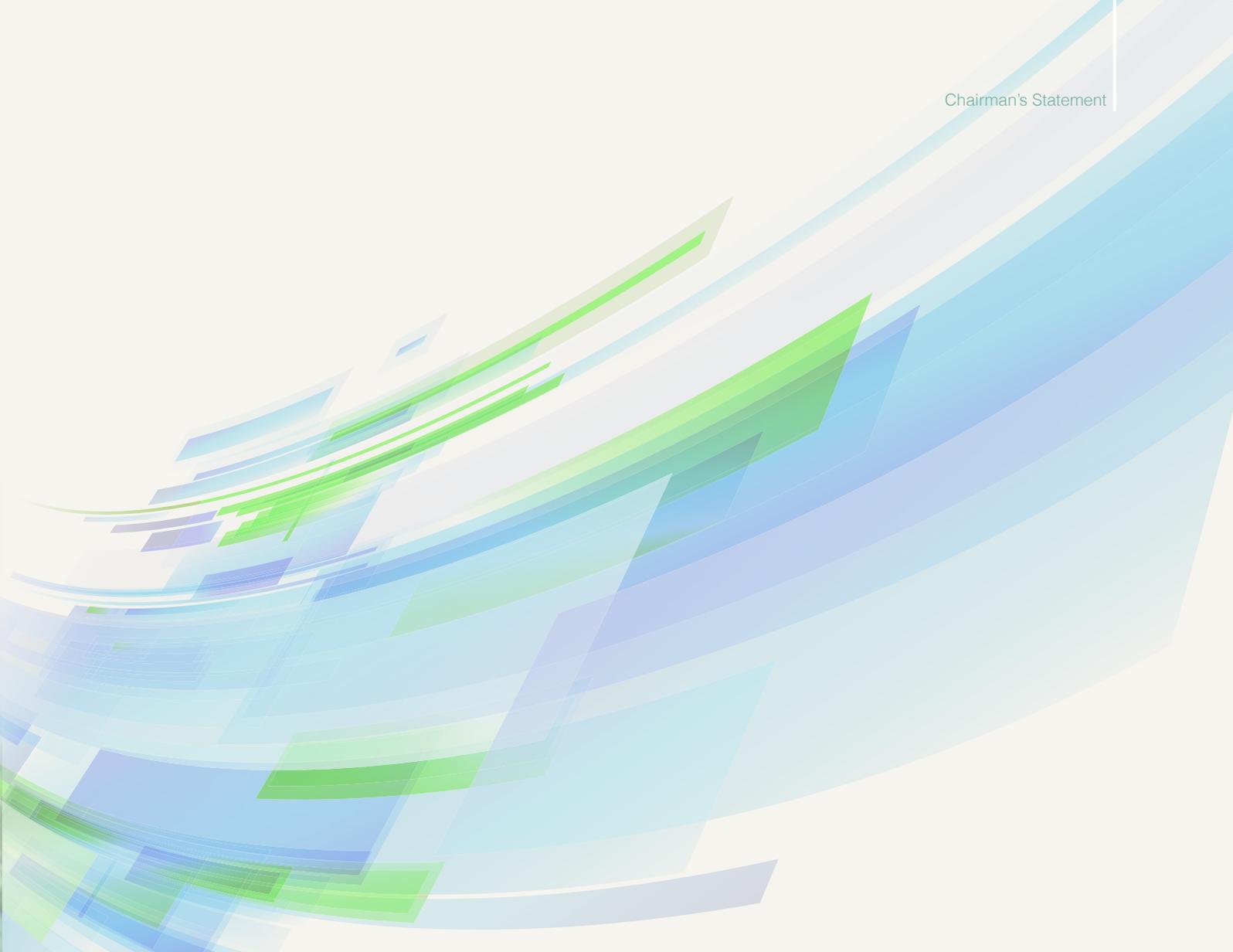


Chairman's Statement



The Honourable Barry CHEUNG Chun-yuen, GBS, JP

“ This year began a new and crucial phase in the URA’s endeavours in which the 2011 URS has enabled us to intensify our efforts to eradicate the slums which cause misery for so many families while preserving as much as we can of Hong Kong precious architectural and cultural heritage.”



For the Urban Renewal Authority (URA), 2011-12 was a year of unprecedented change and challenge. Its basic mission remained the eradication of the slums in which 110,000 Hong Kong families are forced to make their homes. But its strategy now incorporates new initiatives to reverse the deterioration of Hong Kong's ageing housing stock. At the same time, the URA's vision has expanded beyond the buildings themselves. It now gives increasing attention to the enhancement of the amenities they provide, protecting the quality of the environment they create and preserving the heritage that they incorporate. These new dimensions to our programmes and priorities followed the promulgation of the new Urban Renewal Strategy (URS) on 24 February 2011. This marked the start of a new blueprint for urban renewal that promises to improve the quality of life not only for the families who so urgently need to be rehoused but for their local communities and for Hong Kong as a whole.

Lessons from Recent Tragedies

The new strategy set out the guidelines for bold and urgent initiatives to end the pressing problem of inadequate housing in such a prosperous city. As the URS was being prepared, the public had been brutally reminded of the human and social costs of slum buildings. The collapse of a five-storey, fifty-five-year old building in Ma Tau Wai Road left four people dead and two injured in 2010, and families in nearby blocks had to be evacuated for safety reasons. Even worse was the Fa Yuen Street fire in 2011, the deadliest for fifteen years, in which nine people lost their lives and 34 were injured.

The URA is deeply conscious of a continuing high level of risk of similar tragedies in the future because of the growing numbers of dilapidated, over-crowded and poorly maintained buildings which make up such a large proportion of Hong Kong's housing stock. This situation is a legacy of the construction standards in force when Hong Kong struggled with a desperate shortage of housing in previous decades. Almost all the buildings erected from 1950 have been built of concrete and were not designed to last more than 50 years. A URA study shows that already, more than 4,000 buildings have exceeded their "design life". The total is forecast to reach 16,000 by 2030. Past neglect of maintenance aggravates the rising costs of ensuring that older buildings and their facilities are kept in a decent state of repair. Not surprisingly, many have long since deteriorated into slums, with some 3,000 buildings now identified by the URA as in an unsatisfactory condition. Although fatal incidents are thankfully rare, the grim reality of daily life experienced by slum dwellers is a serious blight on our city and society. The people occupying them – many of them elderly and underprivileged – suffer the most squalid living conditions. It is impossible not to feel shamed, as I know from my personal visits to URA project sites, by the appalling discomfort when more than five families are packed into a flat of no more than 500 square feet. The URA estimate is that some 110,000 of our families have to make their homes in slums where there is no

escape from filthy common areas, dangerously defective electrical wiring and fittings and a total absence of the amenities which the rest of the community takes for granted. Hong Kong is not poor, and there is simply no justification for any of our people having to live like this. Furthermore, the fire hazards and threats to public health which slums create endanger the general public and not just the residents of these structures.



Representatives of Development Bureau and URA attend a meeting of the Development Panel of the Legislative Council.

Work in Progress

To date, the URA has commenced a total of 55 redevelopment projects that have helped, or are enabling, more than 34,000 households to move out of their often shocking living conditions. When these projects are completed, the URA will have provided approximately:

- 19,000 new residential units;
- 37,000 square metres of public open space;
- 75,000 square metres of government / institution / community facilities space;
- 490,000 square metres of commercial space; and
- 120,000 square metres of land for other purposes.

In many cases, past neglect has left structures so worn out that demolition and rebuilding are the only safe and sensible solution. The URA seeks to halt this downward spiral and, wherever possible, to give new life to ageing buildings. It has already provided assistance for

the rehabilitation of about 550 buildings since 2004, involving a total of 44,000 flats.

The URA has been a major partner in the Government's \$3.5 billion "Operation Building Bright" (OBB) programme to which the URA has contributed \$150 million. On top of our financial contribution, the URA is providing one-stop technical assistance to enable the 62,000 owners of 1,300 old buildings at risk to carry out urgent repair and maintenance works. The URA has also introduced an "Integrated Building Maintenance Assistance Scheme to provide comprehensive assistance to buildings not covered by OBB.

New Life Options

The URA made substantial progress with its own conservation and revitalisation programmes. An important milestone was reached with the innovative Central Oasis project. Its architectural design team has been appointed which can use the results of the structural survey already undertaken to make rapid progress. The team also has the benefit of input about the public's preferences which have already been surveyed. The target is to submit the team's architectural design plan to the Town Planning Board for approval by early next year. The designs will then be put on display so that the community can provide further feedback to the Town Planning Board.

Another major undertaking is revitalisation of the century-old market adjacent to the URA Peel Street/ Graham Street project. For the second year, large-scale promotional activities were organised in which around 90 bazaar stalls and businesses took part. In addition, nine fixed-stall hawkers had their old stalls re-designed as a result of URA support. The new design was not only welcomed by the operators, but also attracted attention from other cities.

Other projects of special interest included:

- major conservation and construction work for the Mallory Street project, which will become a "Comix Base" in 2013;
- completion of the first and second phases of the revitalisation work for Tai Kok Tsui streets;
- launching revitalisation work for themed streets in Mong Kok; and
- property acquisition for conservation projects involving Prince Edward Road West and Shanghai Street.

In Partnership with Hong Kong's People

The URA is very conscious that its efforts to end the unacceptable housing standards of so many families will not succeed without the community's engagement and support. The 2011 Urban Renewal Strategy was the outcome of one of the largest public consultations ever undertaken by the Government and which took two years to complete. The process was "interactive" in order to ensure that our new strategy would be shaped by the community's own input about how the people of Hong Kong want urban decay to be tackled. This firm grounding in the public's preferences and priorities has strengthened the URA's ability to end the shame of our slums and to free many more families from the misery of living in homes unfit for human habitation.

Among the major initiatives set out by the URS and implemented during the year were:

- a "demand-led" redevelopment model;
- an intermediary service, with the URA acting as "facilitator";
- a "flat-for-flat" scheme; and
- a broader approach to building-rehabilitation.

Pilot “demand-led” projects

The URA's first “demand-led” redevelopment model was launched in July 2011. A total of 25 applications were received, of which three met in full the model's prerequisites. They were included in the URA's 2012/13 Business Plan and work began on them in April this year. The URA has already invited applications for the next round of “demand-led” redevelopment projects.



Secretary for Development Mrs Carrie Lam, URA Chairman Mr Barry Cheung (2nd from right) and Chairman of Yau Tsim Mong District Council Mr Chung Kong Mo (right) visit a resident of a demand-led redevelopment project.

“Facilitator” intermediary services

The URA also started its first scheme as a “facilitator” in July 2011. In this role, it acts as an intermediary for owners, providing the support services they need in order to cooperate effectively in organising the joint sale of their premises. Of the initial six applications received, only two met the scheme's criteria and were accepted.

Implementation of the “flat-for-flat” scheme

Under the new URS, owner-occupiers affected by URA redevelopment projects which began after 24 February 2011, can be offered a “flat-for-flat” option as an alternative to cash compensation.

An important feature of this scheme is the URA's effort to tailor its design to the community's expectations. In the case of the Kai Tak project, the URA invited the Hong Kong Institute of Architects to organise workshops to seek the profession's expert advice on what should be the key features for a successful “flat-for-flat” option. The architects' views were then presented to the potential beneficiaries through an opinion survey targeted at over 1,000 residents living in old urban areas to ensure they met the community's expectations.

The first redevelopment projects to benefit from this new option were the owner-occupiers at Pak Tai Street/San Shan Road in Ma Tau Kok, in February of this year and at Fuk Wing Street in Sham Shui Po, in April.

Broadening the scope of building-rehabilitation work

Plans are in place for the gradual expansion of the URA's building rehabilitation services to cover the entire urban areas of Kowloon by 2013 and of Hong Kong Island by 2015. In addition, the URA will make a substantial contribution to ensuring the success of the Buildings Department's “Mandatory Building Inspection Scheme” through launching a subsidy programme to help qualified owners to comply with the new inspection requirements. The target for 2012-13 is to provide financial aid for inspections for about 270 buildings containing a total of 8,640 flats.

As part of the URA's strategy to enable owners and residents to be pro-active in maintaining their buildings, its first “Urban Renewal Resource Centre” was officially opened in Tai Kok Tsui in April 2012. The centre provides comprehensive, one-stop services to the public and promotes the URA's redevelopment and rehabilitation work.

Cultural Partnerships

The URA has expanded its endeavours to improve the quality of life for residents in the older urban areas, not only through its redevelopment and rehabilitation programmes, but also by incorporating arts and cultural elements in urban renewal projects.

- \$25 million has been set aside to promote arts and culture in old urban areas.
- To start, financial assistance is being provided to seven artistic and cultural projects, potentially reaching 70,000 residents in old urban areas.
- A non-profit making organisation supported by local artists is now able to promote their activities at a designated, street-level, retail outlet named rwb 330 in the URA's Prince Edward Road West Project. This facility will also function as a venue for arts and cultural exchanges.
- The first Artist-in-Residence Programme was launched in a renovated block on Wing Lee Street.

Future Commitments

In the coming year, the URA will pioneer a new programme to redevelop old industrial buildings. This pilot scheme has been designed to support the Government's new policy of releasing land for housing and commercial development purposes through the redevelopment of industrial buildings. The URA has begun work on implementation plans and compensation arrangements, and has started to identify suitable buildings. The projects will be formally launched after they have been approved by the Financial Secretary.

Over the next five years, the URA estimates that it will invest HK\$25 billion dollars in achieving its primary objectives of redevelopment and rehabilitation, as well as in support of preservation and revitalisation projects. Between 2012 and 2017, the URA plans to carry out

a total of 10 self-led redevelopment projects plus a number of "demand-led" projects and facilitator-service projects.

This year began a new and crucial phase in the URA's endeavours in which the 2011 URS has enabled us to intensify our efforts to eradicate the slums which cause misery for so many families while preserving as much as we can of Hong Kong's precious architectural and cultural heritage. Our success, however, continues to depend very heavily on our ability to retain the confidence and cooperation of the entire community. We also have an obligation to justify the confidence which the Government shows in the URA through entrusting us with its mission and with the resources to accomplish it.

Barry CHEUNG Chun-yuen
Chairman

31 July 2012