

For information

Legislative Council Panel on Development

Annual Report on Implementation of Land Supply Strategy

INTRODUCTION

The Development Bureau (DEVB) has earlier submitted an annual report to the Chief Executive in Council on the progress of the major land supply measures in the year of 2020/21. These measures include the eight priority land supply options recommended by the Task Force on Land Supply (TFLS) and other major land supply initiatives as overseen by the Steering Committee on Land Supply under the chairmanship of the Financial Secretary. This paper reports for Members' information.

IMPLEMENTATION PROGRESS

Land Supply Options Recommended by TFLS

2. 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

3. Of the 450 hectares (ha) of brownfield sites outside New Development Areas (NDAs) and known development programmes but have higher possible development potential, the Planning Department (PlanD) completed the first-phase review of 160 ha brownfield sites in 2019, and shortlisted eight brownfield clusters (which include 36 ha of the above 160 ha brownfield sites) located in Yuen Long, Tuen Mun and Tai Po for higher density public housing development in the short to medium term. The second-phase review of the remaining 290 ha of brownfield sites with medium possible development potential was also completed earlier this year, and four brownfield clusters (which include 11 ha of the above 290 ha brownfield sites) in Sheung Shui and

Yuen Long were shortlisted for public housing development in the short to medium term. Starting from June 2020, the Civil Engineering and Development Department (CEDD) has progressively commenced engineering feasibility studies (EFSs) on the eight first-batch brownfield clusters to establish the development parameters, and will kick-start EFSs on the four second-batch clusters progressively starting from the second quarter of this year. It is roughly estimated at this stage that the twelve brownfield clusters together may produce over 30 000 public housing units.

4. In sum, over 860 ha brownfield sites (accounting for over 54% of brownfield sites in the New Territories (NT)) will gradually be redeveloped for housing and other land uses. In addition, around 18 ha brownfield sites located in the vicinity of the proposed Ngau Tam Mei Station of the Northern Link together with areas adjoining the brownfield sites would be covered in a land use review study to be started later this year.

5. While over half of brownfield sites would be redeveloped for housing or other land uses, it is important to note that brownfield sites are hosting operations supporting different industries of our economy. It is unrealistic to expect eradication of brownfield sites in NT as they provide a source of space for industrial or storage operations that cannot easily find affordable premises at developed areas. Brownfield sites permissible under the planning regime may continue to be used for open-air operations.

6. For brownfield operations displaced due to Government development, our policy is to provide monetary compensation for eligible displaced operators to assist them financially in making their own relocation arrangements in the open market¹. 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.

¹ Apart from monetary compensation which was significantly improved in terms of eligibility and coverage 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 been identifying 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 has been offering these sites by means of short-term tenancy to affected brownfield operations in batches through restricted tender starting from the latter half of 2020. Three pieces of government land in Yuen Long and Fanling were rolled out in December 2020 for letting by way of short-term tenancy through tender to eligible brownfield operators affected by land resumption and clearance exercises before or in 2022 under relevant government development projects.

7. We 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. The consultant is expected to complete its report within this year. We expect that the development model for these MSB sites would be in shape within 2022, before the first batch of MSB sites in Hung Shui Kiu/Ha Tsuen (HSK/NT) NDA are available for development in 2023 upon completion of site formation works.

Land Sharing Pilot Scheme

8. The Land Sharing Pilot Scheme (LSPS), which aims at capitalising on the private sector's capacity, efficiency and expertise to unleash early the development potential of private lots, was launched in May 2020 for three years. The Land Sharing Office (LSO) was set up under DEVB to provide one-stop consultation and facilitation services for LSPS applicants and relevant project proposals. Recently, LSPS has received three applications. The application sites are located respectively at Lo Fai Road and Ting Kok Road in Tai Po, Ho Chau Road in Yuen Long (near Tung Shing Lei) and She Shan Road and Lam Kam Road in Tai Po (near Lam Tsuen), involving about 12 250 public housing/Starter Homes (exact choice of subsidised housing type to be determined by the Government) and 5 600 private housing flats with supporting facilities. Besides, enquiries in relation to some preliminary development proposals have been received thus far, and LSO has been in dialogue with these proponents. We understand that some proponents are preparing the materials required for filing a formal application, including, amongst others, proof of land ownership, master layout plans, schematic designs (especially for road and public facilities), relevant technical (including traffic, environment, ecology, sewerage etc. with proposed mitigation measures) and financial assessments. LSO would make every effort to assist the proponents in preparing such materials by providing facilitation service in coordination with concerned departments.

Fanling Golf Course

9. 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 is near completion. A core part of the study is to assess the residual traffic capacity that can be allocated for the site without widening Fan Kam Road. The consultant has conducted 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. After the study is completed, we would consult the relevant stakeholders as soon as possible, followed by necessary statutory procedures.

10. Meanwhile, a special three-year hold-over arrangement for the 32 ha of land east of Fan Kam Road was made. Such 32 ha of land will be reverted to Government in September 2023 upon the end of the hold-over period, in time for the proposed development to commence.

New Development Areas / New Town Extension

11. The Government continues to press ahead with the implementation of various NDA/new town extension projects that will collectively bring about nearly 230 000 flats in phases starting from 2023, including –

- (a) **Tung Chung New Town Extension (TCNTE):** The Tung Chung East (TCE) reclamation works, commenced in end-2017, have been progressing well for completion in 2023. The first parcel of reclaimed land was handed over for housing construction in March 2020 to enable phased completion of 10 000 public housing units from the first quarter of 2024. Funding approval for the first phase of site formation and infrastructure works from the Finance Committee (FC) of the Legislative Council (LegCo) was obtained in February 2021. The works are targeted to be completed in about seven years, with phased completion from 2024 onwards. In 2021-22, a commercial site in TCE has been included in the Land Sale Programme (LSP), and MTR Corporation Limited (MTRCL) is preparing the land documents and tender for a private housing site reserved for railway property development;
- (b) **Kwu Tung North/Fanling North (KTN/FLN) NDA:** With the 68 ha of private land in the first phase development reverted to the Government in end-2019, we are taking forward the land clearance exercise and 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. The KTN/FLN NDA have also

contributed to the 2020-21 and 2021-22 LSP, by providing a private residential site for sale in each financial year;

(c) **HSK/HT NDA**: Upon the funding approval of FC in June 2020, we commenced progressively from July 2020 the First Phase development works, involving resumption of about 12 ha of private land. The First Phase development works would enable phased completion of the dedicated rehousing estate for affected residents from 2024 onward, and completion of site formation in 2023 for the first batch of sites for 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

(d) **Yuen Long South (YLS)**: The statutory planning process is completed. Gazettal of the proposed road works and sewerage works for the first phase has started. We target to have the first batch of public housing units in place in 2028. It is planned that the whole project can provide about 33 000 housing units (including about 22 000 public housing units) upon full development by 2038. About 11 ha of land is also reserved for MSBs and open storage use to accommodate the brownfield operations.

12. The Government is also actively pursuing the **New Territories North (NTN) NDA**. The study on the first phase development covering the ST/LMC DN commenced in September 2019 to provide a planning and engineering framework for the proposed development. The DN will harness the potential released from the proposed railway station in San Tin of the proposed Northern Link to build a new community with a preliminary estimate of about 31 000 flats and 64 000 jobs. For the remaining phase development comprising the NTN New Town and Man Kam To Logistics Corridor, the preliminary estimate is that they have the potential of accommodating a population of not less than 200 000 and providing about 134 000 job opportunities. Given the NTN's strategic boundary location and easy access to Shenzhen and the eastern part of Guangdong, we will, in planning for the NDA, explore the provision of economic land for industries that could capture the opportunities brought by the Greater Bay Area development. The Government obtained funding approval from FC on 16 July 2021 for the proposal to proceed with the investigation and detailed design of the ST/LMC DN as well as planning and engineering study for the remaining phase development of the NTN (covering NTN New Town and Man Kam To Logistics Corridor). The relevant tasks will commence in the second half of this year.

Artificial Islands in the Central Waters

13. In December 2020, the Government obtained funding approval from LegCo for conducting the studies related to the 1000-ha artificial islands in the Central Waters². The studies commenced in June 2021 for completion in three and a half years. The studies mainly comprise a planning and engineering study for the artificial islands around Kau Yi Chau and a transport study that covers a new network of strategic roads and railways to connect the artificial islands with Hong Kong Island, Lantau and the coastal area of Tuen Mun. Different models and financing options for the implementation of such mega infrastructure projects associated with the artificial islands will be explored. We will also continue to strengthen our efforts in publicity, including using websites, social media and leaflets to promulgate information and data related to the project. Different types of public engagement activities will be organised to provide comprehensive and scientific information so as to facilitate the public to offer informed views on the development options of the artificial islands.

Replanning Tuen Mun West

14. The near-shore reclamation at Lung Kwu Tan (LKT) and the re-planning of the coastal areas at Tuen Mun West (TMW) (including the River Trade Terminal site) are part of the Lantau Tomorrow Vision that will be complementary with the new strategic transport link being planned for the artificial islands in the Central Waters. It involves the creation of about 220 ha of land at LKT through reclamation and re-planning of another 220 ha of land at the coastal areas at TMW, which together would have potential for supporting a mix of land uses including housing, commercial, industrial and other beneficial/required uses, thereby helping to vitalize the TMW area and improve living environment. It can potentially provide over 20 000 flats in the area and create decanting sites for accommodating brownfield activities gradually displaced from our NDA projects and other development projects in the vicinity.

15. In January 2020, the LegCo Panel on Development supported our funding application for the planning and engineering study for LKT reclamation and the re-planning of TMW area. We are examining stakeholders' views on increasing housing supply and will seek funding approval from FC at an appropriate time for the planning and engineering study.

² The KYC artificial islands are capable of providing about 150 000 to 260 000 flats, 70% of which are public housing. They could also house the third Core Business District providing some 200 000 diversified employment opportunities.

Other Near-shore Reclamation Projects

16. Apart from LKT, other near-shore reclamation sites outside the Victoria Harbour include Siu Ho Wan, Sunny Bay and Ma Liu Shui. The Government obtained funding approval from LegCo in February 2021 for the engineering study on Road P1 (Tai Ho - Sunny Bay Section). The study commenced in June 2021 for completion in 30 months. The reclamation at Siu Ho Wan facilitating the construction of the proposed Road P1 will be taken forward as part of the project. The reclamation at Sunny Bay is for providing a multi-purpose venue mainly for leisure and entertainment purposes. Considering the unprecedented hit at the Hong Kong's economy caused by the COVID-19 pandemic, particularly on travel and entertainment industries, we will review the priority of project implementation and seek funding approval for conducting the planning and engineering study at an appropriate time. Regarding Ma Liu Shui reclamation, we are aware of some stakeholders' concerns on traffic impact and combination of housing types.

Cavern and Underground Space Development

17. The Government is taking forward several projects to relocate government facilities to cavern. Initial works for relocating the Sha Tin Sewage Treatment Works (STSTW) to caverns commenced in February 2019. Construction of the main caverns commenced in July 2021. Detailed design for the relocation of Diamond Hill Fresh Water and Salt Water Service Reservoirs (DHSRs) to caverns will be completed within this year. 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 for completion by the end of this year. Besides, we will commence the investigation study and design works for relocating the Public Works Central Laboratory in Kowloon Bay, Yau Tong Group Fresh Water and Salt Water Service Reservoirs as well as Tsuen Wan No.2 Fresh Water Service Reservoir to caverns from the second half of 2021 to early 2022 respectively.

18. The Government will continue to take forward a pilot planning and engineering feasibility study for Strategic Cavern Areas at Lantau, Tsing Yi and Yau Tong to facilitate future cavern developments.

19. The Government continued to undertake the pilot study on underground space development in four strategic urban areas, namely Tsim Sha Tsui West, Causeway Bay, Happy Valley and Admiralty/Wan Chai. In

particular, we are refining and exploring further the conceptual scheme at Kowloon Park for multi-purpose usage having regard to the public views collected and for more effective land uses. The Government aims to complete the pilot study substantially in 2022.

Other Major Land Supply Initiatives Covered in recent Policy Addresses

Three squatter areas in the urban area

20. Studies on redeveloping the 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, the three sites are expected to produce 6 300 public housing flats, subject to the study findings. Following completion of the studies within 2021, we will start the rezoning process. We have also invited the Hong Kong Housing Society to undertake the implementation of the three projects, in view of their experience in housing production, rehousing of residents and integrated community planning. Besides, three town hall meetings with affected villagers of each project were conducted in May 2021.

Review of private land zoned for high-density housing development

21. We have completed the review on private land zoned for high-density housing development, covering ten land parcels zoned as “Comprehensive Development Area” or “Residential (Group A)” with a domestic plot ratio ranging from 5 to 7.5, but are yet to be developed by the lot owners. We announced the review results on 13 May 2021 that the private land within three land parcels in Fanling and Yuen Long would be resumed under the Lands Resumption Ordinance (Cap. 124) for subsidised housing. The 12 300 square meters (sq m) of private land to be resumed, together with adjoining government land of about 3 500 sq m, are expected to produce around 1 600 flats.

Optimise the use of Government, Institution or Community (GIC) sites

22. We are reviewing some 40 GIC sites currently earmarked for standalone public facilities, with no development plan and having potentials for joint-user development to see whether they are suitable for developing

multi-purpose public facility buildings under “single site, multiple use” model or buildings accommodating residential/ commercial/ industrial uses. We target to complete the review and put forward development proposals within this year.

23. 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. The facilitating services were launched by URA in January 2021. So far, a few NGOs have expressed interest in the services.

MTRCL’s Siu Ho Wan Depot Site

24. The Government has drawn up the Outline Zoning Plan for the Siu Ho Wan Depot Site development of MTRCL and promulgated that the site may provide about 20 000 residential units in the medium to long term, of which around 50% will be public housing (the current plan is mainly subsidised sale flats), forming a new community with public and private housing, community facilities, and a new railway station. MTRCL and government departments are pressing ahead with this development in full swing. The target is to have the first batch of about 6 000 public and private housing units gradually ready for intake in around 2030.

Streamlining Development Processes

25. The Steering Group on Streamlining Development Control (Steering Group) set up under DEVB recently has been actively exploring how best to rationalise the approval process and arrangement adopted by the Buildings Department, the Lands Department (LandsD) and the PlanD under DEVB without prejudicing the relevant statutory procedures and technical requirements. At the same time, a joint sub-committee (Joint Sub-committee) under the Land and Development Advisory Committee with representatives from ten related professional institutes and organisations³ has been set up to consider the

³ The 10 related professional institutes and organisations are the Hong Kong Institute of Architects, Hong Kong Institution of Engineers, Hong Kong Institute of Urban Design, Hong Kong Institute of Landscape Architects, Hong Kong Institute of Surveyors, Hong Kong Institute of Planners, Association of Landscape Consultants, Real Estate Developers Association of Hong Kong, Association of Architectural Practices and Hong Kong

Steering Group's proposals and offer views such that the proposals can meet the need of the industry.

26. Since its establishment, the Steering Group has already promulgated for implementation streamlined measures covering various topics, including the building height restriction; landscape requirements; site coverage on greenery, building separation and building setback in Sustainable Building Design Guidelines; the application of design and disposition clause under lease; non-building areas and site coverage restriction through the joint practice notes, departments' practice notes and documents. The Steering Group has also consulted the Joint Sub-committee on three other topics, namely, the calculation and concession of gross floor area, whether premium needs to be charged in various situations where the LandsD in granting approval or consent under lease and exploring the use of self-certification by the industry in more areas relating to the private development projects approval process. The target is to promulgate their implementation as soon as possible.

27. Land development does not only involve the approval process of these three departments. As announced in the 2020 Policy Address, we have expanded the composition and remit of the Steering Group to cover vetting departments other than those under DEVB, with a view to reviewing more comprehensively the development approval process involving different aspects and rationalising the development-related requirements imposed by various departments. The expanded Steering Group has started its works which include Civil Engineering and Development Department's recent introduction of a pilot arrangement of "term consultancy" for engineering feasibility studies (EFS) for public housing developments in certain regions, thereby saving around 4 - 5 months procurement time for EFS in the development process of public housing. We are also drawing up other streamlining and rationalisation proposals under the expanded ambit with relevant departments, with the target of covering topics including traffic impact assessment, planning submission, preservation requirements, etc.. Apart from reviewing administrative procedures, we are also reviewing whether and how the statutory processes as stipulated in relevant legislations can be streamlined or expedited, including statutory town planning and road works procedures.

28. In the context of the revitalisation of industrial buildings (IBs), we launched in March 2021 a pilot scheme for charging land premiums at standard rates for lease modifications for redevelopment of IBs, which will run for a

period of two years. The pilot scheme aims to provide certainty on land premiums through promulgating a set of standard rates so as to expedite the completion of lease modification procedures for IB redevelopment. This will encourage revitalisation of IBs through facilitating their early transformation into uses more compatible with the needs of society, and thus optimise the use of land.

Development Projects Facilitation Office

29. To expedite housing supply, the Development Projects Facilitation Office (DPFO) was established under DEVB in December 2020 to facilitate the processing of development approval applications for larger-scale private residential developments (with 500 flats or more) leading up to the commencement of works. DPFO works with designated coordinators in the relevant bureaux and departments to ensure effective processing of applications. Currently, DPFO is tracking and monitoring the planning, lease modification/land exchange, building plans and superstructure consent applications for some 40 private residential development projects. During the first six months since its establishment, 16 residential development projects being monitored by DPFO have obtained the relevant approvals.

Impact of Enhanced Land Supply on Housing Yield

30. With concerted efforts under the above multi-pronged land supply strategy, the Government had identified 330 ha of land capable of providing 316 000 public housing units which would meet the public housing supply target of 301 000 units in the coming 10 years (i.e. 2021-22 to 2030-31) as set out in the Long Term Housing Strategy Annual Progress Report 2020. This is the first time in which the Government has projected delivery of a 10-year public housing supply capable of meeting the target for the period.

31. The public housing supply in the next 10-year period mainly comes from those NDAs and TCNTE where works have commenced as well as some sites originally earmarked for private housing but spared for public housing by the current term government (about 35%), sites which have been/will be rezoned for public housing development under the “land use review” (about 40%), and other projects (about 25%) which include the partial development of the Fanling Golf Course and a number of brownfield clusters with housing development potential and so on. Of these 316 000 units, about one-third (i.e. 108 000 units) are scheduled for completion in the first five-year period from

2021-22 to 2025-26. The other two-third (i.e. 208 000 units) fall within the second five-year period from 2026-27 to 2030-31. While the Government is examining room to streamline development processes, it would not be realistic to expect that efforts in this regard would be able to increase public housing supply in the next five years or so, when housing yield expected to be completed within this period should have started construction by now or should be starting construction shortly. To cope with shortfall in public housing in the short term, the Government has been pursuing relief measures under the housing policy. Looking beyond this 10-year period, HSK/HT and YLS being NDAs with works already commenced or at advanced planning stage respectively will continue to be the arsenal of housing supply, while the two “Strategic Growth Areas” (namely Central Waters Reclamation and NTN NDA) currently under study will play a pivotal role in sustaining the supply of new land for development.

32. There is no quick fix for the land and housing shortage problem as land supply takes time to materialise, and rightly so because it is also Government’s responsibility to ensure that developments would not impose unbearable pressure on existing and future population in terms of, for example, traffic impact, environmental impact, massive displacement of existing communities and quality of life. A set of necessary development procedures is required to transform a piece of “primitive land” (i.e. land not originally planned/zoned for development and/or not ready for housing works to commence) into a “spade-ready site” (i.e. land ready for commencement of works). Based on past experience, a typical process of rezoning a non-residential site involving land resumption and demolition for the development of public housing is at **Annex**. It is also noteworthy that the rezoning of multiple sites in the same region (concurrently or consecutively) will often generate grave local concerns over cumulative impact. For large-scale developments such as NDAs and reclamation projects, the overall development process will be even longer taking into account the need for holistic planning.

33. We will try to shorten the development process as much as possible. For instance, for phase one of the NTN NDA involving ST/LMC DN, DEVB has recently undertaken to work towards the target of starting works just five to six years after commencement of feasibility study, which is an aggressive target compared with the much longer timeframe required in the past in the case of KTN/FLN NDA and HSK/HT NDA (the works started after 9 to 11 years after commencement of feasibility study). While the Government is also examining other measures to streamline development processes (including amendment of relevant legislations of stipulated statutory requirements and strive for simultaneous implementation of certain processes).

CONCLUSION

34. Members are invited to note the annual report on the implementation of the multi-pronged land supply strategy and initiatives by the Government.

**Development Bureau
September 2021**

Annex

Typical process involved in rezoning a non-residential site for public housing development

