



OPERATING REVIEW

Redevelopment

Rehabilitation

pReservation

Revitalisation





REDEVELOPMENT

The year of 2015/16 stands out as being notable for the clearance of eight projects and the award of joint venture tenders to a further five whilst two new projects were launched.

Up until 30 June 2016 a total of 63 redevelopment projects, two preservation projects and one revitalisation project have been commenced by the URA. Excluding those projects which have been terminated, these projects provide around 18,000 new flats, about 400,000 square metres of commercial space including shops, offices and hotels, 54,000 square metres of Government, Institution and Community facilities and about 26,000 square metres of open space.

COMMENCEMENT OF NEW REDEVELOPMENT PROJECTS

The two new redevelopment projects include one project launched under the third round of application for the URA's Demand-led Redevelopment Project Pilot Scheme (Demand-led Scheme). The second project was initiated by the URA. The projects are detailed below:

DEMAND-LED PROJECTS

Ash Street, Tai Kok Tsui

In May 2015, the URA launched the last project under the third round of application under the Demand-led Scheme at Ash Street in Tai Kok Tsui. Built in 1965 on a project site area of around 474 square metres, this single ten-story building is occupied by an estimated 67 households. The project is capable of providing 69 flats and about 392 square metres of commercial space.

The fourth round of application was launched in July 2015. Of the 77 applications received in the fourth round, most were applications from the applicant-owner of one single flat only which failed to meet any of the application requirements. In fact, only one application was able to meet all application requirements. However, after a stringent screening and scoring process conducted by the URA, this application was considered unsuitable for implementation



■ URA staff conducts freezing survey at the Ash Street Demand-led redevelopment project.



■ Poor building condition at the project site.

In view of this, the URA advanced the application for the fifth round of Demand-led Scheme projects in February 2016 and extended the application period to three months. Altogether 19 applications were received by the deadline in May 2016. Applications will go through the stringent screening and scoring process.



■ Artist impression of the District-based approach.



URA-INITIATED REDEVELOPMENT PROJECTS AND DISTRICT-BASED APPROACH

The URA Board has endorsed a new District-based approach in urban renewal which could secure far greater planning and social gains than scattered “pencil block” or other smaller redevelopment projects. This approach will ensure that the URA’s new projects create real impact and are aligned with its overall mission, in particular the URA Ordinance and Urban Renewal Strategy’s (URS) objectives to restructure and re-plan urban areas with more environmentally-friendly transport networks and rationalised land uses. In this connection, a Kowloon City Area Study was conducted by the URA to carry forward recommendations from the Urban Renewal Plan for Kowloon City (the Urban Renewal Plan) submitted by the Kowloon City District Urban Renewal Forum. This includes provision of a communal carpark at one of the redevelopment sites to provide parking and loading/unloading facilities ancillary to the development site and/or redevelopments in the vicinity. With the provision of this communal carpark, piecemeal carpark openings at ground floor level serving redevelopments can be avoided thereby helping to retain existing ground floor shop front and street vibrancy. In order to improve the accessibility and the traffic circulation of the surrounding area in the district, a new through road between the redevelopment projects will be provided.



■ Commencement of three redevelopment projects in To Kwa Wan and the existing view of the projects.



Bailey Street / Wing Kwong Street, To Kwa Wan (KC-009)

The first step on the road to implement the URA's new District-based approach in Kowloon City was made with the commencement of the Bailey Street/Wing Kwong Street project in March 2016. This pioneering project has a site area of around 8,000m² affecting around 980 households.

Hung Fook Street / Ngan Hon Street, Hung Fook Street / Kai Ming Street and Wing Kwong Street Projects, To Kwa Wan (KC-010, KC-011, KC-012)

On 3 June 2016, three more projects were launched simultaneously under the same District-based approach and are located at Hung Fook Street/Ngan Hon Street, Hung Fook Street/Kai Ming Street and Wing Kwong Street. The projects form a cluster immediately to the north of the Bailey Street/Wing Kwong Street project described above. Together, they cover project sites totaling 8,840m² and affect an estimated 1,220 households.

The Hung Fook Street/Ngan Hon Street project was commenced by way of a development scheme under section 25 of the URA Ordinance (URAO) to be submitted to the Town Planning Board as the site includes a communal carpark serving the neighbouring URA project sites. The other two sites at Hung Fook Street/Kai Ming Street and Wing Kwong Street were commenced as development projects under section 26 of the URAO as proposed composite residential/commercial buildings. No carparking is to be provided within these two development projects as their carparking provisions will have been provided by the communal carpark in the Hung Fook Street/Ngan Hon Street project.

Chun Tin Street / Sung Chi Street, To Kwa Wan (KC-008(A))

In January 2015, the URA commenced the Chun Tin Street/ Sung Chi Street project (KC-008). On 6 May 2016, URA decided to withdraw the project and commenced the enlarged Chun Tin Street/Sung Chi Street project (KC-008(A)) covering the same buildings of KC-008 with the inclusion of the existing dead-end Chun Tin Street by way of a development scheme under section 25 of the URAO. The new project KC-008(A) will bring various planning and social benefits including improved pedestrian environment and traffic flow. The scheme also allows better integration with the adjoining Ma Tau Wai Road/Chun Tin Street project in the overall design.

After taking careful consideration of the unique circumstances of the KC-008(A) project and the time that might involve in obtaining the approval from the Town Planning Board, the URA Board has approved a special one-off compensation measure for the affected owners and tenants. In addition, a special one-off rehabilitation package will be offered to affected owners and tenants of KC-008(A) project who elect to stay to provide technical and financial assistance to them for the carrying out of rehabilitation works to their units and building.

CLEARED AND TENDERED PROJECTS

The successful clearance and tendering of project sites in 2015/16 underlines the sustained efforts of the URA to advance its projects.

During the year, the URA completed the clearance of eight projects including Nga Tsin Wai Village and Sites A and C of the Peel Street/Graham Street project both of which had been under acquisition and clearance for some six years. Other projects cleared included Sai Wan Ho Street, Kowloon City Road/Sheung Heung Road and the Demand-led projects at Pine Street/Oak Street, Kowloon Road/Kiu Yam Street, 205-211A Hai Tan Street and Kai Ming Street.

Meanwhile, the joint venture tenders for five projects were awarded namely Sai Wan Ho Street, Anchor Street/Fuk Tsun Street, Pak Tai Street/San Shan Road, Kowloon City Road/Sheung Heung Road and the Demand-led project at 205-211A Hai Tan Street.

REDEVELOPMENT OF INDUSTRIAL BUILDINGS PILOT SCHEME

Two projects have been commenced under this scheme. The first of these two projects is at 12P, Smithfield, which had been terminated in July 2013 following the Secretary for Development's decision not to authorise it for reason of unanimous objection from the owners.

Yu Chau West Street, Sham Shui Po

The second project is at Yu Chau West Street, which comprises a 10-storey industrial building built in 1962 and occupies a site area of 1,393 square metres. Acquisition commenced in 2013 but only about 50% of the property interests have been acquired to date. In view of the slow acquisition rate and the recent significant renovation of the building, the URA is now reviewing the implementation of the project.

OTHER PROJECTS OF NOTE

Ma Tau Wai Road / Chun Tin Street, To Kwa Wan

Following the tragic collapse of a building on Ma Tau Wai Road in January 2010, the URA stepped in and commenced this project which comprised two rows of over 50-year-old tenement buildings and which affected 350 households. This is the first ever project that the URA has undertaken without private sector involvement as a joint venture partner. Construction works are now well under way.

Sai Yee Street, Mong Kok

A joint venture tender was awarded in September 2012 for this sports themed redevelopment where under a special local sports-shop arrangement, former sports-shop operators will be offered priority to lease space within the retail portion of the future development. Construction is expected to complete later in 2016 and the pre-sale of flats is in progress.



■ Panoramic overview of Kwun Tong Town Centre project site.

Kwun Tong Town Centre

The URA's largest project to date, the Kwun Tong Town Centre project covers a total site area of 5.3 hectares and has affected around 1,300 households. The project is expected to produce approaching 2,300 new flats, over 200,000 square metres of commercial space, 31,000 square metres of Government/Institution and Community facilities and over 13,000 square metres of public open space.

This complex project is being implemented in three phases, with the site divided into five Development Areas. Following clearance of Development Areas 2, 3 and 4, the tender for the residential towers and podium in Development Areas 2 and 3 was awarded in September 2014. The foundations are now complete and basement excavation is under way. Meanwhile the occupation permit for Development Area 1 was issued in June 2014 and the flats are practically sold out. The phased development approach has enabled the early reversion of the existing Kwun Tong Jockey Club Health Centre to Development Area 1 and the Methadone Clinic to the Hoi Yuen Road Roundabout. In addition, phasing has required the temporary reversion of existing Government offices in Development Area 4 to premises nearby, thereby vacating the site for use as interim GIC facilities to reversion the hawker bazaars, Public Light Bus termini and refuse collection point/public toilet from Development Areas 2 and 3. An interim bus terminus has also been provided on the former Mido Mansion site in Development Area 4. These facilities are all now in use.

 2,300
new flats

 13,000_{m²}
public open space

 31,000_{m²}
GIC facilities

Peel Street / Graham Street, Sheung Wan

This project will help improve the existing urban environment through the provision of 2,060 square metres of public open space, a multi-purpose activities hall and enhanced accessibility to the street market. A phased development approach is again adopted in implementing the project to maintain the vibrancy of the century old street market which falls outside the project boundary. Phasing has allowed the fresh-food operators to continue their businesses at Sites A and C during the construction of the first phase at Site B and will allow them to move into and operate at the new Market Block at Site B upon its completion later in 2016.

Construction works for the development at Site B are continuing while demolition works at Sites A and C have commenced in phases to further minimise the impact to the existing street market. The preparation of the Land Grants for these sites is in progress.

Staunton Street / Wing Lee Street, Sheung Wan

The original Site A of the project comprising the Wing Lee Street area and the Bridges Street Market Site was excised from the Development Scheme Plan of the project following the Town Planning Board's decision. Properties owned by the URA at Site A were renovated and licensed to non-governmental organisations for social and community benefits while the URA will liaise with the Government to implement the remaining Sites B and C.

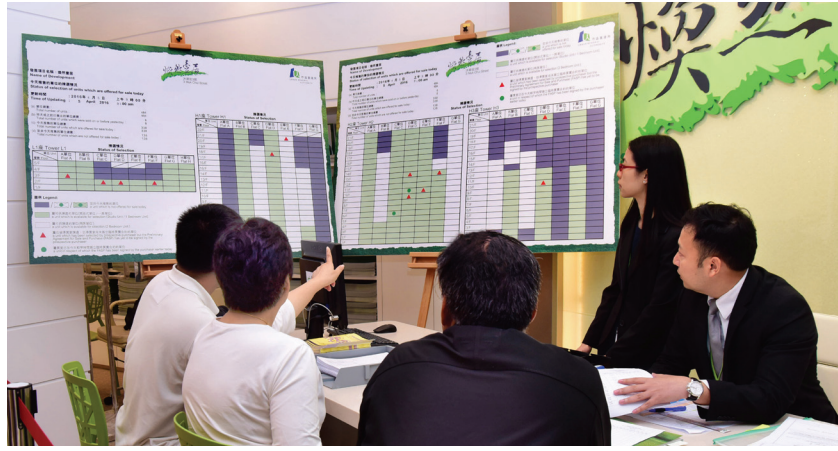
FACILITATING SERVICES

After over four years of operation, the URA conducted a review of the Facilitating Services (Pilot Scheme) and introduced some refinements whereby the processing time has been shortened by nine months, starting from November 2015. To cater for emerging demands, the quota for handling projects under the Pilot Scheme has also been increased. Up to 31 March 2016, a total of 26 applications for Facilitating Services (25 for residential buildings and one for industrial buildings) had been received. One application was successfully processed and all the property interests were sold by auction, seven applications were being handled and the remaining 18 were either rejected or terminated for failing to reach the required threshold in the course of implementation.

A new pilot scheme to provide facilitating services to building owners in the Civil Servants' Co-operative Building Society Scheme (CBS) and Government Built Housing Scheme (GBHS) has been launched in May 2016. Applications for the Facilitating Services (Pilot Scheme) for CBS and GBHS buildings can be made all year round and will go through a selection process taking into consideration the building condition, planning considerations, financial viability and implementation issues. The URA will offer facilitating services to a maximum of two projects of CBS or GBHS buildings at any one time, while the existing Facilitating Services (Pilot Scheme) for residential, commercial and industrial buildings will remain unchanged.



■ A communal farm at the Kai Tak Development project.



■ The Subsidised Sales Flat scheme commences flat sale and selection.

KAI TAK DEVELOPMENT - SUBSIDISED SALE FLATS

In response to the Chief Executive's 2015 Policy Address requesting the URA to help increase the supply for subsidised sale flats (SSF), the URA identified 338 units in the Kai Tak Development for the SSF scheme. A total of 12,642 valid applications were received during the application period from 5 January 2016 to 21 January 2016. After a balloting exercise held on 2 March 2016 to determine the priority order for flat selection, the applicants were screened for eligibility conditions. Starting from 5 April 2016, those eligible applicants were invited in batches for flat selection and the signing of agreements. 323 SSF units were sold by the closing of the sales period. The units are expected to be handed over to the purchasers during the third quarter of 2016. Subsequently, the URA Board has decided to sell in the open market the unsold SSF units at prevailing market value after 31 December 2016. The Kai Tak Development, which was completed in November 2015, has adopted modest design features and has obtained a provisional BEAM Plus 'Platinum' rating.



REHABILITATION

The URA is now the primary agent in Hong Kong for rehabilitation after taking over the Hong Kong Housing Society's (HKHS) responsibilities under the Integrated Building Maintenance Assistance Scheme (IBMAS) in July 2015. As one of the URA's two core businesses, in 2015/16 the URA continued its rehabilitation efforts through IBMAS and Operation Building Bright (OBB). In addition, technical and financial assistance to building owners were offered under the Mandatory Building Inspection Subsidy Scheme (MBISS).

INTEGRATED BUILDING MAINTENANCE ASSISTANCE SCHEME

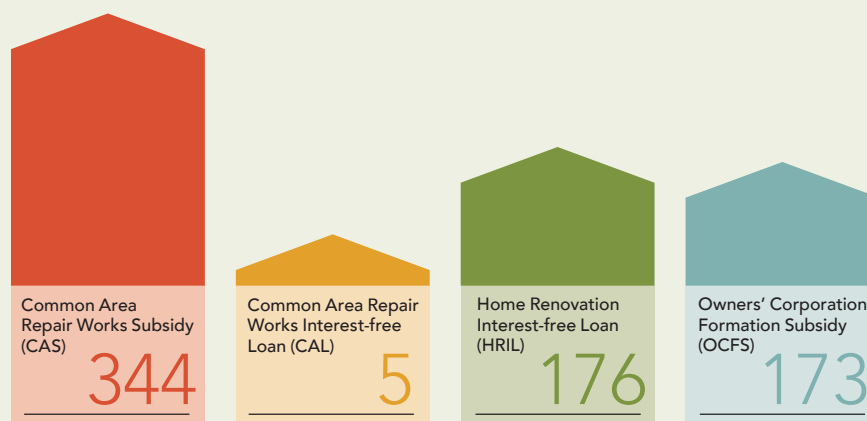
IBMAS has since 2011 amalgamated the assistance schemes previously operated by the URA and the HKHS to promote and facilitate better building maintenance.

The URA's Materials Incentive Scheme (MIS) and Loan Scheme (LS) are now replaced by the Common Area Subsidy (CAS) and the Common Area Repair Works Interest-free Loan (CAL) under IBMAS. From the commencement of the MIS and LS in 2004 up to the end of 2015/16, about 430 buildings (around 29,800 units) have been rehabilitated under the MIS and the CAS under IBMAS, and 242 buildings (around 19,700 units) under the LS and the CAL under IBMAS. Out of the 430 buildings rehabilitated under the MIS and CAS, 66 buildings (around 2,850 units) have been rehabilitated within 2015/16. In addition, there are about 372 Owners' Corporation (OC) being formed under the Owners' Corporation Formation Subsidy (OCFS) of IBMAS. Currently, there are a total of 587 IBMAS cases in progress (477 cases for common area repair works and 110 cases for OC formation).



■ URA assists owners to improve building condition under IBMAS.

NUMBER OF APPLICATIONS RECEIVED IN 2015/16 UNDER INTEGRATED BUILDING MAINTENANCE ASSISTANCE SCHEME



A total of 698 applications under IBMAS within URA's scheme areas are received in 2015/16 financial year.

MANDATORY BUILDING INSPECTION SUBSIDY SCHEME

The subsidiary legislation on the implementation of Mandatory Building Inspection Scheme (MBIS) came into force on 30 June 2012, and the URA duly launched the Mandatory Building Inspection Subsidy Scheme in conjunction with the HKHS on 7 August 2012. Under this Scheme, the URA will assist building owners to arrange the first inspections of buildings within its Rehabilitation Scheme Areas (RSAs) which are subject to inspection notices issued by Buildings Department (BD). Owners of buildings which, on inspection, are found to require rehabilitation may apply for rehabilitation works assistance under IBMAS, with the URA providing a one-stop continual building care service. Up to the end of 2015/16, out of the 1,258 MBIS target buildings located in the URA target areas, 805 have been contacted. From these 805

buildings, 358 applications have been received and approvals-in-principle were granted to 343 buildings. As the MBIS covers all buildings of 30 years old or more, it is expected that there would be an increase in the number of buildings seeking rehabilitation assistance from the URA in the coming years.

 **805**
buildings contacted

 **358**
applications received

 **343**
approval-in-principle granted

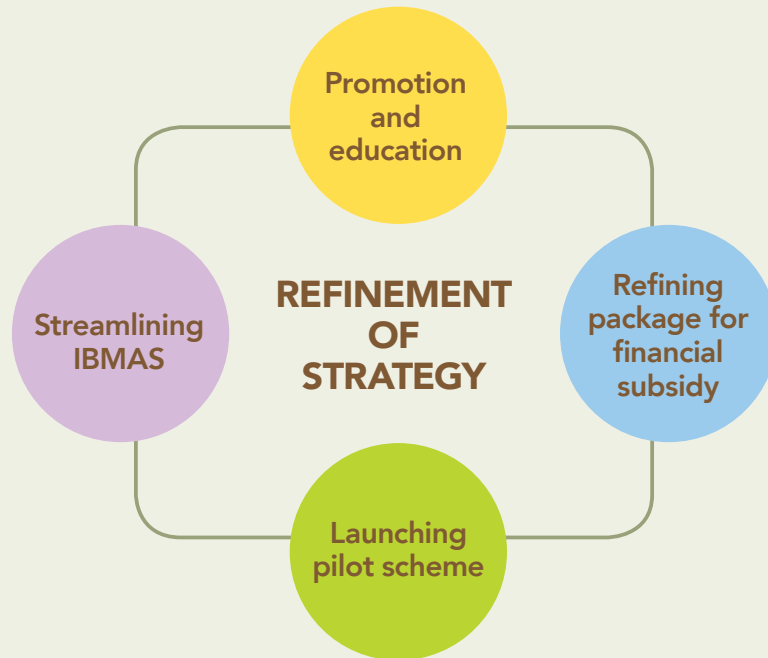
**OPERATION
BUILDING BRIGHT**

The URA has given full support to the Government's Operation Building Bright (OBB) programme since it began in 2009. At the end of 2015/16, 1,340 buildings comprising around 55,100 units out of the 1,420 target buildings within the URA's RSAs had either been rehabilitated or had rehabilitation works substantially completed. Of these 1,340 buildings, 83 buildings (around 6,600 units) had either been rehabilitated or had rehabilitation works substantially completed within the financial year of 2015/16. OBB has raised owners' awareness of the need for rehabilitation as well as created employment opportunities, which was one of the original objectives of the scheme. Through conscientious efforts and collaboration with the Independent Commission Against



■ Over 1,300 buildings within URA's service areas are benefited under OBB.

Corruption (ICAC) and HKHS, guidelines and procedures have also been published and implemented to tighten requirements on service providers in the building renovation industry aimed at mitigating malpractices and promoting public education. Since the introduction of these guidelines and procedures, the average number of tender returns and the proportion of submitted tendering costs falling within our independent consultants' estimates have both increased by over 50%. Since early 2013, relatively costly bids submitted for rehabilitation work have resulted in lengthy discussions amongst owners, price negotiations and even the need for re-tendering, thereby delaying OBB work commencement with completion likely to stretch beyond 2016.



BUILDING REHABILITATION STRATEGY REVIEW

The URA Board decided on 21 October 2014 to refine the URA's strategy in promoting and facilitating building rehabilitation. These refinements better utilise our resources to assist the most needy owners after the expansion of the URA's IBMAS to cover the whole territory with effect from 1 July 2015. The major refinements included increasing emphasis on promotion and education, streamlining the IBMAS, refining the package for financial subsidy and launching various pilot projects such as the new Building Rehabilitation Facilitating Services (Pilot Scheme).

Starting from early June 2015, a series of briefings on the details of the consolidation and refinements of IBMAS after 1 July 2015 have been conducted by URA staff and our partnering non-governmental organisations in our District Advisory Committees, in different local communities, as well as for the relevant stakeholders and district officers of the Home Affairs Department. Related promotional activities were also launched from 1 July 2015.

The "Building Rehab Info Net" - www.buildingrehab.org.hk website was launched in January 2014 to serve as a one-stop e-platform for building owners as well as building professionals and contractors to access comprehensive building rehabilitation-related information. Since its launch, the website has recorded over 56,000 visits up to the end of March 2016. The Phase 3 enhancement of the Building Rehab Info Net was launched on 2 July 2015.



■ Building Rehab Info Net provides one-stop comprehensive information on building rehabilitation.


BUILDING REHABILITATION FACILITATING SERVICES (PILOT SCHEME)

In May 2016, the URA launched the “Smart Tender” Building Rehabilitation Facilitating Services (Pilot Scheme) which aims to provide technical service to the OCs of private buildings and reduce the risk of tender rigging at the works procurement stage. The Pilot Scheme is an initiative introduced in response to the Policy Address of the Chief Executive in 2016. It seeks to help building owners procure contractors independently to carry out rehabilitation works through the following three services:

- a) A **DIY tool-kit**, which includes the guidelines, standard contracts and helpful tips, will be provided to guide participating OCs in the procurement of consultants and contractors to undertake the building rehabilitation works;
- b) An **independent advisor** will be arranged to offer professional and technical advice at different stages of the maintenance and repair works and to give an assessment on the market price of the tender;
- c) An **electronic tendering platform** for participating OCs to issue tender documents to contractors registered in the platform. Tender documents will be received with the identity of bidders being kept anonymous until the tenders are opened by Certified Public Accountants to reduce the risks of manipulation and interference in the tender procedures.

The requirements for joining the scheme are as follows:

- a) Multiple owned private residential buildings aged 30 years or above;
- b) With an average Rateable Value of residential unit not exceeding \$300,000 per annum and \$160,000 per annum for properties in the urban areas (including Shatin, Kwai Ching and Tsuen Wan) and the New Territories respectively;
- c) An owners’ association has been formed; and
- d) Application must be submitted before the appointment of the maintenance works consultant.



Four preserved pre-war buildings in the Yu Lok Lane redevelopment project.

REVITALISATION AND PRESERVATION

The URA is committed to preserving buildings, sites and structures of historical, cultural or architectural value. With considerable effort put during the year 2015/16, the preservation and revitalisation work has enjoyed solid progress.



■ The project retains and preserves the character defining elements in pre-war historical buildings.



■ Entering its third year, "Comix Home Base" has become a popular attraction in the community.

REVITALISATION

Wanchai

The Hong Kong Arts Centre is now operating the "Comix Home Base" at the Mallory Street/Burrows Street revitalisation project which provides a platform for local and international art exchange. Since the project's official opening in July 2013, the "Comix Home Base" has become a popular attraction. The URA has retained ownership of the project and will continue to oversee its operation. Highlights during the year included the Sound Art Exhibition by Le French May, the Comix Exchange series involving crossover exhibitions of comics with other art forms and various street music, art workshop and film events using the public open space.



Central Market

The URA Board has approved a simplified version of the revitalisation scheme to provide diversified uses for public enjoyment at a significantly reduced complexity and construction period. The projected cost will be around \$680 million. The Town Planning Board approved the new scheme with conditions in March 2016. An Ad-hoc committee has been formed under the URA Board in January 2016 to take forward the implementation of the project.

■ Artist impression of Central Market revitalisation scheme.

STREET BEAUTIFICATION

Mong Kok

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



■ The Tai Kok Tsui revitalisation project covers eight streets.

Tai Kok Tsui

Following the completion of the Phases 1 and 2 improvement works along Beech Street and the Cherry Street roundabout, the Phase 3 streetscape improvement works covering several streets in Tai Kok Tsui are progressing well. Packages 1 and 2 of the Phase 3 works covering mainly Fuk Tsun Street, Tai Kok Tsui Road, Fir Street and Larch Street were completed in the third quarter of 2013 and the first quarter of 2016 respectively, while the package 3 works covering Beech Street, Pine Street and Ivy Street will commence in early 2016-17.

PRESERVATION



■ Renovated flats in Prince Edward Road West revitalisation project are leased out for flower shops, arts, cultural and educational uses.

Shophouse Preservation Projects

For the Prince Edward Road West project, the acquired units have been renovated and leased out for flower shops, arts, cultural and educational uses. The renovation work for all Phase 2 units has been completed while the renovation works for units under Phase 3 have commenced.

Following General Building Plan approval from the Building Authority, the demolition of buildings at the Shanghai Street/Argyle Street project is now complete and foundation works have commenced. The preserved shop-houses will be for restaurant and retail uses to reflect the local character and to meet local needs.

Western Market

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