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LEGISLATIVE COUNCIL
PANEL ON DEVELOPMENT

Overview of Land Supply

PURPOSE

This paper provides Members with an overview on the Government's multi-pronged strategy to increase land supply and the latest progress of the various initiatives for the short, medium and long term.

LAND FOR HONG KONG'S DEVELOPMENT

2. Land has always been an indispensable ingredient in Hong Kong's housing, economic and social development. Supplying Hong Kong with adequate land that it needs to house our growing population, to support our continued economic development and to ensure sufficient public facilities to serve our population, is always a priority agenda of the Government. Planning and land development in Hong Kong has always been challenging given the unique and mountainous topography of our city and major shifts in demographic and economic structure our city has seen over the decades. In the past, especially before the new millennium, land development had been more or less in tandem with population and economic growth. However, land development has drastically slowed down in the past decade.

3. From the 1970s to 1990s, the Government had steadily and substantially increased the area of developable land in Hong Kong by developing new towns through reclamation and land formation in the rural New Territories (NT) so as to cope with the rapid and diversified economic growth, and to cater for the housing and social needs of the rapidly growing population[1]

[1] Over the three decades between 1970 and 2000, the total population in Hong Kong had increased from about 3.96 million to about 6.67 million, or by about 2.71 million/68%, at an annual average of about 90 000 or 1.8% per annum. The number of households had been increasing at an even higher rate: between 1971 and 2000, the number of domestic households increased from about 0.861 million to about 2.04 million, or by about 1.18 million/1.4 times, at an annual average of about 41 000 or 3.0% per annum, due to the rapid decline in average household size from 3.9 persons to 3.1 persons during the period.

and economy[2]. Since the 1970s, the Government has been developing nine new towns[3]. The development of our last new town, Tung Chung, commenced back in the early 1990s. Taking reclamation as an example, between 1985 and 2000, we had created over 3 000 hectares (ha) of land through reclamation, i.e. an average of about 200 ha (2 km^2) per annum.

4. As a result of the Asian Financial Crisis and the subsequent downturn, Hong Kong had seen a significant slump in its economy and property market during the late 1990s and early 2000s. To stabilise the property market, the Government introduced a series of measures in 2003 and 2004 that curtailed land supply and housing development. In view of the significant drop in demand for land, many land development initiatives that were recommended in the Territorial Development Strategy Review completed in 1996 were shelved. The supply of new developable land through reclamation and site formation and different types of properties have slowed down significantly over the past decade despite the continued growth in population and household number, and picking up of economic growth since 2004. Over the period between 2000 and 2013, only about 570 ha of land, or an average of some 40 ha per annum, were reclaimed. This land shortage contributes to rising rent and price and ever lower vacancy in housing, office, commercial and industrial space.

5. Our latest statistics/projections on population, households, GDP, private housing stock, subsidised housing stock and non-domestic floorspace, both in absolute amounts and in compound annual growth rates are shown in **Annex A**. The statistics show that the continued growth in population and number of domestic households since the new millennium, even though slower than before[4], has outstripped the housing supply during the same period. The growth of non-domestic floorspace has also been lagging behind our real GDP growth. Meanwhile, our future population, household and GDP are projected to continue to increase, albeit at a slower pace. Our society is also rapidly ageing. These present major challenges to the future development of Hong Kong as a whole.

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2 Over the three decades between 1970 and 2000, the Gross Domestic Product (GDP) in Hong Kong had increased from about HK$195 billion to about HK$1,306 billion, by about 5.7 times or at about 6.5% per annum.

3 Namely, Tsuen Wan, Sha Tin, Tuen Mun, Fanling/Sheung Shui, Yuen Long, Tai Po, Tin Shui Wai, Tseung Kwan O and Tung Chung.

4 Between 2000 and 2014, Hong Kong's population increased from about 6.66 million to about 7.24 million, or by about 577 000/8.7%, or an annual average of about 41 000 or 0.6% per annum; and the number of domestic households increased from about 2.04 million to about 2.43 million, or by about 394 000/19.3%, or an annual average of about 28 000 or 1.3% per annum.

CURRENT DEMAND FOR LAND

Housing

6. With respect to housing supply, as a result of economic and market conditions, as well as the property market stabilisation measures in 2003 and 2004, the new completion of residential units[5] had contracted from around 47 000 in 2004 to 19 000 in 2007. As the economy revives, property price and rent pick up. The rental and price indices have hit a record high in 2015 in spite of some moderation in recent months. The rental and price indices as at November 2015 were 173.7 and 293.4 respectively, as compared with 115.7 and 120.5 back in 2008. As at end 2014, there were only some 43 264 vacant private domestic flats, equivalent to a vacancy rate of about 3.8%, which was the lowest since 1997. In terms of public rental housing (PRH), as at end September 2015, the average waiting time[6] for general applicants was 3.6 years. Separately, there were about 142 800 general applicants (i.e. family and elderly one-person applicants) and about 133 600 non-elderly one-person applicants under the Quota and Points System (QPS).

7. The Government takes pains to increase land and housing supply to avert the imbalance between demand and supply. Our multi-pronged strategy starts to bear fruits. On private housing, the new completion of private housing units has picked up and reached around 15 700 in 2014 and the projected supply from the first-hand residential property market for the coming three to four years is approximately 87 000 units, a record high since the first release in September 2004 of the quarterly statistics on supply. On public housing, based on the latest information, the total public housing production of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society in the five-year period from 2015/16 to 2019/20 is about 97 100 units, comprising 76 700 PRH units and 20 400 subsidised sale flats. This latest production forecast is higher than similar forecasts starting from 2013/14 and 2014/15.

8. As announced in December 2015, the Government has updated the

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5 Includes both private and public housing, but excludes village housing.

6 HA's target is to provide the first flat offer to a general applicant at around three years on average. Waiting time refers to the time taken between registration for PRH and first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). The average waiting time for general applicants refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

total housing supply target for the coming 10 years (i.e. 2016/17 to 2025/26) to 460 000 units, with public housing accounting for 60%, i.e. 280 000 units, and private housing accounting for 40%, i.e. 180 000 units. Delivering this target will undeniably remain a huge challenge for both the Government and the community in view of the continued shortage of land supply. Given the significant slowdown in land development in the past decade, we have to press ahead full steam to catch up on land supply to meet the housing demand of the Hong Kong community. We also need to provide more land to accommodate the necessary infrastructure, utilities, open space, government, community and recreational facilities, etc. to serve the population especially in those areas with new housing supply.

Economic Activities

9. Apart from housing land, we also need to provide land to meet the continued demand for more space for economic activities including land/space for commercial facilities and industrial development, so as to sustain Hong Kong's economic development and provide new employment opportunities. After a modest growth of 9% in real terms between 1997 and 2003, the GDP of Hong Kong had picked up and risen by about 47% in real terms between 2004 and 2014. During the same period, however, floor space for economic activities only recorded a modest increase. From 2004 to 2014, the total private office stock in terms of internal floor area (IFA) had increased by only about 13%, while the vacancy rate of private offices, after soaring to a record high level of 12.7% in 2004, had been on a steady declining trend and reached 6% to 7% in the past three years. The rental and price indices for private offices also continued to increase (from 78.1 and 99.3 in 2004 to 213.7 and 423 in 2014 respectively) during the same period.

10. The private commercial stock (retail included)[7] had increased by about 16% over 2004 to 2014. After reaching its highest level of 10.8% in 2004, the vacancy rate of private commercial stock had continued to decline and reached just 6.9%, 7.2% and 7.3% in 2012, 2013 and 2014 respectively. Similarly, the rental and price indices for private retail also continued to increase (from 92.8 and 119.3 in 2004 to 173.1 and 521.2 in 2014 respectively) during the same period. Separately, the private flatted factories[8] stock had

[7] Private commercial premises include retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices. Commercial premises owned by The Link Real Estate Investment Trust (The Link REIT) had been included in the Rating and Valuation Department's statistics starting from 2006.

[8] Private flatted factories comprise premises designed for general manufacturing processes and uses, including offices, directly related to such processes, and normally intended for sale or letting by the developers.

decreased slightly by 2.6% between 2004 and 2014, while its vacancy rate had declined from 8.7% in 2004 to a low of 5.0%, 5.8% and 5.6% in 2012, 2013 and 2014 respectively. The rental and price indices for private flatted factories also continued to increase (from 77.3 and 88.6 in 2004 to 160.1 and 688 in 2014 respectively) during the same period. Besides, the private storage stock had increased by about 7.6% during the same period, with its vacancy rate of 4.5%, 4.6% and 5.9% in 2012, 2013 and 2014 respectively.

FUTURE DEMAND FOR LAND

11. According to the latest projection of the Census and Statistics Department (see **Annex A**), the population of Hong Kong between 2014 and 2043 is forecasted to increase by about 980 000 from about 7.24 million to about 8.22 million (i.e. about 14% or 0.4% per annum). Meanwhile, the number of domestic households between 2014 and 2044 is forecasted to increase at an even higher proportion by about 500 000 households from about 2.43 million to about 2.93 million (i.e. about 20% or 0.6% per annum). The increase in household number is faster than that in population due to the projected continued decline in the average household size from 2.9 persons in 2014 to 2.7 persons in 2044. As a comparison, the magnitude will be equivalent to 3.5 times the number of households in Shatin New Town (excluding Ma On Shan).

12. Even though the growth in population and domestic households are slower than projected before[9], they are still expected to be on the rise over the next 30 years and there is still a continued need for more housing, in particular when the size of average household will continue to go downwards. Besides, the majority of our private residential buildings were built in the 1970s and 1980s (comprising about 40% of our total private residential building stock of about 1 140 000 units). As they become older, the need for redevelopment will inevitably increase. The redevelopment of existing residential buildings usually takes a long lead-time due to the need for amalgamating the fragmented ownership, plus the time taken for going through the development process including planning process, land transaction and building works. Although the redeveloped buildings should contribute eventually to the housing supply, the

[9] According to the 2011 Population Projection by the Census and Statistics Department, Hong Kong's population will continue to increase by about 1.4 million from about 7.07 million to about 8.47 million between 2011 and 2041 (i.e. about 20% or 0.6% per annum). Meanwhile, the number of domestic households is forecasted to increase by about 678 700 from about 2.37 million to about 3.05 million between 2011 and 2041 (i.e. about 29% or 0.8% per annum).

displacement of occupants for a prolonged period would in effect give rise to demand for additional land for housing. As the need for redevelopment rises, such a demand would become more sizeable.

13. Meanwhile, Hong Kong will face great challenges in various social and economic areas due to the rapid changes in the demographic structure of our population. With our ageing population, our elderly's demand for hospitals, elderly homes and various buildings and community facilities that support and facilitate "ageing in place" will only be on the rise. Land and space are required to provide such facilities and services. As far as economic development is concerned, with a diminishing labour force in future, we will need to increase land supply to facilitate the development of an innovative and knowledge-based economy, so as to enhance productivity and sustain Hong Kong's economic competitiveness. Moreover, aligning with the objectives of the population policy, new land supply would provide us with the much needed room to improve the living space and environment for Hong Kong, which would help retain/attract talents as well as the second generation of Hong Kong emigrants.

14. Our current acute land shortage is a direct result of the significant slowdown in land development since the new millennium, as a result of economic downturn and financial austerity. Land supply and development takes a long lead time from planning to realisation. For instance, when opening up a large area for development, a planning and engineering (P&E) study will usually be required. Coupled with other statutory and necessary procedures, the entire land development process usually requires some 11 to 14 years. Even smaller scale developments at individual areas or sites would require conducting technical assessments, going through planning and other development processes, and providing necessary supporting infrastructure. A painful lesson we have learnt from our current acute land shortage is that land development must be taken forward well ahead of time and such work must be sustained and never be stopped regardless of any short-term economic fluctuations. What the Government should do is not only to press ahead full steam to catch up on the previous slowdown in land supply, but also to continue the land use planning and development while upholding the principle of sustainable development and striking an appropriate balance between development and conservation, in order to create a land bank that could be tapped to support Hong Kong's sustainable development and avoid a repeat of the acute land shortage which Hong Kong is now painfully facing.

LAND SUPPLY

Multi-Pronged Strategy to Increase Land Supply

15. As illustrated above, the need for increasing land supply to support Hong Kong's sustainable development is indisputable. In providing land for development, the Government will continue to strike an appropriate balance between development and conservation, having regard to the established planning guidelines and standards to achieve sustainable development; and adopt a multi-pronged strategy to increase land supply in the short, medium and long term, through the continued and systematic implementation of a series of measures, including the optimal use of developed land as far as practicable and identification of new land for development.

16. The Development Bureau (DEVB) together with relevant government departments including the Planning Department (PlanD), Civil Engineering and Development Department (CEDD) and Lands Department (LandsD) have been pressing ahead the various initiatives under the multi-pronged approach with a view to increasing land supply and building up a land reserve. These land supply measures cover the short, medium and long-term, and can be broadly classified into the following five categories –

(a) **increase development intensity of developable land**: this mainly concerns allowing the development intensity of individual housing sites to be increased by up to 20% where planning terms permit, and lifting development restrictions applied long since to specific areas where it is considered justified and acceptable to do so;

(b) **change of use of existing land and convert idling reserved sites**: this mainly involves conducting land use reviews of existing land (e.g. government sites and green belt, etc.) to identify potential sites suitable for housing development and initiate change of their uses, and converting to housing use reserved sites with no development plan or for which the original purpose is no longer pursued;

(c) **facilitate/expedite development/redevelopment on existing land**: this mainly involves expediting the railway property development projects and urban renewal projects, streamlining the development processes and introducing new measures such as the Pilot Scheme for Arbitration on Land Premium to facilitate private development/ redevelopment;

(d) **take forward major land development projects**: this mainly concerns taking forward P&E studies and works for comprehensive development of new development areas and new town extensions, including the conversion of vast tracts of "brownfield" sites and squatter areas in the rural NT for high density development; and

(e) **explore new sources of developable land/space**: this mainly involves conducting studies to explore new mode or source of providing developable land/space including reclamation outside Victoria Harbour, developing remaining parts of the NT, potential caverns in the territory, underground space in existing built-up areas and developing Lantau Island.

Latest Progress of Various Land Supply Initiatives

17. Generally speaking, the initiatives in paragraphs 16(a) to (c) aim at increasing short- to medium-term land supply, while major land development projects and exploration of new land/space under paragraphs 16(d) to (e) would take time to plan and implement, and will provide land supply for the medium and long-term. In all cases, making the land available for development is subject to consideration of various technical factors, including traffic impact, environmental (e.g. noise and air quality) impact, air ventilation and visual impact, infrastructural capacity, re-provisioning of affected facilities, site clearance, etc. In many cases, the development may require infrastructural works (e.g. site formation, access road or other infrastructure provision). **Annex B** shows the map of Hong Kong indicating various major land supply initiatives.

(A) Short- to medium-term land supply

18. In view of shortage of housing, there is no easy, painless option to increase or to expedite land supply in the short run. The most immediate and effective way to augment housing land supply in the short to medium term is to make more optimal use of the developed areas in the existing urban areas and new towns, as well as nearby land in the vicinity of existing infrastructure, through land use reviews and increasing development intensity where planning terms permit. The latest estimated developable land area, flat production and years of population intake of the various major short to medium term land supply initiatives are set out as follow:

Short to Medium Term			
	Estimated Developable Land Area (about) (ha)	**Estimated Flat Production (about)**	**Estimated Years of Population Intake**
Land Use Reviews - Some 150 Potential Housing Sites (2014/15-2018/19)	including about 70 Green Belt sites of over 150 ha	＞210,000 (>70% public housing units i.e. > 147,000)	Depending on circumstances of individual sites
Kai Tak Development	323	41 000	2014 and after
Diamond CDA Site	7.18	4 050 (all public housing)	Starting from 2020
Ex-Cha Kwo Ling Kaolin Mine	3.29 (residential area)	2 240 (public/private: about 1:7)	Starting from 2023/24
Anderson Road Quarry	40	9 410 (public/private: about 2:8)	Starting from 2023/24
Ex-Lamma Quarry	20	1 900 (public/private: about 4:6)	2024 - 2025
Railway Property Developments – Committed Projects*	27	15 400	Depending on circumstances of individual sites
Urban Redevelopments Implemented by the Urban Renewal Authority (URA)#	2.2	2 600	Depending on circumstances of individual sites

<u>**Note**</u>: The estimated developable land area, flat production and years of population intake are subject to changes.

* Excluding potential property developments (e.g. Siu Ho Wan Depot)

\# Based on the URA's commenced residential projects with actual/projected tender invitation timetable in the 5 years from 2015-16 to 2019-20.

<u>Housing Land</u>

(1) Land Use Reviews

19. As announced in the 2014 Policy Address, PlanD has conducted reviews on the government land currently vacant, under Short Term Tenancies

or different short-term, Government, Institution or Community and other government uses, as well as Green Belt sites. With the said efforts, we have identified in total some 150 potential housing sites, most of which we aim to make available in the five years of 2014/15 to 2018/19 for housing development with a view to providing over 210 000 flats, with over 70% of them for public housing, subject to timely amendments to their respective statutory plans for change of land use and/or increase in development intensity.

20. Among these some 150 potential housing sites, as at end December 2015, 46 sites had completed the statutory rezoning procedures for housing development, and are estimated to provide a total of about 41 000 housing units (providing about 20 600 public housing and 20 400 private housing units). Out of the said 46 sites, 16 have already been allocated for public housing development (about 20 600 flats) and 6 have been sold for private housing development (about 3 800 flats). Another 17 sites have their statutory rezoning procedures initiated; and if completed are estimated to provide a total of about 33 400 housing units (of which some 21 900 are public housing units and 11 500 are private housing units)[10]. A breakdown of the progress of the sites by district is set out at **Annex C**. As mentioned in 2016 Policy Address, we will also consider slightly expanding the area of certain sites where feasible in planning and technical terms. Our preliminary estimate is that this could potentially generate an additional supply of about 17 000 units, 90% of which will be public housing units.

21. For the various initiatives to increase land supply announced in the 2013 Policy Address, a total of 42 sites were zoned or being rezoned for residential use in the short to medium term by end 2013 (capable of providing about 39 200 flats in total, including 23 500 public housing units and 15 700 private residential flats) and were not counted within the aforesaid some 150 sites announced in the 2014 Policy Address. Some 38 of them have already been allocated for housing developments for providing about 38 600 housing units (23 500 public housing and 15 100 private housing units).

22. As mentioned by the Government on various occasions, we will continue to carry out land use reviews on suitable areas so as to identify more developable sites for housing and other uses in the short to medium term. We will consult the District Councils (DCs) and relevant stakeholders on the development of individual sites as and when they are ready, and submit for consideration by the Town Planning Board (TPB).

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[10] The 17 sites include three sites that were reverted to the original zonings or the proposed rezoning of which was not agreed by the Town Planning Board. The estimated flat production of 33 400 flats has excluded the flat production of these three sites.

(2) Increasing Development Intensity where Planning Terms Permit

23. The Government announced in the 2014 Policy Address that except for the north of Hong Kong Island and Kowloon Peninsula, which are more densely populated, the maximum domestic Plot Ratio (PR) that can be allowed for housing sites located in other Density Zones of the Main Urban Areas and New Towns would be raised generally by about 20% as appropriate. It should be noted that the increase in development intensity of individual housing sites is not automatic, and will continue to be subject to necessary approval by TPB under the statutory planning mechanism where applicable. The increase in the maximum domestic PR of a site will continue to be subject to relevant planning principles and considerations, and will be pursued only when there is scope in terms of development capacity, and the various constraints and impacts so arising, if any, could be addressed or mitigated through appropriate measures. Since the inauguration of current-term Government, TPB has, up to end 2015, approved applications to relax the development intensity of 41 housing sites, leading to an additional supply of about 7 750 units.

(3) Urban Renewal Projects

24. From 2004-05 to 2014-15, the Urban Renewal Authority (URA) had tendered out 28 redevelopment projects for joint venture developments. Upon completion, these projects will provide a total of about 10 100 flats. In 2015, URA awarded tenders for joint venture development of three projects at Pak Tai Street/San Shan Road, Ma Tau Kok, Sai Wan Ho Street, Shau Kei Wan, and 205-211A, Hai Tan Street, Sham Shui Po in July, September and December 2015 respectively, these three projects will provide about 350 units. URA also invited tenders for a project at Kowloon City Road/Sheung Heung Road, Ma Tau Kok (about 216 flats). Together with a URA self-developed project at Ma Tau Wai Road/Chun Tin Street, Ma Tau Kok (about 490 flats), for which the requisite land document was executed in April 2015, these five projects will yield a total of about 1 060 flats. URA will continue to redevelop dilapidated private buildings through self-initiated projects and projects under the “Demand-led Scheme”.

(4) Railway Property Developments

25. Railway property development projects are an important source of private housing land supply. Since 2011/12, the flat production capacity of the railway property development projects successfully tendered have contributed significantly to that of the aggregate private housing land supply. The MTR Corporation Limited (MTRCL) is a listed company and has the discretion in

deciding how to take forward its own property development projects. In view of the tight private housing land supply situation, we continue to encourage MTRCL to implement its own projects, including the remaining packages of LOHAS Park (about 6 500 flats), Homantin Station (about 1 400 flats) and Wong Chuk Hang Station (about 4 700 flats), and have received positive response from MTRCL. DEVB will also continue to take forward the remaining West Rail property development projects, including the Kam Sheung Road Station (about 2 692 flats) and Pat Heung Maintenance Centre (about 6 060 flats). We will also continue to actively explore with the MTRCL the development potential of stations and railway-related sites along existing and planned rail lines. The preliminary estimate is that such sites, including the Siu Ho Wan Depot in Lantau, can provide over 12 000 flats.

(5) Development of Former Diamond Hill Squatter Areas and Quarry Sites

26. The development of the former Diamond Hill Squatter Areas (Tai Hom Village), as well as the former Cha Kwo Ling Kaolin Mine (CKLKM) and Anderson Road Quarry (ARQ) sites is in good progress. The CKLKM site will provide 2 240 flats, and the ARQ site is estimated to have a capacity to produce about 9 410 flats. On the other hand, in view of the suggestions from the DC and locals, we have revised the development proposal for the former Diamond Hill Squatter Areas, which will provide about 4 050 public housing (including both PRH and Home Ownership Scheme (HOS)) units, as well as other facilities. We are also considering making use of private developers' capacity to expedite these developments and are further studying the financial viability of the former Lamma Quarry development.

(6) Kai Tak Development

27. To tie in with transformation of Kowloon East into a core business district (CBD) and the public aspiration for housing supply in the urban area, we carried out a land use review and completed a technical study on increasing its development intensity of the Kai Tak Development (KTD) in 2014, which confirmed the technical feasibility of increasing the development intensity to provide additional housing units and commercial floor area of no fewer than 6 800 flats and 430 000 m^2 respectively in KTD. We are continuing to explore the technical feasibility of further increasing the housing supply in KTD.

Land for Economic Uses

(7) Conversion of Suitable Government Sites in Core Business Districts into Commercial Use

28. By converting suitable government sites into commercial use, the sites so released will help increase the supply of commercial floor space, thereby facilitating the development of different types of economic activities. The Government is pursuing the conversion of suitable government sites in the CBDs, such as the Murray Road Public Carpark in Central, Queensway Plaza in Admiralty and the government site on Caroline Hill Road, into commercial uses.

(8) Energizing Kowloon East

29. Kowloon East (KE), being the second CBD in Hong Kong, has the potential to supply an additional commercial/office floor area of about 5 million m^2. To expedite the process, we are considering relocating or re-organising the existing government facilities in the two action areas of KE and making available some vacant and appropriate sites in the action areas to the market as soon as possible. It is expected that these two action areas will be able to provide about 560 000 m^2 of floor area in total for commercial/office and other uses. In the next 5 years, we estimate that another 800 000 m^2 could be provided for commercial/office use.

(B) Medium- to long-term land supply

30. Creating new land supply is an essential source of land in the medium to long term to address housing and other socio-economic development needs. The Government is striving to take forward as expeditiously as possible a number of land supply projects including but not limited to New Development Areas (NDAs) and new town extension; review of deserted agricultural land and brownfield sites in the NT; planning for the long-term development of the NT North and Lantau; exploring other reclamations on an appropriate scale outside Victoria Harbour; rock cavern and underground space developments; etc. Furthermore, as part of the Government’s on-going efforts in identifying suitable areas for the long-term development of Hong Kong, we will carry out a P&E study for the re-planning of Tseung Kwan O Area 137, which is a sizeable piece of land readily available in the urban areas with potential for large-scale developments. The latest estimated developable land area, flat production or population/development capacity and years of population intake/development time of the major medium to long term land supply initiatives are set out below:

Medium to Long Term			
	Estimated Developable Land Area (about) (ha)	**Estimated Flat Production (about)**	**Estimated Years of Population Intake**
Kwu Tung North and Fanling North NDAs	320	60 000 (public/private: about 6:4)	2023 - 2031
Tung Chung New Town Extension (TCNTE)	130	49 400 (public/private: about 6:4)	2023 - 2030
Hung Shui Kiu NDA	442	60 100 (public/private: about 5:5)	2024 - 2037
Yuen Long South	183	27 700 (public/private: about 6:4)	2026 and after
Kam Tin South	60	16 700 (public/private: about 5:5)	2024 and after
Railway Property Developments – Committed Projects*	24	6 060	subject to study

Note: The estimated developable land area, flat production and years of population intake are subject to changes.

* Excluding potential property developments (e.g. Siu Ho Wan Depot)

Longer Term			
	Approximate Land Area Involved (about) (ha)	**Approximate Population/ Development Capacity**	**Approximate Development Time**
Reclamation (including Sunny Bay, Lung Kwu Tan, Siu Ho Wan, Tsing Yi Southwest, Ma Liu Shui, and artificial islands in Central Waters)	Sunny Bay: 60 to 100 East Lantau Metropolis: See the item below others subject to study	Subject to study East Lantau Metropolis: See the item below others subject to study	Subject to study East Lantau Metropolis: See the item below others subject to study
Lantau Development (TCNTE, Sunny Bay & Siu Ho Wan reclamations, Topside Development at Hong Kong Boundary Crossing Facilities (HKBCF) Island of Hong Kong-Zhuhai-Macao Bridge (HZMB) already included in other relevant items)	East Lantau Metropolis: Kau Yi Chau 600-800 and/or other artificial islands others subject to study	East Lantau Metropolis: 400,000 – 700,000 others subject to study	East Lantau Metropolis: Beyond 2030 others subject to study
Topside Development at HKBCF Island of HZMB	HKBCF: 150	Commercial GFA: 300,000 - 500,000 m^2	subject to study
New Territories North Development	5,300	subject to study	subject to study
Tseung Kwan O Area 137	80+	subject to study	subject to study
Cavern and Underground Space Developments	(i) Sha Tin Sewage Treatment Works (STW): 28 (ii) Sai Kung STW, Diamond Hill Fresh Water and Salt Water Service Reservoirs & Sham Tseng STW: 6	subject to study	subject to study

Note: All the figures are rough estimations and to be confirmed by relevant studies

(9) Kwu Tung North and Fanling North NDAs

31. The Kwu Tung North (KTN) and Fanling North (FLN) NDAs, as extensions to the Fanling/Sheung Shui New Town, will provide about 60 000 new flats, with 60% for public housing (including both PRH and HOS). Subject to further funding approval from the Legislative Council (LegCo) Finance Committee, the main construction works for the Advanced Works is expected to commence in 2018 with first population intake by 2023. The road and sewerage schemes of the Advance Works and the First Stage Works were gazetted in end 2015.

(10) Hung Shui Kiu NDA

32. For the Hung Shui Kiu (HSK) NDA, a Recommended Outline Development Plan (RODP) has been formulated for the area, which will provide about 442 ha of developable land. The HSK NDA will be the next generation new town for a total population of about 215 000 (including a new population of about 173 000). It will provide about 60 100 additional flats and 150 000 job opportunities. The Stage 3 Community Engagement on the RODP was completed in September 2015. Based on the relevant technical assessments and the public views collected, we will finalise the RODP and formulate details of the proposals. We will continue taking forward the planning for the HSK NDA as a regional hub in the North West NT to complement the new towns of Tin Shui Wai, Yuen Long and Tuen Mun for provision of housing, employment opportunities and civic facilities. In order to further examine the option of accommodating some brownfield operations into multi-storey buildings, the Government will conduct a more detailed feasibility study on the issue, and some 24 ha of land has been reserved in HSK NDA.

(11) Tung Chung New Town Extension

33. We have completed substantially the Tung Chung New Town Extension (TCNTE) Study in end 2015 and confirmed the technical feasibility of the proposed developments. We will take forward the new town extension by turning Tung Chung into a distinct community, and leveraging on the future economic opportunities brought by the anticipated completion of various transport infrastructural projects in Lantau, which would help create more jobs for local residents. According to the RODP, about 49 400 flats will be provided in the extension area. A commercial hub is also proposed in Tung Chung East, which will provide a total gross floor area of about 877 000 m^2 for office, retail and hotel uses, and about 40 000 job opportunities will be created. After consultation with the LegCo Panel on Development on 22 December 2015,

we are seeking funding approval from the Finance Committee for the detailed design and site investigation. It is anticipated that the first population intake of TCNTE will take place in 2023 the earliest, with full implementation by 2030.

(12) Yuen Long South Development

34. We will continue taking forward the planning for deserted or damaged agricultural land and rural-based industrial sites in Yuen Long South (YLS) as an extension to the Yuen Long New Town for meeting housing and other development needs and improving the local environment. Stage 3 Community Engagement on the draft RODP of YLS has commenced in January 2016. According to the draft RODP, about 27 700 flats will be provided in YLS. We will engage various stakeholders for views on the plan.

(13) Brownfield Sites and Deserted Agricultural Land in the NT

35. In the above NDAs in the NT, we have to handle brownfield sites which house lower value-added economic activities but are still important in terms of local employment and as an element in the industry production chain. HSK NDA affects about 190 ha of brownfield sites, and YLS over 100 ha. Clearance of the brownfield operations in HSK and YLS presents a major challenge, requires comprehensive re-planning, infrastructure upgrading and thorough discussions among our local communities to address concerns of the affected.

36. Some brownfield sites in the NT would have development potential. As most are currently occupied by certain operations, they could not be released immediately. The Government is stepping up efforts to explore feasible and land-efficient measures to accommodate brownfield operations that are still needed in Hong Kong. We will in particular study the possibility of moving some operations into multi-storey buildings. The proposal will not only improve the environment of the rural NT, but also release land for new town development.

37. In tandem with New Agriculture Policy, the Food and Health Bureau and DEVB will also examine the feasibility and merits of identifying and designating Agriculture Priority Areas in the NT that have higher value for agricultural activities to facilitate their use for long-term agricultural purposes. Sites no longer suitable for agricultural purposes can then be released for other uses.

(14)Re-planning of Tseung Kwan O Area 137

38. As part of the Government's on-going efforts in identifying suitable areas for the long-term development of Hong Kong, we will carry out a P&E study for the re-planning of Tseung Kwan O Area 137, which is the last sizeable piece of land in the urban area with potential for large-scale developments. We will explore in the study the feasibility of residential, commercial and other developments, with a view to making more optimal use of this some 80 ha of formed land, after accommodating the desalination plant and taking into account considerations including the potential environmental impact, as well as traffic and infrastructural capacities. The P&E Study will be commissioned in end 2016/early 2017 the earliest.

(15)Reclamation outside Victoria Harbour

39. We are carrying out technical studies for the proposed Siu Ho Wan, Lung Kwu Tan and Ma Liu Shui reclamation including assessing the feasibility of these reclamation proposals from engineering and planning perspectives. In particular, we will explore the feasibility of developing the Lung Kwu Tan reclamation site as land reserve. We will strive to seek support to funding application for commencing a P&E study for the proposed Sunny Bay reclamation and strategic studies to explore the feasibility of constructing artificial islands in the central waters between Hong Kong Island and Lantau for developing the "East Lantau Metropolis" (ELM) at the earliest possible.

(16)Rock Cavern and Underground Space Developments

40. We have confirmed the feasibility of relocating the Sha Tin Sewage Treatment Works (STSTW) to caverns to release about 28 ha of land at the existing STSTW site for housing and other uses, which is generally supported by the public. We are continuing with the investigation and design work with a view to completing the design work in 2017 and, subject to funding approval, commencing construction in 2018. We have also commenced the feasibility studies on the relocation of the Sai Kung Sewage Treatment Works, the Sham Tseng Sewage Treatment Works and the Diamond Hill Fresh Water and Salt Water Service Reservoirs to caverns with a view to releasing a total of about 6 ha of land for other beneficial uses. The studies are expected to complete by end 2016. Besides, we are continuing with a study on the long-term strategy for cavern development, with the aim of preparing a Cavern Master Plan and formulating policy guidelines to facilitate future cavern developments and preparing an implementation programme for systematic relocation of suitable public facilities to caverns. The study is expected to complete in early 2016.

41. Furthermore, we are continuing with a territory-wide study to identify opportunities and constraints associated with more extensive underground space development in urban areas. The findings of the study will provide a basis for future development of urban underground space at strategic locations of the territory. We also commenced a detailed study on underground space development in four strategic areas, namely Tsim Sha Tsui West, Causeway Bay, Happy Valley and Admiralty/Wan Chai, with the objectives of formulating underground master plans and identifying suitable priority projects for early implementation in these areas.

(17)Developing the New Territories North

42. Apart from KTN and FLN NDAs, there are vast tracts of undeveloped land in the NT North (including land released from the Closed Area) that could be considered for meeting the long-term development needs of Hong Kong. The Preliminary Feasibility Study on Developing the NT North, commissioned by PlanD and CEDD, has already commenced since January 2014. The study will explore development opportunities in the area and the required infrastructures, as well as the scope for developing a new town of similar scale as Fanling/Sheung Shui. The Fanling Golf Course and Fanling Lodge are included in the study area.

(18)Lantau Development

43. The Lantau Development Advisory Committee (LanDAC) has proposed the strategic positioning and development directions for Lantau. Public engagement activities will be conducted in the first half of 2016 for seeking public's views on the proposals and then promulgate a blueprint for developing Lantau providing a reference implementation timetable for related projects.

44. According to the development directions endorsed by LanDAC, the northern Lantau and ELM will mainly be for economic and housing developments. We envisage that ELM will in the long-term be developed as a CBD and a smart, low-carbon new town accommodating 400 000 to 700 000 people. New provision of strategic roads and railways will also tie in with the future land use proposals.

45. The predominant part of Lantau will be used for nature conservation, leisure, cultural development and green tourism. We will consider proposals for recreation and leisure opportunities at various locations, bearing in mind the preservation of the existing environment and the local uniqueness of Lantau.

46. To bring together the relevant resources to take forward the planning and implementation of Lantau development, we will establish a Lantau Development Office in CEDD with all the engineering, planning and other professional resources working closely together in a single dedicated office.

(C) Other initiatives to increase land supply and expedite land development

(19)Streamlining Land Administration Process

47. LandsD has reviewed the processes under lease and implemented enhancement measures such as simplification of some lease conditions, alignment with the Buildings Department's standard in respect of a number of items in approving building plan submission under lease and streamlining the procedures in processing lease modification (including land exchange) applications. LandsD has also been reviewing its mechanism of processing building plans under lease.

(20)Pilot Scheme for Arbitration on Land Premium

48. In order to expedite land supply for housing and other uses, the Pilot Scheme for Arbitration on Land Premium was launched in October 2014 to facilitate agreement between the Government and private land owners on land premium payable for lease modification/land exchange applications through arbitration. The Pilot Scheme is being implemented for a trial period of two years, to be followed by a review by the Government. Under the Pilot Scheme, the Government may select and offer certain cases for arbitration to determine the amount of land premium. Private land owners may also apply for arbitration in respect of their respective lease modification/land exchange applications under processing. As of end December 2015, LandsD had invited applicants of 11 lease modification/land exchange cases to settle premium through arbitration under the Pilot Scheme. One applicant accepted the arbitration option and the Arbitral Tribunal issued its award in December 2015. The land transaction has been executed. LandsD will continue to select suitable lease modification/land exchange cases and invite relevant applicants to determine premium through arbitration.

CHALLENGES AHEAD

Public Housing Land

49. Rezoning the potential housing sites identified in land use reviews

and increasing development intensity where planning terms permit are the key contributors towards achieving the 10-year housing supply target. We will continue with full steam ahead the relevant statutory plan amendments so as to increase and expedite the short to medium-term housing land supply. In particular, the rezoning for residential use will be one of the important sources of land for achieving the latest housing supply target of 460 000 flats in ten years' time (for the period from 2016/17 to 2025/26). Nonetheless, even assuming that local consultation and plan amendments could be completed in time, site formation and infrastructure still take time before housing flats could be produced. We expect the bulk of housing production from these sites will be available towards the latter part of the 10-year period, and some may inevitably fall outside this timeframe. Our current best estimates on public housing flat supply are about 255 000 flats for the ten-year period from 2016/17 to 2025/26, assuming that all sites identified can be delivered on time for housing construction.

50. As reiterated by the Government, providing sufficient land to achieve the housing target remains a huge challenge for both the Government and the community. There is simply no magic solution that can increase land supply without causing any impact on the local community. An integral part of the land supply process is the support and understanding rendered by the DCs, local communities, residents and relevant stakeholders. The community as a whole has to accept trade-offs in order to cope with the pressing housing needs of Hong Kong people, especially the pressing needs of those waiting to move into PRH or to improve their existing living environment.

Private Housing Land

51. As for private housing land supply, DEVB's aim is to maintain land supply from various sources for about 19 000 and 18 000 private residential units in 2015/16 and 2016/17 respectively. As per established practice, we will announce the forecast of private housing land supply from various sources when announcing the annual Land Sale Programme (LSP) at the beginning of each year. The relevant target is not a fixed target of housing land supply, but refers to the number of private residential units which can be built on the private housing land supplied to the market in a particular year. The aim is to build up a sufficiently large land reserve over a period of time to ensure steady land supply for the market. The actual housing supply is subject to a couple of market factors, such as the result of government land sale, the implementation progress and tender results of the railway property development projects and projects of URA, the initiatives of the developers to proceed with private development and redevelopment projects, etc.

52. In 2015/16, the Government put up for sale under the LSP a total of 16 residential sites, which were capable of providing about 9 720 flats. This is the second highest flat production capacity of government land sale sites since the Government-initiated sale mechanism was introduced in 2010/11. Combining other private housing land supply sources, the aggregate private housing land supply in 2015/16 had an estimated capacity to produce about 20 300 flats, exceeding the land supply target of 19 000 flats. The Government will closely monitor the market situation and continue to supply more private housing sites to the market, with a view to promoting steady development of the property market.

Land for Economic Uses

53. Apart from increasing housing land supply, the continued supply of land for economic uses is essential to sustain Hong Kong's economic growth. Since 2010/11, the Government has put up for sale 19 commercial and industrial sites which can provide about 760 000 m^2 floor space. In 2015/16, the government sold or will sell three business sites, capable of providing about 67 800 m^2 floor space. The Government Property Agency is inviting tender for the government property at the Trade and Industry Department Tower in Mong Kok, providing about 26 400 m^2 of gross floor area.

54. Moreover, as illustrated above, the Government is taking action to increase the supply of commercial space on different fronts. Examples include converting suitable government sites (e.g. Murray Road Public Carpark, Queensway Plaza and the government site on Caroline Hill Road) in CBD into commercial uses, continuing with the "Energizing Kowloon East" initiative, and enhancing the development intensity of the KTD, etc.

55. For industrial land, PlanD in 2000, 2005 and 2009 carried out three rounds of Area Assessments of Industrial Land in the Territory (Area Assessments). The 2014 Area Assessments is the fourth conducted aimed to examine the latest usage of existing 1 448 privately-owned industrial buildings (IBs) in five land use zonings (about 510 ha), namely "Industrial" ("I"), "Other Specified Uses" annotated "Business" ("OU(B)"), "Residential (Group A)" ("R(A)"), "Residential (Group E)" ("R(E)") and "Comprehensive Development Area" ("CDA") in order to more effectively plan and utilise the industrial land resources. The major objectives are: (a) to obtain an updated overview and trend analysis of the existing IBs in five zones; (b) to consider future planning of industrial land with the aim of meeting changing needs and optimising the use of land resources in the territory; and (c) to review the transformation progress within the area already zoned as "R(A)", "R(E)" and "CDA".

56. IBs in both "I" and "OU(B)" zones have experienced decreasing vacancy as compared with 2009 (the former dropped from 6.5% to 3.5% while the latter decreased from 8.4% to 6.0%). In terms of usage, the split between industrial and non-industrial usage (in terms of GFA) in both zones has become stabilised between 2009 and 2014. In general, about half of the GFA (48.9%) is still for industrial uses (mainly Warehouse/Storage), while about 29.9% of the GFA is for non-industrial uses (mainly office). Apart from office use, other non-industrial uses occupy about 5.2% of GFA, including shop and services, showroom, data centre, research and development/testing centre in "I" and "OU(B)" zones. The demand for industrial floorspace in IBs would continue to increase, mainly due to an increase in general logistics/warehousing demand forecast. The estimated demand is 16.06 million m^2 GFA in 2018 and 16.90 million m^2 GFA in 2023. We have to provide adequate industrial floorspace to cope with the requirement for general logistics warehousing, as well as those industrial demand for local consumption and daily operation in the territory.

WAY FORWARD

Working Hand in Hand to Remove Bottleneck

57. All the above short, medium and long term land supply initiatives are of significant importance in meeting the housing demand of the community and the on-going economic and social development needs of Hong Kong. We can only improve people's living space and environment in the long run through optimising the use of developable land and creating more new land for development. On the other hand, apart from providing land for housing development, we should provide adequate supporting infrastructure and community facilities, address the impacts of developments on various aspects including traffic and environment, and provide land resources for different economic activities so as to create job opportunities, by way of proper planning. Therefore, in increasing land supply for development, the Government has been adopting a holistic strategy to identify suitable areas and sites for development, determine the priority of utilisation and development of land, and conduct appropriate P&E studies or land use reviews, instead of just looking for vacant or undeveloped land scattered over different areas. On the one hand, these sites may not be suitable for development owing to a number of constraints in infrastructure, amenities, traffic and environment, etc., or it may not be cost-effective taking into consideration the infrastructure and other ancillary facilities required for development. On the other hand, there is an established mechanism for determining the priority of land development, given the limited resources available.

58. The Government appreciates different views on the development and use of land in the society. For land with potential for residential development or other uses that meet the more pressing needs in the community, we will review and assess the feasibility of the relevant development proposals under the established mechanism. The Government will carefully consider the various land development proposals from all parties. For ways which are considered feasible in increasing land supply, we will definitely consider exploring. For a number of land supply suggestions made in the past, we have set out our key responses at **Annex D**. Generally speaking, those suggestions that are considered feasible have already been incorporated into our multi-pronged strategy to increase land supply. The Government has considered the circumstances of different land and districts, and prioritised the utilisation and development of land on the premise that resources are limited and an overall planning are relatively more cost-effective. Resources have thus been dedicated to taking forward a series of measures to increase land supply as mentioned above, including land use reviews and rezoning, as well as P&E studies in various districts, so as to increase the land supply in Hong Kong effectively and continuously.

Creating Capacity for Our Sustainable Future beyond 2030

59. Hong Kong is now facing a number of challenges including a growing but ageing population, pressing land demand for housing, economic activities and community facilities, keen global and regional competitions, as well as an increasing aspiration for a better quality of life. With a view to creating capacity for sustainable growth, planning for a livable city and embracing economic challenges and opportunities, apart from adopting the multi-pronged approach to increase land supply, we will adopt a problem-solving, proactive, pragmatic and action-oriented approach to handle the thorny land supply issues critical to Hong Kong's future, and formulate a robust territorial development strategy to cater for contingency and create capacity.

60. Against this backdrop, the Government is carrying out an updating exercise of the territorial development strategy, which is known as "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" (Hong Kong 2030+). In particular, Hong Kong needs to create more development capacity in terms of land, transport and infrastructure provision, and to create our environmental capacity to cater for social, economic and environmental needs in a sustainable manner. In face of global challenges, Hong Kong needs more development capacity as well in order to embrace new economic challenges and tap new opportunities. We also need to plan for and manage side-effects from our compact, high-density urban form even though it has been highly efficient so as to make Hong Kong even more liveable. As a matter of

fact, most of Hong Kong's seven million people or so are now concentrated in built-up areas which account for about 24% (around 267 km^2.) of the total land area of Hong Kong. This is in stark contrast to our level of social and economic development. If we would like to increase Hong Kong's average living space per person by only one m^2., roughly 10 million m^2 of additional residential land (assuming a saleable area of about 70 to 80%) would be needed. That would be as big as about 10 Taikoo Shings.

61. Recognising the need for capacity to cater for sustainable growth and to meet the community's aspiration for higher living quality, and coupled with the fact that a long lead time from planning to realisation of the land developments, we will formulate a robust territorial development strategy to cater for contingency and create capacity in Hong Kong 2030+. With the capacity and contingency properly and adequately planned, we will have the flexibility to adjust the implementation programme of individual land development projects to tie in with the latest planning circumstances.

62. As we have reiterated time and again, providing sufficient land to achieve the housing supply target remains a huge challenge for both the Government and the community. There is simply no magic solution that can increase land supply without impacting on the local community. An integral part of the land supply process is the support and understanding rendered by DCs, local communities, residents and relevant stakeholders. The community as a whole has to accept trade-offs in order to cope with the pressing housing needs of Hong Kong people, especially the pressing needs of those waiting to move into PRH or to improve their existing living environment. The Land Supply Forum held in October 2015 served as a starting point for the Government and professional bodies to explore together the serious issues of land use planning and development. The Government will continue to maintain a close dialogue with all sectors of society with a view to building consensus, breaking through the bottlenecks and solving the problems of land shortage.

63. We welcome Members' feedback and undertake to work closely with LegCo in taking forward the initiatives to increase land supply in the short, medium and long term. Moreover, once the Hong Kong 2030+ has made further progress, we will engage the public and LegCo in our discussion to plan for the future of Hong Kong.

Development Bureau
January 2016

Annex A

Population, Number of Domestic Households, Gross Domestic Product (GDP), Domestic Housing Stock, Public Permanent Housing Stock and Private Non-domestic Stock (1990-2044)

Absolute Amounts

Year	Mid-year Population	Domestic Households	GDP in real terms [1]	Private Domestic Stock (RVD) [2]	Public Permanent Housing Stock (HA)[4]	Private Non-Domestic Stock (RVD) [5]
	(in million)	(in million)	HK$Bn	Units	Units	(in million IFA)
1990	5.70	1.56	886.4	752,170	766,000	34,076,000
1995	6.16	1.78	1147.5	885,677	881,000	39,250,400
2000	6.67	2.04	1306.0	1,026,105	1,017,000	42,793,100
2005	6.81	2.20	1606.1	1,053,246	1,096,000	43,927,600
2010	7.02	2.33	1946.5	1,102,909	1,136,000	45,576,900
2014	7.24	2.43	2192.2	1,136,430	1,176,000	46,256,600
2020[3] (Projected)	7.58	2.60	2666.1			
2025[3] (Projected)	7.80	2.72	3105.7			
2030[3] (Projected)	7.97	2.81	3513.8			
2035[3] (Projected)	8.13	2.87	3975.6			
2040[3] (Projected)	8.21	2.91	4498.0			
2044[3] (Projected)	8.22	2.93	4965.0			

Compound Annual Growth Rates

	Mid-Year Population	Domestic Households	GDP in real terms	Private Domestic Stock (RVD)	Public Permanent Housing Stock (HA)	Private Non-Domestic Stock (RVD)
Period	Annual Growth (%)	Annual Growth (%)	Annual Growth (%)	Annual Growth (%)	Annual Growth (%)	Annual Growth (%)
1990-1995	1.5	2.7	5.3	3.3	2.8	2.9
1995-2000	1.6	2.7	2.6	3.0	2.9	1.7
2000-2005	0.4	1.5	4.2	0.5	1.5	0.5
2005-2010	0.6	1.1	3.9	0.9	0.7	0.7
2010-2014	0.8	1.1	3.0	0.8	0.9	0.4
2014-2020[3] (Projected)	0.8	1.1	3.3			
2020-2025[3] (Projected)	0.6	0.9	3.1			
2025-2030[3] (Projected)	0.4	0.7	2.5			
2030-2035[3] (Projected)	0.4	0.4	2.5			
2035-2040[3] (Projected)	0.2	0.3	2.5			
2040-2044[3] (Projected)	0.0	0.1	2.5			

Note: (1) Gross Domestic Product (GDP) in real terms refer to GDP in chained (2013) dollars.

(2) Private Domestic Units are defined as independent dwellings with separate cooking facilities and bathroom (and/or lavatory). Public sector developments, including domestic units built under the Private Sector Participation Scheme for subsidised sale, and all units built under the Home Ownership, Buy or Rent Option, Mortgage Subsidy, Sandwich Class Housing, Urban Improvement and Flat for-Sale Schemes are not included. Besides, rental estates built by the Housing Authority and Housing Society, units sold under the Tenants Purchase Scheme, and Government-owned quarters are also excluded. Village houses are not included in the stock figures except for the previous years of 2001 and before as specified.

(3) Projected population and domestic households are based on the results of the 2014-based population and domestic household projections. Projected GDP in real terms are derived based on forecast prepared by Working Group on Long-Term Fiscal Planning.

(4) Public permanent housing covers the following :

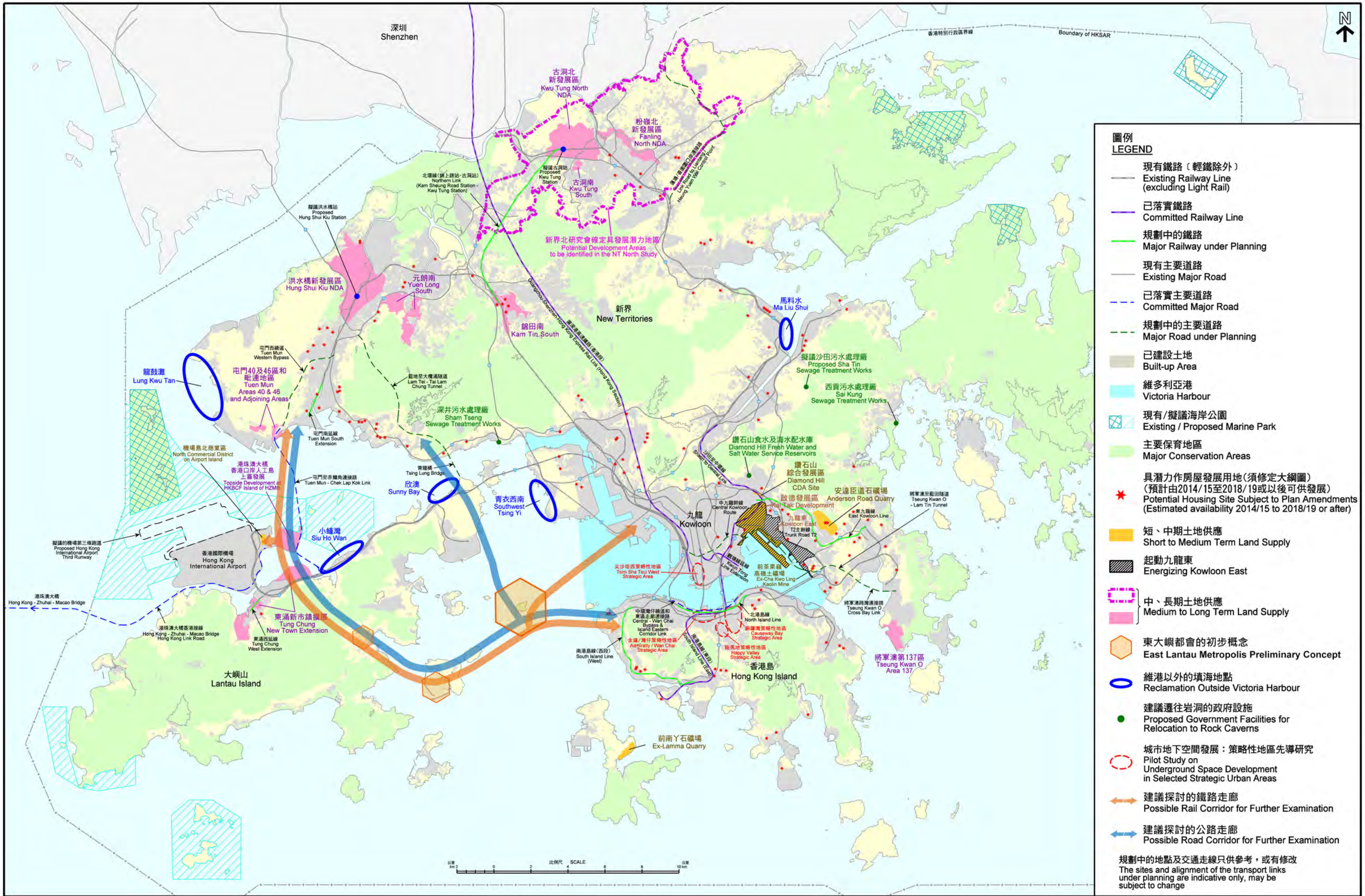
(a) Rental housing which includes :
(i) Public Rental Housing flats and Interim Housing flats of the Housing Authority(HA); and
(ii) Rental flats and Senior Citizen Residence Scheme flats of the Housing Society (HS);

(b) Subsidised sale flats which includes :
(i) Flats under the Tenants Purchase Scheme (TPS) of the HA;
(ii) Flats under the Home Ownership Scheme (HOS), Private Sector Participation Scheme(PSPS), Middle Income Housing Scheme (MIHS), Buy or Rent Option Scheme (BRO) and Mortgage Subsidy Scheme (MSS) of the HA; and
(iii) Flats under the Flat-For Sale Scheme (FFSS) and Sandwich Class Housing Scheme (SCHS) of the HS

HOS/PSPS/MIHS/BRO/MSS/TPS/FFSS/SCHS flats that can be traded in the Open Market (i.e. flats sold prior to HOS Phase 3B or flats with premium paid) are classified as private permanent housing and are excluded from subsidised sale flats.

(5) Private Non-domestic stock includes private stock of Offices, Commercial, I/O Buildings, Flatted Factories, Storage, and Special Industries.

Planning Department
January 2016



主要土地供應措施
Major Land Supply Initiatives

圖則編號 Plan No. : M / SP / 16 / 21

日期 Date : 19. 1. 2016

附件 B
Annex B

Annex C

Latest Plan Amendment Progress of the Some 150 Potential Housing Sites (as at End 2015) Note (1)

District Council Note (2)	Latest Estimated No. of Flats (Approximate) Note (3)	Total No. of Sites Note (3)	No. of Sites Already Initiated Rezoning	No. of Sites with the Rezoning Completed
Central and Western	2 340	2	-	-
Eastern	3 100	7	-	-
Southern	11 400	14	3 Note (4)	1
Kwun Tong	13 700	12	6	4
Wong Tai Sin	1 900	1	-	-
Kowloon City	2 900	4	2	1
Sham Shui Po	980	1	1	1
North	22 300	7 Note (5)	2	-
Sha Tin	8 800	11	10	8
Tai Po Note (6)	19 700	22	14	12 Note (7)
Sai Kung	25 600	12	2	-
Yuen Long	41 800	14	2	2
Tuen Mun	40 100	24	14	14
Tsuen Wan	5 200	6	-	-
Kwai Tsing	17 600	13	6	2
Islands	1 200	1	1	1
Total	**>210 000**	**>150**	**63**	**46**

Notes：

(1) Development parameters (including estimated flat number and land availability year) are subject to technical and other assessments and changes.

(2) No sites were identified for rezoning for residential use in two districts (Yau Tsim Mong and Wan Chai) out of the 18 districts.

(3) The estimated site and flat numbers are based on the latest information as at end December 2015.

(4) The Town Planning Board (TPB) on 27 February 2015 decided to retain the "Green Belt" zone of a site east of Wong Ma Kok Road, Stanley, involving about 40 flats.

(5) In the information paper on the overall picture of housing developments submitted to the North District Council (DC) on 6 June 2014, there were a total of 6 sites (including a public housing development at Queen's Hill, Lung Yeuk Tau) to be made available for housing development subject to statutory plan amendment. TPB on 8 May 2015 agreed to the rezoning proposal of both public and private housing developments at the Queen's Hill site. As such, the private housing development at Queen's Hill (estimated to be made available in 2024/25 or beyond), which was not counted as the some 150 potential housing sites in the Legislative Council (LegCo) information paper on "Increasing Land Supply" published in January 2015, is now included in the above table.

(6) In early 2014, we informed the LegCo Panel on Development and subsequently DC Chairmen and Vice-chairmen of the overall picture of these potential residential sites, among which 23 are in Tai Po district. Since then, we have provided Tai Po DC specific details of 14 sites for rezoning for residential use initiated in 2014. For the remaining sites, once the technical assessments are completed, we will provide an updated overview of all potential housing sites to Tai Po DC.

(7) TPB on 13 February 2015 decided to revert two sites to their original zonings after hearing of representations/comments related to the amendments to the Tai Po Outline Zoning Plan, involving about 1 300 flats.

Planning Department
January 2016

Annex D

Various Suggestions on Land Supply and Development

Introduction

Under the Government's multi-pronged approach to land supply, we would consider all possible land supply measures carefully, and would leave no stone unturned in optimising land utilisation and increasing land supply. Wherever feasible, the land supply measures would be pursued as part of the multi-pronged approach having regard to technical, resources and priority considerations. In this regard, various ideas and suggestions on land supply and development have been made over time by the community and stakeholders, with a view to increasing land supply to meet the housing and other needs of the society, or providing alternatives to land use or development proposals. This note summarises the Government's considerations and views on key suggestions on land supply and development received in the past.

(i) Using Unleased or Unallocated Residential Land, Short Term Tenancy and Temporary Government Land Allocation Sites

2. It should be noted that the various land use reviews that are undertaken by the Government as part of the land supply measures under the multi-pronged approach already cover government land currently vacant, under Short-Term Tenancies (STTs) or different short-term or government uses[1]. Suitable sites have been identified through these land use reviews for housing and other developments, with a view to achieving the optimal use of land and providing more land for developments in the short to medium term. For individual sites of unleased or unallocated government land identified with potential for residential or other developments, we will review and assess its development feasibility in accordance with the established mechanism.

3. When a plot of land is identified as suitable and available for permanent development, we will make appropriate arrangements for its disposal, such as land sale, disposal for public housing development or other uses.

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[1] We earlier replied to Legislative Council (LegCo) on 4 July 2012 and 17 October 2012 to clarify why the simple arithmetic calculation of unleased and unallocated land in certain land use zonings does not mean all such land readily developable. Where there are individual sites with reasonable size and configuration, their suitability for development would depend on a series of factors, such as the adequacy of related infrastructural facilities, and compatibility with neighbouring land uses (e.g. whether the site is too close to the existing or planned buildings), etc. To facilitate public understanding, the relevant consolidated and analysed land information together with the maps showing the boundaries of the land concerned have been uploaded since October 2012 onto the website of Development Bureau (DEVB) for public inspection (http://www.devb.gov.hk/en/issues_in_focus/the_land_area_analysis/ index.html).

4. Vacant government land that is not yet ripe or required for permanent use and development according to the planned land use is put to gainful temporary uses as far as practicable. LandsD may allocate such sites through Temporary Government Land Allocation (TGLA) to various government departments for temporary uses, mostly as maintenance depots and works areas for public works projects. the Lands Department (LandsD) may let out sites for temporary uses by way of STT, such as works sites for railway construction, or tender the sites on STT for various commercial uses including fee-paying public car parks, open storage etc. Besides, a list of vacant government sites that are available for application by non-profit-making, and/or community organisations for greening and community uses is updated regularly, circulated to District Councils (DCs), District Social Welfare Offices and is also available for inspection at LandsD. In considering the duration of temporary uses to be allowed for government sites, the Government will take into account the timetable for its long-term use and development. As for sites currently designated for provision of communal facilities, if no specific implementation plan is available after a period of time, the Government will re-consider the uses of these sites under the established mechanism, including consideration of their suitability for housing and other developments.

(ii) Developing "Village Type Development" Zones

5. "Village Type Development" ("V") zonings on statutory plans scatter across the territory (there are about 700 "V" zones across 95 statutory plans) and cover mainly recognised villages in the New Territories. Such "V" zones normally reflect the extent of pre-existing rural villages (including villages that had been resited in the past to make way for new town development). Under the prevailing small house policy, a male indigenous villager at least 18 years old who is descended through the male line from a resident in 1898 of a recognised village in the New Territories may apply to the authorities for permission to erect for himself during his lifetime a small house on a suitable site within his own village. Land in "V" zones on statutory plans is generally within the environs of the recognised villages in the New Territories, and therefore the planning intention of such "V" zones is mainly for small house development by indigenous villagers. In general, these sites are not suitable for large-scale development because of the infrastructural and other logistical constraints and their sporadic locations[2].

6. Notwithstanding this, there have been significant changes to the rural setting as well as the community as a whole since the implementation of the

2 As part of the information on unleased and unallocated government land within various land use zonings (see footnote above), we have also uploaded the map of the unleased or unallocated government land in "V" zones to the website of DEVB since October 2012.

small house policy over 40 years ago. Having regard to the present-day land use planning and the principle of optimal use of land resources, the Government recognises the need for a review of the small house policy. Such a review will inevitably involve complicated issues in various aspects including legal, environment, land use planning and demand on land, etc., all of which have to be carefully examined. We will continue to engage various sectors of the community in discussion and communication in this regard.

(iii) Developing “Comprehensive Development Area” Sites

7. “Comprehensive Development Area” (“CDA”) is a zoning that is normally applied for certain sites at strategic or prominent locations, whereby the comprehensive planning and development of the sites would be essential for overall development of the locality, especially when various public facilities are to be provided or integrated therein. To expeditiously implement or facilitate developments for the optimisation of land resources, thereby meeting the housing and various other needs of Hong Kong people, the Government has been monitoring closely the planning and development situations of sites zoned “CDA”.

8. According to “Town Planning Board (TPB) Guidelines No. 17 - Designation of “CDA” Zones and Monitoring the Progress of “CDA” Developments”, TPB will conduct a first review of each “CDA” site at the end of the third year after its zoning, and subsequently conduct a review annually[3]. In general, to optimise land use in response to the changing land development and planning circumstances, TPB will consider subdividing suitable “CDA” sites, including “CDA” sites which have significant implementation difficulties and with slim chances of successful implementation, into smaller sub-zones, or to rezone them to other land use zonings to facilitate early implementation. For example, TPB in November 2014 decided to subdivide a “CDA” site in the Yau Tong Industrial Area into five smaller “CDA” sub-zones, and in April 2015 proposed amendments to the approved Ma Tau Kok Outline Zoning Plan, mainly to rezone a “CDA(3)” site to “Residential (Group A)” and “Government, Institution or Community” so as to expedite the development progress.

(iv) Developing Open Space

9. The standard for provision of open space as suggested in Chapter 4 of the Hong Kong Planning Standards and Guidelines is a minimum of 2 m^2 per

[3] On 22 May 2015, the Metro Planning Committee and the Rural and New Town Planning Committee of TPB considered that the “CDA” sites review could be carried out biennially instead of annually. The TPB Guidelines No. 17 is being revised to incorporate the proposal.

person, apportioned as 1 m^2 per person for district open space and 1 m^2 per person for local open space. In planning for open space, apart from population capacity, the Government will take into account other important factors, including the population distribution, geographical and historical factors, public commitment, people's aspirations, geographical location/distribution/quality/function of open space, as well as the characteristics of the district and location, etc. During the planning process, the Government will optimise the use of land by planning for open space properly, having regard to the varying factors in all districts. As noted by the Audit Commission in Chapter 4 of its Report No. 60, the existing and planned provision of local and district open space exceeds the current minimum standards in all 18 districts except for shortfalls in four districts in either local or district open space provision[4].

10. Nevertheless, to meet the development needs of the community, the Government carries out land use reviews from time to time to ensure the optimisation of land resources, and may re-zone suitable government land in "Open Space" land use zonings and other government sites with no development plan for other uses that meet more pressing community needs including housing needs. Concerned bureaux and departments will be consulted during the reviews, and if they consider that there is a need to re-provide existing or planned facilities, suitable sites will be identified, or co-location of facilities within the proposed development will be considered. Relevant DCs will also be consulted on rezoning proposals and the arrangements for the facilities concerned.

(v) Developing "Undetermined" Sites

11. "Undetermined" ("U") zones on statutory plans mainly cover those sites which are subject to land use reviews. This zoning is intended to denote areas where further detailed planning study is required to identify the future land uses. For example, the long-term planning of the sites is affected by infrastructure such as railways, trunk roads or drainage system. Technical studies and environmental impact assessments are required. If necessary, a detailed layout plan has to be drawn up having regard to the local characteristics, infrastructure and ancillary facilities (such as detailed design and review of transport networks) before deciding the suitable land use in the long term, with a view to achieving the objective of effective use of land resources.

[4] The open space information quoted in the Audit Report No. 60 (http://www.aud.gov.hk/pdf_e/e60ch04.pdf) refers to the projections made in 2008. Based on the latest projections made in 2012, the existing and planned provision of local and district open space exceeds the current minimum standards in all 18 districts except for shortfalls in three districts in either local or district open space provision.

12. To ensure that development in a "U" zone would not pre-empt the recommendations of land use reviews, any proposed development in a "U" zone will require a planning permission from TPB. Upon completion of the review, the Planning Department will amend the relevant outline zoning plan (OZP) according to the established procedures to ascertain the zoning of the site. For example, the development potential of the "U" site located at the west of Kung Um Road, Yuen Long is under review in the on-going "Planning and Engineering Study for Housing Sites in Yuen Long South". Also, the review of the "U" site at the waterfront of Kennedy Town under the "Land Use Review of the Western Part of Kennedy Town" has been completed and amendments to the OZP will follow soon.

13. We will continue to closely monitor the use of all "U" sites, and will amend their zoning for suitable developments as soon as possible after completion of the relevant land use reviews or planning and engineering studies.

(vi) Developing "Brownfield Sites"

14. "Brownfield sites" generally refer to the agricultural land in the rural New Territories, especially the relatively flat and more accessible areas in northern and northwestern part, being occupied by various haphazard industrial operations including container yards, container vehicle parking, container vehicle repairing (these are generally referred as port-backup facilities), industrial workshops, logistics operations, open storage, recycling yards, construction machinery and materials storage, etc., which were often incompatible with the surroundings. We have been monitoring developments of these "brownfield sites" in the New Territories and changes in rural areas. It should be noted that many of these brownfield sites are economically active, serve functions that are still required in Hong Kong. We also conduct land use reviews and planning studies for various areas in response to changing circumstances, with a view to assessing development potential, achieving the optimal use of rural land and striking a balance among environmental, development and social needs.

15. The Government has been actively taking forward a series of major land development projects for the sake of providing long-term land supply to meet Hong Kong's future needs, including the various area-based planning and engineering studies to release the development potential of suitable land through comprehensive planning and infrastructure provision, taking into account the feasibility in environmental, transport and infrastructural terms. Many of these potential development areas are in the rural New Territories and cover a vast tract of under-utilised "brownfield sites". A major theme of these planning studies is to convert such brownfield sites to other more organised, compatible

and optimal uses. Kwu Tung North and Fanling North New Development Areas (NDA) involve about 50 hectares (ha) of land occupied by brownfield and business undertakings, and other relevant studies include the Hung Shui Kiu NDA Planning and Engineering Study (involving about 190 ha of land which is currently used for port-back-up, open storage or recycling yard up purposes), the Planning and Engineering Study for Housing Sites in Yuen Long South (involving over 100 ha of land which is currently used as open storage, warehouses and workshops), and the Preliminary Feasibility Study on Developing the New Territories North.

16. As currently there may not be adequate infrastructural and supporting facilities associated with "brownfield sites" to cope with the future population growth or the further development of the district, the studies aim to examine comprehensively the overall development needs and constraints of the district through proper planning, so as to ensure that there will be adequate infrastructural and community facilities in future, and the impacts on the traffic and environmental fronts, etc. that the proposed development may cause to the district can be properly addressed. Conducting a series of planning and engineering studies as mentioned above to refine the land utilisation and mode of development of the district would be more effective than developing individual "brownfield sites" and better suits the overall development of the district.

17. Meanwhile, it should be noted that the existing "brownfield sites" include many open storage, recycling yards and port back-up facilities. They provide support services for the relevant industries and employment opportunities for the local community especially low-skill workers. However, their existing mode of operations is detrimental to the rural environment and may not be suitable for urban or new town settings. As such, in implementing the relevant planning, clearance and re-housing arrangements, as well as land resumption and impacts on the local economy will also be involved. This necessitates thorough consideration and comprehensive public engagement. The relevant bureaux and departments are exploring feasible improvement measures, including accommodating some of the existing operations on "brownfield sites" in suitable multi-storey buildings.

(vii) Relocation of Kwai Tsing Container Terminals

18. Hong Kong Port (HKP) is one of the busiest container ports in the world. The Kwai Tsing Container Terminals (KTCT) is renowned for efficient cargo handling operations with very good supporting infrastructure facilities, fairway operation and service network, as well as the Kwai Tsing Container Basin with deep water and natural protection. As a key infrastructure in Hong

Kong, KTCT handled about 79% of Hong Kong Port's container throughput in 2014, playing an important role in supporting the cargo operation, economic activities and providing employment opportunities in Hong Kong. The port and related sectors directly contribute 1.1% ($ 24 billion) to Hong Kong's Gross Domestic Product (GDP) and 2.4% (88 000 jobs) of total employment. HKP is also vital in supporting the trading and logistics sector, which is one of Hong Kong's four key economic pillars, accounting for 24% ($ 500 billion) of Hong Kong's GDP and 21% (767 000 jobs) of total employment.

19. Relocation of the KTCT would involve the reprovisioning of the container terminals, port back-up land and related supporting infrastructure and transportation networks, as well as suitable relocation sites. With an area of about 279 ha and a deep water frontage of about 7 694 metres, identifying a replacement site is formidable. Moreover, there will be serious implications to Hong Kong's economy as a whole, bearing in mind that the mainstays of our economy, notably retail and trading, hinges on a thriving port. The Government must carefully and comprehensively consider the case by taking into account all related factors. We have no plan to relocate the container terminals at this juncture.

(viii) Use of Military Sites

20. Article 14 of the Basic Law states that the Central People's Government (CPG) shall be responsible for the defence of the Hong Kong Special Administrative Region (HKSAR). Article 5 of the Law of the People's Republic of China on the Garrisoning of the HKSAR (the Garrison Law) provides that one of the defence functions and responsibilities of the Hong Kong Garrison is to control military facilities. The use of military sites is a matter of national defence for which the CPG and the Hong Kong Garrison have sole responsibility. Article 13 of the Garrison Law provides that any land used by the Hong Kong Garrison for military purposes, when approved by the CPG to be no longer needed for defence purposes, shall be turned over without compensation to the HKSAR Government for disposal. If the HKSAR Government requires for public use any part of the land used for military purposes by the Hong Kong Garrison, it shall seek approval of the CPG. Where approval is obtained, the HKSAR Government shall in return provide land and military facilities for the Hong Kong Garrison at such sites as agreed to by the CPG, and shall bear all the expenses and costs entailed. All existing sites of the Hong Kong Garrison are currently used for defence purposes. The Government has no plan to seek any change to the use of these sites.

(ix) Resumption of Private Recreation Sites and Relocation of Large-Scale Recreation Facilities

21. The Government recognises the contribution that Private Recreational Lease (PRL) lessees have made to the sporting and recreational areas in Hong Kong. In line with the Government's sports development policy, we require PRL lessees to open up their sports facilities for use by outside bodies, including schools, social and welfare organisations, and national sports associations. The Government has commenced the comprehensive review of the PRL policy. Based on the current progress, the Government aims to complete the review in 2016, and reports the recommendations to the Panel on Home Affairs thereafter.

22. Hong Kong has a shortage of public sports facilities. According to the standards set out in the Hong Kong Planning Standards and Guidelines, there is a shortfall of major sports facilities including football pitches, sports grounds and sports centres in Hong Kong, Kowloon and the New Territories. From time to time, we receive requests from Members of LegCo and the DCs, urging us to speed up the construction of sports and recreation facilities, and to increase the number of such facilities, in order to meet the needs of the public as well as for the training of athletes. At present, sports and recreation facilities in all districts are highly popular among the public. We currently have no plan to relocate any of our large-scale sports and recreation facilities.

23. Concurrent with the PRL policy review as mentioned in paragraph 21 above, the technical feasibility of developing the Fanling Golf Course is being examined under the Preliminary Feasibility Study on Developing the New Territories North.

(x) Country Parks

24. Covering a total area of about 44 300 ha, which is about 40% of Hong Kong's land area, our country parks and special areas comprise scenic hills, woodlands, reservoirs and coastline in all parts of Hong Kong. Apart from offering protection to our natural landscape and conserving wildlife, these areas also serve the vital purpose of providing outdoor education and countryside recreation to the people in Hong Kong. Robust laws are in place to protect country parks. The Country Parks Ordinance (Cap. 208) provides a legal framework for the designation, control and management of country parks and special areas. At present, the Government has no plan to seek any change to the use of country parks and special areas. To meet the imminent housing needs of Hong Kong people, our priority is to convert suitable green belt sites in the fringe of built-up areas that are closer to existing urban areas and new towns, which have relatively low conservation value and buffering effect.

Concluding Remarks

25. We would like to emphasise that the Government leaves no stone unturned in optimising use of our existing land and creating new land for development. However, it is clear that first, there is no magic bullet that can increase land supply with no cost or no impact; and second, we need to fire on all cylinders and there is no question of taking one measure in lieu of another as no single measure could provide sufficient land for housing and other socio-economic development purposes for our community. In terms of priority we would certainly continue to strike a balance among the environment, development and social needs, but to believe that any one single solution could solve our land supply problem is unrealistic.

Development Bureau
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