

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, 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 and progress in pursuing those initiatives.

POLICY ADDRESS AND PA SUPPLEMENT INITIATIVES

Release of Report on 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).

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 supply of about 4 100 ha to be available in the medium to long term. The latter include 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, for which the Chief Executive promulgated a development strategy in the Policy Address. 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

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

- (a) San Tin/Lok Ma Chau Development Node – Following approval of funding by the Finance Committee of Legislative Council (LegCo) in mid-2021, we commenced a study in October 2021 to finalise the land use proposals and draw up the detailed works design. In view of the Northern Metropolis Development Strategy (the Development Strategy), we have suitably adjusted the study scope to cover additional area newly identified for the development of the San Tin Technopole.
- (b) New Territories North New Town and Man Kam To – Following approval of funding by the Finance Committee of LegCo in mid-2021, the Planning and Engineering Study commenced in October 2021 to formulate land use proposals for the two development areas. We have also extended the coverage of the study area to cover adjoining areas (such as the proposed Lo Wu (South) Station) as recommended under the Development Strategy.
- (c) Hung Shui Kiu/Ha Tsuen New Development Area (NDA) – A review of the development intensity is underway. To follow up on the Development Strategy, we are carrying 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/Fanling North NDA – Detailed works design of the Remaining Phase development of the NDA is underway. The review of land uses for certain land parcels and development intensities of the NDA is near completion. We will initiate the statutory planning processes to rezone the concerned sites and increase the plot ratio or building height of the NDA later this year. We are embarking on 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 this 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 88 ha of land mainly for innovation and technology. Our target is to commence the related study in the first half of this year.
- (g) Kau Yi Chau Artificial Islands – The studies related to the 1 000-ha artificial islands in the Central Waters commenced in June last year and have been taken forward at full throttle. We target that, in the fourth quarter of this year, preliminary proposals can be made on the reclamation extent, land use, transportation infrastructure and routing, and financing options. We will listen to the public's opinions on the proposals at that time. Streamlined procedures are being studied with an aim to commence reclamation as soon as possible.
- (h) “Green Belt” Review – We have commenced a new round of “Green Belt” Review to examine the alternative land use potential of around 300 ha of land zoned Green Belt. Subject to preliminary findings to be available in mid-2022, technical studies to further ascertain the feasibility of selected sites will follow.

- (i) Yuen Long South Development – The detailed works design for the First Phase development is near completion. We will soon seek funding approval for the site formation and infrastructure works for the First Phase development, as well for the detailed works design for the subsequent phases.

Land Resumption

5. To meet the housing and economic needs of Hong Kong, we have continued to make extensive use of statutory land resumption powers under the Lands Resumption Ordinance (Cap. 124) (LRO) and other relevant ordinances to resume private land for different development projects, including those for NDAs and public housing. Looking ahead, we have plans to resume as many as 700 hectares (ha) of land in the run up to 2030 for projects which are more advanced in planning. Specifically, for the five-year period between 2022-23 and 2026-27, we aim to resume around 500 ha of land, which include the further phases of Kwu Tung North and Fanling North NDAs and Hung Shui Kiu/Ha Tsuen NDA, the initial phases of Yuen Long South Development Area, and various public housing developments. This magnitude is on top of nearly 120 ha of land resumed in the recent three years (2019-20 to 2021-22), and far exceeds the 20 ha over the five-year period before that.

Cavern Development

6. 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 has substantially completed in 2021, and the construction works are targeted to commence this year after obtaining funding approval from the LegCo. The feasibility study of relocating Tuen Mun Water Treatment Works to caverns and the investigation and design¹ for relocating Public Works Central Laboratory in Kowloon Bay to caverns were commenced in October and December 2021 respectively. We will also commence the investigation and design for relocating Yau Tong Group Fresh

¹ The investigation and design also cover the “Building of Government Records Service’s Archives Centre” project.

Water and Salt Water Service Reservoirs and Tsuen Wan No. 2 Fresh Water Service Reservoir to caverns in 2022.

Multi-pronged approach to expedite the pace of Urban Renewal

7. To cope with the rapid ageing of building stock, we have been adopting a multi-pronged approach to expedite the pace of urban renewal. At the planning stage, taking into account feedback from the stakeholders on the district planning study for Yau Ma Tei and Mong Kok (YMDS), the Government is now working with the Urban Renewal Authority (URA) with a view to initiating the first batch of amendments to the relevant Outline Zoning Plans in Yau Mong districts within 2022 to permit interchangeability between domestic and non-domestic plot ratio, increase the plot ratio for the Nathan Road commercial spine and rezone certain character streets to encourage flexibility for commercial uses and vibrancy. At the same time, we are working on the draft Town Planning Board guidelines to pilot the transfer of plot ratio in Yau Mong districts. Separately, with the experience gained in the YMDS, the URA will soon commission consultants to conduct district planning studies on Tsuen Wan and Sham Shui Po to formulate district renewal plans.

8. As part of the multi-pronged approach, we have commenced a policy research on lowering the compulsory sale thresholds and improving the operation of the regime under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545), and plan to come up with proposals around mid-2022. Specifically, we are considering whether different compulsory sale thresholds should apply to buildings of different ages and examining whether there is room to streamline the existing legal process. In the course of formulating the proposals, due consideration would be given to safeguarding the interests of minority owners.

Streamlining Development Process

9. With a view to expediting land and housing supply, DEVB is working assiduously with relevant bureaux and departments, including the Department of Justice, to review various statutory processes under development-related legislation, including Town Planning Ordinance (Cap. 131), LRO, Foreshore and Sea-bed (Reclamations) Ordinance (Cap. 127), and Roads (Works, Use and Compensation) Ordinance (Cap 370), etc.

10. The major review directions include (a) streamlining and shortening statutory procedures (e.g. shortening the statutory timeline allowed for completion of a rezoning process); (b) avoiding repetitively executing procedures of a similar nature (e.g. minimising the need for handling similar objections to the same project under different ordinances); (c) allowing departments to run different procedures in parallel (e.g. allowing reclamation to take place while formulating land uses); and (d) rationalising arrangements (e.g. confining rezoning applications to those applicants with control over the land concerned). We plan to consult this Panel on our specific recommendations in March, and seek to introduce legislative amendments within this year.

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

11. The Government launched a pilot scheme in March 2021 for charging land premium at standard rates for redevelopment of aged industrial buildings (IBs) as a novel attempt to expedite the completion of lease modification procedures. Taking into account the positive feedback received, we are going to extend the option of standard rates to in-situ land exchange applications in NDAs under the “Enhanced Conventional New Town Approach”². This will allow us to test out the approach for sites with a higher degree of similarities in development context within the New Territories, and facilitate the conclusion of more land exchange applications in NDAs in a timely manner to expedite the supply of housing land. We are working out the details of the scheme for announcement before the end of March 2022.

² 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.

Single Site, Multiple Use

12. The initiative of “single site, multiple use” (SSMU) to facilitate multi-storey “Government, Institution or Community” (GIC) projects incorporating various public facilities starts to bear fruit. To tap the \$22 billion set aside for the first batch of projects, we target to seek funding approval from the LegCo within this year to kick start the construction works of a joint-user complex (JUC) at the former Anderson Road Quarry with a view to providing sports, leisure and social welfare facilities to the community. We will continue to take forward the planning and preparatory work for other SSMU projects, such as the redevelopment of Tuen Mun Clinic, the proposed JUCs in Fo Tan and Tseung Kwan O and the proposed ambulance depot cum GIC facilities in Sheung Wan.

Investing in Capital Works

13. 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 the 2020-21 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 continue to increase and exceed \$100 billion in coming years.

Harbourfront Enhancement

14. Our harbourfront underwent major enhancements over the last year. Recently, two new promenades, namely the Pierside Precinct (Phase 2) as well as the Water Sports and Recreation Precinct (WSP) (Phase 2), were opened in late 2021, extending the promenade along the Victoria Harbour by one kilometre to 25 kilometres. Meanwhile, works for the Revitalised Typhoon Shelter Precinct is expected to be completed by mid-2022 as scheduled.

15. We plan to brief Members of the Panel on the proposed development of the Open Space at Eastern Street North, Sai Ying Pun in February 2022. The project, with a 440-metre-long harbour frontage, is located between Sun Yat Sen Memorial Park and Western Wholesale Food Market, featuring a

landscaped garden, a promenade forming part of a continuous promenade along the harbourfront, feature play and fitness equipment and ancillary facilities. We aim to seek funding approval for the project from the Finance Committee in the second quarter of 2022. To highlight the importance the Government attaches to harbourfront enhancement, the Principal Assistant Secretary (Harbour) post in DEVB was retitled as Commissioner for Harbourfront in January 2022.

Construction 2.0

16. 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.

Wider Adoption of Modular Integrated Construction (MiC)

17. 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 70 projects adopting MiC, and some of them have been completed, which include projects under the Architectural Services Department as well as 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

18. Apart from financial support via the Construction Innovation and Technology Fund (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, about 100 public works contracts with a total value of \$160 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.

Enhanced efforts in promoting technology adoption and manpower development

Construction Innovation and Technology Fund (CITF)

19. Up to end of 2021, the \$1 billion CITF set up in October 2018 has approved more than 2 200 applications with a total fund grant of about \$570 million, benefitted over 830 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. Since the launch of CITF, there has been a prominent increase in the number of construction projects adopting innovative technologies such as BIM, MiC, and various advanced construction technologies, which is conducive to boosting productivity, uplifting build quality, improving site safety and enhancing environmental performance of the industry. After taking into consideration the views collected from the industry during the mid-term review on the CITF conducted in mid-2021, we launched a series of enhancements (including extending the funding scope and uplifting the funding ceiling) to the CITF in January 2022 to meet the needs of the industry. Noting that the industry generally considered the CITF effective in helping the industry to adopt innovative technologies, we are considering the need of an injection to the CITF to continue implementing the enhancement measures and supporting the industry to adopt innovation technology.

Applied Research and Development (R&D) in Public Works Projects

20. We will continue to coordinate efforts of works departments and consider deploying additional resources for further promoting applied R&D in public works projects. Through the adoption of innovative construction methods, new materials and digital technology, the construction time and cost can be reduced and hence the overall productivity of the construction industry can be uplifted.

Centre of Excellence for Major Project Leaders

21. We established the Centre of Excellence for Major Project Leaders in 2019 and have received positive feedback from the industry on our work and the effectiveness of the programmes. We will consider deploying additional resources to provide high-level training programmes to uplift the delivery capability of relevant project managers.

Construction Manpower Development

22. Hong Kong Institute of Construction (HKIC) trains about 4 000 full-time and 58 000 part-time trainees every year. It has continued to strive to provide clear career advancement pathways and quality training programmes for workers, especially in the adoption of technologies, 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. We are working with the Construction Industry Council in considering deploying additional resources to meet the sustained manpower demand for the implementation of the major infrastructure projects in the pipeline.

23. For the above measures to enhance our efforts in promoting technology adoption and manpower development, we will seek the necessary funding approval from the Legislative Council in accordance with the established mechanism.

Energizing Kowloon East

24. 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.

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
February 2022