

Legislative Council Panel on Housing

Clearance of the Housing Authority's Old Flatted Factory Estates

Purpose

This paper briefs Members on the clearance of Housing Authority's old flatted factory estates.

Background

2. Flatted factories were originally built by the Government as part of the resettlement programme to re-provision squatter factories and cottage workshops displaced by clearance operations. The Housing Authority also built a number of factory estates in the late 1970s and the early 1980s, resulting in a total of 17 factory estates. In 1989, the Housing Authority reviewed the policy of flatted factory estates. Having regard to its core mission of providing subsidised rental housing to low-income families in need, the Housing Authority decided to progressively absolve itself from the ownership and management of flatted factories in the long term. Since then, six factory estates were cleared because of poor structural conditions or to make way for other developments such as public housing, transport infrastructure and open space etc. Details are at Annex A.

3. Of the 11 remaining factory estates, five were built in the late 1950s to mid-1970s using old design standards without lifts. The remaining six factories, completed after 1979, are relatively modern buildings with lift services and are still in active use. The Housing Authority plans to clear the five aged and substandard flatted factory estates in phases. Details of these factory estates are set out at Annex B.

Early Surrender Scheme

4. To prepare the ground for future clearance, new letting of units in aged factory estates has been frozen since September 2001. To induce tenants to voluntarily give up the tenancies, the Housing Authority implemented the Early Surrender Scheme in November 2000. Under the Scheme, tenants with unspecified tenure in old factory estates who voluntarily surrendered their tenancy before 30 June 2004 will be given a special ex-gratia allowance equivalent to 75% of the full ex-gratia allowance payable upon clearance for redevelopment at that time. The Scheme was well-received and about half of the units in old factory estates have been surrendered. At present about half of the units in these factory estates are vacant. The response to the Scheme and the latest vacancy position of the remaining factories are detailed at Annex C.

Progress To Date

5. In view of its poor building conditions, in October 2003 the Housing Authority decided to clear San Po Kong Factory Estate. Clearance is in progress and will be completed this year.

6. The Housing Authority recently reviewed the situation of the four old-style factory estates, i.e. Chai Wan Factory Estate, Kowloon Bay Factory Estate, Kwun Tong Factory Estate and Tai Wo Hau Factory Estate. With implementation of the Early Surrender Scheme described above, the vacancy rates of these factory estates are relatively high. Except for Chai Wan Factory Estate, the other factory estates sustain a vacancy rate of over 50%. Despite regular maintenance and repair, their building conditions are deteriorating with ageing. In light of these considerations, in March 2005 the Housing Authority agreed in principle that these four factory estates should be cleared in phases. Of the four, the building condition of Tai Wo Hau Factory Estate is least satisfactory. It will be cleared in 2006.

Clearance Arrangements

7. To minimise the impact of clearance on affected tenants and operators, the Housing Authority implements the following arrangements:

- (a) advance notice will be given to affected tenants 18 months prior to clearance so that tenants have ample time to make suitable arrangements;
- (b) any rent increase will be frozen pending clearance;
- (c) ex-gratia allowance will be offered to assist affected tenants and operators in meeting the costs of re-establishing or winding up of business. 70% of the ex-gratia allowance will be paid to the tenant on application with the balance to be paid after the unit has been vacated so that tenants have the necessary cashflow to make relocation or removal arrangements;
- (d) for those who wish to relocate to other Housing Authority's factory estates, a three-month rent free period will be provided. Alternatively, they may opt for a cash sum in lieu of relocation.

The Way Forward

8. The Housing Authority will continue to phase out the three aged and substandard factory estates in Chai Wan, Kowloon Bay and Kwun Tong. Details of the clearance programme will be worked out having regard to the actual building conditions of individual factory estates, the vacancy position and tenants' operations.

Cleared Old Flatted Factory Estates of the Housing Authority

Estate	Year Built	Year of Clearance	Remarks
Cheung Sha Wan (Block 1)	1960	1990	Clearance due to poor structural condition.
Yuen Long	1966	1996	Cleared for redevelopment into a Home Ownership Scheme development.
Shun Kei	1982	1997	Demolished in 1998 for development of the West Rail Project.
Shek Kip Mei	1977	2001	Cleared site to be returned to the Government.
Kwai Chung	1966 – 73	2002	Cleared for redevelopment into a public rental housing estate.
Cheung Sha Wan (Blocks 1A, 2 to 5)	1960 – 65	2003	Cleared site to be returned to the Government.
Jordan Valley	1959	2004	Cleared site to be returned to the Government for open space use.

Housing Authority's Old Flatted Factory Estates Scheduled for Clearance

Estate	Year Built	Year of Clearance	Remarks
San Po Kong	1962 - 65	2005	Clearance in progress. The site is zoned for industrial use and will be returned to the Government after clearance.
Tai Wo Hau	1961 - 66	2006	Clearance in progress. The site is zoned for industrial use and will be returned to the Government after clearance.
Chai Wan	1959	To be decided*	The site is zoned for Comprehensive Development Area use and will be returned to the Government after clearance.
Kowloon Bay	1975	To be decided*	The site is zoned for Other Specified Use (Business) and will be returned to the Government after clearance.
Kwun Tong	1966	To be decided*	The site is zoned for Other Specified Use (Business) and will be returned to the Government after clearance.

* In March 2005, the Housing Authority agreed in principle the clearance of these factory estates by phases in view of their poor building conditions.

**Result of the Early Surrender Scheme and Latest Vacancy Position of the Remaining Old Factory Estates
(as at 31.3.2005)**

Name of Factory Estate	Total No. of		No. of application received			No. of units/tenancy recovered		Current Vacancy Rate	
	Unit (a)	Tenancy	Unit (b)	Tenancy	$\frac{(b)}{(a)}\%$	Unit	Tenancy	Unit	%
Chai Wan	378	185	132	61	34.9%	87	41	87	23%
Kowloon Bay	807	362	304	123	37.7%	271.5	111	438	54%
Kwun Tong	817	399	508.5	234	62.2%	468.5	212	503	62%
San Po Kong	2 008	912	1 400	575	69.7%	905	398	1 391	69%
Tai Wo Hau	1 035.5	424	570.5	223	55.1%	518	211	526	51%
Total	5 045.5	2 282	2 915	1 216	57.8%	2 250	973	2 945	58%