

**LEGISLATIVE COUNCIL
PANEL ON DEVELOPMENT**

**Briefing by the Secretary for Development on the Chief Executive's
2017 Policy Address and the overall land supply situation**

**Follow-up Actions Arising from the Discussion
at the Meeting on 24 January 2017**

Supplementary information requested by the Panel on Development on 24 February 2017 is provided below.

Land supply

(a) elaboration on the work to be undertaken by the Urban Renewal Authority in redeveloping aged-buildings in built-up areas with a view to increasing housing land supply;

2. According to the Urban Renewal Authority Ordinance (Cap 563), the Urban Renewal Authority (URA) is tasked to undertake, encourage, promote and facilitate the regeneration of the older urban areas of Hong Kong. Under the 2011 Urban Renewal Strategy, URA adopts “Redevelopment” and “Rehabilitation” as its core business.

3. On the “Redevelopment” front, URA will continue its role as an “implementer” for redevelopment by initiating redevelopment projects on its own and by responding to joint approaches from building owners to initiate redevelopment of their buildings / lots under the Demand-led Redevelopment Project (Pilot Scheme). As of end December 2016, URA had commenced 60 redevelopment projects since its inception. These projects have produced / have the potential of producing a total of about 18 200 residential units. URA will continue to closely monitor the progress of the on-going redevelopment projects and the redevelopment sites will be released to the market at an appropriate time.

4. At the same time, URA will also continue its role as a “facilitator” for redevelopment by assisting owners of old buildings to assemble property interests to seek their joint sale in the market for redevelopment.

5. Having regard to the difficulty in increasing the development density or the lack of residual developable plot ratio in some districts, URA plans to conduct a district planning study for Yau Ma Tei and Mong Kok districts on a pilot basis in 2017. The study aims to explore how to enhance the efficiency of existing land use and redevelopment potential of these districts. The study findings would also serve as the basis for URA to map out new strategies for undertaking, encouraging, promoting and facilitating the regeneration of other older urban areas of Hong Kong.

(b) whether there would be any funding proposals in relation to the Kwu Tung North new development area ("NDA") and Fanling North NDA to be submitted to the Finance Committee for consideration by the current-term Government;

6. According to our current plan, there is no plan to submit within the current-term Government to the Finance Committee any new funding proposals for Kwu Tung North NDA and Fanling North NDA. A number of on-going work items¹ already underway and funded under the Block Allocations for 2016-17 and/or earlier financial years approved by the Finance Committee are included in the Block Allocations for 2017-18 submitted to the Legislative Council (LegCo) for approval.

Brownfield sites

(c) information on the distribution of brownfield sites in the New Territories, with breakdown by the following categories of the sites:

- (i) the brownfield operations thereon which were in existence immediately before the first publication of the draft plans of the "Development Permission Areas" ("DPAs");**
- (ii) sites that were not designated as DPAs;**
- (iii) sites zoned "Undetermined";**
- (iv) enclaves; and**
- (v) government land leased out by Short Term Tenancy for use as open storage.**

¹ Including the resumption of land for purpose-built complex of residential care homes for the elderly (RCHE) in Area 29 of Kwu Tung North New Development Area (KTN NDA); site formation and associated infrastructure works for purpose-built complex of RCHE in Area 29 of KTN NDA; and first stage of site formation and engineering infrastructure at KTN NDA and Fanling North (FLN) NDA — detailed design and site investigation.

7. There is at present no formal and standard definition for brownfield sites in Hong Kong. The term generally refers to agricultural or rural land in the New Territories (NT), predominantly privately owned, that is deserted and converted to uses such as container yards, vehicle depots, vehicle repair workshops, logistics operations, rural workshops, open storage, recycling yards, construction machinery and materials storage, which are incompatible with the surrounding environment. According to the various studies conducted for development projects in the NT, the major new development areas underway including Hung Shui Kiu (HSK) NDA, Yuen Long South and KTN/FLN NDAs would cover a total of some 340 hectares (ha) of brownfield sites and the proposed strategic growth area of NT North under “Hong Kong 2030+” would cover another 200 ha of brownfield sites. We do not yet have comprehensive information on the distribution of brownfield sites in the NT and in turn the breakdown of figures requested in (i) to (iv). As regards (v), the number of Short Term Tenancy in the NT only for use as open storage is around 140, covering about 15 ha of government land.

8. The Planning Department (PlanD) is in the process of commissioning consultants to conduct the “Study on Existing Profile and Operations of Brownfield Sites in the NT”, which is aimed to survey the distribution and uses of brownfield sites in the NT, in order to facilitate the Government to formulate appropriate policies for tackling brownfield sites, including devising appropriate planning and consolidation strategy for brownfield sites in different areas, and exploring feasible and viable measures to accommodate brownfield operations still needed locally, with a view to achieving the objectives of optimising land utilisation, releasing brownfields’ potential and improving the rural environment. The Study is to be funded by the Block Allocations for 2017-18 submitted to LegCo for approval. Subject to timely funding approval by LegCo, it is expected that the territory-wide survey will commence in the first half of 2017 for completion by end-2018.

(d) in respect of the possibility of accommodating some brownfield operations into multi-storey buildings, whether the Administration would consider conducting a pilot scheme for such a proposal, rather than taking no action and waiting for the relevant studies to be completed in the next few years;

9. As announced in the 2014-15 Budget and the Policy Addresses in 2015, 2016 and 2017, the Government would improve

land utilisation by exploring feasible measures to accommodate brownfield operations through land efficient means such as multi-storey buildings (MSBs), taking HSK NDA as a pilot case. To take forward the pilot project and to ensure proper and efficient use of public resources, it is necessary to examine the technical and financial viability of the proposal before embarking on the development of MSBs. The Civil Engineering and Development Department has already commissioned relevant feasibility studies on MSBs, funded by the Block Allocations, for brownfield operations in 2016 with an aim to completing it in around mid-2018. The feasibility studies will cover the conceptual design, planning, engineering, environmental and financial assessments, and explore possible mode of operation and management. Relevant stakeholders, including existing operators, trade representatives and locals, will be consulted during the feasibility studies in order to understand their operational needs and listen to their views.

Land use

- (e) elaboration on the proposed setting up of a conservation fund to further promote the revitalization of remote rural areas; whether the Development Bureau would review the compensation and rehousing mechanisms for various parties affected by development projects in the New Territories, such as the compensation for people affected by land resumption, taking reference from the proposed conservation fund; if yes, the details;**

Compensation Arrangements for Landowners

10. Under the existing policies, when the Government needs to resume private land in accordance with relevant ordinance(s) for implementation of public works projects, affected land owners may submit a claim to the Government according to the respective ordinance(s) for statutory compensation. As an alternative to statutory compensation for land owners, the Government may make an ex-gratia compensation offer under the existing ex-gratia zonal compensation system, which consists of four compensation zones (i.e. Zones A, B, C and D), to the affected land owners. Accepting the ex-gratia compensation obviates the need to go through tedious statutory procedures. If an affected land owner does not accept the ex-gratia compensation offer, he/she may make a statutory claim for compensation under the relevant ordinance(s). If agreement cannot be

reached on the amount of statutory compensation, the land owner may refer the claim to the Lands Tribunal for final decision. The ex-gratia compensation rates for different zones are calculated at different percentages of the basic rates. The basic rates of ex-gratia compensation are reviewed half-yearly to reflect changes in market values.

Compensation Arrangements for Other Affected Clearees

11. Apart from compensation for landowners, the Government also offers applicable Ex-gratia Allowances (EGAs) to affected eligible occupiers to help minimise hardship that they may face arising from the Government's land resumption and clearances. For example, eligible occupiers of licensed and surveyed domestic structures who do not hold any land title may be offered EGA for Permitted Occupiers and Domestic Removal Allowance. The most common EGAs for farmers are those released for the removal of crops, fish ponds, and miscellaneous permanent improvements to farms. Genuine farmers who are eligible for public housing but opt to continue farming elsewhere and give up their priority to public housing will be offered rehabilitation allowance. Eligible commercial and industrial operators may also receive EGAs.

Rehousing Arrangements for Affected Clearees

12. General rehousing arrangements are under the purview of Transport and Housing Bureau.

Review of Compensation and Rehousing Arrangements

13. The Government completed a review on the general ex-gratia compensation and rehousing arrangements in 2013. The review aimed at examining the effectiveness of those arrangements in addressing appropriately the needs of clearees affected by land resumption and clearances for public works projects. The enhancement measures were approved by the Finance Committee in 2013 and have been implemented.

14. The Government will review policies related to land resumption and clearances from time to time and provide suitable compensation, EGA and rehousing options for affected clearees so as to offer them appropriate assistance in accordance with the principles of public interest and appropriate use of public money.

(f) written response to Dr Hon LAU Siu-lai's letter dated 25 January 2017 on the role of the Development Bureau in the Government's policy on bazaars (LC Paper No. CB(1)501/16-17(01));

15. Bazaar policy falls under the purview of the Food and Health Bureau (FHB). FHB is responsible for coordinating bazaar-related work including policy initiatives and measures. We understand that FHB, being the relevant policy bureau, will discuss and follow-up on bazaar policy in the Legislative Council Subcommittee on Issues Relating to Bazaars. Dr Hon LAU Siu-lai's letter has been referred to FHB for a co-ordinated reply. It should be noted that DEVB and PlanD are responsible for planning and developing land resources, as well as providing and allocating land resources for various uses according to the different policy purviews of the Government bureaux concerned, while the Lands Department (LandsD) is responsible for land administration; whereas land allocated for various specific uses will be implemented, operated and managed by the relevant policy bureaux and departments concerned. For example, if existing parks/playgrounds, community centres, roads, public housing estates or schools are involved in a bazaar proposal, consents from the Leisure and Cultural Services Department, the Home Affairs Department, the Transport Department, the Housing Department and the Education Bureau must be obtained respectively. PlanD will provide advice on the land use planning while LandsD will render land administration support.

(g) the justification for considering allocating land on the periphery of country parks for housing development, whereas only about 1% of the land of the Green Belt zone had been rezoned to residential or other uses;

16. The Government is committed to environmental protection and ecological conservation, and strives to strike the right balance between development and conservation. To meet the imminent housing needs of Hong Kong people, our current priority is to convert suitable sites within and at the fringe of existing built-up areas including those within green belt zoning which are closer to existing infrastructure and have relatively lower conservation value and buffering effect, as well as taking forward major land developments such as NDAs through comprehensive planning and conversion of brownfields and rural land and new town extensions such as Tung Chung through reclamation in less sensitive waters. In tandem, we are

continuing to incorporate more land with high ecological value into country parks, increase the total area of ecological conservation sites and country parks, and enhance their recreational and educational values. Country parks are our precious assets for their leisure, recreational, sports and conservation values. Apart from extending statutory land use control to various enclaves over the past years, we will also incorporate suitable enclaves into country parks, establish the Long Valley Nature Park, and commence work on designating Robin's Nest as a new country park.

17. As pointed out by the Chief Executive in the 2017 Policy Address, the community should rethink our land use pattern for Hong Kong's long-term development and our next generation, given the continued tight supply of developable land and public housing in Hong Kong. While committed to further enhancing environmental protection and ecological conservation, the Policy Address suggests the community to consider the pros and cons of releasing land at the periphery of country parks with relatively low ecological and public enjoyment value for purposes other than real estate development, such as public housing and non-profit-making elderly homes.

18. At this stage, the Government has no specific plan to convert any particular area of country parks and special areas to other uses. The relevant policy bureaux and departments will carry out preliminary investigation on this issue with a view to facilitating deliberation.

(h) the justification for proposing to use the Wan Chai Sports Ground for comprehensive development, including convention and exhibition venues, whereas land in Lantau had been reserved for the expansion of Asia World Expo;

19. The question about the proposal to use the Wan Chai Sports Ground for comprehensive development including convention and exhibition venues and sports facilities as well as other necessary for the district has been referred to the Commerce and Economic Development Bureau for reply.

Land administration

(i) the justification for renewing the land lease of the Sha Tin Racecourse for a further 50 years; the amount of land premium paid by The Hong Kong Jockey Club ("HKJC") for the

renewal of the land lease; whether the above land lease was available for public inspection;

20. The Sha Tin Racecourse Site (now known as Sha Tin Town Lot No. 590) has all along been planned for horse racing and related purposes with the main objective of providing the public with facilities to enjoy horse racing and take bets legally so that they will not turn to placing bets with illegal operators. The Hong Kong Jockey Club (HKJC), the grantee of the subject site, is a not-for-profit organisation. After the deduction of tax, its income from horse racing activities held on the site is used for running the racecourse, supporting community services and for charitable purposes.

21. Having regard to the unique nature of the Sha Tin Racecourse, with the policy support of the Home Affairs Bureau, the Government approved the grant of a 50-year special purpose lease to HKJC to continue the existing use of the site for horse racing and related purposes so as to facilitate the long-term planning and development of horse racing and community facilities in the Sha Tin Racecourse.

22. HKJC was required to pay full market value premium for the Members' Club Building and nil premium for the land used for horse racing and related purposes. The amount of land premium paid by HKJC was \$668,230,000.

23. The land lease of the Sha Tin Racecourse (New Grant No. 22387) is available for public inspection at the Land Registry.

(j) the justification for rezoning a site of 4.67 hectares in the Hong Kong Sports Institute from "Government, Institution or Community" to "Other Specified Uses" annotated "Race Course"; whether the Administration had signed/would sign a land lease with HKJC in respect of the above site;

24. A site of about 47,000 square metres adjacent to the Sha Tin Racecourse ("the site") was let to the HKJC under a short-term tenancy for use as stables and training facilities for horse racing since 2009. The site was originally part of the venue of the Hong Kong Sports Institute (HKSI) and was later used for the 2008 Olympic and Paralympic Equestrian Events. After the equestrian events, HKJC requested to retain the site for the provision of stables, training arenas and facilities for jockeys and horses, and an equine swimming pool and ancillary facilities. The Home Affairs Bureau considered that with the

substantial increase in the gross floor area and the availability of additional facilities upon redevelopment, HKSI would be able to meet its future needs in elite sports training despite a reduction in its land area. At the same time, it was considered that the Sha Tin Racecourse indeed required additional land to cope with its needs after its operation for more than 30 years since its opening in 1978. Hence, with the policy support of the Home Affairs Bureau, the site was let to the HKJC under a short-term tenancy for existing use since January 2009. To better reflect the current use and function of the site, it was proposed to rezone the site from “Government, Institution or Community” to “Other Specified Uses” annotated “Race Course”. The proposed zoning amendment was agreed by the Town Planning Board on 23 December 2016, which has subsequently been incorporated into the draft Sha Tin Outline Zoning Plan (OZP) gazetted on 13 January 2017.

25. When applying for lease extension for the Sha Tin Racecourse, HKJC has also applied for the inclusion of the site into the lease. Having regard to the actual operational needs of the Sha Tin Racecourse, the Government has agreed in principle to HKJC’s proposal that the site adjoining Sha Tin Racecourse be granted under a special purpose lease for 50 years for HKJC to continue its current provision of stables and other purposes relating to horse racing.

26. After completion of the amendments to the relevant OZP, the Lands Department will process HKJC’s application for inclusion of the site in the lease of the Sha Tin Racecourse in accordance with established procedures. If approved, the Lands Department will execute the relevant lease documents with HKJC.

Enforcement against domestic use in industrial buildings

(k) in view of the proposed stepping up of the enforcement efforts to combat the problem of illegal domestic units in industrial buildings, whether the Administration would enhance the rehousing arrangements for the affected inhabitants; if yes, the details; and

27. It has been the Government's policy to ensure that no occupants will be rendered homeless due to Government’s law enforcement action. For cases which the Buildings Department (BD) needs to enforce the closure order, an established arrangement is in place to inform the affected occupants before the execution of enforcement action, including sending the social worker team from the

BD to explain the details of the law enforcement action, address their relocation needs, and provide necessary assistance. The BD has been working closely with the Housing Department. If occupants of subdivided units are displaced by BD's law enforcement actions and are rendered homeless, they would be provided with temporary accommodation in Po Tin Transit Centre, Tuen Mun through referral by relevant departments. If they have lived in the transit centre for three months, passed the "homeless test" and fulfilled the eligibility criteria for Public Rental Housing (PRH) application, they will be admitted to interim housing while awaiting PRH through PRH application.

Water safety

(1) details of the follow-up actions taken by the Development Bureau and the Water Supplies Department relating to the recommendations put forward by the Commission of Inquiry into Excess Lead Found in Drinking Water, including the number of meetings held by the International Expert Panel appointed by the Development Bureau on the various items of follow-up work, and the relevant expert reports.

28. The Development Bureau (DEVB) and the Water Supplies Department (WSD) have been following up the recommendations by the Commission of Inquiry into Excess Lead Found in Drinking Water (the Commission) on Hong Kong's drinking water safety made in end May 2016 in full swing.

29. The DEVB appointed the International Expert Panel on Drinking Water Safety (IEP) on 1 June 2016 comprising members from Australia, Canada, United Kingdom (UK) and local experts to provide advice on issues related to drinking water safety.

30. The DEVB also established an inter-bureau and inter-departmental working group to identify a suitable water safety regime in Hong Kong. The working group has deliberated the findings of consultancy studies commissioned by DEVB, including water safety regimes of leading jurisdictions. The working group is putting forward proposals on introducing legislation for safeguarding the drinking water safety in Hong Kong, including developing a set of drinking water standards and a water quality regulatory framework, as well as putting in place a comprehensive programme for monitoring the

safety and quality of drinking water from the source to the consumers' taps.

31. We also considered the relevant recommendations made by the Commission, including the delineation of the roles and responsibilities of the Water Authority and WSD, and the safeguarding of the safety and quality of drinking water from the water distribution system to consumer taps. We are conducting analysis and assessment based on the advice given by the IEP in developing proposal to improve the drinking water safety regime in Hong Kong, including the necessity of legislating for safety of drinking water

32. Meanwhile, the WSD engaged an expert consultant, the Water Research Centre, from the UK to review the drinking water standards and water sampling protocols of the World Health Organization, the European Union, Australia, Singapore, the UK, Canada, the United States and other developed countries. The expert consultant will also advise on the subject based on the situation in Hong Kong. Besides, the WSD engaged an expert consultant, Water Futures Pty Ltd, from Australia to provide advice on the enhancement of the Water Safety Plan for the WSD and development of the templates for Water Safety Plan for buildings, etc.

33. The DEVB, the WSD, the IEP and the UK/Australia expert consultant have in-depth discussions on various issues on drinking water safety. The IEP has convened four meetings so far. The DEVB and WSD aims to complete the studies on the establishment of drinking water standards, the sampling protocol and the Water Safety Plan and put forward a proposal by the end of March 2017.

34. Moreover, the WSD has set forth on a holistic review of the Waterworks Ordinance (the Ordinance) and its Regulations including the roles and responsibilities of persons engaged in the design and construction of the inside service and the systems for their registration, technical requirements and plumbing material standards. The WSD has identified some priority amendments including those defining the duties of licensed plumbers and plumbing workers, and those relating to the standards for plumbing materials and will submit them to the LegCo for deliberation in the 2016-2017 legislative session.

35. Starting from September 2016, licensed plumbers and skilled plumbing workers have been taught in the training courses about the potential causes and hazards of drinking water contaminations, and

precautionary measures, so as to increase their awareness on water safety. In October 2016, the WSD, via its Advisory Board on Licensing of Plumbers, launched the Voluntary Continuing Professional Development Scheme for Licensed Plumbers. Meanwhile, the WSD is collaborating with the Construction Industry Council on the preparation of Good Practice Guide on Plumbing Works, which is planned for publication in the first quarter of this year. It aims at enhancing the construction management of the plumbing works and improving its quality of supervision.

36. Regarding the latest progress and details of implementation of the recommendations put forward by the Commission, the DEVB and WSD will report to the Panel on Development after announcement of the aforesaid proposal.

Development Bureau
February 2017