



Ir WAI Chi-sing, GBS, JP, FHKEng

# MANAGING DIRECTOR'S STATEMENT

## To overcome the urban decay predicament with New Strategies, Innovative Mechanisms and Concerted Efforts

In June 2019, my new term began at the time when my three previous years serving as the Managing Director of the Urban Renewal Authority (URA) ended. Taking stock of the progress made and initiatives launched during my last tenure, the URA has strived to formulate new implementation mechanisms and strategies gearing for greater effectiveness and impact in its two core businesses of redevelopment and building rehabilitation. On the redevelopment front, the URA is moving from the conventional project-led approach in undertaking urban renewal to a planning-led process for maximisation of benefits to the community through restructuring and re-planning the built environment, as well as rationalising land use. Regarding building rehabilitation, in addition to helping owners overcome the challenges of organising building maintenance works, with financial assistance through various building rehabilitation subsidy schemes, a substantial part of our work has been dedicated to enhancing the respective knowledge and technical capabilities of owners, with a view to instilling a change in attitude towards building maintenance from passivity to proactivity.

In addition to the new implementation approaches in our two core businesses, the URA is committed to devising new urban regeneration strategies from a holistic perspective, which are to be supplemented by findings of two soon-to-be-completed strategic studies on Yau Ma Tei and Mong Kok Districts (Yau Mong District Study), as well as the New Building Rehabilitation Strategy Study. Pooling the efforts from government departments, building owners, community stakeholders and professional institutes, the URA endeavours to change public perception of urban renewal from focusing on the demolition of dilapidated buildings to maintenance and enhancement of building facilities with "new strategies, innovative mechanisms and concerted efforts". Through this we are able to optimise the use of public resources and lands in the old districts, hence catching up with the pace of urban decay and fostering the sustainable development of urban regeneration.

## Integrating Projects for Better Planning and Community Gains

In recent years, the URA has stepped up its efforts to reengineer the implementation strategies in its core businesses, in particular the adoption in June 2016 of a district-based approach in redevelopment, an initiative announced when I first took up the office. Under this approach, individual redevelopment projects in To Kwa Wan are integrated and redeveloped under a holistic planning model, so that through re-planning, incompatible land uses in the district can be rationalised, alongside the benefits of alleviating traffic congestion, as well as enhancing open spaces and walkability in the area. Following the launch of Wing Kwong Street/Sung On Street Project (KC-014) in June 2018, the redevelopment in To Kwa Wan under the district-based approach now covers seven linked projects making up a site of 22,000 sq metres, facilitating a holistic planning of the area with synergy to enhance the road network and pedestrian environment.

The 'district-based' approach and the relevant statutory planning procedures for the To Kwa Wan development has gained full support from local communities as well as receiving relevant approvals from the government and Town Planning Board, alongside good progress in the acquisition. At the time of preparing this statement, the URA had already made a land resumption request to the government and completed the consultation process with the District Council. Upon obtaining approval from the Chief Executive in Council, the resumption of land will be gazetted for taking into effect. The district, after regeneration, will be enhanced with a restructured and more efficient road network design, alongside an underground public carpark that can free up on-street parking spaces for installing green pedestrian walkways. Meanwhile, there will also be an underground communal carpark to serve nearby developments with a goal of reducing individual carpark openings at ground level, thereby maximising street frontages for shops and enhancing street vibrancy. I look forward to the fruitful completion of the redevelopment projects under this planning-led approach, that will regenerate the old district of To Kwa Wan into a liveable, accessible and vibrant community.

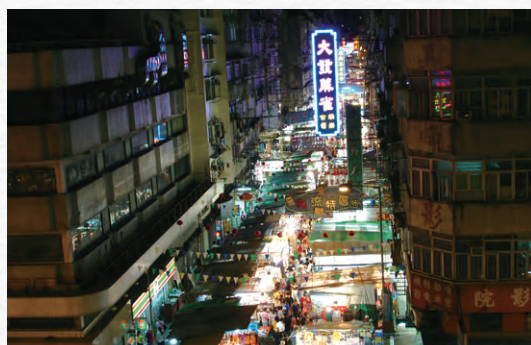
## Leveraging District-based Planning Experience for the Development of New Planning-led Approach

Building on the experience in implementing the 'district-based' model in To Kwa Wan redevelopment and the public recognition therefrom, the URA has developed a new approach of urban renewal from the previously adopted model of 'project-led' to 'planning-led', with the Kai Tak Road/Sa Po Road Development Scheme (KC-015) launched early this year as the forerunning project. Through the realignment of a portion of Sa Po Road, the space beneath Prince Edward Road East will be earmarked for building a split-level sunken plaza that will serve as a vital node connecting the old Kowloon City and new Kai Tak Development Area through linkages to the nearby underground shopping streets in Kai Tak, with a view to inject vibrancy to the old area of Kowloon City. To alleviate the problem of inadequate parking spaces in the vicinity of the project area, the plan has also incorporated an underground carpark with 300 public parking spaces. In addition to achieving the single objective of redeveloping dilapidated buildings in project areas, the URA has adopted a more holistic approach in the planning and implementation to enhance the overall walkability and connectivity, as well as greening for the area under redevelopment and also its vicinity, bringing wider benefit.

Nevertheless, to tackle the aggravating problem of urban decay and push sustainable urban renewal forward, the stepping up of such planning initiatives must run in parallel with strategic studies that focus on the longer term. To this end, a two-year Yau Mong District Study (YMDS) was launched in 2017 aiming to review the existing models and implementation mechanism of urban renewal, in order to seek new inspirations in the work of urban regeneration. Given the enormous scale and the complexity of issues of the locality under study, the URA has taken more than a year to complete the baseline study, in which all data concerning buildings' age and condition, as well as the residual development potentials and their distribution among the 3,300 buildings situated in the study area of 212 hectares were gathered, consolidated and analysed. Local traffic capacity and infrastructure were also covered in the baseline study. In parallel, the study also incorporated an in-depth review of the current policy framework and implementation mechanism of urban renewal, including legal provisions governing urban planning and land leases. The URA hopes to leverage the findings to explore more flexible planning and development approaches to include plot ratio transfer, public-private partnerships, and the development of underground space, such that development potentials of land in the old districts can be unleashed to optimise land use and maximise community benefit.

As the YMDS enters the second year, our team will move forward the crucial task of identifying districts with urban renewal potential, followed by the formulation of a Master Renewal Concept Plan (MRCP) according to the analysis of the building conditions and the rate of urban decay in Yau Mong districts from the baseline study. The MRCP will comprise three different development density options, namely a "positive" option with increased development density but the same population, "negative" with reduced density, and "neutral" in which the development density under existing planning frameworks will be retained. Alongside each of the three density options, there will be an inclusion of time dimension of three courses of development — short-term, medium-term and long-term — based on an interval of eight to ten years. Eventually, a total of nine sets of blueprints inclusive of urban regeneration approaches encompassing the 5R strategies of Redevelopment, Rehabilitation, pReservation, Revitalisation and Retrofitting (5R works) will be formulated.

Notwithstanding the development potential, the URA also attaches great importance to the unique local socio-economic characteristics in Yau Ma Tei and Mong Kok districts, in particular the traditional markets or shopping lanes with high clusters of shops of the same trade. These areas are facing problems of traffic congestion, narrow walkways and incompatible socio-economic activities, which are common in most old districts. To this end, our study has also identified six 'nodes' which possess distinctive economic, historical and cultural features as well as geographical landscapes for further enhancement. With regard to their respective building condition and urban layout, the "nodes" would be regenerated through an integrated approach of urban renewal covering redevelopment, rehabilitation, preservation and revitalisation, to become vital hubs in the district.



Traffic congestion and traditional marketplace are among the key features of Yau Mong district.

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The Yau Mong District Study is conducive to our long-term urban regeneration work as it brings along strategic proposals and development blueprints formulated from a more holistic perspective. This, in turn, will facilitate the implementation of 5R works under the three-step approach, which refers to holistic planning and project selection, followed by an implementation mechanism, as a way to realise the strategy of adopting a “district-based” approach in urban renewal as stipulated in the Urban Renewal Strategy. Such a strategic move is instrumental to achieve the vision of urban renewal to improve the standard of living for the people and to sustain the development of a quality city.

### Instilling Culture of Preventive Maintenance with Proactive Support to Owners

As the problem of building decay is worsening both in terms of pace and scale, solutions to tackle the issue at its root are being sought by encouraging owners to assume more responsibility in carrying out building maintenance on their own properties before the building becomes derelict. In addition to providing various financial assistance and professional support to owners for undertaking building repair work on a continuous basis, the URA has in recent years played the role of a facilitator to proactively reach out to owners and launch new initiatives to help them overcome the difficulties in organising building rehabilitation works.

The “Smart Tender” Building Rehabilitation Facilitating Services (“Smart Tender”), which was launched in May 2016, is one significant initiative of those. With the provision of independent and professional consultancy services and practical tools, such as the electronic tendering platform, Smart Tender helps ensure fairness in the tender process, minimising the risk of bid-rigging, hence bolstering owners’ confidence in pursuing building repair works. The all-in-one Building Rehabilitation Platform (BRP), which was launched in March this year, is another effort aimed at promoting self-assisted building maintenance to owners by equipping them with comprehensive knowledge on building rehabilitation that covers the “Six major steps”, namely the reaching of resolution to implement building maintenance; defining the scope of work; preparing works tender; appointing works contractor; commencing works and conducting works inspection; and completion of works. In setting up the BRP, the URA has pulled together efforts from the industry’s key stakeholders including professional bodies and works contractors’ associations, alongside the support of government departments and law enforcement agencies who play an advisory role, with a view to provide trusted and credible services for building owners to count on.

In addition to empowering building owners with better knowledge and technical know-how, the URA also commenced the New Building Rehabilitation Strategy Study in 2017. This was aimed at conducting in-depth analyses on a territory-wide basis of building age and condition, the degree and complexity of maintenance required for different types of buildings, as well as challenges expected and, hence, the level of assistance needed by owners. The Study will also examine relevant provisions and regulatory framework supervising building maintenance and management in order to formulate a comprehensive and holistic strategy, as well as forward-looking initiatives on building rehabilitation for recommendation to the government and industry.

The New Building Rehabilitation Strategy Study has interviewed owner representatives from 3,000 buildings in order to understand the difficulties they face regarding building maintenance. As reflected in the results, owners of old buildings are often faced with three mounting challenges. They are:

- (1) Lack of financial reserve: The Guidelines for Deeds of Mutual Covenant and the Building Management Ordinance stipulate that a special fund for building repairs should be set up by owners. Yet, in the absence of specifications on the amount and frequency of contribution, most Owners' Corporations (OCs) do not require owners to contribute to the fund. As a result, owners are often left with no financial reserve when they are in need of building maintenance.
- (2) Lack of the capability to organise: Some of the aged buildings are run without any OC or owners' organisation, and worse still, their owners are usually elderly people who have difficulty organising maintenance works and convening meetings for resolving decisions relating to the implementation of building rehabilitation works.
- (3) Lack of relevant knowledge on works: Most owners are unfamiliar with procedures pertaining to tender exercises and works inspections, in addition to lacking knowledge on repair works management.

Working upon these findings, we will embark on the next phase of the New Building Rehabilitation Strategy Study to explore appropriate strategies for tackling maintenance-related problems and challenges for buildings of different ages. For old buildings aged 50 or above, depending on the building condition, appropriate maintenance works should be continued to upkeep the facilities and structural safety until the buildings are no longer serviceable with serious structural defects and redevelopment becomes the last resort. Of these old buildings, more than half are commonly known as "three nils buildings" which have no OCs, owners' organisations or property management companies, and nor do their Deeds of Mutual Covenants stipulate any proper procedures for resolving matters relating to the implementation of building rehabilitation works. To help address this, the URA has appointed legal consultants to study relevant provisions governing the validity of resolutions in their Deeds of Mutual Covenants under the Operation Building Bright 2.0 and the Fire Safety Improvement Works Subsidy Scheme launched last year. This stepped up assistance from the URA has helped around 50 "3-nil buildings", allowing their owners to take the first step to form new OCs, or to convene owners' meetings for reaching a consensus or getting written approvals to pass a resolution in support of organising building rehabilitation under the subsidised schemes.

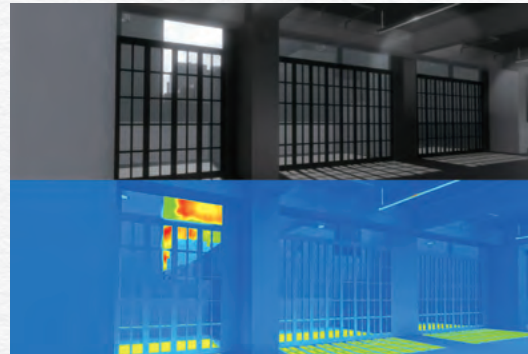
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As for younger buildings, since most have already had their own OCs or owners' organisations formed with statutory capacity to organise building maintenance works, effort should be focused on promoting the formulation of a regular maintenance plan and providing assistance to owners in handling building inspections and works assessment and the organisation of building rehabilitation works, so that the structural safety and liveability of the buildings can be maintained on a continuous basis. To address the issue of inadequate reserves for funding repair works, the study suggests that the government, URA and stakeholders in the financial sector should devise different financial tools to encourage mandatory contribution by owners to a special fund dedicated to the expenses incurred for oncoming building maintenance. As the BRP is established to equip building owners with comprehensive knowledge on building rehabilitation, it will keep refreshing its content and features to acquaint owners with up-to-date information. In addition to providing standard documents and contracts for owners' reference and better understanding during the procurement process, the BRP will further roll out two new services of Cost Reference Centre and Service Providers Directory next year to offer comprehensive information on market rates so as to encourage fair and equitable cost, as well as to identify suitable works contractors during the selection process, thereby easing owners' frustrations over deficiency of information on market practices and services.

With this financial and technical assistance on building rehabilitation in place, I look forward to an increased awareness among owners towards establishing the practice of regular building maintenance, coupled with enhanced capabilities and confidence in organising relevant works so that eventually the perception of "building rehabilitation" will no longer be taken as "one-off repair for dilapidated buildings", but a preventive strategy to be adopted when buildings are still young, thus enabling us to nip the urban decay issue in the bud.

## Embracing Data-Driven Decision-making in Business

To keep pace with the government's plan to build a Smart City, our future work of urban regeneration and its related decision-making mechanism shall be enhanced to progress with time. The URA is currently developing its "Urban Renewal Information System" (URIS) based on geographic data to strengthen its ability to process and analyse vast amounts of planning information, enabling more comprehensive reviews on the impacts to the environment, economy and population from multiple perspectives, thereby helping the URA to formulate urban renewal plans that can better address social needs. Meanwhile, our full application of Building Information Modelling (BIM) has also enhanced the effectiveness in managing our projects, as it helps rationalise engineering procedures and resolve complications that may have occurred in project development. BIM will continue to be adopted, upon completion of construction works, to monitor and document the functionality of various facilities of the project, thereby enhancing the work of property management and maintenance in the long term.



Utilising the BIM (Building Information Modelling) in project management to rationalise complicated procedures for better efficiency.



Members of staff visiting the Construction Innovation and Technology Application Centre to keep abreast of latest construction technology.

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In driving “smart urban renewal”, we are in need of a team that is proficient in utilising big data to push forward the work of urban regeneration on various fronts. To address this, we have invested significant resources to help our staff acquire specific knowledge and relevant skillsets in the application of the latest technology. Of the 12,800 staff training hours accumulated over the past year, more than 35% were technology-related covering Artificial Intelligence, Big Data, Geographic Information System and BIM application technology, to equip our staff members with the ability to achieve greater results in their respective positions, and to make data analytics part of our business strategy, process and decision-making.

Through strengthening our application of innovative and data-centric technologies, coupled with our training initiatives to elevate performance, I hope for the evolution of the URA to become a data-driven organisation which plays a leading role in spearheading the use of innovative technologies among members in the planning and works sectors, in order to help building Hong Kong into a sustainable and smart city in the 21st century.

Our former Chairman Mr. So Hing-woh left us some words of wisdoms when he retired after his six-year tenure last April. His saying, as I remember rightly and am grateful for, reminds us of the need to deploy ‘new strategies, innovative mechanisms and concerted efforts’ in order to prevail over the mounting challenges ahead down the bumpy road to urban regeneration. I would like to express my heartfelt gratitude to Mr So and all Board Members, for their valuable advice and guidance, as well as their dedication in leading the URA to various achievements and innovative changes to the organisation. My appreciation also goes out to the URA team for their hard work that has made multiple breakthroughs in various aspects of urban renewal over the past year. I look forward to working with our new Chairman Sir Chow Chung-kong and all Board Members to bring our two strategic studies into effect and foster more forward-looking and diverse initiatives on urban renewal, thereby paving the way for urban regeneration to be effective, efficient, and impactful. We also call on all community stakeholders to join us in realising the objectives of sustainable urban renewal for the future.

**WAI Chi-sing**, GBS, JP, FHKEng

**Managing Director**

31 July 2019