

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 (CE-in-C) providing an update on the work of the Government in increasing land supply in 2021-22. Following the practice in recent years, the report is now circulated to Members for information.

MULTI-PRONGED LAND SUPPLY STRATEGY

2. To address the pressing housing problem, the Task Force on Land Supply (TFLS) was set up at the beginning of the fifth-term Government to forge community consensus, with a view to formulating the overall strategy on land supply. The eight priority land supply options¹ identified by TFLS and fully accepted by the Government, together with other land supply initiatives announced by the current term of Government, have laid the foundation of the Government's multi-pronged land supply strategy.

3. The strategy has started to bear fruits. The year 2020 was the first time in years where the Government had identified sufficient land capable of meeting the ten-year public housing demand in the Long Term Housing Strategy public housing units. In late 2021, the Government announced the identification of about 350 ha of land capable of producing some 330 000 public housing units in the coming ten years (i.e. 2022-23 to 2031-32), more than meeting the public housing demand of around 301 000 units during the period.

¹ The eight land supply options recommended by TFLS include (a) expediting brownfield development, (b) unleashing development potential of private agricultural land in the New Territories, (c) development of the 32 hectares (ha) of land east of Fan Kam Road of Fanling Golf Course for the purpose of housing development, (d) expediting studies on near-shore reclamation projects, (e) expediting studies on the 1000-ha artificial islands in the Central Waters, (f) continuing cavern and underground space development and studies, (g) pressing ahead with new development area projects and (h) commencing studies on the River Trade Terminal site and the coastal areas of Tuen Mun.

4. The public housing supply in the next ten-year period mainly comes from New Development Areas (NDAs) and large scale development projects (about 39%), individual sites which have been/will be rezoned for public housing development (about 36%) and other projects (about 25%) including development of brownfield clusters, redevelopment of the Hong Kong Housing Authority (HKHA)'s factory estates and part of Siu Ho Wan Depot site topside development, etc. Beyond this ten-year period, projects under planning (such as San Tin/Lok Mau Chau Development Node, New Territories North (NTN) New Town and Man Kam To as well as Kau Yi Chau (KYC) Artificial Islands) will be the arsenal of housing supply.

HONG KONG 2030+: TOWARDS A PLANNING VISION AND STRATEGY TRANSCENDING 2030

5. Maintaining a steady land supply and identifying new sources of supply are paramount to sustaining Hong Kong's growth. To this end, "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" (Hong Kong 2030+) Study has set out the territorial spatial development strategy for the city from 2019 to 2048.

6. The final report of the Hong Kong 2030+, released in October 2021, suggests that from 2019 to 2048, there would be a demand for about 6 200 ha of land, while the Government's multi-pronged land supply strategy would produce an overall land supply of 7 300 ha to meet the projected land requirement. This estimated supply comprises a committed land supply of about 3 200 ha and possible solution spaces of about 4 100 ha to be available in the medium to long term. 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

7. The estimated committed land supply would largely be generated from various land development projects which are ongoing or are at relatively advanced stages of planning, as follows.

New Development Areas / New Town Extension

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

- (a) **Tung Chung New Town Extension** – Reclamation works at Tung Chung East commenced in end-2017 and will be completed in 2023. Since 2020, six parcels of reclaimed land have been handed over to HKHA for public housing developments and the Lands Department (LandsD) for land sale. The first population intake is expected in 2024;
- (b) **Kwu Tung North/Fanling North (KTN/FLN) NDA** – Land clearance, site formation and infrastructure works are in full steam for Phase 1, with the first population intake for private housing expected in 2023 and public housing in 2026;
- (c) **Hung Shui Kiu/Ha Tsuen (HSK/HT) NDA** – The First Phase development works commenced in July 2020. This phase involves the construction of a dedicated rehousing estate serving affected residents from 2024 onward, and the formation of the first batch of sites for multi-storey buildings (MSBs) for brownfield operations; and
- (d) **Yuen Long South (YLS)** – The YLS development is planned to provide about 33 000 housing units (including about 22 000 public housing units) in three phases. With funding approval of the Legislative Council (LegCo) obtained on 10 June 2022, we target to start works for Phase 1 and detailed design for Phase 2 and part of Phase 3 soon. The first phase development would produce about 4 300 public housing units in 2028.

Developing Brownfield Sites

9. Among the some 1 500 ha of brownfield sites in the New Territories, over 860 ha will gradually be redeveloped for housing and other suitable land uses under various projects. Of the 450 ha lying outside such project areas but may have higher development potential, the Planning Department completed a two-phased review in 2019 and early 2021 respectively. Twelve brownfield clusters situated at North, Yuen Long, Tuen Mun and Tai Po Districts have been identified, which are estimated to be able to provide over 30 000 public housing units upon redevelopment. We are conducting the Engineering Feasibility Studies of these brownfield clusters and expect them to be completed progressively from 2022. In addition, we have commenced a land use review study for the area in the vicinity of the proposed Ngau Tam Mei Station of the Northern Link (NOL) (involving about 18 ha of scattered brownfield sites) to unleash the development potential brought by the NOL. The study is expected

to complete in the first half of 2023.

10. For displaced brownfield operators, whilst we have been providing financial and administrative assistance to facilitate relocation, we see a case for consolidating suitable brownfield operations into more land-efficient, properly-fitted yet affordable accommodation, such as specially designed and built MSBs. To this end, we have engaged a consultant for a market sounding exercise to ascertain market interest in developing and operating MSBs that would facilitate relocation of displaced brownfield operations. We have reserved land in HSK/HT NDA and Yuen Long for the development of MSBs which are expected to set aside floor space for accommodating compatible industrial operations that are displaced. Our target is to consult the LegCo Development Panel later in the year on the proposed implementation arrangements.

Rezoning

11. The Government has identified, through on-going land use reviews in the past years, over 210 sites with housing development potential in the short to medium term, capable of providing over 310 000 flats in total (over 70% for public housing). As at May 2022, 151 sites (involving an estimated 216 800 flats) have been rezoned or allocated for housing development and 18 sites (involving an estimated 67 600 flats) are undergoing rezoning procedures.

12. The identification and rezoning of suitable sites for housing development is an on-going effort of the Government. To follow up on an initiative under the 2021 Policy Address, we are examining the land use potential of around 300 ha of land zoned “Green Belt”. Subject to preliminary findings to be available later this year, technical studies to further ascertain the feasibility of selected sites will follow.

Other Land Use Reviews

13. The fifth-term Government has intensified the Government-led planning efforts in various aspects, including –

- (a) **Review of Private Land zoned for High-density Housing Development** – Following a review, the CE-in-C authorised the resumption of three private land parcels in Fanling and Yuen Long for subsidised housing development in end April 2022. Land clearance is in progress and the three land parcels will be available for site formation and construction in the latter half of 2022. They are

estimated to produce around 1 660 flats. First population intake is expected in 2027;

- (b) **Three Urban Squatter Areas** – Studies on redeveloping these three urban squatter areas have been completed. The statutory rezoning procedures for Cha Kwo Ling Village commenced in December 2021 whereas those for Ngau Chi Wan Village and Chuk Yuen United Village will commence within June 2022. It is estimated that the three developments will provide a total of 8 700 public housing units in phases starting from 2029; and
- (c) **Partial Development of Fanling Golf Course** – We have recently completed 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. The technical study recommended developing the northern part of the site which is less ecologically sensitive for public housing development, providing about 12 000 units. The remaining part of the site with higher ecological values is recommended for conservation cum recreation uses. The statutory process for consideration of the Environmental Impact Assessment has recently commenced while the statutory town planning process is being taken forward.

Land Sharing Pilot Scheme

14. The Land Sharing Pilot Scheme, 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. As of June 2022, five applications involving about 17 300 public housing/Starters Home units and 7 800 private housings units have been received². The applications are at different stages of processing. Subject to the readiness of the applications and recommendations of the Panel of Advisors, we will seek the CE-in-C's in-principle endorsement.

Siu Ho Wan Depot Site

15. To unleash the development potential of existing land, the fifth-term Government has been encouraging the MTR Corporation Limited (MTRCL) to explore utilising more railway land for housing development through innovative

² The actual number of flats to be provided is subject to technical assessments and the Government's approval.

thinking, serving people's needs for housing and commuting. All the statutory processes for Phases 1 to 3 of the topside development of the Siu Ho Wan Depot Site of the MTRCL (15 000 housing units, comprising 10 720 private and 4 280 public), including town planning, road and railway works, etc. have been completed. We are now concluding the land exchange transaction with MTRCL, subject to which MTRCL is expected to invite tender for the first property development package within 2022-23 financial year for first intake in around 2030. The last phase (6 200 public housing units) will be taken forward after completion of Phase 3 upon the new infrastructures coming on stream.

Solution Spaces

16. The majority of solution spaces in the medium to long term comes from potential supply from the two Metropolises, including 1 000 ha from KYC Artificial Islands representing an expansion of the Harbour Metropolis and close to 2 300 ha from the Northern Metropolis.

Northern Metropolis Development Strategy

17. The Northern Metropolis Development Strategy (NMDS) announced alongside the 2021 Policy Address proposes a strategic plan to develop the northern part of the New Territories to meet the medium to long term land requirements. While the Northern Metropolis encompasses a number of projects already being pursued, the NMDS has put forward additional land development proposals, amounting to about 600 ha of housing and economic land. In the light of the NMDS, the investigation study of the San Tin/Lok Ma Chau Development Node (expanded to become part of the San Tin Technopole) as well as the planning and engineering study for NTN New Town and Man Kam To (with Man Kam To repositioned as Lo Wu/Man Kam To Comprehensive Development Node) commenced in October 2021 and are targeted for completion in about two to three years. New studies will commence within this year to study the expansion of HSK/HT NDA to cover the Lau Fau Shan/ Tsim Bei Tsui/ Pak Nai areas and expansion of KTN NDA to cover the Ma Tso Lung area. On current showing, it is expected that site formation for around 40% of the development land within Northern Metropolis would be completed in the next ten years.

Lantau Tomorrow Vision

18. The studies related to the 1000-ha artificial islands in the Central

Waters³ 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 KYC 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. We expect to come up with preliminary proposals in four aspects in the fourth quarter of 2022, namely the reclamation extent, transportation infrastructure and routing, broad land uses and financing options, for tapping public views. While the original timetable is to commence reclamation in 2027 for the first batch of population intake in 2034, the streamlining of the legal and relevant administrative procedures would help advance the timetable.

Lung Kwu Tan Reclamation/Replanning of Tuen Mun West

19. 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 off LKT and re-planning of another 220 ha at TMW, which together would have potential of supporting a mix of land uses including housing, commercial, industrial and other beneficial/required uses. This can also leverage on the opportunities brought by the NMDS, contributing to our land supply in the medium to long term. We are preparing to seek the LegCo's funding approval within 2022 for a planning and engineering study to establish the reclamation extent, land uses and development proposals.

Other Near-shore Reclamation Projects

20. For other near-shore reclamation projects, the Government obtained funding approval from LegCo in February 2021 for the engineering study on Road P1 (Tai Ho - Sunny Bay Section), involving reclamation at Siu Ho Wan. The Government will commence an Engineering Study for Ma Liu Shui Reclamation by July 2022 which, together with the land to be vacated by the relocation of the Sha Tin Sewage Treatment Works to caverns, will provide around 88 ha of land, mainly for innovation and technology development.

³ 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.

Cavern Development

21. The Government is taking forward a number of projects for relocating government facilities (e.g. Diamond Hill Fresh Water and Salt Water Service Reservoirs, Public Works Central Laboratory, Yau Tong Group Fresh Water and Salt Water Service Reservoirs and Tsuen Wan No. 2 Fresh Water Service Reservoir and Tuen Mun Water Treatment Works) to caverns and it is expected that, starting from 2027, more than 40 ha of land will be released progressively for housing and other beneficial uses. Construction of the main caverns for relocating the Sha Tin Sewage Treatment Works commenced in July 2021 and are progressing well.

OTHER ENHANCEMENT MEASURES

Expediting the Pace of Urban Renewal

22. 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, in response to the findings and recommendations of the District Study for Yau Ma Tei and Mong Kok (YMDS) conducted by Urban Renewal Authority (URA), the Government aims at initiating the first batch of amendments to the relevant Outline Zoning Plans within 2022 to, among others, permit interchangeability between domestic and non-domestic plot ratio in selected areas within these two districts as well as increase the plot ratio for the Nathan Road commercial spine. Moreover, based on experience gained in YMDS, URA will be commissioning consultants in the third quarter of 2022 to conduct district planning studies for Tsuen Wan and Sham Shui Po for completion in around two years' time.

23. In parallel, as announced in the 2021 Policy Address, the Government has embarked on policy review on possible measures to update and enhance the compulsory sale regime under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) to facilitate redevelopment of aged buildings. The Government aims at coming up with proposals for consultation with the LegCo and stakeholders later in the year.

Revitalisation of Industrial Buildings

24. The fifth-term Government re-launched the Revitalisation Scheme of Industrial Buildings in 2018, with a set of facilitation measures. Two

time-limited measures⁴, which were to allow Industrial Buildings (IBs) redevelopment to exceed permitted plot ratio by no more than 20% and exempt the waiver fees chargeable for wholesale conversion, were further extended to October 2024, given the encouraging market response. As at April 2022, a total of 66 applications for relaxation of maximum plot ratio for redevelopment proposals were approved, providing a total gross floor area of about 1 382 000 square metres. Separately, six applications for wholesale conversion have been approved by the Town Planning Board.

Introduction of Standard Rates for Land Premium

25. In March 2021, the Government launched the two-year Pilot Scheme for charging land premium at standard rates for lease modifications involving redevelopment of IBs (Pilot Scheme for IBs) to provide applicants of lease modification for redevelopment of pre-1987 IBs with an option of having land premium charged at standard rates. As compared with the conventional premium assessment mechanism, the Pilot Scheme for IBs emphasises upfront certainty in land premium through the promulgation of a set of standard rates in advance. As at end May 2022, applicants of ten eligible lease modifications have opted for standard rates under the Pilot Scheme. Out of them, eight cases have had land premium agreed with LandsD, and the remaining two cases are under processing. To allow more time for IB owners to plan for redevelopment and for the Government to gather more experience for a review, the Pilot Scheme has been extended for one year to March 2024, during which the previously announced standard rates will remain unchanged.

26. The Government announced in March 2022 the extension of charging land premium at standard rates to lease modifications under the Enhanced Conventional New Town Approach for NDAs. LandsD promulgated the applicable standard rates for land premium assessment for the Remaining Phase of the KTN and FLN NDAs in end March 2022, and will promulgate those for the HSK/HT NDA later this year. Based on experience gathered, the Government will consider extending the standard rates approach to other developments involving rural land in the New Territories.

⁴ The other four measures include (1) facilitating for community-led transitional housing proposals for conversion of IBs; (2) relaxing the waiver application to permit certain uses for arts and cultural sectors, creative industries, and innovation and technology sectors; (3) promulgating a broader definition for “godown” use under lease provisions; and (4) broadening of permissible use of buffer floors.

STREAMLINING PROCEDURES

Streamlining Development Processes

27. The Steering Group on Streamlining Development Control (Steering Group) set up under DEVB has since the beginning of this term of Government been examining how best to align and rationalise the standards and definitions involved in development approval processes under DEVB's family of departments. The Steering Group has so far rolled out streamlining measures relating to 11 aspects, covering building height restriction, landscape requirement, design and disposition clause under lease, site coverage restriction as well as gross floor area/plot ratio restriction. The composition and remit of the Steering Group has later expanded to cover other departments involved in the development approval processes, with a view to reviewing more comprehensively the processes.

28. Administrative procedures aside, we have embarked on a review of development-related statutory processes as laid down under different pieces of legislation. DEVB announced for consultation in March 2022 a package of legislative proposals covering the Town Planning Ordinance (Cap. 131), Lands Resumption Ordinance (Cap. 124), Foreshore and Sea-bed (Reclamations) Ordinance (Cap.127), Roads (Works, Use and Compensation) Ordinance (Cap. 370), and Railways Ordinance (Cap. 519). The proposals aim to (a) streamline and shorten certain statutory time limits; (b) avoid repetitively executing procedures of a similar nature; (c) provide an express mandate for government departments to proceed with different procedures in parallel; (d) rationalise obsolete or ambiguous arrangements; and (e) streamline miscellaneous processes for more effective use of public resources. These proposals, if materialised, would have the benefits of shortening the time required for the land production process in the years ahead. We are engaging various stakeholders, including statutory bodies, industry representatives, professional institutes, think tanks, and green groups, etc. to gauge views. Our target is to introduce the amendment bill(s) into the LegCo by end 2022 to take forward the proposals.

Development Projects Facilitation Office

29. To expedite housing supply, the fifth-term Government established the Development Projects Facilitation Office (DPFO) 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 50 private residential development projects. Up to April 2022, 48 residential development projects tracked or being monitored by DPFO have obtained the relevant approvals. These projects are at different stages and involve a potential supply of about 70 000 residential units tentatively.

FOR INFORMATION

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

**Development Bureau
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