

## **Legislative Council Panel on Development**

### **Initiatives of Development Bureau in the Chief Executive's 2017 Policy Address and Policy Agenda**

#### **INTRODUCTION**

The Chief Executive delivered her Policy Address entitled “We Connect for Hope and Happiness” on 11 October 2017. This is supported by the Policy Agenda which sets out the Government’s new and on-going initiatives. This paper elaborates on those initiatives under Development Bureau (DEVB).

#### **POLICY ADDRESS AND POLICY AGENDA INITIATIVES**

2. An extract of all the new and on-going initiatives under DEVB as contained in the Policy Agenda is at **Annex I**. The major items are highlighted in the paragraphs below.

#### **Initiatives under the purview of Planning and Lands Branch**

##### **Task Force on Land Supply**

3. We are taking a multi-pronged approach to increase land supply. Subject to the completion of necessary studies and statutory processes, we hope to deliver land supply capable of producing some 380 000 housing units in the short to medium term and some 220 000 housing units in the medium to long term. Land use planning and development require sustained efforts, catering not only to imminent demands but also future needs. According to the projections promulgated under the Hong Kong 2030+ Study to examine the strategic planning blueprint for Hong Kong, there would be an estimated shortfall of at least 1 200 hectares of land for housing, economic and Government, Institution or Community facilities over the next 30 years.

4. While continuing with on-going efforts, the Government wishes to engage all sectors of the community to consider the difficult questions of land supply in an inclusive, open and rational manner. To this end, the Chief Executive appointed the Task Force on Land Supply in September 2017 to lead a major public engagement exercise aiming at examining the pros and cons of different land supply options in a thorough and macro manner, with a view to achieving the broadest consensus. The Task Force is examining the different land supply options and sizing up the situation. Tentatively, the Task Force is planning to carry out public engagement from March to July 2018, and to submit its recommendations on an overall land supply strategy to the Chief Executive by the end of November 2018.

### **Operation Building Bright 2.0**

5. It has all along been Government's position that owners should take primary responsibility for the proper maintenance of their properties. That said, we recognise that some owners, though willing, may have genuine difficulties in carrying out the necessary maintenance due to their lack of financial means, technical knowledge and organisation ability, especially those of "three-nil" buildings<sup>1</sup>. Dilapidated buildings will pose immediate danger not only to inhabitants therein but also to passers-by.

6. For public safety considerations, we plan to roll out "Operation Building Bright (OBB) 2.0" with funding of around \$3 billion covering an estimated 2 500 buildings to provide technical and financial assistance to eligible owners. Our current thinking is that OBB 2.0 would have the following major features –

- (a) to adopt a risk-based approach such that the scheme would focus on residential and composite buildings aged 50 years or more, having regard to the fact that these buildings given their age pose relatively higher building safety risks;
- (b) to focus on raising the safety standards of target buildings, the subsidies should primarily be used for undertaking inspection and repairs works required under the Mandatory Building Inspection

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<sup>1</sup> Buildings which do not have an owners' corporation or any residents' organisation, and without engaging any property management company.

Scheme (MBIS) in both the common and private areas. For cases where the owners fail to comply with issued MBIS orders, the Buildings Department would exercise its power under statute to carry out the relevant inspections and works, and the subsidies could be used to offset the amount charged for those works in default; and

- (c) to ensure that public resources would be allocated to the most needy, subsidies would only be granted to owner-occupiers who live in buildings under the target category in (a) above with average rateable values not exceeding \$162,000 in the urban area and \$124,000 in the New Territories (excluding Sha Tin, Kwai Tsing and Tsuen Wan, which are counted as urban areas). It is estimated that 80% of over 5 000 target buildings aged 50 years or more would fall within the brackets of these average rateable values. For non-elderly owner-occupiers of eligible buildings, we are planning on the basis of a subsidy level set at 80% of the cost of relevant works for common areas (subject to a ceiling of around \$40,000 per flat); plus 50% of the cost of relevant works for private areas (subject to a ceiling of around \$6,000 per flat). In respect of works in the common areas, we intend to grant a higher rate of subsidy to elderly owner-occupiers, viz. 100% of the cost subject to a ceiling of around \$50,000.

7. We propose to commission the Urban Renewal Authority (URA) as the administration agent for OBB 2.0. Separately, URA has commenced a study on Building Rehabilitation Strategy to formulate appropriate and sustainable measures to prolong building life and reduce the pace of urban decay. With substantial knowledge and connections culminated over the years, the URA is also developing a Building Rehabilitation Platform in conjunction with relevant professional bodies and the industry. The platform seeks to provide one-stop comprehensive information to owners who wish to pursue building rehabilitation and is expected to be rolled out before mid-2018.

8. We will work out further implementation details along the direction of the above framework and consult the Panel on Development in a few months' time. We plan to launch the proposed scheme in the latter half of 2018.

## **Harbourfront Development**

9. Pending further deliberations on the proposal of establishing a statutory Harbourfront Authority, the Government will continue to partner with the Harbourfront Commission (HC) and implement harbourfront enhancement initiatives through a dedicated office and with dedicated funding of \$500 million. The aim is to further extend the waterfront promenade along both sides of the Victoria Harbour, beautify areas in the vicinity and improve the accessibility to the waterfront for the enjoyment of all.

10. We will work in partnership with the HC to take forward this area of work, including the identification of suitable harbourfront sites for non-governmental organisations to operate community facilities or events. In this regard, taking into account the views of the Central and Western District Council and the HC, we aim to make available a site in Kennedy Town for the running of a community garden and related uses through a short-term tenancy in the first quarter of 2018.

## **Revitalising Industrial Buildings as a Source of Land Supply for Economic Development**

11. We are exploring the reactivation of the revitalisation scheme for industrial buildings, under which incentives would be offered to encourage redevelopment or wholesale conversion. In the process, we will consider how operating space can be provided legally and safely under the scheme for certain industries with development potential (such as cultural, arts and creative industries) and for appropriate community facilities. We will also continue to study the possibility of facilitating the conversion of the lower floors of some industrial buildings for non-industrial purposes, subject to fire safety and building safety requirements. We will consider ways to facilitate the assembly of titles to address the issue of fragmented ownership in certain old industrial buildings, including examining the threshold of “compulsory sale” applicable to old industrial buildings. We will also review the definition and coverage of “industrial” and “godown” uses in land leases.

## **Streamlining Development Control**

12. A steering group will be formed under the Planning and Lands Branch of DEVB to explore how best to consolidate and rationalise the

standards and definitions adopted by the relevant departments under the bureau (namely Buildings Department, Lands Department and Planning Department) in scrutinising development proposals, such that the approval process can be streamlined without prejudicing the relevant statutory procedures and technical requirements. The relevant professional groups will be engaged in the process.

## **Initiatives under the purview of Works Branch**

### **Energizing Kowloon East**

13. We continue to keep up our efforts to facilitate the transformation of Kowloon East into another core business district to support Hong Kong's economic development. At present, Kowloon East has about 2.4 million square metres of commercial/office floor area, with potential to further supply approximately 4.6 million square metres in future (including 1.8 million in Kai Tak Development and 0.56 million from the two Action Areas). The Energizing Kowloon East initiative has already built up the urban transformation momentum in Kwun Tong and Kowloon Bay. We will extend the initiative to San Po Kong, particularly focusing on enhancing connectivity, improving the environment, and promoting vibrancy and diversified development.

14. We continue to implement the concept of walkability in Kowloon East to improve the pedestrian environment. These include carrying out detailed design for an additional footbridge next to MTR Kowloon Bay Station Exit B to enhance connectivity with the future East Kowloon Cultural Centre and nearby residential areas, studying the design of the extension of the pedestrian subway network connecting to Ngau Tau Kok Station, and investigating the feasibility of providing a new footbridge near Kowloon Bay Station Exit A and another one across Wai Yip Street near Siu Yip Street.

15. In addition to the ongoing open space projects of Tsun Yip Street Playground and Tsui Ping River Garden, we will take forward other public open space improvement projects in Kowloon East.

### **Adopting Innovative Construction Method**

16. The construction industry in Hong Kong has been facing the

challenges of high construction cost, shortage in skilled labour and declining productivity. The Government is proactively promoting innovative construction methods and advanced technology to enhance productivity and cost-effectiveness.

(a) Construction Innovation and Technology Application Centre

17. The Construction Industry Council (CIC) will establish a new Construction Innovation and Technology Application Centre (CITAC) by the end of this year to provide latest information on local and overseas construction technologies with a view to supporting their adoption by small and medium enterprises. It strives to become an industry-led and demand driven innovation centre linking businesses, universities, research and development centres and, where appropriate, the public sector to support innovation transformation for the entire construction industry. In the long run, the CITAC aims at establishing a global research network to promote interdisciplinary research and application on enhancement of productivity.

(b) Building Information Modelling Technology

18. Building Information Modelling (BIM) technology allows construction professionals to carry out design and construction works in a virtual environment, which helps avoid changes in the construction process as far as possible, reduce risks and render clarity to project costs in various stages including the operation and facility management stages. In addition to adopting BIM technology in the design and construction of major government capital works projects scheduled to start in 2018, we will also collaborate with the CIC to strengthen BIM training for relevant professionals, develop related technical standards and guidelines, and encourage the use of this technology in private construction projects.

(c) Prefabricated Steel Reinforcement Components

19. The Government is assisting the industry to establish large-scale, highly automated steel reinforcing bar prefabrication plants for production of prefabricated steel reinforcement components. We will encourage the industry to use it widely in construction projects.

(d) Modular Integrated Construction

20. We will collaborate with the construction industry to promote “Modular Integrated Construction (MiC)”. By adopting the concept of “factory assembly followed by on-site installation” and the mode of manufacturing, conventional labour-intensive site operations, such as fitting-out and building services works, etc., will be industrialised and completed in off-site prefabrication yard. The prefabricated and prefinished modules will then be transported to construction site for installation. MiC could uplift productivity, shorten construction time, enhance construction safety and improve quality of the works. We are considering piloting MiC in public building projects to play an exemplary role in promoting MiC in Hong Kong.

**Construction Manpower Development**

21. Infrastructure development will continue at a high level. Together with the demand for construction services in the private sector, CIC forecasts a total construction volume of over \$250 billion per annum in the coming 10 years. In collaboration with the CIC, we have embarked on a host of multi-pronged measures to maintain a construction workforce of sufficient strength and quality to meet the industry’s manpower demand in future.

22. With the approval of the Legislative Council Finance Committee, we have allocated a total of \$420 million since 2010 for the CIC to strengthen the training of local construction personnel and step up promotion to attract new blood. From January 2009 to August 2017, the CIC has trained about 27 000 semi-skilled and skilled workers. The total annual training output of CIC in 2009 and 2016 are 900 and 5 200 respectively, representing an increase of 470%. Based on the findings of the CIC’s image tracking surveys, young interviewees willing to join the industry has increased significantly from about 8% in 2011 to about 24% in 2017. During the same period, the number of registered general and skilled/semi-skilled workers has also increased by 35% and 115% respectively. Progress of the various training and promotion measures is detailed at **Annex II**.

23. The CIC is strengthening its effort to enhance collaborative training schemes and upgrade the skills of in-service general workers including ethnic minority workers. To encourage contractors and their subcontractors to enhance in-service skills training, we have introduced a new technical score on

worker training in the tender evaluation mechanism for public works contracts since August 2017.

24. To train more high-calibre and professional construction practitioners, the CIC will establish the Hong Kong Institute of Construction (HKIC) in the first half of 2018. Apart from upgrading the current skill training programmes to reflect technological advancements, HKIC plans to provide a clear career pathway for skilled workers and practitioners. Programmes leading to qualifications recognised by the Qualification Framework (QF), such as diploma courses (QF Level 3), will be offered. Upon the establishment of HKIC, the CIC targets to increase its annual training output from about 5 000 to over 8 000 graduates. Meanwhile, the Government is exploring the use of a piece of land in Tai Po for the CIC to construct a multi-storey campus to tie in with the establishment of HKIC.

25. For public sector projects, we estimate that the annual capital works expenditure would exceed \$100 billion in a few years' time. With ever-increasing project complexity and rising aspirations from the public, there is an imminent need to reinforce project management competency and leadership skills of government major project leaders. Drawing on overseas experience, we will study the establishment of a major project leaders academy to provide sustained high-level leadership professional training so as to equip major project leaders in the Government with world-class leadership skills in the delivery of public works projects.

## **CONCLUSION**

26. We welcome Members' feedback and undertake to work closely with Legislative Council in taking forward DEVB's policy initiatives.

**Development Bureau**  
**16 October 2017**