

立法會 *Legislative Council*

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Panel on Development

Meeting on 26 November 2019

Background brief on developing brownfield sites as a land supply option

Purpose

This paper provides background information on developing brownfield sites as a land supply option and gives a brief account of the views and concerns expressed by Legislative Council ("LegCo") Members on the subject since the 2016-2017 legislative session.

Background

Brownfield sites in Hong Kong

2. In Hong Kong, brownfield sites generally refer to former agricultural land in the New Territories ("NT") which has been converted to other uses due to the decline of agricultural activities. It is estimated that there are about 1 300 hectares ("ha")¹ of brownfield sites that are concentrated in North and Northwestern NT, most of which are privately owned. A broad distribution of brownfield sites in NT is set out on the map in **Appendix I**.

3. According to the Administration, brownfield sites in NT are mainly used for port back-up uses (including container lorry parks and container yards), open storage, logistics operations, vehicle parking, vehicle repair

¹ Source: "[Land for Hong Kong: Our Home, Our Say](#)" booklet of the Task Force on Land Supply published in April 2018. The data is subject to confirmation by the Study on Existing Profile and Operations of Brownfield Sites in NT commissioned by the Planning Department.

workshops, recycling yards, rural workshops, construction machinery and materials storage, etc. These operations are drawn to the brownfield sites by the large space available at cheaper rents.²

Developing brownfield sites as a land supply option

4. Developing brownfield sites is one of the short-to-medium term options (i.e. with potential to provide additional land in around 10 years' time) recommended by the Task Force on Land Supply ("TFLS")³ to be accorded priority for study and implementation by the Government. According to TFLS, this option received wide community support as reflected in the outcome of its public engagement exercise. TFLS recommended that, in pursuing this option, the Government should devise a comprehensive policy on developing brownfield sites and properly handle the concerns of brownfield operators to minimize resistance during the process.

5. In response to the recommendation of TFLS, the Administration indicated that redeveloping brownfield sites had all along been a key component of its multi-pronged land supply strategy. Of the some 1 300 ha brownfield sites, the Administration had been proactively taking forward the development of about 340 ha in the context of the Kwu Tung North ("KTN")/Fanling North ("FLN") New Development Area ("NDA"), the Hung Shiu Kiu ("HSK") NDA and the Yuen Long South ("YLS") Development. Besides, the strategic growth areas in NT North would involve about 200 ha of brownfield sites, for which the Administration would commence the Phase One study on NT North NDA covering the San Tin/Lok Ma Chau area (with about 65 ha of brownfields) in the third quarter of 2019. For the remaining 760 ha of scattered brownfield sites⁴

² For example, according to the findings of surveys conducted by the Civil Engineering and Development Department on brownfield sites in Hung Shui Kiu ("HSK") New Development Area ("NDA") and Yuen Long South ("YLS") respectively in 2015 and 2016, the overall median rent for brownfield sites in HSK NDA was \$1.91 per square foot ("sq ft") and that in YLS was \$3.56 per sq ft.

³ TFLS was appointed by CE in August 2017 for a term of 18 months starting from 1 September 2017 to take an overall macro-review of land supply options, engage the community in discussions on the pros and cons of different options and their priorities thereby facilitating consensus-building. On 26 April 2018, TFLS launched a five-month public engagement exercise to solicit views from all sectors of society on 18 land supply options it had identified as well as other land supply-related issues. The report of TFLS is available at: <https://www.landforhongkong.hk/en/views/index.php>.

⁴ These brownfield sites are scattered in Ping Shan, Wang Chau, Kam Tin, Pat Heung, Shek Kong, Ngau Tam Mei, San Tin, Lung Kwu Tan, etc.

that were not yet covered by any current or proposed NDAs, the Planning Department ("PlanD") would commence an in-house study in around mid-2019 to assess their development potential and prioritize those sites identified with housing potential for follow-up study by departments.

6. In her 2019 Policy Address, the Chief Executive has indicated that about 450 ha of brownfield sites in NT may have development potential but have not been covered by NDAs or other development projects. These sites are mostly privately-owned, larger in size and located near to existing new towns and major highways, including the brownfield sites in Ping Shan and Lam Tei. PlanD will accord priority to the study of 160 ha brownfield sites that are closer to existing infrastructure and assess their suitability for public housing development, with a view to commencing follow-up technical assessment by end-2019.

Major challenges in developing brownfield sites

7. According to the Administration, unlike some overseas cases where brownfield sites have been left vacant for a long time, most brownfield sites in Hong Kong are economically active, and brownfield operations are an important component of the local production chain. Hence, the Administration has undertaken to devise suitable measures for accommodating and consolidating in a land-efficient manner brownfield operations that are still needed in Hong Kong. In the case of HSK NDA, the Government has reserved about 24 ha of land in the northern fringe of the HSK NDA for accommodating some of the affected brownfield operations in multi-storey buildings ("MSBs") and open-air sites, and another 37 ha of land for modern logistics facilities. Another site of 3.8 ha in the vicinity of Yuen Long Industrial Estate is being explored.

8. According to the Administration, another challenge in developing brownfield sites involves land ownership. While the Government can exercise the authority under the Lands Resumption Ordinance ("LRO") (Cap. 124) and other laws to resume the private land for public development and arrangements are in place to provide ex-gratia payment to eligible operators, resumption and clearance are by nature unwelcomed by those to be displaced and time-consuming. In response to concerns of brownfield operators affected by clearances, the Administration announced in May 2018 a new ex-gratia allowance ("EGA") arrangement to eligible open-air/outdoor business undertakings as an alternative to the making of

statutory claims.⁵ Under the new arrangement, outdoor/open-air business undertakings on private agricultural land not in breach of the lease and operating for at least seven years immediately preceding the date of Pre-clearance Survey ("PCS") (hereinafter referred to as "minimum continuous operational period") are eligible for an EGA.⁶ The prevailing EGA rate for an open area of workshops (\$390 per square metre ("sq m") as in July 2018)⁷ is adopted for the open areas of eligible business undertakings, subject to a minimum qualifying area of 20 sq m and a maximum payment ceiling of 5 000 sq m per business undertaking.

9. Moreover, given the scattered distribution of brownfield sites and their irregular shape, the development of individual brownfield sites may involve huge cost of supporting infrastructure. Even if a few adjoining brownfield sites could be consolidated for development, together they may not give an optimal planning layout accommodating a full range of housing, economic and public facilities for a self-sufficient community.

Studies relating to brownfield sites in the New Territories

10. To provide an objective basis for formulating strategies and measures for tackling brownfield sites in NT, the Administration has pursued the following studies on brownfield-related issues:

- (a) Study on Existing Profile and Operations of Brownfield sites in NT commissioned by PlanD in mid-2017 and expected to be completed within 2018. This study includes a comprehensive examination of the overall distribution and uses of brownfield

⁵ The relevant proposal ([FC\(2018-19\)48](#)) was approved by the Finance Committee at its meeting on 18 July 2018. Before the introduction of this new arrangement, business undertakings in the open air/outdoor without any qualified structures that were permitted or tolerated under the squatter control policy were not eligible for any EGA upon clearance, even though their business operations might not be in breach of the lease.

⁶ Business undertakings on private agricultural land permitted by short-term land instruments issued by the Lands Department at least seven years immediately preceding the date of PCS and not in breach of the conditions of the short-term land instruments, as well as business operations on government land under short-term tenancies ("STTs") first granted at least seven years immediately preceding the date of PCS and not in breach of the STT conditions are also eligible.

⁷ The rate is set with reference to the average rental per sq m of flatted factories in the private sector as advised by the Rating and Valuation Department capitalized over 15 months, and multiplied by one-sixth to reflect the outdoor/open-air nature of the undertakings.

sites through site inspection, questionnaire surveys, stakeholder interviews, etc.; and

- (b) two feasibility studies on MSBs for accommodating brownfield operations commissioned by Civil Engineering and Development Department ("CEDD") in mid-2016 and expected to be completed within 2018. The studies cover the conceptual design, planning, engineering, environmental and financial assessment, and explore possible modes of operation and management of the proposed MSBs.

Major views and concerns expressed by Members

11. Issues relating to the development of brownfields were discussed at meetings of the Panel on Development ("the Panel"). The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Relocation of the brownfield operations

12. Given the contributions of brownfield operations to the economy of Hong Kong, some members urged the Administration to properly relocate the brownfield operations, provide land to accommodate the affected operations and ensure that those relocated to MSBs would be charged at an affordable rent level. Some members called on the Administration to relocate the existing brownfield operations before resuming the sites for development. While it might not be feasible to relocate some affected brownfield operations to MSBs, such as those involving the storage of large-scale construction equipment, there was a suggestion that the proposed near-shore reclamation site at Lung Kwu Tan would be suitable for accommodating such brownfield operations.

13. The Administration advised that while it was not the Government's policy to provide land for reprovisioning the affected business undertakings, it would offer assistance to those operators who wished to re-establish their business in other areas, including through facilitation measures on planning and land issues. The Administration was finalizing the on-going studies on brownfield operations, and would consult stakeholders and trades representatives in due course. Among other issues, the possible modes of operation and management of the proposed MSBs would be explored in the two feasibility studies carried out by CEDD. Apart from MSBs, the Administration would also explore the possibility and need for accommodating certain operations which could not be moved into MSBs

on suitable open air sites with provision of proper infrastructure and segregation from sensitive receivers. Meanwhile, it would commence a planning and engineering study and design for approximately 220-ha reclamation at Lung Kwu Tan for industrial, storage, logistics and similar operations.

Ex-gratia allowance arrangement applicable to brownfield operations

14. While members generally welcomed the introduction of the new EGA for outdoor/open-air business undertakings, they suggested that the Administration should consider (a) further shortening the proposed seven-year minimum continuous operational period; (b) allowing affected business undertakings operating in the same district during the seven-year minimum continuous operational period but at different land lots to receive the EGA; and (c) extending the EGA coverage from land owners and operators/occupants to sublessors.

15. The Administration responded that to ensure prudent use of public funds, the Administration did not consider it appropriate to further shorten the proposed seven-year minimum continuous operational period requirement. Nonetheless, the Administration would exercise flexibility in the implementation of the arrangement. Consecutive continuous occupation of different surveyed/licensed structures or lots by business undertakings in the same affected area, i.e. within the boundary of the area to be cleared for development, might also be counted towards the minimum continuous operational period. Yet, the Administration had no plan to extend the coverage of ex-gratia compensation to sublessors.

16. To prevent land owners from turning their agricultural lands into brownfield sites in the hope of receiving higher rate of compensation, some members suggested conducting a freezing survey for the existing brownfield sites as soon as possible. In response, the Administration clarified that generally speaking, freezing surveys were conducted for the purpose of individual public works or public development projects requiring land resumption and clearance, and the time of the surveys would be tied to the development schedule of the relevant projects.

Concerns relating to brownfield sites in individual development projects

Wang Chau Development

17. Some members considered that, in the case of Wang Chau development, instead of removing and relocating non-indigenous villages,

the Administration should first resume the government land illegally occupied for brownfield operations for public housing development.

18. The Administration replied that it had decided in early 2014 to take forward the public housing development project of Wang Chau in three phases. Given that the sites of Phases 2 and 3 involved more brownfield operations and environmental problems than that of Phase 1, and as such would lead to more complicated development works and require a longer lead time to formulate an implementation plan, the Administration decided to proceed with the Phase 1 development first. On the timetable for developing the brownfield sites in Phases 2 and 3, the Administration advised that it had commissioned the "Engineering Feasibility Study for Site Formation and Infrastructural Works for Remaining Phases of Public Housing Developments at Wang Chau, Yuen Long" for completion in 2019. The Administration would make reference to the results of this study to work out a proposal for implementing the remaining phases of the development.

19. At a joint meeting of the Panel and the Panel on Housing on 26 June 2018, members expressed concern over the timely commencement of PCS for brownfield sites in Wang Chau. The Administration advised that according to its established practice, a PCS was usually conducted after or around the time of the gazettal of the relevant Outline Zoning Plan. As the engineering feasibility study for the remaining phases of Wang Chau was underway, it was not an appropriate time to conduct the survey at that stage.

Kwu Tung North/Fanling North New Development Area

20. Members enquired about the size of brownfield sites to be resumed, the nature of the brownfield operations affected by the First Phase development of KTN/FLN NDAs, as well as the specific resettlement options available to the operators and the resettlement timetable. The Administration advised that, the First Phase of KTN/FLN NDAs would involve resumption of about 8 ha of brownfield sites, the affected operations on which were mainly small-scale ones, such as timber workshops, not requiring the use of heavy machinery.

Hung Shui Kiu New Development Area

21. Members were concerned that it was not sufficient to reserve only about 24 ha of land in HSK NDA for accommodating the 190 ha of affected brownfield operations. Members were also concerned that the rent of the MSBs at HSK NDA, if set at a high level, might drive out the brownfield

operations there. They enquired about the respective number of existing brownfield operations which would be moved into MSBs and those needed to be accommodated on suitable open-air sites, and whether and how the Administration had actively engaged and sought the consent of the relevant stakeholders on the reprovisioning arrangements of the affected brownfield operations.

22. The Administration responded that the consolidation of a large number of brownfield operations into MSBs involved consideration of the associated technical feasibility, financial viability and management model, which were complex and warranted careful examination and extensive consultation with the relevant stakeholders. In this connection, the studies commissioned by CEDD would explore the feasibility of consolidating brownfield operations into MSBs, including technical and financial assessments, as well as studying the mode of operation and management such as the types of brownfield operations that could be accommodated in MSBs. Relevant stakeholders, including existing operators, trade representatives and locals, would be consulted during the feasibility studies. Apart from MSBs, the Administration would also explore other sites in the nearby areas which might be suitable for accommodating brownfield operations.

Yuen Long South development

23. Members enquired about the area and percentage of existing brownfield sites in the YLS, and the measures to reprovision affected brownfield operations there. Noting that the Administration had reserved land in Tong Yan San Tsuen for certain brownfield operations to be consolidated into MSBs, some members called on the Administration to consider inviting private participation, in particular those brownfield operators affected by the development project in developing the MSBs there. The Administration advised that, the YLS development project covered a total development area of 185 ha including about 100 ha of brownfield sites. The modes of operation and management of MSBs would be explored in CEDD's feasibility studies.

Council Questions

24. At the Council meetings of 28 June and 1 November 2017, Members raised questions relating to brownfield sites. The hyperlinks on the questions and the Administration's replies are provided in the **Appendix II**.

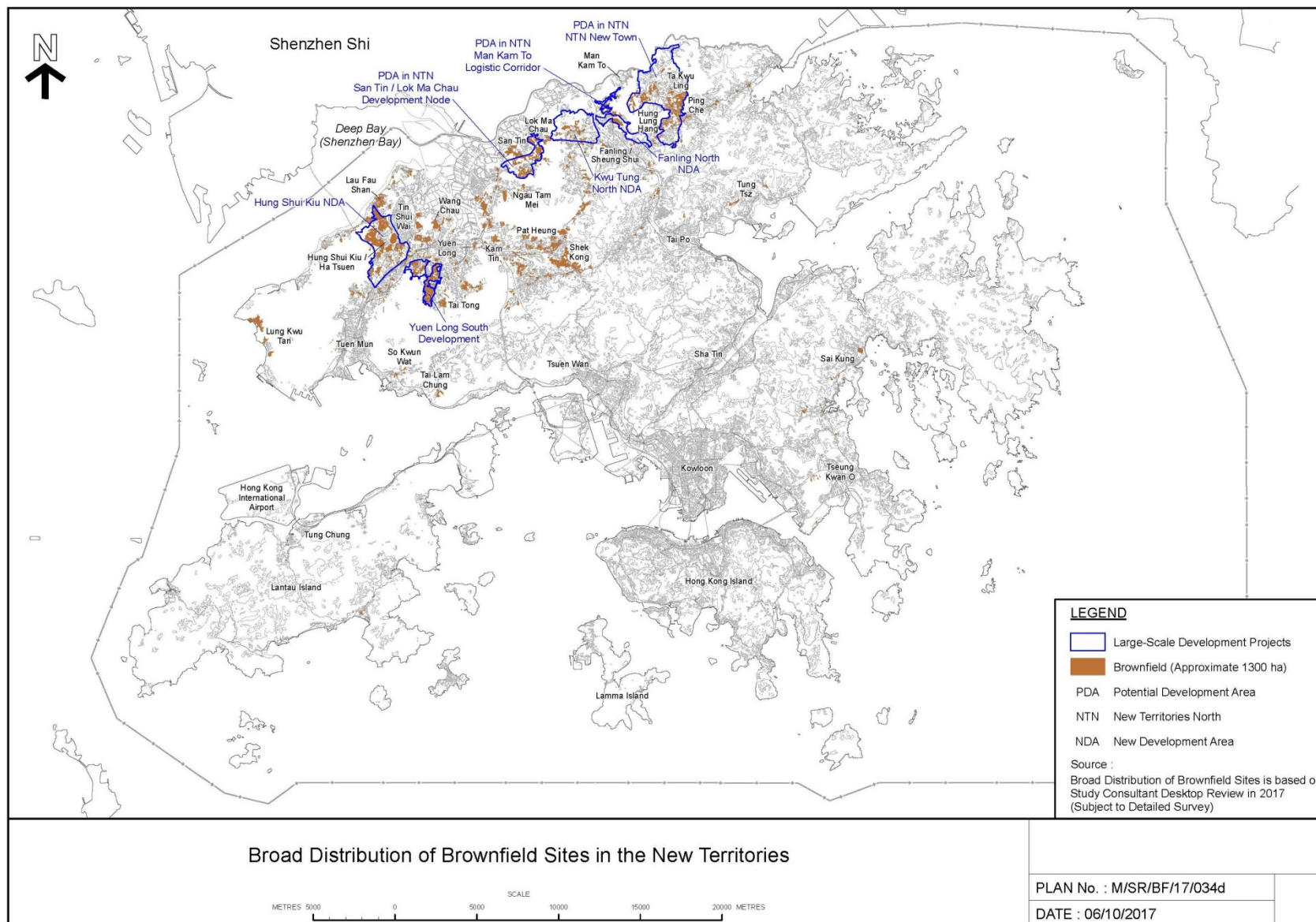
Latest development

25. At the Panel meeting to be held on 26 November 2019, the Administration will brief members on the major findings of the Study on Existing Profile and Operations of Brownfield Sites in NT and its follow-up actions.

Relevant papers

26. A list of the relevant papers on the LegCo website is in the **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
22 November 2019



Source: Annex A to [Task Force on Land Supply Paper No. 05/2017: Brownfield Sites](#)

Developing brownfield sites as a land supply option

List of relevant papers

Committee	Date of meeting	Paper
Panel on Development	8 November 2016	<p>Administration's paper on "Hung Shui Kiu New Development Area Planning and Engineering Study — Revised Recommended Outline Development Plan" [LC Paper No. CB(1)51/16-17(05)]</p> <p>Minutes of meeting [LC Paper No. CB(1)289/16-17]</p> <p>Administration's follow-up paper [LC Paper No. CB(1)333/16-17(01)]</p>
Panel on Development and Panel on Housing	15 November 2016 29 November 2016 6 December 2016	<p>Administration's paper on "Public Housing Development Plan at Wang Chau, Yuen Long" [LC Paper No. CB(1)16/16-17(01)]</p> <p>Administration's supplementary information papers [LC Paper Nos. 201/16-17(01) and 254/16-17(01)]</p> <p>Minutes of joint meeting on 15 November 2016 [LC Paper No. CB(1)1097/16-17]</p> <p>Minutes of joint meeting on 29 November 2016 [LC Paper No. CB(1)1098/16-17]</p> <p>Minutes of joint meeting on 6 December 2016 [LC Paper No. CB(1)1441/16-17]</p>

Committee	Date of meeting	Paper
Panel on Development	24 January 2017	<p>Administration's paper on "Initiatives of Development Bureau in the 2017 Policy Address and Policy Agenda" [LC Paper No. CB(1)439/16-17(03)]</p> <p>Administration's paper on "Overview of Land Supply [LC Paper No. CB(1) 461/16-17(01)]</p> <p>Administration's follow-up paper [LC Paper No. CB(1) 618/16-17(01)]</p> <p>Minutes of policy briefing cum meeting [LC Paper No. CB(1)700/16-17]</p>
Panel on Development	23 May 2017 27 June 2017	<p>Administration's paper on "Ex-gratia Allowance for Business Undertakings affected by Government's Development Clearance Exercises" [LC Paper No. 801/16-17(01)]</p> <p>Minutes of meeting on 23 May 2017 [LC Paper No. CB(1)1417/16-17]</p> <p>Minutes of special meeting on 27 June 2017 [LC Paper No. CB(1)100/17-18]</p>
Panel on Development	26 June 2017	<p>Administration's paper on "Creation and Redeployment of Directorate Posts in the Development Bureau and Planning Department to Strengthen Support for Land Use Initiatives and District Planning Work" [LC Paper No. 950/16-17(03)]</p> <p>Administration's follow-up paper [LC Paper No. 214/17-18(01)]</p> <p>Minutes of meeting [LC Paper No.1443/16-17]</p>

Committee	Date of meeting	Paper
Panel on Development	24 October 2017	<p>Administration's paper on "Initiatives of Development Bureau in the Chief Executive's 2017 Policy Address and Policy Agenda" [LC Paper No. CB(1)57/17-18(01)]</p> <p>Minutes of meeting [LC Paper No. CB(1)615/18-19]</p>
Panel on Development	20 December 2017 23 January 2018	<p>Administration's paper on "Implementation Arrangements for Hung Shui Kiu New Development Area Project" [LC Paper No. CB(1)817/16-17(08)]</p> <p>Minutes of meeting on 20 December 2017 [LC Paper No. CB(1)718/17-18]</p> <p>Minutes of meeting on 23 January 2018 [LC Paper No. CB(1)826/17-18]</p>
Panel on Development	27 February 2018	<p>Administration's paper on "Planning and Engineering Study for Housing Sites in Yuen Long South — Recommended Outline Development Plan" [LC Paper No. CB(1)608/17-18(07)]</p> <p>Minutes of meeting [LC Paper No. CB(1)997/17-18]</p>
Panel on Development	29 May 2018	<p>Administration's paper on "Public Engagement of the Task Force on Land Supply" [LC Paper No. CB(1)996/17-18(04)]</p> <p>Booklet entitled "Land for Hong Kong: Our Home, Our Say!" issued by the Task Force on Land Supply</p> <p>Background brief on the proposed enhancements to the general ex-gratia compensation and rehousing</p>

Committee	Date of meeting	Paper
		<p>arrangements for Government's development clearance exercises [LC Paper No. CB(1)996/17-18(06)]</p> <p>Minutes of meeting [LC Paper No. CB(1)55/18-19]</p>
<p>Panel on Housing and Panel on Development</p>	<p>26 June 2018 29 June 2018</p>	<p>Administration's paper on "Proposed Enhancements to the General Ex-gratia Compensation and Rehousing Arrangements for Government's Development Clearance Exercises" [LC Paper No. CB(1)951/17-18(01)]</p> <p>Minutes of joint meeting on 26 June 2018 [LC Paper No. CB(1)139/18-19]</p> <p>Minutes of joint meeting on 29 June 2018 [LC Paper No. CB(1)140/18-19]</p>
<p>Panel on Development</p>	<p>19 September 2018</p>	<p>Administration's paper on "Land Supply" [LC Paper No. CB(1)1389/17-18(01)]</p> <p>Updated background brief on initiatives to increase land supply [LC Paper No. CB(1)996/17-18(05)]</p> <p>Minutes of special meeting [LC Paper No. 115/19-20]</p>
<p>Panel on Development</p>	<p>23 October 2018</p>	<p>Administration's paper on "Initiatives of Development Bureau in the Chief Executive's 2018 Policy Address and Policy Agenda" [LC Paper No. CB(1)15/18-19(01)]</p> <p>Minutes of policy briefing-cum-meeting [LC Paper No. CB(1)455/18-19]</p>

Committee	Date of meeting	Paper
Panel on Development	22 January 2019	<p>Administration's paper on "Kwu Tung North and Fanling North New Development Areas — Funding Applications for Main Works, Detailed Design and Special Ex-gratia Cash Allowance" [LC Paper No. CB(1)456/18-19(03)]</p> <p>Minutes of meeting [LC Paper No. CB(1)1331/18-19]</p>
Panel on Development	1 March 2019	<p>Legislative Council Brief on Government's response to Report of the Task Force on Land Supply</p> <p>Updated background brief on the public engagement by the Task Force on Land Supply [LC Paper No. CB(1)639/18-19(01)]</p> <p>Minutes of special meeting [LC Paper No. CB(1)1371/18-19]</p>
Panel on Development	--	<p>Administration's paper on "Initiatives of Development Bureau in the Chief Executive's 2019 Policy Address and Policy Address Supplement" [LC Paper No. CB(1)38/19-20(01)]</p>

Hyperlinks to relevant Council questions and Administration's replies:

Date	Council question
28 June 2017	Question raised by Hon LEUNG Yiu-chung on " Statistics on agricultural lands and development plans "
1 November 2017	Question raised by Dr Hon Kwok Ka-ki on " Resumption of land in the New Territories for housing development "