

**Memorandum for the Commercial Properties Committee of
the Hong Kong Housing Authority**

**Five-year Rolling Programme
for Asset Enhancement of Retail and Carparking Facilities**

PURPOSE

This paper updates Members on the latest progress of asset enhancement of the Housing Authority (HA)'s retail and carparking (RC) facilities and seeks Members' endorsement of the forward programme.

RECOMMENDATION

2. Members are requested to note –
 - (a) the progress of enhancement works for the earmarked projects (**paragraph 5**); and
 - (b) the arrangements in maximising the usage of the existing carparks (**paragraphs 7 to 8**);
and to approve –
 - (c) the proposed earmarking of the retail facilities in Upper Ngau Tau Kok and Mei Tin Estates for undertaking further studies on asset enhancement (**paragraph 6**); and
 - (d) the declassification of this paper (**paragraph 14**).

BACKGROUND

3. To meet residents' needs and optimise the use of resources, we have since 2011 formulated a five-year rolling programme for prioritising asset enhancement of HA's RC facilities. This programme has been kept under review and reported to Members on an annual basis taking into account the change in circumstances.

4. In accordance with the results of the strengths - weaknesses - opportunities - threats (SWOT) analysis of HA's commercial portfolio, a total of 23 retail projects^{Note 1} and 10 carpark projects^{Note 2} have been identified for asset enhancement through major improvement works, creation of additional shops, re-designation of trade mix and conversion of usage. Apart from the six earmarked retail and market facilities, which are at different stages of improvement as set out in paragraph 5 below, the other retail and carpark projects have been concluded.

RETAIL FACILITIES

Progress Update

5. The latest progress of the six earmarked projects, which are undergoing different stages of improvement or study in accordance with their relative priorities, is reported as follows –

(a) Shek Kip Mei Market

Feasibility study for various improvement options, taking account of technical constraints, effect on the operation of stall tenants and local views, are in progress. We are also liaising with stall tenants and stakeholders to gauge local views.

Note 1 Retail and market facilities in Cheung Shan Estate, Choi Tak Estate, Choi Ying Estate, Hoi Lai Estate, Kwai Chung Estate, Kwai Shing West Estate, Lei Muk Shue Estate, Lung Poon Court, Mei Tung Estate, Nam Shan Estate, On Kay Court, Ping Shek Estate, Pok Hong Estate, Shek Kip Mei Estate, Shek Pai Wan Estate, Tai Hang Tung Estate, Tin Ching Estate, Tin Yan Estate, Wah Fu (I) & (II) Estates and Yau Lai Estate.

Note 2 Carpark facilities in Cheung Shan Estate, Choi Hung Estate, Kwai Shing West Estate, Lai Yiu Estate, Nam Shan Estate, Ping Shek Estate, Shek Pai Wan Estate, Wah Fu (I) & (II) Estates and Yip On Factory Estate.

(b) Pok Hong Market

Professional consultant was appointed to carry out detailed design and plan submissions for the proposed improvement works and installation of air-conditioning system. We will commence the works upon appointment of contractor and approval of building plans with target completion in 2022.

(c) Choi Tak Shopping Centre

General building plan for the creation of a new shop for dry trade has recently been approved. Works will commence upon building services plan and structural plan approval with target completion in mid-2021.

(d) Yau Lai Shopping Centre

We are carrying out detailed design for the upgrading of directory signs and internal decorations with a view to creating a synergy effect for promotion of Yau Lai Shopping Centre together with Domain as a single shopping attraction in the region. We are also studying the feasibility of upgrading building facilities, such as lighting installations, of the shopping centre. Enhancement works are scheduled for completion in late-2021.

(e) Choi Ying Place

Detailed design and preparation of building plans for the creation of a new shop for dry trade is in progress. Works will commence upon building plan approval with target completion in end-2021.

(f) Tin Ching Estate

Conversion of vacant bays on the ground floor of a domestic block into new shops for retail and service trades is technically feasible. Conversion works will commence after approval of building plan with target completion in end-2021.

Proposed Programme

6. In respect of HA's commercial portfolio, we have conducted the SWOT analyses at the **Annex**. Having regard to the keen competition from nearby shopping facilities and to meet residents' needs, we consider it an opportune time to undertake studies for asset enhancement of some of our retail facilities, so as to enrich the trade mix and attract patronage from existing and new developments nearby. We *propose* to include the retail facilities in Upper Ngau Tau Kok and Mei Tin Estates in the five-year rolling programme to undertake detailed studies for asset enhancement.

CARPARKS

Progress Update

7. As at 31 March 2020, HA has 174 carparks with some 31 800 parking spaces. The overall occupancy rate has recorded a high level of around 96%. Following conclusion of the earmarked conversion projects (paragraph 4 and Note 2) and having regard to the high occupancy rate, there appears little scope to carry out further large scale conversion works. We will continue our measures to maximise the usage of these carparks, such as seeking necessary permissions to let surplus parking spaces to non-residents, converting surplus parking spaces for the parking of other types of vehicles in demand and adopting flexible adjustment for the letting of parking spaces^{Note 3} to meet local demand.

8. In March 2019, we reported to Members (Paper No. CPC 6/2019) that in support of the Government's efforts to increase car parking spaces, we have identified 133 possible additional parking spaces in 14 estates by making use of open spaces, realignment of parking spaces, re-designation of spaces for the parking of other types of vehicles, etc.. Since then, we have identified another 37 possible additional parking spaces in nine estates. Of the total 170 possible additional parking spaces, we have already created 100 spaces in 12 estates and we are working on the remaining 70 spaces in five estates. We will continue to seek opportunities to create additional parking spaces in existing carparks^{Note 4} subject to technical feasibility, necessary approvals and local views.

Note 3 We have converted surplus monthly parking spaces for hourly parking to meet the increase in demand during weekends and public holidays. To maximise the utilisation of parking spaces and to reduce the number of carpark users on the waiting list, floating parking system has been implemented in some of HA's carparks with hourly parking spaces to enable the sale of more monthly tickets.

Note 4 For HA's new development projects, if it is technically feasible, we will provide parking spaces at the upper end of the standards stipulated in the Hong Kong Planning Standards and Guidelines (HKPSG). In addition, if feasible, we will also consider providing parking spaces on top of the HKPSG requirements on a case-by-case basis. In determining the number of such parking spaces, our guiding principle is that the provision of additional parking spaces should not result in flat loss, programme delay or substantial costs to HA.

LATEST POSITION

9. To sum up, the implementation of the improvement/conversion programmes together with enhanced leasing strategies have substantially improved the utilisation and occupancy of commercial premises. As a result of new production and creation of stock from conversion projects and market re-ordering exercises, the total retail floor space under HA has increased from around 165 600m² (internal floor area (IFA)) in March 2011 to around 260 000m² (IFA) in March 2020 and the overall vacancy rate of retail premises has dropped from 4.9% to 2.1% during the same period. As for car parks, as a result of new production and net of the deletion of stock for conversion projects, the number of parking spaces has increased from about 27 000 in March 2011 to 31 800 in March 2020 and the overall occupancy rate has increased from 76% to 96% over the same period.

IMPLEMENTATION

10. Upon Members' approval to include the newly identified retail facilities in Upper Ngau Tau Kok and Mei Tin Estates in the five-year rolling programme as proposed in paragraph 6, we will conduct further studies and work out details for the scope of works, programme, funding requirements and financial viability, etc..

11. In accordance with the endorsed "2020/21 Programme of Activities for Commercial Properties (PoA)", we will continue to identify new enhancement opportunities to meet the objective of enhancing the potential of HA's commercial properties and improving business environment. Given the declining stock available for large scale improvement, further implementation would focus on smaller scale works or enhancement of trade mix to meet the needs of the residents.

FINANCIAL, STAFFING AND INFORMATION TECHNOLOGY (IT) IMPLICATIONS

12. The proposal in paragraph 6 above aiming at consolidating a five-year rolling programme for prioritising asset enhancement works will not give rise to additional financial or staffing implications at this stage. While funds have been reserved in the 2020/21 Approved Budget for carrying out improvement works for the approved projects, additional funding for the proposed projects will be worked

out and sought in the future budget exercises. We shall keep in view the staffing requirement for the enhancement works and bid for additional manpower through the established procedures. There is no IT implication.

PUBLIC REACTION / PUBLICITY

13. The general public and residents concerned should welcome our strategy for enhancing our business portfolio to better utilise HA's facilities and improve the provision of commercial services. We will continue to liaise with the stakeholders closely throughout the process of improvement works for effective implementation.

DECLASSIFICATION

14. We *propose* that this paper be declassified upon Members' approval of the proposals. Upon declassification, the paper will be made available to the public at the HA/HD homepage, the HA library and through the Departmental Access to Information Officer.

DISCUSSION

15. At the meeting to be held on 25 May 2020, Members will be invited to endorse the recommendations in **paragraph 2** above.

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(Estate Management Division)
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SWOT Analysis for Retail Facilities

Upper Ngau Tau Kok Estate

Estate Particulars	Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> ➤ Built in 2002 and 2009 ^{Note 1} ➤ Estate population of about 15 600 (about 6 700 flats) ➤ A single-storey shopping centre with 6 shop units (IFA about 1 100 m²) ➤ About 45 parking spaces 	<ul style="list-style-type: none"> ➤ Easily accessible to Kowloon Bay MTR Station by covered walkway and well served by other public transport viz. franchised buses and public light buses ➤ Surrounded by highly populated residential developments with a stable retail demand 	<ul style="list-style-type: none"> ➤ A single-storey shopping centre with limited retail floor space restricting opportunities for trade widening ➤ Only equipped with six shop units with limited shopping choices leading to out-drain of customers 	<ul style="list-style-type: none"> ➤ Private/public residential developments in the vicinity generating great demand for fast food, drinks and refreshments ➤ Potential shoppers from nearby Ngau Tau Kok Municipal Services Building ➤ Possible inflow of new shoppers upon completion of East Kowloon Cultural Centre 	<ul style="list-style-type: none"> ➤ Keen competition from nearby shopping facilities

Note : Upper Ngau Tau Kok Estate Shopping Centre was completed in 2009.

Mei Tin Estate

Estate Particulars	Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> ➤ Built in 2005 ➤ Estate population of about 17 500 (about 6 700 flats) ➤ 3-storey shopping centre with 16 shop units (IFA about 3 000 m²) ➤ About 350 parking spaces 	<ul style="list-style-type: none"> ➤ A Public Transport Interchange under Mei Tin Shopping Centre and sufficient parking spaces for shoppers ➤ Relatively younger population with higher retail demand ➤ Retail attraction from anchor tenants including Chinese restaurant and supermarket 	<ul style="list-style-type: none"> ➤ Distant location from MTR network with confined catchment area ➤ The supermarket on 1/F is oversized ➤ Lack of large venue for holding promotion activities 	<ul style="list-style-type: none"> ➤ Potential shoppers from nearby Mei Ying Court and private residential developments 	<ul style="list-style-type: none"> ➤ Competition from nearby shopping facilities and shops in Tai Wai Town Centre