

**For discussion on
26 July 2011**

Legislative Council Panel on Housing

Supply of Private Housing Land

Introduction

This paper briefs Members on the latest situation regarding the land supply for private housing.

Land Sale Programme

2. In his 2011-12 Budget Speech, the Financial Secretary affirmed the two-pronged arrangement to increase land supply through the Application List system and government-initiated land sale. Under this arrangement, on one hand, developers may apply for the sale of sites on the List of Sites for Sale by Application (i.e. the Application List); on the other hand, the Government may take the initiative to sell them in the market. Therefore, even in cases whereby sites on the Application List are not successfully triggered for sale, the Government may still sell them on its own initiative. This two-pronged arrangement functions well and has effectively increased land supply.

3. The Government announced the Land Sale Programme on 24 February this year, which includes the Application List and the List of Sites for Sale by Tender. The Land Sale Programme offers a total of 52 residential sites with a capacity to produce about 16,000 residential flats in total.

4. We estimated that, in 2011-12, housing land to be supplied by the Government and other sources are capable of producing about 35,400 private residential flats, considerably above the working target of an annual average of 20,000 private residential flats mentioned by the Chief Executive in his 2010-11 Policy Address. We emphasize that, either the figure of about 20,000 private residential flats put forward by the Chief Executive or the estimated figure of 35,400 flats in the coming year, refers to the housing land that could be supplied to the market for private residential developments within a certain timeframe. They are not a target of private residential flat production.

The 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.

5. Since the 2011-12 Land Sale Programme was announced, the Government has been selling land in a very proactive manner. In view of the sharp rises in property prices, the Government has decided to enhance its efforts on land sale. In the period from April to June this year, we have initiated the sale of 9 residential sites by auction or tender, which could provide about 3,000 flats.

6. The Government announced in early June that it would continue to supply more housing land to the market and to announce land sale programmes in advance on a quarterly basis. In the period from July to September, we will initiate the sale of 7 sites on the Application List; in addition, the West Rail property development project at Nam Cheong Station is planned for tender in the same quarter (see paragraph 14 below). These 8 sites altogether could provide about 6,000 flats. In order to better safeguard the quantity of flats to be provided, we will include in the land sale conditions for the three bigger sites at Sha Tin Kau To, Yuen Long Tan Kwai Tsuen and Tseung Kwan O a requirement in respect of the minimum number of flats that developers have to provide. These three sites will provide at least about 2,100 flats in total.

7. We will continue to closely monitor market developments and draw up the land sale programme for the remainder of this financial year.

Residential Sites with Flat Size Restrictions

8. In his 2010-11 Budget Speech, the Financial Secretary announced for the first time that the Government would specify restrictions on the minimum number and size of flats to be built in the land sale conditions. The only aim of this measure is to increase the supply of small and medium-sized flats in the market.

9. We conducted the tendering exercise on the first site with flat size restrictions at the former Yuen Long Estate from end December 2010 to February this year. The land sale conditions specified that the total flat number of the development project shall not be less than 960 flats, including 800 flats of a saleable area from 35m² to 40m² and 160 flats of a saleable area from exceeding 40m² to 60m². The tender result was announced on

7 March this year.

10. The Financial Secretary announced in his 2011-12 Budget Speech that the Government would take the initiative to tender 5 sites with flat size restrictions for the construction of small and medium-sized flats, which could provide about 3,000 flats. Among the five sites, the residential site at the junction of Gillies Avenue South and Bulkeley Street in Hung Hom will provide not less than 70 flats, the saleable area of each of which ranges from 35m² to 40m²; the residential site at 5-23 Lee Kung Street in Hung Hom will provide not less than 170 flats, the saleable area of each of which ranges from 35m² to 40m². The two sites have been successfully tendered out and the tender result was announced on 20 June 2011.

11. The residential site with flat size restrictions at Tung Chung Area 55a on Lantau Island will provide not less than 2,020 flats, including 1,650 flats of a saleable area from 35m² to 45m² and 370 flats of a saleable area from exceeding 45m² to 60m². The tender invitation for this Tung Chung site commenced on 17 June 2011 and will close on 22 July 2011. Rezoning for the remaining two sites with flat size restrictions (i.e. sites at the ex-Tai Wo Hau Factory Estate, Sha Tsui Road, Tsuen Wan and at the junction of Wang Yip Street West and Fu Yip Street, Tung Tau, Yuen Long) is underway.

Other Sources of Housing Land Supply

12. Although we continue to increase land supply for private housing through the land sale programme, this is not the sole source of housing land supply. Other sources include projects subject to lease modification/land exchange, private redevelopment projects not subject to lease modification/land exchange, railway property development projects and property projects of the Urban Renewal Authority. Railway property development projects have all along been an important source of housing land. In the coming year, it is estimated that the railway property development projects at Nam Cheong Station, Tsuen Wan West Station, Long Ping Station (North), Tai Wai Station, Tin Shui Wai Light Rail Terminus and Tseung Kwan O LOHAS Park Station could provide about 15,400 flats.

13. On West Rail property development projects, at the request of the Government, the West Rail Property Development Limited (WRPDL) has agreed to redesign six West Rail property development projects which have approved Master Layout Plans and/or building plans to comply with the new

requirements of quality and sustainable built environment and to increase the supply of small and medium-sized flats. WRPD L has submitted to the Town Planning Board the revised schemes for the development projects at Nam Cheong Station, Tsuen Wan West Station TW 5 (Bayside), Tsuen Wan West Station TW 5 (Cityside) and Long Ping Station (North).

14. The Town Planning Board approved the revised schemes for the projects at Nam Cheong Station, Tsuen Wan West Station TW5 (Bayside) and Tsuen Wan West Station (Cityside) on 17 June this year, and will consider the revised scheme for the Long Ping Station (North) project on 22 July. WRPD L plans to tender the project at Nam Cheong Station in the third quarter of 2011, the two TW5 projects within 2011-12 and the project at Long Ping Station (North) in early 2012. These four projects will provide about 7,500 flats in total, about 5,000 (66%) of which are small and medium-sized flats of a saleable area not more than 50m², about two times that of the original schemes.

15. As for the projects at Tai Wai, Tin Shui Wai and Tseung Kwan O planned to be tendered by the MTR Corporation Limited (MTRCL), since these projects are owned by MTRCL, it has its discretion to decide how to implement them. Accordingly to our earlier understanding, MTRCL plans to tender these projects in 2011-12, which could provide about 7,900 flats.

Land Supply in the Medium to Long Term

16. On land supply in the medium to long term, the Kai Tak Development Area will provide housing land starting from 2013. The Government will continue with the work on supplying housing land through developments in the Metro Area, further development of the Tung Chung New Town and implementing new development areas in the northern New Territories. The Government is conducting a planning study on the quarry site at Anderson Road and a planning review of the ex-Cha Kwo Ling Kaolin Mine site, and will embark on other studies to identify more housing land, including a planning study on a quarry site on Lamma Island and a feasibility study on the remaining development of the Tung Chung New Town.

17. The studies on the North East New Territories New Development Areas (NDAs) (including Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling NDAs) (NENT NDAs) and the Hung Shui Kiu NDA involve a number of complicated technical assessments, and need to go through various

related procedures, including statutory environmental impact assessment, town planning and land resumption, etc. The development of the NDAs will also need to tie in with the implementation of infrastructures in the areas. Two stages of public engagement for the Study on the NENT NDAs have been carried out. Taking into account the public views received during the Stage Two Public Engagement, we are formulating the Recommended Outline Development Plans and examining the implementation arrangements with a view to further consulting the public. Meanwhile, we are considering early commencement of site formation to facilitate housing development. It is estimated that land will be available for housing development from 2018 at the earliest. As for the Study on the Hung Shui Kiu NDA, funding has already been approved by the Finance Committee of the Legislative Council and the Study will commence shortly. It is estimated that land will be available for housing development from 2021 at the earliest.

18. To meet the demand for land for economic development, public facilities and housing, the Government also needs to explore new ways to provide land to meet Hong Kong's social and economic needs in the long run. Two possible ways are reclamation on an appropriate scale outside Victoria Harbour and rock cavern development.

19. Reclamation has long been a well-established means to generate more land to meet Hong Kong's social and economic needs. About 500 to 700 hectares of land was created by reclamation every five years from 1985 to 2004. Reclamation substantially declined to 84 hectares in the period from 2005 to 2009. There was only one hectare of reclamation in 2010. This will have knock-on effects on land supply for housing and other uses in the coming years. Since the Protection of the Harbour Ordinance (Cap. 531) does not apply to the marine area outside Victoria Harbour, reclamation outside Victoria Harbour on an appropriate scale to increase land supply is an option worthy of consideration.

20. According to the findings of the Study on the Enhanced Use of Underground Space in Hong Kong completed by the Civil Engineering and Development Department, Hong Kong is particularly suitable for developing rock caverns from the geological perspective. By re-provisioning suitable government facilities inside caverns and releasing the original land as well as the adjacent land for housing and other uses, cavern development is a viable option to increase land supply.

21. In the fourth quarter of 2011, we will conduct extensive public engagement activities with a view to reaching a community consensus before the implementation of reclamation on an appropriate scale and cavern development.

22. Details of housing land supply in the medium to long term are at **Annex.**

Advice Sought

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

Development Bureau
19 July 2011

Potential Major Supply of Housing Land in the Medium to Long Term¹

Source	Estimated No. of Flats	Current Status	Estimated Site Availability Date
Kai Tak Development Area and Neighbouring Land	<p>29,000, including :</p> <ul style="list-style-type: none"> • about 13,000 of public rental housing (PRH) units; and • about 16,000 private flats from the residential sites on government land (including a site earmarked for Urban Renewal Authority's Flat-for-Flat Scheme). <p>Besides, if the "Comprehensive Development Area" site at Ma Tau Kok Road under private ownership is re-developed, it is estimated that about 1,200 private flats could be provided.</p>	The PRH developments (Sites 1A1 and 1B1) at the northeastern portion of the North Apron area are under construction.	The Administration is working towards granting Site 1G1 to the Urban Renewal Authority for the "Flat for Flat" Option under the new Urban Renewal Strategy in April 2012. The Government is pressing ahead with infrastructure works in order to enable the release of private housing sites from 2013.

¹ Sites purely earmarked for public rental housing as well as committed urban renewal and railway projects are not included. Medium to long term sites generally refer to sites with estimated availability year beyond 2015-16.

Source	Estimated No. of Flats	Current Status	Estimated Site Availability Date
West Kowloon Cultural District	Subject to finalization of the Development Plan (DP)	DP covering the whole district based on the preferred option (i.e. City Park designed by Foster + Partners) is under preparation, with submission of DP to the Town Planning Board around end 2011.	Subject to finalization of DP
North East New Territories New Development Areas (NENT NDAs)	<ul style="list-style-type: none"> • about 19,000 of PRH units • about 27,000 of private flats • The above figures are subject to change as detailed planning proceeds. 	Being examined under the NENT NDAs Planning and Engineering Study. The study will further examine the feasibility of increasing the development density in order to raise flat production.	From 2018 onwards
Hung Shui Kiu New Development Area	Subject to the Planning and Engineering Study	Funding for study approved by Legislative Council on 15 April 2011. Selection of consultant is in progress. Study is scheduled for commencement in August 2011.	From 2021 onwards
Cha Kwo Ling Kaolin Mine Site	Subject to the Planning Review	The Planning Review on Development of Ex-Cha Kwo Ling Kaolin Mine Site commenced in July 2011 and is	Towards the latter part of 2010s

Source	Estimated No. of Flats	Current Status	Estimated Site Availability Date
		scheduled for completion within 12 months.	
Ex-Lamma Quarry	Subject to the Planning and Engineering Study	The Planning and Engineering Study on the Future Land Use of the ex-Lamma Quarry Area at Sok Kwu Wan, Lamma Island is scheduled for commencement in late 2011 for completion in 2014.	Towards the latter part of 2010s
Anderson Road Quarry	Subject to the Planning Study	The Planning Study on Future Land Use at Anderson Road Quarry commenced in January 2011 and is scheduled for completion within about 18 months. Afterwards, an engineering feasibility study will be conducted.	Post 2020
Tung Chung Remaining Areas	Subject to the Planning and Engineering Study	The Planning and Engineering Study on the Remaining Development in Tung Chung is scheduled for commencement in late 2011 for completion in 2014.	Post 2022

Source	Estimated No. of Flats	Current Status	Estimated Site Availability Date
Reclamation outside Victoria Harbour	Subject to the preliminary feasibility study, outcome of public engagement and the subsequent planning and engineering studies for individual sites	The preliminary feasibility study commenced in July 2011 and targets for completion in mid 2013.	2019 onwards
Relocation of the Shatin Sewage Treatment Works to cavern	Subject to the feasibility study of the project	Preparation work for the feasibility study of the relocation project is in progress.	Post 2020
Relocation of Mount Davis & Kennedy Town Fresh Water Service Reservoirs to cavern	Subject to the feasibility study of the project	Preparation work for the feasibility study of the relocation project is in progress.	Post 2020