

**The Administration's response to follow-up action  
arising from the meeting of  
the Legislative Council Panel on Development  
held on 27 April 2010 –**

**Optimising the Use of Private Industrial Buildings**

**Purpose**

This paper reports on progress in the Administration's implementation of initiatives to facilitate revitalisation of industrial buildings through redevelopment and wholesale conversion.

**Formulation of the Initiatives**

2. The Chief Executive announced in his 2009-10 Policy Address a package of initiatives to promote revitalisation of old industrial buildings through facilitating redevelopment and conversion of vacant or under-utilised industrial buildings. The objective is to provide suitable land and premises timely to meet Hong Kong's social and economic needs, including the development of higher value-added economic activities, such as those six economic areas in which Hong Kong has comparative advantages as identified by the Chief Executive's Task Force on Economic Challenges.

3. The new initiatives to facilitate redevelopment and wholesale conversion of old industrial buildings will help bring new economic activities, create jobs and inject vibrancy into the local communities. This is part and parcel of our efforts to promote regeneration of old industrial areas. While redevelopment of older industrial buildings may help realise planning gains such as the set back requirements in some industrial areas, wholesale conversion of existing industrial buildings is a more environmentally friendly and sustainable way to provide suitable premises for various social and economic activities.

4. The relevant analyses and considerations in formulating the package of initiatives are set out in the Legislative Council Brief "Optimising the Use of Industrial Buildings to Meet Hong Kong's Changing Economic and Social Needs" distributed to Legislative Council Members on 15 October 2009. The Brief has also covered the justifications for the "nil waiver fee" initiative to encourage wholesale conversion as well as the financial, economic, environmental and

sustainability implications of the proposed measures. The proposed package of initiatives was discussed by the Panel on Development at its meeting held on 27 October 2009. Since its announcement, the package has been generally welcomed.

## **Implementation of the Initiatives**

5. In the “Work Progress Report of the Development Opportunities Office (DOO)” discussed by the Panel on Development at its meeting on 30 March 2010, we briefed Members on the consultation and preparatory work done by the Administration since the announcement of the initiatives to ensure their smooth implementation.

6. The subsidiary legislation for designating a lower application threshold for compulsory sale of selected classes of lots for redevelopment, including industrial buildings of 30 years old or above located in non-industrial zones, came into operation on 1 April 2010. Other initiatives, mainly land administration measures, also came into operation on the same date and these measures will be applicable to all successful applications received during the three-year period between 1 April 2010 and 31 March 2013.

7. The Lands Department (LandsD) issued a Practice Note No. 1/2010 on 19 March 2010 regarding applications for lease modification for redevelopment of industrial lots in non-industrial zones or special waiver for wholesale conversion of industrial buildings for reference of potential applicants and professionals in the industry. LandsD has also set up a dedicated team to process such applications centrally.

8. To facilitate a smooth implementation of this major government initiative, other relevant government departments have also taken into account the constraints of existing industrial buildings and worked out additional measures to facilitate wholesale conversion of industrial buildings. For instance, the Buildings Department has relaxed the relevant requirements to make it easier to set up places of public entertainment for accommodating not more than 500 persons in a converted industrial building; the Planning Department has sought the Town Planning Board’s endorsement to clarify the planning definition of some uses, including mini-storages, to allow continued operation of mini-storages in converted industrial buildings without the need to apply for planning permission.

9. In DOO's Work Progress Report, we reported that the Transport and Housing Bureau and Transport Department (TD) were prepared to take into account the constraints of existing industrial buildings in providing additional car parking spaces and exercise flexibility to facilitate their wholesale conversion under the new initiative<sup>1</sup>. Nevertheless, the subject building should meet the lower end of standard loading/unloading provision for the intended uses; applications which cannot provide the required minimum number of loading/ unloading bays will be rejected.

10. As regards car parking space provision, provided that the conversion proposal would not cause serious traffic problems such as illegal parking near the site or obstruction to traffic caused by on-street loading/unloading activities, TD has agreed to consider accepting lower-than-standard 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, TD will consider some objective criteria external to the subject building, including availability of public transport, availability of surplus car parking spaces and absence of serious illegal parking problems in the vicinity of the subject building. TD will review the arrangement after implementation of the new initiatives for 12-18 months.

## **Applications Received and Their Status**

11. As at 10 May 2010, LandsD had received 12 applications submitted pursuant to the Practice Note mentioned in paragraph 7 above. All except one applications are for special waiver for wholesale conversion but one special waiver application has been rejected because the subject building is not situated in one of the three planning zones designated under the new initiative. These applications for wholesale conversion involve buildings located in Hong Kong, Kowloon and New Territories. As to the application for redevelopment, the site is in Kowloon. We are not able to provide further details of the applications at this stage, but when the applications are approved, the relevant land documents will be registered in the Land Registry and the public will have access to the details of those approved cases.

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<sup>1</sup> 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 600-1200m<sup>2</sup> gross floor area
- Commercial buildings – 1 car parking space per 150-300m<sup>2</sup> gross floor area

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

## **Revitalisation of Industrial Buildings by the Administration**

12. The objective of the new initiatives is to facilitate and encourage private owners to redevelop and convert their industrial buildings for alternative uses. Private industrial buildings covered by the initiatives include flatted factories, industrial-office buildings and godown buildings, but specialised factories such as those located in industrial estates, flatted factories built by the Housing Authority and storage premises in container terminals are excluded.

13. To take the lead in injecting impetus to the revitalisation of industrial buildings, the Financial Secretary announced in his 2010-11 Budget Speech that the Government, where appropriate, will consider making use of old industrial buildings in the relocation of government offices and facilities. The Government will consider relocating government offices currently accommodated in commercial office premises into industrial buildings upon expiry of their tenancies. The Financial Services and Treasury Bureau and the Government Property Agency, as the agency responsible for government accommodation, are studying how to take this Budget initiative forward.

14. So far as the departments within the Development Bureau's family are concerned, the Buildings Department is considering consolidating its existing offices in separate locations into a headquarters building to improve work efficiency and to facilitate members of the public to visit the Department. The aim is to establish the new headquarters in a suitable converted industrial building. The Water Supplies Department is also studying the feasibility of relocating a regional office from its existing urban location to a converted industrial building in an old industrial area. This would release the existing urban site for other local development.

### **Evaluation of the Initiatives**

15. As most of the initiatives under this package are part of a time-limited scheme of three years, we have undertaken to review the package of measures half-way through the implementation period. We will report findings of the review to the Panel when they are ready.