

For information

Legislative Council Panel on Development

Report on Implementation of Land Supply Strategy

INTRODUCTION

This paper reports for Members' information the progress of Government's efforts in implementing the land supply strategy, including the taking forward of the eight priority land supply options and other major land supply initiatives in the year of 2019/20 as overseen by the Steering Committee on Land Supply (SCLS) under the chairmanship of the Financial Secretary (FS).

BACKGROUND AND IMPLEMENTATION PROGRESS

Land Supply Strategy

2. In February 2019, the Government, after seeking the endorsement of the Chief Executive in Council (CE-in-C), announced its full acceptance of the recommendations tendered by the Task Force on Land Supply (TFLS) and promulgated our detailed response, covering the renewed land supply strategy and the eight priority land supply options.

3. A core element of the renewed land supply strategy is that sufficient land should be made available for development for many years into the future through long-term planning, land banking and a multi-pronged approach. To put this into practice, we need to adopt a whole-of-government approach that commands high-level attention and strengthen internal coordination in reviewing major land use demands in the long term. These enhanced collective efforts ensure that Hong Kong's priority needs and strategic directions can be catered for in our land demand forecasts.

4. To this end, SCLS has been re-structured since April 2019 with an expanded membership comprising all Directors of Bureaux as members. One of its key tasks is to re-assess major land use demands over the next 30 years including housing, commerce and industry, transport and utility infrastructure, open space, as well as various kinds of Government, Institution or Community

(G/IC) facilities as originally estimated under the strategic territorial planning study entitled “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” (Hong Kong 2030+)¹. Taking into account TFLS’s comments that the land shortfall of 1 200 hectares (ha) originally estimated under Hong Kong 2030+ is a gross understatement, bureaux/departments (B/Ds) have been requested to be vision-driven and forward-looking in their re-assessments to ensure sufficient land for supporting potential policy initiatives and needs in the future as well as to cater for the challenges of long-term planning in this ever-changing world. The finalised strategy under Hong Kong 2030+ is expected to be completed within 2020 and the revised figures on land demand forecast and shortfall will be published in the report.

Land Supply Options

5. We are taking forward the eight priority land supply options as recommended by TFLS in full steam. Details are set out in the following paragraphs.

Developing Brownfield Sites

6. Of the 1 579 ha of brownfield sites identified in a consultancy study released by Planning Department (PlanD) in November 2019, more than half (803 ha or 51%) would be developed progressively under government-led New Development Areas (NDAs) and known individual development projects pursued by Government or the private sector. After excluding 76 ha in conservation-related zonings from the remaining 776 ha, there are about 700 ha scattering across the New Territories, 450 ha of which may have relatively higher possible development potential. As the Chief Executive announced in her 2019 Policy Address that more brownfield sites would be resumed by Government for public housing, PlanD has since been reviewing the 450 ha to identify land suitable for high-density public housing development in the short-to-medium term.

7. PlanD has completed reviewing the first batch of 160 ha out of those 450 ha of brownfield sites, with the review results and way forward announced

¹ Hong Kong 2030+ is a strategic study to update the territorial development strategy and provide a spatial planning framework to guide the future planning, land and infrastructure development and the shaping of the built and natural environment of Hong Kong beyond 2030. In updating the territorial development strategy, PlanD in 2016 carried out an overall land demand and supply analysis up to 2046 (previous assessment) with inputs from B/Ds in 2015-16; the analysis estimated that Hong Kong was short of 1 200 ha of land during the 30-year period up to 2046.

in March 2020. Specifically, eight clusters located in Yuen Long, Tuen Mun and Tai Po have been shortlisted for the Civil Engineering and Development Department (CEDD) to commence engineering feasibility studies (EFSs) progressively, starting from the second quarter of 2020, to ascertain the scope for public housing development and the extent of infrastructure works required. These clusters involving 36 ha of brownfield sites will be amalgamated with adjoining land parcels for more reasonable development layout and higher housing yield, with the total study area covering 63 ha. Subject to findings of the EFSs, the eight clusters combined may have the potential of producing more than 20 000 public housing flats² in about ten years' time. Meanwhile, PlanD is reviewing the remaining 290 ha of brownfield sites in order to shortlist more clusters for public housing development, and the findings are expected by end-2020.

8. With about 90% of the brownfield areas being occupied by industrial and other uses for trades such as construction, logistics and port back-up, vehicle repairing and parking as well as waste recycling, the displacement caused by redevelopment of brownfield sites is an issue that needs to be properly addressed. The Government's policy is to provide monetary compensation for eligible displaced operators to assist them financially in making their own relocation arrangements in the open market³. There is a case to take advantage of the displacement to channel and consolidate some brownfield operations into more land-efficient, properly-fitted yet affordable accommodation such as specially designed and built multi-storey buildings (MSBs), while retaining our long-held position that no "one-on-one" reprovisioning of the displaced sites or operating space would be provided.

9. The Development Bureau (DEVB) has engaged a consultant to launch a market sounding exercise in May 2020 to ascertain market interest in developing and operating MSBs that would facilitate relocation of displaced brownfield operations and to seek views from the private sector on the financing and development approach for such MSBs. Analyses from this market

² This estimation is based on the maximum domestic plot ratio of 3.6 for rural areas as set out in the Hong Kong Planning Standards and Guidelines. To address the public housing shortage, CEDD will further explore in the EFSs the feasibility of increasing the domestic plot ratio to 6.5 taking into account various development constraints.

³ Apart from monetary compensation with significant enhancement in 2018, the Government will also offer advisory and facilitation services from the planning and lands perspectives to displaced operators in their search for relocation sites. Furthermore, the Government has identified temporary sites on government land in Tuen Mun, Yuen Long and New Territories North that can be used to accommodate some displaced brownfield operations, and is planning to lease out these sites by means of short-term tenancy to brownfield operations affected by Government's development projects through restricted tender to be launched in batches starting from the latter half of 2020.

sounding exercise will supplement the MSBs studies previously conducted by CEDD and assist the Government in mapping out the way forward for MSB developments on sites earmarked for the purpose, such as the one adjoining the Yuen Long Industrial Estate and the three first-batch sites to be available in 2023 in the Hung Shui Kiu/Ha Tsuen (HSK/HT) NDA (please see paragraph 16 below).

Land Sharing Pilot Scheme

10. Whilst Government-led resumption and change of use remains our core land creation strategy, the Land Sharing Pilot Scheme (LSPS) complements such Government-led efforts by capitalising on the private sector's capacity, efficiency and expertise to unlock early the potential of private lots with consolidated ownership but not yet covered by Government's development studies, so as to boost short-and-medium-term housing supply. With CE-in-C's approval of the implementation framework, LSPS was launched in early May 2020 to receive applications for three years, subject to a cap of 150 ha of private land to be approved in total. Under the scheme, the Government will facilitate infrastructural improvement to allow higher development intensity, while the developer-lot owner will have to hand over to the Government no less than 70% of the additional domestic gross floor area made possible by the higher intensity, in the form of formed land, for the development of public housing or Starter Homes. The developer-lot owner should also be responsible for building the infrastructure and certain community facilities to support the entire public and private housing development. Construction and related costs, after vetting and acceptance by Government to ensure necessity and cost effectiveness, will be deducted from the land premium to be assessed at full market value for the development of private housings and ancillary commercial facilities.

11. Led by Dr David WONG Yau-kar with nine other members with different backgrounds, the Panel of Advisors will provide independent and third-party opinion on LSPS applications, and only cases supported by the Panel will be put to CE-in-C for further consideration.

12. A Land Sharing Office comprising a dedicated, multi-disciplinary team of government officers has been set up under DEVB to act as one-stop portal for LSPS applicants. It will facilitate and expedite the processing and implementation of the LSPS projects by coordinating with all relevant B/Ds, with a view to achieving the target of making housing land available for construction in about 4 – 6.5 years from the date the LSPS application is

received. The operational experience of and market feedback to the Land Sharing Office during the three-year pilot period will also shed light on the idea of setting up a similar establishment for other development projects.

Fanling Golf Course

13. Commenced in September 2019, the technical study to ascertain the highest flat yield attainable in the short-to-medium term (with emphasis on public housing) on the 32 ha of land east of Fan Kam Road of the Fanling Golf Course (FGC) is progressing on schedule for completion in early 2021. A core part of the study is to assess the residual traffic capacity that can be allocated for the site without the need for widening Fan Kam Road. The consultant is also conducting an Environmental Impact Assessment including tree and ecological surveys to identify the environmental impact and recommend how such impact can be avoided or minimised through planning layout or mitigation measures.

14. When the lease for the entire FGC site expires in August 2020, the 32 ha of land will be subject to a special three-year hold-over arrangement. The 32 ha will be reverted to Government upon the end of the three-year hold-over arrangement, in time for the proposed housing development currently under study to commence.

New Development Areas / New Town Extension

15. The Government will continue to press ahead with the implementation of various NDA/new town extension projects that will collectively bring about over 210 000 flats in phases starting from 2023. In particular, the Tung Chung East (TCE) reclamation works commenced in end-2017 and the first parcel of reclaimed land was ready for housing construction in March 2020 to enable completion of 10 000 public housing units in the first quarter of 2024. In addition, with the commencement of land resumption exercise for Kwu Tung North/Fanling North (KTN/FLN) NDA last year, the 68 ha of private land in the first phase development reverted to the Government in end-2019. We are taking forward the site formation and infrastructure works in full steam with a view to enabling the first population intake for private housing in 2023 and public housing in 2027. Both the TCE reclamation and KTN/FLN NDA have also contributed to the 2020-21 Land Sale Programme (LSP), making available the first batch of residential or commercial sites for land sale from the NDA

development⁴.

16. Besides, with the funding approval of the Finance Committee (FC) of Legislative Council (LegCo) just granted in late June this year, we will commence in the second half of the year the first phase works of the HSK/HT NDA, involving resumption of about 12 ha of private land that was authorised by CE-in-C in December 2019. The first phase development works would provide land for the construction and phased completion of the dedicated rehousing estate for affected residents from 2024 onward, and enable completion of site formation works in 2023 for the first batch of sites supporting the construction of MSBs expected to be completed around 2027. These MSBs would facilitate the accommodation of displaced brownfield operations, thus enabling future clearance to proceed more smoothly and orderly. As for the Yuen Long South development, the statutory planning process has commenced and we target to have the first batch of public housing units in place in 2028.

17. The Government is also actively taking forward studies on the New Territories North NDA. The study on the first phase development covering the San Tin/Lok Ma Chau Development Node (DN) commenced in September 2019 to provide a planning and engineering framework for the proposed development. The DN involving about 270 ha of land will be developed around the possible railway station in San Tin of the proposed Northern Link to build a new community with a preliminary estimate of about 20 000 flats and 80 000 jobs.

Artificial Islands in the Central Waters

18. One of the initiatives under the Lantau Tomorrow Vision is to study the construction of artificial islands near Kau Yi Chau (KYC) with a total reclaimed area of about 1 000 ha in the Central Waters. The KYC artificial islands are capable of providing about 150 000 to 260 000 flats, 70% of which are public housing. It could also house the third Core Business District providing some 200 000 diversified employment opportunities. Adopting the infrastructure-led approach, the Government plans to conduct a transport study to provide a new network of strategic roads and railways to connect the artificial islands with Hong Kong Island, Lantau and coastal area of Tuen Mun.

19. Further to the funding support of the LegCo Public Works

⁴ Included in the 2020-21 LSP are two residential sites in the KTN/FLN NDA and one commercial site from the TCE reclamation.

Sub-committee (PWSC) obtained in May 2019 for the studies related to artificial islands in the Central Waters, the Government has included this item in the agenda of the FC. The Government has also devoted efforts to explaining the project objectives and directions of the studies to the public, as well as exchanging views with various professionals and young people on the opportunities of developing artificial islands and measures in the areas of urban design, land use and smart, environment-friendly and sustainable development, through different activities.

Replanning Tuen Mun West

20. Along the coastal area of Tuen Mun West are industrial uses including the under-used River Trade Terminal (RTT)⁵. As RTT's shipment volume can be absorbed by other terminal facilities, and with some reclamation at existing berths and relocation of other industrial uses to the proposed near-shore reclamation at Lung Kwu Tan in the vicinity, some 220 ha along the coastal area can be made available for re-planning and development into a new residential community of over 20 000 flats and/or other beneficial uses. On the other hand, the 220-250 ha near-shore reclamation at Lung Kwu Tan is intended for industrial uses, thereby providing jobs for the local community. Apart from accommodating existing industrial uses in Tuen Mun West, the proposed development at Lung Kwu Tan is also intended to provide MSB sites to house industrial operations in a more centralised, organised and efficient manner, including brownfield operations displaced by our NDA projects and other development projects.

21. As there will be synergy between the two proposed developments at Lung Kwu Tan and Tuen Mun West and that the two developments will share the same transport and other infrastructure, the Government is planning to conduct an overall study covering both developments. In January 2020, the LegCo Panel on Development supported our funding application for an integrated study, but the item was not considered at the last meeting of the PWSC in this LegCo term. The Government will continue to strive for the commencement of the study in future.

Near-shore Reclamation

22. Lung Kwu Tan aside, other near-shore reclamation sites outside the

⁵ In 2018, only 20% of the RTT berthing capacities were utilised.

Victoria Harbour include Siu Ho Wan and Sunny Bay⁶. The reclamation at Siu Ho Wan is to facilitate construction of the Road P1 connecting Tung Chung to the North Lantau Highway and hence will be taken forward as part of the Road P1 project. The Government consulted the LegCo Panel on Development in January 2020 on the funding application for conducting an engineering study for Road P1 including the reclamation works required, but the item was not considered at the last meeting of the PWSC in this LegCo term. The Government will continue to strive for the commencement of the study in future. On the other hand, the proposed Sunny Bay reclamation mainly seeks to create land for development into a leisure and entertainment node. The Government will submit a funding application for the planning and engineering study in a timely manner.

Cavern and Underground Space Development

23. As another long-term measure to boost land supply, the Government is taking forward two rock cavern development pilot projects. Initial works for relocating the Sha Tin Sewage Treatment Works (STSTW) to caverns in Nui Po Shan, Sha Tin commenced in February 2019 to pave way for the subsequent main cavern construction. The Government will commission in due course a study including stakeholders' consultation to formulate land uses for the 28 ha of land to be released by the STSTW relocation. As for the Diamond Hill Fresh Water and Salt Water Service Reservoirs (DHSRs), the investigation study and design and site investigation works for relocation to caverns in the hillside to the north of Chuk Yuen North Estate commenced in December 2018 and are underway. The Government also started a study in August 2019 to look into the future land uses of about 4 ha of land to be vacated by the DHSRs and will consult stakeholders as appropriate.

24. Besides, the Government commenced in March 2019 a pilot planning and engineering feasibility study for Strategic Cavern Areas at Lantau, Tsing Yi or other suitable locations to facilitate future cavern developments.

25. Based on the interim findings of the pilot study on underground space development⁷, the Government completed a three-month public engagement

⁶ The proposed reclamation at Ma Liu Shui has been put on hold pending a review to address concerns over traffic impact and housing mix in slower time.

⁷ Taking into account the feedback of a public engagement completed in February 2017, the Pilot Study has recommended according priority to taking forward the Kowloon Park Conceptual Scheme in Tsim Sha Tsui West. Other underground space development sites under study are Causeway Bay, Happy Valley and Admiralty/Wan Chai.

exercise in August 2019 to collate public views on a conceptual scheme to develop a multi-purpose underground space at Kowloon Park comprising a pedestrian network and various commercial and public facilities. The Government is analysing views received and aims to complete the pilot study in 2021.

Other Major Land Supply Initiatives Proposed in the 2019 Policy Address

26. Reaffirming Government-led resumption as our key land creation tactic, the 2019 Policy Address has unveiled a package of measures to make available more land in the short-to-medium term for public housing through statutory resumption. While the brownfield-related initiative has been accounted for in paragraphs 6-9 above, the progress of other measures conducive to boosting land supply is reported below.

Three squatter areas in the urban area

27. Studies on redeveloping three urban squatter areas in Cha Kwo Ling Village, Ngau Chi Wan Village and Chuk Yuen United Village into public housing with supporting community facilities and infrastructure are progressing as scheduled. With a total land area of over 7 ha (10% of which are private land), the three sites are expected to produce 6 300 public housing units, subject to the study findings. Following completion of the studies in 2021, we will start the rezoning process. Meanwhile, we are making arrangement to brief affected residents in due course on issues including implementation procedures and timing, as well as compensation and rehousing.

Private land zoned for high-density housing development but without any development plans

28. We are reviewing land parcels that have been zoned “Comprehensive Development Area” or “Residential (Group A)” under the Outline Zoning Plans for high-density housing development, and where the lot owners have no concrete development plan. This involves around 10 land parcels. Relevant government departments are assessing whether any of these sites are suitable for public housing developments. We expect to promulgate our preliminary views in around mid-2020, which will be followed by detailed studies as necessary to ascertain the scale and schedule of development as well as supporting facilities required for the shortlisted sites.

Optimise the use of G/IC sites

29. The Government is reviewing over 300 G/IC sites involving a total area of more than 300 ha earmarked for standalone public facilities, with a view to putting forward proposals to optimise the use of sites with no development plan, including developing multi-purpose public facility buildings under the “single site, multiple use” model, developing residential use and public facilities under a mixed development mode, or retaining them for specific government facilities. We target to first complete by mid-2021 the review of sites reserved for education, cultural and sports and social welfare facilities, community halls, public transport interchange, etc. with greater potential for co-location of different facilities, which altogether take up about half of the areas of all the reviewed sites.

30. Besides, to assist non-governmental organisations (NGOs) to optimise their under-utilised sites and facilitate redevelopment of the low-rise buildings on these sites, the Government has invited the Urban Renewal Authority (URA), having regard to its experience of providing facilitating services to private building owners, to offer consultancy and facilitating services to NGOs. Mixed residential, education, welfare and/or other community uses under the “single site, multiple use” model could be introduced upon redevelopment. URA, working with the DEVB, has started to reach out to the major NGOs to promote the facilitation service.

CONCLUSION

31. Members are invited to note the progress of implementation of the multi-pronged land supply strategy and initiatives by the Government.

Development Bureau
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