





# Operating Review



## Redevelopment

The year of 2014/15 proved to be highly productive where in addition to the launch of four new projects, including one in May 2015, seven project sites were cleared and joint venture tenders were awarded for a further five.

Up until 31 March 2015 a total of 57 redevelopment projects, two preservation projects and one revitalisation project have been commenced by the URA under the URA Ordinance. Excluding those projects which have been terminated, these projects provide around 15,000 new flats, about 376,000 square metres of commercial space including shops, offices and hotels, 53,000 square metres of Government, Institution and Community facilities and about 26,000 square metres of open space.

### Commencement of New Redevelopment Projects

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

## Demand-led Projects

It is a prerequisite of the Demand-led projects that once commenced, the actual implementation of the projects depended on the satisfaction of two conditions precedent, namely the acceptance by the owners of not less than 80% of the undivided shares of each lot within a project site of the relevant conditional acquisition offers and the authorisation of the Secretary for Development for the project to proceed.

### “Third Round” Demand-led Projects

Three Demand-led projects selected from the third round of application were launched during the year. One of these at Hang On Street in Kwun Tong has met the conditions precedent and is being actively implemented. A second project at Ash Street in Tai Kok Tsui was launched in May 2015. The third project at To Kwa Wan Road in Ma Tau Wai was terminated due to its failure to reach the 80% threshold.

### Hang On Street, Kwun Tong

This is a single nine-storey building erected in 1963 occupying a project site area of 865 square metres and populated by some 156 households. The project is expected to produce 138 flats and 243 square metres of commercial space.



■ URA staff conducts freezing survey.

### Ash Street, Tai Kok Tsui

Built in 1965 on a project site area of around 474 square metres, this single ten-storey building is occupied by an estimated 96 households. The project is capable of providing 69 flats and about 392 square metres of commercial space.

## Demand-led Pilot Scheme Review

In response to the 2014 Policy Address and balancing the keen public support for the continuation of this initiative and the URA's duty to uphold a strict financial discipline, the URA has conducted an in-depth review of the Demand-led Pilot Scheme to ensure its sustainability. This process has embraced the redevelopment programme as a whole including the URA-initiated projects. An Ad-Hoc Committee on New Strategies set up in April 2014 under the URA Board oversaw the review and in the process sought the views of the Development Panel of Legislative Council, District Councils in the major redevelopment areas of URA and the seven District Advisory Committees. Following the review, the application and selection criteria have been refined including to increase the 67% application threshold to 80% of the undivided shares of each lot and to set the minimum site size at 700 square metres. The refined application and selection criteria can be summarised as follows:

- Joint application by owners of not less than 80% of the undivided shares of each lot of an applicant site. If an owner owns not less than 20% of the undivided shares in any lot, he/she must be among the applicants;
- The condition of all buildings within the site is classified as "Poor" or "Varied";
- The total area(s) of the lot(s) in the site should be no less than 700 square metres;
- The site should not comprise buildings/structures of historical, architectural or cultural significance as recognised by District Urban Renewal Forum and/or the Antiquities and Monuments Office unless they can be preserved and integrated with the future design of the new buildings;

The refined screening system will be applied to the fourth round of application due to commence by July 2015.

## URA-initiated Redevelopment Projects

### *Chun Tin Street / Sung Chi Street, Kowloon City*

This project is located on the opposite side of the URA's Ma Tau Wai Road/Chun Tin Street project which is in the early stages of construction. The project comprises seven buildings of between four and six storeys built in the mid-1950s and occupying a site of around 1,226 square metres. The site has the potential to develop 150 flats and 1,338 square metres of commercial space.



■ Existing view of the project.

## Cleared and Tendered Projects

The successful clearance and tendering of project sites in 2014/15 underlines the sustained efforts of the URA to advance its projects.

During the year, the URA completed the clearance of seven sites including one of the largest projects in its portfolio at Hai Tan Street/Kweilin Street & Pei Ho Street, the first Demand-led project at 229A-G, Hai Tan Street, the preservation project at Shanghai Street/Argyle Street and redevelopment projects at Fuk Wing Street, Ma Tau Wai Road/Chun Tin Street, Anchor Street/Fuk Tsun Street and Pak Tai Street/San Shan Road. In addition, the Sai Wan Ho Street project was cleared in April 2015.

Meanwhile, joint venture tenders for five projects were awarded including two of the largest projects in the URA's portfolio comprising the Kwun Tong Town Centre Project Development Areas 2 and 3 and the Hai Tan Street/Kweilin Street & Pei Ho Street project. The other three projects were the Fuk Wing Street project, the San Shan Road/Pau Chung Street project and the Demand-led project at 229A-G, Hai Tan Street. The joint venture tender for the Anchor Street/Fuk Tsun Street project which is for hotel use was also awarded in June 2015.

## Redevelopment of Industrial Buildings Pilot Scheme

Two projects have been commenced under this scheme. The first of these projects at 12P, Smithfield had been terminated in July 2013 since the Secretary for Development declined to authorise it due to unanimous objection from the owners.

### *Yu Chau West Street, Sham Shui Po*

Acquisition is continuing for the second project at Yu Chau West Street which comprises a 10-storey industrial building built in 1962 and occupies a site area of 1,393 square metres. The site can be redeveloped to provide about 16,700 square metres of office and retail floor space in conformity with the zoning plan.

## Other Projects of Note

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

Following the tragic collapse of a building on Ma Tau Wai Road in January 2010, the URA stepped in and commenced this project which comprises two rows of over 50-year-old tenement buildings and which affects about 350 households. This is the first ever project that the URA has undertaken without private sector involvement as a joint venture partner. Clearance was completed in 2014 and construction works have now commenced.

### *Sai Yee Street, Mong Kok*

A joint venture tender was awarded in September 2012 for this sports themed redevelopment where under a special local sports-shop arrangement, former sports-shop operators will be offered priority to lease space within the retail portion of the future development. Superstructure works are progressing and the pre-sale of flats has begun.

## *Kwun Tong Town Centre*

URA's largest project to date, the Kwun Tong Town Centre project covers a total site area of 5.3 hectares and has affected around 1,300 households. The project is expected to produce approaching 2,170 new flats, over 200,000 square metres of commercial space, 31,000 square metres of Government, Institution and Community facilities and over 13,000 square metres of public open space.

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



■ Panoramic overview of Kwun Tong Town Centre project site.

### *Peel Street / Graham Street, Sheung Wan*

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

Construction works at Site B are continuing while demolition works at Sites A and C have commenced in phases to minimise the impacts to the existing street market. Sites A and C were reverted to Government in March 2014 and the preparation of the Land Grants for these sites is underway.

### *Staunton Street / Wing Lee Street, Sheung Wan*

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



■ URA renovates acquired properties at Site A for social and community use.



■ The construction of Lee Tung Street / McGregor Street project is nearing completion.

### *Wan Chai*

This residential and commercial redevelopment project in Wan Chai will –

- reflect a Wedding City theme that features Hong Kong's early wedding traditions and a retail area for wedding-related trades such as wedding dresses, flowers, decorations, cakes, hair salons, jewellery, photo studios and wedding planners;
- offer space for social enterprises;
- preserve three pre-war shophouses;
- provide a pedestrianised green link between Johnston Road and Queens Road East; and
- provide a new east-west pedestrian link with open spaces.

This is also the first URA project that comes with a formalised comprehensive environmentally-friendly policy. It has been planned to significantly reduce greenhouse gas emissions from the project.

Construction is nearing completion and almost all of the flats have been sold.

## Facilitating Services

Following more than four years of operation, a review of the Facilitating Services Pilot Scheme was overseen by the same Ad-Hoc Committee on New Strategies that also reviewed the Demand-led Pilot Scheme. Subsequently, some refinement and modifications to the application requirements and implementation arrangements were introduced such as a relaxation of requirements on existing usage and revision to the scoring system on project selection. Furthermore, to meet the demand from owners of aged commercial or industrial buildings and to tackle urban renewal from a more holistic perspective, the scope of the Scheme has been extended to cover industrial and commercial buildings. Up until the end of March 2015, altogether 20 applications comprising 19 residential buildings and one industrial building have been received under the Facilitating Services Pilot Scheme. One of the applications was successfully auctioned, three were under process, one was being facilitated and the remaining 15 either rejected or terminated.



## Kai Tak Flat-for-Flat Development

Construction of the URA's first ever self-developed project for the provision of flat-for-flat units at Kai Tak, commenced in July 2012. Good progress has been achieved with overall construction nearing completion. The URA has adopted modest design features for the development which has obtained a provisional BEAM Plus 'Platinum' rating. The development is called "煥然壹居" in Chinese, "De Novo" in English, a name chosen in a territory-wide naming competition.

In the Chief Executive's 2015 Policy Address, the URA was requested to explore ways to help increase the supply of subsidised sale flats to provide more property and home ownership choices for middle-income families. On 31 March 2015, the URA Board agreed to explore with the relevant Government Bureaux and Departments the implementation details of a mixed development scheme at De Novo.



Existing view of De Novo.



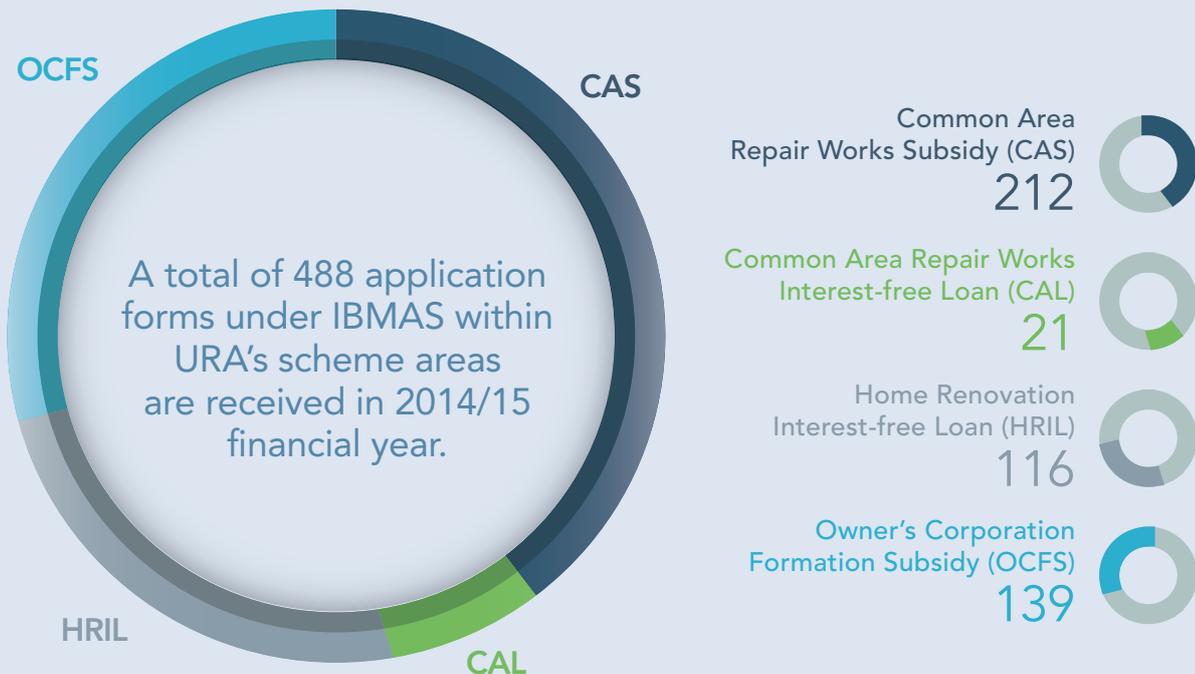
## Rehabilitation

### **Integrated Building Maintenance Assistance Scheme**

From 1 April 2011, the assistance schemes previously operated by the URA and the Hong Kong Housing Society (HKHS) to promote and facilitate better building maintenance have been amalgamated into a single Integrated Building Maintenance Assistance Scheme (IBMAS), adopting the same set of application criteria and providing the same subsidies and assistance to all eligible multiple-owned private domestic and composite buildings in Hong Kong. Through a single application form, owners can also apply for two Government funded assistance schemes i.e. the Building Maintenance Grant Scheme for Elderly Owners operated by the HKHS and the Comprehensive Building Safety Improvement Loan Scheme operated by Buildings Department. Regular IBMAS coordination meetings are held between the URA and the HKHS.

The URA's Materials Incentive Scheme (MIS) and Loan Scheme (LS) are now replaced by the Common Area Repair Works Subsidy (CAS) and the Common Area Repair Works Interest-free Loan (CAL) under IBMAS.

## Number of applications received in 2014/15 under Integrated Building Maintenance Assistance Scheme



From the commencement of the MIS and LS in 2004 up to the end of 2014/15, about 364 buildings comprising around 27,000 units have been rehabilitated under the MIS and the CAS under IBMAS, of which 26 buildings comprising around 850 units have been rehabilitated within 2014/15. About 238 buildings comprising around 19,400 units have been rehabilitated under the LS and the CAL under IBMAS of which 8 buildings comprising around 310 units have been rehabilitated within 2014/15. In addition, there are about 240 Owners' Corporations being formed under the Owners' Corporation Formation Subsidy (OCFS) of IBMAS. Currently, there are a total of 405 IBMAS cases in progress (314 cases for common area repair works and 91 cases for Owners' Corporations formation).

**2015年7月1日起**  
市建局的樓宇維修  
服務範圍覆蓋全港

樓宇維修  
綜合支援計劃

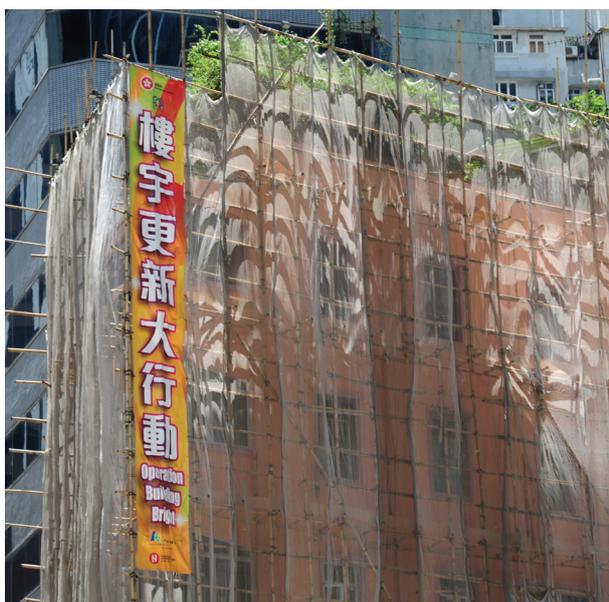
- 舊相業主立法團資助**  
每份法團可獲\$3,000
- 公用地方維修津貼**  
一級維修工程  
工程總額兩成  
上限為每個單位\$3,000  
法團上限\$1,200,000
- 區區工程**  
維修項目總額兩成  
上限為每個單位\$1,500  
法團上限\$600,000
- 家居維修免息貸款**  
每單位最高貸款額\$50,000  
詳情請向區區辦事處查詢

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## Operation Building Bright

The Government's Operation Building Bright (OBB) programme is a one-off special operation to create more employment opportunities for the construction sector and to promote building safety which at the same time has raised owners' awareness of the need for rehabilitation.



The URA has given full support to the Government's OBB programme since it began in 2009. At the end of 2014/15, 1,260 buildings comprising around 48,500 units out of the 1,420 target buildings within the URA's Rehabilitation Scheme Areas had either been rehabilitated or had rehabilitation works substantially completed. Of these 1,260 buildings, 190 buildings comprising around 7,900 units had either been rehabilitated or rehabilitation works were substantially completed within the financial year of 2014/15. OBB has raised owners' awareness of the need for rehabilitation as well as created employment opportunities, which was one of the original objectives of the scheme. Through conscientious efforts and collaboration with the Independent Commission Against Corruption (ICAC) and the Hong Kong Housing Society (HKHS), guidelines and procedures have also been published and implemented to tighten requirements on service providers in the building renovation industry aimed at mitigating malpractices and promoting public education. Supplementary Note 3 – "New Tendering Arrangement" was introduced in September 2013 which specifically tackles the latest tendering malpractices, with

an aim to promote a healthier industry environment by providing a fair, interference-free bidding platform. Since the introduction of the New Tendering Arrangement, the average number of tender returns has increased by over 50%. A similar percentage increase was also noted in the proportion of submitted tendering costs within our independent consultants' estimates. Collaboration with the Police and the ICAC remains as strong as ever. Since early 2013, relatively costly bids submitted for rehabilitation work have resulted in lengthy discussions amongst owners, price negotiations and even the need for re-tendering, thereby delaying OBB work commencement with completion likely to stretch beyond 2016. Regular OBB Steering Committee meetings attended by the Buildings Department, HKHS and the URA to deliberate on significant issues and to monitor and update progress continue.

## Mandatory Building Inspection Subsidy Scheme

The Buildings Department has commenced the full implementation of the Mandatory Building Inspection Scheme in June 2012. The URA duly launched the Mandatory Building Inspection Subsidy Scheme (MBISS) in conjunction with the Hong Kong Housing Society on 7 August 2012. Under this Scheme, the URA will assist building owners to arrange the first inspections of buildings within its Rehabilitation Scheme Areas which are subject to inspection notices issued by the Buildings Department. Since August 2012, the URA staff have been attending district briefing sessions organised by the Buildings Department to brief and attend to the questions of owners of target buildings on the subsidy and assistance available under the MBISS. Owners of buildings which, on inspection, are found to require rehabilitation may apply for rehabilitation works assistance under IBMAS, with the URA providing a one-stop continual building care service. Up to the end of 2014/15, out of the 1,029 Mandatory Building Inspection Scheme target buildings located in the URA target areas, 634 buildings have been contacted. From these 634 buildings, 286 applications have been received and approvals-in-principle were granted to 261 buildings.

## Building Rehabilitation Strategy Review

The URA Board has decided on 21 October 2014 to adopt refinements in the URA's strategy for promoting and facilitating rehabilitation in future Corporate Plans. These refinements are warranted after the expansion of the URA's Integrated Building Maintenance Assistance Scheme service areas on 1 April 2013 and 1 July 2015 to cover the whole of Hong Kong. The objective is to cater for the needs of different owner groups while focusing our resources and efforts on assisting the aged buildings most needing repair. These refinements include increasing emphasis on promotion and education, integrating the Scheme and refining the package for financial subsidy.

### Building Rehab Info Net

A building rehabilitation website (called the "Building Rehab Info Net" - [www.buildingrehab.org.hk](http://www.buildingrehab.org.hk)) was soft-launched in January 2014 to serve as a one-stop e-platform for building owners to access comprehensive building rehabilitation-related information. This information includes details on and application forms for various assistance schemes, an experience-sharing corner, tender information and so on, to enhance awareness of their roles, rights and obligations as owners in rehabilitation projects. Thus far, the URA has promoted the website by informing our stakeholders and partnering government departments, district opinion leaders and other organisations. Since its launch, the website has recorded over 22,000 visits up to end March 2015. We are currently working on Phase 3 enhancement of the Building Rehab Info Net which is expected to complete in July 2015.



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



## Revitalisation and Preservation

### Wanchai

The Hong Kong Arts Centre is now operating the “Comix Home Base” at the Mallory Street/Burrows Street revitalisation project which provides a platform for local and international art exchange. Since the completion of the project and its official opening in July 2013, the “Comix Home Base” has become a popular attraction. The URA has retained ownership of the project and will continue to oversee its operation. Highlights during the year included an exhibition tribute to local comic artist Lee Wai Chun and a series of street music, art workshop and film events using the public open space.



■ “Comix Home Base” provides a platform for local and international art exchange.

## Central Oasis

Following the Court's refusal in April 2014 to grant leave for the judicial review against the Town Planning Board approval for a section 16 planning application for minor height relaxation of the project given in July 2013, the building plan for revitalising the Central Market building submitted by URA was approved in August 2014.

When the project was announced in 2009, the URA initially projected that it would need about \$500 million to complete the project. With the construction cost rising over time, the original estimate has been rendered out-of-date. The URA is currently reviewing the design for the Central Oasis revitalisation project, aiming to reduce the complexity of the design and therefore the cost whilst meeting major community pledges. Concurrently, discussion with the Government on the land grant is continuing.

## Mong Kok

The URA is enhancing the local characteristics of five themed streets, namely Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street involving streetscape improvement to enhance their unique characteristics and ambience. The improvement works at Flower Market Road have been completed whereas implementation of the improvement works at Tung Choi Street still require the completion of gazettal procedures by Highways Department. Improvements for Nelson Street, Sai Yee Street and Fa Yuen Street would be co-ordinated with URA's Sai Yee Street redevelopment project now under construction.

## Tai Kok Tsui

Following the completion of the Phase 1 and Phase 2 improvement works along Beech Street and the Cherry Street roundabout, the Phase 3 streetscape improvement works which covers several streets in Tai Kok Tsui is progressing well. Following the completion of package 1, the works contract for the implementation of package 2 of Phase 3 which includes parts of Fuk Tsun Street, Fir Street and Larch Street is making steady progress.

## Shophouse Preservation Projects

The acquisition of interests is continuing for the Prince Edward Road West project. Meanwhile four acquired units have been renovated and leased out to the Hong Kong Council of Social Service as a social enterprise hub. The remaining 14 units have been renovated and leased out at market rent for flower shop, arts and cultural uses. The last batch of the acquired units including the pair at 190-192 Prince Edward Road West will be renovated and leased out in mid-2016.

The Shanghai Street project has now been cleared. In December 2014, the Town Planning Board approved the URA's section 16 application for the proposed project use and works. The preserved shop houses fronting Shanghai Street will be for restaurant and retail uses to reflect the local character and to meet local needs.



■ Artist impression of Shanghai Street preservation project.

## Western Market

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