

For Information

**Legislative Council
Subcommittee on Issues Relating to Policy on Industrial Buildings**

**Operating Space for the Arts and Cultural Sectors, Creative Industries,
and Innovation and Technology Sectors in Industrial Buildings**

Purpose

This paper briefs Members on various Government's measures in addressing the demand for operating space by the arts and cultural sectors, creative industries, and innovation and technology sectors in the course of optimising the use of industrial floor space in the territory.

Facilitating the Said Uses in Existing IBs

2. As transformation of traditional industrial districts is gradually underway throughout the years, existing IBs are providing affordable spaces for a wide range of tenants, including small and medium enterprises, arts and cultural groups, start-ups in the creative industries and innovation and technology sectors, etc. Government has been adopting a pragmatic approach to facilitate the market to accommodate certain non-industrial uses in existing IBs to support specific sectors without compromising the safety of users and members of the public¹.

Broadening the permissible uses under the land use zoning regime

3. The Town Planning Board (TPB) has amended several times the land use zonings of traditional industrial areas on statutory plans and the definition of "Industrial Use". On statutory plans, training, design, research and development related to industrial process are now considered "Industrial Use".

¹ Industrial activities carry a much higher risk of fire and other accidents than commercial and other activities. In addition, industrial activities often involve loading and unloading, or storage and use of dangerous goods. If non-industrial activities in IBs attract members of the public not being aware of potential risks therein and the route to evacuate in emergency, they are exposed to severe threats in case of fire or other dangerous situations. It is unacceptable from the fire safety point of view for uses involving direct provision of services or goods, such as exhibition space, education centres and performance venues, to take place in IBs.

Also, “Office (Audio-visual Recording Studio)”, “Office (Design and Media Production)”, “Office Related to Industrial Use”, “Information Technology and Telecommunications Industries” and “Research, Design and Development Centre” are uses always permitted in “Industrial” (“I”) zones.

4. In addition, “Art Studio (excluding those involving direct provision of services or goods)” has been incorporated as an always permitted use in industrial and industrial-office buildings in “I”, “Residential (Group E)” (“R(E)”) and “Other Specified Uses” annotated “Business” (“OU(B)”) zones since 2015. As at end-April 2020, TPB has amended a total of 21 Outline Zoning Plans (OZPs) to this effect. Similar amendments to other OZPs would be made when the opportunity arises.

Concessionary Measures for Data Centre Development in Existing IBs

5. Government has introduced a number of concessionary measures since 2012 to facilitate the development of data centres in Hong Kong, including exemption of waiver fees for change of use in IBs aged 15 years or above for use as data centres. As at end-March 2020, 28 applications for converting parts of existing IBs for data centre use have been approved and executed, involving a total floor area of 139 000 m².

Relaxation of Waiver Application Policy

6. Unlike modern leases², the use of many existing industrial lots are restricted under old leases executed many years ago for “industrial and/or godown purposes” only. Although some commonly-found uses on parts of IBs may be always permitted uses in most zonings under the planning regime as mentioned in paragraphs 3 and 4 above, they can be non-compliant uses in the context of land leases carrying the above-mentioned user restrictions.

7. To address the demand for safe, lawful and affordable space of the arts and cultural sectors, creative industries, and innovation and technology sectors, Government has relaxed the waiver application policy, during the five-year period between 1 February 2019 and 31 January 2024, to permit five uses in individual units within existing IBs, namely: -

² For the leases of industrial sites sold or lease modifications executed in recent years, apart from the industrial use, other uses such as office in direct support of an industrial operation, information technology and telecommunications industries, research, design and development centre, laboratory, inspection and testing centre, audio-visual recording studio, media design and media production, etc. are included in the lease conditions.

- (i) “Art Studio”;
- (ii) “Office (Audio-visual Recording Studio)”;
- (iii) “Office (Design and Media Production)”;
- (iv) “Office” (used by “specified creative industries” only); and
- (v) “Research, Design and Development Centre”.

8. While the five permitted uses are not in line with the lease restrictions for “industrial and/or godown purposes”, Lands Department (LandsD) will not take any enforcement action in respect of the breach of lease restrictions so long as they are permitted under the land use zoning of the site on the relevant OZP as “Column 1” (i.e. always permitted) uses. To streamline procedures, owners are not required to apply for a temporary waiver and pay any fee. For the sake of public safety, the relaxation does not cover any premises involving direct provision of services or goods. For the avoidance of doubt, LandsD will continue to take lease enforcement action against the occurrence of substantiated breach of non-compliant uses outside the scope of the permission.

9. Without prejudice to public safety, this measure enables many existing IBs to be used simultaneously for both industrial and non-industrial uses in a pragmatic manner, thus achieving our objective of optimising the use of IBs (especially for those under multiple ownership hence not ready for redevelopment or wholesale conversion in the near future). Market reaction is generally positive, as this helps preserve some floor space within existing industrial premises to meet the current demand for space from traditional or modern industries and assists small and medium organisations/enterprises of the relevant sectors in identifying workplace charging relatively lower rentals. It also helps provide floor space for high-end manufacturing that is based on new technologies and smart production, and is in line with Government’s efforts to promote “re-industrialisation”.

10. Planning Department (PlanD) commenced in September 2019 the Area Assessments on Industrial Land in the Territories (“Area Assessments”)³. It is collecting information, mainly through on-site questionnaire surveys, about the business nature and existing uses of private IB units for a comprehensive analysis. The result of the Area Assessments will facilitate an analysis of actual uses of existing industrial floor area in due course.

³ PlanD commenced the latest round of Area Assessments in September 2019, after the previous four rounds conducted in 2000, 2005, 2009 and 2014, to examine the latest usage of private IBs and consider the future planning of industrial land. The Area Assessments are expected to be completed by the end of this year.

Facilitating the Said Uses in Converted IBs

Previous IB Revitalisation Scheme in 2010-2016

11. A total of 14 redevelopment and 140 wholesale conversion applications were approved under the first round of IB revitalisation scheme which ended in April 2016⁴. Among the wholesale conversion applications, about 67 of them are approved for a basket of non-industrial uses including, for example, “Place of Recreation, Sports or Culture” and “Research, Design and Development Centre” in the wholesale-converted premises that may serve tenants or occupants in relevant sectors, including the arts and cultural sectors, creative industries, or innovation and technology sectors (as the case may be).

12. Apart from private initiatives, Government also encourages some owners to rent out certain units as arts space at below-market rent upon wholesale conversion. In this regard, with funding from Government and generous support of private owners, the first arts space operated by the Hong Kong Arts Development Council (HKADC) was launched in Wong Chuk Hang in 2014, where about 17 units of arts studios being rented to some artists and arts groups at a below-market rent. Also, under Space Sharing Scheme for Youth⁵, over ten arts studios are now operated by HKADC in two wholesale-converted IBs in Kwun Tong.

Current IB Revitalisation Scheme announced in 2018

13. To help address the concerns of relevant sectors that wholesale-converted IBs are no longer available for those not being able to afford the increase in market rental, we have introduced an additional condition for exemption of waiver fee for wholesale conversion of IBs under the current round of revitalisation scheme. For waiver applications in relation to wholesale conversion of IBs now, we are requiring owners to designate 10% of converted gross floor area for uses as specified by Government. Examples of these specified uses may include small-scale studios for arts and cultural

⁴ Figures as at end-March 2020 and excluded applications withdrawn or terminated by applicants.

⁵ Implemented by Home Affairs Bureau (HAB), the Space Sharing Scheme for Youth is premised upon tripartite collaboration among the business sector, non-government organisations and Government. Owners of revitalised IBs and commercial buildings are invited to contribute floor areas for the operation of co-working space or studios to support young people.

practitioners, workshops for young entrepreneurs in the creative industries, incubation space for innovation and technology start-ups, etc. As at end-April 2020, LandsD has received and is processing two applications for special waiver for wholesale conversion under the current scheme. We would announce the details when the special waivers are approved and executed.

Shek Kip Mei Jockey Club Creative Arts Centre

14. While relevant bureaux would further explore initiatives to assist the relevant sectors in identifying operating space and collaborate with relevant professional bodies for the sectors (e.g. HKADC) and private owners, Shek Kip Mei Jockey Club Creative Arts Centre merits a mention as it was formerly a flatted factory estate building of the Hong Kong Housing Authority. After conversion carried out by the Hong Kong Baptist University with HAB's support and funding from the Jockey Club Charities Trust, it is now providing around 130 units of art studios and arts space for artists, art groups, and art event participants.

Development Bureau

Home Affairs Bureau

Commerce and Economic Development Bureau

Innovation and Technology Bureau

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