

A professional portrait of Mr. CHOW Chung-kong, an elderly man with short grey hair, smiling warmly. He is wearing a dark navy blue suit jacket over a white dress shirt and a light pink patterned tie. His hands are tucked into his jacket pockets. The background is a vibrant blue gradient with a faint, stylized cityscape and glowing light effects on the right side.

Mr **CHOW Chung-kong**, GBS, JP

# CHAIRMAN'S STATEMENT

Optimising Urban Renewal  
by Making Full Use of Resources

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*"We shall continue to adopt prudent fiscal management to ensure financial and operational sustainability while at the same time, to make full use of our resources in fulfilling the mission of urban renewal."*



## CHAIRMAN'S STATEMENT

*"The URA changed from the conventional building-by-building process, to a more planning-led strategy."*

Since assuming chairmanship in May last year, I have been working with the URA team in formulating our strategies for the coming years. During which, I have come to appreciate, more than ever, our responsibilities in the work of urban renewal and the long journey it entails.

URA is tasked to improve the overall built environment of old districts in Hong Kong and the living standards of its people by replanning land use, which includes better-designed road networks and pedestrian walkways, to maximise the benefits to the community.

Meanwhile, we have also been supporting Government housing policies by supplying subsidised flats to qualified first-time owners; and managing various Government assistance programmes that promote the maintenance of older buildings.

Urban renewal is a lengthy process: the "long journey" of our projects, which involve multiple dilapidated buildings or even multiple adjoining blocks, usually takes at least six to eight years to complete. It is therefore important for us to maintain sufficient liquidity to cover the huge acquisition costs needed for instigating new redevelopments, in order to fulfil our mission of advancing urban renewal in a sustainable manner over the prolonged timescale.

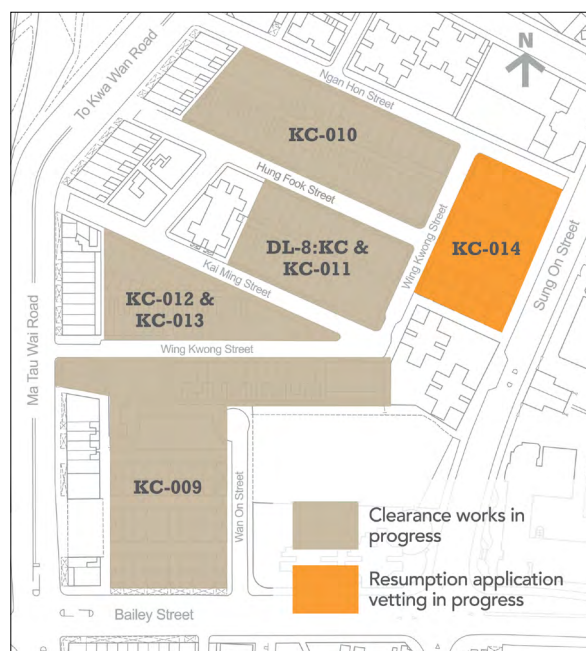
In the past year, some URA projects have inevitably been delayed by social disturbances and the COVID-19 pandemic. Fortunately, through the joint efforts of our team, we have been able to make advancements in several major areas.

As we are living in an uncertain world with the future full of unknowns, we shall continue to adopt prudent fiscal management to ensure financial and operational sustainability while at the same time, to make full use of our resources in fulfilling the mission of urban renewal.

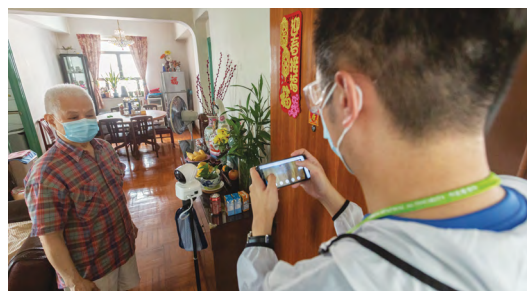
### Taking a planning-led approach to boost land development potential

During the year, the URA has made good progress in a number of large-scale redevelopment projects. We have reviewed and replanned existing land uses to maximise the development potential of a number of sites, including six redevelopment projects in To Kwa Wan under a district-based approach. Five sites are now being prepared for clearance, while a land resumption application is under review for the remaining project in Wing Kwong Street/Sung On Street.

This year, we have also added the Civil Servants' Co-operative Building Society Scheme (CBS) buildings, also in To Kwa Wan, to our redevelopment portfolio. Despite a three-month delay due to the COVID-19 pandemic, we were able to commence two CBS projects in May 2020, and have successfully completed the "freezing surveys" to determine the eligibility of those affected for ex-gratia allowances or rehousing. Statutory planning and consultation are now under way.



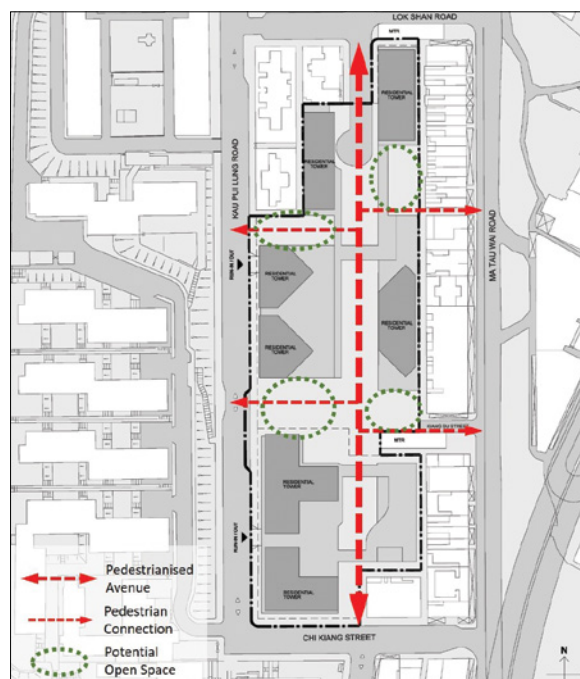
The six district-based development projects in To Kwa Wan, Kowloon City are making good progress.



Amid the COVID-19 pandemic, URA staff adopts smart camera devices to conduct freezing survey, observing social distance with the residents thus mitigating the infection risk.

The commencement of the six urban renewal projects under a district-based approach, along with the two pilot CBS redevelopments, mark a new milestone in the URA's redevelopment approach which changed from the conventional building-by-building process, to a more planning-led strategy. This is a more holistic and comprehensive planning approach which will not only turn dilapidated structures into new buildings of modern standards, but also allow the provision of greener and more diversified amenities, in line with our goal of optimising urban renewal for maximum community benefits.

It is estimated that over the next five years, the total number of new flats to be provided by the projects under the URA's approved Corporate Plan will amount to over 12,000, which is 2.7 times the existing number. In other words, about 2,400 flats will be created per annum.



The notional design of the recently launched Kau Pui Lung Road / Chi Kiang Street Development Scheme reflects URA's comprehensive planning approach to provide more diversified urban space, and improved connectivity of road and pedestrian networks.

## Adopting prudent risk management to ensure sufficient liquidity

While the URA has a long-term business development plan in place to increase the scope and speed of urban renewal, it must also ensure that sufficient liquidity is maintained to support the high costs of developing new projects, especially in the acquisition of existing property interests.

The URA received upfront payments from joint venture partners in tendered projects, after acquiring existing property interests and implementing site formation. These upfront payments are URA's main cash receipts which provide sufficient cash flows for acquisitions in subsequent redevelopment projects, thus ensuring that urban renewal can be a sustainable process.

In the coming year, we shall be concentrating resources and intensifying our efforts to accelerate the pace of implementation of the four or five projects, including the two redevelopments of CBS buildings, currently in the 2020/21 business plan. As the total liquidity of URA is only about HK\$11 billion, we expect in the coming two to three years, the URA will face a liquidity crunch for the substantial funding required in property acquisition of these projects.

To prepare for and mitigate this eventuality, and also take into account potential downturns in the economy and market environment, we have strengthened our financial risk management and adjusted project planning procedures. Also, we shall make good and full use of our resources to take urban renewal forward. In this regard, we shall optimise our borrowing capacity to maintain sufficient liquidity, in order to achieve the objectives set out in the URA's Corporate Plan.

*"Taking into account potential downturns in the economy and market environment, we have strengthened our financial risk management and adjusted project planning procedures."*

*"The URA takes on wider social responsibilities by assisting the Government in implementing new initiatives and policies, using its own resources."*



Welcoming the first owner of eResidence coming for flat handover.

### Giving back to society

The URA has a unique role. In addition to improving the living environment of local residents and promoting the city's sustainable development, it takes on wider social responsibilities by assisting the Government in implementing new initiatives and policies, using its own resources.

In response to the home ownership aspirations of the public and to assist the Government in piloting the "Starter Homes" concept and mode of operation, the URA has allocated a substantial number of newly-built flats in its "eResidence" redevelopment project as subsidised units to be sold at a discount. The public response has been enthusiastic, with all 450 subsidised units quickly sold.

To extend this initiative, we are studying the feasibility of designating the Chun Tin Street/Sung Chi Street redevelopment project in To Kwa Wan as a second phase of "eResidence", offering some 260 flats under the Starter Homes Scheme.

In addition, one third of the total development area of the CBS redevelopment on Kau Pui Lung Road/Chi Kiang Street will be allocated for the purpose of public housing, providing around 1,000 units for the public in need.

Meanwhile, we are also assisting the Government in implementing two transitional housing projects in Ta Kwu Ling and Hung Shui Kiu. Consultants are being engaged to conduct planning and feasibility studies, estimated for completion in the third quarter of 2020 for Government's consideration. URA will help the relevant non-government organisations, who will run the projects, to prepare and submit planning applications, and assist them to conduct local consultation in the fourth quarter of this year. If things go smoothly, completion of the projects is expected in 2022 or early 2023, producing about 1,000 transitional housing units.



The artist impression of the transitional housing project in Hung Shui Kiu.

As regards the rehabilitation of older buildings, complementing its ongoing assistance to the Government in implementing Operation Building Bright 2.0, the Fire Safety Improvement Works Subsidy Scheme and the Lift Modernisation Subsidy Scheme, the URA has in early July 2020, taken over from the Hong Kong Housing Society to administer the rechristened Building Maintenance Grant Scheme for Needy Owners (BMGSNO) with an expanded scope of services to cover more beneficiaries.

As a result, the URA is now the sole organisation to administer Government subsidy schemes for building rehabilitation, facilitating applications by property owners in an integrated manner to take forward maintenance works to improve building condition and thus the living quality. In total, these subsidy schemes carry a value of more than HK\$18 billion.

Over the next decade, we shall use our own resources to strengthen the promotion and implementation of these four subsidy schemes. In addition to providing financial aid, we shall also make full use of technology and diverse platforms to assist property owners to overcome technical constraints in organising building maintenance works.

On top of its two core strategies of redevelopment and rehabilitation, the URA is adopting an innovative community revitalisation approach in its Staunton Street/ Wing Lee Street project in Sheung Wan in which, local residents and stakeholders are engaged through various community-based studies and activities, to devise together plans and programmes for the long-term development of the community.

In 2020, the COVID-19 pandemic has severely hit the Hong Kong economy. We have swiftly responded to the situation by introducing rent relief measures for both domestic and commercial tenants in our properties, as a way to tide Hong Kong people over difficult times to alleviate the economic impact on them, and help preserve jobs.



Setting up Urban Farm at the Staunton Street / Wing Lee Street Project as one of the pilot initiatives of community making which aims to connect and engage the local residents in the revitalisation of the community.



Primary school students paint a mural in their community at Shing Wong Street under the guidance of an artist, adding colours to the vicinity of the Staunton Street / Wing Lee Street Project.

## Working diligently and breaking through barriers

Over the past year, Hong Kong has faced very significant challenges in terms of social and economic development, and the urban renewal environment has been no exception.

I should like to thank the URA team for their untiring efforts during the year, working diligently and breaking through barriers to achieve exceptional results in several major areas. I am delighted to see some of the projects have received awards and public commendations for their excellences. I should also like to express sincere gratitude to all members of the Board for their contributions and valuable advice in their respective professional areas.

Given the economic uncertainty and challenges ahead, we will need to strive even harder in the coming years, making good and full use of resources to speed up the urban renewal process through our "5R" strategies. As the URA continues to push forward urban regeneration and support the Government in implementing new and existing housing policies as well as building rehabilitation measures, we pledge to respond to the needs of the public and live up to our important mission of bringing long-term benefits to the Hong Kong community.

**CHOW Chung-kong**, GBS, JP  
**Chairman**  
 31 July 2020