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MANAGING DIRECTOR'S STATEMENT

Opening Up New Planning Opportunities and Embracing Challenges with Innovative Vision

When I took stock of the URA's urban renewal work in 2016 at the time of taking office as Managing Director, it became clear to me that the redevelopment effort was still being outpaced by urban decay, despite the implementation of several major redevelopment projects and the huge resources committed to renewing the old districts. The conventional project-led approach of building-by-building redevelopment would no longer be an effective means of making urban renewal work sustainable.

With this in mind, I tasked the URA team with conducting a holistic and comprehensive study to look into the key issues that were accelerating the pace of urban decay in old districts. Our study found that buildings would generally start deteriorating when they reached 40 years of age, by which time their facilities would be outdated, and the deteriorating conditions would eventually affect public safety and liveability. It was also revealed that the failure of property owners to conduct maintenance work had aggravated such problems in ageing buildings.

Outdated public facilities, under-utilised streets and open spaces were also commonly found in old districts, which called for re-provisioning. Owing to a lack of land resources, however, the built environment in these old districts could only be improved through redevelopment, which entailed a laborious and prolonged process.

Moreover, the plot ratios of the sites of these ageing building clusters had generally been fully utilised, leaving only a few redevelopment projects in the market that were considered to be favourable for private developers to pursue. This lack of development potential of the ageing buildings had become a stumbling block to private market participation in redevelopment, making the pace of urban renewal slow.

Over the past six years, our URA team has been committed to addressing these issues by formulating and implementing a more holistic and forward looking approach to urban regeneration. For example, we endorsed a 'district-based' approach for the first time in 2016 to carry out urban renewal work in To Kwa Wan. Moving from a 'project-led' renewal model, we consolidated the land uses of eight individual projects within the district for restructuring and replanning, allowing holistic planning of the district as a whole and hence maximising the planning benefits to improve the overall built environment.

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Riding on the successful implementation of the To Kwa Wan project, we took the further step of adopting a 'planning-led, district-based' urban renewal model in 2019 and established an implementation mechanism for sustainable and effective urban renewal. In formulating the planning objectives of a project, we reviewed land resources, building conditions and layouts, as well as community facility needs and the local characteristics of the district. We then consolidated land uses of the district concerned and undertook extensive replanning, aiming to implement urban renewal projects with greater impact and social gains.

Meanwhile, in mid-2017, we had embarked on two strategic studies, namely the Yau Mong District Study (YMDS) and the Study on New Strategy on Building Rehabilitation (NSBR), which guided the future trajectory of the long-term development of urban renewal. After three years of hard work, these two strategic studies were completed in early 2021, and their findings and recommendations have been submitted to the Government for consideration.

Throughout this time, we have built a team known for its professionalism and innovation to embrace technologies that broaden our planning, decision-making and implementation capabilities. These strengths have enabled the team to overcome hurdles and challenges and make projects possible that had previously been regarded as impossible, thereby speeding up the pace of urban renewal.

Taking on more sizeable challenging projects

Throughout the past three years, the URA has successfully applied new urban renewal models, strategies and planning tools to various projects in Central and Western District, Mong Kok, To Kwa Wan, Kowloon City and Sham Shui Po.

Amongst these were the Kim Shin Lane and Cheung Wah Street redevelopment projects in Sham Shui Po which commenced last September, involving some 1,700 households and a population of about 3,000. We overcame the hurdle of redeveloping the area with old building clusters of ultra-high density by incorporating land resources from under-utilised Government land and aged community facilities in the area into the projects' master development plans. Through the restructuring and replanning of lands, more floor area can be generated for development. Besides unlocking the redevelopment potential, these projects will provide a much improved living environment, along with modernised standards and services for public transport, municipal, elderly rehabilitation, cultural, leisure uses, as well as greenery space provision.

Nevertheless, various complex issues remain to be tackled during the urban renewal process, including integrating the old and new cityscapes, the challenges of sourcing relevant sites for reprovisioning government facilities, and the need to retain local characteristics. Therefore in May this year we began trialling an integrated approach to implementing our latest redevelopment project in Kowloon City.



The Gateway Square in Nga Tsin Wai Road/Carpenter Road Project will link to Kai Tak Development Area strengthening the connections between the old and new districts of Kowloon City.

By consolidating the planning for Nga Tsin Wai Road/Carpenter Road Development Scheme (KC-017) and its adjacent Kai Tak Road/Sa Po Road Development Scheme (KC-015), as well as integrating the urban renewal work of redevelopment, rehabilitation, preservation and revitalisation, the overall built environment and public facilities of the area will be enhanced as a whole. Connectivity between the old and new districts of Kowloon City and Kai Tak Development Area will also be strengthened.

In addition, we are trialling a 'district-based rehabilitation' approach to assist the owners of buildings in the neighbourhood that are outside the sites of the two projects to carry out rehabilitation and preventive maintenance work to preserve the conditions of these buildings. Place-making initiatives will also be introduced to revitalise public areas including the streets, parks and leisure spaces, so as to integrate the old and new cityscapes upon completion of the projects.

“With all their strengths, our team has overcome hurdles and challenges, and make projects possible that had previously been regarded as impossible.”

Implementing new strategic studies to speed up the pace of urban renewal

Over the past year, the URA has moved the recommendations from the two strategic studies into implementation stage. For the YMDS, potential projects are being formulated based on the Master Urban Renewal Concept Plan (MRCP) and the use of new planning tools such as transfer of plot ratio, street consolidation and interchangeability of domestic/non-domestic plot ratio, so as to simultaneously achieve our objectives of creating development capacity, promoting private market participation and enhancing liveability in this old district.

In July this year, we supported Planning Department in initiating a batch of amendments to the relevant Outline Zoning Plans within Mong Kok district to implement the proposed recommendations and new planning tools of the YMDS, among others. Applications for the amendments have already been submitted to the Town Planning Board. By the end of this year, Planning Department is expected to announce details of other planning tools, including the proposed locations and implementation mechanisms for the street consolidation areas.

In the meantime, we have identified a project from one of the development nodes of the MRCP and a ‘district-based’ project where street consolidation can be applied, for incorporation into our Corporate Plan for the next five years. The Corporate Plan and the projects therein have already been approved by the Government, and will commence when appropriate.

Stepping up promotional efforts to boost owners’ participation in building rehabilitation

At the beginning of my tenure, I noted that a critical factor in realising sustainable urban renewal was the effectiveness of building rehabilitation. We therefore embarked on the New Strategy on Building Rehabilitation study in 2017, seeking to understand the views of owners of old buildings and the difficulties they encountered in building maintenance, in a bid to explore support measures that could better motivate them to carry out rehabilitation work.

Results of the study showed that owners of old buildings usually faced three main challenges that hindered their willingness to organise repair and maintenance works on their own: insufficient knowledge of building rehabilitation, lack of financial reserves, and lack of organisational capabilities.

In response to these findings, we have formulated specific strategies targeting the public and relevant stakeholders to step up promotional efforts and offer incentives. The aim is to encourage owners to carry out building maintenance and management on their own, while also raising their awareness of preventive maintenance.

At the public level, given that our audience covers the owners of many differently-aged buildings, we will develop targeted rehabilitation proposals in respect of the buildings’ ages and conditions. For owners of old buildings in poor condition, our utmost priority is to motivate them to organise repair and maintenance works as soon as possible, in addition to encouraging them to apply for various rehabilitation subsidy schemes covering different parts of the building. Through this approach, we hope to enhance their buildings’ safety and liveability. Meanwhile, to complement these promotional efforts, the Building Rehabilitation Resources Centre at eResidence – the first centre of its type in Hong Kong – will be opened in the third quarter of this year to provide owners with necessary information and technical assistance.

In parallel with the adoption of the ‘district-based rehabilitation’ approach in Kowloon City, we are targeting younger buildings with owners’ corporations or management companies to promote preventive maintenance work. Our support includes assisting owners to formulate regular maintenance proposals and prepare cost estimates for the rehabilitation work. In addition, we are exploring the provision of financial incentives to motivate the owners to save up for building maintenance, by way of offering additional deposit interest at the initial stage of their contributions to the maintenance reserve funds.

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We will also continue to enhance the content of our Building Rehabilitation Platform, with the participation of various Government departments, law enforcement agencies, professional sectors and representatives from works contractors. Since its launch in 2019, the Platform has provided owners with a wide range of useful information, standard sample documents and data on the market reference rates for related work items. Complementing this, we launched the Building Rehabilitation Company Registration Scheme (BRCRS) in March this year to spur the establishment of a Service Providers Directory, aimed at helping owners assess whether service providers have a sound system in place for quality management.

Moreover, to assist the owners of single-block buildings which are deprived of any property or facility management service, we have partnered with The Hong Kong Institute of Housing to implement a 'joint property management' scheme on a trial basis. Through this scheme, we hope to raise the standards of property management in these buildings while lowering management expenses, owing to the economy of scale.

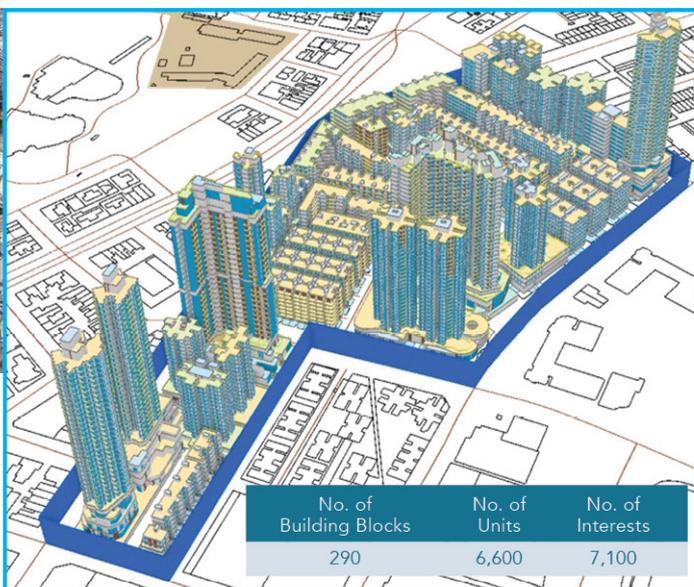
Expediting the pace of urban renewal work through data analysis

To address the increasing volume and complexity of urban renewal work, it is important to have an information system capable of processing and analysing vast amounts of data across complex domains, so as to enable the URA team to make a comprehensive assessment of the many different factors and parameters involved in making decisions on project selection.

To this end, in 2019, we developed the Urban Renewal Information System (URIS) which integrates geographic information and data on such parameters as land use, development density, building conditions, population and household distribution, as well as selected commercial and public facilities, and visualises the information on a map. By fully utilising the URIS, we can shorten from weeks to hours the processing time for collating district plans, the formulation of project reserve, and the analysis of design options.



The 3D Intelligent Map (iMap) in URIS enables the construction of 'digital twin' for the district-based projects in Kowloon City, and help consolidate and analyse data of various kinds such as property interests, statutory orders and others.



Last year, we completed the first phase of URIS development, equipping the system with primary functions such as data exploration, intelligent analysis of project options, and deepening of implementation details. These functions enable the planning team to further analyse and prioritise redevelopment projects based on factors such as planning objectives, financial viability and technical assessment.

In parallel, we have introduced smart technology elements to our projects. One good example is the inclusion of smart city infrastructure provision such as 5G networks during the detailed design work for our eight adjoining redevelopment projects in To Kwa Wan, paving the way for building a 'smart community' by applying more intelligent building and facility management elements. This is in line with one of the three principles set out by our Chairman, namely applying technology to build Hong Kong into a liveable and sustainable smart city.

Promoting digitisation to enhance work efficiency

Over the past year, the URA has allocated resources to extend the use of technology on all fronts of its operations and enhance work efficiency. This includes the registration of residents when launching new projects, case management in acquisition and clearance, case monitoring of building rehabilitation subsidy schemes, condition surveys and assessments of buildings in urban areas, and electronic document management.

In addition, we have strengthened staff training on new technologies and enhanced self-initiated learning through a one-stop online learning platform. By helping our employees acquire new knowledge in line with their varying professional needs, especially in such areas as artificial intelligence, geographic data analysis, 3D spatial data processing, building information modelling (BIM) and modular integrated construction (MiC), we can keep them abreast of the times and enhance the implementation of our urban renewal operations.

Five directions set to promote sustainable urban renewal

Our two forward looking strategic studies YMDS and NSBR have opened up new avenues for tackling critical issues of urban decay. At the time of writing, having started my third three-year term as Managing Director, I commit to taking forward the recommendations of these two studies and setting more ambitious targets in five areas:

(1) Promote private market participation in urban renewal

The existing large number of aged buildings with high development density and low residual plot ratio is a major factor that has reduced the incentives for private developers to pursue urban renewal, resulting in increasing reliance on the URA to take up this daunting task. However, the financial and organisational resources of the URA alone are far from adequate to deal with urban decay and the ageing of buildings. Therefore there is a need to encourage more private participation in regenerating old districts.

Going forward, we will take the lead in adopting new planning tools in projects which we see as appropriate, in order to share the experience with private developers as a reference. Meanwhile, we will collaborate with Government departments to expedite the formulation of implementation mechanisms for the new planning tools, so as to give private developers clear guidelines and specifications to follow in their projects. Through these joint efforts, we hope to enhance redevelopment potential and maximise the use of urban land resources to speed up the pace of urban renewal.

(2) Taking forward more complex and challenging projects

Over the past few years, the URA has launched large-scale district studies to examine on all fronts the land planning and regeneration opportunities for old districts, with a view to accelerating the formation of planning, project and financial reserves.

Over 520 hectares of land in old districts are currently being studied in the URA's Planning Reserve. As more and more land will be needed for regeneration, the URA has to focus its limited resources on taking up more challenging redevelopment projects which have the potential of bringing great benefits to the community, but lack adequate financial incentives to attract market participation.

With a wider application of new planning tools in the URA projects, we will further expand development of the URIS to include more advanced functions, such as automatic exploration of sites in old districts which are suitable for applying the transfer of plot ratio; moving data applications from 2D to 3D; and creating 'digital twins' in the virtual world for building clusters in old districts. These initiatives will accelerate our team's efforts in preparing different development options and assessing their impact on the neighbourhood, thus expediting the planning and execution of onerous urban renewal projects.

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(3) Enhancing the 'integrated approach' of urban renewal

The planning studies we have undertaken are not limited to districts with large clusters of ageing buildings such as Yau Mong, but also cover areas where there are already redevelopment projects completed by the private sector. These areas are characterised by a mix of individual single-block buildings constructed in recent years and aged buildings, coupled with a lack of coordination in the overall planning and design for the built environment of the area. In view of this, the challenge for future urban regeneration lies in integrating old and new elements at the planning level, while increasing community facilities and retaining the local characteristics.



Having a chat with street shop operators in Kowloon City to learn about their business environment.

The URA will use the urban renewal work in Kowloon City as a pilot to test the 'integrated approach' by way of redevelopment, district-based rehabilitation, and the revitalisation works carried out in the district, to improve the overall built environment and the blending of old and new cityscapes upon redevelopment.

The adoption of this integrated approach to urban renewal works will involve considerable expenses as it not only incurs costs for the acquisition of property titles, but also involves the construction of new government facilities and work on rehabilitation, retrofitting, district preservation and revitalisation. Going forward, we shall carefully study the cost implications on our financial reserves and work accordingly, setting aside sufficient resources for the implementation of the integrated approach in our projects.

(4) Promoting preventive maintenance among owners of new buildings

To achieve the long-term objective of self-initiated maintenance amongst building owners, which involves a wide range of responsibilities and interests, a step-by-step approach is essential.

The first priority is to encourage owners and the industry to carry out repair and maintenance works proactively following the completion of their buildings. By beefing up our promotional strategies and providing incentives, we hope that building owners and the industry can gradually build awareness of the need to carry out preventive maintenance.

To achieve this, the URA will test preventive maintenance measures in the second phase of eResidence to be launched next year. Guidelines and regulations will be added to the Deed of Mutual Covenant requiring owners to draw up a regular maintenance plan for the building and set money aside as reserves for future execution of the maintenance plan.

In addition, based on our experience and insights in promoting building rehabilitation, we will work with the property management industry to develop a standard manual of building maintenance for new development projects. The manual will assist owners of these private buildings to draw up regular maintenance plans from the time when they move in.

In the event that these non-legislative initiatives fail to achieve the desired results, we will work with the Government in the longer term to review and consider amending relevant legislation on mandatory building inspection in the Building Management Ordinance and Buildings Ordinance.

“We are still in the first cycle of urban renewal after 20 years.... It is therefore essential to encourage owners of structurally-sound buildings to carry out preventive maintenance, whilst giving a window for the URA and other stakeholders to work on the dilapidated ones.”

(5) Good financial planning

Looking ahead, the URA will continue to press ahead with urban renewal works and progressively increase the number of redevelopment projects in its Corporate Plan. A sound financial plan must therefore be in place to ensure sufficient resources are available to meet the substantial acquisition costs incurred in these projects. We will achieve this by means of:

- 1. Making cash reserves flexible:** We will complete the initial planning and design of new projects as early as possible, such that we can align the timing of new project launches with the tendering of other projects that have already completed property acquisition. This allows the ‘hedging’ of funds received from the upfront payments of tendered projects to replenish the cash for property acquisition of the new projects.
- 2. Replenishing cash flow:** When available resources have been exhausted and in the event of any possible shortfall of funds, we will arrange loan facilities in advance.
- 3. Improving project returns:** By incorporating under-utilised streets in the vicinity of the project areas into our master development plans, we can optimise the land uses in addition to bringing in new or refurbished community facilities. We will also advance the restructuring and replanning of land uses from 2D to 3D and incorporate new planning tools such as transfer of plot ratio in our planning applications such that the plot ratio of areas with low development potential can be analysed and assigned to those with high development potential, achieving optimum utilisation of the residual plot ratios for redevelopment.

Embarking on a new journey of urban regeneration

Over the past six years, good progress has been made in URA’s five principal areas of work, namely redevelopment, rehabilitation, preservation, revitalisation and retrofitting. In addition we have completed two strategic studies with their findings and recommendations favourably received by the Government, the Legislative Council and local stakeholders. I am truly grateful for the support and recognition of URA’s work from various sectors of the community.

I would like to take this opportunity to express my heartfelt gratitude to all colleagues in the URA for their tireless efforts in taking forward the regeneration of old districts over the years, and for remaining dedicated to their work even during the most severe stages of the pandemic. We have not only been able to meet our work targets, but have achieved breakthroughs in a number of business areas. I am also indebted to our Chairman and the Board members for their trust, which has enabled us to be bold and innovative in carrying out our work.

Urban renewal is a lengthy process. Today, we are still in the first cycle of urban renewal after 20 years of the URA’s establishment, with a lot of dilapidated buildings still to be redeveloped. It is therefore essential to encourage owners of structurally-sound buildings to carry out preventive maintenance to prolong their service life, whilst giving a window for the URA and other stakeholders to work on the dilapidated ones. Meanwhile, we will continue to build up our financial and land reserves for the next cycle of regeneration. As we embark on this long but rewarding journey of urban renewal, I am confident that our URA team will go from strength to strength, forging ahead to help make the city we call home smarter, more liveable and more sustainable.

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31 July 2022