolition works complete Site handed over to joint venture partner on 02-03-15
12	(4,5) DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012-13	April	470	2,952	1	225	69	3,556	3,165	391	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 Land Grant application submitted on 18-10-13 Resumption gazetted on 16-05-14 Site reverted to Government on 16-08-14 Clearance in progress
13	(4,5) DL-3:YTM	Pine Street/Oak Street, Tai Kok Tsui	2012-13	April	865	5,105	11	311	115	6,463	5,745	718	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 Land Grant application submitted on 01-11-13 Resumption application submitted on 02-12-13 Resumption gazetted on 10-10-14 Site reverted to Government on 10-01-15 Clearance in progress
14	(5) YTM-010	Reclamation Street/Shantung Street, Mong Kok	2011-12	February	1,640	10,024	5	682	187	12,510	10,425	2,085	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 Decision of Appeal Board to uphold authorisation gazetted on 14-06-13 Initial acquisition offer issued on 04-07-13 Resumption application submitted on 29-10-13 Land Grant application submitted on 18-11-13
15	(5) KC-007	Kowloon City Road/Sheung Heung Road, Ma Tau Kok	2011-12	November	1,622	7,258	8	412	184	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 Resumption application submitted on 24-06-13 Land Grant application submitted on 26-06-13 Resumption gazetted on 25-04-14 Site reverted to Government on 25-07-14 Clearance in progress

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					Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings (1)	Population	Residential Flats Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/C GFA m <sup>2</sup>	Public Open Space (2) m <sup>2</sup>			
16	(5) SSP-014	Fuk Wing Street, Sham Shui Po	2010-11	March		649	2,456	6	203	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 Land Grant application submitted on 03-10-12 Resumption gazetted on 12-07-13 Site reverted to Government on 12-10-13 Site clearance completed on 18-11-14 Joint Venture Development tender awarded on 31-03-15 Demolition works completed Land Grant executed on 19-05-15
17	(5) KC-006	Pak Tai Street/San Shan Road, Ma Tau Kok	2010-11	March		1,277	6,389	12	296	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 gazetted on 10-05-13 Site reverted to Government on 10-08-13 Site Clearance completed on 04-02-15 Provisional basic terms offer of Land Grant was accepted by URA on 26-03-15 Demolition works in progress
18	(5) TKW/1/002	Ma Tau Wai Road/Chun Tin Street, Ma Tau Kok	2009-10	February		3,377	10,393	17	660	493	24,335	20,290	3,045	0	1,000	500	URA has taken the initiative to commence the project following the collapse of one building and demolition of the damaged adjacent one This project site is being considered for subsidised sale flat purpose	SDEV authorised URA to proceed on 10-12-10 Decision of Appeal Board to uphold authorization gazetted on 29-04-11 Initial acquisition offers issued on 30-05-11 Resumption gazetted on 11-01-13 Site reverted to Government on 11-04-13 Clearance completed on 07-08-14 Land Grant executed on 13-04-15 Foundation work commenced on 20-04-15 GBP approved on 30-4-15
19	(5) SSP/3/001	Shun Ning Road, Sham Shui Po	2009-10	June		836	3,820	5	130	155	7,159	5,959	1,200	0	0	0		SDEV authorised URA to proceed on 29-01-10 Initial acquisition offers issued on 28-04-10 Resumption gazetted on 22-02-13 Site reverted to the Government on 22-05-13 Joint Venture Development agreement executed on 14-04-14 Land Grant executed on 16-06-14 Site handed over to developer on 18-06-14 GBP amendment was approved on 11-12-2014 Foundation works in progress
20	(5) MTK/1/002	San Shan Road/Pau Chung St, Ma Tau Kok	2009-10	May		1,170	6,046	7	290	209	10,356	8,778	1,578	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 Government on 15-09-12 Joint Venture Development tender awarded on 29-04-14 Land Grant executed 06-08-14 Site formally handed over to joint venture partner on 14-10-14 GBP approved on 06-03-15 Foundation works in progress
21	(5,6) MK/01	Shanghai Street/Argyle Street, Mong Kok	2008-09	September		1,128	3,944	14	157	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 Site reverted to Government on 03-11-12 Ground investigation and structural survey completed in May 2014 Site Clearance completed on 25-07-14 Planning application submitted to TPB approved on 12-12-14
22	(5,6) 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 Renovation works for Phase 1 (8 units) completed Renovation works for Phase 2 (13 units) completed Preparation for the renovation works for Phase 3 is in progress
23	(5) TKT/2/002	Anchor Street/Fuk Tsun Street, Tai Kok Tsui	2007-08	March		726	3,855	6	245	0	6,529	-	6,529	0	0	0	Commercial space is for hotel with about 184 to 220 rooms	Site reverted to Government on 12-11-11 Provisional basic terms offer of Land Grant accepted by URA on 12-11-12 Site clearance completed on 05-01-15 Demolition preparation works completed
24	TKW/1/001	Chi Kiang Street/Ha Heung Road, Ma Tau Kok	2007-08	February		931	5,226	5	302	175	8,374	6,979	1,395	0	0	0		Joint venture development tender awarded on 27-02-12 Land Grant executed on 18-05-12 Construction works in progress
25	MTK/1/001	Pak Tai Street/Mok Cheong Street, Ma Tau Kok	2007-08	February	My Place	772	3,772	5	229	168	6,944	5,787	1,157	0	0	0		Joint venture development tender awarded on 18-06-12 Land Grant executed on 17-10-12 Presale consent issued on 22-10-14 Construction works in progress
26	K28	Sai Yee Street, Mong Kok	2007-08	December	Skypark	2,478	14,434	14	431	439	22,301	17,346	4,955	0	0	0		Joint Venture Development tender awarded on 24-09-12 Land Grant executed on 21-12-12 GBPs approved on 05-09-14 Foundation works completed on 06-11-14 Presale consent issued on 29/05/15 Construction works in progress

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					Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings (1)	Population	Residential Flats Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space (2) m <sup>2</sup>		
27 (5,6) 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
28 (5,6) H18	Peel Street/Graham Street, Sheung Wan	2007-08	July		5,267	20,219	37	840	301	67,528	22,638	43,450	180	1,260	2,060	G/IC is a 1,260m <sup>2</sup> multi-purpose activity hall Commercial space includes retail space for relocating wet trade market shops, office space and 9,280m <sup>2</sup> for a 182 room hotel; 180m <sup>2</sup> 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 joint venture partner on 10-10-12 Sheet piling works in progress  Sites A & C: Class A amendments at MLP parameters approved by Plan D on 07-03-13 Resumption gazetted on 06-12-13 Site reverted to Government on 06-03-14 Clearance in progress In principle approval for land grant for Sites A and C obtained at DLC on 13-03-14 Proposed road scheme and road closure gazetted on 14-11-14. Objection hearings held on 26-02-15. Two out of four objections unconditionally withdrawn and two conditionally withdrawn Demolition works in progress
29 (5) K7	Kwun Tong Town Centre, Kwun Tong	2006-07	March	Park Metropolitan (YWS site)	53,500	96,104	24	4,443	2,168	401,250	160,610	206,140	3,500	31,000	13,049	Commercial GFA include 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 Yuet Wah Street Site (YWS) and 8,100m <sup>2</sup> for Government uses in Main Site and 16,700m <sup>2</sup> for Public Transport Interchange in Main Site. Commercial Space includes 1,300m <sup>2</sup> for social enterprises Other uses GFA includes 3,500m <sup>2</sup> under 'urban windows'.  Actual residential flat production is 1,979 units, but the approved MLP stated not more than 2,000 units to allow flexibility Public space includes a minimum of 9,049m <sup>2</sup> at-grade public open space as required under the approved Class B amendments and a minimum of 4,000m <sup>2</sup> podium public open space as required under the lease	YWS Site: Sale of residential units in progress Occupation Permit issued on 08-07-14 Certificate of Completion issued on 29-10-14  Main Site (DAs 2, 3, 4 & 5): Resumption for DAs 2, 3 and 4 gazetted on 02-03-12 and reverted to the Government on 02-06-12 General revised offers for DA5 issued on 27-06-13 Property acquisition for DA5 in progress  Class B amendments to fulfill SBD Guidelines approved by Plan D on 24-10-12 Occupation Permit for Methadone Clinic issued by BD on 13-03-14 Occupation Permit for interim GIC facilities at Kwun Tong District Branch Office Building issued on 28-03-14, interim minibus terminus and interim hawkker bazaar started operation in May 2014 Interim bus terminus at former Mido Mansion Site started operation on 30-11-14  DAs 2 & 3 (Post development tender award): Joint venture development tender awarded on 01-09-14 GBPs amendment for DAs 2 and 3 approved on 05-09-14 Occupation Permit phasing Plans for DAs 2 and 3 approved on 04-11-14 Land Grant executed on 19-12-14 Site handed over to joint venture partner on 19-12-14 GBPs amendment (podium) for DAs 2 and 3 approved on 27-03-15 Class B amendment for increased number of flats approved on 27-04-15 Foundation works in progress
30 (5) H14	Sai Wan Ho Street, Shau Kei Wan	2005-06	September		710	3,796	2	21	120	5,960	5,360	600	0	0	0		Project returned by HKHS to URA with effect from 23-11-11. Property acquisition completed Provisional Basic Terms Offer of Land Grant accepted by URA on 28-01-15 Site clearance completed on 30/04/15
31 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 Certificate of Compliance issued on 28-01-14 Sale of remaining flats in progress
32 33 34 (5) SSP/1/003-005	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	2005-06	February		7,515	25,344	37	1,589	845	57,400	50,100	5,249	0	2,051	1,500	Three projects taken forward as one G/IC includes 1,900m <sup>2</sup> for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m <sup>2</sup> for either social enterprise or non-domestic use	Demolition completed Site clearance completed on 23-09-14 Joint Venture Development tender awarded on 22-12-14 Portion of Pei Ho Street closed on 27-03-15 Land Grant executed on 27-03-15 Site handed over to joint venture partner on 27-03-15 Site investigation works in progress
35 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 Occupation Permit issued on 24-07-14 Certificate of Completion issued on 23-09-14 Sale of shops in progress
36 (6) SYP/1/001	Third Street / Yu Lok Lane / Centre Street, Sai Ying Pun	2005-06	December	The Nova	2,150	4,140	14	213	255	16,462	16,218	244	0	0	1,303	Commercial space includes 24.9m <sup>2</sup> for shop and 84.4m <sup>2</sup> other covered areas and 135.5m <sup>2</sup> like preserved buildings and covered public open space	Joint Venture Development tender awarded on 27-09-10 Land Grant executed on 07-01-11 Construction in progress Presale consent issued on 22-09-14 Sale of flats in progress
37 (7) 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 Occupation Permit issued on 20-05-13 Official opening event held on 18-07-13



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38 39	SSP/1/001-002	Lai Chi Kok Road / Kweilin Street & Yee Kuk Street, Sham Shui Po	2004-05	March	Trinity Towers	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 Fitting out works in progress Sale of residential units completed Occupation Permit issued on 10-11-2014
40	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	Public open space not required under lease	Flat sale launched on 20-04-12 Occupation Permit issued on 20-09-12 Certificate of Compliance issued on 27-12-12 Sale of remaining flats in progress
41	K31	Larch Street / Fir Street, Tai Kok Tsui	2004-05	December	Lime Stardom	2,195	10,332	12	474	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 parking spaces in progress
42	(6) H15	Lee Tung Street / McGregor Street, Wan Chai	2003-04	October	The Avenue	8,236	36,534	52	1,613	1,275	79,933	67,939	9,406	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 Modification Letter for receiving Hopewell's proposed subway executed by LandsD on 03-07-13 Construction work for the MTR Johnston Rd Pedestrian Subway works in progress Occupation Permit for Site B issued on 31-03-14 Consent to assign for Site B issued on 19-12-14 Occupation Permit for Site A issued on 21-04-15 Sale of residential units in Site A and Site B in progress
43	(5,6) H19	Staunton Street/ Wing Lee Street, Sheung Wan	2002-03	March		2,175	3,049	16	98	154	6,117	5,247	870	0	0	474	As allowed in the planning brief : (i) The development of Site B will align with Shing Wong Street to maintain its existing streetscape (ii) Site B will not comply with the SBD guidelines. The GFA for green/amenity features and plant rooms that are accountable under the BPR as a result will be disregarded	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 approved on 24-05-13. General revised offers for Sites B and C issued on 17-12-13
<b>1-43 Launched Sub-Total (A)</b>						<b>126,290</b>	<b>385,441</b>	<b>426</b>	<b>18,403</b>	<b>11,272</b>	<b>1,010,801</b>	<b>612,514</b>	<b>347,705</b>	<b>6,115</b>	<b>44,468</b>	<b>24,183</b>		
<b>44-49 - 6 Projects undertaken by HKHS</b>																		
44	K20	Castle Peak Road/Cheung Wah Street, Sham Shui Po	2004-05	April	Heya Delight	1,003	5,935	10	158	130	9,030	7,525	1,505	0	0	0		Presale conducted in November 2014
45	K21	Castle Peak Road/Un Chau Street, Sham Shui Po	2004-05	April	Heya Crystal	2,614	14,193	24	496	350	23,526	19,605	3,921	0	0	150		Construction in progress
46	K22	Un Chau Street/Fuk Wing Street, Sham Shui Po	2004-05	April	Heya Aqua	2,134	10,114	22	362	275	19,206	16,005	448	0	2,753	150	G/IC is for Residential Care Home for the Elderly	Construction in progress
47	K23	Castle Peak Road/Hing Wah Street, Sham Shui Po	2004-05	April	Heya Star	1,399	8,286	11	344	175	12,585	10,487	2,098	0	0	0		Construction in progress Presale conducted in Dec 2014
48	H21	Shau Kei Wan Road, Shau Kei Wan	2003-04	November	Harmony Place	1,871	9,834	17	400	274	19,555	16,338	3,217	0	0	0		Presale conducted in Dec 2013 Occupation Permit issued on 13-11-14 Certificate of Compliance issued on 11-02-15
49	K25	Po On Road/Wai Wai Road, Sham Shui Po	2003-04	July	Heya Green	2,592	9,923	19	528	327	21,214	17,680	957	0	2,577	0	G/IC is for Residential Care Home for the Elderly	Presale conducted in June 2012 Occupation Permit issued on 15-10-13 Certificate of Compliance issued on 30-12-13
<b>44-49 Commenced Sub-Total (B)</b>						<b>11,613</b>	<b>58,285</b>	<b>103</b>	<b>2,288</b>	<b>1,531</b>	<b>105,116</b>	<b>87,640</b>	<b>12,146</b>	<b>0</b>	<b>5,330</b>	<b>300</b>		

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<b>50-51 - 2 Ongoing projects taken over from ex-LDC</b>																	
50	K11	Hanoi Road, Tsim Sha Tsui	(9)	The Masterpiece	8,299	27,309	20	220	345	102,625	45,600	57,025	0	0	1,219	Other use is for 381 room hotel	Leasing of commercial space in progress Hotel in operation Sales of remaining flats in progress
51	(6) H9	Tai Yuen Street/Wan Chai Road, Wan Chai	(9)	The Zenith (Site A & B) One Wanchai (Site C)	6,793	12,555	31	975	889	62,310	52,539	3,453	0	6,318	0	G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Sales of residential units of Sites A and B completed; leasing of vacant shops in progress.  Occupation Permit (Site C) issued on 10-09-12 Certificate of Compliance (Site C) issued on 10-01-13 All residential units (Site C) sold. Preparation for sale of commercial units of Sites A and B underway.
<b>50-51 Commenced Sub-Total (C)</b>					<b>15,092</b>	<b>39,864</b>	<b>51</b>	<b>1,195</b>	<b>1,234</b>	<b>164,935</b>	<b>98,139</b>	<b>60,478</b>	<b>-</b>	<b>6,318</b>	<b>1,219</b>		
<b>Commenced Total (A) + (B) + (C)</b>					<b>152,995</b>	<b>483,590</b>	<b>580</b>	<b>21,886</b>	<b>14,037</b>	<b>1,280,852</b>	<b>798,293</b>	<b>420,329</b>	<b>6,115</b>	<b>56,116</b>	<b>25,702</b>		
<b>52-60 - 9 Completed projects commenced by URA (8)</b>																	
52	K19	Po On Road / Shun Ning Road, Sham Shui Po	2002-03	July	Beacon Lodge	1,394	4,898	8	327	166	12,534	10,451	2,083	0	0	251	Project completed in 2010-11
53	K30	Bedford Road/ Larch Street, Tai Kok Tsui	2003-04	July	i-home	1,229	6,313	7	280	182	10,363	9,215	1,148	0	0	0	Project completed in 2010-11 Sales of shops and parking spaces in progress
54	K26	Fuk Wing Street / Fuk Wa Street, Sham Shui Po	2001-02	January	Vista	1,384	5,129	8	246	173	12,453	10,378	2,075	0	0	255	Project completed in 2010-11 Leasing of shops in progress
55	K27	Reclamation Street, Mong Kok	2002-03	October	MOD 595	535	2,411	4	122	85	4,921	4,119	802	0	0	0	Project completed in 2009-10
56	(7) H16	Johnston Road, Wan Chai	2001-02	January	J Residence	1,970	7,640	21	333	381	20,567	17,967	2,600	0	0	0	Project completed in 2008-09
57	H17	Queen's Road East, Wan Chai	2002-03	March	Queen's Cube	378	1,806	5	25	96	3,984	3,543	441	0	0	0	Occupation Permit obtained in 04-2010 Certificate of Compliance btained in 07-2010 Assignment for unsold units completed on 26-08-11 Project completed in 2011-12
58	K33	Baker Court, Hung Hom	2003-04	July	Baker Residences	277	834	2	9	68	2,338	2,077	261	0	0	0	Occupation Permit issued on 29-07-11 Certificate of Compliance issued on 28-10-11 Project completed in 2011-12 All residential units and shops sold out
59	H20	First Street / Second Street, Sai Ying Pun	2002-03	November	Island Crest	3,536	15,690	30	777	488	38,178	34,259	1,722	0	2,197	700	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly  Certificate of Completion obtained in 06-2010 Project completed in 2012-13 All residential units, commercial accommodation and residential and commercial car parking spaces sold out.

URA Project Highlights as of 31 May 2015

Appendix I to Annex B

Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information							Remarks	Status	
					Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings (1)	Population	Residential Flats Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space (2) m <sup>2</sup>			
60	K3	Cherry Street, Tai Kok Tsui	2001-02	January	Florient 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	Project completed in 2014-15
<b>52-60 Completed Sub-Total (8) (D)</b>						<b>15,213</b>	<b>59,137</b>	<b>118</b>	<b>3,139</b>	<b>2,161</b>	<b>148,569</b>	<b>128,475</b>	<b>16,048</b>	<b>-</b>	<b>4,046</b>	<b>1,206</b>		
<b>0 Completed projects undertaken by HKHS (8)</b>																		
All projects still underway						0	0	0	0	0	0	0	0	0	0	0		
<b>Nil Completed Sub-Total (8) (E)</b>						<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>61-68 - 8 Completed projects commenced by ex-LDC (8,9)</b>																		
61	K17	Yeung Uk Road, Tsuen Wan	(9)		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	
62	K13	Tsuen Wan Town Centre, Tsuen Wan	(9)		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	
63	H12	Kennedy Town New Praya, Kennedy Town	(9)		The Merton	6,075	24,808	15	1,683	1,182	62,904	62,794	0	0	110	2,300	G/IC is for public toilet Project completed in 2007-08	
64	H13	Ka Wai Man Road, Kennedy Town	(9)		Mount Davis 33	728	4,000	1	0	89	7,280	7,280	0	0	0	0	Project completed in 2007-08	
65	K10	Waterloo Road/Yunnan Lane, Yau Ma Tei	(9)		8 Waterloo Road	3,869	6,610	19	444	576	32,012	32,010	0	0	0	1,650	Project completed in 2007-08	
66	H1	Queen Street, Sheung Wan	(9)		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	
67	K2	Argyle Street/Shanghai Street, Mong Kok	(9)		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 <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	
68	K8	Kwong Yung Street, Mong Kok	(9)		Paradise Square	1,607	4,190	10	178	272	15,160	12,746	2,414	0	0	0	Project completed in 2005-06	
<b>61-68 Completed Sub-Total (8,9) (F)</b>						<b>59,749</b>	<b>163,061</b>	<b>175</b>	<b>12,675</b>	<b>4,989</b>	<b>529,592</b>	<b>310,324</b>	<b>204,274</b>	<b>0</b>	<b>14,992</b>	<b>9,950</b>		
<b>Completed Total (8) (D) + (E) + (F)</b>						<b>74,962</b>	<b>222,198</b>	<b>293</b>	<b>15,814</b>	<b>7,150</b>	<b>678,161</b>	<b>438,799</b>	<b>220,322</b>	<b>0</b>	<b>19,038</b>	<b>11,156</b>		
<b>Commenced + Completed</b>						<b>227,957</b>	<b>705,788</b>	<b>873</b>	<b>37,700</b>	<b>21,187</b>	<b>1,959,013</b>	<b>1,237,092</b>	<b>640,651</b>	<b>6,115</b>	<b>75,154</b>	<b>36,858</b>		

Note (1) This table includes the number of buildings within a project.

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

(3) Industrial Building Redevelopment Project

(4) Demand-led project

(5) The details of projects 1 to 10, 12 to 17, 21 to 23, 27 to 30 and 43 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes.

(6) Projects 21 and 22 are purely preservation projects. Redevelopment projects 27, 28, 36, 37, 43, 51 and 56 contain some preservation elements.

(7) Revitalisation project

(8) 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.

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

**Project Numbers Reconciliation**

+ 43 projects commenced by URA\*  
 + 6 projects undertaken by HKHS  
 + 2 projects commenced by ex-LDC  
 + 9 completed URA projects  
 + 0 completed HKHS projects  
 + 8 completed ex-LDC projects  
**68 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

SBD = Sustainable Building Design  
 SDEV = Secretary for Development  
 TPB = Town Planning Board  
 URA = Urban Renewal Authority  
 YWS = Yuet Wah Street

## URA Building Rehabilitation Strategy Refinements

Areas of change	Current practice	Recommended Adjustments
<b>Promotion &amp; Education</b>		
<b>Promotion and Public Education</b> in Building Rehabilitation	Organise Building Rehabilitation related promotional program or participate in educational seminars/ activities on a need basis	<ul style="list-style-type: none"> <li>• Develop a <b>publicly accessible resources platform</b> for public education, dissipating tips, information and useful tool-kits to facilitate the planning and organisation of building rehabilitation works</li> <li>• Includes the Building Rehabilitation InfoNet, the Building Maintenance Assistance Scheme Hotline and the Urban Renewal Resources Centre.</li> </ul>
<b>Streamlining IBMAS</b>		
Adjustment in IBMAS <b>eligibility criteria</b> to focus on buildings in need	Multiple-owned, private residential / composite buildings	Unchanged
	Aged <b>20</b> years or above	Aged <b>30</b> years or above
	Within <b>Rateable Value limit</b>	Unchanged
Terminate Common Area Loan (CAL) under <b>IBMAS</b>	Owners opt to join <i>Common Area Subsidy (CAS)</i> or CAL under <b>IBMAS</b>	<u>Stop</u> intake of CAL and refer to the Buildings Department's Building Safety Loan Scheme

## URA Building Rehabilitation Strategy Refinements

Streamlining IBMAS (continued)		
Control <b>maximum number of rehabilitation project intake</b> per year	No limit on intake of eligible buildings to join the scheme	<p>Control maximum number of projects in-take at around <b>250</b> per year</p> <p>Give priority to buildings with <b>impending repair orders from the Government</b></p> <p>Setup simple scoring system based on variables including ratable value, building age and submission time.</p>
Financial Subsidy		
<b>Refinements in financial and technical</b> assistance	<ul style="list-style-type: none"> <li>• Max 20% of the costs of eligible work items or max \$3,000 per unit, with an upper limit of \$1.2 million per Owners' Corporation (OC)</li> <li>• Provide technical assistance for owners</li> </ul>	<ul style="list-style-type: none"> <li>• Max 20% of the costs of eligible work items or max <u>\$4,500 per unit, with an upper limit of \$1.8 million per OC</u> (i.e. the existing \$3,000 subsidy per unit + \$1,500 additional subsidy on green items)</li> <li>• To encourage owners to consider a comprehensive maintenance approach and environmentally friendly work items. Budget allowance estimated at \$20 million per year for 250 buildings.</li> <li>• Refine and systematise technical advice and assistance to meet owner needs while optimising the operational efficiency in expanded rehabilitation service areas by means of streamlined systems and processes. An increase in CAS projects workload may be offset by the winding down of OBB thereby containing staff resources and out-sourcing tasks where possible.</li> </ul>

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

**Number of Projects Completed**

Projects Completed from 2001 to 2013-14	16
Projects Completed in 2014-15	1
Total Number of Projects Completed	17

**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	2014-15	124.2	288%	264.1	328 %

**Cumulative Financial Results for Completed Projects**

	<b>Total for 16 Projects Completed by 31 March 2014</b>	<b>1 Project Completed in 2014-15</b>	<b>Total for All Projects Completed by 31 March 2015</b>
	<b>A</b>	<b>B</b>	<b>A + B</b>
	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>
<b>Total Revenue</b>	14,891.2	2,508.9	17,400.1
<b>Total Direct Cost</b>	(9,026.9)	(614.2)	(9,641.1)
<b>Surplus / (Deficit)</b>	5,864.3	1,894.7	7,759.0
<b>Land Premium Foregone by Government</b>	(910.0)	(112.0)	(1,022.0)
<b>Net Surplus / (Deficit) after Land Premium Foregone</b>	4,954.3	1,782.7	6,737.0

**Remarks**

Developers and URA are holding commercial spaces in three out of seventeen projects completed by 31 March 2015 for letting pending future sales in accordance with the joint venture agreements of the project. Estimated total value of URA's shares in these three commercial spaces was approximately \$4,000 million as at 31 March 2015.

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

**Project Address, Name and References**

Address: Cherry Street/Tai Kok Tsui  
Name: Florient Rise  
References: No.60 in Project Highlights

**Project Site Information**

Area m<sup>2</sup> 4,510  
Original GFA m<sup>2</sup> 14,416  
Buildings 33

**Project Development Information**

Total GFA m<sup>2</sup> 43,231  
Residential Flats 522  
Commercial Space m<sup>2</sup> 4,916  
G/IC m<sup>2</sup> 1,849  
Project Duration 12 Years

**Milestones**

	Date	Centa City Index (July 1997 = 100)		R&VD Domestic Index (1999=100)	
		Index	% Variation Since Offers	Index	% Variation Since Offers
Commencement by URA	January 2002	39.9		74.1	
Issue of Acquisition Offers	March 2002	39.5	100%	72.3	100%
Project Agreement	August 2004	45.6	115%	77.6	107.3%
Land Grant	October 2004	47.6	121%	84.1	116.3%
Launch of Sales	March 2009	58.4	148%	109.2	151.0%
Year of Project Completion	2014-15	124.2	314%	264.1	365.3%

**Financial Results**

	\$ million
<b>Total Revenue</b>	2,508.9
<b>Total Direct Cost</b>	(614.2)
<b>Surplus / (Deficit)</b>	1,894.7
<b>Land Premium Foregone by Government</b>	(112.0)
<b>Net Surplus / (Deficit) after Land Premium Foregone by Government</b>	1,782.7

**Remarks**

URA 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**

**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) 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.



**4) 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.

**5) 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.

**6) Allocated Overheads**

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

**7) Notional Interest**

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