

**Speaking Points for the Secretary for Development  
at the Special Meeting of the Finance Committee  
on 7 March 2012 (Wednesday)**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 215 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.
- My 2012-13 Recurrent Expenditure on Planning and Lands is \$3,847.93 million, representing an increase of \$310.33 million (8.8%) compared with the revised estimate of \$3,537.6 million for 2011-12. The additional resources are mainly for the work relating to enhancing building safety in Hong Kong, which will include enforcement against unauthorized building works (UBWs) in New Territories exempted houses as well as inspection of sub-divided flats, and the initiatives relating to increasing land supply and enhancing government land administration.
- In 2012-13, there will be an increase of about 100 civil service posts, including creation of 3 civil service directorate posts.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

**Land Supply**

- It is widely recognised in the society that continuous supply of housing land is important to stabilise housing development. The Government will continue to adopt effective strategies to increase land supply in the coming year.
- The 2012-13 Government Land Sale Programme comprises 47 residential sites with a capacity to produce about 13 500 flats, of which 24 are new sites while 23 are rolled over from last year's Land Sale Programme. The availability of this large number of new residential sites for sale demonstrates well the Government's firm commitment to increase housing land supply. It also reflects the co-ordinated efforts of the relevant bureaux and departments over the past year under the steer of the Financial Secretary (FS), who chairs the Steering Committee on Housing Land Supply.

- In the 2012-13 Land Sale Programme, the Government has included for the first time private residential sites in the Kai Tak Development. The two sites, with a total area of about 1.6 hectares (ha), could provide about 1 000 flats. Upon full completion, the Kai Tak Development will provide land for some 17 000 private housing units, including units built under the Urban Renewal Authority (URA)'s "flat for flat" scheme.
- Another highlight of the 2012-13 Land Sale Programme is the splitting of four larger sites in Tseung Kwan O, Tuen Mun and Tai Po into smaller plots for sale to enhance market competition. We will continue to apply this practice to other suitable sites without compromising the planning intent.
- To ensure the supply of housing units, including small and medium-sized flats, we will continue to impose flat number or flat size restrictions on suitable sites having regard to site characteristics and market conditions. However, as I have mentioned earlier, we will be very careful when imposing flat size restrictions to avoid too much intervention in the market. This is because the Government has already announced the implementation of the new Home Ownership Scheme; on the other hand, property development along railways, in particular the West Rail property development projects, and the URA's projects, will provide quite a number of small and medium-sized flats. Yet, we will continue to impose flat number restrictions because land is a precious resource, which requires a lot of effort to expand and develop. Imposing flat number restrictions can ensure that the land made available by the Government can produce a certain number of housing units.
- We will also continue to announce Government-initiated land sale in advance on a quarterly basis. For the first quarter of 2012-13, i.e. April to June 2012, the Government will arrange for sale by tender four residential sites, two in Tseung Kwan O and one each in Sha Tin and North Point, which could provide a total of about 1 400 flats. Minimum flat number restrictions will be imposed on the three sites in Tseung Kwan O and North Point to guarantee quantity in supply.
- Through the Government's land sale programme, the four West Rail property development projects at Long Ping Station (North), Long Ping Station (South), Tsuen Wan West Station TW 6 and Yuen Long Station, the three property development projects owned by the MTR Corporation Limited (MTRCL) at Tai Wai Station, Tin Shui Wai Light Rail Terminus and Tseung Kwan O, URA's redevelopment projects, projects subject to lease modification/land exchange and private redevelopment projects not subject to lease modification/land exchange, the total housing land supply in the coming year is estimated to have the capacity to produce about 30 000 private residential flats.

- Our efforts to build up a land reserve will continue. As the FS said in his Budget Speech, we will continue to expand land resources in a multi-pronged manner, and this work will not be affected by economic cycles or fluctuations of the property market.

*Making use of property development potential along railways*

- Appropriately increasing the development intensity of land would help increase the supply of residential units within a relatively short span of time. Nonetheless, we should at the same time take note of the rising public aspirations for a quality city environment. As such, we should strike a proper balance between land use planning and development intensity. The Government invests heavily in railways to provide residents of the New Territories with rapid and easy access to the urban areas. We should therefore make optimal use of the property development potential along the railways.
- With a view to increasing housing land supply, the Government has invited the MTRCL earlier to submit a study report on the property projects above the West Rail Kam Sheung Road Station (KSRS) and Pat Heung Maintenance Centre (PHMC). Since the development of the KSRS and PHMC sites will not involve land resumption and the railway station already exists, priority should be given to the development of the proposed above-station property projects. Upon completion of the rezoning process, the KSRS and PHMC sites will be granted for development in 2014 at the earliest. Having regard to the development potential, environment, rural characteristics and other restrictions, it is proposed that the sites could be made available for medium-density residential developments. With a total plot ratio of 3, the two sites can provide a domestic gross floor area of about 600 000 square metres for about 8 700 residential flats, about 40% of which will be small and medium sized flats.
- Apart from exploring the opportunities for development at the above two sites, the report has also examined the development potential of some 100 ha<sup>1</sup> of land adjacent to the KSRS and PHMC sites. Technical assessments of the environment, ecology, traffic, drainage, sewage, ventilation, heritage, landscape and communal facilities of the development plans of various intensities have been carried out, and the adjacent areas have been identified as having potential for housing development, including public housing. The Planning Department (PlanD) and relevant departments, in collaboration with the MTRCL, are now conducting further studies on the proposals put forward

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<sup>1</sup> The area does not cover the “Village Type Development” zone in the district.

in the report, and the land use zoning of the district is now under review in order to meet the development needs. After completion of the review of the land use zoning, the PlanD will submit the proposed amendments to the relevant Outline Zoning Plan (OZP) to the Town Planning Board, and conduct extensive consultation to collect local views. According to our preliminary estimate, the gross floor area of some 1 million square metres will be made available after increasing the development intensity of the adjacent areas, which could provide some 15 000 residential flats (including public housing). The Transport and Housing Bureau will also conduct further feasibility studies on public housing development.

- The Government is inviting the MTRCL to explore other sites along railways which can be further developed. We have not yet identified any specific sites and will discuss the issue with the MTRCL.

#### *Land use studies and reviews in progress*

- The PlanD is conducting a number of land use studies and reviews, which involve a total area of some 2 500 ha. Some of the larger studies and reviews include:
  - North East New Territories New Development Areas (NENT NDAs): The PlanD and the Civil Engineering and Development Department (CEDD) are conducting the planning and engineering study, which is anticipated to be completed by 2013. The NDAs will make available land for housing development in 2018 at the earliest.
  - Hung Shui Kiu NDA: The PlanD and the CEDD are conducting the planning and engineering study, which is anticipated to be completed by 2014. It is expected that the NDA will make available land for housing development in 2021 at the earliest.
  - Review of sites in the North District/Yuen Long for housing development: Four sites in Kwu Tung South, Yuen Long South, Fanling/Sheung Shui Area 30 and Kong Nga Po have been identified for planning and engineering study to ascertain the feasibility of and scope for developing the above sites for residential use. The study will commence at the end of 2012 and take about 18 to 30 months to complete.
  - Remaining development in Tung Chung New Town: The CEDD and the PlanD are conducting a detailed planning and engineering study, which covers Tung Chung and its adjacent areas including fallow land, foreshore and sea-bed. The study is anticipated to be completed by 2014.

- Industrial land: PlanD has completed the latest Area Assessments of Industrial Land in the Territory, looking into industrial land in “Industrial” and “Other Specified Uses” annotated “Business” (“OU(B)”) zones which are not yet developed and reviewing the uses of existing private industrial buildings in these two zones. It is recommended that approximately 60 ha of industrial land can be rezoned to non-industrial use, and half of which, i.e. about 30 ha, located in Tsuen Wan, Yuen Long, Fo Tan, Siu Lek Yuen, Tuen Mun, Tai Kok Tsui and Fanling, can be rezoned for residential use. The process of amending the OZPs involving the Tsuen Wan and Yuen Long sites has been completed. The amendments to the OZP involving the Tai Kok Tsui site were gazetted in August 2011, and the representations and comments received are being processed. The process of amending other OZPs will commence soon. If all the rezoning proposals are implemented, the area of “Industrial” zones will be reduced from about 297 ha to about 241 ha, while the area of “OU(B)” zones will be increased from about 200 ha to about 209 ha in the territory.
  
- Green Belt (GB) Zone: At present, about 15 258 ha of land in the territory is zoned as “GB”, accounting for about 26% of the total area of land covered in the statutory town plans. The planning intention of the “GB” zone is primarily to conserve the natural environment, define the limits of urban and suburban development areas with natural features, contain urban sprawl and provide passive recreational outlets. The first phase of the review has been completed, with focus on “GB” sites in the New Territories that are devegetated, deserted, formed or spoiled. Our aim is to identify government land suitable for sale for private residential development and government land and/or private land suitable for public/subsidised housing development by way of land resumption and clearance. Taking into account various factors, including land ownership, topography and environment of the surrounding areas, our initial proposal is that a total of 15 “GB” sites, which are located in Tai Po, Sha Tin, Tuen Mun, Yuen Long and Sai Kung districts, can be rezoned for residential use. Statutory plans should first be amended before rezoning of the “GB” sites for residential use. We will consult the public on the rezoning according to the established procedures. The second phase of the review has also commenced, with focus on private land which would allow developers to carry out residential or other development uses through rezoning. The whole review is expected to be completed in mid-2012.
  
- Government, Institution or Community (G/IC) Sites: The review has been completed. According to the findings, 24 sites have been identified to be suitable for residential development. Most of the sites are located in G/IC zones. Statutory plans should first be amended before rezoning of the sites for residential development. We will consult the public on the

rezoning according to the established procedures. We will also study ways to reduce the restrictions posed by some government utilities to the development of adjacent areas so as to release more land available for other uses. Examples include the former Wong Tai Sin Police Quarters sold in 2007 for private residential development with the residential flats already completed; the former Hung Hom Lee Kung Street Customs & Excise Married Quarters sold in 2011 for private residential development; the ex-Government Supplies Depot site at Oil Street in North Point sold in 2011 for hotel and residential/commercial development; and the former Kwai Chung Police Married Quarters, the former Sha Tin Fire Services Rank & File Quarters as well as the former Sha Tin Police Married Quarters already redeveloped for public housing development.

### **Building Safety**

- We announced in October 2010 a new, multi-pronged package of measures, and in parallel allocated additional resources to the Buildings Department (BD) to enhance building safety in Hong Kong. Over the past year, most of these measures have been fully implemented, including the introduction of the Minor Works Control System (MWCS), revision and enhancement of the enforcement policy against UBWs, launching a number of large-scale operations, conducting a stock-taking exercise for all the UBWs in the territory, consolidation of various financial and technical assistance schemes for building owners, and enhancement of publicity and public education. More other work has also entered the final stage of preparation, which is expected to be implemented in the coming year.
- On the mandatory inspection of buildings and windows, with the passage of the Buildings (Amendment) Ordinance 2011 and the subsidiary legislation by the Legislative Council (LegCo) in June and December 2011 respectively, the BD launched the registration of Registered Inspectors under the Mandatory Building Inspection Scheme on 30 December 2011. The two schemes will be fully implemented in 2012. We will table the commencement notice to the LegCo later to bring into operation the remaining provisions of the Buildings (Amendment) Ordinance 2011, including the empowering sections for issuance of statutory notices requiring the inspection of buildings and windows as well as the technical and procedural requirements for inspections.
- Besides, we will fully co-operate with the LegCo to complete the scrutiny of the Buildings Legislation (Amendment) Bill 2011 as soon as possible, so as to implement the new measures to further enhance the enforcement efficiency of the BD. Meanwhile, we hope that another legislative amendment can be completed within this legislative year, which will include extending the

MWCS to cover building works commonly associated with sub-divided flats to enhance works quality control.

- On law enforcement, the BD will step up enforcement against UBWs in New Territories village houses. UBWs which constitute blatant contravention of the law and impose higher potential risks will be systematically removed. Meanwhile, we will introduce a reporting and regular safety certification scheme for existing UBWs in village houses which constitute relatively less serious contravention of the law and pose lower potential risks. The purpose of this scheme is to safeguard the structural safety of village houses and collect information for formulation of further follow-up plans. In addition, the BD will also further step up enforcement against sub-divided flats by increasing the number of target buildings with sub-divided flats to be inspected under large scale operations by more than 30% to 200 per year. 30 industrial buildings have been targeted for the first time. In response to concerns about potential fire risks posed by hawker stalls to nearby buildings, the BD will seek to complete a one-off special operation by the middle of this year under which sub-divided flats in old buildings near hawker stalls will be inspected, bringing the number of buildings with sub-divided flats to be inspected by the BD to about 370 in 2012.
- As part of the above ongoing efforts, we have increased considerably the resources allocated to the BD over the past two years, for the purpose of protecting building safety in Hong Kong. Together with the additional resources allocated to the BD in the financial year 2011-12, the total amount of resources to be allocated to the BD in the coming year is \$408 million more than that two years ago. As such, the number of civil service posts in the establishment of the BD has increased by more than 230 in two years, representing an increase of nearly 25%.

### **“Operation Building Bright” (OBB)**

- In May 2009, we launched the OBB as one of the measures for “preserving jobs” amidst the financial tsunami and for the purpose of improving building safety in Hong Kong. Together with the Government’s four-time injection totalling \$3.2 billion and the Hong Kong Housing Society’s and the URA’s \$0.3 billion, the \$3.5 billion funding of the OBB has so far subsidised owners of about 1 500 old buildings to carry out repair works and created over 28 700 job opportunities.
- We estimate that the \$3.5 billion OBB will be able to provide assistance to more than 3 000 buildings aged 30 years or above and create more than 60 000 job opportunities related to the construction industry.

## Urban Renewal

### *“Pilot scheme” for redevelopment of industrial buildings*

- In his 2012-13 Budget, the FS proposed to invite the URA to launch redevelopment projects of industrial buildings in the form of a pilot scheme to provide a new impetus to our work on the revitalisation of industrial buildings. The Board of the URA will deliberate on the criteria for the selection of industrial buildings and the implementation timetable of the pilot scheme. The scheme is expected to be launched in the coming one to two years.
- After trying out the pilot scheme, the Government will review the situation. If the URA is to be heavily involved in the redevelopment of industrial buildings in future, we propose to make another injection to it when necessary. This is to ensure that the URA’s task of improving the living environment of people residing in old buildings will not be affected.

### *Implementation of the new Urban Renewal Strategy (URS)*

- Over the 12-month period since the promulgation of the new URS on 24 February 2011, the URA Board and staff have spared no efforts in implementing all the initiatives under the new Strategy. The details are as follows:
  - (i) “Demand-led” scheme and “facilitator” scheme

The URA announced the details of its “demand-led” scheme and “facilitator” scheme in July 2011 and started accepting applications from interested owners.

By the close of applications for the “demand-led” scheme in end October 2011, a total of 25 applications were received. These applications were screened by the URA Board. As most of these applications failed to meet the scheme requirements, they were rejected. For eligible applications, the URA has completed the vetting process and selected suitable projects for inclusion into its 2012-13 Business Plan and 2012-13 to 2016-17 Corporate Plan for submission to the FS for approval.

As for the “facilitator” scheme, the URA has received three applications since its launch in July 2011. As one of the applications failed to meet the ownership threshold specified, it was rejected. Another application was assessed to be financially viable by the independent valuation

consultant engaged by the URA. The subsidiary company of the URA, set up to undertake the intermediary service of facilitation, is now following up on this application in full strength. The latest application was only received in mid-February and is still being vetted by the company.

(ii) “Flat for flat” scheme at Kai Tak

Late last year, the Executive Council approved the private treaty grant for site A of Site 1G1 at the Kai Tak Development to the URA at market value reflecting the conditions of the land grant and other restrictions. The URA will develop modest flats at the site to implement the “Flat-for-flat” scheme. It is expected that the site can be handed over to the URA in April at the earliest. Site A will provide about 500 flats with sizes ranging from 400 to 650 square feet (saleable area). The flats will be available in 2016. Affected eligible owner-occupiers of the URA redevelopment projects that are commenced after the promulgation of the new URS can opt for the “Flat-for-flat” arrangement. At its press conference on 27 February, the URA announced the details of its “Flat for Flat” Scheme at Kai Tak and in-situ for the owner-occupiers affected by the first redevelopment project commenced after the promulgation of the new Urban Renewal Strategy at Pak Tai Street/San Shan Road. The “Flat-for-flat” Scheme will provide them with an alternative apart from cash compensation.

(iii) Kowloon City District Urban Renewal Forum (KC DURF)

The KC DURF was set up in June 2011 and comprises 15 non-official members as well as government and URA representatives. A Chief Town Planner post was created in May last year after approval was given by the Finance Committee of the LegCo in the same month. Three non-directorate posts were also created to provide professional and secretariat support for the KC DURF. The KC DURF has already met four times and will soon commission a consultant to conduct a planning study, a social impact assessment study as well as the first stage public engagement exercise for Kowloon city district.

(iv) “Urban Renewal Trust Fund”

The Urban Renewal Fund Limited (URFL), registered as a company limited by guarantee, was incorporated in mid-August 2011. The URFL Board comprises a total of ten members. All of them were officially appointed to the Board in August 2011 to manage the Urban Renewal Trust Fund (the Fund) for which the URA had made an

endowment of \$500 million to provide funding support for the various activities as stated in the new URS. In November 2011, the Fund was granted charitable status for tax exemption purpose by the Inland Revenue Department. The URFL has commenced work. Last year, the URFL renewed the contracts with the three social welfare organisations providing social service teams on Hong Kong Island and Kowloon for the URA in the past. The service contracts have been extended to the end of 2012 to allow time for the URFL Board to conduct a review on the scope of service and the manpower requirements of the incumbent social service teams. The URFL Board is also considering the funding applications submitted by the Secretariat of the KC DURF and it will also announce the details of a new funding scheme to support heritage preservation and district revitalisation initiatives in the overall context of urban renewal soon.

### **Harbourfront enhancement**

- Victoria Harbour is a precious public asset of Hong Kong, and people are attaching greater importance to the long-term development of the harbourfront. We will continue to take forward harbourfront enhancement initiatives with a view to building continuous waterfront promenades on both sides of the harbour and increasing leisure and recreational open space for the enjoyment of the public and tourists alike. Upon completion of all the on-going and approved waterfront promenade projects, including the two advance promenades in Central and Quarry Bay (Hoi Yu Street), as well as the Kai Tak Runway Park Phase 1 adjacent to the Cruise Terminal and Kwun Tong Promenade Stage 2, the length of the water promenade open for public use will be extended by two kilometres.
- To create a vibrant harbourfront with more diversified attractions, the DEVB is exploring with the Harbourfront Commission on the establishment of a statutory and dedicated harbourfront authority, which will push ahead with the design, construction, operation and management of harbourfront projects with a creative mindset, flexible framework and entrepreneurial culture. We have already commenced the relevant research work and discussion, and expect to put forward a proposal in the middle of this year. If the proposal is widely supported by the community, the Government will provide the necessary financial support.

## **Cross-boundary co-operation projects and infrastructure**

- The Framework Agreement on Hong Kong/Guangdong Co-operation signed in April 2010 consists of a number of regional co-operation projects and cross-boundary infrastructure, while there are four development-related initiatives co-ordinated by the DEVB, namely the development of the Lok Ma Chau Loop, the Study on the Action Plan for the Bay Area of the Pearl River Estuary (the Study), the development of Liantang/Heung Yuen Wai Boundary Control Point and the supply of Dongjiang water.
- Both the Hong Kong and Shenzhen Governments have reached preliminary consensus on various issues including development positioning, applicable laws, land administration and co-development mechanisms. A co-operation agreement on jointly taking forward the development of the Lok Ma Chau Loop was signed at the Hong Kong/Shenzhen Co-operation Meeting on 25 November 2011. With respect to the development of the Lok Ma Chau Loop, both sides agreed that higher education could be the leading land use in the Loop, complemented with hi-tech research and development facilities as well as cultural and creative industries. The Stage 1 public engagement exercise for the Planning and Engineering Study on Development of Lok Ma Chau Loop was completed in early 2011. We will commence the Stage 2 public engagement exercise on the proposed Outline Development Plans in the second quarter of 2012. The whole study will be completed in 2013 and is scheduled for implementation in 2020 to complement the aim of the Outline of the Plan for the Reform and Development of the Pearl River Delta (PRD) (2008-2020).
- The Study has devised a planning concept for developing the Bay Area surrounding the Pearl River Estuary into a focal point of the Greater PRD region, making it an area for quality living as well as favourable to economic development. Subsequent to the governments of Hong Kong, Guangdong and Macao's initial proposal to conduct the public engagement exercise in Hong Kong, Guangdong and Macao concurrently, the Stage 2 public engagement exercise of the Study is anticipated to commence in the middle of this year. The whole study is scheduled for completion within this year. The proposals put forward by the Study mainly concern planning principles or directions that could serve as a reference by the three Governments when considering their own individual policies and measures. They do not involve individual developments or works projects. We will formulate development projects in accordance with the mode of development in Hong Kong. We will carry out consultation and study in accordance with the established procedures before implementation of any proposal.

- I have mentioned the development of Liantang/Heung Yuen Wai Boundary Control Point and the supply of Dongjiang water in the last session. I will not repeat the projects here.

### **Conclusion**

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

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