

**Speaking Points of the Secretary for Development
at the Special Finance Committee Meeting (Planning and Lands)
on 31 March 2017 (Friday)**

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 203 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 2017-18 Recurrent Expenditure on Planning and Lands is \$5,052.72 million, representing an increase of \$160.97 million (about 3.3%) compared with the revised estimate for 2016-17. The additional provision is mainly for the work to strengthen land production, to expedite the implementation of the New Development Areas (NDAs) and new town extensions, and to step up enforcement actions relating to building safety.
- In 2017-18, there will be a net increase of 101 civil service posts in the Planning and Lands Branch and departments under its purview (the Buildings Department (BD), the Lands Department, the Planning Department (PlanD), the Civil Engineering and Development Department (CEDD) and the Marine Department), including 17 civil service posts in replacement of non-civil service contract posts. The establishment of directorate civil service posts will increase by two.
- Now I would like to brief Members on the priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- Increasing land supply tops the agenda of the HKSAR Government, the multi-pronged strategy to increase land supply in the past few years is beginning to deliver results. The various short, medium and long-term land supply initiatives can provide over 600 000 residential flats. The Government will continue its efforts to increase land supply on all fronts to meet the housing, economic and social development needs of Hong Kong. At the same time, we will build up a sufficient land reserve to meet the future demand in a timely manner.

Short- to Medium-term Land Supply

- For the short- to medium-term land supply, by way of changing existing land uses and increasing development intensity, which involves some 210 housing sites identified through land use reviews, Kai Tak Development Area, Diamond Hill Comprehensive Development Area, reuse of three quarry sites, railway property developments, urban renewal projects, etc., a total of over 380 000 residential flats can be provided.
- Among others, rezoning the some 210 housing sites identified through land use reviews is one of the key contributors towards achieving the Long Term Housing Strategy ten-year housing supply target. We will continue full steam ahead to increase and expedite the short- to medium-term housing land supply to ensure timely provision of land for both public and private housing developments. Again, I appeal to the District Councils, locals and members of the community to put the overall interests of Hong Kong first, and support the Government's effort to increase land supply to meet the imminent housing and other development needs of the Hong Kong people.

Medium- to Long-term Land Supply

- In the medium to long term, various NDAs and new town extensions, as well as potential railway property development projects being planned, can provide over 220 000 residential flats. We are proceeding in full steam the various NDAs and new town extensions. The implementation of Kwu Tung North (KTN) and Fanling North (FLN) NDAs, Tung Chung New Town Extension (TCNTE), Hung Shui Kiu (HSK) NDA and Yuen Long South (YLS) Development are in good progress. These development projects are expected to provide close to 200 000 residential flats between 2023 and 2038.
- Making optimal use of brownfield sites is one of the main directions in the Government's multi-pronged land supply strategy. We will continue to develop areas concentrated with brownfield sites through comprehensive planning by way of large-scale new town development approach. The developments in HSK, YLS and KTN/FLN NDAs currently underway cover about 340 hectares (ha) of brownfield sites. The proposed strategic growth area (SGA) of New Territories North under the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+") would cover another 200 ha of brownfield sites.

- In 2017-18, the CEDD will continue to take HSK as a pilot case to actively study the possibility of consolidating brownfield operations in multi-storey buildings. The PlanD will commence a comprehensive survey on the distribution, uses and operation of brownfield sites in the New Territories this year. Meanwhile, the DEVB will formulate a comprehensive policy framework on brownfield sites so as to examine the brownfield issues and policy directions from multiple angles, perspectives, and levels, with a view to optimising land utilisation, rationalising rural land uses, supporting industrial development and improving the rural environment. We will consult the Legislative Council and the public on the proposed brownfield policy framework in due course.

Land for Economic Uses

- Apart from increasing housing land supply, the continued supply of economic land is essential to facilitate the development of different economic activities and maintain Hong Kong's competitiveness. Examples include relocating some government offices away from the core business district (CBD) to other districts, converting suitable "Government, Institution or Community" sites and government properties (e.g. former Trade and Industry Department Tower in Mong Kok, Murray Road Carpark in Central, the three government office buildings at the Wan Chai waterfront and Queensway Plaza) into commercial uses, and continue to forge ahead with the development of Kowloon East into another CBD and the Kai Tak Development Area, etc., with a view to providing land and supporting hardware for economic uses in a sustainable manner.
- In the medium- to long-term, it is estimated that NDAs and new town extensions such as KTN, FLN and HSK NDAs, YLS Development and TCNTE will provide over 8.6 million square metres of industrial and commercial floor area. In support of the development of "bridgehead economy", the Government is conducting studies on the Boundary Crossing Facilities island of Hong Kong-Zhuhai-Macao Bridge, including the topside development, for uses such as retail, catering, entertainment, hotel, office and logistics.
- A breakthrough has been made this year in the development of the Lok Ma Chau Loop. In January this year, the Shenzhen Municipal People's Government and the HKSAR Government signed the "Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen". Hong Kong and Shenzhen will jointly develop

the Hong Kong/Shenzhen Innovation and Technology Park at the 87-hectare Lok Ma Chau Loop. To attract top enterprises, research institutions and higher education institutes of Hong Kong and Shenzhen, as well as those of other places in the Mainland and overseas, the Hong Kong/Shenzhen Innovation and Technology Park will establish itself as a key base for co-operation in innovation and technology research. Related higher education, cultural and creative, as well as other complementary facilities will also be provided at the site. With a site area of about four times that of the Hong Kong Science Park currently located in Pak Shek Kok, Shatin, the Hong Kong/Shenzhen Innovation and Technology Park will be the largest innovation and technology platform ever established in the history of Hong Kong. The Park will provide a maximum total gross floor areas (GFA) of 1.2 million square metres, that is about three times that of the Hong Kong Science Park which has a GFA of 400 000 square metres.

Long-term Planning

- In my report on the Policy Address earlier on, I have talked about the details of other initiatives to increase land supply, so I will not repeat here. Apart from increasing land supply through a multi-pronged approach, we also need a robust, pragmatic and comprehensive territorial development strategy to tackle the internal and external challenges, such as the regional competition and “double-ageing” of our population and building stock, as well as to respond to the community’s aspirations for better quality of life and larger living space. The DEVB and the PlanD are conducting public engagement for “Hong Kong 2030+”, which has put forward a number of strategic directions and recommendations. Our aim is to formulate long-term planning for Hong Kong’s sustainable development, especially to create sufficient development and environment capacities for meeting future land demand while conserving our natural assets.
- The two SGAs proposed in “Hong Kong 2030+”, i.e. East Lantau Metropolis and New Territories North, will not only allow us to meet the estimated long-term land requirements, but also enhance the overall capacity of Hong Kong to provide us with the flexibility and buffer to enhance liveability and improve living space, capture future economic opportunities and challenges, and redress the existing unbalanced spatial distribution of homes and jobs for the territory. The public engagement of “Hong Kong 2030+” will last until the end of April this year. The Government will continue to hear about your insights and opinions with a view to forging a consensus for making Hong Kong a “home” suitable for living and working.

2016-17 Private Housing Land Supply

- In 2016-17, 21 residential sites have been put up for sale, capable of providing about 14 510 flats. This is the highest flat production capacity of government land sale sites since the Government-initiated sale mechanism was resumed in 2010-11. In 2016-17, the overall private housing land supply from government land sale, railway property development projects, projects of the Urban Renewal Authority (URA) and private redevelopment or development projects is estimated to have a capacity to provide about 19 780 flats, exceeding the target of 18 000 flats set for the year by about 10%. The Government has met the annual target of private housing land supply for three consecutive years.

2012-13 to 2016-17 Private Housing Land Supply

- In the five financial years from 2012-13 to 2016-17, land sold by the Government has a capacity to produce about 50 960 flats, more than double that of the preceding five financial years from 2007-08 to 2011-12 (around 20 700 flats).
- From 2012-13 to 2016-17, the overall private housing land supply from various sources is estimated to have a capacity to provide about 95 500 flats, largely meeting the Government's supply target of these five financial years.

2017-18 Land Sale Programme and Private Housing Land Supply

Land Sale Programme

- The 2017-18 Land Sale Programme comprises a total of 28 residential sites capable of providing about 18 910 flats. Among them, eight sites are rolled over from the 2016-17 Land Sale Programme, capable of providing about 5 100 flats; 20 sites are new sites, with a capacity to provide about 13 810 flats. This demonstrates that the Government's continued efforts to identify land for private housing development are bearing fruit.
- 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 quarterly land sale programmes in advance, providing transparency and certainty in respect of land supply for the market. We may put up additional sites for sale in the course of a

quarter depending on the situation, so as to flexibly respond to changing market conditions.

Private Housing Land Supply

- Based on the Government's projection in the Long Term Housing Strategy Annual Progress Report promulgated in December 2016, the total housing supply target was set at 460 000 flats for the ten-year period from 2017-18 to 2026-27, with the public/private split of 60:40 remaining unchanged. For this reason, our private housing land supply target in 2017-18 is to make available land capable of providing about 18 000 private residential flats. This is not a fixed target of housing land supply. The aim is to build up a sufficiently large land reserve over a period of time to ensure steady land supply to the market.
- Looking ahead in 2017-18, railway property development projects will continue to be one of the sources of private housing land supply. Package 1 of the West Rail property development project at Kam Sheung Road Station and the property development projects owned by the MTR Corporation Limited (MTRCL) at LOHAS Park, Ho Man Tin Station, Wong Chuk Hang Station and Yau Tong Ventilation Building are estimated to provide about 8 030 flats. In addition, projects of the URA are capable of producing about 480 flats. Private redevelopment or development projects are estimated to produce about 4 200 flats (average figures of the past ten years).
- Combining various sources, it is estimated that the potential private housing land supply in 2017-18 is capable of providing about 31 620 flats.

Sale of Commercial/Business/Industrial/Hotel Sites

- In 2016-17, a total of seven commercial/business sites (about 503 000 square metres of GFA) were put up for sale. This is a record high since 2010-11 when the Government-initiated Sale Mechanism was resumed. In addition, two industrial sites which are capable of providing about 52 000 square metres of GFA were put up for sale in 2016-17. Land sale by the Government for commercial and industrial uses in the current financial year can provide about 555 000 square metres of floor area, exceeding the aggregate supply in the preceding four financial years.
- From 2012-13 to 2016-17, the Government has supplied a total of 23 commercial/business/industrial sites to the market, providing over

one million square metres of GFA.

- The 2017-18 Land Sale Programme comprises three commercial/business sites and one hotel site which are capable of providing about 172 000 square metres of GFA and about 550 hotel rooms respectively. Although the floor area produced by the commercial/business sites in the 2017-18 Land Sale Programme is smaller than that of the past few years, the Government will continue to increase the supply of commercial floor area through various means. A number of large commercial sites will be made available to the market in the next few years. They include the Queensway Plaza site, the site atop the terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section), Site 3 of the new Central Harbourfront, the Caroline Hill Road site, the Sai Yee Street site and various sites in Kai Tak, capable of providing a total of about 1.1 million square metres of GFA. The Government will consider selling more industrial sites taking into account the market situation.

Siu Ho Wan Depot Site and Potential Property Developments along Rail Lines

- In the medium to long term, potential railway property development projects can provide over 21 000 residential flats.
- Among others, Environmental Impact Assessment and various technical studies are being carried out for the planned comprehensive residential and commercial development at the Siu Ho Wan Depot Site, which can provide no less than 14 000 residential flats in the medium to long term, with associated commercial and community facilities. The development parameters will be kept under review with regard to the results of on-going studies to optimise the utilisation of the site as far as possible. The Government plans to commence statutory planning procedures for the relevant area in 2017-18, and will follow up with the MTRCL as appropriate on the various technical matters and related details based on the results of the technical studies.
- The Government will continue to explore the development potential of railway stations and related sites along existing and new railway lines to make optimal use of such land.

Urban Renewal

- Hong Kong's building stock is ageing rapidly. The work of urban renewal is getting more and more important. In accordance with the Urban Renewal Strategy promulgated in 2011, the URA will focus its resources on taking forward urban renewal by way of "Redevelopment" and "Rehabilitation".
- As of end-March 2017, the URA has implemented 61 redevelopment projects which could in total provide over 18 400 residential flats. Among others, the URA introduced for the first time in March 2016 a holistic and district-based approach for implementing its large-scale redevelopment projects in To Kwa Wan, Kowloon City. Apart from providing over 3 000 residential flats, the district-based approach would raise the quality of the living environment and improve the road networks with a view to bringing in more benefits for the community.
- On rehabilitation, the URA has launched various rehabilitation schemes so as to reduce the need or urgency for redevelopment. As of end-2016, about 3 700 buildings have benefited from the URA's rehabilitation schemes. To help property owners secure the necessary technical support when carrying out building rehabilitation works, a commitment of \$300 million has been included in this year's Draft Estimates to enable them to take part in the "Smart Tender" Building Rehabilitation Facilitating Services scheme administered by the URA at a concessionary rate. It is estimated that owners of about 4 500 buildings would benefit from this initiative in the next five years.
- Having regard to the difficulty in increasing the development density or the lack of residual developable Plot Ratio in some districts, we need to explore more effective and practical ways for urban renewal. The URA plans to use the Yau Ma Tei and Mong Kok districts as a testing ground and conduct a district planning study in the second quarter of this year. The study aims to explore how to enhance the efficiency of existing land use and redevelopment potential of these districts with a view to formulating a feasible *modus operandi* for adoption in other districts. At the same time, the URA will also conduct a study on building rehabilitation strategies to formulate appropriate and sustainable measures to prolong the life span of the buildings and explore the feasibility of "retrofitting" as a proposal for building rehabilitation.

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 annually which target at rectifying irregularities associated with subdivided flats and other unauthorised building works (UBWs). In 2016, the BD issued a total of 12 901 removal orders against UBWs and 969 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 3 362 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.
