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Panel on Development and Panel on Housing

Joint meeting on 29 January 2014

**Background brief on "Increasing housing land supply"
prepared by the Legislative Council Secretariat**

Purpose

This paper provides background information on the Administration's initiatives to increase housing land supply, and gives a brief account of the views and concerns expressed by Members on the subject.

Background

2. Raising flat supply through the increase in land supply has been the Government's top policy priority. Since 2010, the Government has sought through the Steering Committee on Housing Land Supply¹ chaired by the Financial Secretary to coordinate and spearhead efforts in expanding land resources for housing development.

Measures to increase housing land supply

3. In order to tackle the pressing housing problems, the Chief Executive ("CE") announced on 30 August 2012 a package of 10 short and medium-term measures to expedite the supply of subsidized and private housing units. Details of the measures are set out in **Appendix I**. The Government also announced a number of measures to optimize existing land use, including the 10 short to medium-term measures (in **Appendix II**) announced by CE in his 2013 Policy Address to increase residential land supply.

¹ The Steering Committee on Housing Land Supply was re-organized as the Steering Committee on Land Supply in 2013. The new Committee co-ordinates the overall plans for development and supply of land in Hong Kong for various uses, and adjusts supply in response to changes in demand.

4. Apart from the above, the Government also seeks to increase housing land supply through the following continuous measures –

- (a) reviewing the development intensity of existing sites for private housing developments, public housing sites and that assumed under major Planning and Engineering Studies, and assessing how the plot ratio of these sites can be optimized;
- (b) reviewing the redevelopment potential and the ongoing Comprehensive Structural Investigation Programme findings of aged estates with a view to identifying more redevelopment opportunities in particular of those estates with promising high buildback; and
- (c) converting vacant school premises ("VSPs") for residential use.

5. In recent years, the Government has been seeking to build up a large land reserve to ensure stable land supply for the residential property market. CE highlighted in his 2013 Policy Address the Government's determination to develop new land extensively and build up an abundant land reserve that could be used to meet future demand in a timely manner. The projects which can provide long-term land supply include the following –

- (a) developing the North East New Territories New Development Areas ("NDAs") which can provide 150 hectares of housing land to provide some 53 800 residential flats, and the Hung Shui Kiu NDAs which can provide over 400 hectares of developable land;
- (b) reviewing the use of about 257 hectares of agricultural land in North District and Yuen Long which are currently used mainly for industrial purposes or temporary storage, or are deserted;
- (c) conducting the Tung Chung New Town Extension Study to examine the possibility of extending the Tung Chung New Town to accommodate a target population of 220 000;
- (d) exploring rock cavern development and conducting technical studies on relocating the Sha Tin Sewage Treatment Works ("STW"), Diamond Hill Fresh Water and Salt Water Service Reservoirs, Sai Kung STW and Sham Tseng STW to rock cavern to release about 34 hectares of land for housing and other beneficial use;
- (e) examining reclamation outside the Victoria Harbour by studying five potential near shore reclamation sites (comprising Lung Kwu

Tan, Ma Liu Shui, Siu Ho Wan and Sunny Bay at Lantau North, and Tsing Yi Southwest) which can provide about 600 hectares of land, and examining the option of artificial islands in the central waters between Hong Kong Island and Lantau which can provide about 2 000 to 3 000 hectares of land for various uses; and

- (f) undertaking planning study 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.

6. Under the Hong Kong Housing Authority's Public Housing Construction Programme, the Government has already secured sufficient land for the construction of 79 000 public rental housing ("PRH") units for the five-year rolling period between 2012/13 and 2016/17 and 100 000 PRH units between 2017/18 and 2021/22. The Government has also secured sufficient land resource for the provision of 17 000 Home Ownership Scheme flats over the four years starting from 2016/17. Based on the land supply projection as at the end of June 2013, there will also be a projected supply of some 70 000 units in the first-hand private property market in the next three to four years.

The 2014 Policy Address

7. CE announces in his 2014 Policy Address that the Government has identified about 80 additional Green Belt sites and Government, Institution or Community ("GIC") sites in various districts with a total area of over 150 hectares with the potential to be rezoned for residential use. These sites in various districts can be made available in the next five years to provide about 89 000 units to help meet the demand for housing land over the next decade. Including sites identified earlier on, there are about 150 sites that have to be rezoned for residential use and will be made available over the next five years to provide about 210 000 additional public and private units.

Deliberations by Members

Discussion by Panels and Subcommittee

8. The Panel on Housing received an update on the progress of the 10 measures announced by CE on 30 August 2012 at the joint meeting with the Panel on Development held on 9 November 2012. The Panel on Housing and the Panel on Development also received separate briefings by the Administration on the relevant policy initiatives on increasing housing land supply in CE's 2013 Policy Address at the meetings on 18 and 22 January 2013 respectively. The Subcommittee on the Long Term Housing Strategy under the

Panel on Housing further discussed the Government's initiatives to increase housing land supply at its meeting on 30 May 2013. The views and concerns expressed by members at these meetings are set out in the ensuing paragraphs.

9. Some members considered it necessary that the Administration should apprise the public of the land supply in the next three to five years and the land reserve which would be available for development. Some members were also concerned that developers had been hoarding land and deferring development and requested the Administration to introduce measures against such practice.

10. Members generally welcomed the continuation of the Government-initiated quarterly land sale to maintain a steady supply of residential land. Some other members were of the view that more government sites, including those on the Application List, should be used for public housing production to meet the housing demand of the applicants on the Waiting List for PRH. Other members urged for the redevelopment of aged PRH estates, and relaxation of plot ratios and removal of height restriction in areas formerly under the flight path and the redevelopment of such areas through urban renewal.

11. On the conversion of 36 GIC and other Government sites for housing developments, some members stressed the need to strike a balance between provision of housing and development of community facilities, and to address local residents' concerns in the consultation process. As regards turning Green Belt sites to residential use, members emphasized that conserved land and country parks must not be affected. With respect to the review of industrial sites and redeveloping industrial buildings, some members called on the Administration to accelerate the rezoning of under-utilized industrial sites into Comprehensive Development Areas ("CDA").

12. Some members commented that the initiative of converting VSPs for residential use was not cost-effective as most of the premises were relatively small in size and had limited scope for development. They opined that the rezoning of VSPs should encompass suitable sites nearby in order to increase the areas of developable land. Some members also urged the Administration to consider converting vacant market facilities and recreational sites with low utilization rate for residential development. On the development of NDAs, some members urged the Administration to offer incentives to encourage eligible applicants to move to PRH estates located in relatively remote NDAs, and to strengthen ties with the local communities and promote greater public involvement in the planning process to avoid conflicts.

13. Noting that there would be about 2 500 hectares of land available for residential development, some members requested the Administration to make efforts to expedite the development of potential sites into disposed sites to enable early production of housing. Other members supported the phased

developments of CDA in an attempt to expedite the development process such that the sites within CDA which were ready for development could be proceeded with ahead of time.

14. Some members urged the Administration to adopt measures to facilitate the change of land use so that more land in private ownership, particularly those in the New Territories, could be made available for public housing, and that the Government should work in partnership with private landowners in the development of public housing.

Council questions

15. Members have discussed various aspects of housing land supply at different meetings of the Council. The issues covered in the last and the current legislative sessions include: land supply for residential flats, Refined Policy on Redevelopment of Aged Public Rental Housing Estates, revitalization of industrial buildings for residential use, developments in the New Territories, development of underground spaces, and the Steering Committee on Land Supply. Details of the Council questions are hyperlinked in **Appendix III** for ease of reference.

Member's motion

16. At the Council meeting on 7 November 2012, Hon WONG Kwok-hing moved a motion on "Perfecting housing policy and resolving public housing need" which urged the Government to, inter alia, examine the Government's existing land reserve to expeditiously undertake planning for the construction of various types of residential units, explain the land use status of the idle residential land lots in the land reserve and immediately launch long-term planning for the supply of residential land, make clear the policy details and implementation particulars relating to "Hong Kong Property for Hong Kong People", and make an annual allocation of land for constructing 12 000 flats with limited floor areas for Hong Kong residents who were first-time home buyers. The motion as amended by Hon James TIEN was carried. Wording of the motion is hyperlinked in **Appendix III**.

Latest development

17. The Administration proposes to brief the Panel on Development and the Panel on Housing on the Government's on-going and new initiatives in increasing housing land supply at the joint meeting on 29 January 2014.

Relevant papers

18. A list of relevant papers is set out in **Appendix III**.

Council Business Division 1
Legislative Council Secretariat
23 January 2014

The 10 short and medium-term measures to expedite the supply of subsidized and private housing units announced by the Chief Executive on 30 August 2012

Short-term measures (6-12 months)

1. Expediting the putting up of the Hong Kong Housing Authority's remaining Home Ownership Scheme ("HOS") stock for sale
2. Providing the flats at Tsing Luk Street, Tsing Yi as subsidized sale flat
3. Speeding up the processing of pre-sale consent applications
4. Continuing government-initiated land sale in the quarterly land sale programme for October to December 2012
5. Converting the Chai Wan Factory Estate for Public Rental Housing ("PRH") use, and to redevelop two industrial buildings

Medium-term measures

6. Continuing the sale of the 4 000 remaining My Home Purchase Plan flats
7. Granting part of the site in the Kai Tak Development originally reserved for the "Flat-for-Flat" Scheme for HOS development
8. Rezoning an "Open Space" site without development programme in Cheung Sha Wan for PRH development
9. Converting 36 Government, Institution or Community and other government sites to residential use
10. Exploring the potential of converting industrial land/building into residential use under the town planning regime and the Buildings Ordinance

Appendix II

The 10 short to medium-term measures to increase residential land supply announced by the Chief Executive in his 2013 Policy Address

1. Rezoning 36 Government, Institution or Community sites and other government sites with a total land area of 27 hectares for housing development to provide about 11 900 flats
2. Rezoning 13 sites involving 57 hectares of devegetated, deserted or formed land in Green Belt areas for residential use to provide 23 000 flats
3. Rezoning 16 industrial sites measuring 30 hectares in total for residential use to provide about 20 400 flats
4. Implementing the redevelopment projects of the Urban Renewal Authority involving 4.9 hectares of land to provide about 4 700 flats
5. Taking forward the planning for residential development at Kam Tin South West Rail Kam Sheung Road Station and Pat Heung Maintenance Centre, with about 33 hectares of land to provide about 8 700 flats
6. Expediting the development of the four former squatter and quarry sites comprising the former Diamond Hill Squatter Areas, former Cha Kwo Ling Kaolin Mine, former Lamma Quarry, and Anderson Road Quarry to supply about 15 000 flats from 27 hectares of residential land
7. Expediting the administrative approval procedures and taking other corresponding measures to facilitate the 57 residential developments approved by the Town Planning Board over the past three years to provide 45 000 flats from about 130 hectares of land
8. Optimizing the use of land by converting land not in intended use for other development
9. Increasing the development density of unleased or unallocated residential sites as far as allowable in planning terms; and reviewing land administration procedures and processes related to land grant and premium assessment
10. Considering to relax or lift the Pok Fu Lam and Mid-Levels moratorium currently in force

Seven of the above measures aim at making available over 300 hectares of land for residential development, providing about 128 700 units in the short to medium-term based on known developments.

Appendix III

Increasing housing land supply

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Development and Panel on Housing	9 November 2012	<p>Administration's paper on "The short to medium term housing and land supply measures announced by the Chief Executive on 30 August 2012" (LC Paper No. CB(1)128/12-13(01)) http://www.legco.gov.hk/yr12-13/english/panels/hg/papers/devhg1109cb1-128-1-e.pdf</p> <p>Paper on "A summary of press reports on views and concerns expressed by different sectors of the community regarding the latest short to medium term housing and land supply measures from 30 August 2012 to 5 November 2012" prepared by the Legislative Council Secretariat (Fact sheet) (LC Paper No. FS11/12-13) (Chinese version only) http://www.legco.gov.hk/yr12-13/chinese/sec/library/1213fs11-c.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1152/12-13) http://www.legco.gov.hk/yr12-13/english/panels/hg/minutes/devhg20121109.pdf</p>
Panel on Housing	18 January 2013	<p>Administration's paper on "2013 Policy Address - Housing-related policy initiatives of Transport and Housing Bureau" (LC Paper No. CB(1)438/12-13(01)) http://www.legco.gov.hk/yr12-13/english/panels/hg/papers/hg0118cb1-438-1-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)825/12-13) http://www.legco.gov.hk/yr12-13/english/panels/hg/minutes/hg20130118.pdf</p>

Council/ Committee	Date of meeting	Paper
Panel on Development	22 January 2013	<p>Administration's paper on "2013 Policy Address - Policy Initiatives of Development Bureau" (LC Paper No. CB(1)428/12-13(03)) http://www.legco.gov.hk/yr12-13/english/panels/dev/papers/dev0122cb1-428-3-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)735/12-13) http://www.legco.gov.hk/yr12-13/english/panels/dev/minutes/dev20130122.pdf</p>
Subcommittee on the Long Term Housing Strategy	30 May 2013	<p>Administration's paper on "Government's initiatives to increase housing land supply" (LC Paper No. CB(1)1117/12-13(02)) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/papers/hg_lths0530cb1-1117-2-e.pdf</p> <p>Information note on "Land Supply in Hong Kong" prepared by the Research Office of the Legislative Council Secretariat (LC Paper No. IN21/12-13) http://www.legco.gov.hk/yr12-13/english/sec/library/1213in21-e.pdf</p> <p>Information note on "Housing Supply in Hong Kong" prepared by the Research Office of the Legislative Council Secretariat (LC Paper No. IN20/12-13) http://www.legco.gov.hk/yr12-13/english/sec/library/1213in20-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)143/13-14) http://www.legco.gov.hk/yr12-13/english/panels/hg/hg_lths/minutes/lths20130530.pdf</p>

Hyperlink to relevant Council Question:

Date	Council Question
14 November 2012	Council question raised by Hon WU Chi-wai http://www.info.gov.hk/gia/general/201211/14/P201211140251.htm
12 December 2012	Council question raised by Dr Hon Joseph LEE http://www.info.gov.hk/gia/general/201212/12/P201212120360.htm
29 May 2013	Council question raised by Hon Tony TSE http://www.info.gov.hk/gia/general/201305/29/P201305290312.htm
26 June 2013	Council question raised by Dr Hon KWOK Ka-ki http://www.info.gov.hk/gia/general/201306/26/P201306260295.htm
3 July 2013	Council question raised by Hon Jeffrey LAM http://www.info.gov.hk/gia/general/201307/03/P201307030295.htm
16 October 2013	Council question raised by Hon Jeffrey LAM http://www.info.gov.hk/gia/general/201310/16/P201310160338.htm
18 December 2013	Council question raised by Hon James TO http://www.info.gov.hk/gia/general/201312/18/P201312180405.htm

Hyperlink to relevant Motion:

Date	Motion
7 November 2012	Motion moved by Hon WONG Kwok-hing as amended by Hon James TIEN http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm1107-m4-wordings-e.pdf