

For discussion on
30 March 2010

Legislative Council Panel on Development

Work Progress of the Development Opportunities Office

PURPOSE

This paper provides the first progress report on the work of the Development Opportunities Office (DOO) of Development Bureau (DEVB) since its establishment on 1 July 2009.

BACKGROUND

2. The Financial Secretary announced in his 2009-10 Budget Speech that the Government would set up a DOO under DEVB to provide one-stop advisory and co-ordinating service to land development proposals from non-governmental organisations (NGOs) and the private sector. The mission of the DOO is to facilitate implementation of land development projects by NGO and private sector proponents to support job creation and inject new impetus into the economy.

Resources of the DOO

3. The DOO was formally established on 1 July 2009 for a period of three years after seeking endorsement of the Legislative Council Panel on Development (28 April 2009), the Establishment Subcommittee (27 May 2009) and the Finance Committee (12 June 2009). The office has a small set up with three civil service posts: an office head (a time-limited directorate post), an Administrative Officer and a personal secretary (a time-limited post); and three non-civil service contract posts: two project managers and an executive assistant. The organisation chart of the DOO is at **Annex A**. Occupants of the three non-civil service contract posts are recruited from the private sector, and all the DOO posts were filled by October 2009. The provision for the DOO in the financial year 2010-11 is \$4.5 million, covering the salaries of the six posts.

Mode of operation

4. Playing a central co-ordination and advisory role, the DOO helps steer development projects through various government authorities and agencies. The focus is on the pre-planning process of project proposals, especially for those more innovative and complicated projects which may span across different policy areas. The DOO also aims to facilitate land development projects that carry broader economic and social merits by taking a broader view of the project proposals.

5. The DOO is, however, not an approving authority for land development projects. It does not replace any statutory approving authorities or public consultation procedures. The project proponents will need to obtain all necessary approvals from relevant authorities through the regular channels, and the DOO would not be involved in the proponents' discussion of land premium, where applicable, with the Lands Department.

6. To meet public aspiration for transparency and fairness of the work, the DOO will present all projects it has handled to the Land and Development Advisory Committee (LDAC) for support and advice. The LDAC advises the Government on major policies and procedures in relation to planning, land, buildings and other development matters. Upon its re-organisation in July 2009, the terms of reference of the LDAC have been expanded to include consideration of specific development proposals handled by the DOO (**Annex B**). The membership of the LDAC has also been enlarged to include members from a more diverse background, including law, commerce, education, the environment, social services, medical services, and arts and culture (**Annex C**).

Annex B

Annex C

FACILITATING COMMUNITY AND PRIVATE SECTOR PROJECTS

Types of projects assisted

7. As laid down in the Administration's staffing request, the DOO operates on some eligibility criteria for projects seeking its assistance to

ensure that its operation is fair and consistent and that resources in the office are deployed effectively -

- (a) For community projects proposed by NGOs –
 - (i) the land required for a proposed project is readily available without any major constraints, though planning permissions, land exchange, lease modification or private treaty grants may be required;
 - (ii) the project proposal shall have no recurrent financial implications for the Government, though capital grants for the construction works may be required. The project would then be subject to the requirements of individual funding schemes or trusts;
 - (iii) the prevailing land premium policy will apply;
 - (iv) the NGO shall be a well-established organisation providing subvented or self-financing community services and have proven track record;
 - (v) some preliminary planning work has been carried out; and
 - (vi) the project proposal receives policy support from the relevant bureaux.

- (b) For private-sector development project proposals –
 - (i) the proposed project should not be exclusively residential; it should carry broader social values or help strengthen Hong Kong's economic competitiveness;
 - (ii) the land required for the proposed development or redevelopment is readily available without any major constraints, though planning permissions, lease modification or other land administration procedures may be required for implementation of the project;
 - (iii) the prevailing land premium policy will apply;
 - (iv) the project proponent will be responsible for all development and operating costs of the project;
 - (v) some preliminary planning work has been carried out; and
 - (vi) the project proposal receives policy support from the relevant bureaux, where applicable.

8. Up to March 2010, the DOO had provided assistance to 35 proposed land development projects meeting the eligibility criteria. For nine of them, the DOO had identified the major problems and where applicable had worked out in conjunction with the project proponents practical ways to take forward the projects. We had reported each and every of these nine projects to the LDAC for advice and support (**Annex D**). As regards the other 26 projects (**Annex E**), the DOO is actively considering them in conjunction with the project proponents and relevant bureaux and departments. Given the complications involved in some of these, it may take longer time before the projects are ready for presentation to LDAC for advice. According to project proponents' own submissions, these projects, if successfully implemented, will involve a capital cost of about \$7.3 billion (excluding land premium). The total gross floor area of these projects is about 1.08 million m² and they will create 18 100 jobs during the construction phase and 6 500 jobs during the operational phase¹. In addition, we have handled 14 project enquiries for which a concrete project proposal had yet to be drawn up or the land required had yet to become available.

Annex D

Annex E

One-stop advisory and co-ordinating service

9. The DOO provides assistance to development projects in the following ways –

- (a) analyse the merits of project proposals and co-ordinate comments from government bureaux and departments;
- (b) identify areas of concern at an early stage and work together with the project proponents in developing possible solutions; and
- (c) present the projects to LDAC for advice and support and advise project proponents on possible way forward.

10. Upon receiving project proposals that meet the eligibility criteria, the DOO would conduct preliminary analysis on the project proposals, including the technical feasibility of the proposals and the need

¹ However, it should be noted that not all project proponents are ready to disclose the relevant information and where the information is provided, the DOO has not verified them.

for support from government bureaux and departments. Instead of requiring the project proponents to go back and forth between various government bureaux and departments, the DOO helps identify and contact the relevant bureaux and departments for preparation of a co-ordinated reply to the proponent. This usually involves a large amount of co-ordination work such as arranging presentation of the proposal by the proponents to the relevant parties, lining up working meetings amongst various bureaux and departments to discuss any key issues identified, etc. An example is an in-situ redevelopment project of the district headquarters of an NGO, which involved multiple sessions of discussions with the Planning Department (PlanD) on building height and plot ratio, and with the Transport Department (TD) on the provision of car parking spaces and loading/unloading facilities at the proposed redevelopment. Through DOO's co-ordination, the proponent eventually produced a scheme which met PlanD and TD's requirements.

11. Another example illustrating the value of our inter-departmental co-ordination work is the proposed area improvement works related to a retrofitting and redevelopment project of commercial office complex. As the proposal involves works to improve traffic and pedestrian flow as well as upgrading of a public open space in the subject area, it touches upon the responsibilities of various government departments, including TD, Highways Department (HyD), Lands Department (LandsD), Buildings Department (BD) and Leisure and Cultural Services Department (LCSD). With DOO's co-ordination, the project proponent was able to liaise direct with the relevant departments on how to handle the related traffic, land administration and buildings issues and refine their proposals accordingly. We are pleased to report that the outcome has also met with the relevant District Council's wishes.

12. In addition to co-ordinating comments from government bureaux and departments, the DOO advises project proponents on the departments' feedbacks and recommends possible ways to take forward the project proposals. For instance, one of the key issues concerning a proposed extension of a church was the car parking space requirement for the new extension. The DOO has helped consolidate departmental comments on the proposal and clarify comments from TD and advised the proponent on possible approaches to address the comments. Apart from acting as a focal point of communication between the government

departments and the project proponents, our policy and professional staff, equipped with the technical know-how and in-depth understanding of the government system, can add value to the projects by assisting the proponents to formulate practical solutions to the issues identified.

13. For some complex projects involving major policy or technical issues, it may not be easy to resolve all issues or formulate a clear way forward for the project at one go. The DOO aims to identify areas of concern at an early stage so that the project proponents could develop possible solutions and make appropriate adjustments to the proposal. In fact, one of the objectives of setting up the DOO was to save time and efforts of the proponents by advising them early on any substantial issues that should be addressed before submitting formal applications to the relevant authorities. For instance, with regard to an industrial building wholesale conversion project, the DOO has facilitated the proponent's discussion with PlanD regarding the proposed change in use, building height and technical assessments required. With DOO's liaison, the proponent has revised the proposed scheme with a lower building height and set-back of part of the existing building to provide planning gains.

14. For projects that the DOO has worked out together with the project proponents practical solutions to the key issues identified, we will present the projects to the LDAC for advice and support. Given the diverse professional expertise and perspectives of members of the Committee, the Committee is able to consider the social and economic merits of individual projects at a macro level, it also provides useful guidance to the DOO on how to take the proposed projects forward.

15. In some cases where the projects appear to have fundamental difficulties and public concern, or where a lot more details are required for justifying the case, we will convey our comments with the benefit of advice from LDAC to the project proponents for further consideration early. For instance, in the case of a proposed marina cum hotel and residential development, we have consolidated and conveyed to the project proponent preliminary comments from government departments as well as LDAC's concerns about the project proposal. As the DOO is not a mandatory process for land development projects and the use of DOO's service is entirely voluntary, project proponents may choose to submit applications direct to statutory approving authorities, submit their

development proposals formally for public consultation, or shelf the proposals for the time being.

OPTIMISING THE USE OF INDUSTRIAL BUILDINGS

16. In addition to facilitating individual development projects, the DOO also seeks to address systemic policy issues to facilitate implementation of land development projects. While we will not seek to change an existing policy simply to facilitate the implementation of a single project, the DOO will seek a higher level steer on policy matters which have wider implications on development, where appropriate.

17. In the past few months, the DOO has provided assistance to the Secretary for Development in the formulation of a package of policy measures to facilitate redevelopment and encourage wholesale conversion of older industrial buildings. Since the subject cuts across different policy areas such as planning, lands and buildings, the DOO is responsible for developing the policy measures together with the relevant departments. Furthermore, the DOO's experience in facilitating wholesale conversion projects involving industrial buildings has also contributed to our policy work in this respect.

18. Since the announcement of the policy measures in the 2009-10 Policy Address, the DOO has been meeting various stakeholders to explain the policy measures and invite views and suggestions on how to ensure their successful implementation. So far, we have attended or organised over 30 meetings, seminars and luncheon sessions with stakeholders, including the Legislative Council Panel on Development, District Councils, the LDAC, professional bodies, business and industrial organisations. To help the public understand the policy measures better, the DOO has produced printed publicity materials and launched a dedicated website on the policy initiatives, covering the eligibility criteria for the new measures, application procedures and frequently asked questions. We have also handled over 100 public enquires and provided direct responses to them, where appropriate.

19. To ensure a smooth and successful implementation of the policy measures on 1 April 2010, the DOO is co-ordinating with the relevant

government bureaux and departments on detailed implementation issues. During our meeting with stakeholders, we have received useful comments and suggestions to fine-tune the proposed measures, some of which would require further deliberation and co-ordination within the Administration. For instance, an issue raised by many stakeholders is the provision of loading/unloading and car parking facilities in converted buildings, as the relevant planning standards for commercial buildings are quite different from those for industrial buildings².

20. We have followed up with the Transport and Housing Bureau (THB) and TD on this and are pleased to report that THB and TD is prepared to take into account the constraints of existing industrial buildings and exercise flexibility to facilitate their wholesale conversion under the policy measures to be implemented on 1 April 2010. The transport authority has agreed in principle to accept lower car parking space provisions in wholesale conversion cases where the building has genuine difficulties in meeting the prescribed standard. In considering whether to approve a lower provision, the transport authority will consider objective transport conditions in the area of the application, including availability of public transport, availability of surplus car parking spaces and the extent of illegal parking problems in the area. We believe this will provide building owners with more certainty about the feasibility of converting their existing industrial buildings for other uses.

FUTURE PLAN

21. The DOO will continue to provide advisory and co-ordinating support to the land development proposals which carry broader social or economic merits, if the project proponents are interested in our services and meet the eligibility criteria for our service. We will also continue to co-ordinate the implementation of the policy measures to revitalise industrial buildings and watch out for other systemic policy issues that

² Under the Hong Kong Planning Standards and Guidelines (HKPSG), the requirement for car parking spaces in office and commercial buildings is higher than that for their industrial counterparts. The requirements are as follow:

- Industrial buildings – 1 car parking space per 600-1200m² gross floor area
- Commercial buildings – 1 car parking space per 150-300m² gross floor area

It may not be easy for some existing industrial buildings to meet the higher requirement through wholesale conversion.

may facilitate implementation of land development proposals.

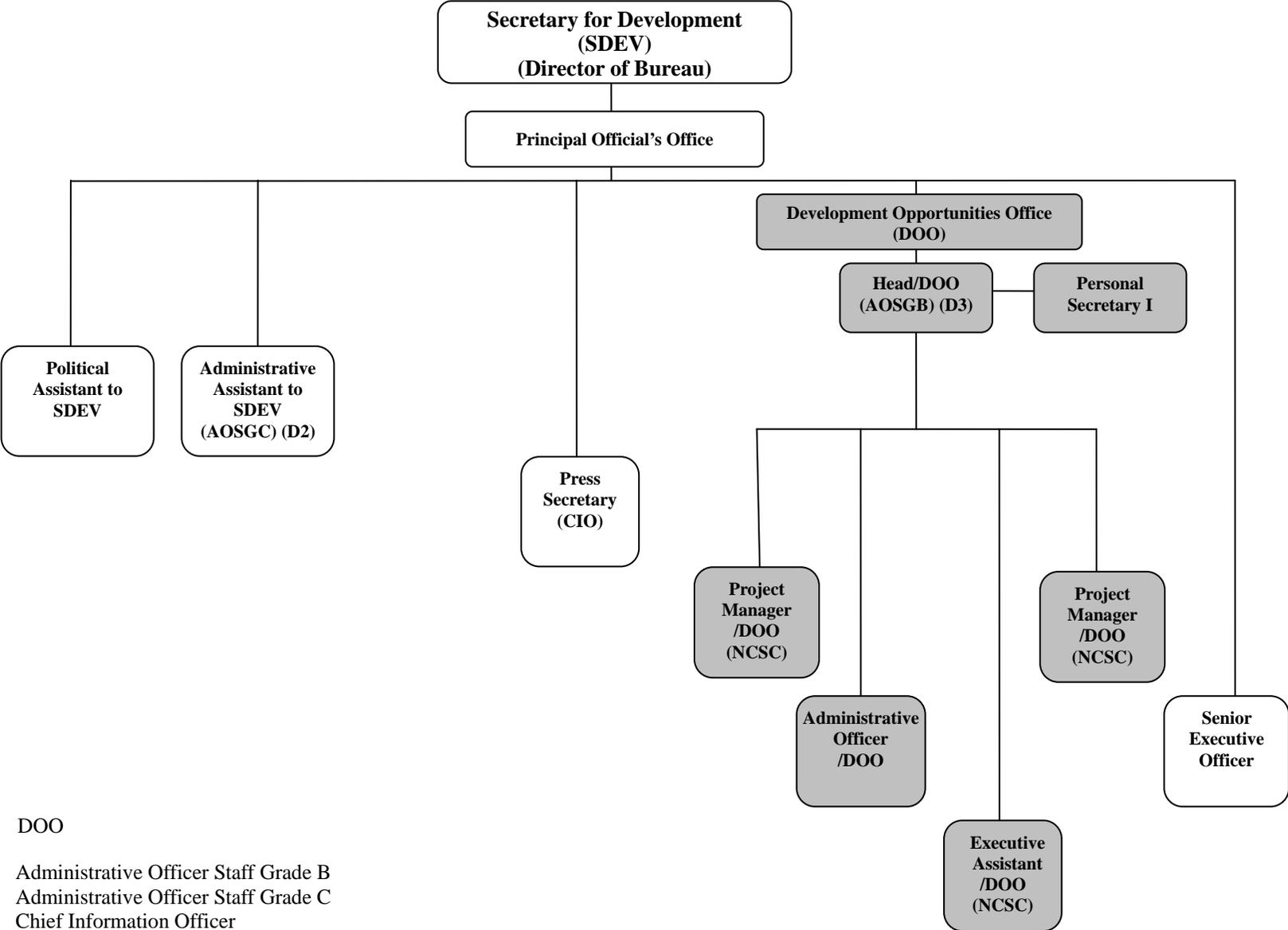
22. When the DOO was established, we have committed to review the performance of the Office based on one to two years' experience before a decision is made on the long-term need for the Office. We plan to conduct the review in 2011-12 so that we may accumulate more experience and gather more feedback before evaluating the performance of the DOO.

ADVICE SOUGHT

23. Members are invited to note the work progress of the DOO.

**Development Opportunities Office
Development Bureau
March 2010**

Organisation Chart of the Development Opportunities Office (DOO) in the Development Bureau



Legend

- DOO
- AOSGB Administrative Officer Staff Grade B
- AOSGC Administrative Officer Staff Grade C
- CIO Chief Information Officer
- NCSC Non-Civil Service Contract

Land and Development Advisory Committee

Terms of Reference

To advise the Government, through the Secretary for Development, on -

- (a) policies and procedures in relation to planning, land, buildings matters;
- (b) specific development proposals and projects initiated by non-Government or private proponents which carry a broader economic or social value; and
- (c) any other development matters in relation to (a) and (b) above.

Land and Development Advisory Committee

Membership

(1 July 2009 – 30 June 2012)

(a) Chairman:

Mr. Andrew LIAO Cheung-sing, G.B.S., S.C., J.P.

(b) Ex-officio members:

Secretary for Development

Director of Buildings

Director of Lands

Director of Planning

Government Economist

(c) Non-official members appointed on an ad personam basis (nominated by professional or trade organisations):

Mr. CHAN Kim-on (Hong Kong Institute of Planners)

Ir. Reuben CHU Pui-kwan, J.P. (Hong Kong Institution of Engineers)

Mr. Patrick LAU Hing-tat (Hong Kong Institute of Landscape Architects)

Mr. Glenn LAU Kwing-lam (Hong Kong Institute of Architects)

Mr. Stewart LEUNG Chi-kin (Real Estate Developers Association of Hong Kong)

Mr. Conrad WONG Tin-cheung, J.P. (Hong Kong Construction Association)

Mr. Marco WU Moon-hoi, S.B.S., J.P. (Hong Kong Institute of Real Estate Administrators)

Mr. YU Kam-hung (Hong Kong Institute of Surveyors)

(d) Non-official members appointed on an ad personam basis (others):

Dr. Linda FAN WONG Chi-ning

Dr. KO Wing-man, B.B.S., J.P.

Mr. Larry KWOK Lam-kwong, B.B.S., J.P.

Dr. LAW Chi-kwong, S.B.S., J.P.

Professor Joseph LEE Hun-wei

Mr. Tim LUI Tim-leung, B.B.S., J.P.

Dr. David WONG Yau-kar

Dr. YAU Wing-kwong

Mr. Stephen YIP Moon-wah, J.P.

Mr. Louis YU Kwok-lit

Ms. Margaret YUEN Ying-lai

Projects presented to Land and Development Advisory Committee (LDAC)
(as at March 2010)

	Project	Expected economic and social benefits	LDAC's advice and comments
<i>Community Projects</i>			
1	Hong Kong Red Cross - relocation of headquarters to Yau Tsim Mong District	<ul style="list-style-type: none"> ➤ To enable the organisation to continue its full range of services to the community ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members supported this project and felt that international relief is an important area of work warranting government support
2	Scout Association of Hong Kong - in-situ redevelopment of a regional centre in Wan Chai District	<ul style="list-style-type: none"> ➤ Provide community facilities for leadership and art training for scouts and youths, in addition to existing administrative and training facilities for scouting activities ➤ Provide recreational facilities for local residents ➤ Foster exchanges with overseas and mainland youths ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members noted the advice and co-ordinating support provided to the project proponent*
3	Scout Association of Hong Kong - in-situ redevelopment of a district headquarters in Eastern District	<ul style="list-style-type: none"> ➤ Expand existing youth development services ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members supported the project and suggested that the Association should be encouraged to make available some of the new facilities for local community use
4	Hong Kong Young Women's Christian Association - in-situ redevelopment of Kowloon Centre and Anne Black Guest House in Kowloon City District	<ul style="list-style-type: none"> ➤ Provide new social services and enhance quality of existing services, e.g. family wellness centre, residential care services, day care centre for the elderly ➤ The expanded and modernised hostel will operate as training and placement venue and provide employment opportunities for its 	<ul style="list-style-type: none"> ➤ Members noted the advice and co-ordinating support provided to the project proponent*

		<p>graduates</p> <ul style="list-style-type: none"> ➤ The hostel will provide alternative accommodation for tourists ➤ Create job opportunities during both the construction and operational stage 	
5	Tung Wah Group of Hospitals - in-situ redevelopment of David Trench Home for the Elderly in Southern District	<ul style="list-style-type: none"> ➤ Enhance standard of services and provide a wider spectrum of services to suit the needs of the elderly, e.g. residential care, day care, rehabilitation and medical services to the elderly ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members noted the advice and co-ordinating support provided to the project proponent*
6	Hong Kong Sheng Kung Hui - in-situ redevelopment of compound in Central and Western District	<ul style="list-style-type: none"> ➤ Conserve and revitalise heritage buildings, which will be made accessible to the public ➤ Promote local art and culture ➤ Enhance community services such as religious, social, medical and health services ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members supported the project and noted its significance in the “Conserving Central” initiative
7	The University of Hong Kong – redevelopment or conversion of a school building into student hostel in Central and Western District	<ul style="list-style-type: none"> ➤ Address the shortage of student hostel places ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members noted that the DOO would advise the project proponent the constraints in pursuing conversion and that redevelopment would be a practical way forward
<i>Private Sector Projects</i>			
8	China Resources Property Limited - retrofitting and redevelopment of China Resources Centre and associated improvement works in Wan Chai District	<ul style="list-style-type: none"> ➤ Improve traffic and pedestrian flow and alleviate traffic congestion in Wan Chai North ➤ Proposed upgrading of the Harbour Road Garden would deliver a high quality open space ➤ Retrofitting works will enhance 	<ul style="list-style-type: none"> ➤ Members gave support to the proposed associated improvement works in view of its merits in improving the vehicular and pedestrian flow in Wan Chai North

		<p>energy efficiency of the renovated office building</p> <ul style="list-style-type: none"> ➤ New hotel development would meet increasing demand from business travellers and tourists ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members also supported the proposed upgrading works to the Harbour Road Garden in view of the benefit of delivering a high quality open space for public enjoyment
9	The Baroque on Lamma Limited – Comprehensive marina, hotel and residential development in Islands District	<ul style="list-style-type: none"> ➤ Provide facilities for hosting international regattas in Hong Kong and enhance Hong Kong’s role as an international event capital ➤ Promote tourism ➤ Promote water sports ➤ Create job opportunities during both the construction and operational stage 	<ul style="list-style-type: none"> ➤ Members noted that project might help enhance Hong Kong’s role as an international event capital and promote water sports, but raised concern over the planning and land administration issues identified, as well as the project’s environmental and ecological impacts on the proposed development area

* We normally invite LDAC to provide support and advice on project proposals directly handled by the Development Opportunities Office (DOO). For projects that were largely handled by other offices in the Development Bureau before the establishment of the DOO, we invited LDAC members to note the co-ordinating support provided to the projects.

Projects Actively Assisted by the Development Opportunities Office**(as at March 2010)*

	Project	District
<i>Community Projects</i>		
1	Relocation of headquarters of a non-governmental organisation	Yau Tsim Mong
2	Relocation of a museum	Central and Western
3	Relocation of a church	Kowloon City
4	Extension of a church	North
5	Redevelopment of a church complex	Wan Chai
6	Development of a Chinese arts and cultural institute	Wong Tai Sin
7	Development of a global village and distribution centre for international relief	Tuen Mun
8	Extension of a residential child centre	North
9	In-situ redevelopment of a social services centre	Central and Western
10	Development of a community centre	Yuen Long
11	Redevelopment of a social centre	Tsuen Wan
12	Improvement works of a community service centre	Wan Chai
13	Development of a youth camp	North
14	In-situ redevelopment of a mariners' club	Yau Tsim Mong
15	Relocation of a specialist school	Southern
<i>Private Sector Projects</i>		
16	Development of a private hospital	Sai Kung
17	Extension of a private hospital	Wan Chai
18	Wholesale conversion of an industrial building	Kwun Tong

19	Wholesale conversion of an industrial building	Kwun Tong
20	Wholesale conversion of an industrial building	Kwai Tsing
21	Redevelopment of a business area	Eastern
22	Development of columbarium	Islands
23	Development of columbarium	Islands
24	Development of a spa resort	Tai Po
25	Nature conservation and development	Tai Po
26	Development of an international school	Sai Kung

* *We consider it appropriate to disclose the name and particulars of the projects that have been considered by the Land and Development Advisory Committee. For the projects that are still at a relatively early stage, we refrain from disclosing the name and particulars of them because this may be commercially sensitive information to the project proponent.*