

Legislative Council Trade and Industry Panel - Renewal of Old and Planning of New Industrial Areas

PURPOSE

This paper informs Members of the Administration's efforts in renewing old industrial areas and in planning new industrial areas.

BACKGROUND

2. When considering the paper "Support to Industry on Environmental Matters" on 6 December 1999, Members considered that there were many restrictions for industrial enterprises located in old industrial areas to upgrade their facilities and processes in order to comply with new environmental regulations. Members believed that it would be more cost effective to relocate polluting industries to new industrial areas and redevelop old industrial areas under the urban renewal process. The Administration undertook to provide more information on the renewal of old industrial areas for Members' information.

DETAILS

3. Over the years, the Administration has undertaken a number of studies to identify the problems associated with old industrial areas, formulate proposals to facilitate their renewal and propose up-to-date planning standards and guidelines based on which new industrial areas can be planned and developed. These include the ROBINA Study¹ completed in 1993, ROBINA Case Studies² completed in 1997, PIPNIB Study³ completed in 1997, the Urban Renewal Strategy Study completed in September 1999 and the latest Study to Review the Planning Framework for the Reservation and Provision of Industrial Land completed in October 1999.

Difficulties in renewing old industrial areas

4. The studies have identified the following problems related to old industrial areas -

- (a) poor environmental conditions;
- (b) serious traffic congestion;
- (c) overloading of sewerage and waste disposal facilities;
- (d) outdated industrial building design and layouts; and
- (e) poor building maintenance and management.

¹ 'Study on the Re-structuring of Obsolete Industrial Areas'

² 'Case Studies Arising from the Study on Re-structuring of Obsolete Industrial Areas'

³ 'Study on the Provision of Industrial Premises & the Development of Planning Guidelines & Design Parameters for New Industrial Areas & Business Parks'

5. Comprehensive renewal of old industrial areas is constrained by a number of problems, the most difficult being -

- (a) ***land assembly*** – land/property acquisition is time-consuming and may require a substantial financial commitment over a long period. Land assembly, especially when multi-ownership is involved, is the major constraint hindering private developers from redeveloping old industrial buildings; and
- (b) ***financial viability*** – as most industrial land is owned privately, redevelopment of industrial areas has to be implemented by private owners/developers whose decision to redevelop is based on the financial return anticipated from the redevelopment projects. Due to the declining demand for industrial premises in recent years and the fact that many industrial buildings are already built to the highest intensity allowed under the Buildings Ordinance, the financial return for redeveloping old industrial buildings is unattractive.

Current efforts

6. The Administration is committed to improving the urban fabric of Hong Kong by drawing up and implementing redevelopment and rehabilitation plans for larger areas and replacing incompatible land uses, including under-utilised and obsolete industrial areas. Actions being taken or under consideration by the Administration on industrial land renewal are -

- (a) providing incentives for market-led redevelopment; and
- (b) direct public involvement.

(a) *Providing incentives for market-led redevelopment*

7. Noting the declining demand for industrial land, the Town Planning Board has since 1997 approved the rezoning of about 110 hectares (ha) of industrial land for other uses, including the rezoning of 92 ha of existing industrial land for residential and commercial developments. In the latest study, a further potential surplus of up to 66 ha of industrial land by year 2016 has been identified. To address this surplus and to stimulate physical restructuring and environmental improvement, the Administration is currently reviewing all industrial areas to identify further suitable sites for rezoning.

8. A new “Business” zone has been proposed to meet the needs of the restructuring industrial sector and to facilitate environmental upgrading. This new zoning mechanism would be conducive to the restructuring of obsolete industrial areas. The “Business” zone would primarily accommodate three main economic activities, i.e. clean industrial, general office and commercial uses. Industrial buildings which are suitable for redevelopment but currently in lack of financially viable proposals would benefit from the wider range of uses permitted in the “Business” zone. The zone can also act as a buffer to separate residential or other

sensitive land uses from the remaining established industrial areas and reduce interface problems.

9. Public consultation on the proposed “Business” zone concept has been completed. Responses are largely supportive, although there are concerns on the land premium chargeable for the change from industrial to “Business” use.

(b) *Direct public involvement*

10. To expedite renewal of old industrial areas, the Administration acknowledges that direct public involvement may be required for some financially non-viable projects or redevelopment projects with land assembly problem. One way of such direct involvement is the setting up of the Urban Renewal Authority (URA) as an “enabling agent” to undertake those unprofitable and problematic redevelopment projects. The URA will be entrusted with powers to assemble land for redevelopment.

11. As mentioned in paragraph 3 above, an Urban Renewal Strategy (URS) Study has been undertaken by the Administration to provide the necessary planning inputs to the formulation of an URS to guide future urban renewal efforts. The URS Study has initially identified a number of industrial buildings adjacent to residential buildings with unsatisfactory conditions for priority action to be taken by the URA. A total of 8.3 ha of industrial land which is currently under-utilised is also recommended for comprehensive redevelopment.

12. To enhance the financial viability of industrial renewal projects, the Administration has also proposed options such as providing loans, charging nil land premium and packaging redevelopment projects so that financially viable projects can cross-subsidise non-viable ones. The public have been consulted on these proposals and are generally supportive.

The need to retain certain industrial areas in the urban areas

13. While there are some concerns about the need to redevelop older industrial areas, the various planning studies also reveal that many of the established industrial areas are still economically active. The predominant activities found in industrial buildings include import/export trading, manufacturing and wholesaling, often providing the head office functions for larger establishments located in Southern China. The established industrial areas thus still perform an important economic function in terms of providing accommodation for key manufacturing and other business activities, as well as in the creation of jobs. It is therefore important that any urban renewal initiatives should not result in undue disruption to these existing economic activities. Moreover, one of the problems identified in the studies is the imbalance between residential population and employment distribution in the Metro area, which results in increased commuting. Hence, it is desirable to retain some industrial areas to provide local job opportunities in the urban areas.

Planning for new industrial areas

14. New industrial areas will be planned on the basis of the planning standards and guidelines as set out in Chapter 5 of the Hong Kong Planning Standards and Guidelines (HKPSG) and the environmental standards and guidelines in Chapter 9 of the HKPSG (a summary version of the two Chapters is at **Annex**). These standards and guidelines have been formulated having regard to the updated industrial requirements in relation to environment, transport, parking, building layouts, loading/unloading and other supporting facilities. These new industrial or new development areas provide opportunities for some of the industries to relocate from the urban areas to these new areas. In so doing, they would have the opportunity to upgrade their facilities and processes to enable more effective compliance with the planning and environmental standards and guidelines.

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