

MANAGING DIRECTOR'S STATEMENT



Ir WAI Chi-sing, GBS, JP, FHKEng

Embracing Digital Technology, Breaking Down Boundaries and **Opening Up Unlimited Opportunities** for **Sustainable Urban Renewal**

June 2021 marked the fifth year of my becoming Managing Director of the URA. When I took stock of the URA's urban renewal work in 2016 at the time of its 15th anniversary, I was impressed by the extensive achievements it had made during those years in fulfilling its mandate of urban renewal – not only in addressing the problem of urban decay, but also in enhancing the built environment of old districts, improving the living quality of residents, promoting building repair and maintenance, and preserving local characteristics. As the URA prepares to embark upon its third decade of urban regeneration work, our team has devised a blueprint for sustainable development which involves building on the existing strategies and implementation model for urban renewal, while proactively adopting a mindset of embracing innovative and digital technologies to strengthen our efficiency and effectiveness.

To this end, we have conducted a comprehensive review of our work in five core areas covering strategy formulation, district-based planning, project execution, technology applications and staff training, with the aim of formulating a forward-looking work plan while actively applying smart technologies and data analysis in all possible areas, creating wider opportunities for achieving sustainable urban renewal.

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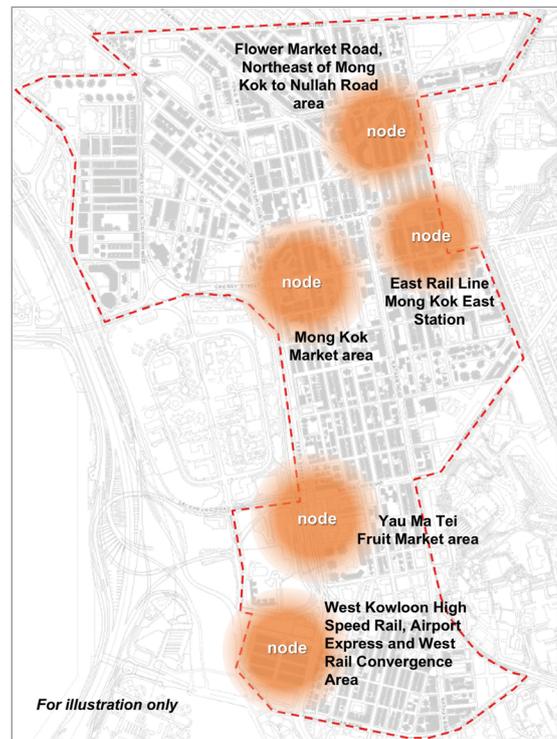
Over the past five years, thanks to the concerted efforts and dedication of the URA team, we have made considerable strides in progressing our '5Rs' business strategies – namely redevelopment, rehabilitation, preservation, revitalisation and retrofitting in old districts. As regards redevelopment, we have changed from a project-led approach that focused on redeveloping individual buildings to a holistic district-based, planning-led model. Through large-scale district planning studies, we have established a 'Planning Reserve' system that facilitates our implementation of projects in old districts through the restructuring and replanning of land use. It enables the URA to formulate the largest ever Corporate Plan for the next five years (2021/22 - 2025/26) with 18,000 new residential units coming from projects that are to be commenced and other ongoing projects. Compared with the delivery of around 24,000 residential units in 20 years since the URA's establishment, the future redevelopment will take place at a faster pace.

Building rehabilitation is another core business of ours. We have worked with the Government to launch maintenance subsidy schemes covering different parts of buildings, managing over \$19 billion of public funds. As of July 2021, we estimate that maintenance works for more than 15,000 buildings, along with modernisation works for about 8,000 lifts, will be subsidised to improve building safety and hygiene. The number of buildings covered is more than five times the total in 2016. The URA has also introduced various measures to support owners in organising maintenance works more easily. Among them, the Smart Tender Building Rehabilitation Facilitating Services scheme launched in 2016 has so far assisted building owners of some 208,000 flats to arrange maintenance works, enhancing their confidence and ability in engaging works consultants and contractors through open tender. Meanwhile, the Building Rehabilitation Platform launched in 2019 offers a range of comprehensive, all-in-one information and support services. Over the past two years, the platform has attracted more than 100,000 visitors to browse and download standard contracts for engaging works consultants and contractors, making the organisation of maintenance works more attainable to building owners.

Strategic studies completed setting out blueprint for long-term urban renewal

Year 2021 is URA's 20th anniversary and we very much look forward to the challenging urban renewal work in the next decade and beyond. To address more effectively the aggravating problem of 'double-ageing' in urban districts and buildings, we undertook the Yau Mong District Study (YMDS) and Study on New Strategy on Building Rehabilitation (NSBR) respectively in 2017, aiming to establish an implementation mechanism for sustainable and efficient urban renewal.

These two strategic studies were completed during the year in review, and their findings and recommendations have since been submitted to the Government for consideration. The YMDS report takes a district-based approach and features an in-depth research on the Institutional and Implementation Strategy of urban renewal. It includes a Master Renewal Concept Plan (MRCP) formulated as the blueprint for restructuring old urban areas. The plan identifies five core development nodes with different characteristics in Yau Ma Tei and Mong Kok, covering redevelopment potential, economic and livelihood activities, as well as historical and cultural elements. Making full use of the '5Rs' strategies, the MRCP proposes the creation of green belts, open spaces and pedestrian networks in crowded old urban areas, and entails smart city and place-making initiatives to enhance the accessibility and vitality of these districts and to improve the overall living standards of residents.



The URA has identified locations with urban renewal potentials within the YMDS area, and formulated the Master Renewal Concept Plan that serves as a blueprint for regenerating the old district.

In order to realise these planning visions, the YMDS proposes a series of innovative and feasible planning tools including plot ratio transfer, street consolidation, changes in land use and enhancements in planning parameters, as well as the provision of additional development incentives. Such planning tools, coupled with the 'positive' scenario under the MRCP – namely the increase in gross floor area available for development – will result in more effective use of the residual plot ratio, previously fragmented and scattered, across the entire district. Accordingly, these 'intangible' resources will be transformed into 'tangible' spaces available for development, providing an additional supply of flats, commercial areas, government facilities, community facilities, public parking lots, recreational green spaces and more. Besides improving the quality of living, this will accelerate the renewal of old districts, thus maximising the benefits to the community under the new 'planning-led' model.

The URA is now in discussion with the Government on the practicability of the MRCP and innovative planning tools. In the meantime, we will identify early projects within the MRCP nodes for incorporation into the Corporate Plan, when appropriate. Individual projects will be commenced in accordance with the mechanisms and regulations under the Urban Renewal Authority Ordinance.

New strategies to change owners' passive building maintenance mentality

Urban decay is too extensive and complex to be resolved by mere renewal works using existing resources which are far from adequate in any case. The success of urban renewal therefore hinges very much upon building rehabilitation, without which a building of 50 years old will fast become dilapidated and might even require demolition. In contrast, a building with proper and regular maintenance can last 80 years or even a century. Adopting this rehabilitation approach can alleviate pressure on redevelopment and hence save a lot of resources for the community.

Completed in 2020, the NSBR study report proposes a set of strategies for the repair and maintenance of private buildings by owners across the city in order to tackle this problem at source. Results of the study show that owners of old buildings and owners' corporations (OCs) usually face three main challenges that hinder their willingness to organise repair and maintenance works on their own: a lack of professional knowledge in building rehabilitation, in financial reserves, and in organisational capabilities. As a result, they tend to have a relatively passive mentality for regular maintenance.

In response to these findings, the URA has formulated separate promotional strategies targeting the public and stakeholders. Through public education, we aim to enhance owners' awareness of the importance of regular and preventive maintenance. We also reach out to target stakeholders including government departments, professional institutes, the property management industry and other sectors related to building maintenance, and seek collaboration in their respective professional areas. Promotional activities such as joint training with property management agencies will be conducted to enhance practitioners' knowledge and expertise in preventive building maintenance, with a view to effectively assisting the owners of different-aged buildings to conduct repair and maintenance works.

In addition, we will continue enhancing the content of the URA's Building Rehabilitation Platform to align with this promotional strategy. The first two phases of content enhancement were completed earlier, providing owners with useful information and standard sample documents to help them organise building maintenance and rehabilitation works. In the first quarter of 2021, we launched the third phase of content upgrade, including a cost reference centre that provides more comprehensive data on the market reference rates for related works items. We have also launched the Building Rehabilitation Company Registration Scheme (BRCRS) to spur the development of a Service Providers Directory, which will allow owners to assess whether service providers have a sound system in place for quality management, integrity, customer attention and other areas. The BRCRS will serve as a useful tool for owners to select appropriate service providers for their building rehabilitation work.

Challenges Faced by Owners of Old Buildings in Carrying Out Building Rehabilitation



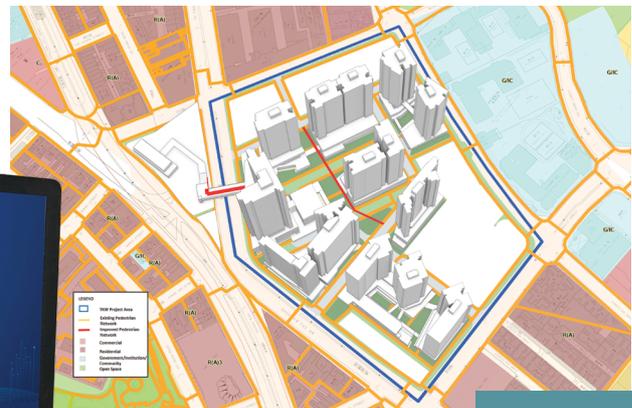
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Through the promotion of the NSBR and our continuous enhancements to the Building Rehabilitation Platform, we aim to transform the URA from being an ‘administrator’ of rehabilitation subsidy schemes to a ‘facilitator’ of preventive building maintenance, taking measures to enhance the skills of owners and OCs in organising building maintenance works, including their ability to initiate and arrange such works by themselves in different phases of the rehabilitation cycle. Furthermore, we will strengthen our application of new technologies by creating a virtual environment to simulate the pace of ageing of old buildings, as well as assess the cost and extent of building rehabilitation plans more comprehensively and accurately. Efforts will also be made to promote a ‘preventive maintenance’ model based on building condition data, so that appropriate maintenance works can be carried out before ageing occurs. Through this, we aim to achieve our long-term goal of slowing down the ageing of existing buildings in older urban areas.

Digitised district planning for effective formulation of urban renewal plans

To speed up the pace of urban renewal, the URA will include planning studies of sizeable scale in its Corporate Plan for the next five years. Faced with the vast amount of planning information involving complex domains, we must enhance our data processing and analysis capabilities.

To this end, we developed an Urban Renewal Information System (URIS) based on Geographic Information System (GIS) technology in 2019. The URIS integrates geographic information and data on such parameters as land use, planning requirements, development density, road networks, infrastructure, building conditions and population distribution, and visualises different sets of information on a map. This enables our team to review and analyse these parameters more precisely, and formulate comprehensive urban renewal solutions to address the needs of the community for sustainable development.



Applying URIS in district-based redevelopment projects in Kowloon City.

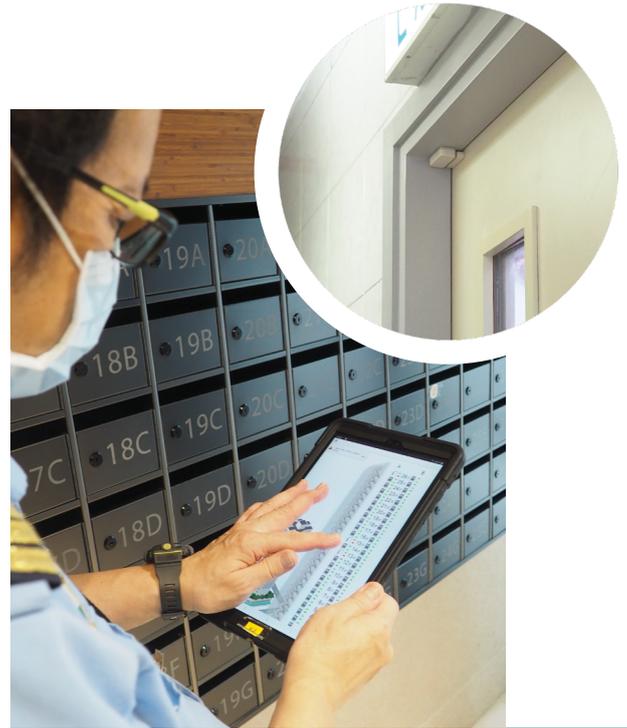
With the help of the URIS, the URA has carried out large-scale planning studies in Yau Ma Tei, Mong Kok, Sham Shui Po, Wong Tai Sin, Kowloon City and Hong Kong Island East, processing all available planning data for some 250 hectares of urban area. By making full use of the URIS, the time required for collating preliminary planning proposals with different scales and development parameters has been greatly reduced, enabling us to identify suitable projects in a timely fashion and upgrade them to the ‘Project Reserve’ system for detailed design, technical research and feasibility assessment.

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The URIS is an excellent tool for consolidating data relating to the built environment, which can be applied extensively to urban renewal operations. For example, in the eight adjoining redevelopment projects in To Kwa Wan under the district-based approach, our team utilised the system for the planning and holistic design of residential units, basements, public car parks, green pedestrian streets and road network facilities, so as to optimise benefits to the community under this new approach.

The URA has also applied innovative technology to its retrofitting projects. Digital remote monitoring devices have been installed in the renovation and retrofitting projects at four rehousing blocks and at the industrial building on Yu Chau West Street in Cheung Sha Wan, such that management staff in a central control room can monitor the operational status of various types of building services equipment and respond to sudden failures. The repair and maintenance details of newly-replaced facilities have also been digitised and integrated into the system for compilation of a building maintenance manual in digital format, which helps the management staff formulate future maintenance plans based on the conditions of the facilities.

The URA will continue to act as a pioneer in this area to test various building maintenance concepts, innovative methods and technologies. These will be further optimised and ultimately promoted to the building maintenance and property facility management sectors, thereby enhancing their services and quality.



Digital remote monitoring units installed at URA's rehousing block

I am pleased to say that the innovative spirit and hard work of the URIS development team has been recognised by the IT industry on a global level with a special achievement award. I hope that the URIS can be further optimised in collaboration with the Common Spatial Data Infrastructure system now under construction by the Government. This will provide more diversified geographic and spatial data on a real-time basis and, in the long run, enable the URA to analyse built environment data more comprehensively in order to enhance holistic planning and decision making. I also hope that it will be used more extensively in different urban renewal tasks, including project execution and management, project scheduling, cost control and the management of property facilities.



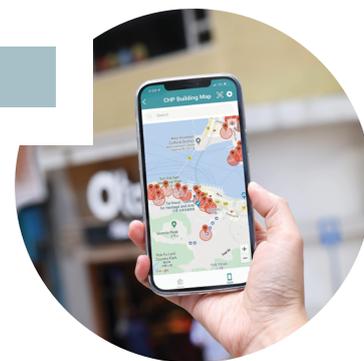
With a craving for innovation, URA team receives the 2021 Special Achievement in GIS (SAG) Award for its excellent performance in applying the Geographic Information System.

Wise use of technology to fight the pandemic and maintain pace of work

The COVID-19 pandemic has impacted the entire community and the URA was not spared either. Despite needing to constantly adjust our operations to abide by the Government's anti-epidemic measures, we have been able to maintain the pace of urban renewal by proactively adopting new technologies to facilitate project implementation.

In order to conduct the freezing surveys required for the launch of redevelopment projects at Shantung Street/Thistle Street (YTM-012) in Mong Kok and To Kwa Wan Road/Wing Kwong Street (KC-016), we proactively developed the Health Code 2.0 App so as to reduce the risk of our staff accessing buildings with potential transmission risk by sending out alerts to individual staff. A feature was added to allow the scanning of the Government's LeaveHomeSafe QR code at relevant venues to enhance the infection control of our survey staff. As a result, the surveys were completed smoothly and the two redevelopment projects were launched according to schedule.

In addition, smart and intelligent technologies are being deployed especially in relation to the development of underground spaces, underground parking, and the provision of infrastructure for the districts. Our goal in the long term is to create 'smart districts' and 'intelligent communities' in all our future projects.



Facilitated by the Global Positioning System, the 'Health Code 2.0' mobile application alerts URA staff on buildings with risks of confirmed COVID-19 cases through mobile notifications.

Digital platform to boost self-initiated learning

A professional and elite team of employees is the cornerstone on which the URA can continuously fulfil its mission of urban renewal. In the past year, we invested additional resources in employee training, offering our staff more than 16,000 man-hours of training with a focus on improving their proficiency in artificial intelligence, big data processing and analysis, geo-information systems and building information modelling. As regards URIS training, over 70 percent of URA staff have completed the relevant foundation courses, preparing them for the new urban renewal approach through technology and digital means.

In June 2020, we launched our first one-stop online learning platform, which allows staff to choose courses and study times appropriate to their own interests and learning needs, and heralds a new approach of 'self-initiated learning'. Unaffected by social distancing restrictions, this online platform has been able to provide more than 100 online training courses so far, with more than 95% of our staff having participated and some 4,000 man-hours of training being completed in total.

We will continue to optimise the training system by increasing the types and scale of training courses available in line with the needs of our employees in different professional fields. We will also offer them assistance in acquiring and applying new knowledge through continuous learning, so that urban renewal projects can reach new levels of effectiveness and sustainability.

Our achievements over the past year are owed to the collective efforts of the entire URA team. I wish to thank the Chairman and members of the Board of the URA, who have been tirelessly leading us through the challenges of the pandemic by providing valuable guidance on business strategies, work policies, and daily project implementation and operations. My sincere gratitude also extends to my colleagues in various departments for their hard work and perseverance. Their positive attitude and flexible approaches have enabled the process of urban renewal to maintain steady progress under the 'new normal'.

While celebrating our 20th Anniversary in 2021/22, we must also get well prepared for future urban renewal goals in the next two decades and beyond. In the coming few years, the URA's business scale will continue to grow encompassing large-scale planning of hundreds of hectares of land in old districts, from which major feasible redevelopment projects will be selected. Critically, sufficient financial reserves will be needed for the huge acquisition and construction expenses required for project completion.

To realise this ambitious goal, the URA is formulating a robust and flexible financial system for preparing different financial plans and schemes. We are also actively studying new planning tools and their potential application to break through the restrictions on land development in old districts so that land use can be optimised. Going forward, the URA will need to amass substantive funding and land reserves to sustain our urban renewal mission and turn Hong Kong into a smart and liveable city fit for the 21st century.

Ir WAI Chi-sing, GBS, JP, FHKEng

Managing Director

31 July 2021