



Mr CHOW Chung-kong, GBM, GBS, JP

CHAIRMAN'S STATEMENT

Urban Renewal Grows from Strength to Strength

The year 2021/22 marked the 20th anniversary of the URA. I am also pleased to report that good progress has been made in various areas of urban redevelopment, rehabilitation, preservation and revitalisation. It demonstrated the organisation's unwavering dedication to improve the built environment and the livelihood of residents in old districts. URA's hard work over the years have laid a solid foundation for Hong Kong's sustainable urban renewal.

Over the past two decades, the URA has built a strong professional team known for its innovation. They have implemented over 70 urban renewal projects. Dilapidated buildings in old districts have been transformed into modern, high-quality residential accommodations. The urban renewal process has also provided more greenery space, improved pedestrian environment and community facilities, thereby bringing broad social gains to the community.

In recent years, we have adopted a 'planning-led, district-based' approach to commence sizeable challenging redevelopment projects. We aim to generate greater social impact and community benefits so to improve living environment in old districts on the whole. This approach unleashes the development potential of land by incorporating under-used streets, under-utilised government land and aged community facilities into the master development plans through restructuring and replanning of land uses with new planning tools.

In addition to our main roles and responsibilities of urban renewal, the URA has also diligently supported the Government in implementing various building rehabilitation subsidy schemes. Given the severe impact of the COVID-19 pandemic, the URA has also provided rent relief to its domestic and commercial tenants, helping them through this difficult time. So far, the amount of rent relief has already exceeded \$200 million. Besides financial support, the URA also supported residents living in cramped environments or poor sanitary conditions in dilapidated areas with various schemes to combat the COVID-19 virus.

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Reaping the benefits of redevelopment projects

2021/22 has been a year in which we began to see benefits from earlier redevelopment projects. Seven tendered projects were successfully awarded, generating upfront payments from joint-ventured partners of around \$20 billion and approximately 3,000 new residential flats. As at end March 2022, we have built cash reserve of approximately \$27 billion, which will be entirely applied to future urban renewal works.

Over the past 12 months, three large-scale redevelopment projects were commenced. The first two were Kim Shin Lane/Fuk Wa Street Development Project and Cheung Wah Street/Cheung Sha Wan Road Development Scheme in Sham Shui Po, followed by the Nga Tsin Wai Road/Carpenter Road Development Scheme in Kowloon City announced in May 2022. These projects will provide an aggregate area of 63,000 square metres and are expected to yield 6,180 new residential flats. In addition, these projects will see over 20,000 square metres of greenery space and improved pedestrian environment, along with two new Government community complexes covering a total floor area of over 85,000 square metres, providing to members of the public much improved living environment and modernised services for leisure, cultural, municipal and rehabilitation uses.



The current grid street plan of Kowloon City (left), coupled with scattered single-block buildings individually built by private developers, reflects the lack of comprehensive planning in the district. The redevelopment project being commenced in Lung Shing area of Kowloon City will bring along widened and enhanced walkways (above right), as well as more green spaces and pedestrian environment to the community (below right).



Meanwhile, the redevelopment of buildings under the Civil Servants' Co-operative Building Society (CBS) Scheme, which the URA has undertaken as pilot projects, has made very good progress. Notably in the Shing Tak Street/Ma Tau Chung Road Project, we issued offer letters in August 2021 to its 155 owners, of whom 150 had accepted by end of June 2022. The Government has gazetted resumption of the land for this project, and the clearance work is expected to commence in the fourth quarter of this year. As for the other pilot project at Kau Pui Lung Road, we are at the stage of facilitating the dissolution of relevant co-operative building societies, before acquisition offers can be made. Concurrently we are processing the Stage 2 public comments received by the Town Planning Board (TPB) during the consultation period. We aim to complete the remaining planning procedures as soon as possible.

In the meantime, we are forging ahead with the second phase of eResidence - the Chun Tin Street/Sung Chi Street Project in Hung Hom, as a Starter Homes (SH) Scheme. The Project is currently under construction and is expected to provide about 260 SH units to be sold in the second half of 2023.

In addition, the URA is working jointly with The Hong Kong Settlers Housing Corporation Limited (HKSHCL) in the redevelopment of the Tai Hang Sai Estate. Upon the conditional approval from the TPB in December 2021, we are finalising the detailed planning and design work. HKSHCL, who is responsible for formulating and implementing clearance and relocation plans for its tenants, is currently vetting tenants' eligibilities for ex-gratia allowances and reversion, which will be followed by relocation arrangement. Construction work is expected to commence in 2023. Upon redevelopment, 3,300 new flats will be provided, of which 1,300 will be allocated by HKSHCL to rehouse existing eligible tenants, whereas the remaining 2,000 flats will be offered by the URA as SH units. Together with the completion of the second phase of eResidence, the URA will provide around 2,260 SH units to meet housing needs.

Supporting and promoting rehabilitation

The URA has been administering all building rehabilitation subsidy schemes initiated by the Government since June 2020. These schemes cover six areas from building inspection, common area repair works, fire safety improvement, lift modernisation, building drainage system repair to property maintenance by individual owners. They involve management of over \$19 billion of public funds. As at June 2022, we have approved more than 11,000 applications, helping around 430,000 residential units for owners to improve their building conditions and facilities in the common area through the subsidy schemes.

Located at eResidence in Hung Hom, the Building Rehabilitation Resources Centre is set up to provide one-stop building rehabilitation services for property owners and enhance public awareness on building rehabilitation and preventive maintenance.



With the target of extending structural integrity and serviceability of buildings, the URA is helping property owners to maintain their building conditions and raise their awareness on preventive maintenance. We have set up the city's first one-stop Building Rehabilitation Resources Centre to provide technical assistance and information on building rehabilitation for property owners in need.

In addition, we are experimenting with a 'district-based rehabilitation' approach in Kowloon City and Yau Mong districts. Targeted rehabilitation proposals, in respective of buildings' ages and conditions, will be formulated for building owners to cover building inspection, common area repair works and exterior walls maintenance. Appropriate financial assistance will be provided to encourage owners' participation. Through this approach, we hope to see the overall building condition in these districts to be raised.

To assist the owners of single-block buildings which are currently deprived of property and facility management services, we plan to implement, on a trial basis, a 'joint property management' scheme in order to raise the standards of property management at lower management costs resulting from the economy of scale. It aims to help property owners of these buildings carry out regular building maintenance in future.

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Visiting the miniature art exhibition at Central Market with the then Chief Executive Mrs Carrie Lam.

In other areas of urban renewal work, we have completed all restoration and revitalisation works of Central Market with the conclusion of the second phase of works in April 2022. Since its opening in August 2021, Central Market has become an iconic landmark in the heart of the city and has received over 10 million visitors.

The URA strives to promote urban renewal in a sustainable way. To this end, a holistic and forward looking strategy has been developed. New planning tools are proposed from the URA's Yau Mong District Study (YMDS) to be applied in urban redevelopment in a bid to fully utilise land resources. The application of new planning tools will also incentivise more private market participation, thereby speeding up the pace of urban renewal for better living environment.

In this connection, the URA has been supporting the Government to initiate amendments to the relevant Outline Zoning Plans, as well as other city planning rules and regulations to implement the proposed recommendations in the YMDS. We will also apply the YMDS experience to new district studies to be conducted in Tsuen Wan and Sham Shui Po.

Turning a new chapter on urban renewal

20 years marks a significant milestone for the URA. While we celebrated our 20th anniversary last year, we also laid out three key principles for sustainable urban renewal going forward. The principles are:



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Forging ahead, the URA will continue our efforts in building our – Planning Reserve, Project Reserve and Financial Reserve. To date, we have conducted extensive planning studies in old districts, including Kowloon City, Yau Ma Tei, Mong Kok, Sham Shui Po, Wong Tai Sin, Kwun Tong, Hong Kong Island East, and Tsuen Wan. A total of 520 hectares of urban land in these built-up areas have been identified with renewal potential.

Meanwhile, we have included 10 new redevelopment projects, covering 137,000 square metres of land, into the Corporate Plan for the next five years (2022/23 to 2026/27). These projects are expected to yield over 13,400 new residential units.

Critically, we must build sufficient financial reserve for the very large acquisition expenses incurred in these projects. Based on our projection, the projects under planning will incur a financial commitment of about \$120 billion. Currently, there is only about \$27 billion in our cash reserve. Even if we include the upfront payments to be received from the tendered projects in the next few years, the cash flow is still inadequate to cover the projected cost of \$120 billion. In this regard, the URA will continue to uphold the self-financing principle as stipulated in the Urban Renewal Strategy, and make full use of all of our financial resources including borrowing capacities.

At the time of writing, I am starting my second three-year term as the Chairman of the URA. Despite the challenges posed by the pandemic, I am pleased to report that the URA team has continued to work diligently on urban renewal projects and related strategic studies. I am also encouraged to observe increasing public recognition and community support to the work of URA. I would like to extend my gratitude to all members of the Board for their insightful advice, support and guidance to our work throughout the year.

Urban renewal has always been full of opportunities and challenges. I shall continue to work with the Board and the URA team in pursuit of our mission. We will support the new HKSAR Administration in their initiatives to speed up the pace of urban renewal. Working together, we shall make Hong Kong a better place to live for all.

CHOW Chung-kong, GBM, GBS, JP

Chairman

31 July 2022