

**Major Initiatives related to Development Bureau
in Chief Executive's 2025 Policy Address**

III. Accelerate the Development of the Northern Metropolis

Establish the Committee on Development of the Northern Metropolis

45. With the overall planning of the Northern Metropolis, it is now the optimal juncture to expedite the development of the area, bringing in industries and major projects. I will establish and chair the Committee on Development of the Northern Metropolis, under which the following three working groups will be set up:

- (i) Working Group on Devising Development and Operation Models: led by the Financial Secretary, the working group will formulate development and operation models for industry parks in the Northern Metropolis, taking into account their nature and scale. This will include setting up one or more dedicated companies, or statutory or non-statutory bodies, for various industrial parks, devising public-private partnership approaches such as the Build-Operate-Transfer model. It will also explore shifting from “highest bidder wins” to industry-linked “two-envelope approach” for tendering. We will devise a range of financing schemes, including equity, bonds, government injections, and “provision of land as a form of capital participation”. The Development Bureau (DEVB) is conducting policy study to set up an industry park company for about 23 hectares of industry land at Hung Shui Kiu. The recommendations will be announced this year after reporting to the working group.
- (ii) Working Group on Planning and Construction of the University Town: led by the Chief Secretary for Administration, the working group will study the development mode for the Northern Metropolis University

Town. It will set up a research task force to conduct field trips on the successful models of university towns elsewhere, seeking views from presidents and representatives of local, Mainland, and other internationally renowned universities. It will also explore the possible way forward to deeply integrate industry development with the academic sectors where Hong Kong has an edge, alongside the strategies for attracting leading universities and research institutes in the Mainland and overseas to establish a base in Hong Kong. Three batches of sites for the Northern Metropolis University Town will be available for use in 2026 (Hung Shui Kiu), 2028 (Ngau Tam Mei) and 2030 (New Territories North New Town) respectively at the earliest. The working group will make recommendations on the positioning and vision regarding the development of these sites to devise a clear, industry-led approach. The land in the Hung Shui Kiu/Ha Tsuen New Development Area (NDA), for example, will integrate with nearby, high-end professional services as well as vocational and professional education and training facilities for joint development. The land in Ngau Tam Mei can dovetail with the overall innovation and technology (I&T) development of the San Tin Technopole and the Loop, among others, life and health technology industries, and to be used for joint development with the third medical school and an integrated medical teaching and research hospital.

- (iii) Working Group on Planning and Development: led by the Deputy Financial Secretary, the working group will be responsible for managing the end-to-end process from planning to implementation, co-ordinating and consolidating such aspects as planning, engineering, land, transportation and environmental protection, to promote industry anchoring, create job opportunities and enhance productivity. A dedicated project supervision office will be established under the working group to strengthen the co-ordination and supervision of the approval process, imposing time limits and phased reporting, to accelerate progress.

Remove Barriers and Ease Restrictions to Streamline Administrative Procedures

46. The Government will streamline administrative procedures, removing barriers and restrictions. Relevant measures include:

- (i) Introduce the Fast Track Processing System, adopting superior construction methods from different places, and integrate successful construction technologies, materials and equipment from the Mainland and overseas, in a bid to reduce construction costs and time.
- (ii) Implement a “phased development” approach on a trial basis with reference to the Mainland’s “1.5-level development” concept. Specifically, pilot low-density facilities, such as retail, entertainment and convention and exhibition facilities will be developed initially to attract businesses, bringing income and footfall to the area to create momentum before long-term development is rolled out. We will invite market feedback on such approach of phased development for the commercial sites in Hung Shui Kiu.
- (iii) Adopt diverse models such as in-situ land exchange and large-scale land disposal to promote market participation and expedite development.
- (iv) Employ flexible land-grant arrangements, encouraging enterprises to set up businesses and invest in the area. Sites granted as tenancy instead of land lease may have a term exceeding seven years to provide greater flexibility. Depending on industry policies, open tendering, restricted tendering or direct land grants may be adopted.
- (v) Allow land owners in the Northern Metropolis to voluntarily surrender land planned to be resumed by the Government to offset the amount payable for in-situ land exchange or large-scale land disposal in NDAs. This will promote market

participation in the development.

- (vi) Adopt a “pay for what you build” approach to reduce the cost of land premiums in the Northern Metropolis. In lease modifications, subject to the condition of the land parcels involved, owners will be allowed to pay the required premium according to the actual built floor area and use, rather than the maximum floor area based on the maximum plot ratio under the current planning regime. We will also consider allowing developers to pay land premiums in phases, according to the development scale.
- (vii) Commence a land use review for Au Tau, to capitalise on the development potential brought by the Northern Link. We will consider a larger proportion of private housing in the area around Sha Po at Au Tau Station for development into an NDA. We will engage the Mass Transit Railway Corporation Limited (MTRCL) to conduct the review, announcing its results next year

47. Where appropriate, we may also apply the above administrative measures to areas outside the Northern Metropolis.

Dedicated Legislation to Accelerate the Development of Northern Metropolis

48. I will introduce dedicated legislation to accelerate the development of Northern Metropolis, empowering the Government to devise simplified statutory procedures for issues including setting up statutory industry park companies and providing them with dedicated channels for funding; managing the cross-boundary flow of people, goods, capital, data and biological samples in designated areas, to attract research institutes and high-end manufacturers to establish a presence in Hong Kong; speeding up the approval of building plans; relaxing permitted uses in outline zoning plans (OZPs) and fine-tuning development parameters; and expediting compensation payment for land resumption.

IV. Industry Development and Reform

Formulate Preferential Policy Packages to Attract More Enterprises

57. The Financial Secretary will lead the relevant policy bureaux, departments, and public organisations in formulating packages of preferential policies including land grants, land premiums, financial subsidies, and tax incentives, to attract high value-added industries and high-potential enterprises to set up in Hong Kong, thereby promoting high-quality development.

VII. Promote the Integrated Development of Education, Technology and Talents

Increase Student Hostel Supply

138. The Government launched the Hostels in the City Scheme in July to facilitate the market in converting existing commercial buildings (including hotels) into student hostels by obviating the need for rezoning and allowing excessive plot ratio be retained. Effective today, apart from cases involving the conversion of commercial buildings, cases involving redevelopment of original commercial buildings into new student hostels can also enjoy the facilitation measures under the scheme, including retaining excessive plot ratio. The Government will also earmark new sites (zoned as commercial or otherwise) this year for building new hostels, and will invite the market to submit expressions of interest.

VIII. Promote the Integrated Development of Culture, Sports and Tourism

“Tourism is Everywhere”

Develop the Yacht Economy

186. With 1 180 kilometres of shoreline and 263 islands, Hong Kong is well-positioned to become a yacht hub in Asia. We will enhance amenities for the yacht industry and promote prime yacht tourism:

- (i) Provide approximately 600 additional yacht berths at the ex-Lamma Quarry, the Aberdeen Typhoon Shelter expansion, and the Hung Hom Station waterfront projects.

Promote Local Thematic Immersive Tours

194.We will aestheticise Lan Kwai Fong and the surrounding streetscape in phases to foster “community-making”.....In addition, the DEVB will facilitate the conversion of village houses into home-stay lodgings or community eateries.

IX. Facilitate Stable Living in a Caring and Inclusive Society

Increase Housing Supply and Enrich the Housing Ladder

Private Housing Supply

214. According to the Long Term Housing Strategy, the supply target for private housing in the coming decade is projected to be 126 000 units. The Government will have sufficient land to meet the demand in the next ten years, and will roll out such land to the market in an orderly and pragmatic manner. Besides Government land sale, other sources of private housing land supply include railway property development and Urban Renewal Authority (URA) projects, as well as private development projects.

Land Development

215. The Government must maintain an ample supply of land to meet the demand for major development projects, long-term economic development and the community’s housing needs. Land reserve is similar to bank savings in that both are saved for use when needed. We will sustain efforts to produce and retain control over the supply of land. In parallel, we will improve the efficiency of land production and lower construction costs by streamlining approval processes, optimising administrative procedures, strengthening internal collaboration, applying technology, reviewing relevant standards and more, so as to safeguard public interests and meet

development needs.

Build Land Reserve

216. In the next decade, the Government will get ready around 2 600 hectares of “spade-ready sites”¹ Apart from meeting the development needs, this would also provide the necessary room for the Government to build up a healthy land reserve.

Reduce Construction Costs

217. We will continue to streamline statutory procedures and administrative workflows. Relevant measures include:

- (i) Simplify works approval procedures, set clear performance pledges, and enhance co-ordination among relevant departments on vetting processes to expedite approval.
- (iii) Leverage technologies. Next year, the DEVB will launch a Project Cost Management Platform, establishing a market price database and applying AI technology to analyse, for example, past government project cost data, to ensure greater cost-effectiveness in future project designs. The HD has also adopted the self-developed Building Information Modelling (BIM)-enabled Systematic Approach to Foundation Design, which automatically generates designs to further reduce costs.
- (iv) The Building Technology Research Institute will continuously review the construction standards and requirements of government projects. In addition, regarding the approval of building materials for public housing, the HB will look into the accreditation of standards of more regions.
- (v) The Government will relax the gross floor area (GFA)

¹ “Spade-ready sites” refer to sites that have gone through procedures including rezoning, clearance and formation, and are ready for commencement of works.

exemption arrangement for car parks in private developments by removing the mandatory requirement of constructing underground car parks as a condition of exemption, and granting full GFA exemption if developers construct no more than two storeys of above ground car parks.

- (vi) The DEVB will conduct central procurement on a trial basis in the first half of next year, piloting in the procurement of commonly used materials including steel reinforcement and Modular Integrated Construction (MiC) modules, in order to save costs. The HB will also pilot the batch procurement of integrated modules of MiC method next year. In addition, the HB has established a database of standard building materials, covering commonly used materials such as aluminium windows and partition walls, to expedite the approval process.

Release Industrial Land in Urban Areas

218. Since 2000, the Planning Department has conducted five rounds of Area Assessments of Industrial Land in the Territory, and some of the industrial land have been rezoned for other uses such as residential and business uses. The Government will commence a new round of study this year and put forward recommendations next year, including the way forward for the Revitalisation Scheme for Industrial Buildings.

Urban Renewal with a New Mind-set

219. Embracing a new mind-set, we will explore the use of newly developed land to take forward urban renewal. Relevant measures include:

- (i) Relax the current arrangement for the transfer of plot ratio within the same district to allow the cross-district transfer of unutilised plot ratio from redevelopment projects to other districts or even NDAs, to enhance market incentives for redevelopment.

- (ii) Reserve three sites in Kwu Tung North and Fanling North NDAs in the Northern Metropolis for the URA to construct new buildings, which will be used as replacement flats under the “Flat-for-Flat” Scheme in the future.
- (iii) Suitably increase the plot ratio of private redevelopment projects, on a pilot basis, for the seven designated areas² with more pressing redevelopment need, allowing the increased plot ratio to be transferred for utilisation in the Northern Metropolis or other districts, or to be used for offsetting the premium payable for bidding land, lease modification in other projects or in-situ land exchange.

Enhance Construction Safety

220. The Government will amend the Buildings Ordinance next year to enhance the deterrent effect against non-compliance with statutory notices or orders and serious unauthorised building works, and strengthen regulation of contractors.

Support the Local Economy

Support Small and Medium Enterprises

240. Hong Kong is home to some 360 000 SMEs, and they are the pillars of our economic development. To better cope with the city’s economic restructuring, the Government will introduce the following 11 measures to enhance support for SMEs:

- (ii) Provide concessions of fees and charges to alleviate pressure on business operations. The Government will reduce water and sewage charges for non-domestic accounts by 50%, subject to a monthly ceiling of \$10,000 and \$5,000 respectively per account. About

² The Land (Compulsory Sale for Redevelopment) (Amendment) Ordinance 2024, which came into effect last year, specified seven areas with more pressing need for renewal based on the areas covered by the OZPs, including Cheung Sha Wan (the same OZP covering also Sham Shui Po), Ma Tau Kok (covering Kowloon City and To Kwa Wan), Mong Kok, Sai Ying Pun and Sheung Wan (covered by the same OZP), Tsuen Wan, Wan Chai and Yau Ma Tei.

260 000 non-domestic accounts are expected to benefit from the measure. We will also reduce the trade effluent surcharge by 50%, which is expected to benefit about 35 000 businesses mainly in the catering industry. In addition, fees for the first issue or renewal of licences and permits, including those for hawkers, food, businesses, agriculture and fisheries industries and liquor licences³ will be waived, which is expected to benefit over 60 000 licensees. The above measures will be implemented for one year.

- (iii) Considering that the original estimate for the Government's average annual capital works expenditure in the coming five years was about \$120 billion, we will earmark an additional \$30 billion in the next two to three years to increase expenditure on works projects driving sustained economic development, to support the local construction industry.

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³ Food business licences, including provisional ones (if applicable), cover the General Restaurant Licence, the Light Refreshment Restaurant Licence, the Marine Restaurant Licence, the Bakery Licence, the Cold Store Licence, the Factory Canteen Licence, the Food Factory Licence, the Fresh Provision Shop Licence, the Frozen Confection Factory Licence, the Milk Factory Licence, the Siu Mei and Lo Mei Shop Licence, the Restricted Food Permit and the Composite Restricted Foods Permit. As for licences related to the agriculture and fisheries industries, they include the Marine Fish Culture Licence and the Livestock Keeping Licence.