

**Speaking Points of the Secretary for Development
at the Special Finance Committee Meeting (Planning and Lands Session)
on 10 April 2013 (Wednesday)**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 210 written questions from Members accounting for the use of resources under the purview of Planning and Lands. We are here to respond to any further questions that Members may wish to raise.
- My 2013-14 Recurrent Expenditure on Planning and Lands is \$4,081.79 million, representing an increase of \$194.3 million (5%) compared with the revised estimate of \$3,887.5 million for 2012-13. The additional resources are mainly for the work relating to increasing housing and office land supply and undertaking planning enforcement against unauthorised developments under the Town Planning Ordinance.
- In 2013-14, there will be an increase of 135 civil service posts. The number of civil service directorate posts remains unchanged.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- The Government will continue to adopt a multi-pronged approach to increase land supply in the short, medium and long term through optimal use of developed land and identification of new land for development, to meet the housing and other development needs of Hong Kong.

Increasing Supply of Housing Land in the Short to Medium Term

- The ten initiatives put forward in the 2013 Policy Address will help increase the supply of housing land in the short to medium term. They include the conversion of 36 Government, Institution or Community (G/IC) and other

Government sites, 13 devegetated, deserted or formed Green Belt sites, and 16 industrial sites to residential use; increasing the development density of residential sites as far as allowable in planning terms; taking forward the planning for residential development at West Rail Kam Sheung Road Station and Pat Heung Maintenance Depot, etc.

- The objective of the ten initiatives is to increase and expedite land supply so as to enhance the supply of housing. Seven of them already will make available over 300 hectares (ha) of land for housing based on known developments if they are all implemented. Indeed, as a result of our all-out efforts to enhance the short to medium-term housing land supply, we have included in the 2013-14 Land Sale Programme 46 residential sites, including 28 new sites.

Long-term Land Supply

- Creating new land is an essential source of land supply in the long term. The Government is determined to develop new land extensively so that land can be used to meet future demand in a timely manner. Therefore, we will expeditiously take forward a series of long-term land supply projects, including the North East New Territories New Development Areas (NDAs), Hung Shui Kiu NDA, development of New Territories North, review of deserted agricultural land in North District and Yuen Long, development of Lantau Island, reclamation on an appropriate scale outside Victoria Harbour, and rock cavern and underground space development.

North East New Territories New Development Areas (NENT NDAs)

- Based on the Recommended Outline Development Plans announced in the Stage 3 Public Engagement exercise in June 2012, the NENT NDAs could provide 533 ha of developable land, including 150 ha of housing land to provide some 53 800 residential units. In response to the public comments received, we are considering appropriately increasing the development intensity, increasing the proportion of public housing to over half, identifying sites for new Home Ownership Scheme developments and taking forward, as appropriate, the “Hong Kong property for Hong Kong people” measure for suitable private housing sites. Land for housing development in the NDA will be available in 2019 at the earliest. We plan to publish the report on the Stage 3 Public Engagement around the middle of this year.

Hung Shui Kiu New Development Area (HSK NDA)

- For HSK NDA, various preliminary land use options have been formulated and technical assessments are being conducted with a view to deriving a Preliminary Outline Development Plan for the next stage of Community Engagement exercise to be conducted in the third quarter of 2013. Land in the NDA is expected to be available for development from 2021 onwards.

Developing the New Territories North

- As mentioned in the 2013 Policy Address, a planning study will be undertaken by the Planning Department to identify further development opportunities in the New Territories North, with a view to developing a modern new town there of a similar scale as the Fanling/Sheung Shui New Town.

Increasing Supply of Commercial Land

- Apart from housing land, the Government is also committed to increasing the supply of commercial land to facilitate the further development of different economic activities in Hong Kong. To this end, we shall expedite the development of the Kowloon East core business district, and are considering speeding up the release of two clusters of government sites for commercial development in Kowloon East. THB will also discuss with the Airport Authority Hong Kong ways to accelerate the development of the North Commercial District on Chek Lap Kok Airport Island.
- Relocation of government departments from the Central Business District (CBD) could also release more office space to the market. For instance, we are now proceeding with the relocation of departments in the three government office buildings at the Wan Chai waterfront. The Department of Justice also plans to relocate to the former Central Government Offices in 2015, vacating its existing offices for use by other departments currently occupying commercial office premises in Central and Admiralty, thereby releasing more CBD office space to the market.
- I have mentioned the reclamation on an appropriate scale outside Victoria Harbour, and rock cavern and underground space development in the last session. I will not repeat the projects here.

Land Sale Arrangement

- The Government has been optimising the land sale arrangements and has resumed Government-initiated Sale Mechanism since 2010 to proactively supply government land to the market. Among the 51 residential sites sold or to be sold in 2011-12 and 2012-13, 48 (over 90%) sites were initiated by the Government and only three were triggered by developers.
- The Government has effectively resumed the lead in supplying government land since resuming the Government-initiated Sale Mechanism while retaining the Application Mechanism. However, to address lingering concerns in the community over government land supply should developers choose not to trigger sites for sale under the Application Mechanism, the Government has decided to abolish the Application Mechanism from 2013-14.
- The Government includes in the Land Sale Programme sites that it anticipates can be made available for sale in the year, and will continue to announce in advance on quarterly basis the land sale programme, providing transparency and certainty for the market.
- The Government plans to initiate the sale of all the sites in the Land Sale Programme, subject to the outcome of the necessary planning procedures for the relevant sites, to increase land supply to the greatest extent.

2013-14 Land Sale Programme and Sites to Be Sold in April-June 2013

- The 2013-14 Land Sale Programme comprises 46 residential sites capable of providing about 13 600 flats, nine commercial/business sites and one hotel site which could provide about 330 000 square metres gross floor area and 300 hotel rooms respectively. Out of the 46 residential sites, 28 are new sites.
- In April to June 2013, the Government will tender seven residential sites, which could provide about 2 400 flats in total. Coupled with the West Rail property development project at Long Ping Station (South) (about 720 flats) planned to be tendered in the same quarter, the eight residential sites could produce about 3 100 flats.

- In addition, one commercial site in Ma On Shan and the Murray Building hotel site situated in Central on Hong Kong Island will be tendered in the same quarter to meet the market demand. They could provide about 15 000 square metres of commercial gross floor area and 300 hotel rooms respectively.
- We would like to reiterate the Government's firm commitment to increasing land supply, and will continue to adopt a multi-pronged approach to develop land resources actively and build up a land reserve. For land with potential for development, we will review and assess its development feasibility as soon as possible. When a plot of land is ready for development, we will make appropriate arrangements, such as allocating it for public housing development, land sale, or other uses.

Urban Renewal

“Pilot scheme” for redevelopment of industrial buildings

- In his 2012-13 Budget, the FS invited the Urban Renewal Authority (URA) to launch redevelopment projects of industrial buildings in the form of a pilot scheme to provide a new impetus to our work on the revitalisation of industrial buildings. The URA has since commenced two industrial building redevelopment projects. We shall review the effectiveness of the pilot scheme before deciding on the level of long-term commitment of the URA on the redevelopment of industrial buildings.

Implementation of the new Urban Renewal Strategy (URS)

- All the key initiatives under the new Urban Renewal Strategy promulgated on 24 February 2011 have been progressing well –
 - (i) “Demand-led” scheme and “facilitator” scheme

The URA launched the “Demand-led Redevelopment Project Pilot Scheme” in July 2011 which has been well received. So far, three projects under the “demand-led” Scheme have been commenced. To address the aspirations of property owners and speed up the pace of

urban renewal, the Chief Executive has called upon the URA in his 2013 Policy Address to forge ahead with its “demand-led” redevelopment scheme. The URA is expected to select more suitable “demand-led” projects for implementation in 2013-14;

The URA has set up a dedicated Urban Redevelopment Facilitating Services Company Limited to render facilitation service since 2011.

(ii) “Flat for Flat” scheme at Kai Tak

The site at the Kai Tak Development earmarked to facilitate early implementation of the URA’s “Flat-for-Flat” Scheme was handed over to the URA in July 2012. Construction is in progress. The flats are expected to be ready for occupation in 2016.

(iii) Kowloon City District Urban Renewal Forum

The first District Urban Renewal Forum (DURF), set up in Kowloon City in 2011 to advise the Government on a holistic and integrated approach to renewal of the Kowloon City district, has just completed its Stage One public engagement programme based on a draft renewal plan prepared with the support of a planning consultant. It is now refining the draft plan for Stage Two public engagement, taking into account public views received and the social impact assessment study findings. The district urban renewal plan for Kowloon City recommended by Kowloon City DURF is expected to be ready in 2013.

(iv) “Urban Renewal Trust Fund”

The \$500 million independent Urban Renewal Trust Fund was set up in 2011. New service contracts for the social service teams providing assistance and advice to residents affected by URA-implemented redevelopment projects were issued under the Trust Fund in 2012. A new Urban Renewal Heritage Preservation and District Revitalisation Funding Scheme to provide support to urban renewal preservation and revitalisation projects proposed by the community was also launched under the Trust Fund in end 2012.

Building Safety

- To further enhance building safety in Hong Kong, we have adopted a multi-pronged package of measures since 2010, covering legislation, enforcement, support and assistance to owners, as well as publicity and public education.
- Over the past year, a number of important legislative proposals to enhance building safety have been enacted and put into force. I would like to take this opportunity to thank the Legislative Council for its support. The Buildings Legislation (Amendment) Ordinance 2012 was enacted in July 2012, introducing a number of measures to enhance building safety including, inter alia, enabling the Buildings Department (BD) to apply for court warrant for gaining entry into individual premises for inspection and enforcement action. In addition, the Building (Minor Works) (Amendment) Regulation 2012, which came into effect on 3 October 2012, has included building works associated with subdivided flats under the Minor Works Control System.
- We are planning to introduce the Signboard Control System (SBCS) in 2013 to enhance the safety of existing unauthorised signboards. The details of the SBCS will be set out in a subsidiary legislation to be tabled at the Legislative Council.
- The Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme were fully implemented on 30 June 2012 to help tackle the problem of building neglect at source. The BD will continue to implement a series of publicity measures in the community to enhance public awareness of the two schemes. The Hong Kong Housing Society and the URA will also provide financial and technical assistance to the owners of target buildings.
- On the enforcement front, with respect to the revised enforcement strategy in 2011, the BD will continue its large scale operations (LSOs) on dilapidated buildings as well as unauthorised building works (UBWs). At the same time, the BD will continue its LSO on UBWs associated with sub-divided flats. In 2012, the BD had issued a total of 12 292 removal orders against UBWs and 811 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 2 104 prosecutions had been instigated against failure to comply with removal orders.

UBWs in New Territories Exempted Houses (NTEHs)

- Since last April, BD has put into force the enhanced enforcement policy against UBWs in NTEHs. Over the past one year, BD has completed surveys in nine villages, covering a total of 2 400 NTEHs. It has issued 122 removal orders against the First Round Target unauthorised structures found from the surveys. BD will continue to implement the policy in order to ensure building safety and to prevent the spread of unauthorised building works.
- As at the deadline on 31 December 2012, BD has received over 18 000 reports under the Reporting Scheme for UBWs in NTEHs, involving some 35 000 different UBWs. BD is processing the reports and the relevant safety certifications. BD will also analyse the information collected and conduct safety assessment on the different types of UBWs, with a view to formulating an appropriate strategy for follow-up.

“Operation Building Bright” (OBB)

- Since the launch of the OBB in May 2009 up to the end of February 2013, it has so far subsidised owners of about 1 995 old buildings to carry out repair works and created over 36 700 job opportunities. We estimate that the \$3.5 billion funding of the OBB will be able to provide assistance to more than 3 100 buildings aged 30 years or above and create more than 60 000 job opportunities related to the construction industry.

Approval of building plans

- In support of Government’s effort to increase housing land supply, the BD will enhance its manpower in the New Buildings Division to increase the efficiency of the approval of building plans and related application.

Resources

- The BD will be allocated additional resources to complement its work on different fronts. In the coming financial year, the total amount of resources to be allocated to the BD is around \$1.1 billion representing a rise

of 9.2% over the revised estimate for 2012-13. The number of civil service posts in the establishment will increase by more than 80, representing a rise of nearly 7%.

Conclusion

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

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