

Operating Review



Redevelopment



Rehabilitation



pReservation



Revitalisation

This Operating Review covers the Urban Renewal Authority's (URA) work over the past year.

Corporate and Business Plan

The URA Ordinance (URAO) empowers the Secretary for Development (SDEV) to prepare an Urban Renewal Strategy (URS) and, thereafter, to revise it in such a manner as the Secretary may decide. The current URS was published by the Government in November 2001 and remains in force. The URAO requires the URA to follow the guidelines in the current URS and prepare and obtain the approval of the Financial Secretary (FS) each year for both a five-year Corporate Plan (CP) and an annual Business Plan (BP) laying out the direction and programme of the URA's activities.

These two Plans are carefully devised to integrate the proposals and activities conceived under the URA's holistic Redevelopment, pReservation, Rehabilitation, and Revitalisation (4Rs) approach. Among the key considerations when drawing up these Plans are previous obligations, continually changing community aspirations with respect to urban renewal and the urgency for taking renewal action within the framework of the URA's current mandate and resource limitations.

The Plans covering the period from 2009 to 2014, including the 2009/10 BP, were submitted to the FS in December 2008 and approved by the FS in March 2009. The Plans covering the current period from 2010 to 2015, including the 2010/11 BP, were prepared in the third quarter of 2009/10, submitted to the FS in December 2009 and approved by the FS in March 2010.

Projects

In this Annual Report, the word "project" is used generically to cover all categories of redevelopment and preservation schemes, proposals and projects under both the Land Development Corporation (LDC) Ordinance and the URAO. Some projects may also be grouped together while others may be split into several smaller projects for implementation.

Although the URA's Development Scheme Plans (DSP) prepared under Section 25 of the URAO do not fall directly under the Town Planning (Amendment) Ordinance (TP(A)O), we have agreed that the URA will follow the procedures for plan making and amendment of plans covered under the TP(A)O. In this way, the DSPs are subject to formal public comments, representations and, if necessary, hearings conducted by the Town Planning Board (TPB) in considering the suitability of these projects. To date, 11 such projects have been launched by URA under this process, with the most recent ones being the Shanghai Street / Argyle Street and Prince Edward Road West / Yuen Ngai Street shophouse preservation projects, which were both launched in September 2008 and were subsequently both approved by the Chief Executive in Council in February 2010.

The URA can also implement Development Projects (DP) under Section 26 of the URAO. Such projects are not subject to the formal plan making process of the TP(A)O but have to be authorized by the Secretary for Development after considering the merits of URA's proposals and any public objections to them. Up until 31 March 2010, six projects had been launched by this means, with the most recent being the San Shan Road/ Pau Chung Street, Shun Ning Road and Ma Tau Wai Road / Chun Tin Street projects, which were launched in May and June 2009 and February 2010 respectively.

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Environmentally Sustainable Development

URA seeks to promote and implement environmentally sustainable and innovative development to improve the built environment and enhance the quality of life in urban Hong Kong. To this end, where applicable, we incorporate into the design and construction of our joint venture developments appropriate environmental provisions covering –

- Energy efficiency
- Water conservation
- Environmentally friendly building materials
- Facilities for collection of recyclable wastes
- Reduction of construction waste and environmental nuisance
- Extensive and well-planned greening

In recent years, our efforts to develop our projects in a sustainable way have been recognized by the issue of platinum standard certificates by the Hong Kong Building Environmental Assessment Method Society in recognition of the environmental features of our Mount Davis 33 project in Ka Wai Man Road in 2006/07, our Vision City project in Tsuen Wan Town Centre in 2007/08, our i-home project in Tai Kok Tsui in 2008/2009 and our Florient Rise project in Tai Kok Tsui in 2009/10 and Island Crest in Sai Ying Pun in early 2010/2011. We have also recently obtained provisional platinum standards for two further projects, namely, Lime Stardom in Tai Kok Tsui and Queen's Cube in Wan Chai.

In May 2009, URA announced its formal adoption of a comprehensive policy on environmentally sustainable urban renewal to formalize and enhance our commitment to fostering a quality living environment in Hong Kong. By adopting this policy, URA aims to set an example for the property industry and, thereby, play our part in encouraging the industry and the community to adopt more environmentally-friendly practices. Our objectives are to exceed present standards in implementing our urban renewal programme, starting with the Lee Tung Street, McGregor Street project in Wan Chai, the development tender for which was awarded in June 2010, and, by striving for continuous improvement, to make our contribution to sustainable future for Hong Kong.

As part of this policy announcement, URA organised a seminar under the theme “Green Homes: Building an Environmentally Sustainable Future for Hong Kong” in May 2009 to increase public awareness of the importance of protecting the environment and encourage the community to adopt more environmentally friendly property planning and development practices. During the seminar, expert overseas speakers from the United Kingdom, United States of America, France and Hong Kong shared their experiences and insights with over 350 delegates and exhibitors drawn from a broad cross-section of Hong Kong's community. The Secretary for the Environment delivered a keynote speech at the luncheon meeting which followed.

Subsequently, media interviews were arranged for the Chairman of the URA and the subject director to elaborate on the policy. In addition, URA's achievements in environmental sustainability were then presented to the stakeholders via seminars and a professional journal.

In addition, enhanced requirements on greening and environmentally friendly designs were included in the quality and standards control requirements of the joint

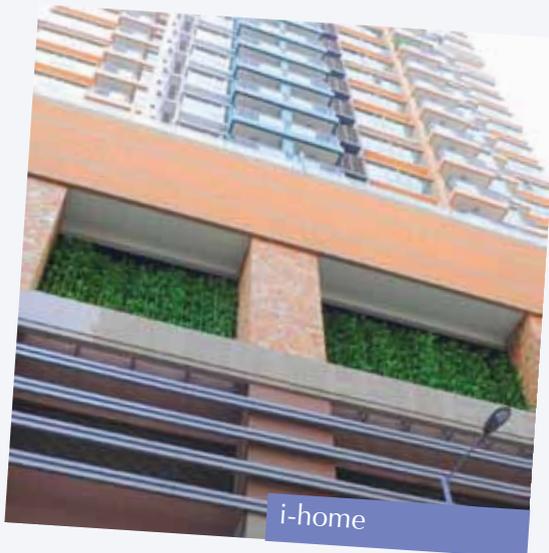
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venture development agreements for the Kwun Tong Town Centre, Yuet Wah Street Site and Lai Chi Kok Road/Kweilin Street/Yee Kuk Street.

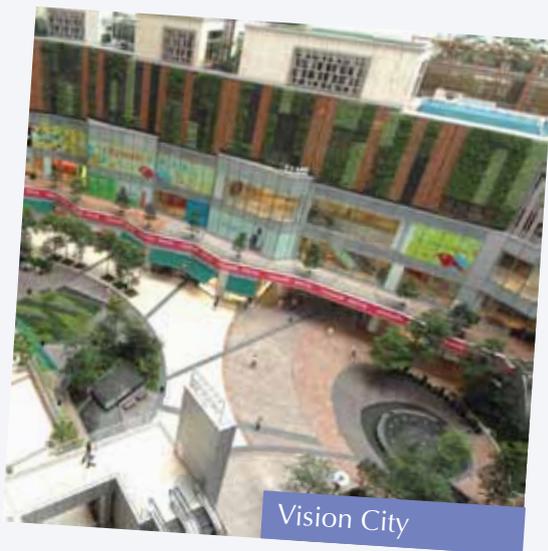
To support the Authority's green policy, a set of Green Principles was developed and launched in early 2009. Green Tips and reminders are now regularly issued to alert and educate staff members on this subject and environmental sustainability is taken into account in the procurements and daily operations of the Authority.



Florient Rise



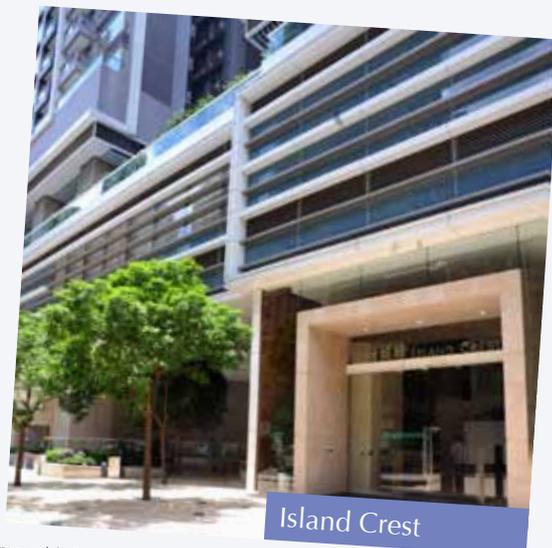
i-home



Vision City



Mount Davis 33



Island Crest

URA projects achieving the Hong Kong Building Environmental Assessment Method (HK-Beam) Platinum Rating.

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Selection of New Redevelopment and Preservation Projects

When the URA was set up in 2001 to, among other things, speed up the pace of urban redevelopment, URA was given a number of specific tasks by the Government under the current URS. These included –

Taking over and completing implementation of 10 commenced and still ongoing redevelopment projects from the LDC;

Giving priority to commencing 25 further redevelopment projects announced but not commenced by the LDC; and

Implementing 200 further redevelopment projects which had been selected by the Government.

Subsequently, the URA was tasked by the Government with implementing one other redevelopment project as well as a number of preservation projects not included in any of the three categories above. The redevelopment project was implemented because the buildings covered by the project had become very dilapidated and were severely affected by traffic noise to the detriment of the residents. On redevelopment, URA will therefore change the use of this site from residential to hotel. The preservation projects were implemented to save the relevant buildings from demolition in accordance with the Government's current initiatives to preserve more of Hong Kong's built heritage.

In accordance with the current URS, the URA determines the priority given to commencing new projects on the basis of a number of factors, including but not limited to -

- whether the proposed project area is old and dilapidated and requires urgent redevelopment;
- whether the buildings lack basic sanitation facilities or are exposed to potential fire risk;
- whether the living conditions of the residents in the proposed project area are satisfactory;
- whether the proposed project will improve the area by replanning and restructuring;
- whether the proposed project area will achieve a better utilization of land after redevelopment;
- whether any of the buildings in the proposed project area are worthy of preservation and, if so, whether they would be in danger of demolition and redevelopment if the project did not proceed; and
- whether the rehabilitation of buildings in the proposed project area is a practicable and viable option.

Before URA can select and commence any project, the project must be approved by its Board for inclusion in the URA's draft CP and BP. These two Plans must be approved by the FS, after first being vetted by the Development Bureau, Financial Services and Treasury Bureau, Planning Department, Lands Department and other relevant Government Departments.

In June 2009, URA began a building conditions survey of pre-1980 buildings within URA's Areas on behalf of the Steering Committee on the URS. To date, visual inspection of about 3,000 buildings, detailed investigation of about 300 buildings and social living condition surveys of about 700 buildings, have been completed. The results from this survey will be useful for assessing and projecting the extent of the problem of building decay in Hong Kong.

Commencement of New Redevelopment Projects

During the 2009/10 BP year from 1 April 2009 to 31 March 2010, URA commenced three URAO redevelopment projects, which are described in the following paragraphs.

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

In February 2010, following the tragic collapse of a tenement building, and the forced demolition of two adjacent buildings due to safety concerns, on Ma Tau Wai Road, the URA commenced this project comprising two rows of 50-year-old plus tenement buildings of four to six storeys in height and containing around 320 households.

In recognition of the unique circumstances, in particular the residents' psychological concern about the safety of their premises, the URA adopted special measures to help those affected residents in advance of completion of planning approval and issuances of formal acquisition offers. The special measures, which were valid for one month from the commencement of the project, were introduced to help owner-occupiers and tenants within the project leave as early as possible if they so wished. Owner-occupiers were offered deposits of



URA staff conducts freezing survey to ascertain the occupancy status.



URA staff Dora Lam visits Mr Chan, a tenant affected by the Ma Tau Wai project, in his new home. Ms Lam is selected to receive The Ombudsman's Awards 2010 for Officers of Public Organisations for her caring, dedication and people-oriented approach in helping the residents.



The project involves 50-year-old plus tenement buildings at a site where a block was tragically collapsed.

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30% of the estimated market values for their respective properties with the remaining 70% plus Home Purchase Allowance to be paid when general offers are made to all owners after the planning procedure for this project has been completed. Domestic tenants who elected to leave immediately were offered either ex-gratia payment or rehousing, if eligible. In addition, URA agreed to pay the rent on behalf of the vacating tenants to their landlords until expiration of their tenancies. For non-domestic tenants, the URA offered to pay a special business allowance equivalent to 0.5 Rateable Value of their tenanted unit to assist them to relocate. By the time of expiry of the offer period, over 220 applications had been received.

In addition to the above special measures, the Expression of Interest to Purchase Arrangement (EIPA) will be offered at prevailing market values to eligible domestic owner-occupiers to enable them to return upon completion of the project. Non-domestic owner-occupiers and tenants of ground floor units will be offered the opportunity to lease commercial spaces in the redeveloped project at prevailing market rents.

The URA plans to build over 400 small flats for the mass housing market and re-create the existing retail street pattern along Ma Tau Wai Road with a low-rise retail podium which will provide around 1,000 m² GFA for Government, Institution and Community (GIC) facilities. Around 500 m² of at-grade open space would also be provided which should help improve the streetscape and air ventilation in the area.

Submissions, including objections to the project, were received during the two month publication period ending in April 2010. These were deliberated by URA, which then submitted the outcome of its deliberations to SDEV for consideration, along with other information required under Section 24(3) URAO in May 2010. SDEV's decision is now awaited.

Shun Ning Road, Cheung Sha Wan

In June 2009, URA commenced this modest sized project of around 827m², which is located at Shun Ning Road in Sham Shui Po. It comprises five buildings, which were built in 1954 or 55, are of five storeys tall and contain about 180 households. These buildings are in generally dilapidated condition with various unauthorized structures. URA plans to redevelop this site for residential use with modest commercial provision in line with its Residential (Class A) zoning. This is the 13th redevelopment project implemented by the URA to help improve people's living conditions and the environment of Sham Shui Po. Of these 13 projects, five are being implemented in collaboration with Hong Kong Housing Society (HKHS). In addition to these redevelopment projects, URA has carried out an extensive programme of building rehabilitation work in this District over the past six years, benefiting some 40 buildings comprising over 1,900 flats. Submissions objecting to the project were received during the two month publication period ending in August 2009. These were deliberated by URA and the deliberations were submitted to SDEV along with other information required under Section 24(3) URAO in November 2009. Authorization by SDEV to proceed with the project was published in the gazette in February 2010. Acquisition offers were issued to affected owners in April 2010. Unfortunately, unbeknownst to URA, some domestic tenants were served eviction notices by their landlords prior to URA commencing this project or did not have their tenancies renewed and had to move out prior to acquisition. As a people-orientated organisation, URA reached out to help such evicted tenants who were in hardship by various means, once URA became aware of their situations.



Balloting for selection of the valuation consultants to perform the assessment of a notional seven-year-old flat.



The dilapidated condition of the buildings in the site area.



URA staff conducts freezing survey at the project site.

San Shan Road / Pau Chung Street

In May 2009, URA commenced this modest sized project of around 1,170m², which is located in Ma Tau Kok. It comprises seven buildings constructed in 1957 which are in dilapidated condition. The buildings are six storeys tall, lack lifts and have various unauthorized structures. Around 130 households are affected by this project. URA plans to redevelop this site for residential use with modest commercial provision in line with the Residential (Class A) zoning for the said project, which provides the opportunity for widening existing pavements through building set back and corner splay. This project, which is the third redevelopment project launched in this district, complements the extensive

rehabilitation work initiated by URA over the past six years and covering some 100 buildings comprising over 8,000 flats in the district. Submissions objecting to the project were received during the two-month publication period ending in July 2009. These were deliberated by URA and the deliberations were submitted to SDEV along with other information required under Section 24(3) URAO in October 2009. Authorization by SDEV to proceed with the project was published in the gazette in February 2010. Acquisition offers were issued to affected owners in April 2010. No problems in respect of eviction by landlords of their domestic tenants were encountered in this project.

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Implementation of Commenced Redevelopment and Preservation Projects

Between early 2002 and July 2010, in addition to continuing implementation of the 10 projects commenced by and inherited from the LDC, the URA launched a total of 34 new redevelopment and preservation projects, comprising 18 ex-LDC projects and 16 URAO projects. Our strategic partner, the HKHS has launched a further seven ex-LDC projects and one URAO project in cooperation with us. Thus, all 25 of the projects announced by the LDC in early 1998 have now been launched, along with 17 URAO projects, comprising 13 redevelopment and four preservation projects. The 42 projects launched by URA and HKHS have helped or are helping over 19,000 people to improve their previously poor living conditions, as well as producing almost 12,000 new homes plus over 52,000 square metres of GIC, almost 250,000 square metres of commercial facilities and almost 27,000 square metres of public open space. Of these 42 projects, two have been fully completed with all flats sold, while the rest are ongoing, with sales of flats well under way in four projects.

Of the 10 projects commenced by and inherited from the LDC, six have been completed with all flats having been sold, three have obtained their certificates of compliance with flat sales and commercial leasing now under way, while the last phase of one is under construction. The final project comprises three sites, with construction on two of these sites having been completed and most flats sold and most commercial spaces leased out and construction on the third site now under way. These 10 inherited projects have helped almost 14,000 people to improve their living conditions, as well as producing over 6,000 new homes plus various GIC and commercial facilities and public open space.

Out of the 18 ex-LDC projects that have been launched directly by the URA, two projects have been completed with all flats sold while five have obtained their certificates of compliance with flat sales or commercial leasing still under way. During the year, development tenders were awarded for two projects i.e. Lee Tung Street/McGregor Street in Wan Chai and the Yuet Wah Street Site of the Kwun

Tong Town Centre project. These two projects, together with five other projects, are now all under construction. The remaining four projects together with the remaining phases of Kwun Tong, are all under acquisition.

Five of the 17 URAO projects launched directly by URA and HKHS are being processed as two combined larger projects. During the year, the development tender was awarded for one of these, the Lai Chi Kok Road/Kweilin Street/Yee Kuk Street project, which is counted as two projects, while URA has applied for resumption of the other, namely the Hai Tan Street/Kweilin Street/Pei Ho Street project, which is counted as three projects. Construction works commenced on site for the Mallory Street/Burrows Street revitalisation-cum-preservation project. Of the remaining eleven commenced URAO projects, the three redevelopment projects commenced in 2009/10, namely, Ma Tau Wai Road/Chun Tin Street, Shun Ning Road and San Shan Road/Pau Chung Street, are described in the previous section. The two preservation projects commenced in 2008/09, namely, Shanghai Street/Argyle Street and Prince Edward Road West/Yuen Ngai Street are described in the section on preservation. The remaining six are at various stages of acquisition or clearance.

Sales of New Residential Flats in Projects

As a whole, local property prices have been recovering during the past year or so. During the year, the Authority and its joint venture partners have continued with the flat sales of seven joint venture developments launched in the previous year – Vision City, MOD595, Beacon Lodge, The Dynasty, Vista, Florient Rise and i-home. By the end of 2009/2010, the sale of flats in MOD 595 had been fully completed while a total of some 90 out of the total of flats in the other six developments had yet to be sold. In addition, the Authority and its joint venture developers launched the sales of flats in two new projects – The Masterpiece in Tsim Sha Tsui and Island Crest in Sai Ying Pun, offering more than 800 new flats for sale to the public at prices approved by the Authority with reference to prevailing market conditions. By 31 July 2010, some 600 flats had been sold in these two recently launched projects.

These sales are all being conducted during a period of ever-changing market conditions associated with the aftermath of the global financial crisis, fluctuating stock markets locally and in Mainland China and intervention by the Government in April 2010 to improve the regulation of flat sales in Hong Kong. Subsequently, in May 2010, the URA implemented a package of eight new measures, in addition to those which it already had in place, to control flat sales in its redevelopment projects. These measures have enhanced transparency and fair play with respect to sales of flats in URA's projects by taking into consideration the needs of genuine home buyers, tightening representations by URA's joint venture partners and ensuring disclosure and transparency of transacted sales.

Commercial Properties in Projects

In 2009/10, the Authority opened three major shopping malls - the 190,000 square feet shopping mall at Citywalk 2 in Tsuen Wan Town Centre, which is in joint ownership with the developer of The Dynasty project and accommodates a maximum of 175 retailing outlets to provide the daily necessities of the neighbourhood, the 336,000 square feet K11 shopping mall in Tsim Sha Tsui and the 22,000 square feet retail centre at Vista in Sham Shui Po, which is in joint ownership with the developer of this project. Throughout the year, the 28,000 square feet shopping mall at J Senses in Wan Chai and the 250,000 square feet at Citywalk in Tsuen Wan Town Centre were in full operation at almost their maximum capacities.

During 2009/10, the 22,000 square feet commercial portion of Beacon Lodge was successfully sold by open tender to a non-government organisation, the Young Men's Christian Association, for provision of community and educational services to the district as well as across Kowloon. In addition, the K11 Shopping Mall and the 341-room Hyatt Regency Hotel, which are both located in the same mixed use development as The Masterpiece, in Tsim Sha Tsui, both commenced operation in late 2009.

Partnership with Hong Kong Housing Society

The URA and HKHS entered into a Memorandum of Understanding on Strategic Cooperation in December 2002. Under the MOU, the HKHS has to date commenced seven redevelopment projects, and HKHS is bearing all of the costs of these projects and any profits or losses. Five of these projects are in Sham Shui Po and two are in Shau Kei Wan. Under the agreed arrangement, the HKHS is undertaking acquisition and clearance for the projects. The HKHS is also responsible for redevelopment of the sites after clearance. When developed, the projects are expected to provide about 1,600 new flats, over 13,300m² of commercial space, almost 4,800m² of space for GIC use and 300m² of open space. The URA and HKHS are looking ahead and exploring the scope for cooperation in order to bring further urban renewal activities to fruition for the benefit of the community as a whole.

Under a separate MOU executed in July 2003 and renewed in July 2008, the HKHS also continues to rehouse eligible tenants affected by URA projects in rehousing units at an agreed cost per unit.

Partnership with Hong Kong Housing Authority

Under an MOU executed in June 2002 and renewed in July 2007, the Hong Kong Housing Authority (HKHA) continues to rehouse eligible tenants affected by URA projects in public rental housing units at an agreed cost per unit.

Individual Project Details

Individual details of all 44 still current redevelopment and preservation projects and all eight projects completed to date are given in the table entitled URA Project Highlights on pages 64 to 71.

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Redevelopment

Island Crest, an URA redevelopment project at First Street/Second Street, Sai Ying Pun, provides 700 square meters of open space.



Redevelopment

Further information about eight of URA's more significant current redevelopment projects is given in the following paragraphs.

Sai Yee Street

This project was commenced in December 2007. To help preserve and enhance the local character of this part of Mong Kok, URA drew up and announced a special Local Sports Shops Arrangement exclusive to this project in November 2007. Under this special arrangement all current sports shop operators affected by this project will be offered priority to lease space within the "Sports Retail City" which will form a special feature of the new development and which was unveiled to the public in December 2007. The design of the future development breaks up the building mass into a juxta-positioned jigsaw of shop units with plenty of breathing space to blend in with the local small shop environment. The buildings will also be

set back to provide wider pavements and loading and unloading will be relocated to the basement to improve the pedestrian environment. Another special feature of this project is that the streets will be revitalised to link up this project with the Hong Kong Playground Association's (HKPA) nearby MacPherson Stadium, which is being redeveloped by URA in partnership with HKPA to provide a modern indoor stadium and youth centre together with residential and commercial space.

General acquisition offers were made to all affected domestic and non-domestic owners in March 2008 and the application for resumption has been submitted.



The "Sports Retail City" will form a special feature of the new development.



Nga Tsin Wai Village

The URA has adopted an innovative conservation paramount approach to this unique project. Unlike in other projects where most properties are in multi-storey buildings with strata title ownerships within one lot, this unique urban village project is made up of over one hundred small individually owned private lots, over 70% of which have been acquired by a major owner over the past two decades, plus over a dozen government-owned lots. To enable this project to proceed, URA entered into a cooperation arrangement with the major owner concerned, which is also a developer, in 2006 after protracted negotiations, to jointly redevelop this project while preserving its core heritage elements. Since then the major owner has cooperated with URA in the implementation of this conservation led project. The project then commenced in October 2007 under the joint venture development agreement with the major owner of properties within this project's boundaries.

Three core heritage elements of this unique urban village, namely, the gatehouse, the embedded stone tablet and the Tin Hau Temple as well as the central axis and eight authentic village houses, will be retained within a new Conservation Park. To accommodate this approach, the future residential towers will be

Three preserved items at Nga Tsin Wai Village: Gate house & stone tablet above the gate and Tin Hau Temple.

lifted up to provide a vertical clearance above ground level, as well as being set well apart and designed to minimise encroachments into the Conservation Park and interference with sightlines towards the Lion Rock.

Acquisition offers were made to the affected owners in January 2008. The application for resumption has been submitted. Photographic and cartographic records are being made of village houses as they are acquired and cleared. Acquisition and phased demolition are now in progress. The acquisition and clearance issues relating to this project are particularly challenging because the owners of the property interests in this project include indigenous villagers and non-indigenous villagers and a major owner and, in addition, many of the property titles are defective. Some of the non-indigenous villagers remain unwilling to sell their property interests. There are also a substantial number of illegal structures and illegal occupants both within and surrounding the project site. The application for resumption of this project site was submitted to the SDEV in October 2009.

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Kwun Tong Town Centre

Occupying a site area of 5.35 hectares, the Kwun Tong Town Centre (KTTC) redevelopment, which was commenced in March 2007, will cost over \$30 billion to implement, is the largest single project undertaken by the URA and involves 1,657 property interests and about 5,000 people.

The KTTC project consists of two sites, namely the Main Site and the Yuet Wah Street Site. Due to the huge size of the project, the Sites are divided into five Development Areas for redevelopment in phases.

The visionary design for this 21st Century town centre includes well-spaced building blocks for better ventilation, increased public open space and greening, an integrated public transport interchange, grade-separated pedestrian facilities connecting to adjacent developments, kaifong-style street shops, a covered hawker bazaar, a multi-storey shopping mall, as well as reprovisioned and improved Government medical and other facilities. All facilities will be accessible to wheelchair users.

The MLPs for the two DSPs for the two Sites were approved by the TPB in December 2008 and January 2009 respectively.

Throughout the year, URA has continued to utilise a bottom-up approach to tapping public views by engaging various stakeholders, including the Kwun Tong District Council Members, transport operators, hawkers, Government Bureaux and Departments and members of URA's District Advisory Committee. The URA solicited their views on various issues by various means, including, for example, gauging the acceptability of interim traffic and transport arrangements through road shows and systematic questionnaire interview surveys.

Redevelopment of Development Area 1, the Yuet Wah Street Site, commenced in December 2009, after the existing bus terminus had been successfully relocated to the new one in Fuk Tong Road, which was designed and built by the URA and then transferred to the Government.



Public views survey on the interim traffic and transport arrangements is conducted at a road show.

Acquisition of the affected property interests in the Main Site of KTTC, comprising Development Areas 2 to 5, has progressed satisfactorily to date. As at the end of July 2010, over 82% of all property interests had accepted the acquisition offers, including over 95% of the interests of domestic owner-occupiers. As required by law, URA submitted an application to SDEV in July 2009 for resumption and phased reversion of this Site. Clearance for redevelopment is dependent on the timing of resumption by the Government of the remaining unacquired property interests and the clearance of illegal occupiers.

To maintain order, safety and reasonable environmental conditions in the acquired properties, the URA has engaged property management contractors to manage and maintain all premises, which have been vacated by their occupiers.

URA is now pursuing plans for interim transport arrangements and permanent road closures for redevelopment of the Main Site.

After comprehensive feasibility studies of the traffic and transport arrangements, as well as the requirements of



A workshop on the interim traffic and transport arrangements.



The Kwun Tong District Council meets to discuss matters on the Kwun Tong Town Centre Project.

the Government for diversion of underground utilities, the URA has decided to redevelop Development Areas 2 and 3 concurrently. This will meet the community's aspirations to speed up the redevelopment of this project. It will also improve the programming for re-provisioning of crucial GIC facilities, including advancing the completions of both the permanent hawker bazaar in Development Area 3 and the integrated covered public transport interchange which straddles across Development Areas 2 and 3.

Like other existing public facilities affected by this project, the methadone clinic, which is currently situated in Development Area 4 of the Main Site, provides an important service. However, proposals for

re-provisioning of this clinic within the vicinity have met objections from local communities. The Kwun Tong District Council has now expressed their support for the re-provisioning of the clinic at the Hoi Yuen Road roundabout and requested some design improvements. Further studies on design enhancement are being conducted and a new planning application will be put to the TPB in due course.



URA Chairman Mr Barry Cheung (Centre), URA Managing Director, Mr Quinn Law and Executive Director (Planning and Project Control), Ms Iris Tam outline an alternative concept for conserving Wing Lee Street for the Town Planning Board's reference.

Staunton Street / Wing Lee Street

URA commenced this project in March 2003. In November 2003, the TPB considered and decided not to uphold an objection to the project lodged by a private developer who claimed to own a portion of the site, which it intended to redevelop itself, within the development scheme plan boundary. Following lengthy court proceedings initiated by the developer, including first, a judicial review and, later, an appeal by the private developer concerned, the Appeal Court requested the TPB to re-consider the private developer's objection. Therefore, in June 2007, the TPB re-heard the objection and, at that time, decided to uphold it. The DSP boundary was, therefore, amended to excise the site owned by the private developer.

The MLP comprised new residential, commercial and Government/ Institution/ Community uses as well as public open space, together with conservation of the Bridges Street Market, some old tenement buildings along Staunton Street and Wing Lee Street, and the characteristics of the existing terrace, streets and lanes, as well as allowing for the possibility of commemoration of Dr Sun Yat Sen's association with the locality. The MLP was submitted to the TPB on 26 March 2008.

Subsequent to the submission of this MLP, the Government announced that it intended to revitalise the adjacent Former Police Married Quarters (PMQ) site on Hollywood Road, rather than redevelop it. To

complement this new Government initiative, the URA decided to adopt a “conservation-led redevelopment” approach to its Staunton Street/ Wing Lee Street project to enhance the street ambience and the heritage significance of this part of Sheung Wan by visually connecting the two adjacent sites and generating a synergetic effect.

To achieve this, the URA refined the MLP for this project to reduce the overall density from a plot ratio of 8.0 to one of 4.5 by removing one residential tower near the preserved Bridges Street Market and replacing it with low-rise buildings along Wing Lee Street of similar typology, height and scale to the existing tenement buildings, which need to be demolished due to their poor conditions and many unauthorized structures. A new medium rise cascaded building along Shing Wong Street will also help maintain the visual and physical integrity of the locality. The refined MLP was submitted by URA to the TPB in February 2009.

Subsequently, in April 2009, an Alternative MLP was submitted to the TPB by four property owners within Site C of the project followed by a rezoning application under Section 12A of the TPO to rezone Site C from “Comprehensive Development Area” to “Residential (Group C)” and to excise it from the URA’s approved DSP. In July 2009, the TPB decided to defer decision on the rezoning application as well on the revised MLP submitted by the URA, and the Alternative MLP. Planning Department was also requested to work out a set of (new) planning parameters for Site C to facilitate TPB consideration of the submissions before it. At the TPB meeting in January 2010, the TPB did not agree to the Section 12A rezoning application and also rejected the Alternative MLP.

The URA revised the MLP prepared by Planning Department, based on the revised planning parameters for Site C. The parameters for Sites A and B remained unchanged. The maximum plot ratio for Site C was reduced to 6.5, including a maximum non-domestic plot ratio of 0.5, and the maximum building height was capped at 20 storeys. These parameters were considered to be in line with the intentions expressed with respect

to “Conserving Central” in the Chief Executive’s 2009/10 Policy Address. As a result, the overall net plot ratio for the project was further reduced from 4.5 to 3.9 with corresponding financial consequences. The revised MLP incorporating changes to Site C as well as reflecting the latest URA’s intention in preserving and revitalising the Bridges Street Market, was submitted to the TPB on 29 January 2010.

On 19 March 2010, the TPB rejected the revised MLP. The TPB considered that their previous concerns relating to the preservation of the existing tenement buildings in Site A, Wing Lee Street, and the “terrace” nature of the area had not been adequately addressed. Planning Department was requested to review the planning intention of the scheme with a view to preserving all the tenement buildings in Wing Lee Street. The TPB also requested to URA to provide information on the structural conditions of the existing buildings at Wing Lee Street and the cost involved in their rehabilitation; and explain clearly to the affected owners and tenants, the implications of the alternative concept i.e. amending the URA’s approved DSP to preserve all the tenement buildings in Wing Lee Street through a separate zoning for Site A. The URA duly provided the requested information to the TPB on 7 May 2010 and explained the implications to all affected owners and tenants. The URA awaits the TPB’s consideration of the zoning intention for Site A and commencement of the statutory plan-making procedure under Section 5 of the TPO. URA is now acquiring the interests of owners in Sites A, B and C, and has undertaken to continue to acquire the interests of the owners in Site A until the TPB makes its decision about this Site. URA has also undertaken to offer accommodation in its nearby rehousing block to tenants of unacquired properties in Site A who wish to move out.

Operating Review

Lee Tung Street / McGregor Street

This residential and commercial project was commenced in October 2003. Its redevelopment will create a Wedding City featuring Hong Kong's first Wedding traditions, a culture gallery and a retail area catering for wedding related trades such as wedding dresses, flowers, decorations, cakes, hair salons, jewellery, photo studios and wedding organisers. This project will also contain some space for social enterprises. In addition, three pre-war shophouses will be preserved, Lee Tung Street will be pedestrianised and a new east-west pedestrian link with attractive open space will also be created.

The MLP for this project was approved by the TPB on 22 May 2007. As part of the scheme, Lee Tung Street

will be closed and pedestrianised, and Amoy Street will be connected to Queen's Road East. Gazettal under the Roads (Works, Use and Compensation) Ordinance was completed in April 2009. Following consideration of objections received under the ordinance, Lee Tung Street was physically closed on 25 February 2010. Work on opening up Amoy Street will commence in due course. The Conservation Plan for the preservation and adaptive re-use of three pre-war shophouses on Queen's Road East was agreed with the AMO in April 2009. Expressions of interest in redeveloping the site were invited in March 2009, tenders were invited in May 2009 and the joint venture development tender was awarded in June 2009 with a view to completion of construction in 2015.



The project will provide about 3,000 squares of public open space.



The core elements of the market building will be preserved in-situ.

Tai Yuen Street / Wan Chai Road

Sites A and B of this project have already been redeveloped into the Zenith and almost all flats built on these sites have been sold. However, during development of these Sites, strong opposition emerged in the community to the demolition of the Wan Chai Market building to allow redevelopment of Site C, even though this had been agreed by all parties a decade earlier. Therefore, URA took a fresh look at the way forward for redevelopment of this site. After negotiating and reaching agreement with our joint venture partner for the whole project, a revised MLP, which enables the core elements of the Wan Chai Market building to be preserved whilst allowing residential development above it, was prepared for Site C for consultation with the Antiquities Advisory Board and members of the Wan Chai District Council. Subsequently this revised MLP was submitted to the TPB in April 2008, following which it was approved in June 2008. Under the revised MLP, the core elements of the market building, including the major façade, the main entrance, the curved canopy and fins, and part of the front portion of the structural form, will be preserved in-situ. This provides

a pragmatic solution whereby the URA can honour its contractual agreement with the developer whilst, at the same time, recognizing the community's current wish for preservation of the market to the extent practicable, albeit at additional cost to the URA and with a longer development period.

Demolition of the non-core elements commenced in November 2008. Prior to and during the process of their demolition, URA took careful photographic, film and cartographic records, for future reference, of the non-core elements of the structure. The Supplementary Agreement for the Core Preservation Scheme was executed between URA and its joint venture development partner on 31 December 2008. General Building Plans for the Core Preservation Scheme were approved in March 2009. The foundation work, which began in July 2009 following completion of demolition of the non-core elements, has now been completed. Substructure works are now under way.

Operating Review

*p*Reservation

The Mallory Street/Burrows Street Preservation-cum-revitalisation "Art Community" Project in Wan Chai.





A cluster of 10 pre-war verandah type shophouses of outstanding value in Shanghai Street/Argyle Street will be preserved and revitalised.

pReservation

Cantonese Verandah-Style Shophouses

In his 2007/08 Policy Address in October 2007, the Chief Executive of the Hong Kong Special Administrative Region encouraged URA to extend our conservation work to cover pre-war shophouses. In March 2008, URA announced a conservation strategy comprising a range of approaches for application to shophouses depending on their different levels of heritage value.

Subsequently, in September 2008, URA commenced two preservation-cum-revitalisation projects in Mong Kok covering two clusters of ten shophouses of high heritage value and potential for adaptive re-use at Shanghai Street / Argyle Street, and Prince Edward Road West / Yuen Ngai Street. The details of both of the projects, the draft DSPs of which were finalized following brain storming sessions held with all relevant stakeholders on their appropriate after uses, are described below.

Shanghai Street / Argyle Street Shophouses

This preservation-cum-revitalisation project involves a cluster of 10 pre-war verandah type shophouses considered to have outstanding historical, cultural and architectural value and already graded as historical buildings by the Antiquities Advisory Board (AAB), and four 1960s buildings which dissect the shophouse cluster. In September 2009, the URA announced its intention to preserve them through a DSP to be

processed under the Town Planning Ordinance (TPO) to ensure that these historic buildings would not be demolished and allow those affected and the community at large to express their views. The URA subsequently conducted a brainstorming session involving the owners, residents, Yau Tsim Mong District Council, academics and professionals, amongst others, to consider the most appropriate and viable adaptive re-uses for the shophouses. In addition, we conducted two surveys of direct stakeholders and the public respectively, with the public survey finding that over 80% of those surveyed supported preservation of this cluster of shophouses. The aspirations and views gathered by these various means were then reflected in the DSP which was submitted to the TPB in January 2009. In April 2009, the TPB considered the DSP, which includes proposals for adaptive re-use for daily necessities and traditional foods shops and outlets and commercial uses, suitable for publication under Section 5 of the TPO and it was published on 8 May 2009 for 2 months during which the community could make formal representations to the TPB. Subsequently, in October 2009, the TPB conducted a hearing to consider the representations and comments on the representations, including those made by URA. None of the representations were upheld. The Chief Executive in Council approved the DSP under Section 9(1)(a) of the TPO in February 2010. Acquisition offers were issued in March 2010.

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Prince Edward Road West / Yuen Ngai Street Shophouses

This second preservation-cum-revitalisation project, which was commenced at the same time and for the same purpose as the Shanghai Street / Argyle Street project, also comprises 10 pre-war verandah type shophouses of outstanding historical, cultural and architectural value. This shophouse cluster was identified in a consultancy study commissioned by the URA as having Level One – Outstanding Heritage Value, which URA's consultants believe to be equivalent to the Grade One classification of the AAB.

In view of the unique characteristics of this project, the URA introduced a Local Flower and School Shop Arrangement for existing operators of such businesses within the project who are interested in re-establishing their operation upon restoration of the premises, subject to meeting eligibility criteria, to be given priority to lease ground floor shops within the project at prevailing market rent.

As in the case of the Shanghai Street / Argyle Street project, a wide ranging brainstorming session involving all stakeholders was conducted to ascertain the most

appropriate and viable adaptive re-uses for these shophouses and two surveys of direct stakeholders and the public respectively were carried out. Again, the public survey found that over 80% of those surveyed supported preservation of this cluster of shophouses. These results were subsequently reflected in the DSP submitted to the TPB in January 2009. The TPB considered the DSP which includes proposals for adaptive re-use for educational, recreational, cultural and commercial uses, suitable for publication under Section 5 of the TPO on 3 April and it was published on 8 May 2009 for 2 months during which the community could make formal representations to the TPB. Subsequently, in October 2009, the TPB conducted a hearing to consider the representations, and comments on the representations including those made by URA. None of the representations were upheld. The Chief Executive in Council approved the DSP under Section 9(1)(a) of the TPO in February 2010. Acquisition offers were issued in March 2010.



A Local Flower and School Shop Arrangement is introduced to the existing operators of the Prince Edward Road West / Yuen Ngai Street project.

Other Shophouses

Action plans for the potential preservation of a further 28 shophouses of lower but, nevertheless, significant heritage values, have also been drawn up. Ten of these shophouses, which were identified in the conservation strategy as having significant but lower levels of heritage value than those in the clusters in Mong Kok mentioned above, have been selected for potential preservation under new pilot voluntary acquisition scheme (VAS) and voluntary restoration scheme (VRS). During the past year, URA approached the owners of four shophouses to invite them to participate in our pilot VAS. In the event that any of these owners prefer to retain their ownerships of their shophouses, we will invite them to participate in our pilot VRS instead. Since July 2009, URA has approached the owners of 12 further shophouses to invite them to participate in our pilot VRS. URA is now liaising with the owners of two shophouses interested in voluntary acquisition as well as the owners of another two shophouses interested in voluntary restoration.



The tenement houses at No. 9 - 12 Yu Lok Lane will be preserved and revitalised.

HKHS for handling the rehousing elements of this project, pending the tendering out, in due course, by the Government to NGOs of the future management and use of this cluster of buildings.

Ongoing Preservation

In Wan Chai, URA is implementing one preservation-cum-revitalisation project at Mallory Street/ Burrows Street. Elsewhere in Wan Chai, at Stone Nullah Lane/Hing Wan Street, the URA is now assisting the Government with implementation under the Government's "Revitalising Historic Buildings Through Partnership Scheme" of another preservation project, known as the Blue House, which comprises a cluster of four Grade 1 and four Grade 2 buildings. On 30 April 2009, the resumption of the Blue House was gazetted by the Government and the land reverted to the Government on 30 July 2009. With effect from 1 February 2010, URA took back responsibility from

Three redevelopment projects in Wan Chai also contain significant preservation elements, namely, preservation of five pre-war buildings in the completed redevelopment project at Johnston Road, preservation of the core elements of the Wan Chai Market building in the ongoing Tai Yuen Street project and preservation of three pre-war shophouses as part of the ongoing Lee Tung Street redevelopment project. In Central and Western District, URA currently operates the preserved Western Market and is undertaking three redevelopment projects involving the preservation of certain heritage elements and features in the Peel Street/Graham Street, Staunton Street/Wing Lee Street and Yu Lok Lane/Centre Street projects respectively. Elsewhere, in Nga Tsin Wai Village in Wong Tai Sin, URA is preserving the village gatehouse and stone plaque, the temple and structures of a number of village houses within a themed conservation park.

URA also operates the Western Market. After adding Western Market and the five preserved buildings in the completed Johnston Road project to all of the buildings and structures being preserved in six ongoing redevelopment and four ongoing preservation projects, URA will have preserved a total of more than 60 buildings and historic features plus the shophouses whose respective owners consent to join the VAS and VRS.

Operating Review

Rehabilitation



A cluster of four building blocks rehabilitated with thematic colour designs in Mong Kok under the Operation Building Bright.

Rehabilitation

Initiatives to encourage better care of domestic premises in multiple ownership by the owners continue to be a major area of work for the URA. The purposes of building rehabilitation are to improve the environment and living conditions in residential buildings, and to extend the useful life of buildings. Since 2003, the URA has provided various building rehabilitation assistance schemes in its Rehabilitation Scheme Areas to help address the problem of building dilapidation and, thereby, improve not only the built environment but also the living conditions of the residents in these areas.

Up until the end of March 2010, assistance had been or was being given by the URA under its own schemes, which are described below, to the owners of about 39,700 units in over 510 buildings, excluding those being assisted under Operation Building Bright (OBB). The expenditure incurred under all of these schemes up to the same date was around \$255 million.

URA continues to liaise with HKHS, DEVB and BD in order to further improve and align the various existing building rehabilitation schemes offered by all four organisations. To improve accessibility by the public to the building rehabilitation services offered by these four organisations, a common hotline providing one stop assistance service to the public was put in place in May 2010. Opportunities for further alignment of building rehabilitation services are now being explored.

Materials Incentive Scheme

The URA has continued to operate a Materials Incentive Scheme which targets buildings aged 20 years or older with Owners Corporations (OCs) with a view to encouraging owners to form OCs and promoting sustained maintenance and management

after rehabilitation. The URA invites OCs of domestic or composite buildings with multiple ownerships and subject to statutory repair orders to participate in this Scheme.

The value of renovation materials and cash subsidy provided by the URA, excluding technical advice, generally does not exceed the lower of 20% of the total cost of the rehabilitation works on the common areas of the building or \$3,000 per property unit. Small buildings with less than 20 units will be provided with materials and cash subsidies of up to the lower of 30% of the total cost or \$150,000 per building.

Building Rehabilitation Loan Scheme

The URA also continued to operate the interest-free Building Rehabilitation Loan Scheme to cover buildings which meet criteria similar to those for the Materials Incentive Scheme but are not subject to statutory repair orders, in order to encourage owners to undertake voluntary rehabilitation early. Loans are arranged through OCs but made to individual domestic property owners for up to \$100,000 per domestic unit for a term of up to five years, depending on the amount. Generally speaking, the scope of works covered includes:

(a)	Repair or preventive maintenance works to common areas and the external envelope of the building;
(b)	Repairs, maintenance or up-grading of building services; and
(c)	Repair and maintenance works inside the domestic units which are carried out in association with the works to the whole building.



A common hotline providing one stop assistance service to the public has been set up.

Hardship Grants

In some cases, the presence of owners, such as elderly people on low income, who are unable to contribute to the overall rehabilitation costs, may discourage or prevent other owners from going ahead. The URA has therefore introduced a Hardship Grant Scheme to assist such owners. The Scheme covers the same class of buildings as the Materials Incentive Scheme and the Building Rehabilitation Loan Scheme. Hardship Grants may be up to the lower of \$10,000 per domestic unit or 100% of the share of the cost of the works for the whole building attributable to that unit.

Other Forms of Assistance

As further measures to encourage better care of buildings in private ownership, the URA has continued to provide OCs with subsidies for consultants' fees and for third party risk insurance for common areas. In addition, the URA has continued to maintain the support of 17 local banks which offer mortgages on enhanced terms in respect of older domestic flats in buildings, which have benefited from the URA's rehabilitation programmes. This market-led mechanism for reflecting the enhanced value of properly maintained buildings has been widely welcomed by owners, the property industry and the community at large.

Operation Building Bright

In February 2009, in support of the Government's initiative to create employment opportunities through the promotion of building rehabilitation under OBB with a fund contribution of \$700 million, the URA responded positively and promptly agreed to contribute \$150 million as well as to provide assistance to owners of particular old and dilapidated buildings to carry out repairs and maintenance works within the URA's Scheme Areas. With the contribution by the HKHS of \$150 million to cover buildings in other areas, this created the initial OBB fund of \$1,000 million. Since then, the URA and the HKHS have been working closely together with the DEVB and BD on implementation of the OBB. A Memorandum of Understanding with the Government was signed in May 2009 and this special operation started in June 2009. Under a Supplementary Agreement made in September 2009, the Government increased its contribution to the OBB funds from \$700 million to \$1,700 million, thereby increasing the total funds available to \$2,000 million. In July 2010, the Finance Committee of the Legislative Council approved a further \$500 million in funding by the Government of the OBB initiative, bringing the total funding of OBB up to \$2,500 million.

Up till the end of July 2010, over 200 buildings had commenced and, in some cases, had completed their rehabilitation works within URA's Scheme Areas. The URA currently anticipates that about 1,300 buildings in the URA's Scheme Areas will be rehabilitated by the time that this programme is completed in 2014.



Owners of buildings joining the OBB attend a briefing jointly organised by the URA, HKHS and ICAC.



The Cheung Hing Building in Mong Kok before and after rehabilitation work.

Mandatory Building Inspection and Mandatory Window Inspection Schemes

In February 2010, the Building (Amendment) Bill 2010, which provides for the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme, was introduced into the Legislative Council. The URA welcomes this legislation and is now preparing to play its part to assist in the implementation of the two Schemes under the established tripartite

building rehabilitation partnership model, comprising the BD, URA and HKHS. Once the legislation is passed and comes into force, the URA will provide financial assistance and technical advice to building owners in need in its Scheme Areas to comply with the statutory requirements and establish OCs.



Participants enjoying the game at the URA booth during the Building Safety Carnival jointly organised by the URA, the Buildings Department and the HKHS.



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Revitalisation

The ex-Central Market building will be revitalised and transformed into the "Central Oasis", providing greenery and a public rest and leisure area.





Street beautification works in Tung Street, Sheung Wan (left) and Chung On Street, Tsuen Wan.

Revitalisation

In 2009/10, the URA started various new revitalisation studies and programmes which will widen and enhance the community benefits to be derived. In order to carry out this revitalisation programme in a way that meets the local community's aspirations, the URA has successfully sought the support of the community through the District Councils to which the URA is grateful. The URA also works in close co-operation and coordination with key Government Departments such as Highways Department, Transport Department and the Leisure and Cultural Services Department.

During the year, street revitalisation works in the vicinities of the URA's redevelopment projects were completed at Chung On Street, Tsuen Wan, and were continued in Tai Kok Tsui and Sham Shui Po.

In Mong Kok, schematic designs are being prepared for the upgrading of Nelson Street between the URA's Macpherson Stadium and Sai Yee Street projects, as well as for the adjoining areas in Mong Kok. In 2009/10, the URA initiated an area-based plan for revitalisation of four more themed streets in Mong Kok in addition to Nelson Street and conducted opinion surveys in the area to solicit the views of the public on the revitalisation proposals for these five streets.

The URA continues to work closely with the DEVB, the Wan Chai District Council and the Old Wan Chai Revitalisation Initiatives Special Committee (WRISC) in adopting a district-based approach in considering the development and revitalisation of the older areas in Wan Chai. The URA is also providing secretariat support to the WRISC. To revitalise and enhance the existing open-air bazaar on Cross Street / Tai Yuen Street, the URA has secured support from the hawkers for the installation of metered electricity supply to the hawker stalls, following the success of a pilot scheme. The design for the meters has also been refined following feedback from Government departments. However, another proposal to provide stall awnings will no longer be pursued as it was not supported during the pilot scheme trial.

The WRISC also oversaw a Heritage Trail study conducted by a historical/conservation consultant. In September 2009, the Wan Chai Heritage Trail was launched with a supporting publicity pamphlet and a dedicated website for the trail. Touch-screen kiosks have been installed at several featured locations along the trail. Special architectural lighting has been installed for Hung Sing Temple on Queen's Road East and negotiation is under way for the installation of

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similar lighting along the trail at the Pak Tai Temple in Stone Nullah Lane. Following the issue of invitation for Expression of Interest by the WRISC to the private sector to join a Public Private Partnership, the WRISC has identified a private developer as partner for revitalisation of old Wan Chai. Plans are being drawn up by the private developer for revitalising the vicinity of St. Francis Street and Sun Street. URA's proposal for upgrading the existing Sam Pan Street sitting out area has been presented to the Leisure and Cultural Services Department. The Wan Chai District Council will be consulted on the proposal in due course.

The URA is also active in Sheung Wan. As part of its Peel Street/Graham Street project, the URA will be implementing measures to maintain and revitalise the existing on-street market and related retail activities on Graham Street and Peel Street in order to enhance their vibrancy. Besides revitalising this on-street market, the URA will be undertaking the revitalisation of the adjacent Pak Tsz Lane area. This will include enlarging and modernising the existing Refuse Collection Point and upgrading the underutilised zoned open space into a Heritage Garden to celebrate the historical significance of this area which is the site where the Chinese Patriotic

Mutual Improvement Association, forerunner to the Xing Zhong Hui, was founded in 1892. The ground breaking ceremony for this project was held on 30 April 2010 and work has commenced on site with the aim of completing the project in 2011, in time for the centennial anniversary of the 1911 Chinese Revolution.

In response to the CE's 2009/10 Policy Address, the URA will be revitalising the currently under-utilised Central Market building to turn it into a new Central Oasis. An advisory committee, the Central Oasis Community Advisory Committee (COCAC), comprising members from the Central and Western District Council, professionals and relevant stakeholders has been set up to advise the URA in the process. It is currently estimated that that it will cost the URA about \$500 million to renovate, refurbish and adapt the market for an appropriate mix of uses to meet the wish and aspirations of the residents in the neighbourhood, those working in Central and also visitors. To solicit the views of the public, the URA completed both an on-street poll and an e-Poll, through a dedicated website, in February 2010. The results of the opinion poll, which involved some 6,000 people, were published on 31 May 2010. Overall, those surveyed would like to see the Central



The Pak Tsz Lane open space area will be turned into a Heritage Garden to celebrate Hong Kong's link to the 1911 Chinese Revolution.



The ex-Central Market building will be converted into a green public open space.



The public enjoy activities organised at the exhibition-cum-amenity area on the second floor pedestrian walkway level of the existing market building.

Oasis refurbished with ample greenery, sufficient space for cultural and art activities, open air dining and affordable eateries for the public. The majority of respondents supported converting the roof into a green public open space and the need to refurbish the exterior and modify the interior of the market to enhance the attractiveness of the building. At the same time, the URA has started a structural survey to assess the structural integrity of the building so as to come up with structural improvement plans for the future use of the market. In the interim, the URA has proceeded with the following beautification measures, namely, covering the building with themed temporary cladding and creating a themed exhibition-cum-amenity area on the second floor pedestrian walkway level of the market building. All of these were installed and unveiled in February 2010. The exhibition-cum-amenity area has already hosted several exhibitions and a programme of further activities and exhibitions is being planned for the rest of 2010. The URA has also commissioned the Chinese University of Hong Kong's School of Architecture to conduct an in-depth study to help identify the "character defining elements" of the market and their significance

for conservation as part of the project. Discussions are now under way between the URA and the Government in respect of the duration and terms under which the Government will lease the building to the URA.

Further afield, the URA is exploring the potential for revitalisation of the Lok Ku Road and Upper Lascar Row area, the vacant bazaar site, the area around Man Mo Temple and the Tai Ping Shan area near the Tung Wah Hospital. As part of this initiative, the URA conducted a study on a proposal to implement measures to improve traffic safety in the vicinity of the Temple. Following consideration by the Central and Western District Council in May 2010, this proposal is being refined prior to submission to the Transport Department.

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Social Dimension



A social service team member visits a family affected by the Lai Chi Kok Road/Kweilin Street & Yee Kuk Street project.

Social Dimensions

URA's work has always extended beyond redevelopment and compensation to both other forms of renewal and social aspects. These include not only our non-revenue generating 3Rs preservation, rehabilitation and revitalisation work, but also other activities aimed at improving living conditions, including providing assistance with rehousing, bringing about environmental improvements and contributing to maintenance of social networks. Project specific actions in 2009/10 include the Ma Tau Wai Road / Chun Tin Street project within a month of the tragic building collapse there and adopting special measures to help those residents affected directly or indirectly by that incident; revitalising the currently under-utilized old Central Market building to turn it into a new Central Oasis and consulting the community widely about the environment and facilities they would like to have provided there; and initiating an area-based plan and conducted opinion surveys to solicit the views of the public on the revitalisation proposals for five themed streets in Mong Kok, building on the success of the district based approach already being taken in Wan Chai.

In projects where it is feasible to do so, URA now offers owner-occupiers of domestic units affected by redevelopment projects the opportunity of purchasing new units in the developments concerned and moving back to the same areas where they once lived under the Expression of Interest in Purchasing Arrangement in order to help these residents to retain their social networks. To assist long-time business operators in re-establishing themselves, an additional payment of ex-gratia allowance is being paid to them as an Ex-gratia Business Allowance. To preserve the local characteristics in the vicinity of the Sai Yee Street Project, sporting goods retailers will be given priority to lease shop spaces in the new retail portion of the new development at market prices so that they can re-establish their sporting goods

retail businesses there under the Local Sports Shop Arrangement, as an alternative to receiving Ex-gratia Business Allowance. Similar arrangements are being offered to fresh food shop operators affected by the Peel Street/Graham Street project in Central and to the flower shop and school supplies shop operators in the Prince Edward Road West/Yuen Ngai Street project mentioned earlier. A number of other measures including the enhancement of Relocation Assistance for tenants who were evicted by their landlords before the issue of acquisition offer or were facing other forms of hardship, have also been taken to fine-tune the implementation of URA's compensation policies.

Many of URA's developments already contain Government / Institution / Community facilities. For several years, URA has been providing premises on concessionary terms to over a dozen charities and non-government organisations in various premises. In addition, URA licenses a number of acquired properties to non-government organisations for temporary use pending redevelopment. Building upon this, and on top of our provision of premises for Government and institutional uses required by Government departments, URA has now reserved significant amounts of space in certain redevelopment projects for community/commercial use. It is intended that in the years to come, when such space becomes available for occupation, it will be allocated, having due regard for the needs and aspirations of the local communities concerned as well as relevant currently evolving Government policies and pledges concerning poverty relief and social enterprises. A residential care home for the elderly provided within the Cherry Street project in Tai Kok Tsui was opened together with the development in late 2009. Space has also been reserved in the approved MLP for a social enterprise in Wan Chai within the McGregor Street portion of the Lee Tung Street/McGregor Street project.

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Similar space for potential use by social enterprises has also been identified in our Peel Street/Graham Street, Kwun Tong Town Centre and Lai Chi Kok Road/Kweilin Street/Yee Kuk Street, which are at various stages of implementation. In our Peel Street/Graham Street project, we will be providing a multipurpose activity hall. Elsewhere, spaces have been included in both the Lee Tung Street/McGregor Street and the First Street/Second Street projects for residential care homes for the elderly and in the Wan Chai Road/Tai Yuen Street project for a day nursery. Agreement has also been reached with Social Welfare Department to provide a day care centre for the elderly, as well as a special child care and early education and training centre within the Hai Tan Street/Kwelin Street/Pei Ho Street project in Sham Shui Po.

To alleviate poverty and to promote public awareness of health and safety, URA licensed out vacated shops in some project sites to non-government organisations to run social enterprises and educational centres at nominal fees.

The URA appreciates that some owners and tenants, especially the elderly, who are affected by redevelopment projects might face difficulties in vacating their premises and setting up new homes elsewhere. Trained front-line staff provide personal care and assistance to every family genuinely in need of help. Practical forms of assistance include, based on the respective needs of individual families, providing a special 30% down payment upon execution of sale and purchase agreements instead of the standard market practice of 10%, helping to arrange bridging bank loans, gathering market information on home-buying and mortgages, helping out with house moving and providing temporary storage for household items.

URA has also contracted three non-governmental organisations to provide three Social Service Teams, whose role is to advise and assist people affected by URA's projects before, during and after acquisition of project sites in Hong Kong Island, Kowloon and Kwun Tong respectively. The Social Service Teams have provided assistance to about 518 cases in 2009/10 and a total of about 2,070 cases since 2002/03.

Tracking studies for the Kwun Tong Town Centre and Hai Tan Street/Kweilin Street and Pei Ho Street redevelopment projects have been commissioned to study where the residents and shop operators have moved and how well they have adapted to the new environment. The study for the Hai Tan Street project in Sham Shui Po is the most advanced. The interim report shows that most of the affected residents still reside in the district. From available information on the 28 domestic owner-occupiers tracked, about 57% have chosen to purchase smaller replacement units, and about 79% have chosen to buy second-hand flats aged at least 20 years old, while about 46% have retained over HK\$1 million of the cash compensation. The majority of the tenants and owner-occupiers said that their living environment had improved and that adaptation to their new environments had been easier than expected.



Caring Organisation

During the year, URA was pleased to be nominated by two non-government organisations and to earn recognition from the Hong Kong Council of Social Services as a “Caring Organisation”. This status was granted to acknowledge to URA’s people-orientated approach to its work, the care it takes of its staff, the support given by URA and its Staff Club to charitable organisations, URA’s policy on environmentally sustainable development and its contribution to a greener community.



URA earns recognition from the Hong Kong Council of Social Services as a “Caring Organisation”.

Community Engagement

The URA is fully aware of the importance and benefits of effective community relations and has been reaching out to the local communities in the URA’s Action Areas as an integral part of its people-oriented community engagement strategy. Intensive effort continues throughout the year to engage all relevant stakeholders with a view to ensuring that the sentiments and concerns of stakeholders in individual projects are taken into consideration during the planning and acquisition stages of such projects. The URA reaches out to all resident groups, business operators, concern groups, local consultative bodies, educational institutions, professional bodies, politicians, and the mass media to cultivate and foster better mutual understanding with all stakeholders, to address their legitimate concerns as far as practicable and to enlist both local and general public support.



Meeting of the URA Kowloon City District Advisory Committee.

To facilitate this process, the URA has established

seven District Advisory Committees (DAC) in its major Action Areas, namely, Tsuen Wan, Sham Shui Po, Wan Chai, Central and Western, Yau Tsim Mong, Kwun Tong and Kowloon City. Membership of these DACs includes legislators, district councillors, government representatives, academics, social workers, landlords, tenants and trade representatives as well as professionals,

so that the URA may be suitably and directly advised on all relevant aspects and concerns when planning renewal projects. During the year 2009/10, a total of 20 DAC meetings were held, excluding numerous informal discussion sessions with individual members. In addition, the URA had attended no less than

28 full District Council and sub-committee meetings to ensure that all relevant District Councils were kept fully informed of the progress of the URA projects in their districts and that, where practicable, their suggestions were incorporated into the project plans. In addition, the URA’s Board Chairman, Managing Director and other representatives also participated in various community engagement activities including workshops, goodwill visits and meetings with residents.

Operating Review

Public Relations

During the year, URA implemented a structured, message-driven and proactive communication programme to enhance the public's understanding of URA's vision, mission and contributions to urban renewal. The Chairman often meets the press after relevant Board meetings to announce and explain broad policies and key decisions made by the Board, which affect residents, business operators and other stakeholders. The management team also briefs the media from time to time on the URA's work. Over 50 media briefings, interviews and media-related events have been organised as a result.

A focused Education and Extension (E&E) programme was also developed for outreaching to members of the public, especially the younger generation, with an objective to facilitate better understanding and foster a positive image for the URA. URA opened the Urban Renewal Exploration Centre (UREC) in August 2009, which enables the visitors to experience what living in dilapidated housing is like and to learn about urban renewal through interactive exhibits and games. A

designated website was built for UREC. Up to July 2010, the UREC has received some 7,000 visitors including students, non-government organisations, members of the public as well as delegations from Mainland provinces and cities such as Shenzhen, Guangdong, Wuhan, Shangdong and Jiangsu.

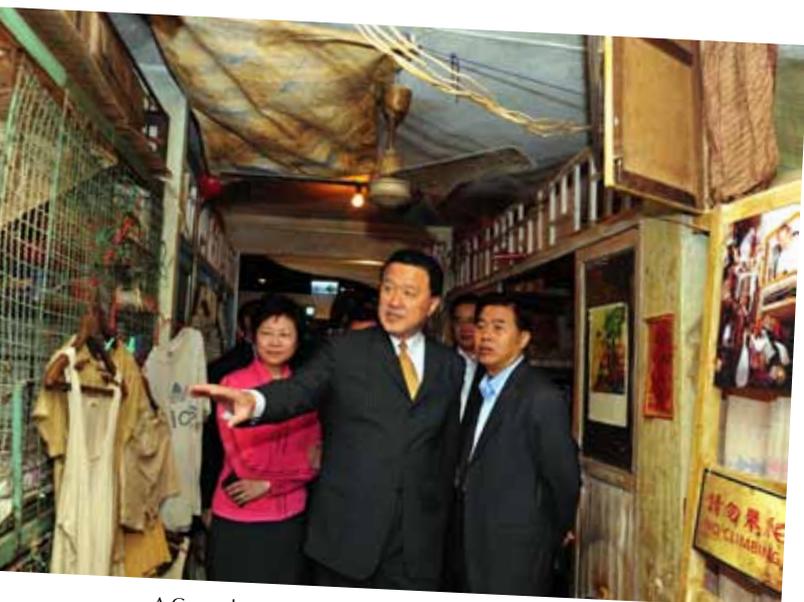
URA's E&E efforts have also included school talks, education kit for primary and secondary teachers, seminars at UREC as well as inter-school and public competitions on themes related to URA's 4R work.

In 2009/10, URA's public hotline service, neighbourhood centres and Kwun Tong Resource Centre handled some 13,300 enquiries and requests for assistance as well as 19 complaints. URA fully met its performance pledge to provide same-day replies for 95 percent of all enquiries, replies within five days for 90 percent of all requests, and replies within 14 days for 90% of all public complaints.

In a joint effort with HKHS, URA has launched the Building Maintenance Assistance Scheme common hotline service in May 2010. This has provided one-stop service in handling public enquiries and requests for building rehabilitation and maintenance assistance as well as OBB, a specific joint action launched by the Government, URA and HKHS to both improve building safety and create more job opportunities in view of the difficult economic situation.

As in previous years, URA joined hands with the BD and HKHS to organise the Building Safety Carnival in Victoria Park in January 2010 to maximize the publicity of building safety and the three parties' complementary rehabilitation schemes.

URA also strengthened the URA website to tie in with the URS Review, OBB and Central Oasis revitalisation project. The popularity of the URA website as a source of up to date information on URA's work and policies increased during the year, with the website recording some 28,093,000 hits, an increase of 13% as compared to the number of hits in the previous year.



A Guangdong Province delegation led by the Governor Mr Huang Hua Hua (right) tours the Urban Renewal Exploration Centre.



Concluding Meeting and workshop at the Consensus Building Stage are held for the URS Review.



Urban Renewal Strategy Review

During 2009/10, the URA continued to provide proactive financial and technical support to the DEVB in the conduct of the two-year review by the Government of the current URS. Such support mainly comprised –

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| (a) | employing and providing information to consultants conducting research and surveys, including a building conditions survey, on behalf of the Steering Committee on the Review of the URS; |
| (b) | meeting the costs of the public consultation programmes, including the URS Review website, publications, the operation of the Idea Shop and various public engagement activities; |
| (c) | meeting the costs of the partnering organisation(s) programmes; and |
| (d) | providing technical support as and when required by DEVB to facilitate studies of the pros and cons, practicality and feasibility of various options considered during the Review. |



A public consultation paper is issued for the Consensus Building Stage of the URS Review.

Operating Review

Human Resources

After having gone through rapid growth in the previous year, the key focus for 2009/10 was to explore new initiatives for bringing in and maintaining manpower resources of appropriate quantity and quality. Additional manpower was recruited during the year to cope with the increase in emphasis on rehabilitation and revitalisation. URA also enhanced its human resources infrastructure and programmes to ensure that it was able to not only attract but also to train, integrate, retain and motivate the people with the talents which the Authority requires.

Performance and Remuneration

To uphold its performance-driven culture, the Authority only applied pay adjustments to reward good performers. Salary adjustments were made only to its good performers with effect from 1 April 2010 to ensure that those who performed well received due recognition and encouragement. In addition, with an enhanced performance review system launched on 1 April 2009, efforts were made to link performance management to the reward system.

To continually monitor the competitiveness of the reward system of URA, a job evaluation exercise was conducted in the year for staff at up to Senior Manager level to confirm the internal relativity of all jobs. Further reviews will continue to be conducted at regular intervals.

Organisation and Staffing

The organisation continued to grow in 2009/10 from 358 to 395 staff members of which 55 were under contracts of less than three years duration. All senior positions in the Authority remained filled in the year. Where appropriate, permanent staff resources and expertise were complemented by the use of individual consultants on aligned fixed term contracts, as well as the use of temporary and part-time staff and appointment of experts to committees and/or task forces based on project needs. In addition, new measures were employed to provide incentives to and engage those on fixed term contracts.

Although the continued growth in the organisation presented various challenges and required adaptation by some staff, staff turnover dropped from 13.5% in 2008/09 to 8.8% in 2009/10. Over the same period, the turnover rate for senior staff also dropped from 10.7% in 2008/09 to 0% in 2009/10 which reflected, to a certain extent, the positive effect of the enhancements made during the year to the URA's internal communications and staff induction and engagement activities.



URA staff members participate in various training courses.

Training

In 2009/10, URA was able to roll out a series of training courses to develop the competency areas identified for different levels of staff members, based on the training curriculum established in the previous year.

In addition, more training and experience sharing on compliance issues relating to business ethics, such as protection of personal data, respect for individuals and the obligations for providing equal opportunities, as well as the issues relating to acceptance of benefits, were organised for all staff. Six sessions on such subject matters were conducted by the relevant authorities for 239 staff members. Other training courses covered communication, team building, customer service, negotiation and other skills required by URA's growing organisation. In total, 18 training courses were held for 314 participants. URA also continued to utilize the resources of the Civil Service Training and Development

Institute, with 101 staff members attending 14 courses on various subjects during the year.

URA also sponsored its staff members to attend external seminars, conferences and training and development courses to keep them abreast of the prevailing best practices in their respective professional arenas and to improve their work performances. In the year, 104 staff members were granted such sponsorships.



Staff communication and sharing session is held on a quarterly basis.

Staff Communications

URA recognises the importance of communication with all staff to ensure cohesiveness and mutual understanding, maintain morale and, thereby, optimise both performance and job satisfaction. This is especially important at a time when URA has continued to face a large number of new, challenging, complex and sometimes controversial tasks that are stressful for staff. The Authority continued to proactively communicate with staff to facilitate their understanding, to ensure the quality of their performances in their respective roles and to enhance their senses of belonging. Regular town hall staff briefings as well as briefings on specific human resources and operational topics were held throughout the year. There were also a number of sharing sessions on the operation of URA, the progress of the URS Review and other topics to enhance the understanding of staff members about the operation of the organisation. In addition, task forces, working groups and focus groups were organised to ensure staff participation in reviews conducted in areas of concern to staff such as performance management, training and development.

As in previous years, staff members from different levels were invited to meet with senior management in a series of structured internal communication sessions. Special gatherings were held for newly hired staff to help them to settle in to their new jobs in URA. Views and comments gathered on such occasions and actions taken were communicated to all staff for sharing.

As a caring employer and in view of the financial turmoil and the workload faced by staff members in a growing organisation, URA organised regular updates and information sharing sessions. These covered various well being topics, including work/life balance, health tips and stress management, to help staff to maintain their physical and mental wellness and cope with the challenges and stresses of work. URA also continued to run an employee assistance programme, which offers counseling and other services to staff who need them through a professional external services provider.



Members of the URA Staff Club for 2009/10 together with URA senior management.

The Staff Club organised a wide range of social, sports and community service activities to help build teamwork and to provide avenues for staff and their family members to relax, enjoy and utilize their leisure in a worthwhile manner. A total of 28 well received activities were arranged, attracting over 1,380 participants. Such activities are not only recreational in nature but also provide opportunities for participants to build and improve their relationships with family and to contribute to the community by taking up some voluntary and community service work.



Hiking activity organised by the Staff Club.



URA staff visit the elderly under the Share-To-Care Volunteer Campaign organised by a local bank.