

Legislative Council Panel on Development

Initiatives of Development Bureau in the Chief Executive's 2021 Policy Address and Policy Address Supplement

INTRODUCTION

The Chief Executive delivered her Policy Address entitled “Building a Bright Future Together” on 6 October 2021. This is complemented by the Policy Address Supplement (PA Supplement). Relevant extracts from the two documents covering initiatives under Development Bureau (DEVB) are set out at **Annex**. This paper highlights the major initiatives therein.

POLICY ADDRESS AND PA SUPPLEMENT INITIATIVES

Hong Kong 2030+ Study

2. The final report of the “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” (Hong Kong 2030+) Study was released on 8 October 2021. Taking into account the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long Range Objectives Through the Year 2035 (the 14th Five-Year Plan) and the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), as well as the community’s aspirations for a better living environment, we have updated the land demand projections for three broad categories of land uses, viz housing, economic uses, as well as uses covering Government, Institution and Community (GIC) facilities, open space and transport infrastructure. The final projections suggest that from 2019 to 2048, the overall demand for land would be about 6 200 hectares (ha), considerably higher than the initial estimate of about 4 800 ha suggested in 2016. This is because the Government has taken a more visionary, forward looking and capacity creating approach in making the projections, assuming:

- (a) an enhancement in home space when working out the overall land requirement for accommodating demand for an additional 1 million housing units, which would translate into average living space per

person at 20 square metres/215 square feet (after an assumed 10 per cent home space enhancement) and 22 square metres/237 square feet (after an assumed 20 per cent home space enhancement);

- (b) much stepped up demand for land to drive economic development leveraging on the opportunities arising from the 14th Five-Year Plan and the Outline Development Plan for the GBA. It has assumed, for instance, a demand of at least 340 ha of land for promoting the development of science, innovation and technology-related industries; and
- (c) enhancement in the provision targets of GIC facilities, open space and transport infrastructure. For instance, the land per person ratio for open space has been increased to 3.5 square metres/38 square feet per person, higher than the assumed target of 2.5 square metres/27 square feet adopted in the Year 2016 round of projection and the actual provision of 2.7 square metres/29 square feet.

3. The Hong Kong 2030+ also reinforces the adoption of a multi-pronged land supply strategy, setting out overall land supply of 7 300 ha to meet the projected land requirement over the same 30-year period. This estimated supply comprises a committed land supply of about 3 200 ha (largely supply to be generated from various land development projects which are ongoing or are at relatively advanced stages of planning) and possible solution spaces of about 4 100 ha to be available in the medium to long term. The latter are regarded as "solution spaces" because they would help address the 3 000 ha of land shortfall when one takes the projected demand minus the committed land supply. The estimated overall land supply forms part of the conceptual spatial framework for the future development of Hong Kong. That framework shows a close-knit network of two metropolises (i.e. the Harbour Metropolis and the Northern Metropolis) and two development axes (i.e. Western Economic Corridor and Eastern Knowledge and Technology Corridor) with existing, committed and proposed urban nodes, and the conceptual transport links. The majority of solution spaces comes from potential supply from the two Metropolises, including 1 000 ha from Kau Yi Chau Artificial Islands representing an expansion of the Harbour Metropolis and close to 2 300 ha from the Northern Metropolis. The estimated overall supply would enable us to meet the shortfall in the medium to long term, while

allowing capacity to respond to the ever-changing circumstances in the years ahead.

Major land supply initiatives to be pursued/underway

4. We are pursuing/will pursue the following studies to look into various development opportunities:

- (a) San Tin/Lok Ma Chau Development Node – The study to finalise the land use proposals and draw up the detailed works design will commence in October 2021. In view of the Northern Metropolis Development Strategy (the Development Strategy), we will suitably adjust the study scope to cover additional area in the vicinity newly identified for the development of the San Tin Technopole.
- (b) NTN New Town and Man Kam To – The Planning and Engineering Study will commence in October 2021 to formulate land use proposals for the two development areas. In the study process, we will seek to extend the coverage to cover adjoining areas (such as the proposed Lo Wu (South) Station) as recommended under the Development Strategy.
- (c) Hung Shui Kiu/Ha Tsuen NDA – A review of the development intensity is underway. To follow up on the Development Strategy, we will carry out preparatory work for a study to examine expansion of the NDA to cover Lau Fau Shan and Tsim Bei Tsui and the development potential in areas from Lau Fau Shan to Pak Nai, with a view to commencing the study within 2022.
- (d) Kwu Tung North NDA – Detailed design of the Remaining Phase development of the NDA is underway. We will separately embark on the preparatory work for a new study to explore the development potential of the Ma Tso Lung area as recommended by the Development Strategy, with a view to commencing the study within 2022.
- (e) Lung Kwu Tan/Tuen Mun West – Our target is to seek funding approval from the LegCo in the first half of next year to kick start the planning and engineering study for the Lung Kwu Tan

reclamation (about 220 ha) and the re-planning of Tuen Mun West Area (about 220 ha). The study will look into different development options involving different combination of land uses.

- (f) Ma Liu Shui Reclamation – We will also revive the Ma Liu Shui Reclamation which, together with the relocation of the Sha Tin Sewage Treatment Works to caverns, will provide around 90 ha of land mainly for innovation and technology. Our target is to seek funding approval from the LegCo in the first half of next year to commence the related study.
- (g) Kau Yi Chau Artificial Islands – In December 2020, the Government obtained funding approval from LegCo for the studies related to the 1 000-ha artificial islands in the Central Waters. The studies commenced in June 2021. The development of the artificial islands can bring enormous social benefits to the future of Hong Kong, in terms of increasing supply of public housing, easing traffic congestion and providing more job opportunities
- (h) “Green Belt” Review – Rezoning is an important source of housing land supply in recent years, making up about 35% to 40% of the land for the 10-year public housing production in the LTHS, and sites on “Green Belt” zoning has been one of the major components of such rezoning efforts. As compared with the country parks (making up about 40% of land in Hong Kong), land zoned “Green Belt” (making up about 14.5% of land in Hong Kong) has relatively lower ecological value. Earlier rounds of “Green Belt” review, focusing on government land and sites with lower gradient and closer to built-up areas, has accounted for about 30% of the 210 sites identified for rezoning for residential development. The Planning Department will conduct a new round of review of land zoned “Green Belt”, this time targeting at sites with higher gradient and farther away from the built-up area but still with roads in the vicinity, and covering even private land. Our initial estimate is that the review will cover around 300 ha or 2% of land zoned Green Belt. The preliminary screening is expected to be completed in mid-2022. Technical studies to further ascertain the feasibility of selected sites will follow.

Progress of New Development Areas/New Town Extension projects

5. Meanwhile, several New Development Area (NDA) projects (including Kwu Tung North/Fanling North NDA, Hung Shui Kiu/Ha Tsuen NDA, Yuen Long South Development) and the Tung Chung New Town Extension (TCNTE) have been progressing well. These projects, together with massive formed land in Kai Tak and Anderson Road ex-quarry area, have become a major source of land supply, making up about 40% of the land for the 10-year public housing production in the Long Term Housing Supply Strategy (LTHS) from 2022-23 to 2031-32.

Land Resumption

6. In boosting housing land supply, we will also be making extensive use of the Lands Resumption Ordinance (Cap. 124) (LRO) and other applicable ordinances¹ to resume private land. The above NDA projects and other miscellaneous land development projects at more advanced stages of planning would involve resumption of as many as 700 ha of land, of which close to 500 ha are due for resumption in the five-year period from 2022-23 to 2026-27. This is much more than the 90 ha of land resumed in the past two years, and far exceeding the 20 ha over the five years' period before that.

Cavern Development

7. We are taking forward a number of projects for relocating government facilities to caverns. Construction of the main caverns for relocating the Sha Tin Sewage Treatment Works commenced in July 2021. Detailed design for relocating Diamond Hill Fresh Water and Salt Water Service Reservoirs to caverns will be completed within this year. We will also commence the investigation and design for relocating Public Works Central Laboratory in Kowloon Bay, Yau Tong Group Fresh Water and Salt Water Service Reservoirs and Tsuen Wan No. 2 Fresh Water Service Reservoir to caverns starting from end-2021.

¹ Such as the Roads (Works, Use and Compensation) Ordinance (Cap. 370)

Expediting Urban Renewal

District Planning Studies

8. URA has completed the District Study for Yau Ma Tei and Mong Kok (Yau Mong District Study) and the summary of findings and recommendations was reported to the Development Panel on 28 September 2021. URA will shortly engage various professional bodies and relevant stakeholders and seek their views on the recommended Master Renewal Concept Plan and implementation approach of the proposed planning tools including transfer of plot ratio and street consolidation areas. At the same time, we are working closely with URA to finalise the implementation details of such tools which could also be applicable to other districts and redevelopment projects by private sector where appropriate. Subject to further refinement and assessment as necessary, URA aims at promulgating guidelines and kick-starting the first batch of zoning amendments (whichever is applicable) in 2022.

9. With reference to the experience of the Yau Mong District Study, we have invited URA to commence similar district planning studies on the old districts of Tsuen Wan and Sham Shui Po with a view to formulating concept plans for the renewal of these two districts. The planning studies would, amongst others, examine the existing land use, road network, public open space and Government, Institution or Community facilities in the two districts and explore the scope for increasing development intensity. Subject to the approval of the URA Board, the two district planning studies would be commenced in due course, with a view to completion in around two years' time.

Reviewing Compulsory Sale Thresholds

10. The existing thresholds (viz. the majority owner owns not less than 80% of undivided shares in three classes of lots such as those with buildings all aged 50 years or more², and the 90% threshold for other cases) for applying for compulsory sale orders under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) have been in force for more than a

2 The other two classes are –

(a) a lot with units each of which accounts for more than 10% of the undivided shares in the lot; and
(b) a lot with all industrial buildings aged 30 years or above not located within an industrial zone.

decade. With the ageing building stock, we will explore the case for lowering the compulsory sale thresholds to expedite redevelopment of old and dilapidated buildings. We will conduct a policy review in the next 12 to 18 months, during which we will research into practices of other jurisdictions, research into cases of compulsory sales applications concluded over the years and gauge the views of the industry, owners' representatives as well as other stakeholders, with a view to putting forward policy recommendations thereafter. During the process, we will bear in mind the need to strike a balance between expediting urban renewal and protecting the right of owners holding private properties, particularly the interests of minority owners.

Streamlining Development Process

11. Pursuant to the 2017 Policy Address, a steering group was set up under the Planning and Lands Branch (PLB) of DEVB to examine how best to align and rationalise the standards and definitions involved in development approval processes involving departments under PLB's portfolio. With the close liaison with the industry through a dedicated sub-committee established under the Land and Development Advisory Committee, we have rolled out various streamlining measures relating to nine control parameters, such as building height restriction, landscape requirement, design and disposition clause under lease, site coverage restriction as well as gross floor area / plot ratio restriction. These measures minimise double handling between departments, rationalise the definitions and requirements of the control parameters, as well as increase transparency and certainty in the approval processes.

12. This year, we expanded the composition and remit of the Steering Group to include vetting departments other than those under DEVB, with a view to reviewing more comprehensively the development approval processes for both Government and private projects, and rationalising the development-related requirements imposed by different bureaux. Other than expediting administrative procedures, we are also reviewing whether and how the various statutory processes in seeking planning applications, road gazetting, land resumption, etc. can be streamlined or expedited. The major review directions include shortening statutory procedures (e.g. shortening the statutory timeline allowed for completion of the rezoning process), doing away with repetitive procedures (e.g. minimising the need for handling similar objections raised against the same project under different ordinances),

facilitating parallel processing of different procedures (e.g. allowing reclamation to take place while formulating land uses) and rationalising arrangements (e.g. confining rezoning applications to those with control over the land concerned). We plan to consult the LegCo on our specific recommendations in the first half of 2022, and seek to introduce legislative amendments within the same year. Opportunity will be taken to amend the Town Planning Ordinance to respond to public expectation for Government to better protect areas of high ecological value in certain rural areas subject to development pressure.

Extending “Standard Rates” for Land Premium Assessment to Land Exchange Applications in NDAs

13. Launched in March this year, the pilot scheme to provide an option for charging land premium at “standard rates” for redevelopment of industrial buildings (IBs) has been well received by the market. So far, five cases have opted for the “standard rates” approach for premium assessment, out of which four cases have accepted the land premium so assessed. By comparison, in the past three years (2018 to 2020), on average there were just three lease modification cases for IB redevelopment with premium accepted per year. For cases opting for the pilot scheme, the time required for agreement on premium assessment has been shortened significantly.

14. In view of the positive response of the market and the sector, DEVB will extend the “standard rates” approach for premium assessment to in-situ land exchange applications in NDAs under the “Enhanced Conventional New Town Approach”³. The proposed extension is a logical next step of applying “standard rates”, because sites in a NDA have a higher degree of similarities in development context as compared with other land in the New Territories. The “standard rates” approach may also facilitate the conclusion of more land exchange applications in the NDAs in a timely manner to expedite the supply of housing land. The Government is formulating the details of the new scheme, which is targeted to be launched in Q1 2022.

3 Under the “Enhanced Conventional New Town Approach” adopted for NDAs (currently applicable to the Kwu Tung North / Fanling North and Hung Shui Kiu / Ha Tsuen NDAs), the Government would, as a general rule, resume and clear all private land planned for developments, and dispose of the land planned for private developments in the market. Prior to the resumption and clearance of land, the Government may allow in-situ land exchange applications from land owners of sites planned for private developments, subject to their meeting specified criteria and conditions. Specific requirements are imposed on the applications, including those concerning the site area, development timetable, and compensation offered to tenants or occupiers by the applicants.

Other Initiatives

Investing in Capital Works

15. The Government will continue investing in infrastructure to enhance people's living quality, support society's economy and long term development as well as uplift Hong Kong's competitiveness. In response to the economic impact under pandemic, we will also position infrastructure investment as the major counter-cyclic measure in stimulating the economy. In this Legislative session, the approved funding for public works projects has reached a record high of \$230 billion. We expect the Government's annual capital works expenditure will exceed \$100 billion in coming years.

16. In past few years, the Government has proactively implementing strategic measures to enhance cost monitoring and project governance to improve cost-effectiveness. Recently, it is encouraging to see in the Arcadis 2021 International Construction Cost Index that the ranking of Hong Kong's construction cost has dropped from the third to the eighth.

Energizing Kowloon East

17. Since the announcement of the Energizing Kowloon East initiative in 2011, the supply of commercial floor space in Kowloon East has increased by 70% to about 2.9 million square metres at present. Together with an additional provision of about 1 million square metres from projects under construction or approved, the supply will further increase to about 3.9 million square metres in the next few years. Various tasks, including carrying out studies aiming to release development potential of sites occupied by government facilities, undertaking projects to improve connectivity and enhance the environment etc. are in progress to facilitate transformation of Kowloon East into another core business district of Hong Kong.

Construction 2.0

18. DEVB will continue to implement Construction 2.0 and lead the construction industry to make change by advocating "Innovation", "Professionalisation" and "Revitalisation" to uplift productivity as well as widely employ innovation and technology in tackling the challenges such as

manpower demand and construction cost. To further reform the construction industry as well as enhance project performance, we are actively preparing to host an International Construction Leaders Summit next year to collect views of and formulate strategies with various stakeholders.

Construction Innovation and Technology Fund (CITF)

19. The \$1 billion CITF set up in October 2018 has so far approved more than 2 000 applications, benefitted over 780 enterprises for their adoption of MiC, Building Information Modelling (BIM) and other advanced construction technologies, and subsidised about 11 000 training places for practitioners for attending technology-related training.

Wider Adoption of Modular Integrated Construction (MiC)

20. The Government has continued to drive the MiC policy since 2017 Policy Address. A number of pilot projects have been completed since then. During the pandemic, adoption of MiC enabled the speedy completion of a large number of quarantine facilities and the North Lantau Hospital Hong Kong Infection Control Centre facilitating Hong Kong to fight against COVID-19. Currently, there are more than 60 projects adopting MiC, which include projects under public organisations and non-governmental organisations such as Hong Kong Housing Society, Hong Kong Housing Authority, URA, Hospital Authority, Hong Kong Council of Social Service, etc.

Adoption of Innovative Technologies

21. Apart from financial support via the CITF, we specified in new capital works contracts with estimate exceeding \$300 million the requirement to adopt digital works supervision system (DWSS) to strengthen project supervision. So far, over 90 active public works contracts with a total value of \$150 billion have adopted DWSS. The feedback from the industry is positive, and affirms that the system can greatly enhance the productivity, reduce paperwork and reduce the risk of recording errors. Moreover, we are also implementing the integrated capital works platform in phases for continuous monitoring and review of various project performance with a view to enhancing the management of the Capital Works Programme.

Construction Manpower Development

22. Hong Kong Institute of Construction (HKIC), with about 60 000 trainees completed its programme every year, continued to strive to provide clear career advancement pathways and quality training programmes for workers to meet anticipated market demand and raise the skill level of the construction industry. Its Certificate in Construction Programmes and Diploma in Construction Programmes have been accredited under the Qualification Framework by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. The HKIC also aims to make full use of its existing training facilities to enhance training to meet the needs of the industry, especially in the adoption of technologies including BIM, MiC, etc.

3D Digital Underground Utilities Database

23. We are planning to develop an accurate 3D digital underground utilities database with a view to facilitating the construction industry to plan and conduct the underground works efficiently and reducing road closure time resulting from the excavation works, thereby benefiting the community as a whole. The database is expected to be progressively established in 2023.

Smart Waterworks

24. We adopt innovative technologies proactively for waterworks management and maintenance, which not only improve the operational efficiency but also further foster the “Smart Government” initiative. The related measures include developing “digital twins” of major water treatment works and appropriate water supply networks for real-time monitoring and scenario simulation to enhance operation performance and reliability as well as exploring application of robotics and artificial intelligence for inspection and maintenance of waterworks.

Embrace Opportunities in GBA

25. Through the earlier GBA registration system established by DEVB in collaboration with the Mainland Authorities, a number of architectural and engineering consultant firms on the Hong Kong Special Administrative Region (HKSAR) Government’s approved lists and related registered professionals

have been successfully registered. Qianhai of Shenzhen and Hengqin of Zhuhai have also promulgated similar registration systems, covering contractors on the HKSAR Government's approved lists. DEVB will continue to liaise closely with the Mainland Authorities to facilitate Hong Kong's construction sector in exploring business opportunities for better integrating into the overall development of the country.

CONCLUSION

26. Members are invited to note the contents of this paper and provide comments.

Development Bureau
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