

**For discussion
28 November 2023**

Legislative Council Panel on Development

**Increase in Commitment and Enhancements to
Funding Scheme to Support the Use of
Vacant Government Sites by Non-government Organisations**

PURPOSE

This paper seeks Members' advice on the proposed increase in commitment from \$1 billion to \$1.5 billion for the funding scheme to support the use of vacant government sites by non-government organisations ("NGOs") and implement enhancements to further support NGOs in using vacant government sites.

BACKGROUND

2. The Finance Committee of the Legislative Council ("LegCo") approved the creation of a non-recurrent commitment of \$1 billion in January 2019 for Development Bureau ("DEVB") to implement this funding scheme¹ to subsidise NGOs to take forward worthy projects for the community on vacant government sites. Since the launch in February 2019, the scheme is being implemented along the following key directions –

- (a) an inclusive approach capitalising on "community wisdom" is adopted. The funding is open to all applications in relation to which

¹ Details of the funding scheme (including application guidelines and procedures) are available on DEVB's website (www.devb.gov.hk/en/issues_in_focus/Funding_Scheme_to_Support_the_Use_of_Vacant_Government_Sites_by_Non_government_Organisations/index.html).

in-principle approval of short-term tenancy (“STT”)² has been obtained under the existing Government mechanism for use of the available vacant government sites³ for community, institutional or other non-profit making purposes. In other words, the funding is not limited to any specific uses as pre-determined by Government;

- (b) the mechanism for submitting and approving funding applications is kept simple to facilitate the kick-starting of worthy projects as early as possible, with appropriate monitoring to ensure effective use of funds; and
- (c) apart from providing funding support, we encourage the contribution of expertise and experience by professionals in the development sector and NGO-applicants in taking forward their projects.

3. The funding scheme provides successful NGO-applicants with subsidies to support one-off, basic, and essential restoration works required to make the sites/premises fit for use. Such works may include, for example, slope upgrading, site formation, erection of temporary structures, provision of sewerage/drainage or other basic facilities, provision of pedestrian/vehicular access, renovation of existing premises, installation of fire safety equipment or barrier-free facilities, etc. The costs in relation to consultancy services commissioned to determine the

² Generally speaking, pending determination or implementation of a long-term use, Lands Department (“LandsD”) puts vacant sites under its management to temporary uses by Government bureaux/departments (“B/Ds”). If there is no taker within Government, individual vacant sites may be made available for specific uses supported by relevant B/Ds through open tender (such as STT carparks). For sites with no temporary use identified by Government following the above process, LandsD will publish the relevant information onto its “GeoInfo Map” website (www.map.gov.hk/gm/map/search/faci/VGS) to invite tenancy applications by NGOs for community, institutional, or other non-profit-making uses on a short-term basis. If an application is approved, nominal (or concessionary) rent will be charged with policy support by a relevant bureau; in other cases full market rent will be charged. Under LandsD’s current practice, STTs let by direct grant are normally granted for a fixed term of a duration ranging from one to five years (in some cases with policy justifications a longer term of up to seven years may be granted), thereafter to be renewed monthly or quarterly depending on circumstances.

³ At present, in relation to unleased and unallocated government sites under LandsD’s management that may be suitable for temporary uses by way of STTs, District Lands Offices of LandsD would, upon receipt of an application from an NGO, consult relevant B/Ds on the proposal. A pre-requisite for the approval of a valid application is that policy support has been given by a relevant bureau whose portfolio oversees the provision of services related to the relevant community, institutional or other non-profit-making use being applied for.

technical feasibility or parameters of the proposed works⁴ may also be covered.

4. The funding to be allocated to each approved project varies and is capped at \$60 million, with exact amount to be determined with regard to factors such as the size and existing conditions of the site, construction requirements, and the uses proposed. Generally speaking, depending on the scale of an individual project, DEVB may process and approve funding applications for the project in stages. We would consider approving the cost for detailed design and site investigation in the first stage, so that NGO-applicants can start preliminary work first. When the detailed design is completed and a more accurate cost estimate of the proposed construction works available, we would then consider approving and granting funding for the second project stage.

PROGRESS OF IMPLEMENTATION

5. As at end of October 2023, a total sum of \$572.8 million were approved for NGOs to take forward worthy projects on 27 vacant government sites. A list of these approved projects is at **Annex A**. Among the 27 approved applications, ten (including three transitional housing projects approved in the early stage⁵) have completed the restoration works for commencement of operation; seven projects have begun construction works and are expected to be completed progressively in or before 2025; detailed design and site investigation for the remaining ten projects are to be completed within this or next year, before proceeding to the construction stage. Assuming all applications are approved, the total funding approved is estimated to be \$900 million. We expect the total commitment to reach the commitment ceiling of \$1 billion in financial year 2024-25 if we account for potential new applications.

⁴ The consultancy services may cover —

- (a) detailed design of the proposed restoration works, and engagement of contractors to pursue preliminary work for site investigation and surveys;
- (b) submissions of building plans or relevant proposals to satisfy a regulatory requirement;
- (c) tendering and management of works contracts; and
- (d) site supervision.

⁵ As the non-recurrent commitment of \$5 billion to implement the “Funding Scheme to Support Transitional Housing Projects by Non-government Organisations” by the then Transport and Housing Bureau (“THB”) was approved by the Finance Committee of the Legislative Council (LegCo’s FC) on 6 March 2020, except for the earlier transitional housing project at Victoria Road, the funding scheme only provided Stage 1 funding to facilitate the detailed design and site investigation for two transitional housing projects, and their remaining construction works were funded by the “Funding Scheme to Support Transitional Housing Projects by Non-government Organisations”.

PROPOSALS

6. Since its implementation in 2019, the funding scheme has been generally welcomed by NGOs. We propose to increase the commitment from \$1 billion to \$1.5 billion to support more projects with worthy causes to better utilise vacant government sites.

IMPLEMENTATION OF ENHANCEMENTS

7. Having considered feedback from stakeholders, including the views of the Panel on Development in June this year, we reviewed the implementation of the funding scheme and recommend the following enhancements to provide better support to NGOs:

- (a) increase the funding ceiling by \$10 million to \$70 million for applications that fulfil either of the conditions below:
 - (i) projects with site area larger than 2,000 m²; or
 - (ii) projects involving sites that lack vehicular access;

If an individual project meets both of the conditions above, the funding ceiling will be increased by \$20 million to \$80 million; and

- (b) expand the scope of funding to cover the costs for preparation of technical submissions for STT applications, to be capped at \$2 million.

Increase funding ceiling for projects with site area larger than 2,000 m² and without vehicular access

8. Based on the experience of approved projects, project involving sites with large areas or without vehicular accesses require substantially higher construction costs. Among the projects with Stage 2 funding approved (i.e. the funding for the construction costs), the construction cost for three out of the four projects with site area larger than 2,000 m² are closed to or exceeded the funding ceiling of \$60 million⁶, the relevant NGOs need to secure other funding sources to fill the financial gap. Taking Members' advice, with a view to providing better support to NGOs in taking forward worthy causes on vacant government sites

⁶ The three projects are listed as project nos. 5, 7 and 16 at Annex A. (Another project (no. 14) has a site area larger than 2,000 m² but does not involve construction or restoration of building structures, hence the construction cost is relatively lower.)

with larger areas⁷, we propose to increase the funding ceiling of \$60 million per approved project by an additional \$10 million to \$70 million for projects with site areas larger than 2,000 m².

9. Apart from site area, if the site lacks vehicular access, it is inevitable that more resources are required for transporting large machineries, or for additional manpower and time for the NGOs to carry out construction works. Therefore, we propose to increase the funding ceiling of \$60 million per approved project by an additional \$10 million to \$70 million for projects implemented on vacant government sites that lack vehicular access.

10. Further to paragraphs 8 and 9 above, if individual project meets both of the conditions above, its funding ceiling will be increased by \$20 million to \$80 million.

11. Given the implementation of current projects, the above enhancements will be applicable to approved projects that have yet to apply for Stage 2 funding as well as new applications received after the implementation of the enhancements. Increasing the funding ceiling provides us more rooms to support NGOs in taking forward worthy causes. However, we have to stress that not all projects meeting the conditions mentioned in paragraph 7(a) above will be automatically approved with maximum funding capped at the respective ceilings. Funding to be approved for individual project will depend on the content, justification, and cost reasonableness. There will be gatekeeping when DEVB vets and assesses applications.

Expand the scope of funding to cover the costs for preparation of technical submissions for STT applications

12. Currently, NGOs have to secure the government's in-principle approval for STTs of vacant government sites in order for their funding applications to be considered. However, certain NGOs and professional bodies relayed that submissions of engineering design drawings, technical assessments, feasibility studies etc. are usually required when applying for STTs. Individual small-scale or less resourceful NGOs may not be able to afford the associated costs. In this regard, we propose to expand the scope of funding. Under the proposed arrangement, NGOs can include the costs for the technical submissions required for the application of STTs of vacant government sites (including the associated

⁷ As of end October 2023, among the vacant government sites/premises currently available for STT application, about 58 sites are of an area over 2,000 m².

planning applications)⁸ when applying for funding, with such funding to be capped at \$2 million. If the funding application is approved, such costs will be covered by the total funding amount for the project. It is believed that the enhancement could encourage NGOs to implement projects on vacant government sites, in particular those related to social welfare, culture and arts, and sports.

13. Further to paragraph 12, the enhancements will be applicable to new applications received after the implementation of the enhancements. When considering applications, DEVB will carefully assess the feasibility etc. of the proposed project to ensure that the funding is well and reasonably spent.

OTHER VIEWS

14. There were views that DEVB should consider allowing a wider range of organisations to apply for funding under the funding scheme to carry out projects on government sites. In fact, we welcome applications from various social enterprises or NGOs⁹. A project would have met the basic eligibility for the funding scheme so long as it promotes a worthy cause and provides services to the public on vacant government sites. For example, there is a project by a local village non-profit making NGO¹⁰ among the approved projects.

15. There were also views for the Government to consider lowering standards for certain construction requirements given the temporary nature of the projects, with a view to minimising the costs which would otherwise be required for fulfilling technical requirements set for permanent facilities. On this, we will proactively assist NGOs to liaise with relevant departments in adopting the most cost-effective solution(s) during the design and implementation of projects, as guided by the principles of maintaining compliance with relevant laws and regulations without compromising safety, in order to ensure the optimum use of the funding.

⁸ The fees include architectural drawings, technical assessment, site investigation works, site survey, feasibility study reports and consultancy services for the submission in response to the requirements of government departments during the application period.

⁹ An eligible applicant should be (a) a charitable institution or trust of a public character exempted from tax under the Inland Revenue Ordinance, or a company incorporated under the Companies Ordinance as a limited company by guarantee whose objects and powers do not include distribution of profits to members, or a non-profit-making society registered or body established under any legislation in Hong Kong; or (b) it takes the form of a social enterprise.

¹⁰ See project no. 19 at Annex A.

FINANCIAL IMPLICATIONS

16. Subject to the approval of the proposed increase of the non-recurrent commitment, the commitment of the funding scheme will increase from \$1 billion to \$1.5 billion. The annual cash flow is essentially demand driven and will depend on actual number of application received and approved, as well as the amount of funding to be disbursed each year. Preliminary estimated annual cash flow requirement is as follows –

Year	\$ million
Actual expenses as at March 2023	215.5
2023-2024	200.0
2024-2025	300.0
2025-2026	350.0
2026-2027	280.0
2027-2028	120.0
2028-2029	34.5
Total	1,500.0

IMPLEMENTATION MECHANISM

17. An inter-departmental Assessment Committee chaired by Deputy Secretary for Development (Planning and Lands) is responsible for assessing applications. The Assessment Committee comprises directorate officers of DEVB and relevant professional departments¹¹. The Assessment Committee focuses on the technical aspects of the proposed works to ensure that they would be within the scope and financial ceiling mentioned above. In particular, the Assessment Committee would see to it that the amount of funding granted to each approved project should be in line with the principles of economy, efficiency, and effectiveness in the use of resources thereby achieving good value for money. The Assessment Committee would also look into the experience and capability of applicants, and the timeframe proposed by them in implementing the projects.

¹¹ The Assessment Committee is chaired by Deputy Secretary for Development (Planning and Lands), and comprises officers from ten professional departments, namely, Architectural Services Department, Buildings Department, Civil Engineering and Development Department, Drainage Services Department, Environmental Protection Department, Fire Services Department, Government Property Agency, LandsD, Planning Department, and Transport Department.

ADVICE SOUGHT

18. Members are invited to comment on the proposal. Subject the views of the Panel, we will seek funding approval from the Finance Committee.

Development Bureau
November 2023

Funding Scheme to Support the Use of Vacant Government Sites by Non-government Organisations
Applications with Funding Approved as at 31 October 2023

	Site Location	Name of Applicant	Short-term Uses Applied For	Site Area (m ²)	Ceiling of Funding Approved [#] (\$ million)	Time of Signing Funding Agreement
(A) Construction works completed						
1	Nam Sang Wai, Yuen Long (Ex-Small Trader New Village Public School)	Yuen Long Kam Kwong Church	Community service centre	About 900	Total: \$7.5	October 2019
2	Shing Sai Road, Kennedy Town	Rough C	Community garden	About 1,900	Stage 1: \$2.6 Stage 2: <u>\$35.6</u> Total: \$38.2	Stage 1: June 2019 Stage 2: October 2019
3	Kam Tin, Yuen Long	House of Joy & Mercy	Animal boarding establishment	About 1,100	Total: \$13.9	October 2019; September 2020 (supplementary)
4	Victoria Road, Mount Davis (Ex-Mount Davis Caritas Centre & Ex-Mount Davis Caritas Jockey Club Hostel)	Society for Community Organization	Transitional housing	About 200	Total: \$7.4	October 2019
5	Ta Kwu Ling, North District (Ex-Sam Wo Public School)	Hong Kong Seeing Eye Dog Services	Guide dog training school	About 2,400	Stage 1: \$3.0 Stage 2: <u>\$53.4</u> Total: \$56.4	Stage 1: October 2019 Stage 2: December 2020
6	Tan Kwai Tsuen, Yuen Long (Ex-Ying Yin Catholic Primary School)	Muhammadia Ghosia Islamic Association	Community service centre	About 1,800	Stage 1: \$2.8 Stage 2: <u>\$20.8</u> Total: \$23.6	Stage 1: May 2020 Stage 2: September 2021
7	Quarry Bay Harbourfront	St. James' Settlement	Open recreation and sitting out area	About 3,700	Stage 1: \$1.3 Stage 2: <u>\$58.7</u> Total: \$60.0	Stage 1: March 2021 Stage 2: September 2021

Notes:

[#] DEVB has discussed and clarified essential details of the proposed works and the cost estimates with NGO-applicants with reference to the information provided in their application forms. Upon verification, availability of the detailed design and quantity surveying assessment, the Assessment Committee would consider and decide on the funding ceiling approved for individual projects. The actual funding to be disbursed by installments (on a reimbursement basis) would depend on the actual costs incurred.

	Site Location	Name of Applicant	Short-term Uses Applied For	Site Area (m ²)	Ceiling of Funding Approved# (\$ million)	Time of Signing Funding Agreement
8	San Tin, Yuen Long (Ex-Chuk Hing Public School)	Fruit Garden Social Enterprise	Community service centre	About 1,600	Stage 1: \$2.1 <u>Stage 2: \$27.0</u> Total: \$29.1	Stage 1: November 2019 Stage 2: August 2022
<i>(B) Transitional housing projects (with detailed design and site investigation subsidised by the funding scheme) completed</i>						
9	Yip Shing Street, Kwai Chung	The Hong Kong Council of Social Service	Transitional housing	About 1,400	Preliminary work: \$2.9 &	November 2019
10	Junction at Hoi Hing Road/ Hoi Kok Street, Tsuen Wan	Yan Chai Hospital Board	Transitional housing	About 3,300	Preliminary work: \$3.3 &	April 2020
<i>(C) Construction works in progress</i>						
11	Cox's Road, Yau Tsim Mong (Ex-Portuguese Community School)	Hong Kong Repertory Theatre	Theatre education centre	About 1,700	Stage 1: \$8.3 <u>Stage 2: \$50.8</u> Total: \$59.1	Stage 1: June 2020 Stage 2: November 2021
12	Chuen Lung, Tsuen Wan (Ex-Koon Man School)	Hong Kong Photographic Culture Association	Photography resource centre	About 800	Stage 1: \$3.0 <u>Stage 2: \$12.0</u> Total: \$15.0	Stage 1: August 2020 Stage 2: April 2022
13	Kam Tin, Yuen Long	HK Saving Cat and Dog Association	Animal boarding establishment	About 1,400	Stage 1: \$4.2 <u>Stage 2: \$39.3</u> Total: \$43.5	Stage 1: May 2020 Stage 2: August 2022

Notes:

& As the non-recurrent commitment of \$5 billion to implement the “Funding Scheme to Support Transitional Housing Projects by Non-government Organisations” by the then THB has been approved by LegCo's FC on 6 March 2020, funding applications in relation to transitional housing projects thereafter, that is the remaining construction cost for item no. 9 and 10, are processed and assessed under the said scheme.

	Site Location	Name of Applicant	Short-term Uses Applied For	Site Area (m ²)	Ceiling of Funding Approved# (\$ million)	Time of Signing Funding Agreement
14	Ping Shan, Tin Shui Wai	Tin Shui Wai Community Development Network	Farming and fishery education centre	About 20,000	Stage 1: \$2.0 Stage 2: <u>\$13.2</u> Total: \$15.2	Stage 1: October 2020 Stage 2: January 2023
15	Mai Po, Yuen Long (Ex-Koon Ying Public School)	Anfield Hearts Foundation	Non-profit-making school for children with special needs	About 1,100	Stage 1: \$3.3 Stage 2: <u>\$22.7</u> Total: \$26.0	Stage 1: November 2020 Stage 2: January 2023
16	Chap Wai Kon Village, Sha Tin	Food Angel by Bo Charity Foundation	Non-profit-making food production centre	About 3,500	Stage 1: \$1.3 Stage 2: <u>\$58.7</u> Total: \$60.0	Stage 1: April 2022 Stage 2: March 2023
17	Junction of To Shek Street/ Sha Tin Wai Road, Sha Tin	Hong Kong, China Table Tennis Association Limited	Table tennis training centre	About 920	Stage 1: \$4.9 Stage 2: <u>\$52.0</u> Total: \$56.9	Stage 1: November 2021 Stage 2: October 2023
<i>(D) Detailed design and site investigation in progress</i>						
18	Ting Kok Village, Tai Po (Ex-Ming Tak School)	Positive Life Association	Non-profit-making kindergarten for children with special needs	About 3,100	Stage 1: \$6.9	March 2022
19	Sha Tau Kok, North District (Ex-King Sau School)	Lin Ma Hang Village Charity Fund	Hakka cultural centre	About 6,900	Stage 1: \$6.6	June 2021
20	Shek Mun, Shatin	Christian & Missionary Alliance Church Union Hong Kong	Community service centre	About 530	Stage 1: \$3.8	August 2021
21	Lung Cheung Road, Wong Tai Sin	Chinese Dance Art Association	Dance centre	About 1,600	Stage 1: \$6.9	July 2021

	Site Location	Name of Applicant	Short-term Uses Applied For	Site Area (m ²)	Ceiling of Funding Approved [#] (\$ million)	Time of Signing Funding Agreement
22	Junction of Nullah Road/ Tung Choi Street, Kowloon	Concern for Grassroots' Livelihood Alliance	Community service centre	About 450	Stage 1: \$3.3	September 2021
23	San Ping Circuit, Tuen Mun (Ex- St. Simon's Primary School)	Paws United Charity	Animal boarding establishment	About 4,200	Stage 1: \$7.4	August 2022
24	Near Tai Tam Reservoir, Hong Kong	Scout Association of Hong Kong	Sea activity centre	About 760	Stage 1: \$3.7	January 2023
25	Wa Shun Street, Hung Hom Harbourfront	Playright Children's Play Association	Recreation and public open space	About 2,200	Stage 1: \$7.2	March 2023
26	Leung Choi Lane, Tuen Mun	Hong Kong Institute of Utility Specialists	Non-profit-making Utility Training Centre	About 630	Stage 1: \$4.0	August 2023
27	Shiu Fai Terrace, Wan Chai (Ex- Pun U Association Wah Yan Primary School)	Hong Kong Air Cadet Corps	Youth Training Centre	About 1,600	Stage 1: \$5.0	October 2023