

Chief Executive in Council approves provision of land resources to Urban Renewal Authority to take forward redevelopment programmes

The Government announced today (June 6) that in order to provide additional financial support to the Urban Renewal Authority (URA) to enhance its cashflow, so that the URA can continue to take forward its commenced redevelopment projects in an orderly manner, the Chief Executive in Council approved granting a site at Bailey Street, Hung Hom (the Bailey Street Site), and a site in Tseung Kwan O Area 137 (the TKO Site) to the URA by private treaty at nominal premium of \$1,000 for a term of 50 years from the date of execution, on the understanding that the two sites would be rezoned for residential use through statutory town planning procedures in due course.

The Secretary for Development, Ms Bernadette Linn, said, "As an important partner of the Government in urban renewal, the URA has been adopting a district-based approach in planning and taking forward redevelopment projects over the past years to avoid 'pencil' block development, inject holistic planning into urban redevelopment, and enhance liveability. Meanwhile, redevelopment projects of larger scale involve huge acquisition costs. Coupled with the sluggish property market in recent years, the URA's projects have been subject to the 'buy-high-sell-low' situation (i.e. acquiring properties at the market peak but tendering at low price or even a failed tender), thus affecting its cashflow."

The URA has taken a number of measures to maintain a financially healthy portfolio, such as adjusting the pacing of taking forward redevelopment projects, obtaining external financing through bond issuance and loan facilities, enhancing the market attractiveness of project tenders, and critically controlling its operating expenditure. Notwithstanding, according to the URA's latest assessment, in the event that the property market continues to falter and the results of project tenders are not as expected, the URA will have to secure additional financial support in order to maintain the redevelopment momentum, including making acquisition offers for the commenced redevelopment projects.

"The Government has been providing financial support to the URA to enable it to carry out redevelopment and fulfil other statutory missions in a self-financing manner. Granting land at nominal land premium has long been one of the major government support measures for the URA. For example, the Government will grant urban renewal sites to the URA at nil land premium, as well as, in recent years, Government, Institution or Community (G/IC) sites in the vicinity of individual urban redevelopment projects to increase the overall development potential. Granting the two sites to the URA is along the same direction that helps the URA to fulfil its urban renewal mission," Ms

Linn continued.

Ms Linn added, "The granting of the two sites to the URA could also benefit the community. Specifically, the Bailey Street Site can create synergy with the URA's cluster of redevelopment projects in the Kowloon City area. As for the TKO Site, the original housing development of which has been deferred due to re-prioritisation of the Hong Kong Housing Authority's (HKHA) projects, granting the site to the URA would optimise the use of the land resources in a timely manner."

The Bailey Street Site, with a net site area of 7 610 square metres, was reserved for school development. Upon review, the Education Bureau considered that this site can be released for other uses. Granting the Bailey Street Site to the URA could result in optimised land use and enhanced planning gains for the area by accommodating G/IC facilities to meet the district shortfall, enhancing connectivity of the area, and amalgamating the adjacent Hoi Sum Park to provide public open space. The proposed total gross floor area (GFA) will be about 68 490 sq m with a plot ratio of 9.

The TKO Site has a net site area of about 9.15 hectares. The proposed total GFA is about 713 700 sq m with a plot ratio of 7.8. While the residential site concerned was reserved for public housing development, having considered the re-prioritisation of the HKHA's projects and with sufficient land supply for public housing over the next 10 years, the granting of the site to the URA will have no impact on the overall public housing supply target for the current 10-year period (from 2025-26 to 2034-35). Furthermore, there are still about 42 ha of land reserved for housing development in Tseung Kwan O Area 137, which can be flexibly deployed for public or private housing use. The Government will take into account the market needs and adjust the public-to-private housing ratio in the area in a timely and appropriate manner to provide flexibility in the mix of housing planned for the longer term.

The Executive Council has set clear requirements for this land grant, including (i) requesting the URA to make good use of the two sites as its assets to enhance its financing and borrowing capacity to maintain the momentum of urban redevelopment in a financially prudent manner in the next few years including making acquisition offers to the six commenced redevelopment projects (Note) between now and 2027-28. Moreover, with the land sales revenue to be generated from the two sites for the URA in the future, the URA should make good use of the additional and other income and re-prioritise yet-to-be-commenced projects in light of its financial position; and (ii) the URA should work with the Government to review and refine its operating and financing model that can enable it to undertake urban redevelopment in a financially sustainable manner irrespective of market ups and downs. Furthermore, the URA should advise how to step up building rehabilitation to extend the service life of aged buildings and reduce the immediate need for redevelopment. The URA should come up with specific recommendations within 2026.

For details of the above, please refer to the [Legislative Council Brief](#)

issued today.

Note: These six commenced redevelopment projects are Kau Pui Lung Road/Chi Kiang Street Project, Ma Tau Wai Road/Lok Shan Road Project, Queen's Road West/Kwai Heung Street Project, Ming Lun Street/Ma Tau Kok Road Project, To Kwa Wan Road/Ma Tau Kok Road Project and Sai Yee Street/Flower Market Road Project.