

**Speaking Points of the Secretary for Development
at the Special Finance Committee Meeting (Planning and Lands)
on 1 April 2015 (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 164 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 2015-16 Recurrent Expenditure on Planning and Lands is \$4,580.12 million, representing an increase of \$216.09 million (about 5%) compared with the revised estimate for 2014-15. The additional provision is mainly for the work to strengthen land production to expedite housing land supply, and to step up enforcement actions relating to building safety.

- In 2015-16, there will be a net increase of 208 civil service posts in the Planning and Lands Branch and departments under its purview (the Buildings Department, the Lands Department, the Planning Department, the Civil Engineering and Development Department and the Marine Department), including 159 civil service posts in replacement of non-civil service contract posts. The number of civil service directorate posts will remain unchanged.

- Now I would like to brief Members on the priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- To meet Hong Kong's need for land supply in the short, medium and long term, the Government will continue to adopt a multi-pronged strategy to increase land supply. The Steering Committee on Land Supply led by the Financial Secretary will continue to co-ordinate and oversee the implementation of various land supply measures, including taking forward the various land use reviews and converting to other suitable uses sites for which the original purposes are no longer pursued.

(1) Potential Housing Sites

We will continue to convert to residential use some 150 potential housing sites previously identified as soon as possible. Upon smooth completion of the rezoning and other necessary procedures, it is estimated that most of the sites would be made available in the five years of 2014-15 to 2018-19 for providing over 210 000 flats (with over 70% being public housing units). Apart from these some 150 sites, for the various initiatives to increase land supply announced in the 2013 Policy Address, 42 sites were zoned/undergoing the rezoning procedures for residential use in the short to medium term as of end March this year. These sites are expected to provide about 39 000 residential flats in total. However, the timely

provision of land hinges on the understanding and co-operation of the community with the overall public interests in mind.

(2) Promote New Development Areas, New Town Extensions and Other Medium to Long Term Initiatives

- In the medium and long term, we are forging ahead with the development of various new development areas (NDAs) and new town extension projects, including the Kwu Tung North (KTN) and Fanling North (FLN) NDAs; Hung Shui Kiu (HSK) NDA and the Tung Chung New Town Extension, etc. to actively integrate land use planning with infrastructural development to extensively create new land for development. Among these, we will review the development opportunity of “brownfield sites” in the rural New Territories and study feasible measures, including accommodating some of the economic operations in multi-storey buildings. For example, the HSK and Yuen Long South developments involve the conversion of some 200 hectares of brownfield sites into developable land. We will also work full steam ahead with the long term development planning of Lantau including the East Lantau Metropolis, reclamation in Sunny Bay and topside development on the Hong Kong boundary crossing facilities island of the Hong Kong-Zhuhai-Macao Bridge, as well as the further development potential in the New Territories North. We will also continue to actively explore new mode of providing developable land including reclamation outside Victoria Harbour, and rock cavern and underground space developments, etc. and to update the territorial development strategy through the HK2030 Study+.

- Among others, KTN and FLN NDAs will be important sources of Hong Kong's future housing and land supply, with the capacity to provide 60 000 housing flats, amongst which 60% are public rental housing and Home Ownership Scheme flats. Upon the funding approval by the Legislative Council's (LegCo) Finance Committee in June 2014, the detailed design and associated site investigation of the advance site formation and engineering infrastructure works of the two NDAs have commenced in end 2014. The main construction works are expected to commence in 2018 with first population intake by 2023. We are working closely with relevant bureaux and departments to further explore feasible ways to better cater for the needs of the affected residents, farmers and tenants, with public interest and proper use of public money in mind.

(3) Commercial Land and Facilities

- In addition to increasing housing land supply, the Government endeavours to increase the supply of commercial land and facilities to promote further development of different economic activities. We will relocate some government offices away from core business districts and convert suitable "Government, Institution or Community" (GIC) sites into commercial use (including the multi-storey carparks on Murray Road in Central and Rumsey Street in Sheung Wan), and will continue to forge ahead with the development of Kowloon East, Kai Tak Development Area and Lantau with a view to continuously providing commercial land and supporting hardware to enable various commercial activities to develop sustainably.

(4) Support of the Community

- In my report on the Policy Address earlier on, I have talked about the details of various initiatives to increase land supply, so I will not repeat here. In order to achieve the housing supply target of producing 480 000 residential flats in the coming ten years (i.e. 2015-16 to 2024-25), while at the same time continue to increase commercial and other types of land supply, it is the hope of the Government, as we have reiterated on several occasions, that the LegCo, District Councils and local community can recognise the fact, put the overall needs of the community above their personal and local interests, and fully support the planning and development of these land to increase Hong Kong's land supply in the short, medium and long term.

(5) 2015-16 Land Sale Programme and Private Housing Land Supply

- The 2015-16 Land Sale Programme comprises 29 residential sites capable of providing about 16 000 flats. Among these 29 residential sites, 16 are new sites. The flat production capacity of the 2015-16 Land Sale Programme is higher than that of 2014-15. This underscores the Government's determination to expedite and increase housing land supply.

- As in the past, the Government includes in the Land Sale Programme sites that are estimated to be available for sale in the year, and will continue to announce in advance quarterly land sale programmes, providing transparency and certainty in respect of land supply for the market.
- Our objective is to make available land from various sources with an annual average production capacity of providing about 19 000 private residential flats so as to address the community's housing needs. Looking ahead in 2015-16, for railway property development projects, the West Rail property development project at Yuen Long Station could produce about 1 880 flats, while the MTR Corporation Limited's property development projects in other packages of LOHAS Park are capable of producing a total of about 5 350 flats. In addition, projects of the Urban Renewal Authority (URA) are capable of producing about 840 flats. Private development or redevelopment projects are estimated to produce about 4 400 flats (based on ten-year average figures). The Government will adjust the amount of land put up for sale in each quarter as appropriate, having regard to the situation of land supply from various sources, with a view to meeting the target of supplying land capable of providing 19 000 flats.

(6) Sale of Commercial/Business/Hotel Sites

- The 2015-16 Land Sale Programme also comprises 4 commercial/business sites and 1 hotel site which are capable of providing about 180 000 square metres of commercial floor area and about 500 hotel rooms respectively.
- We will continue to convert suitable GIC sites in core business districts into commercial use. The two multi-storey car parks on Murray Road in Central and Rumsey Street in Sheung Wan are estimated to provide some 76 000 square metres of floor area. Likewise, the former Mong Kok Market site will be converted into commercial use, providing about 6 400 square metres of commercial floor area. We will also convert the use of the government site on Caroline Hill Road as soon as possible to release more commercial floor area.

(7) The New Central Harbourfront

- The Government has capitalised on the opportunity before long-term development and made use of those New Central Harbourfront sites that have had their construction works completed to implement various temporary short-term uses, injecting vibrancy in the harbourfront. In addition to sightseeing facilities such as the Observation Wheel, a variety of carnivals, exhibitions and open-air concerts will take place at the New Central Harbourfront from time to time. While enabling early enjoyment of the harbourfront by locals and visitors, these new facilities will add new elements to the renowned scenic views of Victoria Harbour.

- With the gradual completion of the works related to the Central-Wan Chai Bypass in the coming few years, the Government will proceed with the implementation of the long-term development plans of the major harbourfront sites with reference to the recommendations of the Urban Design Study for the New Central Harbourfront. The objective of all the planning is to provide diversified facilities and additional commercial floor areas to core business districts. The development of promenade will also enhance the east-west connectivity between Central and Wanchai.

Urban Renewal

- The arrangements for the key initiatives under the Urban Renewal Strategy promulgated on 24 February 2011 will be further refined as follows:

(1) “Demand-led” scheme

- Since the launch of URA’s “Demand-led Redevelopment Project Pilot Scheme” in July 2011, ten projects have been commenced (two of which were terminated after having failed to meet the 80% owners’ acceptance threshold within the specified deadline from the issue of acquisition offers). Faced with the challenge of an increasing number of applications which required the consideration of more varied factors, URA completed a review of the scheme in 2014-15. The review findings were announced in December 2014.

- The major revisions URA made to the application requirements and scoring criteria of the scheme include: increasing the minimum site size of applications to 700 square metres so as to enhance the planning gain of the project and the efficiency of floor layout upon redevelopment; raising the application threshold of owners' consent to not less than 80% so that for projects selected in future, they will have secured the support from a majority of the incumbent owners which would in turn enhance the prospect of success of the project; and in the project selection process, assigning a greater weighting to the conditions of buildings covered by the application. If the application involves buildings with outstanding building orders issued by the Buildings Department (BD) which are overdue, scores will be deducted, and the chance of the application being selected will also be lowered. The revised requirements will apply to the fourth round of the scheme to be launched in 2015-16.

(2) “Facilitating Services Pilot Scheme”

- Since the launch of the “Facilitating Services Pilot Scheme” (“Facilitating Scheme”) in July 2011, URA has received 19 applications from residential buildings. In November 2013, URA had its first success in facilitating owners of three residential buildings in Kowloon City District to assemble property titles for joint sale for development. In December 2014, URA announced the enhanced “Facilitating Scheme” to expand the scope of service to cover commercial buildings and industrial buildings within non-industrial zones. In the three months since the launch of the

enhanced “Facilitating Scheme”, URA has received one application from an industrial building within a non-industrial zone.

Building Safety

- The Government has all along adopted a multi-pronged approach to enhance building safety. Among others, on the enforcement front, the BD launches large scale operations from time to time targeting at rectifying irregularities associated with subdivided flats and other unauthorised building works (UBWs). In 2014, the BD had issued a total of 11 816 removal orders against UBWs and 540 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 2 532 prosecutions had been instigated against failure to comply with removal orders. The BD will continue with the work on this front.

Conclusion

- Chairman, the above is a brief account of the Planning and Lands portfolio. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.