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Panel on Development

Special meeting on 1 March 2019

**Updated background brief on the public engagement by
the Task Force on Land Supply**

Purpose

This paper provides background information on the public engagement ("PE") by the Task Force on Land Supply ("TFLS"), and summarizes the views and concerns expressed by members of the Panel on Development ("the Panel") on related land supply issues.

Background

2. Land shortage has been plaguing Hong Kong for years. Severe shortage of land supply for housing developments has resulted in soaring property prices and a long waiting list for public rental housing ("PRH"). According to the provisional figures announced by the Rating and Valuation Department in February 2019, the private domestic property price index reached a high point of 377.3 in 2018 (an increase of 277.3% from 100 in 1999). As at end-December 2018, there were about 150 200 general PRH applicants, and their average waiting time is 5.5 years, exceeding the Hong Kong Housing Authority's target of providing first flat offer to general applicants at around three years on average.

Public engagement by the Taskforce on Land Supply

3. In August 2017, the Chief Executive ("CE") appointed the cross-sector TFLS¹ for a term of 18 months starting from

¹ TFLS comprises 22 non-official and eight official members appointed by CE.

1 September 2017 (and ending on 28 February 2019) to take an overall macro-review of land supply options, engage the community in discussions on the pros and cons of different options and their priorities thereby facilitating consensus-building. The terms of reference of TFLS are in **Appendix I**.

4. On 26 April 2018, TFLS launched a five-month PE exercise to solicit views from all sectors of society on 18 land supply options it had identified as well as other land supply-related issues.² The 18 land supply options are listed in **Appendix II**.

5. On 24 September 2018, TFLS submitted to CE its preliminary observations drawn from the PE exercise.³ TFLS considers that the community generally acknowledges the urgency to boost the supply of land for different uses, as well as the need for more land for building a future land reserve.

6. While the final report of TFLS was then expected to be ready by end-2018, CE announced in her 2018 Policy Address some plans on land supply, which included the Lantau Tomorrow Vision,⁴ development of brownfield sites, Land Sharing Pilot Scheme and revitalization of industrial buildings. At the policy briefing cum meeting of the Panel held on 23 October 2018, some members criticized the Policy Address for pre-empting the recommendations of TFLS. The Administration indicated that it would definitely take into account the recommendations in the report to be submitted by TFLS.

Major views and concerns expressed by members

7. The Panel was briefed on the PE exercise of TFLS at its meeting on 29 May 2018, and held a special meeting on 19 September 2018 to receive views from 123 individuals/deputations on the subject. Members also

² A dedicated website on the PE exercise was launched: <https://www.landforhongkong.hk/en/index.php>

³ The preliminary observations of TFLS are available at: <https://www.info.gov.hk/gia/general/201809/24/P2018092400719.htm>.

⁴ According to the Administration, one of the initiatives of the Lantau Tomorrow Vision is to commence a study on the phased reclamation near Kau Yi Chau and Hei Ling Chau for the construction of artificial islands with a total area of about 1 700 ha, for the development of a residential and business hub, which can house 700 000 to 1.1 million people, and with the first phase of housing units to be occupied in 2032. (Source: LC Paper No. [CB\(1\)15/18-19\(01\)](#))

expressed views when relevant land supply issues were discussed at meetings of the Panel. The major views and concerns expressed by members on relevant issues are summarized in the ensuing paragraphs.

Land demand of Hong Kong

8. Noting the Administration's estimation under the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" study ("HK2030+ study") that Hong Kong would face a land shortfall of at least 1 200 hectares ("ha") in the long run up to 2046, members asked how this estimation was arrived at and whether it was over-estimated.

9. The Administration explained that according to the population and domestic household projections by the Census and Statistics Department as at October 2017, the overall population of Hong Kong would continue to increase until it peaked at 8.22 million in 2043. To address the development needs of Hong Kong, the Administration conducted the HK2030+ study to examine the strategies and feasible options for the overall spatial planning, land and infrastructure development for Hong Kong as a whole beyond 2030. According to the HK2030+ study, the land requirement for the next 30 years would be no less than 4 800 ha. Taking into account the land supply of 3 600 ha or so from committed and planned developments, Hong Kong would face a land shortfall of at least 1 200 ha in the long run up to 2046.

Public engagement exercise and land supply options

10. Members expressed diverse views on the PE exercise and the land supply options of TFLS. Some members criticized that the PE exercise was biased and misleading, and TFLS had pre-set position towards the land supply options. They opined that TFLS was selective in putting forward the land supply options, by including only those preferred options of the Government. Some members criticized the design of the survey questionnaire used in the PE exercise in which respondents were confined to making enough choices among the pre-set land supply options that added up to the minimum target of 1 200 ha of land supply. They also asked whether and how TFLS would deal with those responses that had not chosen enough options to meet the said minimum target of land supply, and/or had included land supply suggestions other than those listed.

11. TFLS advised that the survey was jointly designed by TFLS and a professor from a local university who was commissioned as the independent view collection and analysis agent for TFLS. The total area

of additional land expected to be released by the "short-to-medium term" and "medium-to-long term" options could add up to nearly 3 300 ha, thereby offering real and free choices for members of the public. The responses to the survey, including quantitative and qualitative views, would be analyzed by the said independent view collection and analysis agent. Furthermore, respondents could also make land supply suggestions other than those listed. Having regard to the views collected, TFLS would draw up a broad framework of recommendations on the overall land supply strategy and prioritization of different land supply options for submission to the Administration.

12. Of the land supply options, discussions at Panel meetings had been centered around the following more contentious ones:

Developing brownfield sites

13. At present, large clusters of brownfield sites are concentrated in the North and Northwestern New Territories ("NT"). Mainly occupied by various haphazard industrial operations (port back-up, open storage services, workshops, etc.), these brownfield sites are considered incompatible with the surrounding environment. Some members urged the Administration to actively consider acquisition of brownfield sites for development purposes. However, some members were concerned about the impact of land development projects on the existing brownfield operations, taking into consideration that such operations made up an integral part of the logistics industry and were performing support functions for various economic sectors or industries. They doubted the feasibility of the Administration's proposal of relocating the affected brownfield operations into multi-storey buildings ("MSBs"). There was a suggestion that the proposed near-shore reclamation site at Lung Kwu Tan would be suitable for accommodating those brownfield operations that could not be relocated into MSBs.

14. The Administration advised that it had been taking forward a series of major land development projects in the rural NT which involved large areas of brownfield sites. For instance, there were around 50 ha of brownfields in the Kwu Tung North ("KTN") and Fanling North ("FLN") New Development Areas ("NDAs"), over 100 ha in the Yuen Long South development and around 190 ha in the Hung Shui Kiu ("HSK") NDA. The Administration had commenced various planning studies on these development projects and a major theme of these studies was to convert brownfield sites to other more organized, compatible and optimal uses. Meanwhile, the Civil Engineering and Development Department had

commissioned feasibility studies on MSBs for accommodating affected brownfield operations in the HSK NDA. At the same time, the Administration would not rule out the possibility and need for accommodating certain operations which were not practically feasible to move into MSBs on suitable open-air sites, and 24 ha of land in the HSK NDA had been reserved for such purpose. The Planning Department ("PlanD") also commissioned a study in early 2017 on the existing profile and operations of brownfield sites in NT. The findings would provide useful inputs to the Administration in formulating policies for tackling brownfield sites. At the policy briefing *cum* meeting of the Panel on 23 October 2018, the Administration advised that the two ongoing studies on brownfield operations were expected to finalize in the ensuing months.

Tapping into private agricultural land reserve in the New Territories

15. While members did not dismiss the need to make full use of the private agricultural land reserves in NT, some members had reservations about the suggested approach to unlock the private land through a public-private partnership ("PPP") approach. There were concerns about possible land hoarding by private developers and government-business collusion. Some members considered that the Administration should instead invoke the statutory land resumption power under the Lands Resumption Ordinance (Cap. 124) ("LRO") for retrieving the land for development, and perform a leading role in the development.

16. TFLS advised Panel members that according to information available in the public domain, major developers were believed to be holding no less than 1 000 ha of agricultural land in NT. TFLS considered that the community could discuss whether and how the PPP approach should be adopted to optimize the development potential of private land in NT, in particular agricultural land. As regards the application of LRO, TFLS noted that the Administration had all along been acting prudently in accordance with the spirit and provisions of LRO when triggering the statutory power to resume private land after establishing the "public purpose", such as taking forward NDA projects and development of PRH.

Alternative uses of sites under Private Recreational Leases

17. Panel members noted that there had been polarized public views regarding whether the Fanling Golf Course ("FGC"), at which 172 ha of land is held under a Private Recreational Lease ("PRL"), should be resumed for housing development or other purposes: there were views that the PRL site only benefited a small privileged group, and hence should be resumed

for developments that would benefit the general public; yet, opposing views defended that FGC was the only qualified venue in Hong Kong for hosting international golf tournaments and therefore should be retained. As such, members were concerned how the Administration would resolve the conflicting public views on the issue. Having noted that the six-month public consultation on the policy of PRL conducted by Home Affairs Bureau ("HAB") was underway,⁵ members also asked how the Administration would reconcile the findings of HAB's public consultation and the recommendations of TFLS in case of any inconsistencies.

18. TFLS advised that while the review conducted by HAB in regard to the policy of PRL focused on reviewing the contribution of PRL sites towards sports development, TFLS was concerned about whether the PRL sites held by private sports clubs could be a feasible option to increase land supply for housing or other developments. Hence, the role of TFLS was to set out the basic information, benefits and costs of development, challenges and timelines of all potential land supply options (including PRL sites), so as to help the community to make a choice. TFLS believed that the society could consider different angles when looking at this matter, and strike a balance between the contributions of individual sites to sports development and increasing land supply.

Reclamation outside Victoria Harbour and development of the East Lantau Metropolis

19. Some members avowed their opposition towards the proposed reclamation projects in particular the Ma Liu Shui reclamation and the reclamation for the development of East Lantau Metropolis ("ELM"),⁶ questioning the very high development costs and expressing concerns over the associated environmental impacts. Some members asked if the Administration would consider, pending the formulation and implementation of a comprehensive brownfield development policy,

⁵ At the meeting of the Panel on Home Affairs on 25 February 2019, HAB submitted a paper on "Report on Outcome of Public Consultation on Review of Policy on Private Recreational Leases" (LC Paper No. [CB\(2\)846/18-19\(01\)](#)).

⁶ ELM is a strategic growth area proposed under the planning study on the HK2030+ study. The proposed development of ELM involves the construction of artificial islands in the central waters between Hong Kong Island and Lantau expecting to provide more than 1 000 ha of development land.

suspending the study on the development of ELM and adopting a "brownfields first" policy.⁷

20. TFLS stressed that there was no single solution to the land shortage problem and a multi-pronged approach to increasing land supply would be necessary. On the development of ELM, the Administration indicated that ELM was one of the major sources of land supply in Hong Kong beyond 2030 and the development of brownfield sites under various NDA projects in NT would be taken forward before the ELM development. As large-scale land development projects, such as developing Lantau and ELM, would take a longer time in planning and development, it was incumbent upon the Administration to plan ahead for the sustained development of Hong Kong.

Developing caverns and underground space

21. When the Panel was consulted on the funding proposals for carrying out the advance works for the relocation of Diamond Hill Fresh Water and Salt Water Service Reservoirs ("DHSRs") and the Sha Tin Sewage Treatment Works ("STSTW") at the meeting on 27 March 2018,⁸ members generally expressed support for the relocation of suitable government facilities to caverns thereby releasing valuable above-ground land resources and asked about the overall strategy for rock cavern development in Hong Kong. On the planning for the future land uses of the vacated sites of DHSRs and STSTW after their relocation, members suggested that public views should be gathered through public engagement and consultation.

22. The Administration indicated that it had formulated a strategic territory-wide Cavern Master Plan ("CMP") as a planning tool to facilitate cavern development. CMP delineated 48 Strategic Cavern Areas

⁷ The Public Works Subcommittee ("PWSC") considered the Administration's proposal on carrying out strategic studies to explore the feasibility of constructing artificial islands in the central waters, including the development of ELM, i.e. PWSC(2014-15)11, at meetings in June, July, October and November 2014. At the meeting on 26 November 2014, the Administration withdrew the proposal. The Administration re-submitted the proposal as PWSC(2016-17)35 to PWSC in the 2015-2016 legislative session but the item was not reached at the last meeting of PWSC in that legislative session.

⁸ Since 2010, the Administration has launched a number of strategic studies and pilot projects to explore the potential of utilizing rock caverns and underground space to create capacity for Hong Kong's sustainable growth. DHSRs and STSTW are among the government facilities identified by the Government for studying the feasibility of relocation to caverns.

("SCVAs") that were suitable for cavern development in terms of geological considerations and the current planning perspectives. The Administration aimed to make known these SCVAs and their essential information to project proponents such that they could identify suitable cavern sites for their projects. As regards the planning and development of the vacated sites, the Administration would take forward respective planning and engineering studies, during which public consultation would be conducted on the future land uses of the vacated sites.

Developing more new development areas in the New Territories

23. Some members did not agree to the Administration's approach to increase land supply through putting forward controversial NDA projects which would affect a large number of existing residents and farmers. They held the view that the Administration should consider other land sources, including the sites granted on PRL, brownfield sites, the land reserved for "Village Type Development" and military use, for housing developments. Some members considered that it was important for the Administration to formulate a territorial development strategy before getting down to planning for individual areas.

24. The Administration agreed that a territorial development strategy was essential to land use planning. A number of land development projects, such as the KTN and FLN NDAs and HSK NDA, were being taken forward following the recommendations of the final report of the "Hong Kong 2030: Planning Vision and Strategy" ("the HK2030 study") completed in 2007. Built on the foundations of the HK2030 study, the Development Bureau and PlanD conducted the HK2030+ study to examine the strategies and feasible options for overall spatial planning and land and infrastructure developments for Hong Kong, with a view to meeting the long-term social and economic needs of Hong Kong beyond 2030. The proposed ELM and NT North were two strategic growth areas proposed under the HK2030+ study. The preliminary feasibility study on developing NT North, aiming at formulating a broad planning framework for NT North through optimizing the use of land released from the Closed Area and other undeveloped areas in the region, was completed in February 2018.⁹

25. TFLS advised that while there were over 900 ha of unleased and unallocated Government land within "Village Type Development" zones, a

⁹ The report of the preliminary feasibility study on developing NT North is available at: <https://www.cedd.gov.hk/eng/reports/fsNTN/index.html>.

considerable portion of the land involved gaps or passageways between existing small houses, slopes and other fragmented or irregular land parcels, rendering them unsuitable for large-scale development. With respect to the use of military sites, the Administration advised that all the existing military sites in Hong Kong were needed for defense purposes and the Administration had no plan to make any changes to the use of these sites.

26. In response to some members' view that the Administration should review the Small House Policy, the Administration advised in May 2018 that as the Small House Policy was the subject an ongoing a judicial review case, the Administration was of the view the it would not be appropriate to make any public comment on related issues.

Developing the periphery of country parks

27. In the 2017 Policy Address, the then CE stated that while increasing the total area of ecological conservation sites and country parks and enhancing their recreational and educational values, the community should also consider allocating a small proportion of land on the periphery of country parks with relatively low ecological and public enjoyment value for purposes other than real estate development, such as public housing and non-profit-making elderly homes.

28. While some Panel members expressed support for the then CE's aforesaid appeal to the public on the potential development of the periphery of country parks, they were concerned about how the Administration would strike a right balance between development and conservation. Some other members expressed opposition to using the lands in the country park areas for housing and considered that the Administration should first develop the brownfield sites in NT to increase land supply.

29. The Administration stressed that it had no specific plan to convert any particular area of the country park and special areas to other uses. The relevant policy bureau and departments would carry out preliminary investigation on this issue with a view to facilitating deliberation. To this end, the last-term Government invited the Hong Kong Housing Society in May 2017 to undertake at its own costs the ecological and technical studies (including the potential for developing public housing and elderly homes) in respect of two sites on the periphery of country parks. The two sites were located in Tai Lam and Shui Chuen O, each covering about 20 ha of lands within Tai Lam Country Park and Ma On Shan Country Park respectively.

Latest developments

30. On 31 December 2018, TFLS submitted to the Government its final report, entitled "Striving for Multi-pronged Land Supply", on the overall land supply strategy and land supply options.¹⁰ TFLS reckons that the actual land shortfall should be significantly higher than 1 200 ha as estimated by the Government under the HK2030+ study. In the face of the pressing problem of land shortage, TFLS notes that the community generally agrees that there is no single cure, a multi-pronged approach is necessary to break the stalemate of land shortage, and it was necessary to develop more land to create a future land reserve. To this end, TFLS has recommended a package of proposals on land supply strategy, including drawing up a comprehensive and sustained regime of land supply; adopting a multi-pronged land supply strategy through concurrent implementation of various land supply options in the short, medium and long term; establishing a land reserve by initiating planning work as early as possible; and giving thorough and holistic consideration to various important principles in the development and planning of land.

31. As regards the land supply options, TFLS recommends the Government accord priority to studying and implementing eight options that are generally supported by the society, namely:

- (a) three short- to medium-term options: (i) developing brownfield sites, (ii) tapping into private agricultural land reserve in NT, and (iii) alternative uses of sites under PRL; and
- (b) five medium- to long-term options: (i) near-shore reclamation outside Victoria Harbour, (ii) developing ELM, (iii) developing caverns and underground space, (iv) developing more NDAs in NT, and (v) developing the river trade terminal site.

32. On 20 February 2019, the Government announced that it has fully accepted the recommendations tendered by TFLS on land supply strategy and eight land supply options worthy of priority studies and implementation.

33. At the special meeting of DEV Panel to be held on 1 March 2019, the Administration will brief the Panel on the Government's responses to the report of TFLS.

¹⁰ The report of TFLS is available at:
<https://www.landforhongkong.hk/en/views/index.php>

Relevant papers

34. A list of relevant papers with their hyperlinks is in **Appendix III**.

Council Business Division 1
Legislative Council Secretariat
27 February 2019

Task Force on Land Supply

Terms of Reference

- (i) To take stock of the demand and supply of land resources.
- (ii) To review and recommend enhancement to the implementation of land development measures for the short, medium and long term already promulgated, and taking into account these measures to review and evaluate other land supply options and their relative priorities.
- (iii) To raise public awareness of the facts and constraints in land supply.
- (iv) To engage the public in thorough discussions on the pros and cons of different land supply options and facilitate consensus-building on the preferred options and their priorities.
- (v) To come up with a broad framework recommending enhancement to the overall land supply strategy and prioritizing different land supply options for further consideration by the Government.

(Source:

https://www.devb.gov.hk/en/boards_and_committees/task_force_on_land_supply/terms_of_reference/index.html)

Appendix II

18 land supply options identified by the Task Force on Land Supply

Short-to medium-term options (with potential to provide additional land in around 10 years' time)

1. Developing brownfield sites
2. Tapping into the private agricultural land reserve in the New Territories
3. Alternative uses of sites under Private Recreational Leases
4. Relocation or consolidation of land-extensive recreational facilities

Medium-to long-term options (with potential to provide additional land in around 10 to 30 years' time)

5. Near-shore reclamation outside Victoria Harbour
6. Developing the East Lantau Metropolis
7. Developing caverns and underground space
8. More new development areas in the New Territories
9. Developing the River Trade Terminal site
10. Developing two pilot areas on the periphery of country parks

Conceptual options (unable to confirm when and how much additional land can be provided for the time being)

11. Developing the River Trade Terminal site and its surroundings in the long term
12. Developing more areas on the periphery of country parks
13. Increasing development intensity of "Village Type Development" zones
14. Topside development of existing transport infrastructure
15. Utilizing the development potential of public utilities sites
16. Relocation of Kwai Tsing Container Terminals

17. Topside development of Kwai Tsing Container Terminals
18. Reclaiming part of Plover Cover Reservoir for new town development

(Source: Public Engagement Booklet - [*Land for Hong Kong: Our Home, Our Say!*](#) published by the Task force on Land Supply in April 2018)

Appendix III

Public engagement by the Task Force on Land Supply

List of relevant papers

Date of meeting	Committee	Paper
<p>29 May 2018 19 September 2018</p>	<p>Panel on Development</p>	<p>Public Engagement Booklet 1 — "Land for Hong Kong: Our Home, Our Say!" published by the Task Force on Land Supply in April 2018</p> <p>Task Force on Land Supply's paper on Public Engagement of the Task Force on Land Supply [LC Paper No. CB(1)996/17-18(04)]</p> <p>Paper on initiatives to increase land supply prepared by the Legislative Council Secretariat (Updated background brief) [LC Paper No. CB(1)996/17-18(05)]</p> <p>Minutes of meeting on 19 May 2018 (Item V)</p> <p>Development Bureau and Task Force on Land Supply's paper on land supply [LC Paper No. CB(1)1389/17-18(01)]</p>
<p>--</p>	<p>--</p>	<p>Report of the Task Force on Land Supply entitled "Striving for Multi-pronged Land Supply"</p> <p>Legislative Council Brief on Government's response to Report of the Task Force on Land Supply [File Ref: DEVB(PL-CR) 13/2006]</p>