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Panel on Development

Meeting on 19 December 2011

Background brief on measures to expand land resources

Purpose

This paper provides background information on the Administration's measures to expand land resources announced in the Chief Executive ("CE")'s 2011-2012 Policy Address and a brief account of the views and concerns expressed by Members on the subject.

Initiatives to increase housing land supply under the 2010-2011 Policy Address

- 2. Initiatives to increase land supply were introduced under the 2010-2011 and 2011-12 Policy Addresses to meet the strong housing demands from members of the public. CE announced in his 2010-2011 Policy Address that to ensure a stable property market, in the next 10 years, on average, land would need to be made available annually for some 20 000 private residential flats. The figure was estimated on the basis of the average annual take-up rate of first-hand private residential flats of 18 500 units in the past 10 years. The Administration's aim was to build up a sufficiently large land reserve over a period of time to ensure stable land supply for the residential property market, in particular, to make available sufficient land for building small and medium residential flats to keep their prices stable. To achieve this objective, the Steering Committee on Housing Land Supply, chaired by the Financial Secretary, had been formed to co-ordinate the efforts of the departments concerned.
- 3. According to the Administration's paper provided to the Panel on Development ("the Panel") in October 2010 in relation to the initiatives of

the Development Bureau in the 2010-2011 Policy Address, sources of land supply to support the annual target of providing 20 000 private residential flats included Government land to be disposed of, lease modifications and land exchanges initiated by private developers, private redevelopment projects not subject to premium payment, and land tenders carried out by the Mass Transit Railway Corporation Limited and the Urban Renewal Authority.

- 4. At the Panel meeting on 21 October 2010, the Administration advised that, to make government land available to the market for supply of housing, the Government would continue to uphold the Application List ("AL") as the main axle and supplement it by Government-initiated land sales by auction or tender. In addition, the Administration would review existing land uses and explore new land resources. By October 2010, the Administration had completed a review of industrial land in the territory and proposed to rezone about 30 hectares for residential use.
- 5. According to the Administration, in the medium to longer term, the development of Kai Tak and other new development areas ("NDAs") in the northern New Territories would provide more land to meet housing needs. Feasibility or planning studies would commence in respect of quarry sites on Anderson Road, Lam Tei and Lamma Island to examine if they could provide land for residential use. The Administration would also commence the feasibility study for the proposed further development of Tung Chung. In order to generate more land in the long run, the Administration would consult the public on the proposals of reclamation on an appropriate scale outside Victoria Harbour and developing cavern and underground space.

Initiatives to increase housing land supply under the 2011-2012 Policy Address

- 6. In his 2011-2012 Policy Address, CE announced that the Administration had identified the following six measures to expand land resources --
 - (a) To release about 60 hectares of industrial land for non-industrial uses, half of which would be made available for housing;
 - (b) To explore the option of reclamation on an appropriate scale outside Victoria Harbour;

- (c) To actively explore the use of rock caverns to reprovision existing public facilities and release such sites for housing and other uses;
- (d) To look into the use of green belt areas in the New Territories that are devegetated, deserted or formed, thus no longer performing their original functions, and convert them into housing sites;
- (e) To examine "Government, Institution or Community" ("GIC") sites to avoid the under-utilisation of sites long reserved but without specific development plans; and study ways to reduce the restrictions posed by utilities to the development of adjacent areas; and
- (f) To explore the possibility of converting into housing land some 150 hectares of agricultural land in North District and Yuen Long currently used mainly for industrial purposes or temporary storage.

Progress of the various initiatives

7. According to the Administration, it aims to ensure an annual supply of land for an average of about 40 000 residential units of various types with the implementation of the above initiatives. The newly developed land will be kept in the Government's land reserve to accommodate the demand for land arising from population growth and the development of the six industries¹.

Reclamation outside Victoria Harbour and rock cavern development

8. Following the enactment of the Protection of the Harbour Ordinance (Cap. 531) in 1997 and the Court of Final Appeal's ruling in 2004, reclamation within Victoria Harbour to create new land is legally constrained but such constraint is not applicable to other sea area outside the Harbour. Therefore, reclamation on an appropriate scale outside

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¹ The six industries as referred in the 2009-2010 Policy Address are: medical services, education services, environmental industries, testing and certification, innovation and technology, and cultural and creative industries.

Victoria Harbour is a possible way to increase land supply. According to the Administration, reclamation outside Victoria Harbour has the benefits of re-using surplus public fill and handling contaminated sediments generated from construction activities in an environmentally-friendly manner.

- 9. According to the findings of the "Study on the Enhanced Use of Underground Space in Hong Kong", Hong Kong is particularly suitable for developing rock caverns from the geological perspective. By reprovisioning suitable government facilities inside caverns and releasing the original land as well as the adjacent sterilized land for housing and other uses, cavern development is a viable option to increase land supply. Cavern development can also be a good source of land supply for accommodating new infrastructure facilities, such as sewage treatment plants and refuse transfer stations, which will otherwise occupy land and territorial space.
- At the Panel meeting on 24 May 2011, the Administration briefed 10. members on the plan to launch a search for potential reclamation sites outside Victoria Harbour, identify suitable existing facilities for relocating rock caverns, and conduct relevant technical studies. November 2011, the Administration provided an information paper (LC Paper No. CB(1)323/11-12(01)) to update Panel members about the latest development of the technical studies and the public engagement ("PE") exercise to gauge the public's views on these two land supply options. the proposal of reclamation, according to the paper, the Civil and Engineering Development Department ("CEDD") has commenced a consultancy study on site search cum public engagement in July 2011, which is expected to complete in early 2013. CEDD has developed an inventory of reclamation site constraints in consultation with relevant This inventory helps identify the "no-go" areas government departments. for reclamation and areas that pose serious constraints and hence facilitates the site search study. As regards cavern development, CEDD is reviewing the suitability of relocating certain public facilities to caverns and plans to embark on feasibility studies on relocation of the Sha Tin sewage treatment works, Mount Davis fresh water primary service reservoir and Kennedy Town fresh water service reservoir to caverns, which were well-received in the pre-PE consultations.
- 11. The Stage 1 PE exercise, being conducted with the objective to solicit views on the feasible ways of increasing land supply, the guiding principles and the site selection criteria, was formally launched on 10 November 2011 and will last until 29 February 2012. With the public's

input in the Stage 1 PE, the Administration is working towards the target of identifying a list of 25 possible reclamation sites and 20 possible cavern development sites. These identified sites will be subject to a broad technical assessment to ascertain their technical, environmental and social performance for shortlisting in accordance with the established site selection criteria. The Administration targets to formulate a shortlist of 10 potential reclamation sites and 8 cavern development sites for consideration in the Stage 2 PE, scheduled for the third quarter of 2012 the earliest, and further detailed engineering studies.

Other initiatives to increase housing land supply

12. At the Panel meetings on 14 October and 22 November 2011, the Administration briefed members on the other new initiatives to increase housing land supply. The details are summarized in the ensuing paragraphs.

(a) Release of industrial land for non-industrial uses

The Administration advised on 14 October 2011 that the review of industrial land in the territory had identified 30 hectares of land for rezoning to residential use. The sites are located in Tsuen Wan, Yuen Long, Fo Tan, Siu Lek Yuen, Tuen Mun, Tai Kok Tsui and Fanling. Among them, the five sites (about 6.7 hectares) on government land are being taken forward for land sale or public housing development, and will provide a total of about 6 470 flats (including about 2 270 and 4 200 flats for private and public rental housing ("PRH") respectively). The remaining 11 sites (about 22.7 hectares) on private land can roughly provide 14 260 flats, but the timing for redevelopment will largely depend on the initiatives of the private sector.

(b) Review of green belt zones

The Planning Department ("PlanD") is carrying out a comprehensive review of the Green Belt ("GB") zones in the Outline Zoning Plans. The objective is to rationalize the GB zoning boundary and identify potential land suitable for housing development or other uses. At present, 15 plots of land with a total area of about 50 hectares, mostly under the Government's ownership, have been identified for further technical assessments for assessing their potential for residential development.

(c) Review of Government, Institution or Community Sites

If a GIC site is no longer needed due to a change in policy or implementation plan, PlanD will consider whether it is suitable for other uses, including residential development, and will follow up as appropriate. If necessary, PlanD will, in accordance with the Town Planning Ordinance, seek to amend the zoning of the site. The Administration will also give consideration to sites currently occupied by privately-owned public utilities where there is potential for housing development.

(d) Conversion of agricultural land currently used for industrial purposes or temporary storage to housing land

The Administration is working on enhancing the development potential of degraded rural industrial areas and spoiled agricultural land for implementation as priority development area for public housing development through land resumption, and for provision of infrastructure required to support private housing development. Four such potential sites have been identified in Kwu Tung South, Yuen Long South, Fanling/Sheung Shui Area 30 and Kong Nga Po, with a total area of about 150 hectares for such purpose. PlanD and CEDD will commence the relevant planning/engineering studies for the above sites towards end 2012.

(e) Future land use at Anderson Road Quarry

At the Panel meeting on 22 November 2011, the Administration briefed members on the initial land use options that had been formulated under the "Planning Study on Future Land Use at Anderson Road Quarry ("ARQ") -- Feasibility Study". members noted that upon the cessation of the quarry operation at the ARQ site and completion of the rehabilitation works by the middle of 2016, a platform of about 40 hectares would be formed available for development. The Feasibility commissioned by PlanD and started in January 2011, underwent a three-month Stage 1 Community Engagement from August to November 2011 to collect public views on the planning concepts and initial land use options formulated for the Site.

It is estimated that the ARQ site could accommodate a maximum population of approximately 30 000. As the Sau Mau Ping area where the site is located is mainly for subsidized housing, and the

adjacent development in the Development at Anderson Road would be wholly for PRH, a private-to-subsidized housing ratio of 80:20 for the site is proposed to improve the housing mix of the area. Two initial land use options, one featuring a Quarry Park of more than 15 hectares, another featuring large pieces of land for GIC uses, have been formulated by adopting different design concepts. The consultant considers that part of the site should have potential for rock cavern uses, and recommends that a rock face of no less 300m frontage be reserved for future rock cavern development.

(f) Kai Tak Development

Kai Tak Development ("KTD"), with a total planning area of over 320 hectares, covers the ex-Kai Tak airport together with the adjoining hinterland districts of Kowloon City, Wong Tai Sin and Kwun Tong. KTD comprises GIC facilities, residential and commercial areas and an extensive open space network. comprehensive infrastructure development programme has been proposed for 2013 and onwards. Major projects to be completed in 2013 include the cruise terminal building and the first berth, the public housing development at the north apron area, the associated supporting infrastructure, and the first phase of the district cooling systems². It is planned that KTD and neighbouring land will progressively provide 29 000 resident flats, including about 13 000 public rental housing units and about 16 000 private flats³.

The Administration has briefed the Panel on the progress of the KTD project and sought its support for various funding proposals on KTD-related public works projects since 2009. last updated on the progress of the project on 20 April 2011 and supported the three public works project proposals. The funding proposals were approved by the Finance Committee ("FC") on 24 June 2011.

New Development Areas in the North East New Territories and Hung Shui Kiu

CE announced in his 2007-2008 Policy Address the development of 13. New Development Areas ("NDAs") as one of the 10 major infrastructure

Source: LC Paper No. CB(1)1862/10-11(01)
 Source: LC Paper No. CB(1)2771/10-11(02)

projects for economic growth. NDAs will provide land to meet the long term housing and other land use needs of Hong Kong. Planning of the North East New Territories NDAs ("NENT NDA") and the Hung Shui Kiu NDA ("HSK NDA") is in progress.

- 14. According to the Administration's information, it is estimated that land in NENT NDA and HSK NDA will be available for development from 2018 and 2021 respectively at the earliest. NENT NDA will provide a total of about 46 000 residential flats to accommodate about a population of 130 000⁴. For HSK NDA, the "Hong Kong 2030: Planning Vision and Strategy" study completed in 2007 assumed that it could accommodate a population of 160 000. To meet the rising public aspiration for lower density development and quality living environment and to capitalize on the planned railway infrastructure and increase housing land supply, the Administration will assess critically the optimal development intensity in HSK NDA⁵.
- 15. The Administration sought the views of the Panel on the planning of NENT NDA in November 2008 and November 2009 as part of the Stage 1 and Stage 2 PE respectively of the planning and engineering study on the area. For HSK NDA, the Administration briefed the Panel on 25 January 2011 on the key issues to be addressed in its planning and engineering study and sought the Panel's support for a funding proposal to carry out the study. The proposal was approved by FC on 15 April 2011.

Further development of Tung Chung

16. At present, the population of Tung Chung New Town is about 82 000. According to the Revised Concept Plan for Lantau formulated in 2007, Tung Chung in North Lantau is to become a comprehensively planned new town for a total population of 220 000. The engineering infrastructure works for the Phases 1, 2 and 3A of Tung Chung New Town development have been completed to support a population capacity of about 108 000. Against this background, and as part of the efforts to increase housing land supply, the Administration is reviewing and establishing the planning and engineering feasibility of the remaining development of Tung Chung New Town to help meet the long term housing need of Hong Kong⁶.

⁵ Source: LC Paper No. CB(1)1100/10-11(05)

⁴ Source: LC Paper No. CB(1)396/09-10(09)

⁶ Source: LC Paper No. CB(1)2205/10-11(03)

17. On 24 May 2011, the Administration sought the support of the Panel on a funding proposal to carrying out a planning and engineering study on the remaining development in Tung Chung and associated site investigation works. The proposal was approved by FC on 8 July 2011. If proceeded with, the remaining development in Tung Chung will likely be located at Tung Chung East and West by reclamation. The scale and feasibility of reclamation and the development proposals will be decided upon in the light of the findings of the Environmental Impact Assessment and the outcome of the a planning and engineering study.

Views and Concerns raised by Members on measures and initiatives to expand land resources

18. Since the announcement of the initiatives to increase land supply in CE's 2010-2011 Policy Address, various views were expressed by Members at different forums, including Panel meetings and the motion debates at Council meetings on the Policy Addresses in 2010 and 2011. The major concerns and views expressed by Members are summarized below --

General

- (a) It is important for the Administration to formulate strategies and plans for developing land in the short, medium and long term, as well as for creating a land reserve. The Administration should strive to maintain a sufficient land reserve in hand in order to meet the rising demand for both private and public housing.
- (b) The Administration should consider providing a five-year rolling land production programme for private housing.
- (c) The Administration should develop the border areas and more new towns.

Reclamation outside Victoria Harbour and rock cavern development

(d) The Administration should work out projections on the amount of surplus public fill to be generated in the next few years and a list of potential sites for implementing near-shore reclamation. Suitable sites should be identified over the territory so as to avoid high transportation cost of surplus

- public fill across districts, and reduce nuisance caused to the environment during long-haul transportation.
- (e) The Administration should consider reclamation in the form of individual islands leaving waterways between the newly created land and the shore areas. This approach could help preserve the shore line and also create more waterfront areas for public enjoyment and other uses.
- (f) The Administration should make use of the land released by relocating existing facilities to rock caverns for provision of community facilities.
- (g) The Administration should formulate a strategy to introduce innovative uses of caverns besides re-housing facilities, such as provision of emergency shelters for people in nuclear accidents; explore opportunities for promotion of local community economy; and create jobs for local residents.
- (h) The hot and wet weather in Hong Kong would be a major obstacle in pursuing underground space development as underground facilities would require a large amount of energy for providing ventilation. In-depth research should be conducted in the use of underground space in overseas countries, including those in North Europe where the weather was very different from Hong Kong.
- (i) The PE exercise should be conducted in a knowledge-based manner, with sufficient background information including difficulties in the land development process and the pros and cons of the two options.

Future land use at the Anderson Road Quarry

(j) In anticipation of the transportation need of the projected population of some 48 000 at the Development at Anderson Road and 30 000 in the future developments at the ARQ site, the Administration should ensure that the future road networks at these areas could accommodate the traffic flow and facilitate the connectivity between the new developments and the Kwun Tong town centre. Free pedestrian access from the Kwun Tong town centre to the site should be provided as far as possible.

- (k) To reflect the quarry history of the site, recreational facilities and business opportunities making use of the distinct landform should be developed.
- (l) The private-to-subsidized housing ratio should be carefully worked out to strike a balance between addressing strong need for public housing and achieving a balanced housing mix across districts in Kwun Tong.

Disposal of existing Government land

- (m) Land included in AL but eventually not triggered for sale by the end of a financial year should be offered for an auction as soon as possible.
- (n) Land that has not been successfully sold in an auction should be granted to the Hong Kong Housing Society for building small and medium flats.
- (o) The Administration should conduct a comprehensive review of the AL policy and bring flexibility into regular land auctions.
- (p) Cleared PRH sites should be used for public housing development rather than other uses.

Monitoring of land supply

(q) A list should be published to show the locations of the land to be provided for private housing in the near future so that the public could monitor the progress of the increase of private housing supply.

Green belt and GIC sites

- (r) Guidelines should be set out for assessing the suitability of selected sites in green belt areas for development purposes.
- (s) In reviewing the use of the GIC sites, the Administration should take into account the need for providing sufficient community facilities in districts for local residents.

Relevant Council questions

19. At the Council meetings of 26 October and 30 November 2011, Hon Albert CHAN and Ir Dr Hon Raymond HO asked questions on redevelopment of land in country parks for residential use and converting the use of agricultural land respectively. Hyperlinks to the questions and the Administration's replies are in the **Appendix**.

Recent developments

20. The Administration will update the Panel on the various housing land supply initiatives at the meeting on 19 December 2011. It will also consult members on the proposed creation of one supernumerary post of Chief Town Planner in PlanD to head a new Housing and Office Land Supply Section for implementing measures to increase the supply of housing and office land in Hong Kong.

Relevant papers

21. A list of relevant papers is shown in the **Appendix**.

Council Business Division 1
<u>Legislative Council Secretariat</u>
15 December 2011

Appendix

Measures to expand land resources

List of relevant papers

Date	Meeting/Event	References
25 November 2008	Panel on Development	Administration's paper North East New Territories New Development Areas Planning and Engineering Study Stage One Public Engagement (LC Paper No. CB(1)232/08-09(12)) http://www.legco.gov.hk/yr08-09/english/panels/dev/papers/dev1125cb1-232-12-e.pdf Minutes (LC Paper No. CB(1)817/08-09) http://www.legco.gov.hk/yr08-09/english/panels/dev/minutes/dev20081125.pdf
24 November 2009	Panel on Development	Administration's paper North East New Territories New Development Areas Planning and Engineering Study Stage Two Public Engagement (LC Paper No. CB(1)396/09-10(09)) http://www.legco.gov.hk/yr09-10/english/panels/dev/papers/dev1124cb1-396-9-e.pdf Minutes (LC Paper No. CB(1)1124/09-10) http://www.legco.gov.hk/yr09-10/english/panels/dev/minutes/dev20091124.pdf

Date	Meeting/Event	References
21 October 2010	Panel on Development	Administration's paper Initiatives of the Development Bureau in the 2010-2011 Policy Address and Policy Agenda (LC Paper No. CB(1)40/10-11(01)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev1021cb1-40-1-e.pdf Minutes (LC Paper No. CB(1)468/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20101021.pdf
27-29 October 2010	Council meeting debate on the Policy Address	Hansard http://legco.gov.hk/yr10-11/english/counmtg/hansard/cm1027-translate-e.pdf http://legco.gov.hk/yr10-11/english/counmtg/hansard/cm1028-translate-e.pdf http://legco.gov.hk/yr10-11/english/counmtg/hansard/cm1028-translate-e.pdf
10 December 2010	Joint meeting of Panel on Development and Panel on Housing	

Date	Meeting/Event	References
25 January 2011	Panel on Development	Administration's paper PWP Item No. 733CL Review studies on Hung Shui Kiu new development area: consultants' fees and site investigation (LC Paper No. CB(1) 1100/10-11(05)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0125cb1-1100-5-e.pdf Minutes (LC Paper No. CB(1)1669/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20110125.pdf
20 April 2011	Panel on Development	Administration's paper Progress report on Kai Tak Development (LC Paper No. CB(1)1862/10-11(01)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/devcb1-1862-1-e.pdf Minutes (LC Paper No. CB(1)2691/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20110420.pdf
24 May 2011	Panel on Development	Administration's paper Increasing land supply by reclamation and rock cavern development (LC Paper No. CB(1)2205/10-11(05)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0524cb1-2205-5-e.pdf Administration's paper Findings of the study on the enhanced use of underground space in Hong Kong (LC Paper No. CB(1)2205/10-11(06)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0524cb1-2205-6-e.pdf Administration's paper PWP Item No. 7712CL Planning and engineering study on the remaining development in Tung Chung (LC Paper No. CB(1)2205/10-11(03))

Date	Meeting/Event	References
		http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0524cb1-2205-3-e.pdf
		Minutes (LC Paper No. CB(1)265/11-12) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20110524.pdf
26 July 2011	Panel on Housing	Paper on land supply for housing provided by the Transport and Housing Bureau (LC Paper No. CB(1) 2778/10-11(01)) http://legco.gov.hk/yr10-11/english/panels/hg/papers/hg0726cb1-2778-1-e.pdf Paper on supply of private housing land provided by the Development Bureau (LC Paper No. CB(1) 2778/10-11(02)) http://legco.gov.hk/yr10-11/english/panels/hg/papers/hg0726cb1-2778-2-e.pdf Minutes (LC Paper No. CB(1) 2072/10, 11)
		Minutes (LC Paper No. CB(1) 3072/10-11) http://legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110726.pdf
14 October 2011	Panel on Development	Administration's paper Initiatives of the Development Bureau in the 2011-2012 Policy Address and Policy Agenda (LC Paper No. CB(1)35/11-12(01)) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/dev1014cb1-35-1-e.pdf
26-28 October 2011	Council meeting	Written question No. 14 Redevelopment of land in country parks for residential use (Hansard, Pages 594 to 596) http://legco.gov.hk/yr11-12/english/counmtg/hansard/cm1026-translate-e.pdf Debate on the Policy Address (Hansard) http://legco.gov.hk/yr11-12/english/counmtg/hansard/cm1026-translate-e.pdf

Date	Meeting/Event	References
		http://legco.gov.hk/yr11-12/english/counmtg/hansard/cm1027-translate-e.pdf http://legco.gov.hk/yr11-12/english/counmtg/hansard/cm1028-translate-e.pdf
22 November 2011	Panel on Development	Administration's paper Enhancing land supply strategy: reclamation outside Victoria Harbour and rock cavern development Stage 1 public engagement (LC Paper No. CB(1)323/11-12(01)) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/devcb1-323-1-e.pdf Administration's paper Planning study on future land use at Anderson Road Quarry - initial land use options ((LC Paper No. CB(1)346/11-12(06)) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/dev1122cb1-346-6-e.pdf
30 November 2011	Council meeting	Oral question No. 5 Converting the land use of agricultural land http://www.info.gov.hk/gia/general/201111/30/P201111300298.htm