

**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 situation of the Hong Kong Housing Authority (HA)'s retail and carparking facilities, reports on the progress of asset enhancement projects and seeks Members' endorsement of the forward programme.

RECOMMENDATIONS

2. Members are requested to –
 - (a) note the latest position and leasing strategies for HA's commercial premises (**paragraphs 6 to 8**);
 - (b) note the effectiveness of asset enhancement projects completed in 2023 (**paragraphs 9 to 10**);
 - (c) note the progress of enhancement works for the earmarked projects (**paragraph 11**);
 - (d) note the arrangements in maximising the usage of the existing carparks and provision of electric vehicle (EV) charging facilities (**paragraphs 14 to 17**);
 - (e) note the refined allocation arrangements for monthly Private Car (PC) and Light Goods Vehicle (LGV) parking spaces and its implementation in the 2025 carpark allocation exercise (**paragraphs 18 to 20**);

- (f) approve the proposed earmarking of Choi Tak Estate and Wo Tin Estate for undertaking further studies on asset enhancement (**paragraph 12**); and
- (g) approve the declassification of this paper (**paragraph 25**).

BACKGROUND

3. To meet residents' needs and to optimise the use of resources, we have since 2011 formulated a five-year rolling programme for prioritising asset enhancement of HA's retail and carparking facilities. This programme has been kept under review with the progress reported to Members on an annual basis. We also reported to Members vide Paper Nos. CPC 10/2022 and CPC 5/2023 the effectiveness of some major/typical asset enhancement projects completed in the past and the projects completed in 2022 respectively.

4. In accordance with the results of the strengths-weaknesses-opportunities-threats (SWOT) analysis of HA's commercial portfolio, a total of 31 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 seven earmarked retail facilities, which are at different stages of improvement as set out in paragraph 11 below, other retail and carpark projects have been concluded.

Note 1 Retail and/or market facilities in Cheung Sha Wan Estate, Cheung Shan Estate, Choi Tak Estate, Choi Wan (II) Estate, Choi Ying Estate, Hoi Lai Estate, Kwai Chung Estate, Kwai Shing West Estate, Lei Muk Shue Estate, Lung Poon Court, Mei Tin Estate, Mei Tung Estate, Nam Shan Estate, On Kay Court, Ping Shek Estate, Pok Hong Estate, Shek Kip Mei Estate, Shek Pai Wan Estate, Shek Yam (East) Estate, Shui Pin Wai Estate, Tai Hang Tung Estate, Tin Ching Estate, Tin Yan Estate, Tung Wui Estate, Upper Ngau Tau Kok 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.

RETAIL FACILITIES

5. As at June 2024, the total retail floor space under HA is around 306 000m² (internal floor area (IFA)), which has increased from around 165 600m² (IFA) in March 2011 as a result of new production as well as the asset enhancement projects bringing about the creation of additional retail floor space totaling around 1 400m² in existing public housing estates over the years. The overall vacancy rate of retail premises as at the end of June 2024 was 3.98%.

Leasing Strategies

6. Although the Hong Kong economy staged a recovery in the aftermath of the pandemic, retail sentiment remained weak amidst the uncertain economic outlook. This surge in vacancy rate was mainly due to the changing shopping habits of local residents with the growing popularity of online purchase and “going north” for consumption. The latest position of vacancy rate of HA’s retail facilities had been reported to the Legislative Council at its open meeting and the meeting of the Panel on Housing on 29 May 2024 and 3 June 2024 respectively, and relevant meeting papers had been circulated to Members for information by email on 3 June 2024. To cope with these challenges, we need to adopt more flexible and market-oriented leasing strategies and proactively liaise with potential and suitable tenants for leasing of vacant shop premises, with a view to enhancing the letting rate and business potential of the commercial facilities concerned as well as providing residents with appropriate and diversified choices of goods and services.

7. Currently, the majority of HA’s shop premises are rented out through open rental tender. Since letting by open tender alone is not able to secure quality retailers or those “brand name” retailers who provide a better range of products with consistent quality and competitive prices, letting by negotiation has been adopted under suitable circumstances in order to facilitate introduction of businesses that best meet the needs of the local community or to secure quality tenants for certain “anchor” shop premises (Paper No. CPC 20/2000). To cope with the leasing challenges posed by the current weak retail sentiment, we would continue to arrange lettings by negotiation by inviting suitable prospective tenants to bid for vacant shop premises in parallel with the open rental tender system with a view to expediting the leasing process and to secure the best tenants for enhancing the trade and tenant mix of our shopping centres.

8. Moreover, in order to enhance the opportunity for leasing of vacant shops, we will adopt more proactive and flexible strategy to allow suitable vacant premises to be let as short-term sales venue, pop-up stores and promotion venues. This will not only generate rental income for premises under lease but will also provide diversified choices of goods to residents and boost patronage. Furthermore, to complement the concept of “Housing Well-being”, we have launched an innovative programme named “Well Being · Start-Up” (共築 · 創業家) on 1 August 2024, which will provide shop premises to young people to start their new business within HA’s shopping centres across major districts with a view to enhancing vibrancy and patronage of HA’s shopping centres. Applicants shall submit business proposals to HA for consideration and HA will evaluate the business proposals based on assessment criteria including innovation, market potential and social benefits, etc. and allocate appropriate premises to successful applicants. Participants will not be required to pay any rent for the premises but are subject to a profit sharing of 20% if profits are generated from their start-up businesses.

Asset Enhancement of Retail Facilities

Effectiveness of Completed Projects

9. Since we updated Members on the progress of the improvement projects in May 2023, we have completed the improvement works for Yau Lai Shopping Centre^{Note 3}, as well as the creation of additional shop for Mei Tin Shopping Centre. Upon completion of the improvement works, the business potential and shopping ambience of Yau Lai Shopping Centre has been significantly enhanced. The upgrading of directory signs and internal decoration as well as the toilet facilities of Yau Lai Shopping Centre with design matching with Domain had also created synergy effect for promoting Yai Lai Shopping Centre and Domain as a single shopping attraction in the region. The introduction of additional shop in Mei Tin Shopping Centre has successfully enriched the trade mix of the shopping centre.

Note 3 Major items of improvement works included installation of additional lighting facilities; upgrading directory signs and internal decorations and improvement works for toilets. The total improvement costs were about \$6.6M.

10. Since the project of Yai Lai Shopping Centre mainly involved the upgrading of facilities in circulation area and toilet facilities, its effectiveness could not be immediately measured by financial returns. As for the project of Mei Tin Shopping Centre, we have completed building works for creation of the new shop and leasing of the shop is in progress, we will assess the effectiveness of this project upon completion of leasing and will report to Members in due course.

Progress Update

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

(a) Upper Ngau Tau Kok Estate

Building works for creation of new shops adjacent to the supermarket in the shopping centre and at the open piazza are in progress and are targeted for completion in October 2024.

(b) Shui Pin Wai Estate

Building works for conversion of vacant bays on the ground floor of a domestic block into new shops for dry trades are in progress and are targeted for completion in early 2025.

(c) Choi Wan (II) Estate

Building works for conversion of a vacant bay on the ground floor of a domestic block into a new shop for retail trade are in progress with target completion in October 2024.

(d) Shek Yam (East) Estate

Detailed design and preparation of building plan submission for conversion of part of a vacant bay on the ground floor of a domestic block into new shops is in progress. Conversion works will commence upon approval of relevant plans with target completion by end 2025.

(e) Tung Wui Estate

Building works for conversion of an existing storeroom on the ground floor of a domestic block into a new shop for retail trade are in progress and are targeted for completion in October 2024.

(f) Lung Poon Court Commercial Centre

To meet the shopping needs of local residents, we had studied and found it technically feasible to create an additional shop for retail trade by relocating existing shopstalls with a view to widening the trade mix of the shopping centre. Detailed design and preparation of building plan submission are in progress. Conversion works will commence upon approval of building plans with target completion in end 2024.

(g) Cheung Sha Wan Estate

Conversion of an existing storeroom on the ground floor of a domestic block into a new shop for retail trade is confirmed to be technically feasible. Conversion works will commence upon approval of building plans with target completion in end 2024.

Proposed Programme

12. In formulating the forward programme for asset enhancement in recent years, we have been focusing on smaller scale works such as creating new shops or enhancing trade mix to widen the choice of goods and services and meet the needs of local residents given the declining stock available for large scale improvement. In response to the recent change in consumption pattern of local residents and the change in business mode of certain trades such as supermarket and restaurant, resulting in reduction in shop area required, we would also consider downsizing these shops and converting part of the original shop area for the operation of other suitable trades in order to widen the trademix of the shopping centre concerned. Having conducted the SWOT analyses at the **Annex**, we **propose** to include Choi Tak Estate and Wo Tin Estate in the five-year rolling programme to undertake detailed studies for asset enhancement.

CARPARKS

13. As at June 2024, HA has a portfolio of 194 carparks with some 34 100 parking spaces, which has increased from about 27 000 in March 2011 as a result of new production and net of the deletion of stock for conversion projects. The overall occupancy rate has increased from 76% to 98% over the same period.

14. Following conclusion of the earmarked conversion projects (paragraph 4 and Note 2) and having regard to the rising demand for car parking facilities, there appears little scope to carry out further large-scale conversion works. We will continue our measures to maximise the usage of HA's carparks, such as converting surplus parking spaces for the parking of other types of vehicles in demand, adopting flexible adjustment in the arrangements for the letting of parking spaces^{Note 4} to meet local demand and seeking necessary permissions to let surplus parking spaces to non-residents.

15. In support of the Government's efforts to increase car parking spaces and in response to local demand, we have also been seeking opportunities to create additional carparking spaces by making use of open spaces, realignment of parking spaces, re-designation of spaces for the parking of other types of vehicles, etc.. As at the end of June 2024, we have already created 329 additional parking spaces in 40 estates. We will continue to seek opportunities to create additional parking spaces in existing carparks subject to technical feasibility, necessary approvals and local views.

Note 4 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.

Provision of EV Charging Facilities

16. To complement the Government's policy to promote wider use of EVs, HA has been providing EV charging facilities for PC parking spaces in its carparks since 2011. We have updated Members on the latest position in respect of the provision of EV charging facilities in HA's carparks vide Paper No. CPC 3/2024. Taking into account the capacity of power supply and building services facilities in individual carparks and estates concerned as well as the space requirement for charging facilities, we have confirmed to provide an additional 5 000 medium charging facilities at PC parking spaces in phases. To ensure better use of resources, we will first install about 1 200 medium chargers (MCs) and another 1 800 EV charging-enabling facilities for future installation of MCs at PC parking spaces when needed. We have started the installation work for individual carparks and is expected to be completed by the end of 2024. Apart from the addition of EV charging facilities at 3 000 PC parking spaces as mentioned above, we will also upgrade the existing some 2 000 EV charging-enabling facilities from standard to medium charging-enabling for future installation of MCs and expect to complete the upgrading works by the end of 2025. Throughout the implementation, we will keep in view the utilisation of existing EV chargers, the latest Government policies and technology development of EV charging facilities. In case needs arise due to increasing demand at individual carparks, we may increase the number of MCs to meet the demand of EV users. As at the end of June 2024, HA has provided EV chargers at about 710 hourly and about 2 000 monthly PC parking spaces in about 110 carparks.

17. To tie in with the Government's initiative to marketise EV charging services and hence promote the sustainable development of EV charging services in the long run, Members approved in March 2024 (Paper No. CPC 3/2024) to implement fee-paying EV charging services in HA's carparks starting from 1 April 2024. Under the charging arrangements, EV charging fees are applicable to MCs installed at hourly parking spaces, with an hourly charge of \$20. We will review the EV charges annually and the approved charges will take effect from 1 January of the following year. For EV chargers installed at monthly parking spaces in HA's carparks, EV users have to apply to the utility companies for the installation of their own electricity meters and bear the cost of electricity consumption for EV charging.

Refined Arrangements for Allocation of Monthly Parking Spaces

18. According to the established arrangements, monthly parking spaces are allocated in accordance with the type and class of vehicles as stated in the vehicle registration document. In gist, monthly PC parking spaces are allocated to PC users first; only surplus PC parking spaces would be allocated to LGV users for better use of resources. In some carparks, PC and LGV users are mixed together with the same priority in balloting for allocation of PC monthly parking spaces since there were surplus PC parking spaces in the past available for letting to LGV users. In November 2023, we reported to Members that we have completed a holistic review on the arrangements for allocation of HA's monthly parking spaces.

19. To meet the changing community needs arising from considerable parking demand for van-type LGVs in public housing developments (PHDs) and given the limited number of LGV parking spaces provided in HA's carparks, we will refine the arrangements for allocation of HA's monthly parking spaces by including van-type LGV and taxi users in the balloting of PC parking spaces together with PC users under the same priority. On the other hand, LGV parking spaces will first be allocated to non van-type LGV and private light bus users under the same priority and only surplus LGV parking spaces will be let to van-type LGV users who have failed to be allocated a PC parking space. For better use of resources, after allocation of PC parking spaces to PC, van-type LGV and taxi users, surplus PC parking spaces may be let to non van-type LGV users subject to the following conditions –

- (a) such non van-type LGV users have failed to be allocated an LGV parking space in the exercise. If such non van-type LGV user is successful in the allocation of a LGV parking space but declines to accept it, he or she will not be eligible for allocation of a PC parking space;
- (b) the LGV parking spaces are fully let or there is no monthly LGV parking space in the carpark concerned;
- (c) there is no projecting of the LGVs over the boundary of the PC parking spaces; and
- (d) parking of LGVs in PC parking spaces is allowed under the Government leases of the carparks concerned.

20. The above refined arrangements will be implemented in the carpark allocation exercise for 2025. To avoid non-compliance with government lease conditions for certain carparks held under government leases, the refined arrangements will not apply to those carparks which are subject to user restrictions under the relevant government leases and that waiver approval has not been obtained. In parallel, we will continue to liaise with Lands Department and other relevant stakeholders to pursue necessary waiver approval for future implementation of the refined arrangements in the carparks concerned in line with other carparks under HA.

IMPLEMENTATION

21. Upon Members' approval of the proposal to include Choi Tak Estate and Wo Tin Estate in the five-year rolling programme as proposed in paragraph 12, we will conduct further studies on the feasibility and work out details for the scope of works, programme, funding requirements and financial viability, etc..

22. In accordance with the endorsed "2024/25 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. As mentioned in paragraph 12 above, we will continue to focus on smaller scale works or refining the trade mix and shop layout of shopping centres with a view to enhancing the business potential and shopping environment of retail facilities as well as meeting the needs of local residents.

FINANCIAL, STAFFING AND INFORMATION TECHNOLOGY (IT) IMPLICATIONS

23. The proposal in paragraph 12 above aims at consolidating a five-year rolling programme for prioritising asset enhancement works and will not give rise to additional financial or staffing implication at this stage. While funds have been reserved in the 2024/25 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 will 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

24. Residents and the general public should welcome our strategy for enhancing our business portfolio to better utilise HA's facilities and improve the provision of services to residents. We will continue to liaise with the stakeholders closely throughout the process of improvement works for effective implementation. Under the refined arrangements for allocation of HA's monthly parking spaces, PC users will be more affected than LGV users. In case of complaints from affected PC users, we will deploy the line that having regard to the increasing demand from van-type LGV users, the arrangements aim to address changing community needs and bring the arrangements for HA's car parks in line with that of car parks under the Government and private sector. The arrangements are also in line with the standards under the latest Hong Kong Planning Standards and Guidelines promulgated in 2021 and would make more efficient use of PC parking spaces. Moreover, we have consulted major political parties/groups about the proposal and all consulted political parties/groups indicated that the proposed arrangements are generally acceptable.

DECLASSIFICATION

25. We *propose* to declassify this paper upon Members' approval of the proposals. Upon declassification, the paper will be made available to the public in the Housing Department (HD)'s library, at HA/HD website and through the Departmental Access to Information Officer.

DISCUSSION

26. At the meeting to be held on 19 August 2024, Members will be invited to endorse the recommendations in **paragraph 2** above.

Ms Michelle LAU
Secretary, Commercial Properties Committee
Tel. No. : 2761 7928
Fax No. : 2761 0019

File Ref. : HD 3-8/CPESU/A-22/4
(Estate Management Division)
Date of Issue : 13 August 2024

SWOT Analysis for HA's Retail Facilities

Choi Tak Estate

Estate Particulars	Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> ➤ Built in 2010 ➤ Estate Population of about 13 300 (about 5 800 flats) ➤ 7-storey shopping cum carparking building with about 22 shop units (IFA about 4 200 m²) ➤ About 360 parking spaces 	<ul style="list-style-type: none"> ➤ Retail attraction from anchor tenants including Chinese restaurant and fast food shop ➤ Sufficient carparking facilities for customers 	<ul style="list-style-type: none"> ➤ Located at uphill area, difficult to attract external customers ➤ Distant location from MTR network with confined catchment area 	<ul style="list-style-type: none"> ➤ Various PHDs in the vicinity, including Choi Ying and Choi Fook Estates and Choi Hing Court generating potential demand for retail and service trades ➤ A number of primary/secondary schools in the vicinity with considerable retail demand 	<ul style="list-style-type: none"> ➤ Keen competition from nearby shopping facilities, Telford Plaza and Amoy Plaza run by private owners

SWOT Analysis for HA's Retail Facilities

Wo Tin Estate

Estate Particulars	Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> ➤ Built in 2022 ➤ Estate population of about 10 400 (about 4 200 flats) ➤ 2-storey shopping centre with 18 shop units (IFA about 2 200 m²) ➤ About 170 parking spaces 	<ul style="list-style-type: none"> ➤ Well served by franchised buses ➤ Relatively younger population with higher retail demand 	<ul style="list-style-type: none"> ➤ Distant location from MTR network with confined catchment area ➤ Limited size of retail facilities restricting opportunities for trade widening to attract patronage from wider catchment area 	<ul style="list-style-type: none"> ➤ Private developments in the vicinity generating potential demand for retail and service trades 	<ul style="list-style-type: none"> ➤ Competition from nearby Novo Walk run by private owner