

**For discussion  
on 15 July 2024**

**LEGISLATIVE COUNCIL  
PANEL ON DEVELOPMENT**

**Work of the Urban Renewal Authority**

**PURPOSE**

In accordance with the established practice, the Urban Renewal Authority (“URA”) updates the Legislative Council Panel on Development annually on the progress of its work and its future work plan. This paper attaches the report submitted by URA in respect of the progress of its work in 2023-24 and its Business Plan for 2024-25.

**WORK OF URA IN 2023-24 AND BUSINESS PLAN FOR 2024-25**

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

3. The report submitted by URA on the progress of its work in 2023-24 and its business plan for 2024-25 is at **Annex B**. URA’s work plan is guided by the Urban Renewal Strategy (“URS”), last updated in 2011, which is a government strategy made under the URAO and implemented by other concerned departments and stakeholders jointly.

4. In accordance with the 2011 URS embracing a comprehensive and holistic approach to urban renewal, the URA has adopted redevelopment and rehabilitation as its core business. It has also conducted district studies to formulate renewal and restructuring plans for old districts and propose planning tools to encourage private redevelopment of old and dilapidated buildings. With URA’s support, the Government has, in the past two years, implemented transfer of plot ratio pilot scheme, permitted interchangeability of domestic /non-domestic plot ratio in Yau Mong districts and removed the plot ratio restriction of the commercial zone along Nathan Road recommended in URA’s District Study for Yau Ma

Tei and Mong Kok (“YMDS”). Separately, URA commenced in mid-March 2024 the “Sai Yee Street/Flower Market Road Development Scheme” as the first phase of the Nullah Road Urban Waterway Development Node proposed in YMDS. In the coming years, URA will commence another redevelopment project of the “Street Consolidation Areas” in Yau Ma Tei South.

5. Based on experiences gained from YMDS and the actual implementation of various new planning tools in Yau Mong districts, the Government and URA have commenced district planning studies for Sham Shui Po and Tsuen Wan respectively in the second half of 2022 to holistically review the existing land use and potential in the two districts. Preliminary proposals on restructuring opportunities for Sham Shui Po and Tsuen Wan are expected to be ready by phases from the second half of 2024.

6. As part of the 2011 URS, URA established the Urban Redevelopment Facilitating Services Company Limited, a wholly-owned subsidiary, in the same year to implement the Joint Sale (“JS”) Service under the Facilitating Services Pilot Scheme and take up a “facilitator” role to help owners of old buildings assemble titles for joint sale of their property interests. Noting that the Bills Committee of the Legislative Council (“LegCo”) has completed the scrutiny of the Land (Compulsory Sale for Redevelopment) (Amendment) Bill 2023 (“the Bill”) which proposes, amongst others, lowering of compulsory sale application thresholds, URA has conducted a study to enhance the JS Service upon enactment of the Bill. Please refer to paragraphs 49 to 53 of Annex B for details.

## **ADVICE SOUGHT**

7. Members are invited to note the work of URA in 2023-24 and its future work plan.

**Development Bureau**  
**July 2024**

### **Purposes of 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 URA, 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 URA 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 of the Board of URA**

(as at 19 June 2024)

	<b><u>Name</u></b>	<b><u>Professional Background</u></b>
Chairman:	Mr Chow Chung-kong	Engineer
Deputy Chairman/ Managing Director:	Ir Wai Chi-sing	Engineer
Non-executive Directors (non-official):	Mr William Chan Fu-keung	Human Resources Management Expert
	Dr Chan Ka-kui	Quantity Surveyor
	Hon Vincent Cheng Wing-shun	Legislative Council Member
	Ms Ivy Chua Suk-lin	Accountant
	Mr Andy Ho Wing-cheong	Social Worker
		Executive Director, Hong Kong Federation of Youth Groups
	Hon Kwok Wai-keung	Legislative Council Member
	Ir Janice Lai Wai-man	Engineer
	Sr Alexander Lam Tsan-wing	General Practice Surveyor
	Mrs Sylvia Lam Yu Ka-wai	Architect
	Hon Michael Lee Chun-keung	Legislative Council Member

	<u>Name</u>	<u>Professional Background</u>
	Ms Elaine Lo Yuen-man	Solicitor  Hong Kong Senior Partner of Jingtian & Gongcheng LLP
	Professor Tang Bo-sin	Professor, Department of Urban Planning & Design, University of Hong Kong
	Ms Judy Tong Kei-yuk	Barrister
	Hon Tony Tse Wai-chuen	Legislative Council Member
	Ms Yvonne Yeung Kin-ha	Chief Executive of Hong Kong Young Women's Christian Association
Executive Directors:	Mr Wilfred Au Chun-ho	Architect
	Ms Carolin Fong Suet-yuen	Architect
Non-executive Directors (official):	Director of Buildings	
	Director of Lands	
	Director of Planning	
	Deputy Director of Home Affairs (2)	

## **WORK OF THE URBAN RENEWAL AUTHORITY IN 2023-24 AND BUSINESS PLAN FOR 2024-25**

### **I. INTRODUCTION**

1. This paper is a report on the work of the Urban Renewal Authority (“URA”) for the year ended 31 March 2024 (2023-24) and its Business Plan (“BP”) for 2024-25.

### **II. BACKGROUND**

2. URA is mandated under the Urban Renewal Authority Ordinance (Cap. 563) (“URAO”) and the Urban Renewal Strategy (“URS”) to undertake, encourage, promote and facilitate urban renewal. In fulfilling the main objectives of urban renewal as stated in paragraph 5 of the URS<sup>1</sup> promulgated in 2011, URA should adopt a holistic district-based and planning-led approach and be forward-looking to support various development needs of Hong Kong in the long run.

3. Guided by the holistic district-based approach, URA has forged ahead with the recommendations from the District Study for Yau Ma Tei and Mong Kok (“YMDS”) and the New Strategy on Building Rehabilitation Study while conducting two district studies respectively in Sham Shui Po and Tsuen Wan and implementing a district-based building rehabilitation scheme (see details in paragraphs 8 to 16 below). Building on the experience of YMDS, URA will continue to explore appropriate initiatives to facilitate private market participation in urban renewal (see details in paragraph 9 below).

4. In line with the forward-looking approach, new technologies and innovative solutions were adopted in various aspects to enhance operational

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<sup>1</sup> According to paragraph 5 of the URS, the main objectives of urban renewal include, amongst others, restructuring and replanning of concerned urban areas; rationalising land uses within the concerned urban areas; promoting the timely maintenance and rehabilitation of buildings in need of repair; and preserving buildings, sites and structures of historical, cultural or architectural value.

efficiency of our urban renewal works (see details in paragraphs 17 to 23 below). Proactive efforts have been devoted to enhance environment, social and governance practices while achieving carbon neutrality in the long run (see details in paragraphs 24 to 27 below).

5. URA continued to rejuvenate old urban areas by undertaking redevelopment projects and promoting owners-initiated building rehabilitation and preventive maintenance, which are URA's two core businesses under the URS (see details in paragraphs 28 to 73 below). Meanwhile, URA has been testing out the "5Rs" integrated approach by integrating redevelopment, rehabilitation, preservation, revitalisation and retrofitting initiatives to create synergy and achieve holistic urban renewal (see details in paragraphs 74 to 81 below).

6. In addition, actions were taken to carry out the tasks entrusted by the Government in past Policy Addresses (see details in paragraphs 41 to 48 below). To strengthen relationships and garner support from the community for URA's urban renewal initiatives, a series of wide-ranging programmes were organised to serve and educate the general public while enhancing the living environment of residents (see details in paragraphs 82 to 88 below).

7. Highlights of the work to be undertaken by URA in 2024-25 under the draft 23<sup>rd</sup> BP and URA's financial position are covered in paragraphs 89 to 106 below.

### **III. WORK OF URA IN 2023-24**

#### **Initiatives under the Holistic, District-based & Planning-led Approach**

##### **District Studies**

###### *Yau Mong District Study ("YMDS")*

8. YMDS was completed in 2021 with recommendations aiming to overcome existing challenges in urban renewal. One of the early projects under YMDS, namely YTM-013 at Sai Yee Street/Flower Market Road, was commenced in March 2024 as the first phase of Nullah Road Urban Waterway Development Node ("Nullah Node"). Other projects identified from YMDS have been included in the draft 23<sup>rd</sup> Corporate Plan ("CP") for

implementation by URA in later years subject to Government's approval and the financial situation then.

### *Facilitating Private Market Participation*

9. In a bid to incentivise more private market participation to catch up with the pace of urban decay, URA has been working closely with the Government to take forward Outline Zoning Plan ("OZP") amendments and a suite of new planning tools to unleash development potential in the Yau Mong districts. Major progress in 2023-24 is summarised below:

- (a) OZP Amendments – URA supported the Government to initiate amendments to the OZPs of Mong Kok and Yau Ma Tei to permit more flexible interchangeability between domestic and non-domestic plot ratios or to allow more design flexibility for mixed developments along character streets in selected areas as well as to increase the plot ratio for the Nathan Road commercial spine, along with relaxed building height restrictions. The Chief Executive in Council ("CE in C") approved the Mong Kok OZP in June 2023. Similar amendments to Yau Ma Tei OZP were submitted to the Town Planning Board ("TPB") in June 2023 and approval of the CE in C is expected to be obtained in Q3 2024.
- (b) Transfer of Plot Ratio ("TPR") – To unleash development potential of small and isolated sites to allow re-structuring and re-planning in Yau Ma Tei and Mong Kok, new TPB Guidelines to pilot TPR through processing planning applications under Section 16 of the Town Planning Ordinance were promulgated in July 2023. A review of these Guidelines will be conducted in mid-2025 by soliciting views from practitioners/professional institutions to facilitate private sector's participation in urban renewal.
- (c) Street Consolidation Areas ("SCAs") – YMDS has identified small street blocks for amalgamation into more cohesive sizeable redevelopment sites along with under-utilised road space for pedestrian and open space use after road closure and traffic route re-diversion. As announced in the 2023 Policy Address, URA has included redevelopment projects involving SCAs in Yau Ma Tei South in the draft 23<sup>rd</sup> CP for future implementation.



- (d) Building Concession for Specific Objectives – YMDS has proposed to explore Gross Floor Area concession as an incentive to encourage innovative design so that wider planning gains can be delivered to improve the built environment. A consultancy study was commissioned with a view to submitting preliminary findings to the Administration for consideration within 2024.

### *Sham Shui Po and Tsuen Wan District Studies*

10. The Sham Shui Po District Study (“SSPDS”) and Tsuen Wan District Study (“TWDS”) were commenced in August and November 2022 respectively. The studies adopt a similar approach as YMDS, going through baseline reviews, opportunity/constraints identification, plan formulation and technical assessment stages with a view to preparing the master renewal plans (“MRPs”) for both districts. The new planning tools proposed in YMDS will be further explored and re-examined to expand their applicability and benefits in these two districts.

11. In 2023-24, both studies completed their baseline reviews and public consultations, including District Council (“DC”) consultations as well as surveys and interviews with stakeholders. Progress updates were presented to Sham Shui Po and Tsuen Wan DCs in September 2023. Identification of key issues, opportunities and constraints were completed and the preliminary planning concepts for both studies are being prepared.

12. For SSPDS, additional interviews were conducted to cover shops and street stall operators in Sham Shui Po to better understand the local business conditions; opinion surveys were carried out with mainland and overseas visitors to solicit their views on Sham Shui Po as one of the tourist attractions of Hong Kong. For TWDS, a review on infrastructure capacity is underway to identify residual development capacity to guide the formulation of MRP. Upon formulation of the draft MRPs, district-wide technical assessments will be conducted. Restructuring proposals for Tsuen Wan and Sham Shui Po are expected to be ready by phases from the second half of 2024.

### **New Strategy on Building Rehabilitation (“NSBR”)**

13. The 2020 NSBR identified the lack of (i) professional knowledge in procurement of consultants/contractors, (ii) financial reserves and (iii) organisational capabilities as three major obstacles for owners to organise building repair and maintenance works. Since then, URA has

collaborated with professional institutes and practitioners to implement a multi-pronged approach to extend building life and serviceability through promotion of good practices on preventive maintenance and encouraging regular contributions to a maintenance fund.

14. Progress made in 2023-24 includes the completion of the trial version of the Guidelines and Templates for preparing Maintenance Manual for Residential and Composite Buildings (“GTMM”), the launch of a new URA-funded Preventive Maintenance Subsidy Scheme (“PMSS”), and obtaining the Legal Advisory and Conveyancing Office’s approval to include the new Deed of Mutual Covenant (“DMC”) clauses which empower property managers to handle water seepage problems for URA’s eResidence Tower 3 project. For the last item, recommendations have been submitted to the Lands Department (“LandsD”) and Home Affairs Department (“HAD”) for their consideration to incorporate in the Government’s DMC Guidelines.

### **Kowloon City District-based Building Rehabilitation Pilot Scheme (“Pilot Scheme”)**

15. A pilot area in Kowloon City covering 40 buildings without imminent need for redevelopment has been mapped out as the testing ground for various district-based rehabilitation initiatives for a period of three years. Extensive promotion initiatives, including mass briefings, workshops, tea gatherings and street booths, have been rolled out since 2022 to introduce the Pilot Scheme. Major progress in 2023-24 is summarised below:

- (a) Special Subsidy for District-based Building Rehabilitation – With this subsidy, seven buildings commenced procurement of project consultants for carrying out façade face-lifting and waterproofing works to improve the physical environment of the buildings and the district.
- (b) Structural Repair within Owners’ Units – Among the 22 units participated in the Pilot Scheme, structural defects were identified in 20 of them and repair works by URA’s voluntary partners will commence progressively this year.
- (c) Joint Property Management (“JPM”) – Legal, contractual and technical challenges for adopting the JPM model were overcome

in the past year and tender for the JPM service was invited in March 2024. Four buildings within the pilot area are expected to jointly employ a single JPM service provider and begin to benefit from property management service for the first time in August 2024.

- (d) Preventive Maintenance Interest Subsidy – Mass briefing and promotion for this subsidy scheme were conducted. The scheme subsidises the preparation of building maintenance plan, and incentivises building owners to make regular contribution to the building’s Special Fund for future maintenance by providing additional interest for their contributions. This scheme had been replaced by the newly launched New Preventive Maintenance Subsidy Scheme starting from 1 April 2024.
- (e) Streetscapes and Buildings Beautification – URA will subsidise mural paintings for the external walls of eight buildings that joined the Pilot Scheme. A total of 45 artists have been invited to submit mural proposals to illustrate the local Chiu-Thai culture of the district. The first mural with the theme of Thai culture will be completed in 2025.
- (f) Revitalisation of Tak Ku Ling Road Rest Garden – Approval for the design to revitalise the Garden was obtained last year and the works contract will be awarded in late 2024.

16. The experiences gained from the implementation of the Pilot Scheme, which serve as a model for holistic urban renewal – encompassing rehabilitation, revitalisation, and the preservation of local cultures – will assist URA in developing targeted strategies for renewing local districts in the future.

## **Initiatives under the Forward-Looking Approach**

### **Organisation-wide Digital Transformation**

#### *Urban Renewal Information System (“URIS”)*

17. URA continued to optimise the use of its self-developed URIS through a suite of applications to enhance internal processing and analysis

of spatial data while improving the efficiency of planning, rehousing, financial assessments and technical studies for our operation. It enables data-driven planning and formulation of urban renewal initiatives embracing the 5R business areas. The three-dimensional intelligent map (“3D iMap”) technology in URIS has been adopted in freezing surveys and social impact assessments of redevelopment projects commenced since Q1 2021 to improve the quality of assessment for prioritisation of our works. URA is exploring the extension of 3D iMap’s application to tenancy and asset management as well as formulation of leasing strategies for some of URA’s key commercial portfolios to enhance governance on property management.

18. URA was named “Winner of Research and Innovation Category” in the Building Surveyor Awards 2023 organised by the Building Surveying Division of the Hong Kong Institute of Surveyors for its creative solution to facilitate urban regeneration. URA has developed two applications to integrate and analyse data on the age and management status of the existing buildings in urban areas to generate initial assessment results of the condition of common areas and the progress of building rehabilitation works. The applications help forecast the need and cost of rehabilitating these buildings in the coming decades to facilitate the development of a more comprehensive and forward-looking urban renewal plan.

#### *Smart Building & Construction Process*

19. URA has extended the use of Building Information Modelling (“BIM”) from building construction to facility management (“FM”). A centralised BIM-FM platform covering 618 Shanghai Street, eResidence and Central Market was developed to allow cross-project comparisons on sustainability performance, maintenance frequencies of building systems etc. To support the Government’s roadmap for BIM adoption, URA has mandated the use of BIM for the preparation and submission of building plans in a number of ongoing and upcoming redevelopment projects.

20. Apart from the transitional housing project Yan Oi House in Hung Shui Kiu, Modular Integrated Construction (“MiC”) method was also employed for Project SSP-015 at Tonkin Street/Fuk Wing Street. The construction work of SSP-015 was successfully completed in June 2024.

21. URA has been developing its own Digital Construction Management Platform (“DCMP”) to enable systematic consolidation of data collected from multiple construction sites to facilitate effective project management. The DCMP enables data extraction and comparisons on simple dashboards to allow URA’s project managers to monitor the performance and progress of ongoing constructions more efficiently.

#### *Potential of Artificial Intelligence (“AI”) Applications and other Technologies*

22. URA has been actively exploring the application of AI to improve our efficiency and services. Using AI for data and image analyses and voice-to-text conversion will expedite the processing of acquisition compensation, release of building rehabilitation subsidies or response to enquiries etc. URA is conducting studies and pilots for the applications.

23. URA also keeps track of the latest innovative technologies that are relevant to urban renewal work, such as geographic data analysis, green building technologies, BIM and MiC, and provide trainings for our staff to obtain new knowledge in these areas on a regular basis.

#### **Environment, Social and Governance (“ESG”)**

24. URA was honoured with the Organisational ESG Award at the InnoESG Prize 2023, becoming the sole recipient in the real estate/public sector for this year. This accolade acknowledges URA’s ongoing dedication to enhancing our ESG practices at the corporate level and throughout our business operations.

25. While URA is not a listed company and thus is not legally obligated to disclose its performance in the ESG domains, we have begun collecting ESG data in 2023, with the aim of producing an ESG report that meets the standards of the Global Reporting Initiative i.e. GRI. The initial report on URA’s sustainability performance for 2023-24 is expected to be available by Q1 2025 and will encompass most of the standard disclosure items.

26. In response to the Government’s initiative to achieve carbon neutrality by 2050, URA commenced a two-year study in 2023 to formulate the corporate roadmap for carbon reduction and neutrality strategies. A comprehensive review of URA’s carbon footprint had been completed.

Stage 1 of the study covering a desktop research, benchmarking exercise and gap analysis was completed in June 2023. The carbon reduction roadmap is being developed to set specific goals, strategies and timelines for URA to achieve carbon neutrality.

27. URA's redevelopment projects continued to receive exceptionally high green building ratings. Up to May 2024, 14 numbers of URA redevelopment or retrofitting projects received the final Hong Kong BEAM Platinum ratings; four projects received the final BEAM Plus Platinum ratings and 17 projects received the final BEAM Plus Gold ratings.

### **URA's Core Businesses – Redevelopment and Rehabilitation**

28. As stipulated in the 2011 URS, redevelopment and rehabilitation are the two core businesses of URA.

#### **Redevelopment**

29. From 2001 to May 2024, URA commenced and implemented 68 redevelopment projects, of which 26 of them were completed<sup>2</sup>. Separately, all the six redevelopment projects undertaken in association with the Hong Kong Housing Society ("HKHS") were also completed. Upon completion, all the 74 redevelopment projects (including six HKHS projects) would provide around 36 400 new flats, about 469 000 m<sup>2</sup> of commercial space including shops, offices and hotels, about 188 000 m<sup>2</sup> of Government, Institution or Community ("G/IC") facilities and about 71 200 m<sup>2</sup> of Public Open Space.

30. From April 2023 to May 2024, key project milestones achieved by URA include:

- (a) commenced YTM-013 at Sai Yee Street/Flower Market Road, being the first phase of implementation of the Nullah Node in YMDS;

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<sup>2</sup> The completed projects do not include the completed Site B of Project H18 at Peel Street/Graham Street (My Central) and the completed DA 1 of Project K7 Kwun Tong Town Centre (Park Metropolitan), as they are the first phase of a large-scale project yet to be fully completed.

- (b) obtained planning approvals/Secretary for Development's authorisations for five projects, namely KC-017 at Nga Tsin Wai Road/Carpenter Road, KC-018 at Ming Lun Street/Ma Tau Kok Road, KC-019 at To Kwa Wan Road/Ma Tau Kok Road, CBS-2:KC at Kau Pui Lung Road/Chi Kiang Street and C&W-007 at Queen's Road West/Kwai Heung Street,
- (c) issued acquisition offers for two projects, namely SSP-017 at Kim Shin Lane/Fuk Wa Street and KC-017 at Nga Tsin Wai Road/Carpenter Road;
- (d) submitted resumption applications for two projects, namely SSP-017 at Kim Shin Lane/Fuk Wa Street and SSP-018 at Cheung Wah Street/Cheung Sha Wan Road;
- (e) cleared the project site for KC-015 at Kai Tak Road/Sa Po Road;
- (f) awarded the joint venture ("JV") tender of CBS-1:KC at Shing Tak Street/Ma Tau Chung Road;
- (g) obtained land grants for K1 at Nga Tsin Wai Village and CBS-1:KC at Shing Tak Street/Ma Tau Chung Road; and
- (h) obtained occupation permits and/or Certificate of Compliance for DL-5:SSP (The Symphonie), DL-10:KT (Bal Residence), SSP-016 (The Harmonie) and YTM-010 (One Soho).

### *Progress of Ongoing Key Projects*

#### YTM-013 (Sai Yee Street/Flower Market Road)

31. YTM-013 was commenced in March 2024 under Section 25 of URAO as the first phase of implementation of the Nullah Node in YMDS. In accordance with the recommendations of YMDS, a waterway park will be built for public enjoyment, making up a blue-green amenity feature in the Nullah Node.

32. The project comprises two main sites: Site A is composed of one larger site and four smaller sites in the Flower Market vicinity, involving 23 buildings aged over 60 years while Site B covers an area with several

existing government facilities and segregated leisure spaces. TPR, as recommended in YMDS, will be applied to optimise land utilisation of Site A via a linked-site approach. URA will commence the acquisition of Site A after CE in C's approval of its Development Scheme Plan ("DSP"). For Site B, the "Single Site, Multiple Use" model will be adopted to provide a multiple-purpose complex with upgraded facilities for government and community uses which includes the permanent Yau Tsim Mong District Health Centre ("DHC")<sup>3</sup>. The integrated approach will be adopted in YTM-013 along with place-making initiatives to strengthen the ambience and street vitality of the Flower Market while facilitating its future development.

#### KC-017 (Nga Tsin Wai Road/Carpenter Road)

33. KC-017 was commenced in May 2022 under Section 25 of URAO with the objectives of redeveloping an aged urban district through holistic re-planning and re-structuring. The project includes a main site, a northern site and an eastern site. The main and the eastern sites cover about 120 street numbers of buildings, public facilities and streets. Under the "Single Site, Multiple Use" model, the northern site situated at the Carpenter Road Park ("CRP") has been replanned to accommodate a new Joint-user Government Complex ("JUC") to house new community facilities as well as reprovisioning existing ones currently located in the Kowloon City Municipal Services Building and the adjoining government buildings at the main site. The total G/IC floor area proposed in the project will be about three times the existing area. Acquisition offers were issued in April 2024 after obtaining CE in C's approval of the draft DSP.

34. As the Government's works agent for the new JUC, URA continued to take lead in its design and implementation and is coordinating with relevant government bureaux and departments to secure design and funding approvals for construction. Prior to JUC works commencement, URA has planned to carry out revitalisation works at CRP in phases to improve the connectivity between the two areas and modernise the existing park facilities while enabling the re-provision of the affected amenity facilities of the Leisure and Cultural Services Department.

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<sup>3</sup> A temporary DHC is located at Ex-Mong Kok Market Building (see details in paragraph 79).



35. To preserve local characteristics, URA conducted surveys and interviews with wet market stall operators as well as Chiu/Thai food store and restaurant owners in KC-017 to formulate decanting strategies for affected operators. Special measures will be offered to them aiming to cater for their relocation needs during the interim period. It also provides opportunities for operators to opt to return to URA's commercial premises in the completed KC-015 (Kai Tak Road/Sa Po Road) and KC-017 redevelopments, which could fit into the project's overall planning objective of preserving the local character of vibrant market activities and popular dining culture in the district. In addition to enhancing community facilities and strengthening local characteristics, URA will adopt the integrated approach by introducing building rehabilitation and revitalisation to those aged buildings in the neighbourhood but outside the project site with a view to creating wider planning gains for the local community.

#### Civil Servants' Co-operative Building Society ("CBS") Projects

36. Two pilot projects to redevelop CBS buildings, namely CBS-1:KC at Shing Tak Street/Ma Tau Chung Road and CBS-2:KC at Kau Pui Lung Road/Chi Kiang Street, were commenced in May 2020 under Sections 26 and 25 of the URAO respectively. Site clearance for CBS-1:KC was completed in March 2023 and the JV tender was awarded in December 2023. Demolition works were completed in March 2024 and the JV developer has taken over the site to commence the next phase of works.

37. For CBS-2:KC, URA submitted a planning proposal with revised DSP to include the provision of 950 Starter Homes ("SH") units (among the total flat production of about 2 300 units within the project) to support the Government's efforts in providing more subsidised sale flat. The project will also provide at least 400 m<sup>2</sup> of at-grade open space for public use, an underground public vehicle park, as well as G/IC facilities to serve the community. CE in C approved the revised DSP in February 2024. There were a total of nine undissolved CBSs at the time of project commencement. URA has offered free legal and administrative support to facilitate the dissolution of these undissolved CBSs. As of June 2024, seven of the nine CBSs have been dissolved, cancellation order for one CBS was issued, and the remaining one CBS's application for dissolution is being processed by the Government.

### Development Areas (“DAs”) 4 & 5 at Kwun Tong Town Centre (K7)

38. Following the issuance of JV tender invitations for DAs 4 & 5 in November 2022, URA rejected the tender submission received in February 2023. To enhance the attractiveness of the JV tender and reinforce K7’s positioning as the “town centre”, URA has integrated the “vertical city” planning concept into the development of DAs 4 & 5 and proposed to repackage it from a purely commercial to a mixed-use development by introducing domestic use while adopting a vertical development model. To better accommodate fluctuating market conditions, the proposed development allows tenderers the flexibility to adjust the development mix among residential and non-residential uses. URA prepared a proposal to amend the zoning of DAs 4 & 5 for Planning Department’s submission to TPB in September 2023. The approval of TPB was obtained in April 2024. With the land grant approval scheduled to be obtained in the second half of 2024, URA planned to invite JV tenders in 2024-25. To enhance understanding of the project scope and planning agility, a roadshow for both local and overseas potential investors was commenced to arouse market interest.

39. To optimise community gains in the interim period during which planning procedures were carried out, URA obtained approvals from relevant government departments in Q2 2023 for the temporary and short-term uses of the Government land in DAs 4 & 5 of K7 as a “Free Space” to serve the local community. Recreational facilities including children’s playground and ballcourt have been set up for public’s enjoyment since December 2023. A variety of events and activities have been organised in collaboration with the Kwun Tong Home Affairs Department and local community organisations, attracting over 1.3 million participants/visitors so far. In parallel, an online application platform was launched in December 2023 for the public to apply for the use of the Free Space for community events and activities.

### Nga Tsin Wai Village (K1)

40. K1 is being implemented as a redevelopment-cum-preservation project to preserve the relics found in the Nga Tsin Wai village. A conservation park will be provided at the centre of the site to showcase the preserved archaeological elements. The land grant was executed by URA and LandsD in June 2023. Archaeological rescue excavation works were commenced since October 2023 with target completion in 2025.

## *Government / Policy Address Initiatives*

### Support Service Centre for Minority Owners under Compulsory Sale (“SMOCS”)

41. The Government introduced into the Legislative Council (“LegCo”) in December 2023 the Land (Compulsory Sale for Redevelopment) (Amendment) Bill 2023 (“the Amendment Bill”) to update and streamline the statutory compulsory sale regime so as to speed up redevelopment of old and dilapidated buildings by private sectors. With the completion of the scrutiny of the Amendment Bill by the LegCo’s Bills Committee in mid-June 2024, the Amendment Bill is expected to come into effect at the end of 2024. As one of the administrative measures to enhance support to minority owners affected by compulsory sale, the Dedicated Office of Supporting Services for Minority Owners under Compulsory Sale (“DOSS”) set up under Development Bureau and the SMOCS, a wholly-owned subsidiary set up by URA and commissioned by DOSS, will both commence operation in August 2024 to deliver enhanced one-stop support services to minority owners who are subject to compulsory sale applications. Specifically, SMOCS will provide support services including subsidised mediation, provision of independent third-party property valuation reports at a concessionary cost, provision of free preliminary professional advisory services by lawyers and surveyors, free referral to professional services to handle compulsory sale litigation, provision of free counselling services and relocation assistance. SMOCS will also provide free public education talks and enquiry service on compulsory sale to the general public. SMOCS will report directly to DOSS on its work and operate independently from the main operation of URA.

### District Studies

42. In response to the Government’s invitation in the 2021 Policy Address, URA has commenced district studies respectively for the old districts of Tsuen Wan and Sham Shui Po aiming to map out blueprints for urban renewal (see details in paragraphs 10 to 12 above).

### Provision of SH units

43. The 2019 and 2020 Policy Addresses entrusted URA with a new mission to actively provide more SH units in its redevelopment projects in light of the successful experience of eResidence Towers 1 and 2. In response, URA designated a project at Chun Tin Street/Sung Chi Street as

eResidence Tower 3, which is adjacent to Towers 1 and 2, as the next SH project. Of the 260 SH units of Tower 3, 173 (67%) units were sold at discounted prices to eligible first-time home buyers in March 2024. URA will roll out the remaining SH units later after seeking approval from the URA Board and discussing with the Government on the sales arrangements.

44. Another about 2 000 and 950 SH units will be provided by URA in the redevelopment of Tai Hang Sai Estate (“THSE Project”) in collaboration with the Hong Kong Settlers Housing Corporation Limited (“HKSHCL”) (see details in paragraphs 45 to 46 below), and CBS-2:KC at Kau Pui Lung Road/Chi Kiang Street (see details in paragraph 37 above) respectively.

#### Joint Redevelopment of THSE with the HKSHCL

45. The THSE Project was announced in the 2020 Policy Address. In 2021, the Government approved the joint redevelopment proposal of HKSHCL and URA on the condition that HKSHCL will provide proper rehousing arrangements for existing tenants. The redevelopment of THSE is being implemented in two portions, namely Sites 1 and 2, which will provide respectively rehousing units for the existing residents and SH units to be disposed of by URA.

46. URA and the HKSHCL signed a “Project Implementation Agreement” in May 2023. HKSHCL issued rehousing/compensation offers to existing THSE tenants in June 2023 and over 98% tenants have moved out as at June 2024. Demolition works will commence after site clearance scheduled for late 2024. LandsD is currently processing the land grant application concerned. The THSE Project will take approximately five years to complete after demolition.

#### Assisting Non-Governmental Organisations (“NGOs”) in Developing Transitional Housing (“TH”)

47. In response to the Government’s invitation in the 2019 Policy Address to assist NGOs in developing TH units, URA collaborated with Yan Oi Tong (“YOT”) to provide 410 units in the Yan Oi House project located in Hung Shui Kiu. The project adopted MiC method with special designs to optimise natural lighting and ventilation. The project was successfully completed and handed over to YOT in Q2 2023.

## “Single Site, Multiple Use” (“SSMU”) Facilitation Scheme

48. Following the Government’s invitation in the 2019 Policy Address, URA introduced the SSMU Facilitation Scheme to provide consultancy and facilitation services to NGOs. It helps NGOs optimise the potential of their sites through redevelopment initiatives under the SSMU model. From 2021 to May 2024, 29 NGOs made inquiries about the SSMU Facilitation Scheme, resulting in five applications. Two applications, covering sites in Yuen Long and Sha Tin, did not meet the eligibility criteria and were therefore rejected. Another two applications located in Tuen Mun and Sham Shui Po were deemed infeasible after a preliminary assessment in 2023. The remaining application for an NGO site in Yau Ma Tei was received in November 2023 and is currently under assessment.

## *Facilitating Services (“FS”) Scheme*

### FS Scheme – Joint Sale (“JS”) Service

49. The JS Service aims to help property owners of a building to jointly sell their properties to private developers for redevelopment. The JS Service began in 2011 and is implemented by the Urban Redevelopment Facilitating Services Co. Ltd. (“URFSL”), a wholly-owned subsidiary of URA.

50. Currently, application for JS Service can be made when owners of 50% or more of the total undivided shares of a lot agree to the joint sale (“basic threshold requirement”). Upon receipt of applications meeting the “basic threshold requirement”, they will be assessed by URA’s Facilitating Service Panel (“FSP”) against factors including building age, existing building conditions, planning gains and preliminary financial viability for redevelopment. For accepted applications after passing FSP’s assessment, URFSL will follow up with the remaining owners who have not yet agreed to the joint sale in a six-month period, with a view to obtaining consent of owners of not less than 80%, or 90%, as appropriate, of the undivided share (equivalent to the prevailing statutory compulsory sale application threshold) of the lot concerned for joint sale (“joint sale threshold requirement”). URFSL will offer legal and marketing supports and organise open tender/auction for cases meeting the “joint sale threshold requirement”.

51. Since 2011, 42 valid JS applications (including three received in 2023-24) have been received. Out of them, 27 applications (including the estate in Kowloon City mentioned in paragraph 52 below) were accepted after FSP's assessment. Of these 27 applications, one application is still under processing, and 17 other applications were terminated because of their failure to meet the "joint sale threshold requirement" at the end of the six-month lobbying period. The remaining nine applications were able to meet the "joint sale threshold requirement"<sup>4</sup>. Of these nine cases, eight refused to sell after open tenders/auctions<sup>5</sup> while the remaining one was successfully sold by public auction.

52. In 2023-24, three JS applications were received. One application from an estate in Kowloon City was accepted by FSP and the owners are currently considering whether to joint-sale their properties under the FS Scheme. The other two applications, one concerning a building in Sheung Wan and the other a building in Happy Valley, were turned down by FSP as they failed the financial viability or building condition tests.

53. In anticipating that the compulsory sale application threshold will be reduced upon the enactment of the Amendment Bill if approved by the LegCo, URFSL is planning to implement various measures, subject to the URA Board's approval, to enhance the JS Service under the FS Scheme. These measures include (i) lowering the "basic threshold requirement" for joint-sale service from 50% to 40%; and (ii) lowering the "joint sale threshold requirement" which triggers URFSL's legal and marketing support as well as the arrangement of public tender/auction to align with the reduced compulsory sale application thresholds under Amendment Bill. URFSL will also study the feasibility to include lots adjoining the applicant building in a joint-sale when this can increase the redevelopment's financial viability. Finally, URFSL will step up publicity on the JS Service to increase awareness of property owners.

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<sup>4</sup> In some cases, although the total number of undivided shares owned in aggregate by the owners who consented to the joint sale could not meet the "joint sale threshold requirement", it was very close to the threshold. With the consent of the owners concerned, URFSL has also conducted joint sales by way of open tender or auction.

<sup>5</sup> Of the eight cases where joint sale by public auction/tender were unsuccessful, two were subsequently wholly acquired by private developers, and one was subsequently included in URA's redevelopment project.

## FS Scheme – Other Services

54. Apart from providing service to facilitate NGOs to redevelop their under-utilised sites using the SSMU Facilitation Scheme (see details in paragraph 48 above), URFLS is also offering free facilitating services to members of undissolved CBSs affected by URA's projects to help them obtain legal titles of their flats through the dissolution of the CBSs.

### *Flat for Flat ("FFF") Arrangement*

55. Since its introduction in 2011, FFF arrangement has been offered to affected owners in 31 redevelopment projects<sup>6</sup>. Domestic owner-occupiers affected by these projects were offered an additional option to purchase in-situ FFF units in the respective redevelopment sites, FFF units in selected nearby URA development projects, or FFF units in the completed URA's self-developed Kai Tak Development. Up to May 2024, a total of 52 owners have taken up the FFF offers, comprising 44 units in the Kai Tak Development and 8 in-situ units.

## **Rehabilitation**

56. URA continued its rehabilitation efforts in three major areas, including managing government-funded subsidies, funding and managing its own subsidies and strategically promoting rehabilitation initiatives. Progress achieved in 2023-24 and up to May 2024 are set out below.

### *Management of Government-funded Subsidies*

57. URA continued to administer the following five government-funded subsidy schemes, with a total government funding of \$19 billion, to support building owners in conducting maintenance and repairs of buildings. URA bears the costs and resources associated with the promotion and management of these schemes.

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<sup>6</sup> Nine of the projects were under the Demand-led Pilot Scheme.

## Operation Building Bright (“OBB”) 2.0

58. OBB 2.0 began in July 2018 and was allocated \$6 billion funding to subsidise eligible owner-occupiers of domestic flats to carry out inspections and repairs to the common parts of their buildings, with a target to benefit around 5 000 buildings. Up to May 2024, 1 300 and 1 700 Approvals-In-Principle (“AIPs”) have been issued for Category 1 and Category 2 buildings<sup>7</sup> under two rounds of application. So far, inspection and repair works for around 140 Category 1 and 520 Category 2 buildings have been completed.

## Fire Safety Improvement Works Subsidy Scheme (“FSWS”)

59. The Government, in partnership with the URA, implemented a \$2-billion FSWS in 2018, providing subsidy to owners of eligible composite buildings for carrying out fire safety improvements works in their buildings as required by the Fire Safety (Buildings) Ordinance, (Cap. 572) (“FS(B)O”) <sup>8</sup>. Subsequently, the Government increased the funding for the FSWS to a total of \$5.5 billion. The whole FSWS is estimated to benefit around 6 000 to 6 500 buildings. Three rounds of application were launched. Up to May 2024, AIPs were issued to 3 092 buildings. Fire safety improvement works for around 114 buildings under FSWS were completed so far.

## Third round of application for both OBB 2.0 and FSWS

60. The third round of application for both OBB 2.0 and FSWS was open from April to September 2023. Each scheme received approximately 1 600 applications. Initial eligibility checks and prioritisation for this round

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<sup>7</sup> Category 1 buildings concern applicants who are willing to carry out the MBIS-related works by themselves. Category 2 buildings are applications with outstanding statutory orders and works to be carried out by government contractors. BD selects Category 2 buildings on risk basis and exercises its statutory power to carry out the requisite inspection and repair works required in default of the owners.

<sup>8</sup> FS(B)O came into operation on 1 July 2007. It stipulates that composite and domestic buildings constructed on or before 1 March 1987, or with the plans of the building works first submitted to the Buildings Department (“BD”) for approval on or before that day (“target buildings”) must be enhanced to meet modern fire protection requirements. Under FS(B)O, the Fire Services Department and the Buildings Department issue Fire Safety Directions to owners and/or occupiers with regard to fire safety measures of buildings under their respective purview and specify the required fire safety improvement works.



were completed in December 2023 and AIPs for eligible applicants have been issued in batches starting in May 2024. Various support measures have been introduced to expedite the inspection and repair works for the third round of OBB 2.0 applicants. These measures include providing pre-qualified lists of consultants and contractors for building owners to invite tenders, inviting consultancy tenders on behalf of building owners in cases of default, providing guidelines for tender assessments and setting up progress milestones according to the size of the applicant building.

#### Lift Modernisation Subsidy Scheme (“LIMSS”)

61. LIMSS began in March 2019 and was allocated \$4.5 billion funding to subsidise eligible owner-occupiers of domestic flats to replace their old lifts or retrofit them with modern safety devices. Originally, it was targeted to benefit around 8 000 lifts. A total of about 2 000 applications involving 8 200 lifts were received in two rounds of application. Up to May 2024, AIPs were issued to over 5 100 lifts of eligible applicants following a vigorous prioritisation exercise. Works for about 820 lifts have been completed so far.

62. Given that both the proportion of applicants choosing to replace their lifts instead of retrofitting them, and the proportion of elderly owner-occupiers eligible for a larger subsidy were higher than initially expected when the scheme was established, the allocated funding of \$4.5 billion is only sufficient to cover the 5 100 lifts for which AIPs had been issued. The LIMSS Steering Committee approved the issuance of AIPs to an additional 620 lifts using the surplus funding generated from the interest of the original LIMSS fund and savings from the outreach social services. Rejection letters to the remaining 132 applicants (involving 1 360 lifts) have been issued by early June 2024.

#### Building Maintenance Grant Scheme for Needy Owners (“BMGSNO”)

63. BMGSNO began in June 2020 and was allocated \$2 billion funding to assist needy owner-occupiers of domestic flats to carry out repair and maintenance works for their flats or common areas. Up to May 2024,

around 24 100 applications were received and AIPs were issued to around 13 500 applications<sup>9</sup>, benefitting around 17 500 owner-occupiers.

### Building Drainage System Repair Subsidy Scheme (“DRS”)

64. In light of the pandemic, DRS began in May 2021 and was allocated \$1 billion funding to assist owners of domestic flats to carry out investigation, repair, rectification and upgrading works of common drains in eligible aged domestic buildings, targeting to benefit owners of around 3 000 buildings. Up to May 2024, around 2 500 valid Category 1<sup>10</sup> applications were received and AIPs were issued to over 1 392 buildings, among which around 1 100 applications have commenced investigation works. In addition, investigation or repair works by BD have commenced for around 1 200 Category 2 buildings. DRS ceased to accept new applications on 1 June 2024.

### *Building Rehabilitation Subsidy Schemes Funded and Managed by URA*

### Common Area Repair Works Subsidy Scheme (“CAS”)

65. CAS was initiated in 2011 to enable eligible building owners to carry out comprehensive maintenance works in the common areas of the buildings and covers aspects not typically covered by government schemes, such as sustainable features or finishing works. Moreover, CAS also provides limited subsidies to non-occupier owners of buildings receiving government subsidies for rehabilitation works<sup>11</sup>. Up to May 2024, AIPs were issued to around 4 500 buildings for this scheme.

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<sup>9</sup> Slightly over half of the applications not granted with an AIP were not eligible or repeated applications, or were withdrawn by the applicants subsequently; the remaining applications were pending submission of further information from the applicants.

<sup>10</sup> The concept of Category 1 and Category 2 buildings under DRS essentially mirrors that of OBB 2.0.

<sup>11</sup> Only owner-occupiers of buildings that receive government subsidies for rehabilitation works are eligible to benefit from such financial assistance. Conversely, non-occupier owners are required to cover the full costs of these rehabilitation endeavors themselves. To encourage broader consensus among building owners to commence rehabilitation works, the CAS also offers limited subsidies to non-occupier owners of buildings that qualify for government subsidies.

### Mandatory Building Inspection Subsidy Scheme (“MBISS”)

66. Under MBISS, URA assists building owners to arrange first inspections of the common areas of their buildings which are subject to statutory notices issued by BD under the Mandatory Building Inspection Scheme (“MBIS”). Up to March 2024, AIPs were issued to 1 400 buildings and about 400 buildings (around 19 000 units) have completed the prescribed inspections under MBISS. Since owners issued with MBIS notices can also apply for the third round of OBB 2.0, the URA Board has approved to cease accepting MBISS applications starting from April 2024 to avoid duplication of efforts.

### Preventive Maintenance Subsidy Scheme (“PMSS”)

67. PMSS was newly launched in April 2024 to encourage eligible building owners to carry out preventive maintenance. It offers subsidies to cover the costs associated with the preparation of a building’s maintenance manual in accordance with GTMM. This includes the development of a maintenance schedule and estimates for repair costs, which are to be supported by the building’s Special Fund over the next ten years. Additionally, PMSS incentivises building owners to make regular contributions to the building’s Special Fund by offering supplementary interest benefits.

### *Support to Building Owners and Promotions of Rehabilitation*

### Smart Tender Building Rehabilitation Facilitating Services Scheme (“Smart Tender”) and E-Tendering Platform

68. Launched in 2016, Smart Tender is an innovative online platform that allows building owners to invite tenders for consultancy services and works contracts. It includes features such as providing pre-tender estimates and tender collection for the tenders, and offering third party witness and recordings of tender openings. The primary objective of Smart Tender is to combat collusion and corruption, issues traditionally linked with building rehabilitation projects. A nominal fee is charged for using the Smart Tender service. Up to May 2024, around 3 330 valid applications for the use of Smart Tender were received and around 3 226 of them were approved and approached for providing the services.

69. The E-Tendering platform is a free online platform launched in 2021 to enable Owners' Corporations (“OCs”)/DMC managers to invite tenders online without joining Smart Tender.

#### Enrichment of Building Rehabilitation Platform

70. Launched in 2019, the Building Rehabilitation Platform (“BRP”) at <https://www.brplatform.org.hk> is a comprehensive information hub designed to support building rehabilitation efforts. Since its inception, it has garnered over 1.8 million hits, serving as a testament to its usefulness and popularity. The platform provides building owners and stakeholders with a wide range of information and support services. These services include a guidebook detailing the rehabilitation process, approximately 70 sets of tutorial videos available in three languages, and 18 sets of sample tender documents to facilitate the procurement of consultants and contractors. Additionally, the BRP features a cost reference centre that lists the unit rates for common work costs, offering a valuable resource for building owners to reference.

71. In pursuit of continuous improvement, an online survey was conducted targeting individual users to gather their feedback. This initiative aims to laying the groundwork for a comprehensive overhaul of the BRP website. Approximately 6 000 responses have been received and are currently under analysis to prepare for the development of an enhancement proposal. Meanwhile, efforts to enrich the content of the BRP are ongoing, with the objective of facilitating building rehabilitation efforts to decelerate the pace of urban decay.

#### Building Rehabilitation Company Registration Scheme (“BRCRS”)

72. BRCRS has been progressively rolling out in phases since 2022. It encompasses distinct databases for various consultants and contractors who have the necessary qualifications to offer building rehabilitation services or execute rehabilitation projects. To be listed in the database, consultants and contractors must submit an application. The results from evaluations of the companies' management systems conducted by the Hong Kong Quality Assurance Agency will be displayed in the database. The databases for Authorised Persons/Registered Inspectors and Registered General Building Contractors were released in 2022. The databases for Registered Minor Works Contractors (Class I) and Registered Fire Service

Installation Contractors (Classes I and II) are scheduled to be launched in the first quarter of 2025.

### Building Rehabilitation Resources Centre (“BRRC”)

73. The new BRRC located at eResidence in To Kwa Wan is the first centre providing one-stop building rehabilitation information and assistance services in Hong Kong. The centre was officially opened to the public in July 2023. With an area of around 697 m<sup>2</sup>, it is equipped with multimedia displays and digital technology, aiming to promote the importance of building rehabilitation to visitors in interactive ways. It also offers support for building owners to carry out building repairs and maintenance through a combination of technologies and video consultation services, as well as spaces for mediation for building rehabilitation related disputes. As of May 2024, the BRRC has recorded over 11 000 visitors since its opening.

### **Preservation-cum-Revitalisation and Retrofitting Projects**

74. In 2023-24, URA continued to implement a number of preservation-cum-revitalisation and retrofitting projects. During this process, URA has leveraged on the local characteristics and culture of a district while incorporating place-making and community-making concepts. The integrated approach has been adopted in some of the projects (i.e. Integrated Projects) to improve the overall built environment, thereby achieving holistic urban renewal of the entire old district.

### **Progress of Key Projects**

#### *Integrated Projects*

75. URA has been testing out the integrated approach in which some redevelopment projects undertaken by URA were combined with initiatives under different Rs to create synergy and greater impact in the built environment. Notable initiatives being pursued in this connection include:

- (a) the improvement works for the open space (i.e. Tak Ku Ling Road Rest Garden) and streetscapes in the surrounding of KC-015 at Kai Tak Road/Sa Po Road;

- (b) the revitalisation works of the open space (i.e. Carpenter Road Park) near the proposed new JUC of KC-017 at Nga Tsin Wai Road/Carpenter Road;
- (c) the revitalisation works of the open space near the proposed new JUC of SSP-018 at Cheung Wah Street/Cheung Sha Wan Road;
- (d) a cluster of “Nano-Parks”<sup>12</sup> to be provided in the vicinity of YTM-010 and YTM-012 at Reclamation Street/Shantung Street/Thistle Street; and
- (e) revitalisation of Li Shing Street Playground near C&W-006 at Queen’s Road West/In Ku Lane.

76. The above initiatives have been progressing at various stages with detailed designs being finalised to facilitate works tender preparation in 2024.

#### *Community Making at Staunton Street/Shing Wong Street Neighbourhood*

77. The revitalisation works of URA’s acquired buildings at the neighbourhood were completed in February 2023, and the co-living operator was appointed at the end of 2023. The co-living operation of the 38 domestic units in the revitalised buildings under the name “Habyt Bridges” was commenced in 2024. The community making process will continue with the community visions converged from existing neighborhood, injecting impetus from new community members including both the operator and the residents. Concurrently, URA’s work in promoting rehabilitation works and artists’ murals to improve the environment has been ongoing to create more synergy with the neighborhood.

#### *Central Market (Grade III Historic Building)*

78. Since officially opening to the public in April 2022, Central Market has established itself as a new landmark, attracting a record number of visitors exceeding 40 million. By May 2024, approximately 2 000 events and workshops have been conducted, covering a broad spectrum of themes

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<sup>12</sup> The “Nano-Parks” concept aims to revitalise existing small-sized and scattered open spaces located in the dense and aged building fabrics, thereby creating a new network through a community co-created branding and place-making to connect small parks within walkable distances to generate greater design impact and opportunities for the local community’s enjoyment.

including intergenerational engagement, education, innovation, social inclusion, environmental awareness, as well as art and culture. To acknowledge its exceptional contribution for creating a sustainable built environment, the project was honoured with the Grand Award in the Existing Building Category for Completed Commercial Projects of the Green Building Award 2023.

#### Retrofitting of Ex-Mong Kok Market Building (“Ex-MKM”)

79. URA initiated the retrofitting of Ex-MKM into an interim DHC to be managed by the Health Bureau. The project began in March 2023, with an anticipated completion in early 2025. The interim DHC is expected to remain operational until the completion of the permanent DHC located in the JUC planned under YTM-013 at Flower Market Road/Sai Yee Street, following the SSMU model (see details in paragraph 32 above).

#### *Western Market (Declared Monument)*

80. In 2021, the Government granted a 5-year “hold-over” of the land lease for URA to undertake repair and renovation works of Western Market. To prepare for the revitalisation of Western Market, a consultant was appointed in June 2023 to carry out a comprehensive condition survey of the building and to develop conservation proposals for consultation with the Antiquities and Monuments Office. The repair and renovation works are anticipated to commence in 2025.

#### *Mong Kok Streetscape Improvement*

81. URA worked with relevant government departments to enhance the local streetscape, ambience and attractiveness of five themed streets in Mong Kok, which include sections of Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street. All improvement works were completed and taken up by the concerned government departments in January 2024.

### **Community Relations and Programmes**

82. URA continued its steadfast efforts in serving the community in old districts and educating the general public and younger generations about

urban renewal through a diverse range of community and education programmes. Major initiatives carried out in 2023-24 are highlighted below.

### *Serving the Community*

83. In 2023-24, volunteers from URA, local universities and NGOs continued to join hands under the “Community Service Partnership Scheme” (“CSPS”) and served over 180 underprivileged residents in old urban districts. The Upcycling Project under CSPS has been restructured to incorporate both decluttering and bespoke furniture making services, thereby improving the living environment for ten beneficiary families in Kowloon City and To Kwa Wan. The “Elderly Health Project” introduced last year continued to provide support to three elderly homes in Sham Shui Po to improve the well-being of nearly 150 elderlies. Additional assistance was offered to an elderly home located at Project SSP-017 at Kim Shin Lane/Fuk Wa Street, facilitating a smooth transition during its relocation in January 2024.

84. URA has also strengthened its community engagement efforts with ethnic minorities in Kowloon City and Yau Tsim Mong districts in collaboration with NGOs to contribute to the preservation of the culture of ethnic minorities and foster racial harmony and inclusivity within the districts. Approximately 50 Thai volunteers were successfully recruited to provide support for the Thai community in Kowloon City. Over 60 visits were conducted throughout the year, reaching out to over 850 Thai residents and shop operators in the “Lung Sing” area. Apart from participating in the Songkran Festival in April 2023, URA also supported the organisation of traditional festive celebrations for the South East Asian community in Yau Tsim Mong District last year.

85. During the year, the “Home Improvement Community Programme” helped five infirm elderly tenants affected by URA projects by providing tailor-built gerontechnology setting to the public rental housing units where they would be rehoused. URA continued to partner with five NGOs under the “Home Repair Services Community Programme” to help underprivileged residents in Kowloon City, Yau Tsim Mong and Sham Shui Po districts. In 2023-24, 905 household cases have been completed, including 32 ethnic minorities households of Thai and South East Asians. The programme scope has been extended to include minor repair works for 13-Street elderly owners to improve their living



environment. A total of 120 home visits and 80 handy-man services were conducted. Another 20 cases of minor works repairs were completed by May 2024.

86. As of May 2024, URA has provided about 4 700 m<sup>2</sup> of premises at concessionary rent for 30 NGOs and social enterprises to operate. Local communities, NGOs and creative talents can also rent activity spaces on a daily basis to organise workshops, performances, exhibitions and promotions at URA's community spaces at H6 CONET, M7 and 618 Shanghai Street.

### *Educating the Community*

87. In 2023-24, a new programme titled "URA Youth Speak" was set up in collaboration with the Hong Kong Federation of Youth Groups Leadership Institute. Through a series of trainings, a group of 31 elite secondary students gained relevant knowledge and experience in formulating policies and strategies for promoting building rehabilitation. Besides, URA continued its collaboration with the Institute of Vocational Education to inspire students through the Innovative Design Competition to generate creative proposals to enhance awareness and knowledge towards building rehabilitation and preventive maintenance among property owners.

88. Under URA's "Young Leaders Programme" organised in collaboration with Tung Wah Group of Hospitals ("TWGHs"), a total of 144 students from 18 TWGHs secondary schools were engaged to learn about the integrated approach in urban renewal and share creative ideas on how to strengthen local characteristics of the "Lung Shing" area. URA also engaged Cheung Sha Wan Catholic Secondary School, a key stakeholder of SSP-017 at Kim Shin Lane/Fuk Wa Street and SSP-018 at Cheung Wah Street/Cheung Sha Wan Road to enhance teachers and students' knowledge on the integrated approach and the subsequent planning benefits to the Sham Shui Po community.

## **IV. URA'S DRAFT BP FOR 2024-25**

89. URA's draft 23<sup>rd</sup> CP (2024-25 to 2028-29) and BP (2024-25) are being considered by the Government. The draft 23<sup>rd</sup> CP has proposed eight redevelopment projects. Amidst the increasing geopolitical tensions,

persistent fluctuations in the property market, sustained high interest rates and uncertainties in the financial market envisaged in the coming years, URA has adopted a prudent and agile approach in 2024-25 to sustain the pace of urban renewal within manageable risk.

90. URA will continue to support the Government in implementing and refining the planning tools identified in YMDS, to incentivise private sector's participation in urban renewal and expedite the renewal process. In addition, URA will continue with the two district studies for Sham Shui Po and Tsuen Wan in 2024-25 to build up the planning reserves and facilitate the Government's review of urban renewal initiatives in these two districts. For rehabilitation, URA will persist in promoting a preventive maintenance culture among building owners. Above all, URA will make flexible use of its resources through innovation/new technologies and optimise its financial planning given the Government-approved \$25 billion borrowing limit to mitigate risks from shifting market changes and ensure sustainability of its works in urban renewal.

## **Redevelopment**

### *New Redevelopment Project in the Draft 23<sup>rd</sup> BP*

91. The new redevelopment projects proposed by URA for commencement in 2024-25 are subject to the Government's approval of the draft 23<sup>rd</sup> BP. The implementation of the proposed projects will be affected by an array of factors, including volatile property and financial markets, tender results of projects, timely facilitation and support from the Government and access to external financing. URA will keep in view of the situation and make timely adjustments to the implementation programme of the draft 23<sup>rd</sup> BP, while making the best endeavour to maintain the pace of urban renewal under prudent financial principles.

### *Ongoing Redevelopment Projects*

92. On top of the new redevelopment projects, URA will continue to take forward its 42 ongoing redevelopment projects. While these projects may vary in stage, scale and complexity, due attention has to be given to the issues and affected stakeholders of each and every one of them. As URA is taking on increasingly complex and large-scale projects in recent years, the URA team will soldier on the challenges while securing the

requisite understanding and support from relevant government departments and the public to achieve the desired planning and social gains.

## **Rehabilitation**

93. URA will continue to implement and manage rehabilitation subsidy schemes by the Government and URA. URA will also press on to implement a multi-pronged strategy to promote preventive maintenance with the aim of deferring urban decay and alleviating the pressure for redevelopment. Through the District-based Rehabilitation Pilot Scheme in Kowloon City, rehabilitation and revitalisation works will be combined to achieve holistic urban renewal of the entire old district.

## **V. FINANCIAL MATTERS**

94. URA's net asset value was \$46.36 billion as at 31 March 2024. This included the capital injection from the Government of \$10 billion and the accumulated surplus from operations of \$36.36 billion. For the year ended 31 March 2024, URA recorded an operating deficit of \$0.83 billion. After inclusion of the provision for impairment on properties and committed projects, the net deficit was \$3.92 billion, compared to a net deficit of \$3.53 billion for the year ended 31 March 2023.

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

95. As a form of financial support rendered by the Government, URA is exempted from paying land premium for its redevelopment sites. If not for this arrangement, URA's total accumulated surplus since its establishment of \$36.36 billion would have been reduced by \$25.3 billion, being the total amount of land premium assessed by the LandsD to have been foregone by the Government in making land grants to URA for 56 projects up to 31 March 2024.

## Overall Financial Position

96. The annual surplus/(deficit) of URA since its formation in May 2001 and the total accumulated surplus until 31 March 2024 are set out below:

Financial Year	Annual Surplus / (Deficit) \$'000
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
2015-16	4,450,660
2016-17	3,142,657
2017-18	12,037,862
2018-19	2,330,517
2019-20	117,737
2020-21	149,962
2021-22	6,567,353
2022-23	(3,529,708)
2023-24	<u>(3,920,282)</u>
Total Accumulated Surplus as at 31 March 2024 <i>(excluding the capital injection from the Government of \$10 billion)</i>	36,359,510

97. Any surplus earned by URA from redevelopment projects is retained and will be used to finance future redevelopment projects and cover

the expenditures on building rehabilitation, revitalisation, preservation and retrofitting.

98. The 2023-24 net deficit of \$3.92 billion was mainly attributable to property market downturn, which led to (a) lower upfront payment from one project tender awarded in the year, and (b) substantial provision for impairment made for committed projects.

99. As at 31 March 2024, URA's total liquidity position, inclusive of cash, bank deposits and investments, was \$18.19 billion in comparison with the \$23.62 billion as at 31 March 2023. URA's estimated outstanding commitments in respect of projects under acquisition and resumption as well as construction costs on projects were \$7.17 billion.

100. URA has put in place suitable external financing arrangements to ensure that it has sufficient funding to meet the needs of its extensive work programme over the next few years. These arrangements are kept under regular review. To cope with the anticipated upcoming cash shortfall in the next couple years arising from the implementation of several large redevelopment projects, approval has been obtained from the Financial Secretary for uplifting URA's borrowing limit from \$6 billion to \$25 billion.

101. URA updated its Medium-Term Note Programme in June 2024 to facilitate bond issuance for 2024-25 and onwards. Concurrently, banking facilities via syndicated or club loans will also be considered to support the operations and liquidity of URA. As at 31 March 2024, the total bond outstanding was \$0.5 billion which will be due in January 2026.

102. In the past, URA had been rated AA+ by Standard and Poor's Rating Services ("S&P") with "Stable" outlook, the same status as the HKSAR Government. In 2023-24, S&P upgraded URA's "Likelihood of Extraordinary Government Support" from "Extremely High" to "Almost Certain" and affirmed URA's rating at AA+.

103. Detailed financial information relating to URA's overall position as at 31 March 2024 will be given in its audited accounts, which will be included in URA's 2023-24 Annual Report. The Annual Report is expected to be tabled by the Financial Secretary to the LegCo in October 2024 under Section 18(6) of the URAO.

## **Financial Results of Completed Projects<sup>13</sup>**

104. The financial results of the projects completed up to 31 March 2024 are set out at Appendix I. One project, namely H14 at Sai Wan Ho Street (Monti), was completed<sup>14</sup> in 2023-24.

## **Estimated Expenditures**

105. It is estimated that in the five years from 1 April 2024 to 31 March 2029, a total cash outlay of about \$82 billion, excluding operational overheads, will be required by URA to meet the costs of all projects contained in the draft 23<sup>rd</sup> CP. This amount covers URA's works in 5Rs. However, it should be noted that the amount may vary subject to the progress of various projects and initiatives and the addition of any new or ad hoc activities not included in the draft 23<sup>rd</sup> BP/CP. During the period, there will also be cash inflow arising from upfront payments from JV developers and rental income etc., but the amount would hinge on market performance.

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

## **VI. CONCLUSION**

107. URA had overcome various challenges in the external environment in 2023-24 to achieve results and progress in containing urban decay and delivering community benefits through "5Rs" initiatives. Subject to Government's approval, URA will forge ahead with its commitments under the CP/BP in 2024-25, undertaking, facilitating and/or

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<sup>13</sup> For accounting purpose only, completed projects also include standalone site (e.g. Site B of Project H18 (My Central)) and development area (e.g. DA 1 of Project K7 (Park Metropolitan)) with individual land grant which form part of a large-scale project.

<sup>14</sup> 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.

promoting the various urban renewal projects/initiatives whilst embracing innovation and technology in its operations.

108. URA's trajectory and priorities will continue to follow the holistic district-based and planning-led approach with further application of the integrated approach to maximise community benefits. Insofar as its resources permit, URA will continue to support the Government in increasing housing supply while improving the living environment for the people of Hong Kong. Since the external environment has become more challenging, URA will remain flexible in project implementation and exercise prudent financial planning to ensure the steady delivery of a financially, environmentally and socially sustainable urban renewal programme matching the contemporary needs of the community.

**Urban Renewal Authority**  
**July 2024**

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

**Number of Projects Completed<sup>1</sup>**

Projects Completed from 2001 to 2022-23	37 <sup>2</sup>
Project Completed in 2023-24 (See Attachment 2)	1
Total Number of Projects Completed	38

**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 Completion of the Last Completed Project	2023-24	156.3	363%	327.2	406%

**Cumulative Financial Results for Completed Projects**

	Total for 37 Projects Completed as of 31 March 2023	Total for One Project Completed in 2023-24	Total for All Projects Completed as of 31 March 2024
	A	B	A + B
	\$ million	\$ million	\$ million
<b>Total Revenue</b>	49,136.0	502.0	49,638.0
<b>Total Direct Cost</b>	(23,568.4)	(249.8)	(23,818.2)
<b>Surplus / (Deficit)</b>	25,567.6	252.2	25,819.8
<b>Land Premium Foregone by Government</b>	(6,859.0)	(310.0)	(7,169.0)
<b>Net Surplus / (Deficit) after Land Premium Foregone</b>	18,708.6	(57.8)	18,650.8

<sup>1</sup> For accounting purpose, completed projects also include standalone site (e.g. Site B of Project H18 (My Central)) and development area (e.g. Development Area 1 of Project K7 (Park Metropolitan)) with individual land grant which form part of a large-scale project.

<sup>2</sup> Include 10 projects commenced by the former Land Development Corporation and completed by URA.



## Appendix I to Annex B

### Attachment 1

[Page 2 of 2]

#### **Supplementary Information**

- a) Developers and URA are jointly holding commercial spaces in 5 out of 38 completed projects for letting pending future sales in accordance with the joint venture agreements of the projects. These 5 completed projects are Project K13 (Citywalk), Project K17 (Citywalk 2), Project K26 (Vista), Project K28 (The Forest) and Project H15 (Lee Tung Avenue). Estimated total value of URA's shares in these 5 commercial spaces was approximately \$6,522 million as at 31 March 2024.
- b) URA is solely holding the commercial portions of 2 completed projects for letting, namely Project H18 Site B (My Central) (including the market block) and Project KC-007 (Artisan Garden). Estimated total market value of these commercial portions was approximately \$825 million as at 31 March 2024.
- c) URA is solely holding the commercial portion of the completed Project TKW/1/002 (e-Residence), partially for self-use and partially for letting. Estimated market value of the commercial portion was approximately \$541 million as at 31 March 2024.
- d) Additional revenue was received following the sales of commercial spaces in 6 completed projects, namely Projects H20 (Island Crest), K33 (Baker Residences), K19 (Beacon Lodge), H16 (J Residence), K27 (MOD 595) and MTK/1/001 (My Place), amounting to approximately \$578.5 million as at 31 March 2024.

## Appendix I to Annex B

### Attachment 2

[Page 1 of 1]

### URBAN RENEWAL AUTHORITY (“URA”) PROJECT INFORMATION SHEET (to be read in conjunction with Attachment 3 to Appendix I)

#### **Project Address and Name**

Address: No. 9, Sai Wan Ho Street, Shau Kei Wan  
Name: Monti

#### **Project Site Information**

Area 710 m<sup>2</sup>  
Original GFA 3,796 m<sup>2</sup>  
Building Blocks 2

#### **Project Site Development Information**

Total GFA 5,680 m<sup>2</sup>  
Residential Flats 144  
Commercial Space --  
Project Duration 19 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 HKHS*	Sep 2005	56.0	--	94.0	--
Issue of Acquisition Offers	Nov 2011	97.2	100%	182.0	100%
Project Agreement	Oct 2015	143.0	147%	302.3	166%
Land Grant	Nov 2015	139.8	144%	293.4	161%
Launch of Sales	Sep 2018	185.5	191%	389.4	214%
Year of Completion	2023-24	156.3	161%	327.2	180%

\* Project commenced by Hong Kong Housing Society (HKHS) and returned to URA with effect from 23 Nov 2011.

#### **Financial Results**

	\$ million
Total Revenue	502.0
Total Direct Cost	(249.8)
Surplus / (Deficit)	252.2
Land Premium Foregone by Government	(310.0)
Net Surplus / (Deficit) after Land Premium Foregone by Government	(57.8)

#### **Supplementary Information**

URA was responsible for the project's acquisition and demolition.  
Developer paid all development costs.  
URA received upfront payment.

**Explanatory Notes to Project Information Sheets**

**1) Project Commencement Financial Year**

For ex-Land Development Corporation (“ex-LDC”) projects taken forward by Urban Renewal Authority (“URA”) and projects commenced by URA according to the Urban Renewal Authority Ordinance, this is the year when commencement of the project was gazetted and the freezing survey was conducted.

**2) Project Completion<sup>1</sup> 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;
- (d) Net rental income from the leased commercial portion of the project up to the reporting year, excluding the value of the commercial portion of the project which is yet to be sold;
- (e) 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; and
- (f) Sales proceeds from URA’s self-developed projects.

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<sup>1</sup> For accounting purpose, completed projects also include standalone site (e.g. Site B of Project H18 at Peel Street/Graham Street) and development area (e.g. Development Area 1 of Project K7 Kwun Tong Town Centre) with individual land grant which form part of a large-scale project.

**Appendix I to Annex B**  
**Attachment 3**

[Page 2 of 2]

**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; (b) construction costs for self-developed projects; and (c) 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.

- End -