

政府總部
發展局
工務科
香港添馬添美道 2 號
政府總部西翼



**Works Branch
Development Bureau
Government Secretariat**
West Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

本局網址 Our Website: <http://www.devb.gov.hk/>
本局檔號 Our Ref.: DEVB/W/LSS 103-1/1
來函檔號 Your Ref.:

電話 Tel No.: 3509 8373
傳真 Fax No.: 2801 5620
電郵 Email: lss@devb.gov.hk

3 December 2020

Legislative Council Finance Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

(Attn: Ms Angel SHEK)

Dear Ms SHEK,

**Agenda of Finance Committee
FCR(2019-20)27 – Studies related to artificial islands in the Central Waters**

I refer to your email of 26 November 2020 to the Financial Services and the Treasury Bureau, relaying the enquiries about the subject matter. Having consulted the Civil Engineering and Development Department, the Development Bureau hereby provides our response as enclosed.

Yours sincerely,

(Original signed)
(Jacky WU)
for Secretary for Development

c.c.

Director of Planning (Attn: Mr NG Kim-wai)

Director of Civil Engineering and Development (Attn: Mr Raymond IP)

Agenda of Finance Committee

FCR(2019-20)27 – Studies related to artificial islands in the Central Waters

In respect of the letter regarding the subject matter that the 13 Legislative Council (LegCo) Members of Democratic Alliance for the Betterment and Progress of Hong Kong submitted to the LegCo Secretariat on 26 November 2020, having consulting the Civil Engineering and Development Department (CEDD) and Planning Department (PlanD), the Development Bureau (DEVB) hereby provides responses.

Land and Public Housing Matters [Questions (1) to (6)]

2. To tackle the problem of land shortage thoroughly, the Government has been adopting a multi-pronged approach to identify and form land, forging ahead to increase land supply in a sustained and all-embracing manner based on the eight priority land supply options recommended by the Task Force on Land Supply as the blueprint. In this regard, there is no selective implementation of individual initiatives by the Government.

3. In response to the two recommendations to better utilise the underdeveloped land in the New Territories (NT) to boost land supply, the Government has been taking forward the various New Development Areas (NDAs) and brownfield development projects. The Government oversees the planning and infrastructure provision of these projects, and resumes private land in the NT including brownfields and agricultural land for development pursuant to the Lands Resumption Ordinance (Cap. 124). Taking into account the three NDAs (Kwu Tung North/Fanling North (KTN/FLN), Hung Shui Kiu/Ha Tsuen (HSK/HT) and Yuen Long South (YLS)), and a number of public housing projects and other public works, about 700 hectares (ha) of private land will be resumed in the NT (including about 380 ha of brownfields), of which some 400 ha is expected to be resumed in the next five years, significantly more than the 20 ha resumed in the past five years.

4. None of the land supply option available to us is perfect. Through developing NDAs and brownfields, the Government will resume a large quantum of brownfields and agricultural land for development in order to enhance land use efficiency in the NT. Yet we can neither indefinitely rely on resuming land in the NT to meet the future demand of Hong Kong, nor overload the capacity of existing infrastructure in the areas concerned. The KTN/FLN, HSK/HT and YLS NDAs alone will bring an additional population of over 450 000 to the NT Northeast and Northwest, and this figure has yet to take into account the rezoning of brownfields, agricultural land and other land in NT for public and private housing developments.

5. The development of the three NDAs as well as the Tung Chung New Town Extension (TCNTE) will come to an end one day. The developments in Tung Chung and KTN/FLN will largely be completed in 2030 and 2031 and that in HSK/HT and YLS in 2038. To maintain a steady and sustained housing supply, we need to take forward other large-scale developments, including the two Strategic Growth Areas (SGAs) as recommended in the “Hong Kong 2030+ : Towards a Planning Vision and Strategy Transcending 2030” (Hong Kong 2030+), namely the New Territories North (NTN) NDA and the artificial island of about 1 000 ha near Kau Yi Chau (KYC Artificial Islands), failing which our long-term housing and other land supply will be at stake. For the NTN NDA, we commenced in September last year the study on the first phase development covering the San Tin/Lok Ma Chau Development Node (ST/LMC DN) and target to commence the study for Man Kam To and NTN New Town (including Ping Che/Ta Kwu Ling) within next year. For the reclamation at KYC, we hope to obtain funding approval from the LegCo as soon as possible so that relevant studies can commence. Subject to smooth implementation, the earliest possible population intake of the two SGAs would be in 2034. This will help stabilise the long-term housing supply.

6. Regarding individual land supply initiatives asked by Members, our reply is as follows –

Sufficient land for providing 316 000 public housing units

7. With regard to the 316 000 public housing units to be provided on the 330 ha of land identified by the Government, the breakdown is as follows –

- (a) **NDAs and large-scale development projects (about 35%¹),** including TCNTE, KTN/FLN, HSK/HT and YLS NDAs, and major developments at Kai Tak and Anderson Road Quarry, involving a total land area of about 104 ha and are estimated to provide about 111 600 units;
- (b) **A number of rezoning sites for public housing development (about 40%¹),** including Queen’s Hill project, Wang Chau Phase 1 and Tuen Hing Road, involving a total land area of about 145 ha and are estimated to provide about 130 200 units;
- (c) **Other projects (about 25%¹),** including brownfield clusters with housing development potential (see paragraph 9 below),

¹ In terms of housing units.

part of Fanling Golf Course (FGC) (see paragraph 14 below), redevelopment of Shek Lei Interim Housing, Diamond Hill project, redevelopment of Pak Tin Estate and Tuen Mun Area 54, involving a total land area of about 84 ha and are estimated to provide 74 500 units.

8. The above-mentioned flat production is contingent on successful completion of all relevant procedures so that the relevant land identified can be made available for housing development on schedule. We have been actively taking forward the necessary work to meet the housing targets.

Developing Brownfield Sites

9. Among the about 1 500 ha of brownfield sites in NT, more than half (about 800 ha or 51%) are covered by NDAs and other housing development projects. Of the remaining 700 ha of brownfield sites outside the conservation-related zones, 450 ha may have relatively higher possible development potential. PlanD has completed reviewing the first batch of 160 ha and announced the review results and the way forward in March 2020. Specifically, eight clusters located in Yuen Long, Tuen Mun and Tai Po have been shortlisted, and CEDD has commenced engineering feasibility studies (EFSs) on most of these shortlisted brownfield clusters 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 about 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 about 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 to be ready by end-2020.

New Development Area / New Town Extension

10. Various NDA/new town extension projects that will collectively bring about over 220 000 flats in phases starting from 2023. In particular, the Tung Chung East reclamation works commenced in end-2017 and the first

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.

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 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 2026. KTN/FLN NDA also contributes to the 2020-21 Land Sale Programme, making available residential sites for land sale.

11. With the funding approval of the Finance Committee (FC) of the LegCo granted in late June this year, we have already commenced in July this year the first phase works of the HSK/HT NDA, and resumed about 12 ha of private land. 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 multi-storey buildings (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 YLS development, the statutory planning process has commenced and we target to have the first batch of public housing units in place in 2028.

12. As mentioned above, the Government is actively taking forward studies on the NTN NDA. The study on the first phase development covering the ST/LMC DN commenced in September 2019. The DN involving about 270 ha of land will be developed around the possible railway station in San Tin of the proposed Northern Link. We plan to consult stakeholders on the preliminary land use proposals in early next year, then submit funding application to the LegCo. If funding is approved, we would commence the remaining study and detailed design for the ST/LMC DN within the next year as well as commence the planning and engineering study for the other two development areas (i.e. the NTN New Town and Man Kam To Logistics Corridor).

Land Sharing Pilot Scheme (LSPS)

13. To boost short-and-medium-term housing supply, the LSPS was launched in May 2020 for three years to complement Government-led efforts to create land. The LSPS leverages the private sector's capacity, efficiency and expertise to unlock early the potential of private lots with consolidated ownership which are not being studied by the Government for potential development or under environmentally sensitive areas. The Land Sharing

Office (LSO) set up under DEVB has received quite a number of enquiries including some ten projects mainly located in the NT. The LSO has embarked on initial discussions with relevant land owners to deliberate technical issues required for preparing formal submission. We will strive to submit individual cases for the Chief Executive in Council's consideration as soon as possible in 2021 such that the projects can be implemented early.

Partial Development of Fanling Golf Course

14. The Government commenced a technical study in September 2019 to ascertain the maximum number of public housing units that could be provided on the 32 ha of land of FGC east of Fan Kam Road in the short-to-medium term. The study is in good progress and it is preliminarily estimated that about 9 000 public housing units could be provided. The study would be completed and stakeholders would be consulted in early next year as scheduled. Detailed design would commence after the completion of the statutory environmental impact assessment process in the latter half of next year. Statutory planning process would also proceed in parallel for striving to commence site formation and supporting infrastructure works as early as possible upon the land is reverted to the Government in September 2023 for completion of public housing development in 2029.

Re-planning of Tuen Mun West

15. The Government will continue to plan for conducting the planning and engineering study on the near-shore reclamation at Lung Kwu Tan (reclamation extent to be ascertained in the study) and the coastal area at Tuen Mun West (including River Trade Terminal) with an area of about 220 ha. It can enhance the comprehensive planning so as to meet the needs in Tuen Mun and the society as a whole, such as housing, commercial, retail and various kinds of industrial developments, as well as community and infrastructure facilities. We strive to commence the proposed study as soon as possible so as to provide development opportunities to meet the needs of the society, including the brownfield operations affected by NDAs and other projects.

Private land which is zoned but without any development plans

16. DEVB is reviewing ten private land parcels zoned as "Comprehensive Development Area" or "Residential (Group A)". These land parcels are of higher plot ratio (generally speaking, at 7.5 or above in the urban area, and at 5 or above in the New Territories), with relatively low-rise existing structures (say, only a few storeys) and without any specific development plan.

We expect that the related work under this initiative will be completed by the end of this year.

60-ha site near Hong Kong Disneyland

17. The Government announced in September this year that it would not extend the Option of a 60-ha site adjacent to Hong Kong Disneyland (HKDL) for its extension. At present, the site is being used as temporary quarantine facilities. As the global epidemic situation has not been under control, the Government still has to get prepared and responsive to the epidemic in a timely manner. We believe the arrangement of using the site as a temporary quarantine facility will last for some time.

18. Although the 60-ha site is no longer reserved for expansion of HKDL, its future development still has to comply with relevant outline zoning plan, as well as the land use and development requirements under the Deed of Restrictive Covenant (DRC). According to North-East Lantau Outline Zoning Plan, the site is planned for theme park, resort hotel and the related uses. According to the DRC, the development of the land concerned must be low-rise and cannot be used for residential purpose. The Government will review the long-term planning of the site in an open-minded manner. If necessary, the Government will amend the statutory planning control as well as discuss with The Walt Disney Company to amend the land use and building height control under the DRC so as to make better use of the land.

Financing and Financial Analysis [Questions (7) to (9)]

19. Hong Kong has past experience of adopting development rights model, railway-plus-property model, issuing bonds, etc, for the implementation of infrastructure projects. We will carry out financial assessments in the Studies related to artificial islands in the Central Waters and be open-minded towards different financing options for the implementation of mega infrastructure projects. We shall provide information obtained from the studies for the community to understand the financing aspects of the mega infrastructure projects.

20. As regards cost control, the Government has all along been implementing a stringent review and monitoring mechanism on project estimate and expenditure of public works. The Government has taken proactive measures to closely monitor and enhance the performance of public works projects. DEVB upgraded the Project Cost Management Office to Project

Strategy and Governance Office in April 2019 and further implemented strategic initiatives to lower the project cost through design optimisation based on the "Fitness for Purpose and No Frills" principle. Notwithstanding that there have been instances of cost overruns in the delivering of certain mega projects in recent years due to unforeseeable circumstances that arose in the course of project implementation, we have maintained good performance³ for projects under the Capital Works Programme as a whole.

Fisheries and Agricultural Development [Questions (10) to (11)]

21. As stated in the Chief Executive's 2020 Policy Address, the Government is committed to promoting high value-added and sustainable development of the agricultural and fisheries industries. The Government will establish an Agricultural Park in Kwu Tung South to facilitate the development of agro-technology and modernisation of farm management, as well as provide technical support to farmers. Works on Agricultural Park Phase 1 will commence shortly, and is expected to be completed in phases between next year and 2023. In addition to the ex-gratia allowances such as crop compensation, eligible farmers affected by the Government clearance projects, including NDAs, being undertaken in the same period would be accorded priority to apply for farming at the Agricultural Park. Besides, with a view to assisting the eligible farmers affected by NDAs and other Government clearance projects, since the implementation of KTN/FLN NDA, the Government has introduced a special agricultural land rehabilitation scheme under which the Government would identify suitable government land with the provision of ancillary facilities for re-farming purpose.

22. Regarding the fisheries industry, the Government has resumed issuing new marine fish culture licences since the beginning of this year, and is preparing to designate new fish culture zones at four locations in Hong Kong waters to increase fish production. Related environmental impact assessment is underway and is expected to be completed in 2022. The Government also support Hong Kong fishermen to participate in the development of deep-sea mariculture in the Greater Bay Area. Last year, the Government signed a co-operation agreement with the relevant authorities of the Guangdong Provincial Government, and will provide assistance under the Sustainable Fisheries

³ FC approved a total of about 580 Category A works projects with a total provision of \$890 billion in the past 10 years (2008/09 to 2017/18). Among them, about 70 projects required application to the FC for additional funding, which totalled around \$64.5 billion. In other words, additional funding was required in approximately 10 per cent of the projects and the amount represented some seven per cent of the total provision. In addition, although there were projects that required additional funding owing to individual circumstances, we generally managed to complete the projects under the Capital Works Programme within the original Approved Project Estimates and even with surplus.

Development Fund and set up a modern demonstration farm to help the fisheries trade switch to deep-sea mariculture.

23. We understand that the fisheries sector has grave concern about the potential impact to the sector due to the reclamation in the Central Waters. We will follow up with the Food and Health Bureau, which is responsible for fisheries policy, on policy matters such as assisting the fisheries sector in switching the mode of operation, mechanisms about the ex-gratia allowances for fishermen, etc. We will advance the fisheries impact assessment in the study and fully consult the stakeholders of the sector on the land use proposals, impact assessments and proposed mitigation measures related to fisheries. The proposed KYC Artificial Islands do not involve existing agricultural and we anticipate no impact to the agricultural sector.

24. As for brownfield operations, according to the standing policy of the Government, eligible operators of business undertakings (including brownfield operators) affected by government clearance programmes would receive ex-gratia allowances as monetary relief. Operators who are themselves owners of the private land concerned are also entitled to receive statutory compensation for the land to be resumed. FC endorsed in July 2018 the enhanced ex-gratia compensation arrangement to eligible brownfield operators affected by development clearances. Given the land scarcity, it is unrealistic for the Government to offer “one-on-one” re-provisioning arrangement for existing operations in the course of pursuing developments on brownfield sites. Some eligible operators may terminate their business after receiving the compensation. Notwithstanding, we stand ready to offer assistance and facilitation on planning and land issues to affected operators who wish to relocate their business in other areas.

25. On a macro planning level, we will, based on the estimated land requirements of relevant industries, identify large land parcels with good accessibility and infrastructure in major development projects including the NTN NDA, Lam Tei Quarry and near-shore reclamation at Lung Kwu Tan to provide concentrated, orderly and more land efficient accommodation for brownfield operations. This will be in addition to the 72 ha of land reserved for logistics, port back-up, storage and workshop uses in both MSBs and open-air setting in the HSK/HT and YLS NDAs.

26. Purpose-built industry-specific MSBs are architecturally and technically feasible, but there is a need for considerable capital investment owing to the special access, headroom and loading requirements. We engaged a consultant to launch a market sounding exercise to ascertain the market

interest towards developing and running MSBs for key brownfield businesses under different scenarios involving different contractual requirements and tender conditions. The exercise is expected to be completed early next year.

27. The Town Planning Board promulgated in March this year the revised Planning Guidelines No. 13F⁴ which set out the criteria for assessing the planning applications for open storage and port back-up uses and provide guidance for submitting such applications. This will help channel brownfield operations to more suitable locations.

Strategic Benefits [Question (12)]

28. The proposed KYC Artificial Islands and the associated strategic transport infrastructure are conducive to urban renewal, alleviating traffic congestion and economic development.

29. Regarding urban renewal, Hong Kong will face the problem of rapid aging of residential blocks. According to the Hong Kong 2030+ study, assuming no building demolition in the future, a total of 326 000 private housing units would be aged 70 or above by 2046, which is nearly 300 times of the building stock of the same age in 2016, i.e. about 1 100 units only. The KYC Artificial Islands, given that it will become part of our urban area with a high level of living convenience and provide large pieces of land as decanting space for affected residents, can facilitate urban redevelopment projects in larger scale.

30. At present, the traffic in Tuen Mun area and northwest NT is very congested. The new strategic railway and road transport corridor linking the proposed artificial islands in the Central Waters, North Lantau and the coastal areas of Tuen Mun will help relieve the traffic congestion in that area and enhance the flexibility and resilience of the entire transport network of Hong Kong.

31. The KYC Artificial Islands has unparalleled strategic location and the third Core Business District (CBD3) can be developed at there, creating clustering effect with the traditional CBD at the Central (just 10 kilometres

⁴ Apart from designating some appropriate areas as "Open Storage" and "Other Specified Uses" annotated "Port Back-up Uses" zones on statutory town plans, the Town Planning Board has been assessing planning applications for temporary open storage/port back-up uses (usually no more than three years) in rural areas outside environmentally sensitive areas through its planning application mechanism. The full name of the Planning Guidelines is "Application for Open Storage and Port Back-up Uses under Section 16 of the Town Planning Ordinance".

away) and the “Aerotropolis” at the Hong Kong International Airport (just 15 kilometres away) and boosting the commercial development potential of North Lantau.

32. We will formulate development proposals in the Studies related to artificial islands in the Central Waters and conduct assessments of the development proposals on different aspects such as planning, traffic, economic and finance. Upon completion of the study, we will provide more comprehensive data and detailed information.

Development Bureau
December 2020