

**Legislative Council Panel on Development
Legislative Council Panel on Housing**

Housing Land Supply

INTRODUCTION

This paper briefs Members on the Development Bureau's responses to the questions raised by Hon Lee Wing-tat concerning land supply.¹

SUPPLY OF LAND THROUGH THE APPLICATION LIST

2. As pointed out by the Chief Executive in his 2010-11 Policy Address, we will address the fundamentals by increasing land supply. We will uphold the Application List (AL) as the main axle and supplement it by Government-initiated land sale arrangements. In fact, the Government has introduced Government-initiated land sale arrangements since February 2010. We subsequently announced that the Government would initiate sale of nine designated sites on the 2010-11 AL. As at end November, we had sold three sites through Government-initiated auction, producing about 1,350 flats.

3. We are actively preparing for next year's AL (i.e. 2011-12 AL). As stated in the Policy Address, we are devoting resources and expediting internal procedures to make more residential sites available to the market. Based on the current situation, we are confident that the new residential sites on the 2011-12 AL (i.e. not including those sites to be rolled over from the 2010-11 AL) could produce more than 10,000 flats. The new sites will include the former North Point Estate site and the former Ho Man Tin Estate site returned by the Housing Authority, as well as other sites in various districts including Tung Chung and Tseung Kwan O. Details about the individual sites on the AL, including the information about the Building Covenant period, etc., will be set out in the 2011-12 AL to be announced next year and the relevant Conditions of Sale.

¹ Hon Lee Wing-tat has raised 13 questions, and amongst which, questions 1, 2, 3, 5, 12 and 13 concern land supply, while the remaining seven questions concern property market information and public housing, etc. to which the Transport and Housing Bureau will respond in another paper.

4. The preparation for the AL of 2012-13 and subsequent years is a continuous work to ensure the supply of residential sites, involving short, medium and long term planning and follow-up (please see paragraph 7), such as land use planning, land formation, roads and other related infrastructural works, etc. In general, sites on the AL not triggered or auctioned successfully will be rolled over to the AL for the next year, and new sites will also be included each year. These will be announced in each year's AL. For sites not yet available for development, the Lands Department (LandsD) has an established policy to make them available for letting to the market under a short term tenancy or for government departments' use through temporary government land allocation. The Government will not grant sites on the AL through private treaty.

SOURCES AND MEASURES OF LAND SUPPLY

5. To ensure a stable and healthy property market, the Government considers that in the next ten years, on average land needs to be made available annually for some 20 000 private residential flats. However, as underlined by the Chief Executive in his Policy Address, this is not a fixed target for residential flat production. Our aim is to build up a sufficiently large land reserve over a period of time to ensure stable land supply for the residential property market.

6. Although we need to continue to provide land for the development of private flats, the AL is not the sole source of land supply. Other sources include development projects through lease modification and land exchange, private redevelopment projects not subject to lease modification or land exchange, and the property development projects of the MTR Corporation Limited (MTRCL) and Urban Renewal Authority (URA).

7. We will review existing land uses and explore new land resources. For example, we have completed a review of industrial land in the territory and propose to rezone about 30 hectares of it for residential use (see details at **Annex 1**). We have also lowered the threshold for compulsory land sale for redevelopment to facilitate the redevelopment of more old buildings. According to the information provided by the Transport and Housing Bureau, the estimated flats to be produced from the source of private redevelopment projects not subject to lease modification or land exchange has increased from an annual average of 829 in 2003-2009 to 1,800 in the first ten months

of 2010. Under the revised Urban Renewal Strategy, on the one hand the URA will continue to play the role of redevelopment “implementer”. In future, redevelopment projects with the URA being the “implementer” could be initiated by the URA or implemented in response to the demands of flat owners (i.e. a demand-led redevelopment model). On the other hand, the URA will also play the role of “facilitator” to assist the owners of old buildings to assemble titles and initiate redevelopment. This two-pronged approach is expected to result in more comprehensive and effective support for redevelopment in old districts and also assistance to the owners of old buildings while quickening the pace of urban redevelopment. The approach will also enhance the community mandate for these redevelopment projects. In the medium to longer term, the development of the Kai Tak Development Area and other new development areas in the northern New Territories will provide more land to meet housing needs. Planning studies will also commence shortly in respect of quarry sites at Anderson Road, Lam Tei and Lamma Island to see if they can provide land for residential use. We will also work towards commencing as soon as possible the feasibility study for the proposed remaining development of Tung Chung, upon finalization of the detailed planning of the related infrastructure projects of the Hong Kong-Zhuhai-Macao Bridge. The latest situation about the studies for these four sites is at **Annex 2**.

8. In order to increase the supply of mass market flats, we have earmarked the ex-Yuen Long Estate site, as a pilot, for constructing such flats through specifying the minimum number of flats and the unit size restrictions in the land sale conditions. We are preparing to sell the site by tender within this month. In the light of the experience gained, we will explore applying this arrangement to other sites.

9. Furthermore, we will discuss with MTRCL and URA on the provision of more small and medium flats in their residential developments along the West Rail and urban renewal projects respectively. Currently, there are 11 property projects at different development stages along the West Rail. Depending on actual planning and design, these projects could produce about 15,000 flats.

THE STEERING COMMITTEE ON HOUSING LAND SUPPLY

10. The Steering Committee on Housing Land Supply (the Steering Committee) chaired by the Financial Secretary has started its work.

Comprising heads of the relevant Bureaux and Departments, the Steering Committee will think out of box to review existing land uses and explore new land resources. The Steering Committee also steers the work of relevant Departments and co-ordinates issues relating to housing sites so as to speed up housing land supply.

11. The target of the Steering Committee is to make available housing land for some 20,000 private residential flats a year and build up a sufficiently large land reserve over a period of time so that the Government will have greater capacity to respond to market changes and ensure a stable and adequate housing land supply. As mentioned above, there are different sources of housing land supply in Hong Kong. The Government will examine room for increasing housing land supply in each of these sources.

12. The Government maintains high transparency on information about land supply (e.g. the AL mechanism). The Government will continue to disseminate information on housing land supply through the existing channels.

GOVERNMENT, INSTITUTION OR COMMUNITY SITES

13. To meet the needs of the community, suitable sites are reserved for the development of various government, institution or community (G/IC) facilities in accordance with the Hong Kong Planning Standards and Guidelines or relevant government policy requirements. The designation of “G/IC” zones on statutory outline zoning plans (OZPs) serves to reflect the existing G/IC uses and reserve land for the future provision of G/IC facilities. The planning intention of this zoning is primarily to provide G/IC facilities serving the needs of local residents and/or the wider district, region or the territory. The sites concerned are used by the Government and relevant organisations for purposes directly related to or in support of their work. The Planning Department (PlanD) reviews the planned use of these “G/IC” sites from time to time so as to flexibly cater for the Government’s overall policy and to meet the changing aspirations and needs of the community.

14. According to the Government’s internal General Circular, where there has been no confirmed development programme or available funding for the implementation of the proposed facilities at a reserved site for five years or more after first reservation, PlanD and relevant Bureaux/ Departments will regularly review the reserved “G/IC” site to ascertain the

need for further site reservation.

15. In the course of the review of reserved “G/IC” sites, we will ensure that there is adequate land reserved to meet the needs of the planned population. Should the reserved “G/IC” site be no longer needed or appropriate replacement sites be identified, we will consider releasing the site for other uses, including residential use, with a view to achieving optimal use of land resources.

16. As the sites reserved for G/IC facilities are mostly zoned “G/IC” on the statutory OZPs, rezoning is required if the sites are to be used for residential purpose. The Town Planning Board will consider proposed amendments to the OZPs, and upon endorsement, the amendments will be published under the Town Planning Ordinance for public inspection and comment. Normally, it takes about a year to complete the amendment and approval procedure.

INFORMATION ABOUT BUILDING COVENANT

17. For development projects, the developer is required to complete the construction of the minimum gross floor area specified in the land grant documents or lease conditions and obtain an Occupation Permit from the Building Authority (BA) within the Building Covenant (BC) period imposed in the land grant documents or lease conditions. In general, the BC period for residential projects ranges from 48 months to 72 months. A reasonable BC period will be set, the exact length of which depends on the complexity of the proposed development. Should the lot owners of individual development projects anticipate that they will not be able to complete the construction of the minimum gross floor area specified in the land grant documents or lease conditions and obtain an Occupation Permit from the BA within the BC period, the lot owners concerned will normally apply to LandsD for an extension of the BC period with justifications. In processing such applications, LandsD will consider the justifications provided by the lot owners and the progress of the development. When the application is approved, the applicant will be required to comply with the conditions imposed by LandsD, including the payment of premium.

18. The requirement of BC period is enforced by the District Lands Offices of LandsD. So far, LandsD has not compiled information about the enforcement of BC period. The Government is considering the Hon. Lee

Wing-tat's suggestion that information about the application for extending the BC period, approved cases, payment of premium, etc. should be published on LandsD's website.

ADVICE SOUGHT

19. Members are invited to note the contents of this paper.

**Development Bureau
December 2010**

2009 Area Assessments of Industrial Land in the Territory

Background

- The main purpose of the 2009 Area Assessments of Industrial Land in the Territory (the 2009 Area Assessments) undertaken by the Planning Department (PlanD) is to find out how the existing private industrial buildings are being used and review industrial land which has been reserved for years but is not yet developed with a view to better utilizing precious land resources.
- The 2009 Area Assessments mainly targeted the more than 94,000 units in about 1,300 industrial buildings within the “Industrial” (“I”) and “Other Specified Uses” annotated “Business” (“OU(B)”) zones. A field survey of the use and vacancy of these units was conducted on over 71,000 units, including a full survey of about 37,000 units in the “I” zones and a sample survey of about 34,000 units in the “OU(B)” zones (about 59%). The Assessments also included a survey of the age, number of storeys, ownership and conditions of the private industrial buildings in these two zones.
- The 2009 Area Assessments proposed to rezone a total of about 29.5 ha of industrial land to residential use in the following areas:

<u>“I” sites</u>	<u>(about 25.4 ha in total)</u>
– Tsuen Wan East	(about 5.0 ha)
– Fo Tan	(about 5.8 ha)
– Siu Lek Yuen Industrial Area	(about 7.5 ha)
– Fanling Area 48	(about 5.2 ha)
– Tuen Mun Area 9	(about 1.9 ha)
<u>“OU(B)” sites</u>	<u>(about 4.1 ha in total)</u>
– Yuen Long	(about 3.9 ha)
– Tai Kok Tsui	(about 0.2 ha)

Latest Position

- On 17 September, the Town Planning Board (TPB) endorsed in principle the recommendations of the 2009 Area Assessments as a broad basis for rezoning individual industrial sites. PlanD, in consultation with concerned departments, will work out the detailed rezoning proposals of individual industrial sites for the TPB's consideration in the context of proposed amendments to the relevant Outline Zoning Plans (OZPs).
- The 2009 Area Assessments proposed to rezone about 5 ha of "I" site in Tsuen Wan East for residential use, including the Housing Department's ex-Tai Wo Hau Factory Estate site which is vacant and on government land with an area of about 1.4 ha. This site is considered suitable for residential development which can serve as a catalyst for the redevelopment of the surrounding private industrial buildings and the land use restructuring of the Tsuen Wan East Industrial Area. PlanD is conducting consultation on the rezoning proposal of the site. A briefing was conducted for the Tsuen Wan District Council on 28 September 2010 and a consultation forum attended by concerned owners, tenants and stakeholders was held on 20 November 2010. PlanD has also started work on the proposed amendments to the OZP which will be submitted to the TPB for consideration.
- PlanD will give priority to rezone other industrial sites on government land among those mentioned above.

**Planning Department
December 2010**

Studies for Three Quarry Sites and the Remaining Development of Tung Chung Area

Quarry Sites

Background

- The Anderson Road Quarry, Lam Tei Quarry and ex-Lamma Quarry are of about 86 ha, 30 ha and 34 ha respectively, of which about 40 ha, 11.5 ha and 13.6 ha have potential for development respectively. The quarrying and rehabilitation works of the ex-Lamma Quarry were completed in December 2002, while those of the Lam Tei and Anderson Road Quarries will complete in mid 2015 and mid 2016 respectively according to the terms of the contracts.

Latest Position

- Regarding the future development of the Anderson Road Quarry, Lam Tei Quarry and ex-Lamma Quarry, the Administration will engage consultants to conduct planning and engineering feasibility studies for each of these quarry sites with relevant technical assessments and public engagement so as to determine the detailed land uses of the three quarry sites, including residential use.
- The “Planning Study on Future Land Use at Anderson Road Quarry” is at the tendering stage and targeted to commence early next year for completion in about 18 months. After the completion of the planning study, the Civil Engineering and Development Department (CEDD) will carry out an engineering feasibility study for the site. The preparatory work for carrying out the other two planning and engineering feasibility studies for the Lam Tei and ex-Lamma Quarries is being undertaken. It is estimated that the studies will commence next year for completion in about 30 months.
- Upon completion of the planning and engineering feasibility studies, the Administration will follow the relevant statutory procedures and carry out the required infrastructural works. It is initially estimated that land will gradually be made available for development at the three quarry sites from 2017-18 onwards.

Remaining Development of Tung Chung

Background

- The remaining development area is the proposed future extension area of the Tung Chung New Town. According to the initial planning, the new town extension will involve land reclamation of about 120 ha to the east and west of Tung Chung, excluding 40 ha of reclaimed land reserved for the development of theme park or large scale recreational uses under a long term concept plan. Residential uses will be the major component of the proposed development with ancillary commercial uses, community facilities and open spaces.

Latest Position

- The remaining development of Tung Chung is closely related to the major infrastructure projects, such as Hong Kong Link Road of the Hong Kong – Zhuhai – Macau Bridge (HKZMB), the HKZMB Hong Kong Boundary Crossing Facilities and Tuen Mun – Chek Lap Kok Link as well as the Hong Kong International Airport Master Plan 2030 Study. CEDD and PlanD will, based on the detailed planning and study findings of the above projects, conduct a planning and engineering feasibility study on the remaining development of the Tung Chung, and assess the impact on various aspects, including environment, visual, air ventilation and traffic, and the local ecological environment. The public will be engaged at appropriate time in the study.
- The Administration will seek funding from the Finance Committee of the Legislative Council in mid-2011 for engaging consultants to conduct the feasibility study mentioned above. The study is scheduled for completion in about 30 months.

Planning Department

Civil Engineering and Development Department

December 2010