

**For discussion
on 12 July 2022**

**LEGISLATIVE COUNCIL
PANEL ON DEVELOPMENT**

Work of the Urban Renewal Authority

PURPOSE

In accordance with established practice, the Urban Renewal Authority (“URA”) updates the Legislative Council Panel on Development annually 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 2021-22 and its Business Plan for 2022-23.

WORK OF URA IN 2021-22 AND BUSINESS PLAN FOR 2022-23

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 2021-22 to implement the 2011 URS and its business plan for 2022-23 is at **Annex B**.

ADVICE SOUGHT

4. Members are invited to note the work of URA in 2021-22 and its future work plan.

**Development Bureau
July 2022**

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 1 June 2022)

	<u>Name</u>	<u>Professional Background</u>
Chairman:	Mr Chow Chung-kong	Engineer
Deputy Chairman/ Managing Director:	Ir Wai Chi-sing	Engineer
Non-executive Directors (non-official):	Mr Evan Au Yang Chi-chun	Group President of Animoca Brands
	Mr William Chan Fu-keung	Human Resources Management Expert
	Mr 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
	Mrs Sylvia Lam Yu Ka-wai	Architect
	Dr Lee Ho-yin	Academic and Practitioner in Built-heritage Conservation

	<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
	Dr Hon Stephen Wong Yuen-shan	Legislative Council Member Senior Vice President & Executive Director of Public Policy Institute, Our Hong Kong Foundation
	Ms Yvonne Yeung Kin-ha	Chief Executive of Hong Kong Young Women's Christian Association
Executive Directors:	Mr Eric Poon Shun-wing	Quantity Surveyor
	Mr Ian Wong Wai-kuen	Surveyor
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 2021-22
AND BUSINESS PLAN FOR 2022-23**

I. INTRODUCTION

1. This paper is a report on the work of the Urban Renewal Authority (“URA”) for the year ended 31 March 2022 (2021-22) and its Business Plan (“BP”) for 2022-23.

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 new URS¹ promulgated in 2011, URA should adopt a holistic, district-based approach and be forward-looking to support the various development needs of Hong Kong in the long run.

3. Guided by the holistic, district-based approach, URA completed three major studies in recent years, introducing new strategies and planning tools for more effective and sustainable renewal of old urban areas and promoting timely building rehabilitation to slow down urban decay. Key follow-up actions taken in the past year are highlighted in paragraphs 8 to 16 below. URA has been adopting a planning-led approach for more comprehensive restructuring and replanning of old urban areas, as well as to optimise land uses and planning gains. In the context of planning reserves, a number of preliminary project feasibility studies were completed or being conducted for selected old urban areas to develop URA’s project reserves (see details in paragraphs 17 to 18).

¹ 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.

4. In line with the forward-looking approach, new technologies and innovative solutions were adopted in various urban renewal aspects to enhance effectiveness and sustainability of urban renewal works while enhancing operational efficiency internally (see details in paragraphs 19 to 26).

5. Meanwhile, adopting an integrated “5Rs” business strategy², URA continued to rejuvenate old urban areas by undertaking redevelopment projects and promoting owners-initiated building rehabilitation, which are URA’s two core businesses under the URS (see details in paragraphs 27 to 66).

6. In addition, actions were taken to take forward new tasks entrusted by the Government in past Policy Addresses (see details in paragraphs 34 to 39). In response to the call for meeting community needs, URA also extended its reach to benefit the larger community through special relief measures to tackle the COVID-19 pandemic (“pandemic”) and a series of wide-ranging programmes to serve and educate the general public on various aspects to promote social inclusion and enhance living environment (see details in paragraphs 67 to 78).

7. Highlights of the work to be undertaken by URA during 2022-23 under the approved BP and URA’s financial positions are covered in paragraphs 79 to 96.

III. WORK OF URA IN 2021-22

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

Strategic Studies

Yau Mong District Study (“YMDS”)

8. The study came to a fruitful conclusion in mid-2021. Three versions of Master Renewal Concept Plans with varying development intensity were developed while strategic areas and development nodes

² “5Rs” business strategy refers to redevelopment, rehabilitation, reservation, revitalisation and retrofitting.

were identified. A suite of new planning tools such as transfer of plot ratio, interchangeability of domestic and non-domestic plot ratios and site amalgamation under street consolidation areas (“SCAs”) were proposed to help expedite urban renewal. Some early initiatives including a selected nodal development and a SCA to be implemented by URA were identified in the study and included in the approved 21st Corporate Plan (“CP”).

9. Following the completion of the study, URA conducted extensive consultations and engagements with the Legislative Council, District Councils, professional institutes and other stakeholders to share key findings and recommendations of YMDS. The Government welcomed the directions recommended in YMDS. With the Government’s policy support for the new planning tools identified from the study, URA will continue to work with the Development Bureau and relevant departments to incentivise more private market participation in urban renewal to catch up with the pace of urban decay. In this connection, URA has been supporting the Government to initiate the first batch of amendments to the relevant Outline Zoning Plans in mid-2022 to, among others, permit interchangeability between domestic and non-domestic plot ratio in selected areas within these two districts as well as increase the plot ratio for the Nathan Road commercial spine.

New Strategy on Building Rehabilitation

10. The study was completed in 2020, identifying 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. In response, URA has implemented a multi-pronged approach to prolong building life and serviceability through promoting good practices of preventive maintenance and planned contribution to a maintenance fund in collaboration with various stakeholders, such as professional institutes and practitioners.

11. In 2021-22, URA compiled the templates of the maintenance manual and maintenance plan for trial application in URA’s rehousing blocks, eResidence and Kai Tak project, with the objective of publishing them for wider application after the trial. Local/overseas practices on maintenance fund/requirements were studied. Proposed amendments to strengthen preventive maintenance were finalised for adoption in the Deed of Mutual Covenant (“DMC”) of URA’s projects, with a view to

recommending their adoption in the Government’s DMC guidelines and relevant Codes of Practice. During the year, URA appointed non-governmental organisations (“NGOs”) in seven districts to promote building rehabilitation to 600 target buildings. Apart from the general public, URA worked with different stakeholders, including the Property Management Services Authority and other property management institutes, to facilitate implementation of preventive maintenance and promote regular contribution to a dedicated fund for future maintenance through seminars and training courses.

12. A small pilot area in Kowloon City was selected to test the various planning-led and district-based rehabilitation initiatives and promotion strategies. The operation model for portfolio property management in the pilot area was agreed with two property management organisations during the year. Initial engagements with target buildings in the pilot area to promote building rehabilitation and face-lifting of external walls were completed. Going forward, necessary assistance will be provided to promote formation of owners’ corporations (“OCs”) and implementation of appropriate building rehabilitation measures, aiming to create a refurbished and vibrant area through synergies with nearby street improvement and rest garden revitalisation works.

Sustainability Study & Performance

13. URA endeavoured to pursue environmental sustainability through promoting sustainable building design in redevelopment projects and adopting green strategies in various business activities under its corporate environmental policy.

14. Green provisions covering energy efficiency, water conservation, construction waste management and use of recycled materials were incorporated into the development agreements of URA’s redevelopment projects to encourage Joint Venture (“JV”) developers to adopt sustainable practices in building design and construction. To further its commitment in sustainable development, URA adopted the best industry practices according to the BEAM/BEAM Plus standards for relevant redevelopment projects. Up to May 2022, there were a total of 14 projects with final Hong Kong BEAM Platinum ratings, three projects with final BEAM Plus Platinum ratings and 14 projects with final BEAM Plus Gold ratings, of which four obtained the final BEAM Plus Platinum/Gold ratings in 2021-22. Meanwhile, ten projects in the design and construction stage obtained

provisional BEAM Plus ratings. In addition, URA's Project K7 Development Areas ("DAs") 2 & 3 at Kwun Tong Town Centre and a composite development, i.e. Project SSP-015 at Tonkin Street/Fuk Wing Street, clinched the Grand Awards of the Green Building Award 2021³ under the categories of Completed Projects (Commercial) and Project Under Construction and/or Design (Residential) respectively for their environmentally sustainable designs.

15. As a systematic approach to measure and track the environmental performance of "5Rs" projects, URA completed the Sustainability Study in 2020. A new framework to measure urban renewal performance in five domains, namely "Economy", "Environment", "Society", "Process" and "People", with measureable key performance indicators ("KPIs") were identified and subsequently accredited by the Social Value International. In 2021-22, selected KPIs were applied in seven redevelopment/rehabilitation projects to gauge their effectiveness and performance for internal evaluation. The KPI framework will be refined based on the findings to enhance applicability in other URA projects. In the long run, the indicators will serve to optimise the benefits of urban renewal projects under URA's "5Rs" business strategies.

16. To align with the Government's long term strategy on environmental sustainability, a Sustainable Development Committee ("SDC") was established in 2020 to steer the specific aspects of sustainable development relating to URA's work. The SDC has been exploring the adoption of internationally recognised standards to formalise reporting of URA's sustainable performance and to pave way for future green borrowings through sustainable financing. Concurrently, URA commenced preparations for a consultancy study aiming to set long-term science-based targets and strategy to achieve carbon neutrality in response to the Government's Climate Action Plan 2050 published in October 2021.

Preliminary Project Feasibility Study ("PPFS")

17. Three PPFSs covering two action areas in Kowloon City and one action area in Sham Shui Po have been ongoing since 2019-20. So far, four redevelopment projects identified from these studies were included in past approved BPs and all of them were commenced in either 2021 or 2022.

³ The Awards were organised by the Hong Kong Green Building Council.

Two other projects identified from YMDS were included in the approved CP covering 2022-23 to 2026-27.

18. Two PPFs for action areas in Sai Wan Ho (“SWH”) and Wong Tai Sin (“WTS”) districts were commenced in March and April 2021 respectively to explore urban renewal opportunities in the areas. A pilot survey in relation to the demand side of redevelopment initiatives was carried out as part of the PPFs for SWH. The survey respondents’ aspirations will be appropriately reflected in the draft master renewal plan under preparation. The draft master renewal plan for the PPFs of WTS was prepared in Q4 2021 and will be finalised based on comments from relevant government departments. Technical assessments/design work will be carried out and potential projects will be identified for inclusion in the project reserves.

Initiatives under the Forward-Looking Approach

New Technologies and Innovative Solutions

Urban Renewal Information System (“URIS”)

19. The development of the first phase of URIS was completed in 2021, resulting in a suite of applications to shorten the processing time for preparation of planning and project reserves, design options analysis and project financial assessment from weeks/days to hours/minutes. The three-dimensional (“3D”) digital map technology in URIS was adopted in the freezing surveys and social impact assessments of Project KC-016 at To Kwa Wan Road/Wing Kwong Street and Project SSP-017 at Kim Shin Lane/Fuk Wa Street. Through automated spatial analysis of household characteristics and social impact of the projects, provision of appropriate assistance to households in need was expedited to realise the people-centered approach.

20. The “3D Property Transaction Explorer” being a proof-of-concept application under URIS is being showcased at the Government’s GeoSpatial Lab⁴ to demonstrate the benefits of adopting 3D digital maps in the property market.

⁴ The Geospatial Lab is a platform established by the Development Bureau and operated by Tung Wah Group of Hospitals to encourage the public to make use of spatial data in developing applications for smart city development.

Smart Buildings

21. URA continued to adopt Building Information Modelling (“BIM”) in its business operation. On top of the integrated BIM-Facility Management (“FM”) system for 618 Shanghai Street developed in 2019, system integration with two other URA projects, namely eResidence and Central Market, were completed in 2021, enabling a centralised BIM-FM platform for effective cross-project comparisons.

22. During the year, URA led the research and development of an AI-enhanced, BIM-based application to automate Gross Floor Area (“GFA”) calculation and prescribed checking of a selected number of regulatory requirements. The application serves to enhance the accuracy and statutory compliance of building design, which in turn would streamline and shorten the project development process and expedite housing supply. It was tested successfully in calculating the GFA of URA’s eResidence project, serving as a model for wider application of BIM technology by the industry. The application was completed in May 2022, ready for expansion to cover the full spectrum of regulatory checking subject to availability of resources for development.

23. The Concrete Modular Integrated Construction method is being applied in URA’s Project DL-11 at Ash Street and Project SSP-015 at Tonkin Street/Fuk Wing Street. Upon completion, they will become Hong Kong’s first two private residential development projects using this innovative construction technology, serving as exemplars for private property developers to follow.

24. URA’s smart city initiatives have transcended beyond individual buildings to a wider district area. A study on the smart use of underground space and smart provisions of city infrastructural facilities in the Kowloon City area was completed in 2021. Some of the recommendations will be incorporated in the development agreements of redevelopment projects in Kowloon City for implementation.

Operational Digitalisation

25. URA continued to adopt digitalisation initiatives on multiple fronts to improve organisation effectiveness. For instance, e-freezing

surveys were adopted for new projects to enhance efficiency in data capturing, reporting and analysis, while an electronic document management system was launched and continuously enhanced to facilitate information sharing, reduce paper usage and streamline internal work flows. More digitalisation initiatives covering building monitoring, acquisition/clearance case management and subsidy administration will be pursued in the coming year.

26. During the pandemic, URA implemented various measures to maintain the productivity and efficiency of the organisation so as to meet the targets of the urban renewal programme. Four levels of Work-From-Home (“WFH”) arrangements were put in place in response to different severity levels of the pandemic situation. An organisation-wide drill was conducted for the 100% WFH scenario. IT infrastructure resources were reallocated to enhance the performance of Virtual Desktop Interface, allowing all URA staff to hold video conferences and simultaneously access corporate emails, computer servers and applications remotely during the WFH period.

URA’s Core Businesses – Redevelopment and Rehabilitation

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

Redevelopment

28. From 2001 to May 2022, URA commenced and implemented a total of 69 projects comprising 64 redevelopment projects, two preservation projects, two revitalisation projects and one retrofitting project. Out of these 69 projects, 22 redevelopment projects were completed. Separately, six redevelopment projects undertaken in association with the Hong Kong Housing Society (“HKHS”) were also completed. Upon completion, these 75 projects (including six HKHS projects) would provide around 30 400 new flats, about 488 000m² of commercial space including shops, offices and hotels, about 151 000m² of Government, Institution or Community (“G/IC”) facilities, and about 49 700m² of public open space.

29. From April 2021 to May 2022, key project milestones achieved by URA include:

- (a) Commenced three projects, namely Project SSP-017 at Kim Shin Lane/Fuk Wa Street and Project SSP-018 at Cheung Wah Street/Cheung Sha Wan Road⁵, and Project KC-017 at Nga Tsin Wai Road/Carpenter Road⁶;
- (b) obtained approval from Chief Executive in Council (“CE in C”) for the Development Scheme Plans of two projects, namely Project YTM-012 at Shantung Street/Thistle Street and Project KC-016 at To Kwa Wan Road/Wing Kwong Street;
- (c) obtained resumption approvals from CE in C for two projects, namely Project KC-015 at Kai Tak Road/Sa Po Road and Project CBS-1:KC at Shing Tak Street/Ma Tau Chung Road;
- (d) cleared eight project sites covering four Kowloon City projects (KC-009 to KC-012) at Bailey Street/Wing Kwong Street/Hung Fook Street/Ngan Hon Street/Kai Ming Street; Project C&W-005 at Sung Hing Lane/Kwai Heung Street, Project K7 DA 5 at Kwun Tong Town Centre, Project YTM-011 at Oak Street/Ivy Street and Project C&W-006 at Queen’s Road West/In Ku Lane;
- (e) awarded five JV tenders covering Project YTM-011 at Oak Street/Ivy Street, Project KC-009 at Bailey Street/Wing Kwong Street, Project KC-010 at Hung Fook Street/Ngan Hon Street, Projects KC-011 & DL-8:KC and Projects KC-012 & KC-013 at Hung Fook Street/Kai Ming Street/Wing Kwong Street; and

⁵ Projects SSP-017 and SSP-018 were commenced together in September 2021 under Section 26 and Section 25 of URAO respectively. Project SSP-017 involves a total of 90 street numbers of buildings that were built in 1950s. These buildings are generally in varied and poor conditions with a large number of subdivided units. Project SSP-018 is composed of Sites A and B. While Site B comprises wholly Government land requiring no acquisition, Site A includes Cheung Sha Wan Sports Centre. The existing Government land and open space near the Sham Shui Po Sports Ground at Site B will be replanned to provide a G/IC complex with more community facilities, including the reprovisioning of the existing Cheung Sha Wan Sports Centre at Site A at present-day standard. A total of about 1 800 new flats will be provided from these two projects.

⁶ Project KC-017 was commenced in May 2022 under Section 25 of URAO. It comprised three sites, i.e. Sites A, B, C1&C2. Site B at Carpenter Road Park will be replanned to provide a new G/IC complex to reprovision the existing G/IC facilities along Hau Wong Road and provide more community facilities. The existing G/IC site and its adjoining area (Sites A and C2) at Hau Wong Road and Lung Kong Road will be redeveloped as a district node to enhance its positioning and as a dining and cultural hub as well as improving the greening and walkability. Site C1 at Kai Tak Road will be redeveloped into a low-rise commercial development with a gateway square to strengthen the connection between the new Kai Tak DA and the old Lung Shing area. A total of about 4 300 new flats will be provided from the project.

- (f) obtained Certificates of Compliance for four projects, namely Project K7 DAs 2 & 3 at Kwun Tong Town Centre, Project DL-6:YTM at Fuk Chak Street/Li Tak Street, Project SSP/1/003-005 at Hai Tan Street/Kweilin Street/Pei Ho Street and Project DL-3:YTM at Pine Street/Oak Street.

Progress of Ongoing Key Projects

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

30. Two pilot projects to redevelop CBS buildings, namely Project CBS-1:KC at Shing Tak Street/Ma Tau Chung Road and Project CBS-2:KC at Kau Pui Lung Road/Chi Kiang Street, were commenced in May 2020 under Section 26 and Section 25 of the URAO respectively. Secretary for Development granted authorisation to proceed with Project CBS-1:KC in February 2021. Acquisition offers to property owners were issued in August 2021. Up to May 2022, 146 acceptances out of 155 interests (94%) were received. The CE in C granted approval in May 2022 to resume the relevant land .

31. In consideration of the diverse views among CBS members at Project CBS-2:KC, URA conducted an opinion survey covering about 460 households in November 2021 and achieved a response rate of 88%. The results are being analysed to determine the way forward for the project implementation.

DAs 4 & 5 at Kwun Tong Town Centre (K7)

32. Demolition works at DAs 4 & 5 at Project K7 were completed. The General Building Plans were approved by the Buildings Department in August 2021. To cope with uncertainties brought by the ongoing pandemic and the latest market circumstances, URA initiated a pilot arrangement of floating planning parameters in pursuing the JV development tender of DAs 4 & 5. The pilot arrangement would provide the JV developer with flexibility to determine the actual GFA within specified ranges for retail, office, and hotel uses for the commercial portion on the condition that the total GFA would remain unchanged. A fresh Section 16 application will be submitted to the Town Planning Board ("TPB") in Q3 2022 for consideration. It is targeted to award the JV tender in 2022-23.

Nga Tsin Wai Village (K1)

33. A conservation-led development approach was adopted for the project taking into account the foundation remains of old village walls and watchtowers at some excavated locations. To update and ascertain the findings on heritage significance and areas for preservation and future rescue excavation, further excavation and field investigation works were conducted between 2019 and 2021. An enhanced conservation proposal was submitted to the Antiquities and Monuments Office in February 2022. URA will work with the JV developer and relevant government departments to take forward the project including obtaining land grant approval in 2022-23.

Policy Address Initiatives

District Studies

34. As per the Government's invitation in the 2021 Policy Address, URA has taken on the task to conduct district studies for the old districts of Tsuen Wan and Sham Shui Po respectively. The studies aim to formulate comprehensive urban renewal strategies and implementation mechanisms to restructure land use in these old districts. The new planning tools proposed in YMDS would be adopted as appropriate with a view to expediting the pace of urban renewal. Procurement of consultants is in progress and the studies will commence in Q3 2022 for completion in around two years' time.

Provision of Starter Homes ("SH")

35. The 2019 and 2020 Policy Addresses entrusted URA with a new mission to actively provide more SH units or other types of subsidised sales flats in its redevelopment projects in light of the successful experience of eResidence. In response, URA designated a redevelopment project, i.e. KC-008(A) at Chun Tin Street/Sung Chi Street, as eResidence Phase Two to provide about 260 SH units for pre-sale in 2023-24. In 2021-22, demolition works were completed and tender for foundation works was awarded. Detailed design was completed in March 2022 for preparation of main contract tender. In addition, URA will provide about 2 000 SH units from the redevelopment of Tai Hang Sai Estate ("THSE") to be undertaken

in collaboration with the Hong Kong Settlers Housing Corporation Limited (“HKSHCL”) as announced in the 2020 Policy Address.

Joint Redevelopment of THSE with the HKSHCL

36. Following the announcement in the 2020 Policy Address, the HKSHCL and URA signed a Memorandum of Understanding in March 2021 to take forward the redevelopment of THSE. The Government approved in September 2021 the joint redevelopment proposal of HKSHCL and URA on the condition that HKSHCL will provide proper rehousing arrangements for existing tenants. The TPB approved in December 2021 a planning application which involves further relaxation of the development potential of the site.

37. The redevelopment of THSE is currently being implemented in two portions, namely Sites 1 and 2, providing a total of about 3 300 new flats upon completion. Site 1 will provide about 1 300 units for HKSHCL to rehouse their existing residents while Site 2 will provide about 2 000 SH units to be disposed of by URA. Opportunity will be taken to provide additional planning gains such as increased provision of G/IC facilities and public open spaces, and better connectivity with nearby transportation facilities for the benefits of the local community. Meanwhile, HKSHCL is reviewing the eligibility of the residents of THSE for ex-gratia payment and other rehousing benefits and will inform the qualified residents of the relevant arrangement. Demolition and construction works will commence after the rehousing and clearance work is completed.

Assisting NGOs in Developing Transitional Housing (“TH”)

38. In response to the Government’s invitation in the 2019 Policy Address to assist NGOs in developing TH, URA provided managerial and technical services to the relevant NGOs for TH developments in the Hung Shui Kiu (“HSK”) and Ta Kwu Ling (“TKL”) sites. Planning submission and funding for the HSK site with URA acting as the project manager were approved in August 2021 and the building contract was awarded in May 2022. The development is scheduled for completion in 2023, providing about 400 TH units. For the TKL site, planning submission was approved by TPB in January 2022. The development is scheduled for completion in 2023, providing about 600 TH units.

“Single Site, Multiple Uses” for NGO Sites

39. In the 2019 Policy Address, the Government invited URA to offer consultancy and facilitating services to NGOs in pursuing redevelopment initiatives under the “Single Site, Multiple Uses” model. A facilitation scheme was launched in January 2021 in which URA acts as a consultant to facilitate NGOs to optimise their under-utilised sites. Up to May 2022, enquiries from 29 NGOs were received and four NGOs submitted applications. An initial appraisal report was completed in November 2021 for a site in Tuen Mun and URA has entered into a service agreement with the NGO concerned for conducting preliminary assessments. URA is currently examining the feasibility of two applications covering sites in Sham Shui Po and Sha Tin districts with relevant government departments. The remaining application was turned down because the site was too small for in-situ redevelopment to be viable.

Demand-led (“DL”) Pilot Scheme

40. The DL Pilot Scheme has been suspended due to insufficient planning gain of applications concerned and inconsistency with the holistic, district-based approach. In 2021-22, a new approach to the DL concept was piloted in the PPFS for SWH by way of an opinion survey conducted with owners in the study area to solicit their views and aspirations on urban renewal (see details in paragraph 18 above).

Facilitating Services Scheme

41. Through the Urban Redevelopment Facilitating Services Co. Ltd. (“URFSL”) being a wholly-owned subsidiary of URA, a facilitating services scheme has been running since 2011 to facilitate interested property owners in assembling titles for joint sale in the market.

42. In 2021-22, 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.

43. URFSL continued to provide free facilitating services to members of undissolved CBS affected by URA's projects to assist them in obtaining legal titles of their flats through dissolution of the CBS. After dissolution, the owners would have the capacity to sell their properties to URA and/or to receive resumption offers from the Government. In 2021-22, the only undissolved CBS at Project CBS-1:KC KC at Shing Tak Street/Ma Tau Chung Road was dissolved successfully with assistance from URFSL. Nine undissolved CBS buildings at Project CBS-2:KC at Kau Pui Lung Road/Chi Kiang Street had been engaged and URFSL facilitated one of the engaged CBS buildings to cancel its CBS registration in May 2022. URFSL will continue the engagement work to facilitate dissolution for the remaining CBS buildings for smooth implementation of this project.

Flat for Flat ("FFF") Arrangement

44. Since its introduction in 2011, FFF has been offered to a total of 28 redevelopment projects⁷. Domestic owner-occupiers in these projects had the 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 Kai Tak Development. Up to May 2022, a total of 48 owners had taken up the FFF offers comprising 40 units in the Kai Tak Development and eight in-situ units.

Rehabilitation

45. URA pressed ahead with its rehabilitation efforts through the Integrated Building Rehabilitation Assistance Scheme ("IBRAS")⁸, which allows building owners to apply for various building rehabilitation assistance schemes under a centralised platform. From 2004 to May 2022, about 1 870 building blocks (around 83 980 units) were rehabilitated under IBRAS, including 107 building blocks (around 3 200 units) rehabilitated in 2021-22. Currently, a total of 3 160 IBRAS cases of common area repair works are in progress. Highlights of major schemes under IBRAS in 2021-22 are set out below.

⁷ Nine of the projects were under the DL Pilot Scheme.

⁸ 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.

Mandatory Building Inspection Subsidy Scheme (“MBISS”)

46. 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 the Buildings Department under the Mandatory Building Inspection Scheme (“MBIS”). From 2012 to May 2022, about 670 building blocks (around 17 000 units) have commenced/completed the prescribed inspections under MBISS.

Operation Building Bright (“OBB”) 2.0 and Fire Safety Improvement Works Subsidy Scheme (“FSWS”)

47. OBB 2.0 and FSWS were announced in the 2017 Policy Address to tackle hazards caused by building neglect and enhance fire safety standards of old buildings. OBB 2.0, with a funding of \$6 billion, would benefit around 5 000 Category 1 and Category 2 buildings⁹. FSWS, with a funding of \$5.5 billion, would benefit around 6 000 to 6 500 buildings. Two rounds of application were launched for both schemes in 2018 and 2020. In total, approximately 1 500 and 3 400 applications were received for OBB 2.0 and FSWS respectively. Up to May 2022, around 1 100 and 2 700 Approvals-In-Principle (“AIPs”) were issued for OBB 2.0 and FSWS respectively, and around 1 000 Category 2 buildings were selected under OBB 2.0. The actual repair/improvement works for around 100 Category 1 and 137 Category 2 buildings under OBB 2.0, and the site works for around 100 buildings under FSWS were completed.

Lift Modernisation Subsidy Scheme (“LIMSS”)

48. LIMSS was announced in the 2018 Policy Address to expedite modernisation works of aged lifts to enhance public safety. Around 5 000 lifts were targeted to benefit from the \$2.5 billion fund. The Government further announced in the 2019 Policy Address to inject an additional funding of \$2 billion for around 3 000 additional lifts under LIMSS. Two rounds of applications were launched in 2019 and 2020. A total of about 2 000 applications, involving around 8 200 lifts, were received. Around

⁹ 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. Buildings Department 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.

1 700 applications involving 5 100 lifts were prioritised to join LIMSS until the end of 2023. Up to May 2022, around 1 130 applications (involving around 2 680 lifts) were approved to join LIMSS; works contractors were appointed for about 300 applications (involving around 820 lifts), of which the works for about 100 applications (involving around 310 lifts) were completed.

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

49. As announced in the 2019 Policy Address, the Government injected an additional funding of \$2 billion to enhance the Building Maintenance Grant Scheme for Elderly Owners, which was formerly administered by HKHS to provide financial assistance to needy elderly owner-occupiers in undertaking repair and maintenance works for their properties. Since 2020, the scheme has been taken up by URA and rechristened as BMGSNO with expanded scope of beneficiaries, raised subsidy ceiling and relaxed asset limit for elderly applicants. Up to May 2022, around 10 700 applications were received, among which around 5 100 applications were granted AIPs¹⁰.

Building Drainage System Repair Subsidy Scheme (“DRS”)

50. To address heightened concerns about potential health risks posed by defective drainage during the pandemic, the Government launched the DRS in partnership with URA in May 2021 with a total commitment of \$1 billion to subsidise the investigation, repair, rectification and/or upgrading works of common drains of aged domestic buildings with lower ratable values. The scheme is expected to benefit owners of over 3 000 Category 1 and Category 2 buildings¹¹. Up to May 2022, around 700 Category 1 applications were received, among which around 240 applications have commenced investigation works. In addition, around 195 Category 2 buildings have commenced investigation or repair works.

¹⁰ 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 were pending submission of further information from the applicants.

¹¹ The concept of Category 1 and Category 2 buildings under DRS essentially mirrors that of OBB 2.0.

Smart Tender Building Rehabilitation Facilitating Services Scheme (“Smart Tender”)

51. URA launched Smart Tender in 2016 to provide technical support to OCs of private buildings and reduce the risk of bid rigging at the works procurement stage. It was expanded in 2019 to cover procurement of consultants and registered fire service installation contractors. Up to May 2022, around 2 600 valid applications were received and around 2 500 of them were approved and approached for providing the Smart Tender services. To allow OCs/DMC managers to procure selected services from consultants and contractors via the e-tendering platform free of charge, an independent e-tendering platform was launched in April 2021. Promotion of the new platform has commenced in May 2021 for the first target group, including property management associations and property management companies.

Enrichment of Building Rehabilitation Platform (“BRP”)

52. The BRP (<https://www.brplatform.org.hk>) is an all-in-one platform providing professional and comprehensive information on building rehabilitation along with technical support to building owners. To guide owners through the building rehabilitation process, a guidebook with a broad range of information on preparatory work, appointment of consultants and contractors, as well as monitoring of works, is available for download from the BRP. Key building rehabilitation information was highlighted through over 50 sets of trilingual videos uploaded onto the BRP. In addition, a total of 17 sets of sample tender and contract documents for procurement of consultants and contractors were uploaded onto the BRP for public use and reference. A cost reference centre was launched in March 2021 at the BRP to provide the cost range of typical rehabilitation works items.

53. Under the newly introduced Building Rehabilitation Company Registration Scheme (“BRCRS”), a database of consultants and contractors, who are eligible for and interested in providing building rehabilitation works and have a quality management system would be published by phases for users’ reference. As a start, the database for Authorised Persons/Registered Inspectors was published in March 2022 while the database for Registered General Building Contractors will be published in Q3 2022. A database was launched in April 2022 as a transitional registration arrangement for Registered Minor Works Contractors

(“RMWCs”) and Registered Fire Service Installation Contractors (“RFSICs”). Since then, URA has been assisting interested RMWCs and RFSICs to join the BRCRS. After a transitional period of three years, formal registration for RMWCs and RFSICs will take place in Q1 2025.

Building Rehabilitation Resources Centre (“BRRC”)

54. Scheduled to open in the later part of 2022, the new BRRC is a 650m² multi-purpose centre located at eResidence. It aims to provide one-stop building rehabilitation services, enhancing awareness and promoting preventive/regular maintenance through strengthening three major success factors for building rehabilitation, namely “Knowledge”, “Finance” and “Capability”. The Centre’s video consultation services as well as mediation and multi-purpose rooms will be made available to the public for matters relating to building rehabilitation.

Preservation-cum-Revitalisation and Retrofitting Projects/Initiatives

55. In 2021-22, URA continued to take forward a number of preservation-cum-revitalisation and retrofitting projects, while making use of completed projects with preserved buildings/elements for place-making and community making purposes.

Ongoing Key Projects

Central Market (Grade III Historic Building)

56. Phase 1 of the preservation-cum-revitalisation works covering the major portion of Central Market were completed in 2021-22. The revitalised venue was opened for public enjoyment in August 2021. Operated by the Chinachem Group under three key themes, namely “approachable”, “energetic” and “gregarious”, Central Market has been shaped into a “Playground for All” to connect neighbours as well as the old and the new generations. Diversified catering, retailing, exhibitions, STEAM¹² learning and start-up businesses were introduced, attracting about eight million visitors up to May 2022. Occupation permit for Phase 2 of the works covering the remaining portion to improve the physical and visual connectivity with Des Voeux Road Central was obtained in January

¹² STEAM refers to the areas of science, technology, engineering, the arts, and mathematics.

2022. Fitting-out works are in the concluding stage and Central Market is scheduled to be fully opened to the public in the second half of 2022.

Western Market (Declared Monument)

57. The Government granted a 5-year “hold-over” of the land lease for URA to undertake repair and renovation works of Western Market in 2021-22. The CE in C has approved in principle that the site of the Western Market be granted to URA, after the above hold-over period, by private treaty for a term of 21 years to enable URA to conserve and revitalise the building. Structural and building services consultants appointed by URA completed a conditions survey of the building with recommendations on the repair, replacement and improvement works to be carried out to enhance the vibrancy of the building and its appeal to the public.

Mong Kok Streetscape Improvement

58. URA continued to work with relevant government departments to enhance the local streetscape, ambience and attractiveness of five themed streets in Mong Kok, namely Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street, with due regard to their unique characteristics. Improvement works at Flower Market Road were completed while improvement works at Tung Choi Street were taken up by government departments. Remaining works at Nelson Street, Sai Yee Street and Fa Yuen Street are being conducted in two phases. Phase 1 works were commenced in June 2021 with target completion date in Q1 2023 while Phase 2 works will commence in the later part of 2022.

Staunton Street/Wing Lee Street (H19)

59. Based on a community-driven design approach, the revitalisation works of URA’s acquired buildings in H19 commenced in May 2021. Upon works completion in 2022, the units in the revitalised buildings will be put to adaptive reuses as co-living spaces under the management of the co-living operator(s) to be procured, giving new impetus to rejuvenate the aged community and surrounding areas. Concurrently, URA continued to drive rehabilitation opportunities in partnership with the building owners in the neighbourhood area to improve the built environment.

Integrated Projects

60. In line with the integrated “5Rs” business strategy, redevelopment projects undertaken by URA were leveraged to improve the living environment of local residents in the vicinity by increasing/upgrading the provision of public open spaces, enhancing accessibility and walkability, and incorporating attractive landscape and urban design. Notable initiatives being pursued in this connection include the improvement works at Li Sing Street Playground near Project C&W-006 at Queen’s Road West/In Ku Lane; a cluster of “Nano-Parks”¹³ to be provided in the vicinity of Projects YTM-010 and YTM-012 at Reclamation Street/Shantung Street/Thistle Street; and the improvement works covering a rest garden, streetscape and façades of some existing buildings in the surrounding of Project KC-015 at Kai Tak Road/Sa Po Road.

Retrofitting of a Building at Yu Chau West Street (IB-2:SSP)

61. Retrofitting of URA-owned premises in an industrial building in Project IB-2:SSP was completed in November 2021. The refurbished premises are now accommodating about 260 URA staff and a café run by a social enterprise. A unit was let to the Music Children Foundation while three units were taken up by the Hong Kong International Film Festival Society. The project allows URA to test out retrofitting initiatives, especially the relevant processes and procedures to extend the usable building life span of old industrial buildings with upgraded facilities, in support of an initiative under the 2018 Policy Address to revitalise industrial buildings.

Retrofitting of Ex-Mong Kok Market Building

62. URA will retrofit the ex-Mong Kok Market into an interim District Health Centre (“DHC”) to be handed over to the Food and Health Bureau (“FHB”) upon completion. With the support from FHB, URA appointed a comprehensive design consultant team in Q2 2021. Development of the detailed design is in progress to pave the way for procurement of works tender in Q4 2022. Retrofitting works are expected

¹³ 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 place-making to connect small parks within walkable distances to generate greater design impact and opportunities for the local community’s enjoyment.

to commence in 2023 for provision of the interim DHC by 2025. In the long run, URA will work closely with the Government to identify a suitable site within the Yau Mong District for a permanent DHC.

Completed Projects

H6 CONET¹⁴

63. URA kept up its efforts in pursuing place-making initiatives in the three completed projects in the Central and Western District, namely The Center (H6), Project H18 at Peel Street/Graham Street and Central Market under the “CONET” concept. In 2021-22, about 70 events were organised by the community at the exhibition space (Community CONET) of H6 CONET, with the average number of visitors reaching around 4 800 on a weekday. With the opening of the major portion of Central Market in Q3 2021, more opportunities through mural art and other creative ideas for adjoining streets and buildings are being identified to generate more community interest and street vibrancy to sustain a wider network via CONET.

M7 (Grade II Historic Buildings)

64. In 2021-22, 7 Mallory Street was rechristened as “M7” with a revamp of its spatial uses, tenant mix and activity programmes. During the year, over 90 activities including exhibitions, performances and workshops were held in indoor and outdoor areas with the implementation of special on-site arrangements and social distancing measures. A major place-making art technology programme named “Mallory Wishes Come True” was launched in December 2021, featuring Hong Kong’s first interactive multi-media “wishing tree” installed in the public open space for the public to make wishes and enjoy the special lighting and musical effects. Up to May 2022, about 300 000 visitors had enjoyed the programme.

618 Shanghai Street (Grade II Historic Buildings)

65. 618 Shanghai Street remained a popular venue for community stakeholders and creative industry professionals to conduct events, seminars and exhibitions. All shops were leased to restaurant and retail

¹⁴ CONET stands for Community, Open space and NETWORK, which seeks to connect the community spaces through diverse events, exhibitions, performances and cultural activities for the enjoyment of the local community.

operators, aiming to accentuate the unique historical character of the area and the preserved building cluster while serving the needs of the local community. In 2021-22, 85 recreational, cultural and community events had taken place, which were well received by younger generations and those interested in cultural arts and heritage preservation.

66. The other significant place-making events organised by URA in its venues in 2021-22 and up to June 2022 include:

- (a) a number of events held to celebrate the remarkable achievements of Hong Kong athletes at the Tokyo 2020 Olympic Games and Paralympic Games, including (i) the cheering events at THE FOREST and SPORTS EXPO in Mong Kok, and the photography and miniature athletes exhibition at Yue Man Square from September to November 2021, attracting over 370 000 visitors; and (ii) the Paralympic Photography Exhibition at Yue Man Square from December 2021 to February 2022, enjoyed by about 300 000 visitors;
- (b) a miniature art exhibition, “Love at Kwun Tong” held from May to July 2021 at Yue Man Square, featuring 39 exhibits of street scenes from the 70s to 90s and models of Kwun Tong signature buildings and local shops, with over 550 000 visitors; and
- (c) to celebrate the 25th anniversary of the establishment of the Hong Kong Special Administrative Region, a miniature art exhibition “An Art Journey Into The Past and Present Urban Reinvention • Advance Beyond 25”, featuring about 100 miniature artworks of 18 districts in Hong Kong is being held from June to July 2022 at Central Market.

Community Relations and Programmes

Special Measures under the Pandemic

67. In view of the economic impact brought by the ongoing pandemic, URA continued to extend the special rent relief measures¹⁵ for

¹⁵ The special rent relief measures for URA’s domestic and commercial tenants have been in place since April 2020.

its domestic and commercial tenants in 2021-22. The rent relief measures were further extended to cover the period from April to September 2022 to assist its tenants to tide over challenges brought by the fifth wave of the pandemic. The new round of rent relief measures provided assistance to over 800 domestic and commercial tenants from different sectors. With the latest round of measures, the cumulative amount of rent concession will exceed \$200 million.

68. Over 50 vacant units in URA's rehousing blocks and acquired properties were reserved for its tenants and staff for emergency isolation use. URA also teamed up with the Tung Wah Group of Hospitals ("TWGHs") to deliver resource packs with sanitising and hygienic products to the tenants in need and installed "U-Trap Refill Automators" in 700 flats to help prevent the spread of viruses due to dried-up drainage pipes. In addition, contractors were arranged to spray anti-virus coatings in the common areas of over 200 buildings in old urban areas.

Serving the Community

69. URA continued its steadfast efforts in serving the community in old districts and educating the general public about urban renewal through enhanced community care and educational programmes, along with measures to safeguard the health and safety of participants amidst the ongoing pandemic. Highlights of the programmes in 2021-22 are set out below.

70. URA continued to run the "Community Service Partnership Scheme" ("CSPS") in which URA staff and volunteers from local universities and NGOs join hands to serve underprivileged residents in old urban districts. In 2021-22, a total of 146 volunteers joined CSPS and served a total of 166 beneficiaries in the Kowloon City, Kwun Tong, Sham Shui Po, Central and Western districts. Some of the activities organised under CSPS included making bespoke furniture for families living in subdivided units to improve their living conditions and study environment, and arranging guided tours to URA's preservation and revitalisation projects including Central Market and 618 Shanghai Street.

71. The "Home Repair Services Community Programme" extended its service to cover common areas of aged buildings in the Kowloon City, Yau Tsim Mong and Sham Shui Po districts in 2021-22. In the year under reporting, the Programme served over 800 households.

72. In 2021-22, the “Home Improvement Community Programme” helped four infirm elderly tenants affected by URA projects by providing bespoke refurbishment of the public rental housing units where they would be rehoused. Through partnership with two NGOs, the elderlies’ current and future needs were assessed according to their physical conditions, followed by provision of home design, tailored furniture and fitting out services to help improve their living environment and manage their daily living.

73. The “oUR Amazing Kid Band” initiatives continued to strengthen social network of participating children and their families through regular music training. In 2021-22, there were a total of 46 band members, of whom over 60% were residing or had resided in URA’s project sites. Despite school suspension during the pandemic, weekly classes were conducted through an online platform, in addition to the parent-child classes, to strengthen family bonding. Moreover, the Kid Band strengthened its community presence by collaborating with community groups, including the Evangelical Lutheran Church Social Service and the TWGHs through public performances and virtual visits to elderly centres to spread the joy of music.

74. In 2021-22, URA’s “Arts and Cultural Partnership Programme in Old Urban Districts” supported three new programmes and six ongoing programmes, reaching out to over 10 000 people. These programmes included activities to enliven old urban districts by bringing enjoyment to local residents and the general public who gathered to appreciate local characteristics.

75. Up to 2021-22, URA provided about 6 000m² of premises at concessionary rent for NGOs and social enterprises to operate, including units leased to support the Community Housing Movement¹⁶. 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, 7 Mallory Street and 618 Shanghai Street.

¹⁶ Community Housing Movement is a social service programme launched by the Hong Kong Council of Social Service to provide an intermediary platform in soliciting and renovating idle residential properties from developers, and then sublet it to eligible NGOs/social enterprises as qualified operators for provision of transitional housing.

Educating the Community

76. A series of physical/online briefings were organised in 2021-22 for District Councils, Area Committees, District Fire Safety Committees and community leaders covering 18 districts with a view to promoting URA's new initiatives, resources and tools for building rehabilitation and preventive maintenance.

77. The Urban Renewal Exploration Centre ("UREC") collaborated with the Eastern District Office, the Chinese University of Hong Kong, the Vocational Training Council and the Planning Department to promote urban renewal works to tertiary and secondary students, as well as professionals from various sectors, with tailored itineraries and contents. UREC recorded a total of around 2 700 visitors in 2021-22. Meanwhile, the Urban Renewal Resource Centre served around 26 000 members of the public through briefings, meetings, community activities, mediation and enquiring handling services on matters relating to building repair and maintenance in the year.

78. The total number of participating schools under the "Young Leaders Programme" doubled during the year, covering all 18 secondary schools in the TWGHs. To equip these future leaders with knowledge on application of technology in urban renewal, URA collaborated with the Geospatial Lab and ESRI to provide training on geographic information system to the 144 participating students. Besides, URA continued its collaboration with the Institute of Vocational Education to encourage students in related disciplines to apply knowledge in creative design and scientific devices to combat the pandemic.

IV. URA'S BP FOR 2022-23

79. The Financial Secretary approved URA's 21st CP (2022-23 to 2026-27) and BP (2022-23) in April 2022. The approved 21st BP comprised four redevelopment projects, including one approved 20th BP project deferred to 2022-23 due to the fifth wave of the pandemic. One of the 21st BP projects, namely Project KC-017 at Nga Tsin Wai Road/Carpenter Road, was commenced in May 2022 (see details in paragraph 29(a) above).

80. In 2022-23, URA will continue to adopt a holistic and forward-looking urban renewal approach with integrated “5Rs” initiatives to address urban decay. Planning and project reserves will continue to be expanded to keep up URA’s urban renewal momentum. URA will work closely with the Development Bureau and relevant departments to materialise the new planning tools proposed in YMDS progressively to facilitate private sector participation to expedite urban renewal. Innovative solutions and new technologies will be applied in various stages of the urban renewal process to ensure sustainability and effectiveness. Conscientious efforts will be devoted to promote a culture of preventive maintenance and test out new strategies to improve property management and facilitate building rehabilitation among old buildings.

Redevelopment

New Redevelopment Projects in the Approved 21st BP

81. In 2022-23, URA will commence the remaining three new projects according to the approved 21st BP. URA will take into account the pandemic situation and its impact on URA’s project commencement and associated financial implications while making the best endeavour to maintain the overall pace of urban renewal.

Ongoing Redevelopment Projects

82. On top of the new redevelopment projects, URA will continue to take forward 47 redevelopment projects commenced earlier which have not yet completed. While these projects may vary in stage, size and complexity, due attention has to be given to the issues and affected stakeholders of each and every one of them. Despite these challenges, the URA team will soldier on to advance the projects while securing the requisite understanding and support from relevant government departments and the public to achieve the desired project benefits and impacts.

Rehabilitation

83. URA will continue to implement various ongoing rehabilitation assistance schemes and services, especially the OBB 2.0, the FSWS, the LIMSS, the BMGSNO and the DRS. Meanwhile, URA’s other rehabilitation programmes under IBRAS will continue. URA will press on to implement the strategy to promote preventive maintenance, such as

completing the trial of the maintenance manual and maintenance plan templates at URA's rehousing blocks and self-developed projects, and incorporating suggested standardised terms and enhanced building management/maintenance provisions in the DMCs of its own project(s) for the Government's consideration. Moreover, URA will implement district-based building rehabilitation in the focus area of Kowloon City to synergise the gains from URA's nearby redevelopment projects, by promoting building rehabilitation and formation of owners' organisations among building owners, as well as formulating a roadmap with other organisations to promote portfolio management to a building cluster. URA will continue to promote building rehabilitation by enriching contents of the BRP to offer more diversified and practical information, and support services to building owners and other stakeholders.

84. The pandemic has impaired the progress of building rehabilitation owing to, e.g. unable to conduct physical meetings or general reluctance in allowing visits of consultants or contractors. To mitigate the impact, URA has implemented various measures, including arranging online meeting for opening of tenders of procuring works contracts; exploring the feasibility of conducting online owners' general meetings to overcome difficulties in arranging physical meetings; and issuing Conditional AIPs where URA would assist in pre-procurement preparatory work pending availability of all requisite information (e.g. meeting records) for prima-facie eligible applications.

V. FINANCIAL MATTERS

85. URA's net asset value was \$53.81 billion as at 31 March 2022. This includes the \$10 billion capital injection from the Government and the accumulated surplus from operations of \$43.81 billion. For the year ended 31 March 2022, URA recorded a surplus of \$6.57 billion, showing an increase of \$6.42 billion from that of \$0.15 billion for the year ended 31 March 2021.

Land Premium Foregone by the Government

86. 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 \$43.81 billion would have been reduced by \$20.8 billion,

88. 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.

89. The 2021-22 surplus of \$6.57 billion was mainly attributable to (a) surplus from four project tenders; (b) share of surplus sales proceeds from joint venture projects; and (c) surplus from the sale of self-developed projects; partly offset by (d) provision for loss made for various projects primarily arisen from changes in their development plans and estimated project costs, and the price movement of the property market.

90. As at 31 March 2022, URA's total liquidity position, inclusive of cash and investments, was \$26.94 billion in comparison with the \$9.62 billion as at 31 March 2021. URA's estimated outstanding commitments in respect of projects under acquisition and resumption as well as construction costs on projects were \$6.28 billion.

91. 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.

92. URA is rated AA+ by Standard and Poor's Rating Services with stable outlook, the same status as the Government. URA maintains uncommitted bank facilities plus a Medium Term Note programme to facilitate bond issuance should the need arise. As at 31 March 2022, the total bond outstanding was \$1.10 billion with maturities from 2023 to 2026.

93. Detailed financial information relating to URA's overall position as at 31 March 2022 will be given in its audited accounts, which will be included in URA's 2021-22 Annual Report. The Annual Report is expected to be tabled by the Financial Secretary to the Legislative Council in October 2022 under section 18(6) of the URAO.

Financial Results of Completed Projects¹⁷

94. The financial results of the projects completed up to 31 March 2022 are at Appendix I. Three projects, namely Project TKW/1/002 at Ma Tau Wai Road/Chun Tin Street, Project SSP-014 at Fuk Wing Street, and Project K7 DA 1 at Kwun Tong Town Centre¹⁸, were completed in 2021-22.

Estimated Expenditures

95. It is estimated that in the five years from 1 April 2022 to 31 March 2027, a total cash outlay of about \$84 billion, excluding operational overheads, will be required by URA to meet the costs of all projects contained in the approved 21st 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 approved 21st BP/CP. During the period, there will also be cash inflow arising from upfront payment from JV developers and rental income etc., but the amount would hinge on market performance. For comparison, a total cash outlay of about \$66 billion was projected in the work report last year for the five years from 1 April 2021 to 31 March 2026.

96. 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

97. 2021-22 has been a year of solid endeavour as URA navigated through the fifth wave of the pandemic to achieve results and progress in containing urban decay and delivering community benefits through "5Rs" initiatives. In 2022-23, URA will press on with its commitments under the

¹⁷ For accounting purpose, completed projects also include standalone site (e.g. Site B of Project H18 at Peel Street/Graham Street) and DA (e.g. DA 1 of Project K7 Kwun Tong Town Centre) with individual land grant which form part of a large-scale project.

¹⁸ The project was divided into five DAs with three separate land grants. DAs 2 & 3 are in the sales and leasing stages while DAs 4 & 5 are pending procurement of JV tender.

CP/BP, undertaking, facilitating and/or promoting the various urban renewal projects/initiatives whilst embracing innovation and technology in its operations.

98. URA's trajectory and priorities ahead will continue to be based on the holistic, district-based and planning-led approach, with optimisation of planning gains, community benefits and organisational effectiveness as the key drivers. Insofar as its resources permit, URA will continue to support the Government in implementing its public policy agenda such as increasing housing supply and providing affordable housing for the people of Hong Kong. Under the planning-led approach, the ever-increasing scales and scopes of projects/initiatives pursued by URA would need to be backed by sufficient financial and manpower resources. We will continue to strengthen our financial resources planning/monitoring mechanisms and human resources deployment/motivation platforms to support delivery of a financially, environmentally and socially sustainable urban renewal programme matching the contemporary needs of the community.

Urban Renewal Authority
July 2022

URBAN RENEWAL AUTHORITY (URA)
CUMULATIVE FINANCIAL RESULTS OF ALL COMPLETED PROJECTS
(to be read in conjunction with Attachment 5 to Appendix I)

Number of Projects Completed¹

Projects Completed from 2001 to 2020-21	31 ²
Projects Completed in 2021-22 (See Attachments 2-4)	3
Total Number of Projects Completed	34

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	2021-22	182.0	422%	392.8	488%

Cumulative Financial Results for Completed Projects

	Total for 31 Projects Completed as of 31 March 2021 A \$ million	Total for Three Projects Completed in 2021-22 B \$ million	Total for All Projects Completed as of 31 March 2022 A + B \$ million
Total Revenue	43,526.4	4,698.2	48,224.6
Total Direct Cost	(19,086.9)	(2,936.7)	(22,023.6)
Surplus / (Deficit)	24,439.5	1,761.5	26,201.0
Land Premium Foregone by Government	(5,161.0)	(1,698.0)	(6,859.0)
Net Surplus / (Deficit) after Land Premium Foregone	19,278.5	63.5	19,342.0

¹ 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.

² 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 holding commercial spaces in 5 projects out of 34 projects completed by 31 March 2022 for letting pending future sales in accordance with the joint venture agreements of the projects. These 5 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 \$6,494 million as at 31 March 2022.
- b) URA is holding the commercial portion (including the market block) of Project H18 Site B for letting. Estimated market value of the commercial portion (including the market block) was approximately \$699 million as at 31 March 2022.
- c) URA is holding the commercial portion of 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 2022.
- d) Additional revenue was received following the sales of commercial spaces in the six 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 up to 31 March 2022.

Appendix I to Annex B
Attachment 2

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URBAN RENEWAL AUTHORITY (URA)
PROJECT INFORMATION SHEET
(to be read in conjunction with Attachment 5 to Appendix I)

Project Address and Name

Address: Kwun Tong Town Centre - Development Area 1¹ (Yuet Wah Street Site), Kwun Tong
Name: Park Metropolitan

Project Site Information

Area 4,640 m²
Original GFA 2,780 m²
Building Blocks 0²

Project Site Development Information

Total GFA 27,830 m²
Residential Flats 299
Commercial Space 0 m²
Government, Institution & Community Area 6,200 m²
Project Duration 15 years

Milestones

	Date	Centa City Index (July 1997 = 100)		R&VD Domestic Index (1999=100)	
		Index	% Variation Since Project Agreement	Index	% Variation Since Project Agreement
Commencement by URA	Mar 2007	53.8		97.9	
Issue of Acquisition Offers	N/A	--	--	--	--
Project Agreement	Nov 2009	72.7	100%	132.3	100%
Land Grant	Dec 2009	73.3	101%	134.7	102%
Launch of Sales	Oct 2013	117.2	161%	245.4	185%
Year of Completion	2021-22	182.0	250%	392.8	297%

Financial Results

	\$ million
Total Revenue	2,037.9
Total Direct Cost	(11.7)
Surplus / (Deficit)	2,026.2
Land Premium Foregone by Government	(1,068.0)
Net Surplus / (Deficit) after Land Premium Foregone by Government	958.2

Supplementary Information

URA was responsible for all costs incurred before project tender.
Developer paid all development costs.
URA received upfront payment and share of surplus sales proceeds above a certain threshold.

¹ The project was divided into 5 Development Areas ("DAs") with 3 separate land grants. DAs 2 & 3 are in the sales and leasing stages while DAs 4 & 5 are pending procurement of JV tender.

² The site was occupied by an outdoor bus terminus prior to redevelopment.

Appendix I to Annex B
Attachment 3

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URBAN RENEWAL AUTHORITY (URA)
PROJECT INFORMATION SHEET
(to be read in conjunction with Attachment 5 to Appendix I)

Project Address and Name

Address: Ma Tau Wai Road/Chun Tin Street, To Kwa Wan
Name: eResidence

Project Site Information

Area 3,377 m²
Original GFA 10,393 m²
Building Blocks 33

Project Site Development Information

Total GFA 24,398 m²
Residential Flats 493
Commercial Space 3,114 m²
Public Open Space 500 m²
Project Duration 12 years

Milestones

	Date	Centa City Index (July 1997 = 100)		R&VD Domestic Index (1999=100)	
		Index	% Variation Since Offers	Index	% Variation Since Offers
Commencement by URA	Feb 2010	76.8		140.7	
Issue of Acquisition Offers	May 2011	98.4	100%	185.9	100%
Project Agreement	N/A	--	--	--	--
Land Grant	Apr 2015	137.5	140%	297.4	160%
Launch of Sales	Dec 2018	167.1	170%	359.4	193%
Year of Completion	2021-22	182.0	185%	392.8	211%

Financial Results

	\$ million
Total Revenue	2,356.3
Total Direct Cost	(2,677.1)
Surplus / (Deficit)	(320.8)
Land Premium Foregone by Government	(630.0)
Net Surplus / (Deficit) after Land Premium Foregone by Government	(950.8)

Supplementary Information

It is a self-developed project of URA with all acquisition, demolition and development costs borne by URA.
URA received sales proceeds from the sale of residential units at discounted prices under the Starter Homes Scheme.
URA retained the commercial portion of the project, partially for self-use and partially for letting.

URBAN RENEWAL AUTHORITY (URA)
PROJECT INFORMATION SHEET
(to be read in conjunction with Attachment 5 to Appendix I)

Project Address and Name

Address: Fuk Wing Street, Sham Shui Po
 Name: The Amused

Project Site Information

Area 649 m²
 Original GFA 2,456 m²
 Building Blocks 6

Project Site Development Information

Total GFA 5,030 m²
 Residential Flats 136
 Commercial Space 559 m²
 Project Duration 11 years

Milestones

	Date	Centa City Index (July 1997 = 100)		R&VD Domestic Index (1999=100)	
		Index	% Variation Since Offers	Index	% Variation Since Offers
Commencement by URA	March 2011	95.7		179.5	
Issue of Acquisition Offers	May 2012	102.3	100%	203.2	100%
Project Agreement	May 2015	138.5	135%	298.8	147%
Land Grant	May 2015	138.5	135%	298.8	147%
Launch of Sales	August 2017	157.2	154%	339.7	167%
Year of Completion	2021-22	182.0	178%	392.8	193%

Financial Results

	\$ million
Total Revenue	304.0
Total Direct Cost	(247.9)
Surplus / (Deficit)	56.1
Land Premium Foregone by Government	NIL
Net Surplus / (Deficit) after Land Premium Foregone by Government	56.1

Supplementary Information

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

Explanatory Notes to Project Information Sheets

1) Project Commencement Financial Year

For ongoing ex-Land Development Corporation (ex-LDC) projects commenced by ex-LDC and inherited by Urban Renewal Authority (URA), this is the year when the project was first reported by the ex-LDC in its annual reports as being under active implementation.

For ex-LDC projects taken forward by 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 Completion¹ 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

¹ 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.

- (f) Sales proceeds from URA's self-developed projects.

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.