

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Commercial Properties Committee

Revised Client Brief, Scheme Design and Viability for the Shopping Centre Extension at Redevelopment of Yau Tong Estate Phase 4

PURPOSE

To seek Members' endorsement to the revised Client Brief for the Shopping Centre Extension at Redevelopment of Yau Tong Estate Phase 4 and to inform Members of the project viability based on the revised Scheme Design.

BACKGROUND

2. Yau Tong Estate Phase 4 is the last phase of the comprehensive redevelopment of the Yau Tong Estate/Ko Chiu Road Estate. The site is located directly above MTR tunnels beside the MTR Yau Tong Station. To minimize disturbance to the MTR tunnels and to enable work to proceed at an earlier date, a portion of foundation was entrusted to the Mass Transit Railway Corporation Limited (MTRCL). The site is now being occupied by MTRCL's contractor for the railway and entrusted foundation works until end 2002.

3. Members' endorsement was obtained to the Revised Client Brief and Viability for Yau Tong Shopping Centre Extension and its original Scheme Design vide Paper Nos. CPC 46/98 and CPC 24/99 in July 1998 and June 1999 respectively. The original design of Yau Tong Shopping Centre Extension of some 10,000m² Internal Floor Area (IFA) comprises two air-conditioned retail floors above a large Public Transport Interchange (PTI) are planned to connect directly to the retail floors at Levels 1 and 2 of the main shopping centre (Lei Yue Mun Plaza) completed in May 2001 by shopping decks and footbridges. There will also be 3 storey basement parking facilities and a community hall.

4. Following the new Parking Standard for the Public Housing Development recommended by Government's Second Parking Demand Study, a review of the carparking provisions in Yau Tong Redevelopment is carried out by the Department. With the provision of 599 carparking spaces in Yau Tong Estate Phases 3 and 5 which were completed in July 2002, the carparking spaces in the original scheme for Yau Tong Estate Phase 4 was reduced to 214 by deleting one storey basement parking at Level 3 and one mezzanine floor parking at Level 1. This scheme design was endorsed by the Department's Project Design Review Committee (PDRC) in April 2002.

5. A portion of foundation works which was designed to accommodate much larger carparking spaces and entrusted to MTRCL had been commenced before the new parking standard was imposed. In consideration of the foundation cost already committed and the particular location of the commercial centre, which is surrounded by many large housing estates and located next to MTR Yau Tong Station, a review to fully utilize the loading capacity of the foundation to enhance the development viability by provision of more retail spaces for the centre was conducted.

6. The revised Scheme Design is to retain the original carparking storey at Level 3, which was planned to be deleted due to new parking standard requirement, by converting the floor to retail areas with headroom increased from 2,400mm to 3,000mm, with the flexibility to accommodate a 'Theme Centre'. It is tentatively for youngsters incorporating retails, recreation, entertainment and leisure activities. The actual trade mix will be reviewed to keep up with the market trend during the long lead time. The overall retail floor space will be increased from 10,539m² IFA to 18,621m² IFA after the addition of 8,082m² IFA at Level 3. This Scheme Design was subsequently endorsed by PDRC on 23 August 2002.

CATCHMENT AND RETAIL PROVISION

7. The Shopping Centre Extension is bounded by the estate road to the east, Ko Chiu Road to the south, Cha Kwo Ling Road to the west, MTR Yau Tong Station to the north and sited on top of the MTRCL's tracks. It is to be connected to the concourse of and to the elevated Shopping Spine above the MTR Yau Tong Station. The Shopping Centre Extension is designed with maximum visibility and conveniently linked with the PTI and MTR Yau Tong Station. The two main retail floors at Levels 5 and 6 will be directly connected to Levels 1 and 2 of the main Shopping Centre. The Yau Tong Shopping Centre, the Centre Extension, the Shopping Centre at Eastern Harbour Crossing (EHC) Site Phase 3 and the Shopping Spine are designed to form one entity eventually. The retail facilities are planned to

form a combined Type A District Centre providing a total retail space of about 33,000m² IFA. The centre will serve the public housing developments of a total design population of 76,000 and the private developments in the vicinity. A master layout plan is at [Annex A](#).

REVISED CLIENT BRIEF AND CONCEPTUAL LAYOUT PLAN

8. In response to the endorsement of the revised development parameters, conceptual layout and project estimates of the Shopping Centre Extension by PDRC, the revised Client Brief and Conceptual Layout for the shopping centre are attached at [Annexes B](#) and [C](#) respectively. The Brief sets out the siting, design considerations and a schedule of accommodation for the shopping centre.

9. The Centre Extension will consist of three retail floors at Levels 3, 5 and 6 with provision of central air-conditioning, escalators and lifts. It will be conveniently linked with the adjoining concourse of MTR Yau Tong Station and a large PTI at Level 4. Retail facilities will include a superstore, a Chinese restaurant, several fast food/specialty restaurants, a bank, some clinics, a number of general shops and the 'Theme Centre' for youngsters incorporating recreational, entertainment and leisure activities. Wet market provision is not provided as a Single Operator Market comprising 134 stalls is provided in the main shopping centre.

VIABILITY

10. The total project budget for the revised scheme design is \$984.648M at June 2002 price level. Based on the projected development costs and income, the shopping centre extension is expected to generate a Base Case Internal Rate of Return of 8.0% with payback period of 14.7 years. A summary of the viability parameters and results is at [Annex D](#).

DECLASSIFICATION

11. It is proposed that this paper be declassified upon approval of the revised Client Brief by Members. The paper will be made available to the public at the Housing Authority homepage, the Department's Library and through the Departmental Access to Information Officer if it is declassified.

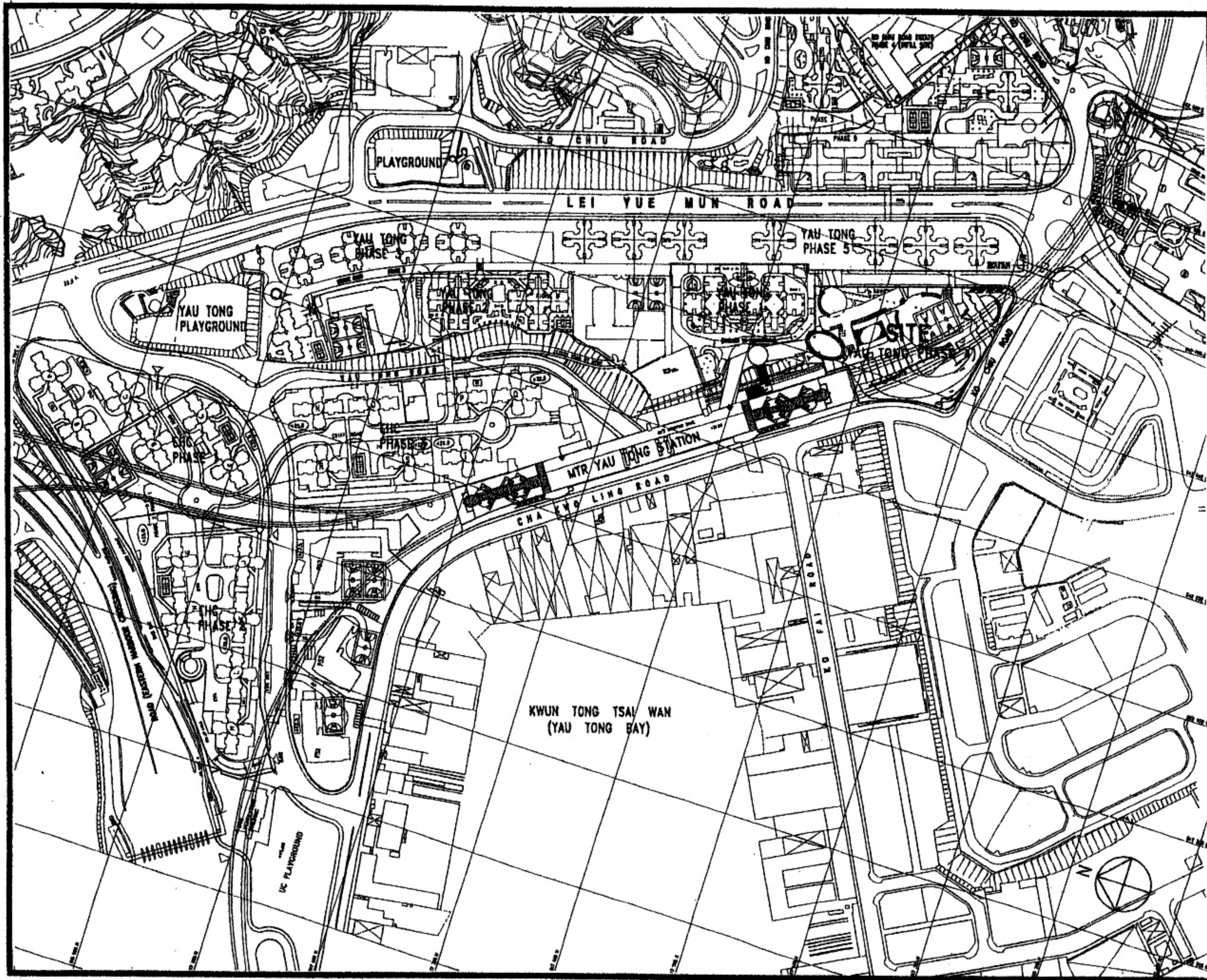
PRESUMPTION

12. It is not thought that Members will object to the revised Client Brief at [Annex B](#) and the estimated financial return. If no objection or request for discussion is received by the Committees' Secretary **by noon on 11 October 2002**, Members' approval will be presumed.

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Redevelopment of Yau Tong Estate Phase 4
Master Layout Plan

**Revised Client Brief for the Shopping Centre at
Redevelopment of Yau Tong Estate Phase 4**
(Prepared by the Commercial Properties Division)

(A) Project Data :

| <u>Project</u> | <u>Phase</u> | <u>Number of Flats</u> | <u>Design Population</u> | <u>Proposed Retail Provision (IFA)</u> | <u>Anticipated Completion Date</u> |
|-------------------------------------|-----------------------------|------------------------|--------------------------|--|------------------------------------|
| Ko Chiu Road Estate | 1 (HOS) | 1,616 | 5,302 | 151 m ² | Completed |
| | 2 (Rental) | 911 | 3,188 | - | Completed |
| | 3 (HOS) | 500 | 1,600 | - | 10/2002 (frozen for sale) |
| | (HOS) | 500 | 1,600 | - | 10/2002 (frozen for sale) |
| | 4 (Rental) | 364 | 735 | - | Completed |
| | 5 (HOS) | 1,800 | 5,760 | - | Completed (frozen for sale) |
| | Sub-total | | 5,691 | 18,185 | 151 m ² |
| Yau Tong Estate | 1 (Rental) | 1,438 | 4,748 | - | Completed |
| | 2 (Rental) | 1,758 | 5,212 | - | Completed |
| | 3 (HOS) | 1,880 | 6,016 | - | Completed (frozen for sale) |
| | 4 Centre Extension | - | - | 18,621 m ² | 10/2005 |
| | 5 Shopping Centre (HOS) | 1,992 | 6,372 | - | Completed (frozen for sale) |
| | Sub-total : | | 7,068 | 22,348 | 29,827 m ² |
| Lei Yue Mun Housing Site | 1 (Rental) | 2,397 | 7,722 | - | Completed |
| | 2 (Rental) | 799 | 2,159 | - | 1/2007 |
| | Sub-total : | | 3,196 | 9,881 | 0 m ² |
| Eastern Harbour Crossing (EHC) Site | 1 (Rental) | 2,550 | 13,974 | - | 4/2005 |
| | 2 (Rental) | - | - | - | - |
| | 3. (Rental) Shopping Centre | 1,786 | 5,284 | - | 3/2007 |
| | Carpark/ PTI | - | - | 1,900 m ² | 4/2006 |

| | | | | |
|--|---------------|---------------|-----------------------------|---------|
| 4. (Rental) | 2,074 | 6,477 | - | 6/2007 |
| 5. (Rental) | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | |
| Sub-total | 6,410 | 25,735 | 1,900 m ² | |
| Shopping Spine linking Shopping Centre Extension at Yau Tong Phase 4 | - | - | 193 m ² | 10/2005 |
| Shopping Spine linking Shopping Centre at EHC Site Phase 3 | - | - | 977 m ² | 4/2006 |
| | <hr/> | <hr/> | <hr/> | |
| Sub-total : | 0 | 0 | 1,170 m ² | |
| | <hr/> | <hr/> | <hr/> | |
| Grand Total : | <u>23,365</u> | <u>76,149</u> | <u>33,048 m²</u> | |

(B) Type of Centre : Type A District Centre
(The main Shopping Centre, the Shopping Centre Extension, the Shopping Centre at Eastern Harbour Crossing Site Phase 3 and the Shopping Spine are to be integrated as one entity to form a combined Type A District Centre)

(C) Level of Retail Provision : 18,621m² IFA

(D) Catchment Area :

(1) Primary Catchment Area :

- Redevelopment of Ko Chiu Road Estate
- Redevelopment of Yau Tong Estate
- Lei Yue Mun Housing Site
- Eastern Harbour Crossing Site

(2) Secondary Catchment Area :

- Other private housing developments in the vicinity

(3) Tertiary Catchment Area :

- Outside shoppers from MTR lines and other public transport modes

(E) Siting of Centre Extension :

The Shopping Centre Extension is bounded by the estate road to the east, Ko Chiu Road to the south, Cha Kwo Ling Road to the west, MTR Yau Tong Station to the north and sited on top of the MTRCL's tracks. It is to be connected to the concourse of and to the elevated Shopping Spine above the MTR Yau Tong Station. In view of its strategic location, it is planned to serve not only the local residents, the neighbourhood private developments but also outside shoppers from MTR lines.

(F) Design Considerations of Centre Extension :

(1) Visibility and Accessibility

The Centre Extension should be designed with maximum visibility and be conveniently linked with the public transport interchange (PTI) and MTR Yau Tong Station. The two retail floors at Levels 5 and 6 should be directly connected to Levels 1 and 2 of the main Shopping Centre. The retail floor at Level 3 should be conveniently connected to the PTI by escalators and lifts.

The main entrance(s) of the Centre Extension should be orientated towards the forecourt and concourse of MTR Yau Tong Station and the PTI.

The main Shopping Centre, the Centre Extension, the Eastern Harbour Crossing Shopping Centre together with the Shopping Spine should be so designed to form one entity eventually.

(2) No. of Retail Floors

The Centre Extension should comprise three main retail floors at Levels 3, 5 and 6.

(3) Building Services Provision

Provision of central air-conditioning for the shopping centre is required.

In design of public lighting, the lighting level laid down in 'Estate Facilities Design Guide - Commercial Centres' should be followed.

CCTV for security, public address system for promotional functions and background music for enhancement of the shopping atmosphere should be provided.

(4) Up and Down Escalators and Lifts

Up and down escalators and lifts should be provided at suitable locations of the Centre Extension for convenient vertical transportation.

(5) Anchor Premises

To act as magnets, the anchor premises such as superstore, Chinese restaurants, fast food, specialty restaurants, mega home for household goods etc., should be planned at appropriate locations on different retail floors.

Level 3 of the centre should be designed to accommodate a 'Theme Centre' for the youngsters incorporating retails, recreation, entertainment and leisure activities. The actual trade mix will be reviewed to keep up with the market trend. Funds should be set aside for partitioning of retail premises at later stage.

(6) Market Facilities

As there is a wet market with adequate facilities at the main Shopping Centre comprising 134 stalls and wet trades will also be provided in the "Superstore" of the Centre Extension to serve the residents, provision of wet market in this development is not required.

(7) Indoor Promotional Venue

Provision of an indoor promotional venue/exhibition area as per the standard of the 'Estate Facilities Design Guide - Commercial Centres' is required.

(8) Shoppers' Carparking

To attract outside patronage, an easy and direct linkage should be provided between the shoppers' carparks and the Centre Extension.

(9) Loading and Unloading Bay

To avoid conflict of vehicular traffic, segregation of the loading and unloading bays and the refuse collection area from the public interchange and the carpark ingress/egress is required.

(10) Signage System

To strengthen the identity of the Type A centre, a shopping centre logo is required to be incorporated into the signage provision. Timely provision of a comprehensive external and internal signage system compatible for both the Centre Extension and the Shopping Centre is required. The Commercial Properties Division should be consulted when the overall signage system is designed.

Suitable space at prominent locations with supporting services should be provided on the building facades to facilitate installation of external trade signs by the anchor tenants.

The 'Signage Manual for Commercial Centres of Public Housing Estates' is to be followed generally in designing the system.

(11) Centre Equipment and Furniture

The following equipment should be provided :

- (a) Mechanical device for high level cleansing/maintenance and
- (b) Hanging device for festival decorations

For effective functioning and management of the Centre Extension, centre equipment/furniture should be available at the time of opening for business.

(12) Finishes

The finishes should be compatible with the main Shopping Centre and follow the standard as stipulated in the “Estate Facilities Design Guide - Commercial Centres”. Floor tiles should be carefully selected to ensure easy cleansing and maintenance.

(13) Landscaping Works

Generally, landscaping works should not obstruct the visibility of the Centre Extension, the view of shopfront and the flow of shoppers.

(14) Design Flexibility and End User Input

Considerable level of flexibility of design and layout should be made for subsequent changes to meet the market trend and expectations from shoppers/retailers since development of a shopping centre would span several years. The Commercial Properties Division will provide end-user’s input throughout the design and construction stages.

(15) Design Guidelines

The “Estate Facilities Design Guide - Commercial Centres’ and the “Signage Manual for Commercial Centres of Public Housing Estates” should generally be followed in design of the Centre Extension.

(G) Proposed Schedule of Accommodation for Retail Provision :

| <u>Trade Type</u> | | | | Approximate Area (Internal Floor Area) |
|---------------------------------|---|---|---|---|
| <u>Market</u> | | | | Not Required |
| <u>Restaurant/Food Premises</u> | | | | 2,890m ² |
| Chinese Restaurant | : | 1 | x | 1,070m ² |
| Fast Food | : | 1 | x | 390m ² |
| | | 1 | x | 30m ² |
| Small/Specialty Restaurant | : | 1 | x | 440m ² |
| | | 1 | x | 380m ² |
| | | 1 | x | 300m ² |
| | | 1 | x | 280m ² |
| <u>Shops</u> | | | | 11,481m ² |
| Superstore | : | 1 | x | 3,900m ² |
| Bakery | : | 1 | x | 70m ² |
| Bank | : | 1 | x | 100m ² |
| Laundromat | : | 1 | x | 80m ² |
| Hairdresser | : | 2 | x | 60m ² |
| General Shops | : | | | 7,211m ² |
| <u>Services</u> | | | | 250m ² |
| Medical Clinic | : | 6 | x | 35m ² |
| Dental Clinic | : | 1 | x | 40m ² |
| <u>Entertainment/Recreation</u> | | | | 4,000m ² |
| Total : | | | | <u>18,621m²</u> |

Notes :

- (i) The above schedule may be varied to suit the structural limitation of floor layouts as well as to meet changes in retail trend.
- (ii) The sub-division of general shops and other special shops will be proposed at detail design stage.

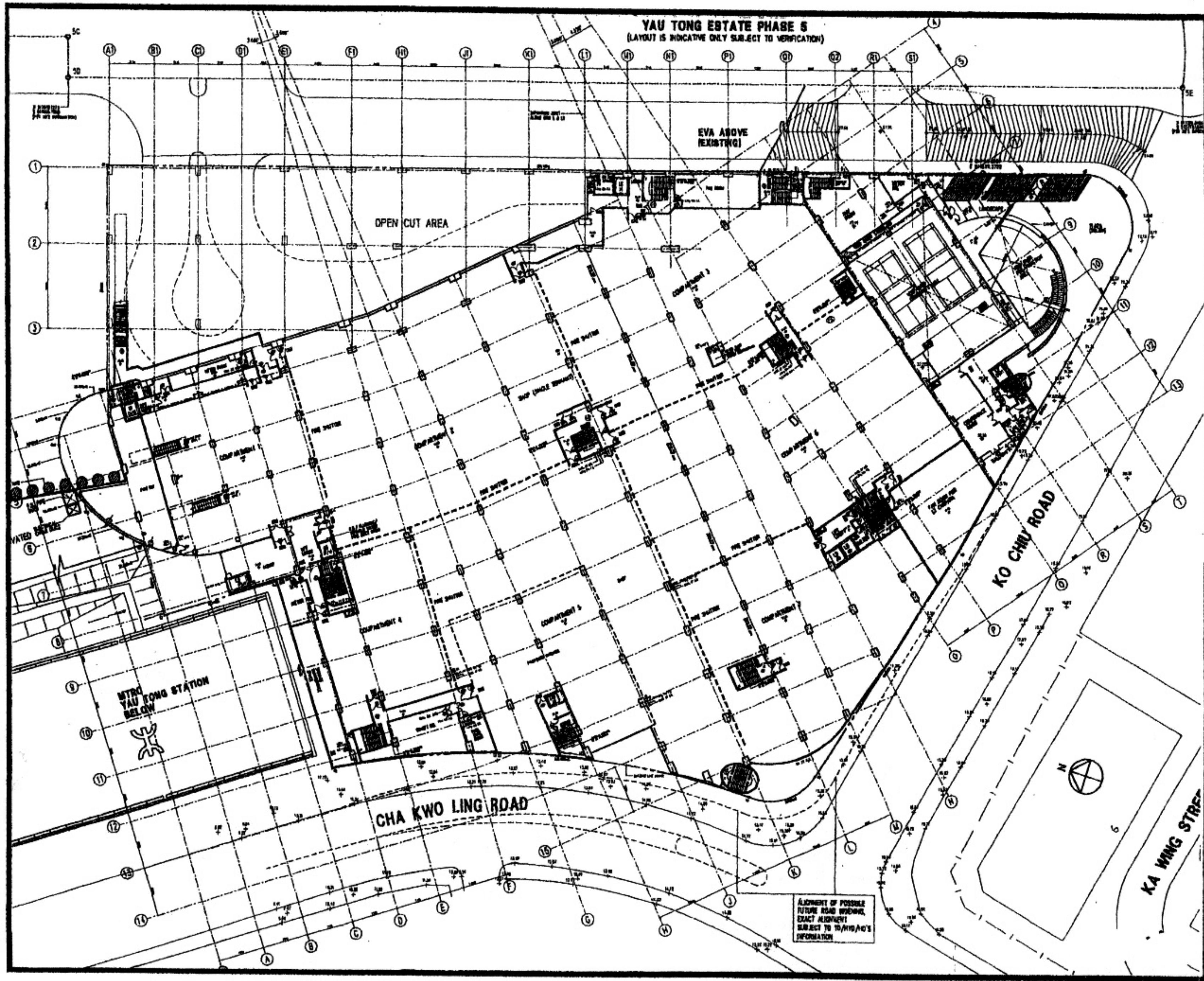
(H) Ancillary Facilities

- (1) Loading/Unloading Bays : 23 Nos. (in accordance with the lower end of Hong Kong Planning Standards & Guidelines at 1 bay for 1,200m² GFA retail)
- (2) Shoppers' Carparks : 98 Nos. (at the rate of 1 space for 200m² GFA retail)

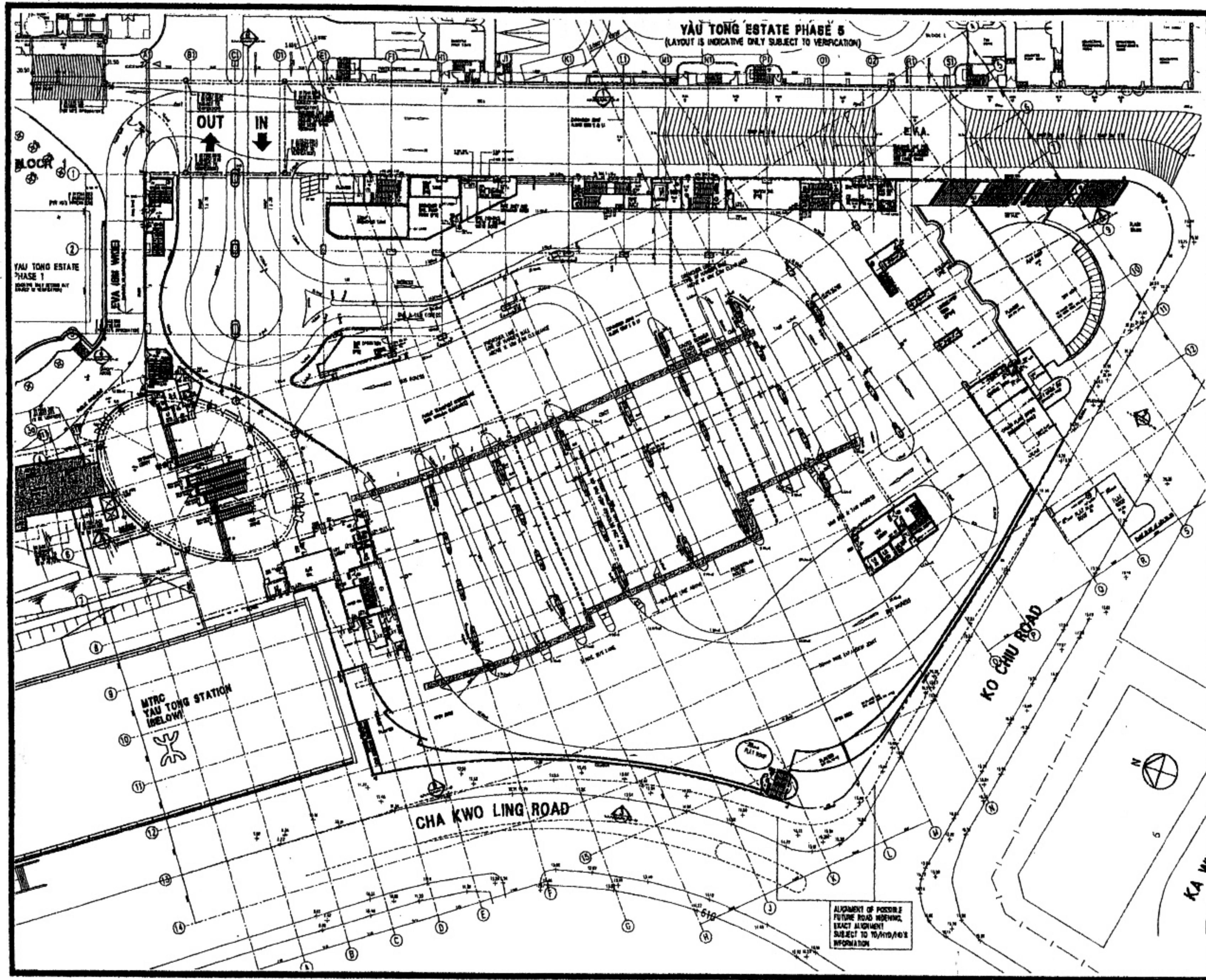
(I) Other Facilities/Premises to be Accommodated in the Centre Extension :

Other non-retail premises and facilities if required to be accommodated in the Centre Extension should not occupy prime locations.

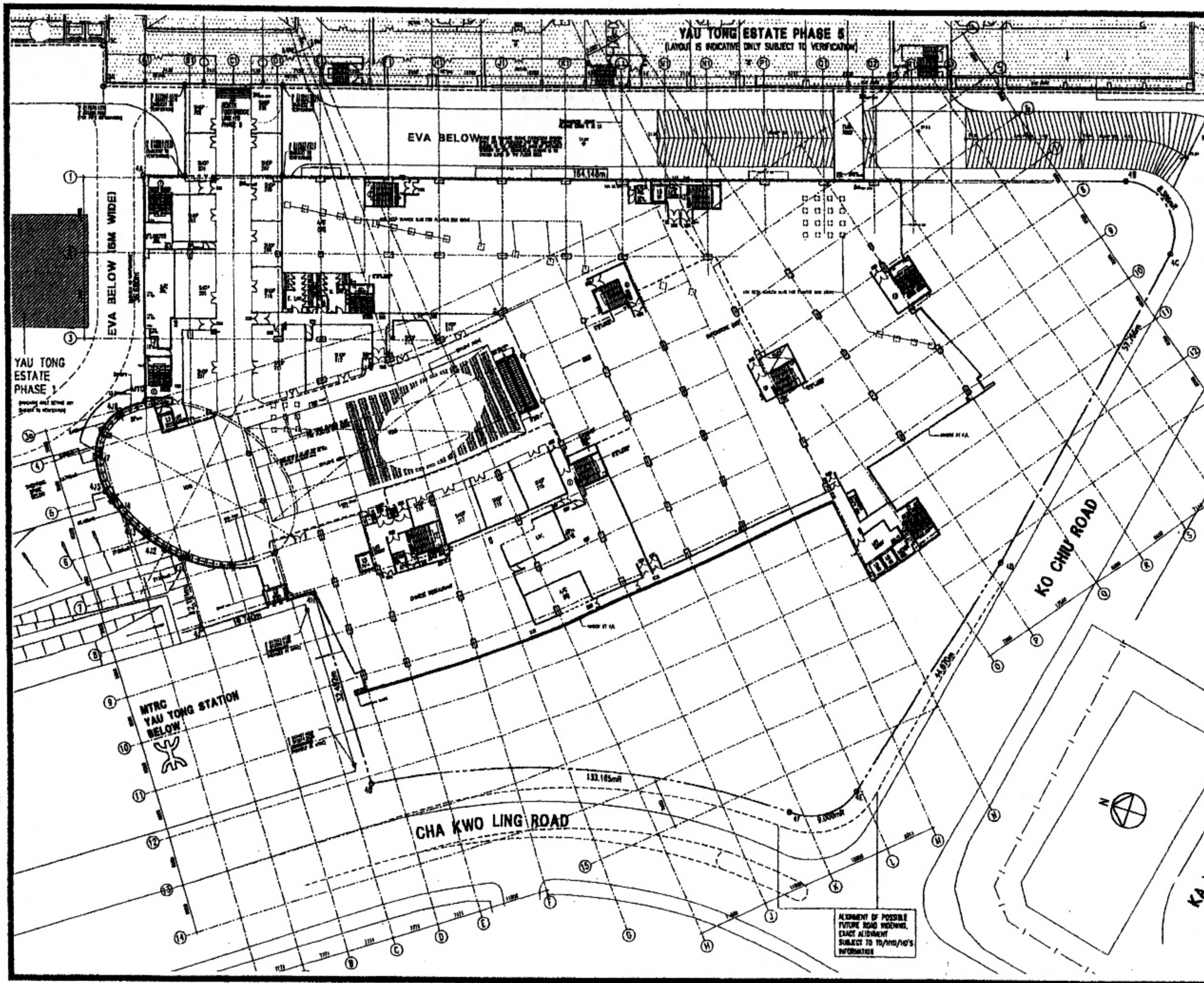
[M35 : CB-Annex]



Redevelopment of Yau Tong Estate Phase 4
Level 3 Retail Floor (+26.65)



**Redevelopment of Yau Tong Estate Phase 4
Level 4 Public Transport Interchange (+32.65)**



Redevelopment of Yau Tong Estate Phase 4
Level 6 Retail Floor (+46.15)

| | <u>Optimistic</u> | <u>Base</u> | <u>Risk-adjusted</u> | <u>Pessimistic</u> |
|---|-------------------|-------------|----------------------|--------------------|
| From HA's point of view - i.e. the return to HA (no land value but 50% dividend to Govt) | | | | |
| 1 No. of Payback Year (i.e. liquidity) | 13.6 | 14.7 | 15.7 | 16.1 |
| From Public Asset point of view - i.e. the return to HA and Govt. as a whole (including opportunity cost for land value) | | | | |
| 2 Internal rate of return (IRR) | 9.6% | 8.0% | 6.8% | 6.3% |

