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Panel on Development

Meeting on 15 July 2024

**Background brief on the
work of the Urban Renewal Authority**

Purpose

This paper provides background information on the work of the Urban Renewal Authority (“URA”). It also summarizes the views and concerns expressed by members on the subject at the meetings of the Panel on Development (“the Panel”) since the 2020-2021 session.

Work of the Urban Renewal Authority

2. URA was established in May 2001 to undertake urban renewal in accordance with the Urban Renewal Authority Ordinance (Cap. 563) (“URAO”). Section 21 of URAO provides that URA is required to follow the guidelines set out in Urban Renewal Strategy (“URS”) formulated by the Government in undertaking projects. URA is tasked to adopt “redevelopment” and “rehabilitation” as its core businesses under URS promulgated in February 2011¹ comprising redevelopment, rehabilitation, heritage preservation and revitalization.

Initiatives under holistic, district based and planning-led approach

3. To optimize the planning benefits from its urban renewal efforts, URA has shifted its focus from the traditional project-led approach to a more holistic planning-led approach to urban renewal. URA had completed three strategically important studies (i.e. the District Study for Yau Ma Tei and

¹ Details of the 2011 URS is available at:
https://www.ura.org.hk/f/page/8/4835/URS_eng_2011.pdf

Mong Kok (“YMDS”),² Study on New Strategy on Building Rehabilitation³ and Sustainability Study⁴) with a view to establishing new integrated strategies to take forward urban renewal initiatives embracing redevelopment, rehabilitation and retrofitting, preservation and revitalization (i.e. “5Rs”). Under the integrated “5Rs” business strategy, URA continued to rejuvenate old urban areas by undertaking redevelopment projects and promoting owners-initiated building rehabilitation. Following the completion of YMDS, some early initiatives, such as a selected nodal development and two street consolidated areas (“SCAs”) to be implemented by URA, have been included in the approved 22nd Corporate Plan of URA.

4. At the Panel meeting held in July 2023, members enquired about the implementation details of the recommendations and planning tools proposed in YMDS and the redevelopment schedule of Yau Ma Tei and Mong Kok in light of the recommendations of YMDS, including how URA would achieve integration with the private market through the adoption of new planning tools (e.g. transfer of plot ratio (“TPR”)) to expedite urban renewal. Members also enquired whether consideration would be given to expanding the scope of application of the TPR mechanism by permitting TPR between sites on different outline zoning plans (“OZPs”).

5. According to the Administration and URA, YMDS had developed three versions of the Master Urban Renewal Concept Plans with varying development intensity and identified in Yau Ma Tei and Mong Kok districts five urban renewal opportunity areas with different planning themes and development nodes. URA has been supporting the Development Bureau and relevant departments to implement the new planning tools by phases with a view to incentivizing more private market participation in urban renewal to catch up with the pace of urban decay in Yau Ma Tei and Mong Kok. For instance, the Mong Kok OZP was amended to relax the statutory planning parameters in selected areas in the old districts and TPR was introduced, so that private enterprises could make better planning or new planning of the Yau Mong districts.

² YMDS explores ways of enhancing the efficiency of existing land use and redevelopment potential in Yau Ma Tei and Mong Kok districts. It is divided into three parts: (a) a baseline review and data analysis; (b) strategic studies on specific topics, including the relevant policy framework, implementation mechanisms and development measures; and (c) formulation of the Master Renewal Concept Plans.

³ The Study on New Strategy on Building Rehabilitation aims to formulate a comprehensive rehabilitation strategy covering buildings of all ages to reduce the number of decaying buildings which may otherwise require redevelopment.

⁴ The Sustainability Study attempts to establish a systematic framework comprising a set of indicators as the basis for measuring and tracking the impact of URA’s projects within the community.

6. The Administration also advised that the TPR mechanism implemented in the Yau Mong districts permitted TPR between sites within the same OZP and thus would not affect the overall development density of the districts. As to whether the mechanism could be extended to TPR between different districts, detailed planning studies would be required to ascertain its feasibility, especially whether the capacity of the supporting infrastructure facilities in the districts concerned could cope with the relevant developments. URA added that based on YMDS, a district-based approach would be adopted for the redevelopment in Yau Ma Tei and Mong Kok, and with the experience gained in YMDS, URA had commenced similar district planning studies on the old districts of Tsuen Wan and Sham Shui Po in August and November 2022 respectively for completion in around two years' time.

Redevelopment

7. At the Panel meeting held in July 2023, members pointed out that the building in the "13 Streets" area in To Kwa Wan were old and dilapidated and relayed to the Administration the aspiration of local residents of the area for expediting redevelopment. There were suggestions that the zoning of the "13 Streets" area as a "Comprehensive Development Area" ("CDA") should be rescinded or revised and that redevelopment of the area should be taken forward in phases by URA.

8. URA responded that adequate financial means was one of the key factors to be considered in launching large-scale redevelopment projects such as the one in the "13 Streets" area. The proposal for URA to acquire properties in the "13 Streets" area before redeveloping the area in phases could not address the cash flow problem involved in such a large-scale acquisition. On the other hand, the "13 Streets" area which had been zoned for CDA use could be rezoned in the light of the actual situation of the redevelopment programme, and that would not constitute any development constraints. URA would continue to examine the latest situation with a view to mapping out the way forward for implementing mega redevelopment projects such as the one in the "13 Streets" area. The Administration added that owners of old buildings were obliged to maintain their buildings properly and comply with the statutory notices served under the Mandatory Building Inspection Scheme. The Buildings Department would step up law enforcement and inspection and require owners of old buildings to carry out maintenance works as soon as possible.

9. Some members proposed, at the Panel meeting held in July 2023, reserving some land in New Development Areas and the Kau Yi Chau ("KYC") Artificial Islands as decanting sites to rehouse residents affected by urban renewal projects to expedite the redevelopment of old districts, and

suggested that local characteristics should be preserved during redevelopment as far as possible.

10. The Administration responded that it would render necessary support to URA to take forward its work and explore various options to facilitate redevelopment of old districts. In the long run, one of the uses of the new land in KYCAI would be for providing decanting sites in support of the renewal of old districts. As for the model to be adopted for the development of such land to tie in with urban renewal, the Administration would conduct a detailed policy study. URA advised that buildings would be preserved during redevelopment to retain local characteristics where appropriate. For instance, conservation element was included in the Kowloon City redevelopment projects.

Facilitating services

11. In 2011, URA set up a wholly-owned subsidiary, Urban Redevelopment Facilitating Services Company Limited (“URFSL”), to facilitate interested property owners in assembling titles for joint sale in the market. Noting that URFSL had successfully facilitated the joint sale by public auction of only one project site out of the 43 applications for facilitating services received up to 15 June 2021, members enquired at the Panel meeting held in June 2021 about the effectiveness of the facilitating services.

12. URA advised that in 2021-2022, only one application proceeded to the joint sale stage and no bid was received an internal review was conducted during the year. It was concluded that without changing the current application requirements, priority should be given to sites that would be beneficial to the urban renewal process and that planning gains should be a major factor when selecting sites for future provision of the joint sale services.

Provision of subsidized housing

13. At the Panel meeting held in July 2022, some members suggested that certain portion of URA’s redeveloped flats should be designated as subsidized housing or youth hostel such that people of different strata of the community could benefit from redevelopment. In view of the ageing population, there was also a view that URA should provide tailor-made residential units for the elderly akin to those provided by the Hong Kong Housing Society under the Senior Citizen Residences Scheme that were in keen demand. However, some other members considered that URA should make the best use of its resources to improve the environment of aged buildings/old districts, rather than shifting its focus to provide subsidized housing.

14. The Administration and URA advised that the provision of subsidized housing was beyond the primary scope of work of URA. That said, URA would explore the possibility of providing subsidized sale flats, such as “Starter Homes” and elderly housing, in its redevelopment projects subject to availability of resources.

Rehabilitation

15. Under the Integrated Building Rehabilitation Assistance Scheme, URA is responsible for administering various building rehabilitation assistance schemes and services.⁵ At the meeting of the Panel held in July 2023, members sought details of URA’s work in redeveloping old and dilapidated buildings in recent years and the resources allocated for promoting building rehabilitation among owners in view of a spate of incidents of concrete or finishes spalling off from the external walls of buildings.

16. URA advised that it had appointed a number of district organisations/non-government organizations (“NGOs”) to visit old districts with a view to promoting building rehabilitation, supporting building owners to apply for building rehabilitation assistance scheme, as well as assisting “three-nil” buildings in the districts to form Owner Corporations (“OC”). The district organisations/NGOs would provide various support to building owners who were interested in setting up an OC, and would also refer the “three-nil” buildings which were interested in applying for the building rehabilitation assistance schemes to URA for follow-up. The district organisations/NGOs were also required by URA to conduct door-to-door visits at the buildings identified with rehabilitations needs in seven districts⁶ to explain to OCs or individual owners the need for building rehabilitation and the details of each building rehabilitation assistance scheme.

Financial position of the Urban Renewal Authority

17. As at 31 March 2023, URA’s net asset value stood at \$50.28 billion, including a capital injection totalling \$10 billion from the Government and

⁵ Major schemes under IBRAS include: Mandatory Building Inspection Subsidy Scheme, Operation Building Bright 2.0, Fire Safety Improvement Works Subsidy Scheme, Lift Modernisation Subsidy Scheme, Building Maintenance Grant Scheme for Needy Owners, Building Drainage System Repair Subsidy Scheme and Smart Tender Building Rehabilitation Facilitating Services Scheme.

⁶ The seven districts were Kowloon City, Yau Tsim Mong, Sham Shui Po, Central and Western, Wan Chai, Eastern and Tsuen Wan district.

the accumulated surplus from operations of \$40.28 billion. As a form of financial support rendered by the Government, URA was exempted from paying land premium for its development sites. To cope with the anticipated upcoming cash shortfall in the next couple years arising from the implementation of several large redevelopment project, approval had been obtained from the Financial Secretary for uplifting URA's borrowing limit from \$6 billion to \$25 billion.

18. At the Panel meetings held in July 2022 and July 2023, members expressed concern about the financial capability of URA to take forward redevelopment projects and suggested that URA should cooperate with the private sector to foster larger-scale development.

19. URA advised that it was not financially capable for URA to redevelop all old and dilapidated buildings on its own and hence participation of the private sector in urban renewal was of the essence. Based on the recommendations made by YMDS, the Administration and URA had been working to introduce measures (e.g. new planning tools) by phases with a view to offering economic incentives to encourage the private sector to participate in urban renewal projects.

20. At the Panel meeting held in July 2023, members noted that the Government had no plan to adjust the compensation principle of "a seven-year-old flat in the same locality" (i.e. compensation calculated based on the value of a seven-year-old notional flat in the same locality) for the time being. Members pointed out that this principle was more unfavourable to the implementation of urban renewal work amid the downward adjustment of property prices in recent years.

21. The Administration advised that URA's compensation mechanism based on "a seven-year-old flat in the same locality" was devised based on the principle currently adopted by the Government for providing compensation for owners of owner-occupied domestic properties affected by land resumption. Any adjustment to compensation for property acquisition, especially a downward adjustment, would give rise to controversy and might even slow down the renewal of old districts. That said, the Government would provide financial support for URA by appropriate means (e.g. raising the borrowing ceiling of URA and exempting the payment of land premiums for redevelopment projects) to support URA in promoting sustainable urban renewal.

Council questions and motion

22. At various Council meetings between May 2021 and February 2024, Members raised a number of questions on matters relating to the work of URA. A motion on “Reforming the housing policy to resolve the housing problem”, which included, among others, urging the Government to speed up the redevelopment of old districts with a new mindset, was passed at the Council meeting of 14 July 2021. The relevant hyperlinks are provided in the **Appendix**.

Latest development

23. At the Panel meeting to be held on 15 July 2024, the Administration and URA will brief members on the progress of work of URA in 2023-2024 and its Business Plan for 2024-2025.

Relevant papers

24. A list of relevant papers on the LegCo website is in the **Appendix**.

Council Business Divisions
Legislative Council Secretariat
11 July 2024

The work of the Urban Renewal Authority

List of relevant papers

Committee	Date of meeting	Paper
Panel on Development	1 December 2020	Agenda item I: Briefing by the Secretary for Development on the Chief Executive's 2020 Policy Address Minutes of policy briefing
	23 March 2021	Agenda item VI: Building Drainage System Repair Subsidy Scheme Minutes of meeting
	22 June 2021	Agenda item III: Work of the Urban Renewal Authority Minutes of meeting
	28 September 2021	Agenda item III: District Study for Yau Ma Tei and Mong Kok of the Urban Renewal Authority Minutes of meeting
	25 October 2021	Agenda item I: Briefing by the Secretary for Development on the Chief Executive's 2021 Policy Address Minutes of policy briefing
	10 February 2022	Agenda item I: Briefing by the Secretary for Development on the Chief Executive's 2021 Policy Address Minutes of policy briefing-cum-meeting by videoconferencing
	12 July 2022	Agenda item II: Work of the Urban Renewal Authority Minutes of meeting
	25 October 2022	Agenda item III: Briefing by the Secretary for Development on the Chief Executive's 2022 Policy Address Minutes of policy briefing-cum-meeting

Committee	Date of meeting	Paper
	25 July 2023	Agenda item V: Work of the Urban Renewal Authority Minutes of meeting

Council meeting	Paper
5 May 2021	Question No. 18 : Handling Defective Drainage Systems in Buildings
14 July 2021	Member's motion : Reforming the Housing Policy to Resolve the Housing Problem Progress report
11 May 2022	Question No. 18 : Rehousing Blocks under the Urban Renewal Authority
25 May 2022	Question No. 15 : Redevelopment and Renewal of Old Buildings
22 June 2022	Question No. 6 : Driving Redevelopment to Increase Housing Supply
16 November 2022	Question No. 10 : Promoting the redevelopment of old buildings”
30 November 2022	Question No. 13 : Preserving intangible cultural heritage during redevelopment of old districts
1 November 2023	Question No. 9 : Redevelopment projects of the Urban Renewal Authority
22 November 2023	Question No. 21 : Urban renewal
21 February 2024	Question No. 9 : Redevelopment projects of the Urban Renewal Authority