

Operating Review

Redevelopment

Rehabilitation

Revitalisation

pReservation



The Tsuen Wan Town Centre project features vertical greening of about 8,000 square feet.

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 to prepare an Urban Renewal Strategy (URS) and, thereafter, to revise it in such a manner as the Secretary may decide. The URAO then requires the URA to follow the guidelines in the URS and prepare and obtain the approval of the Financial Secretary each year for both a five-year Corporate Plan and an Annual Business Plan (Plans) laying out the direction and programme of the Authority's activities.

The Plans are carefully devised to integrate the proposals and activities conceived under the URA's 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 mandate and resource limitations.

The Plans covering the period 2007 to 2012, including the 2007/08 Business Plan, were submitted to the Financial Secretary (FS) in December 2006 and approved by the FS in March 2007. The Plans covering the current period from 2008 to 2013, including the 2008/09 Business Plan, were prepared in the third quarter of 2007/08, submitted to the FS in December 2007 and approved by the FS in February 2008.

Redevelopment

In this Annual Report, the word "project" is used generically to cover all categories of 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 (DSPs) 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

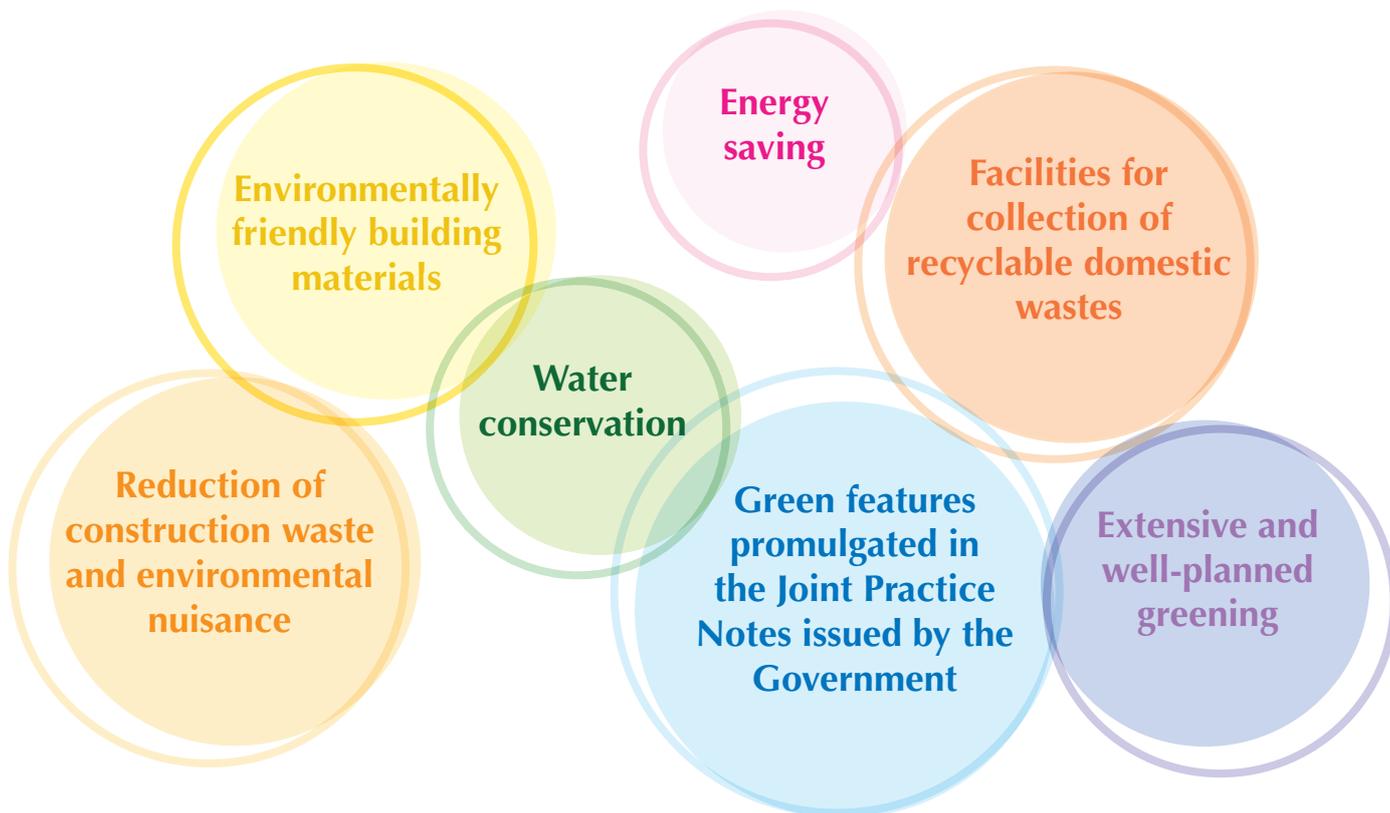
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for plan making and amendment of plans covered under the TP(A)O. In this way, the DSPs are subject to formal public comments, representations and, if necessary, hearings conducted by the Town Planning Board (TPB) in considering the suitability of these projects. To date, ten such projects have been launched by the URA under this process, with the most recent one, Anchor Street / Fuk Tsun Street, being launched in March 2008.

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 authorised by the Secretary for Development. To date, three projects have been launched by this means, with the most recent, the Chi Kiang Street / Ha Heung Road and Pak Tai Street / Mok Cheong Street projects, being launched in February 2008.

Environmentally Sustainable Development

The URA seeks to promote and implement 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 such as –



In addition, the URA actively looks for opportunities to include vertical greening in our developments where appropriate. Indeed, the first large scale vertical greening of a building in Hong Kong was the provision of about 8,000 square feet of such vertical greening in our Vision City project in Tsuen Wan Town Centre.

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 HK-BEAM Society in recognition of the environmental features of first our Mount Davis 33 project in Ka Wai Man Road in 2006/07 and second our Vision City project in Tsuen Wan Town Centre in 2007/08.

Commencement of New Projects

During the year, the URA focused its attention on commencing the last three of the 25 announced but not yet commenced projects inherited from our predecessor, the LDC, followed by three URAO projects. Taken together, these six projects are helping over 2,250 people to improve their current poor living conditions. On completion, they will provide over 1,300 residential flats, as well as commercial space, open space, and a multipurpose activity hall. Each of these six projects is described in brief in the following paragraphs.

Peel Street/Graham Street

This is the first of the three of ex-LDC projects commenced in 2007/08. This is a development scheme that was prepared under section 13 of the LDC Ordinance and approved by the TPB in 1999. After two years of public and stakeholders consultation, the Master Layout Plan (MLP) was submitted in early 2007 and was approved by the TPB in May 2007. The project commenced in July 2007 and acquisition offers were issued to the affected owners in October 2007. Key features of the approved MLP are the preservation and adaptive re-use of pre-war shophouses on Graham Street and the façade of Wing Woo Grocery, preservation of the vibrancy and ambience of the existing street retail and hawker activities in the public streets outside the project's boundaries, provision of a two storey wet market trade complex to accommodate traders now operating within the project's boundaries, creation of an Old Shop Street and provision of a multipurpose activities hall and public open space. The MLP is being refined taking into consideration the views gathered from the public and stakeholders, as well as the advice of the H18 Conservation Advisory Panel which was set up under the Central and Western District Advisory Committee of the URA to recommend ways to promote and improve the heritage features of the project.



Artist's impressions of the two-storey block for accommodating wet market shops. Viewing from Graham Street (above) and Gage Street (below).

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Nga Tsin Wai Village

This is the second of the three remaining LDCO development projects commenced in 2007/08. Under the joint venture development agreement with the major owner of properties within this project's boundaries, the URA has adopted an innovative conservation paramount approach which will retain three core heritage elements of the village, namely, the gatehouse, the embedded stone tablet and the Tin Hau Temple as well as the central axis and eight authentic village houses, within a new Conservation Park. The design will enable residential development to proceed in parallel, with the residential towers, which will be lifted up to provide a vertical clearance of about 15 metres above ground level, as well as being about 40 metres apart and being designed to avoid both encroachments into the Conservation Park and interference with sightlines towards the Lion Rock. The project commenced in October 2007 and acquisition offers were made to the affected owners in January 2008. Given the unique nature of this urban village, a special compensation package was introduced for the indigenous villagers.

Sai Yee Street

This is the last of the 25 ex-LDC projects to be commenced and, as such, its launch in December 2007, marked a significant milestone for the URA. The URA recognises that this project is located in the corner of a vibrant part of Mong Kok containing 67 sports shops, although only 19 or slightly less than a quarter of these lie within the project's boundaries and will be affected. Nevertheless, to help preserve and enhance this local character, the 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. In addition to this retail element, the Sports Retail City will contain Hong Kong's first Sports Hall of Fame. The design of the future development breaks up the building mass into a juxtapositioned 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. Acquisition offers were made to all affected domestic and non-domestic owners in March 2008. 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 Indoor Stadium. This is to be redeveloped and upgraded by the URA on behalf of HKPA to provide a modern indoor stadium and youth centre as well as residential and commercial space, into which some sports shop operators affected by the Sai Yee Street project may be able to relocate temporarily, pending completion of the Sports Retail City in Sai Yee Street, at which time they will have the opportunity to return and rent retail premises there.



Professor Bernard Lim (right) explains the innovative design for the Sports Retail City project in Sai Yee Street. Next to him is Mr Stephen Lam, URA's District Development Director.

Chi Kiang Street/Ha Heung Road



Chi Kiang Street/Ha Heung Road project uses building set-back design to facilitate pedestrian flow.

This is one of two new URAO projects commenced by the URA in Ma Tau Kok on 29 February 2008. This modest sized project, of around 930 square metres, comprises buildings built in the 1950's and now in generally poor and dilapidated physical condition. When implementing this project, the URA intends to take the opportunity to make street improvements to the area beneath the adjacent Kowloon City flyover. No written objections were received during the two months publication period and the decision of the Secretary for Development to authorise the URA to proceed with the project was gazetted on 18 July 2008.

Pak Tai Street/Mok Cheong Street

This is the second of the new projects in Ma Tau Kok commenced on 29 February 2008. It is another modest sized project, of around 780 square metres, comprising buildings constructed in the 1950's and in deteriorating condition. It is located in a street block where several buildings have already been assisted by the URA's rehabilitation schemes. The opportunities to widen and beautify the existing footpaths of the street block in tandem with this redevelopment will be studied. Again no written objections were received during the two months publication period and the decision of the Secretary for Development to authorise the URA to proceed with the project was gazetted on 18 July 2008.

Anchor Street/Fuk Tsun Street

This is the sixth URA redevelopment project in Tai Kok Tsui and the first comprising a proposed hotel. Given the unfavourable location of this relatively small project, of around 730 square metres, which faces onto several major roads and the elevated West Kowloon corridor, and the market needs for a modest class of hotel in this vicinity, a hotel use, which is a non-noise sensitive use, was considered appropriate. This URAO project was commenced on 7 March 2008. The draft DSP for it was submitted to the TPB on 26 March 2008 and considered by the TPB on 13 June 2008. On 25 July 2008, it was gazetted under section 5 of the Town Planning Ordinance (TPO) for two months public consultation.

Implementation of Commenced Projects

Between early 2002 and March 2008, in addition to continuing implementation of the 10 projects commenced by and inherited from the LDC, the URA has launched a total of 29 new redevelopment projects, comprising 18 ex-LDC projects and 11 URAO projects. Our strategic partner, the Hong Kong Housing Society (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 12 URAO projects. These 37 projects have helped or are helping over 18,000 people to improve their previously poor living conditions, as well as producing over 11,000 new homes plus various GIC and commercial facilities.

Of the 10 projects commenced by and inherited from the LDC, two were completed in earlier years and four of the eight which were still ongoing at the start of 2007/08 were completed during the year with all flats sold, while four still remain ongoing. These 10 inherited projects 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.

Out of the 18 ex-LDC projects that have been launched by the URA, the construction works on the J Residence at Johnston Road in Wan Chai and on MOD 595 in Reclamation Street in Mong Kok were completed and the certificates of compliance obtained during the year. The Johnston Road project is particularly noteworthy in that it involved both the development of a new residential building and the preservation and restoration of pre-war shophouses for adaptive commercial re-use.

Five of the 11 URAO projects launched directly by the URA are being processed as two combined larger projects, namely, the Lai Chi Kok Road / Kweilin Street / Yee Kuk Street project, which is now under resumption, and the Hai Tan Street / Kweilin Street / Pei Ho Street project, for which preparations are being made for acquisition. The remaining six commenced projects are at different stages, with three being under planning, one being under acquisition and two, namely, Mallory Street and Fuk Tsun Street, being under resumption.

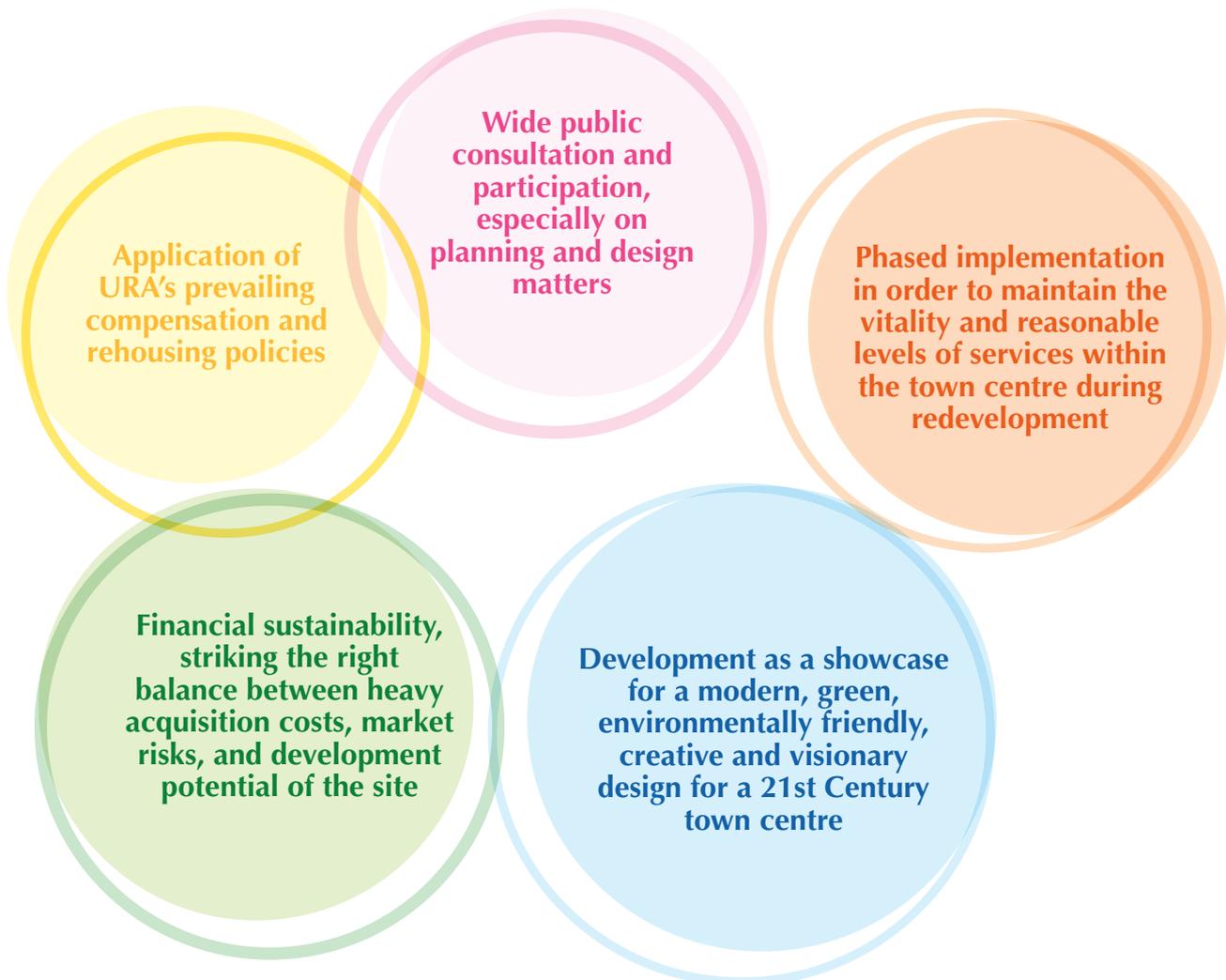
Individual details of all 41 still current projects and all six projects completed during 2007/08 and earlier years are given in the table entitled the URA Project Highlights on pages 56 to 59.

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

Kwun Tong Town Centre

The 5.3 hectare Kwun Tong Town Centre project, costing over \$30 billion to implement, is the most challenging development ever undertaken by the URA in terms of scale and complexity.

The URA is implementing this project according to five guiding principles –



The two DSPs and the preliminary designs in the MLPs have been formulated taking into account the public views collected during the two-year programme of engagement of the community and stakeholders. Major features of the project include visionary designs of a 21st Century town centre, well-spaced building blocks to facilitate ventilation, increased public at-grade open space and greening. There is also an integrated public transport interchange, grade-separated pedestrian footbridge connections to nearby estates, kaifong-style street shops and a covered bazaar. All facilities will be designed and built for convenient access by wheel-chair users.

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The submission to the TPB in April 2007 of the two DSPs for the Yuet Wah Street Bus Terminus and Main Sites of this redevelopment project began the statutory planning process, which was estimated to take approximately 18 months. Subsequently, a detailed social impact assessment was completed and submitted to the TPB in June 2007. Having consulted relevant Government Departments, the TPB considered the DSPs suitable for public inspection in September 2007.

A statutory two-month period for collecting public comments followed from October to December 2007. On 14 March 2008, the TPB considered all public representations received and decided not to propose any amendment to the DSPs. The DSPs were then submitted to the Chief Executive in Council and approved in July 2008 in accordance with section 9 of the Town Planning Ordinance, following which they are expected to be gazetted by September 2008. Meanwhile, the MLPs for the Yuet Wah Street and Main Sites are expected to be submitted to the TPB by September 2008.

Due to the huge size of the project, redevelopment will be in phases, with the first phase involving relocation and redevelopment of the Yuet Wah Street Bus Terminus. A wide range of comprehensive and technical studies pertaining to the project, including the traffic, drainage, sewage, air ventilation, visual and environmental impacts, have been undertaken. The results of these studies support the design and redevelopment scale.

In parallel with these studies, the URA has been in continuous dialogue with relevant Government Departments, the Kwun Tong District Council, residents, hawkers, transport operators, professional bodies and local concern groups in order to gauge and take account of their views and keep them informed of the progress of this project.

The Christian Family Service Centre Social Service Team commissioned by the URA, together with our frontline staff, continues to provide assistance to residents and families who are in need of help, before and during redevelopment, with the sustainability of social networks being an important objective.

In order to handle the increasing scale and complexity of the work involved in delivering this massive project, URA recruited additional staff to strengthen the transport planning, operations and the community engagement teams in our Kwun Tong Project Division. In addition, in July 2008, we moved our Kwun Tong Office to larger premises in Millennium City 6 to accommodate the enhanced and still expanding Division. We are now converting our Hip Wo Street Office into a Customer Service Centre to cater for the needs of



URA Chairman Mr Barry Cheung meets the residents of Kwun Tong Town Centre to understand their concerns.



Members of the Kwun Tong District Council observe the wind-tunnel test of the Kwun Tong Town Centre model conducted by the Hong Kong University of Science & Technology.

owners, so that they can use it for making property rental and acquisition enquiries, seeking help from social service teams, checking and validating documentation prior to signing sales contracts, meetings with URA staff and so on.

As the first step towards starting acquisition of affected properties, we will appoint independent surveyors to work out the offer prices for these properties having due regard to market conditions and our established compensation policies. Because of the massive and unprecedented size of this project, the very large number of property interests in it, and the need to ensure that the offers made closely reflect market price trends, the tasks of full valuation, verification of titles and occupation status, and preparation of all offer documents will take four to five months to complete.

This work has already commenced, in July 2008, with the appointments of the independent surveyor firms, and we plan to begin acquisition of all properties within the project boundary from their owners in December 2008.

Looking ahead, we will continue to make our very best efforts to ensure that the project will bring about sustainable improvement in Kwun Tong's social fabric as well as substantial long-term economic benefits to Kwun Tong and East Kowloon.



URA Board Member and Chairman of the Kwun Tong District Advisory Committee, Professor David Lung (second from left), and Kwun Tong Project Director, Mr Ernest Lee (right) explain the design concept of Kwun Tong Town Centre project to the Macau Government delegates.

Macpherson Indoor Stadium

In April 2006, the URA and the Hong Kong Playground Association (HKPA) announced that they would jointly redevelop the HKPA's outdated stadium to provide both a modern stadium and a youth centre as well as residential and retail space. Since then, good progress has been made. Following detailed negotiations with the Buildings and Lands Departments respectively, the revised General Building Plans were approved in March 2008 and the land premium offer was agreed in May 2008. In the same month, the HKPA and URA invited tenders for the joint venture development of the project and in June 2008, they awarded the joint venture development contract. Looking ahead and given the proximity of this project to the URA's project in Sai Yee Street in the "Sneaker Street" neighbourhood, URA intends to link up these two areas by revitalising the streets between them. The opportunity will also be provided for sports shop operators affected by the Sai Yee Street project to relocate to the retail space in this project to maintain the continuity of their business as in this neighbourhood during redevelopment of the Sai Yee Street project.



The Macpherson Indoor Stadium project delivers modern stadium facilities and a youth centre.



A modern indoor stadium will be provided in the redevelopment project.

Staunton Street/Wing Lee Street

In 2007, the TPB proposed an amendment which reduced the extent of the original draft DSP for this project by excluding the parts owned by a single developer. This amendment was subsequently approved by the Chief Executive in Council in October 2007. The Planning Brief (PB) was then revised and approved by the TPB in November 2007. Thereafter, the MLP was prepared in accordance with the revised PB, the public views and aspirations expressed at a community workshop conducted in December 2007 and the advice of the Central and Western District Council.

The MLP comprises 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 terraces, 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.

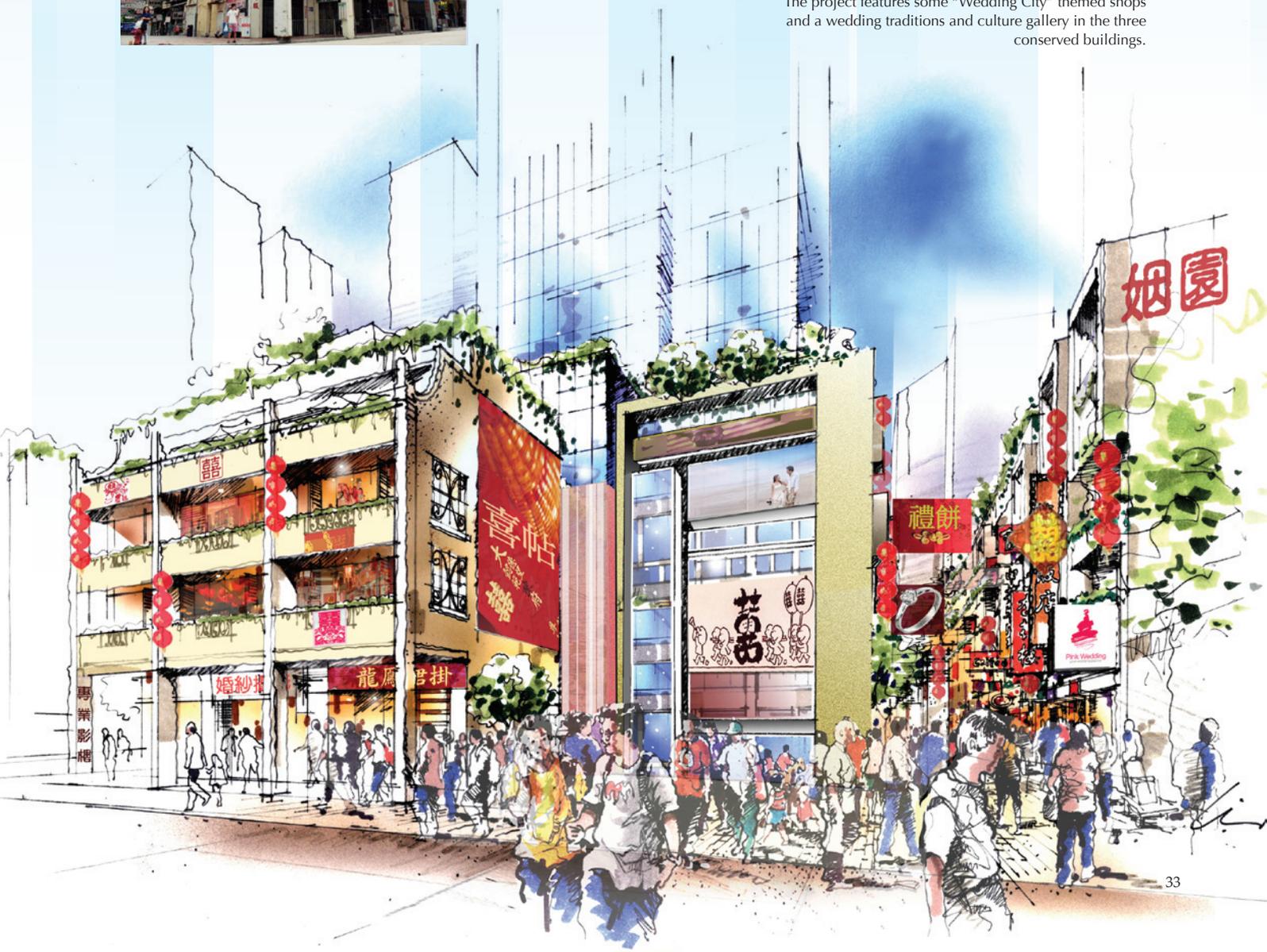
Lee Tung Street/McGregor Street

In May 2007, the MLP was approved by the TPB. Subsequently, in December 2007, the URA unveiled our plans to create a “Wedding City” featuring Hong Kong’s first wedding traditions and 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 organizers. In addition, there will be a pilot social enterprise scheme under which social enterprise operators with good local knowledge and connections will be invited to operate a centre aimed at preserving and strengthening local social networks. During the year, demolition was also completed. In April 2008, the road proposals, including closure of Lee Tung Street, was gazetted. In due course, expressions of interest in joint venture development of the site will be invited.



Three Cantonese verandah shophouses will be conserved for adaptive re-use.

The project features some “Wedding City” themed shops and a wedding traditions and culture gallery in the three conserved buildings.



Tai Yuen Street/Wan Chai Road

Sites A and B 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, the URA took a fresh look at the way forward for redevelopment of this site. In due course, 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 at the end of April 2008, following which it was approved on 20 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 current community's wish for preservation of the market to the extent practicable, albeit at an additional estimated cost of over \$200 million to the URA and with a longer development period.



The Wan Chai Market Building (present)



Core elements of the Wan Chai Market building will be preserved in-situ.

Sales of New Flats in Projects

During the year, the Authority and its joint venture partners have continued with the flat sales of joint venture developments launched earlier, including the sale of the remaining flats in Vision City, and the sales re-launches of The Zenith and The Merton in the first quarter of 2007. With the improvement of the residential market sentiment during the year, these flat sales achieved positive results. In total, over 1,350 flats, mainly in these developments, were sold during the year. The sale of all of the remaining 165 flats in The Merton was completed, while less than 60 flats were left unsold in the other two developments.

Partnership with Hong Kong Housing Society

The URA and the Hong Kong Housing Society (HKHS) entered into a Memorandum of Understanding (MOU) on Strategic Cooperation in December 2002. Under the MOU, the HKHS has to date commenced seven redevelopment projects announced but not commenced by the former LDC. Five of these projects are in Sham Shui Po and two are in Shau Kei Wan. During the year, the HKHS continued implementation of these projects, which affect some 750 property interests and almost 1,240 households comprising almost 2,370 people. When developed, the projects are expected to provide about 1,700 new flats, approximately 13,300 square metres of commercial space, 300 square metres of open space and 4,450 square metres of space for Government/ Institution/ Community use. In addition, the HKHS has commenced a revitalisation-cum-preservation project, involving nine tenement blocks and 34 households and commonly known as the Blue House Project, in Wan Chai. The preserved buildings were originally planned to be used for cultural and community purposes complemented by commercial facilities and approximately 230 square metres of public open space. Subsequently, following the announcement by the Secretary for Development in October 2007 of the Government's new Revitalisation of Historic Buildings Initiative, the Development Bureau and HKHS are working together with a view to adding the Blue House to the seven Government owned historic buildings included in the first phase of this initiative.

Under a separate MOU executed between the URA and HKHS in July 2003, the HKHS also continues to rehouse eligible tenants affected by the 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 June 2007, the Hong Kong Housing Authority continues to rehouse eligible tenants affected by the URA projects in public rental housing units at an agreed cost per unit.