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Panel on Housing

Subcommittee to Follow Up the Issues Related to the Wang Chau Development Project

**Background brief prepared by the Legislative Council Secretariat for
the meeting on 28 February 2018**

Purpose

This paper provides background information on the issues related to the Wang Chau Development Project and the major views and concerns expressed by Members of the Legislative Council ("LegCo") on the subject.

Background

2. The Administration and the Hong Kong Science and Technology Parks Corporation jointly entrusted the Hong Kong Housing Authority ("HA") in July 2012 to commission a Planning and Engineering Study ("P&E Study") on the feasibility of the Wang Chau Housing Development and Yuen Long Industrial Estate Extension ("YLIEE") to study the technical feasibility of the development in the aspects of planning, construction and environment. The total planned development area is around 34 hectares¹, and is situated North to Long Ping Estate in Yuen Long, between Kai Shan and Fuk Hi Street.

¹ LC Paper No. [CB\(1\)16/16-17\(01\)](#)

Development approach

3. According to the Administration, different parts of the P&E Study were completed in phases and the entire study was completed in September 2015. In 2013, whilst the P&E Study was yet to be completed and data and analyses gradually became available, the plan made public at that time was to proceed concurrently with all three phases of the public housing development to provide around 17 000 units, as well as YLIEE. In early 2014, the Administration decided to proceed first with Phase 1 development to provide 4 000 units, and develop Phases 2 and 3 and YLIEE at later periods ("phased development approach"). The demarcation of the site of Phases 1, 2 and 3 of the development and the YLIEE site and the land information of the sites are in **Appendices I and II** respectively.

4. According to the Administration, the Housing Department's proposal to proceed first with the Phase 1 development and leave the Phases 2 and 3 development to later periods was agreed by the Secretary for Transport and Housing in early 2014, who then reported to the 3C meeting chaired by the Chief Executive.

5. The reduction of public housing units from 17 000 to 4 000, as well as the rezoning of green belts for the development of these units instead of clearing the brownfield sites, have raised public concerns.² Some have called on the Administration to disclose the reports of the P&E Study to allow the public to have a clearer understanding of the project. On 18 October 2016, the Administration responded with the release of the 16 reports of the P&E Study to the Legislative Council and the public, after processing the sensitive information such as land matters and financial information.³

² The Chief Executive and other relevant officials held a press conference on 21 September 2016 and provided information regarding the Government's internal deliberation process for the decision to proceed with Phase 1 first, as well as the considerations supporting the decision. The relevant press statements and transcripts of the press conference have been provided in LC Paper No. [CB\(1\)126/16-17\(01\)](#).

³ The reports can be accessed via http://www.legco.gov.hk/yr1617/english/panels/hg/papers/wang_chau_report/wang_chau_report.htm

Number of households affected by the Phase 1 development

6. In reply to a question at the Council meeting of 31 May 2017 about the number of households affected by the Phase 1 development, the Administration advised that the Lands Department ("LandsD") had conducted a pre-clearance freezing survey in the areas involved in the development plan concerned on 30 October 2015. A total of about 180 households, involving about 400 clearerees, were registered in the survey. It was tentatively established that among the registered households, about 100 households were residing in licensed domestic structures or surveyed domestic structures covered by the 1982 Squatter Control Survey ("SCS"); about 50 households were residing in licensed non-domestic structures or surveyed non-domestic structures covered by the 1982 SCS; and the remaining some 30 households were residing in unlicensed structures or structures that were not registered by the SCS. Since the occupants of certain structures could not be reached yet, the comprehensive situation of affected households was pending confirmation. LandsD had been progressively establishing contacts with the registered households to explain to them the relevant ex-gratia allowance and rehousing arrangements.

Major views and concerns expressed by Members

7. In view of the public concern over the Wang Chau Housing Development, the Panel on Housing and the Panel on Development have discussed the project with the Administration at various meetings, including three joint Panel meetings held on 15 and 29 November 2016 and 6 December 2016, and have received public views on the subject at one of the joint meetings. Members have also discussed the matter at the meetings of the Public Works Subcommittee and the Finance Committee when examining the Wang Chau development-related items included in the block allocations under the Capital Works Reserve Fund. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

Phased development approach

8. Members were concerned about the Administration's considerations underlying the decision to proceed first with the Phase 1 development at Wang Chau, and defer the Phases 2 and 3 development to later periods. While some Members appreciated that the phased development approach

could enable early production of 4 000 housing units, some Members opined that the Administration should develop all three phases concurrently to provide the about 17 000 units to meet the society's imminent public housing demand and provide sufficient ancillary facilities to the community there. Some Members questioned why the Administration did not invoke the Lands Resumption Ordinance to resume the privately-owned land within the development area of Phases 2 and 3 as well as the government land currently under short term tenancies, so that the relevant projects could be taken forward as soon as possible.

9. The Administration explained that the decision to take forward the Wang Chau Housing Development in phases was a pragmatic one having regard to the brownfield operations in the sites required for Phases 1 to 3 of the development, local sentiment, technical and environmental considerations including infrastructure works required to underpin the development. The sites of Phases 2 and 3 involved more brownfield operations and environmental problems than that of Phase 1. Developing Phase 1 first, followed by development of Phases 2 and 3 in stages was a progressive approach to tackle relatively easier tasks first in terms of overall planning and relevant strategic arrangements. The Administration advised that the overall target of developing a total of 17 000 units remained unchanged. A technical feasibility study on the development of Phases 2 and 3 (i.e. Engineering Feasibility Study for Site Formation and Infrastructural Works for Remaining Phases of Public Housing Developments at Wang Chau, Yuen Long) would be conducted, and the Administration would make reference to the results of the study to determine the implementation plan and timetable.

Consultations with relevant parties

10. Some Members opined that the Administration's decision to scale down the development was made after relevant government departments had touched base with some influential persons in the local communities, and such informal consultations/lobbying sessions had been conducted without the knowledge or participation of the residents affected by the development. They questioned whether the decision to defer the Phases 2 and 3 development was made because of the pressure exerted by a handful of persons including rural representatives, District Council members and brownfield operators who had vested interests in the land sites concerned.

11. The Administration explained that it was the prevailing arrangement for District Offices to coordinate informal consultations for development projects including advising the Housing Department about the local representatives to be invited to attend the informal consultations. In line with this practice, the Yuen Long District Office helped arrange the informal consultations for the Wang Chau Housing Development. While the Administration had taken into account views collected during the informal consultations, government departments had conducted their own analyses before deciding to take forward the development in phases.

12. Some Members pointed out that the plan to build housing units on green belts in Phase 1 for implementing the development project would force the existing villagers to move out, and the affected villagers had not been properly consulted on the development. They held the view that public consultation should not be replaced by informal consultations/lobbying sessions in planning public housing projects, and urged the Administration to shelve or postpone the development project, launch a public consultation, meet the affected villagers and listen to their concerns.

13. The Administration explained that rezoning involving green belts would be required at Wang Chau for land lots designated for development in not only Phase 1, but also Phases 2 and 3. As with other public housing development proposals, the Administration had conducted public consultations and undergone necessary statutory procedures for the Phase 1 development, and the public had opportunities to express their opinions during the process. Specifically, the Administration consulted the Yuen Long District Council in April and June 2014 and the Ping Shan Rural Committee in May 2014. In October 2014, the Town Planning Board ("TPB") exhibited the draft Ping Shan Outline Zoning Plan ("draft OZP") with the inclusion of the rezoning proposal of the Phase 1 development at Wang Chau for public inspection. Having considered the relevant representations and comments in respect of the draft OZP, TPB decided not to propose corresponding amendments to the draft OZP.

Environmental impact assessment

14. On the question why the Administration did not carry out an environmental impact assessment ("EIA") for the development projects at Wang Chau, the Administration explained that YLIEE was a designated project under Schedule 2 of the Environmental Impact Assessment

Ordinance ("EIAO"), and an EIA was required if the Administration developed the Phases 1, 2 and 3 development and YLIEE together. As the Administration had decided to proceed with the Phase 1 development first, which was limited in scale and involved a population of about 12 000 persons and area size of about 5.6 hectares that were far below the thresholds for EIA set out in EIAO, an EIA was not required.

Compensation and rehousing arrangements for affected residents

15. Members were concerned about the compensation and rehousing arrangements for the villagers affected by the future land clearance at Wang Chau. Some Members opined that the Administration should review and improve the arrangements in order to take better care of the needs of the people affected, including the immediate accommodation needs of those who were not eligible for public housing. Some Members enquired whether the Administration would consider compensating the affected residents more favourably, such as by according priority to their applications for public rental housing ("PRH"). Some Members opined that the works should not proceed until compensation and rehousing arrangements were properly handled.

16. The Administration replied that matters in relation to resumption of private land and clearance of government land for public purposes, including the arrangements on rehousing and compensation for eligible owners and households would be dealt with in accordance with the established mechanism. To ensure that precious PRH resources were used to assist those in genuine need, same as other PRH applicants, clearees had to meet the eligibility criteria laid down by HA on income and assets.

17. When discussing the funding proposal for site formation and infrastructure works for public housing development at Wang Chau at its meeting on 6 November 2017, the Panel on Housing passed two motions urging the Administration to (a) revise the compensation mechanism, so that residents living in non-domestic structures at sites affected by land clearance can also be compensated and rehoused; and (b) review the existing compensation and rehousing mechanism so that those usual residents who have been living there before the announcement of the project should be eligible for ex-gratia removal compensation and should be rehoused in PRH units.

18. On rehousing the affected residents, the Administration advised that according to the prevailing policy, in order to be rehoused in PRH, all households affected by clearances and registered in the pre-clearance freezing survey must be occupying a structure covered by a license for domestic use (i.e. a licensed domestic structure), or a structure covered by the SCS and registered for domestic use (i.e. a surveyed domestic structure) (regardless of whether the structure is located on government land or private agricultural land), and must also satisfy the relevant eligibility criteria of HA for PRH. Meanwhile, If the household was occupying a structure covered by a license for non-domestic use (i.e. a licensed non-domestic structure) or a structure covered by the SCS and registered for non-domestic use (i.e. a surveyed non-domestic structure), and if the household had continuously been occupying these structures for at least two years before the date of the pre-clearance freezing survey for domestic use, they would be eligible for Domestic Removal Allowance, the amount of which would depend on the household size.

Handling of brownfield issues

19. Some Members highlighted the significant contribution of the industries supported by the operations on the brownfield sites to the local economy, and stressed that any relocation of these operations to make way for the development at Wang Chau must be handled appropriately. They opined that the Administration should take into account the impact of its future measures to relocate the brownfield operations on the cost and financial sustainability of these operations, and work out appropriate compensation options and feasible re-provisioning arrangements for them. Some Members enquired whether the Administration would consider relocating the brownfield operations which did not require the use of heavy machinery, such as motor maintenance, container storage space, to multi-storey buildings.

20. The Administration advised that in the site for Phase 1 development, there was about 0.1 hectare of brownfield operations, while such operations occupied about 17 hectares on the sites of Phases 2 and 3 and YLIEE.⁴ An inter-bureau/department task force on brownfield operations had been established in 2014 to consider how best to tackle brownfield sites on a more holistic basis. Feasibility studies on multi-storey buildings for accommodating some brownfield operations were also underway. The Administration would compensate and rehouse the business and factory operators affected in accordance with the prevailing policies.

⁴ LC Paper No. [CB\(1\)16/16-17\(01\)](#)

Illegal occupation of government land

21. In response to Members' question about the actions against illegal occupation of government land at Wang Chau, the Administration advised that the total area of the government land that had been unlawfully occupied was about 3.8 hectares. After receiving complaints about the illegal occupation in February 2016, the Lands Department had posted notices pursuant to the relevant ordinance on the land being occupied, requiring the occupiers to cease the occupation. The department had initiated prosecutions against two of the occupiers who had failed to cease the illegal occupation before the dates specified in the notices.

Unauthorized use of restricted information by consultant firm

22. Referring to a case involving the consultancy firm Ove Arup & Partners Hong Kong Ltd.'s ("OAP") non-compliance of the "confidentiality" and "conflict of interest" provisions in the consultancy agreement for a study on the Engineering Works at Lin Cheung Road Site, Sham Shui Po and Wang Chau, Yuen Long – Investigation, Design and Construction commissioned by the Civil Engineering and Development Department ("CEDD"), some Members pointed out that the consultant firm was hired by both the Administration and the New World Development Company Limited ("NWDCL") to provide consulting services for the respective development projects in Wang Chau, and were concerned whether the firm had disclosed to NWDCL restricted information about the land sites in Wang Chau that would be resumed by the Administration in order to facilitate the developer to pursue land hoarding activities in the area. Members also considered the suspension on OAP from bidding for all categories of consultancy agreements under the jurisdiction of the Engineering and Associated Consultants Selection Board ("EACSB") for three months too light a penalty as an effective deterrent.

23. The Administration advised that there was no question of the Government's colluding with any interests. Government departments including the Housing Department had raised objection to a planning application submitted to TPD with respect to the private development of NWDCL at a site adjacent to the Phase 1 site. The decision to adopt the phased development approach was based on the consideration that as compared to proceeding with Phase 1 first, developing the three phases concurrently would involve more complicated problems in respect of infrastructures, environmental mitigation measures, and the handling of

brownfield operations, and require a longer time to formulate and implement relevant measures.

24. Regarding the alleged non-compliance of the consultancy agreement due to the unauthorized use of restricted information by OAP and the follow-up actions by the Administration, the Administration advised that CEDD had conducted a detailed review of the consultancy agreement and had considered that OAP had not complied with the "confidentiality" and "conflict of interest" provisions in the said agreement as the company had failed to apply for prior approval for undertaking the consultancy service for a private development that adjoined the study area of the public housing development, and had not followed strictly the company's internal procedures on preventing improper use of information, resulting in the information obtained from the government consultancy agreement being quoted in the planning application of the private development project. After obtaining the approval of EACSB, the Consultants Review Committee of CEDD invoked the aforementioned suspension on OAP, in accordance with established procedure.

Council questions

25. Members, including Hon CHU Hoi-dick, Hon Paul TSE Wai-chun, Hon Steven HO Chun-yin, Hon Kenneth LAU Ip-keung and Hon LEUNG Yiu-chung raised questions on various issues related to land development projects and their impacts at the Council meetings on 2 and 9 November 2016, 12 April 2017, 31 May 2017 and 28 June 2017, respectively. The Council questions and the Administration's replies are hyperlinked in the **Appendix III**.

Latest development

26. At the Council meeting on 25 January 2018, Hon CHU Hoi-dick moved two motions under Articles 73(5) and 73(10) of the Basic Law to summon the Secretary for Development and the Secretary for Transport and Housing to testify or give evidence, and to produce all relevant papers, books, records or documents in relation to (a) the decision-making process of the Public Housing Development Plan at Wang Chau and related issues during the period from 2013 to 2014; and (b) the happenings, culpability, follow-up actions and punitive matters pertaining to the alleged illegal use of restricted information by New World Development Company Limited

during its application for rezoning a land lot near the site of the Public Housing Development Plan at Wang Chau. Both motions were negated.

27. In response to the motions and Members' queries, the Administration maintained that it had observed the mechanism in place to deal with the alleged illegal use of restricted information by consultancy firm involved, and pursued punitive actions against the said firm, including a three-month suspension from entering bids for all categories of consultancy agreements under the jurisdiction of the EACSB. Also, the Administration emphasized the stringency of the existing tendering system and assured Members that the tendering process was conducted in an open and fair manner.

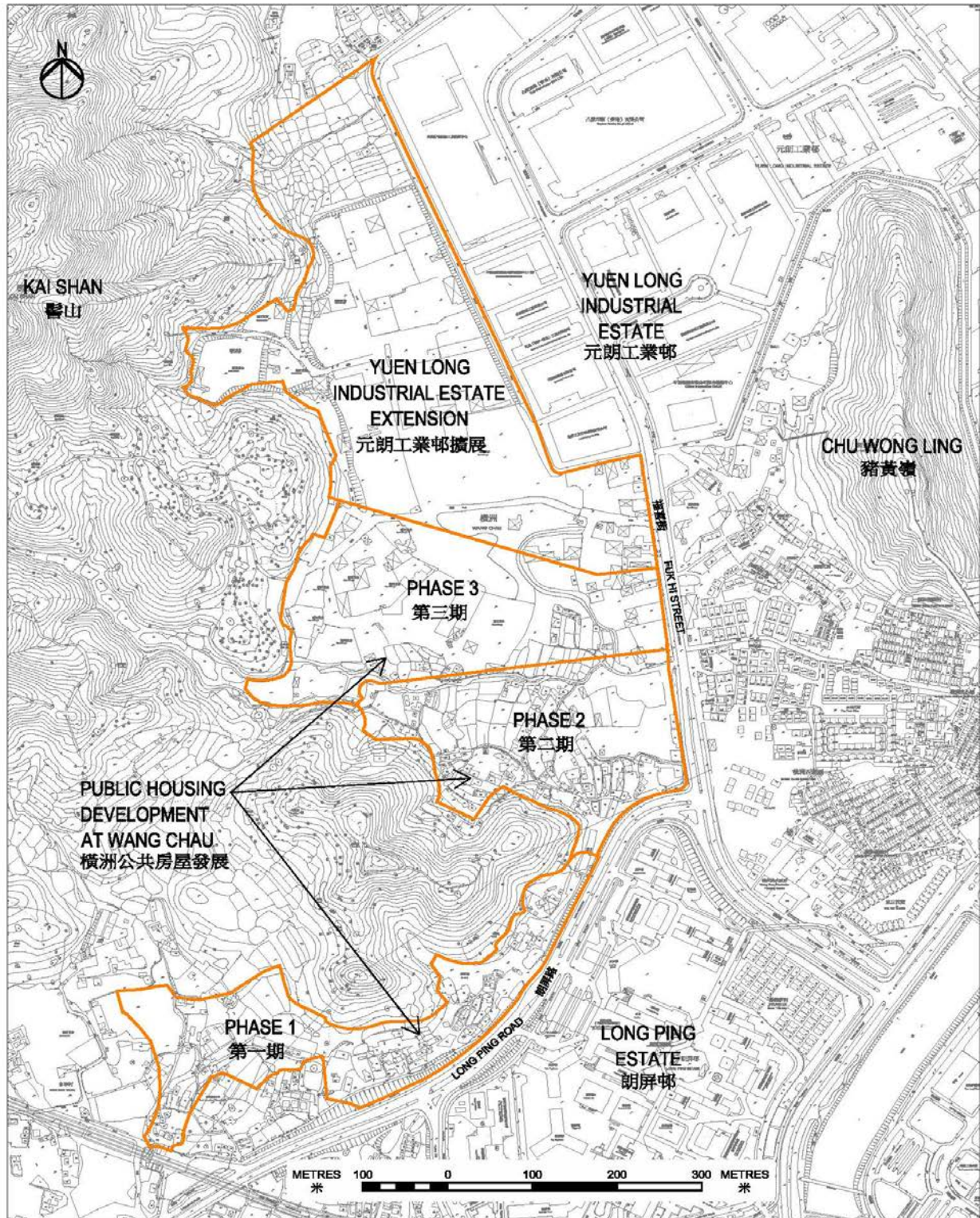
28. The Subcommittee to Follow Up the Issues Related to the Wang Chau Development Project will have its first meeting on 28 February 2018.

Relevant papers

29. A list of relevant papers is in **Appendix III**.

Council Business Division 1
Legislative Council Secretariat
27 February 2018

Demarcation of the site of Phases 1, 2 and 3 of the public housing development at Wang Chau



PUBLIC HOUSING DEVELOPMENT AT WANG CHAU
橫洲公共房屋發展計劃

Source: LC Paper No. [CB\(1\)16/16-17\(01\)](#)

Land information of the sites

	Public Housing Development			YLIEE	Total Development Area
	Phase 1	Phase 2	Phase 3		
Total Site Area (ha)	Around 5.6	Around 5.9	Around 7.5	Around 15.0	Around 34.0
Planned Land Use in Outline Zoning Plan (ha)	"Residential (Group A) 4" ¹ : 5.6	"Green Belt": 5.6 "Open Storage": 0.3	"Green Belt": 1.7 "Open Storage": 5.6	"Green Belt": 2.2 "Open Storage": 12.5	
Area of Government Land (ha)	2.1	0.8	3.2	7.4	13.5
Area of Brownfield Operations (including open storage operations that support the logistics industry, port-backup facilities, waste recycling, vehicle maintenance industry, etc.) as estimated under the P&E Study (ha)	0.1	1.3	5.7	10.0	17.1

- (i) The above land information on Phase 1 is based on the current development plan; while other land information is derived from the P&E Study and may not reflect the latest situation. All figures are approximate numbers for reference only.
- (ii) Accurate number of household within the area is not available at the moment. The P&E Study noted that there were possible domestic structures in Phases 1, 2 and 3, but did not provide an estimation on the population.

Source: LC Paper No. [CB\(1\)16/16-17\(01\)](#)

¹ In June 2015, the area was rezoned from "Green Belt" to "Residential (Group A) 4".

Public housing development at Wang Chau, Yuen Long

List of relevant papers

Committee	Date of meeting	Paper
Panel on Development	23 February 2016	<p>Minutes of meeting (LC Paper No. CB(1)931/15-16)</p> <p>Administration's paper on actions against illegal occupation of government land and the latest plan for public housing development at Wang Chau, Yuen Long (LC Paper No. CB(1)707/15-16(01))</p>
Panel on Housing and Panel on Development	15 and 29 November and 6 December 2016	<p>Administration's paper on public housing development plan at Wang Chau, Yuen Long (LC Paper No. CB(1)16/16-17(01))</p> <p>Press releases on public housing development plan at Wang Chau issued by the Administration from 21 September 2016 to 13 November 2016 (LC Paper No. CB(1)126/16-17(01))</p> <p>Information note on public housing development plan at Wang Chau prepared by the Information Services Division of the Legislative Council Secretariat (LC Paper No. IN01/16-17)</p> <p>Minutes of joint meetings on 15 November 2016 (LC Paper No. CB(1)1097/16-17), 29 November 2016 (LC Paper No. CB(1)1098/16-17) and 6 December 2016 (LC Paper No. CB(1)1441/16-17)</p> <p>Administration's follow-up papers for the joint meetings on 15 November 2016 (LC Paper No. CB(1)201/16-17(01)), 29 November 2016 (LC Paper No. CB(1)254/16-17(01)) and 6 December 2016 (LC Paper No. CB(1)387/16-17(02))</p>

Committee	Date of meeting	Paper
		Administration's response (LC Paper No. CB(1)260/16-17(01)) to questions raised in two letters dated 28 and 29 November 2016 (LC Papers No. CB(1)213/16-17(01) and CB(1)254/16-17(02))
Public Works Subcommittee	25 January, 3, 15, 18 and 22 February 2017	<p>Administration's paper on block allocations under the Capital Works Reserve Fund (LC Paper No. PWSC(2016-17)37)</p> <p>Minutes of meetings on 25 January 2017 (LC Paper No. PWSC78/16-17), 3 February 2017 (LC Paper No. PWSC91/16-17), 15 February 2017 (LC Paper No. PWSC100/16-17), 18 February 2017 (LC Paper No. PWSC112/16-17) and 22 February 2017 (LC Paper No. PWSC101/16-17)</p> <p>Administration's responses (LC Paper No. PWSC20/16-17(02); PWSC31/16-17(02); PWSC31/16-17(03); PWSC61/16-17(02)(Chinese version only); PWSC74/16-17(02); PWSC88/16-17(01); PWSC93/16-17(01); PWSC95/16-17(01)(Chinese version only) and PWSC98/16-17(01)) to issues raised by members in the meetings/letters)</p>
Finance Committee	24 February, 17 and 18 March 2017	Administration's responses (LC Paper No. FC62/16-17 ; FC76/16-17(01) (Chinese version only); FC153/16-17(01) (Chinese version only); FC56/16-17(02) ; FC61/16-17(01) (Chinese version only)) to issues raised by members in the meetings/letters regarding FCR(2016-17)86
Panel on Housing	6 November 2017	Administration's paper on Public Works Programme Item No. B780CL - Site formation and infrastructure works for public housing development at Wang Chau, Yuen Long (LC Paper No. CB(1)155/17-18(04))

Committee	Date of meeting	Paper
		<p>Minutes of the meeting (LC Paper No. CB(1)416/17-18)</p> <p>Administration's response (LC Paper No. CB(1)308/17-18(01)) to issues raised by members and the two motions carried at the meeting</p> <p>Administration's response to the issues raised in the letter dated 30 November 2017 from Hon CHU Hoi-dick regarding "Head 711 project no. B780CL - Site formation and infrastructure works for public housing development at Wang Chau, Yuen Long" as set out in LC Paper No. CB(1)310/17-18(01) (LC Paper No. CB(1)435/17-18(01))</p>

Hyperlink to relevant Council Questions:

Date	Council Question
2 November 2016	Council question on development projects in the New Territories
9 November 2016	Council question on impact of mainland-funded consortia buying commercial and residential sites and properties in Hong Kong
16 November 2016	Council question on interdepartmental task forces on land development led by the Chief Executive
12 April 2017	Council question on farmers affected by development plans
31 May 2017	Council question on rehousing of residents affected by land resumption and squatter clearance programmes
28 June 2017	Council question on statistics on agricultural lands and development plans