

The 2014 Policy Address

Support the Needy, Let Youth Flourish, Unleash Hong Kong's Potential (Extract on Land, Housing and Transport) [15 January 2014]

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V. Land, Housing and Transport

Land Supply

118. The housing shortage problem is serious. Apart from soaring property and rental prices, cramped living conditions trouble many Hong Kong people. More than half of private domestic units have a saleable area of less than 50 square metres. Last month, I came across a family in Mong Kok. The young couple took a picture of me with their only daughter, who was three years old. I asked them, “Do you plan to have another baby?” They replied, “Our flat is too small for two children.” This answer is very typical. I know some young people cannot afford a home of their own after getting married. They go to work during the day, have dinner together in a restaurant, and then separately return to the homes of their respective parents.

119. Besides meeting the housing needs of our young people today, we have to plan for our next generation. I often think, if a kindergartener asks me, “Where will I live when I grow up?”, what answer should I give? “Nowhere” is definitely not an acceptable answer. We must set targets, make plans and devise strategies to address the problem. Our target is to ensure that Hong Kong people are adequately housed and will have better accommodation. We must plan not only for the next few years but also for the next 30 years. The strategy is to keep developing new land.

120. It is a difficult challenge for the Government and the community to find adequate land to meet our housing supply target for the next decade. This will involve making choices and accepting trade-offs. In the past year, the Government continued to step up its efforts to boost land supply in the short, medium and long terms. The Government has identified about 80 additional Green Belt sites and Government, Institution or Community (GIC) sites in various districts with a total area of over 150 hectares with the potential to be rezoned for residential use. These sites in various districts can be made available in the next five years to provide about 89 000 units to help meet the

demand for housing land over the next decade. Including sites identified earlier on, there are about 150 sites that have to be rezoned for residential use and will be made available over the next five years to provide about 210 000 additional public and private units. To rezone these sites for housing purposes, increase development intensity and achieve the proposed target for residential flat production, we have to take into account practical planning factors such as traffic and infrastructural capacities, community facilities, technical constraints, local characteristics, existing development intensity, as well as possible impact of the proposed developments on the local environment, landscape and air ventilation. Some sites may require land resumption, clearance or relocation of existing or planned facilities. The Government will give due regard to these factors to minimise the impact on local areas. What is more important, though, is for everyone to work together, and support our measures to rezone these sites for housing purposes and increase their development intensity. With the community's full support, we will be able to provide sufficient land to achieve our housing target. The Government will strive to expedite all necessary procedures.

Land Supply in the Short to Medium Term

Streamlining Procedures and Enhancing the Mechanism

121. The Lands Department (LandsD) continues to rationalise land administration processes, which include consolidating the practice notes on granting approval under lease. The Government will also introduce a Pilot Scheme for Arbitration on Land Premium to facilitate early agreement on land premium payable by way of arbitration. In addition, the Development Bureau (DEVB) will set up a dedicated cross-disciplinary team to assist the Steering Committee on Land Supply chaired by the Financial Secretary in monitoring land supply and promoting land development.

Increasing Development Intensity as Appropriate and Reducing Development Restrictions in Some Areas

122. Except for the north of Hong Kong Island and Kowloon Peninsula, which are more densely populated, the Government considers it feasible to generally increase the maximum domestic plot ratio currently permitted for the other “density zones” in the territory by around 20% as appropriate. The Government has completed the preliminary technical assessments of the Kai Tak New Development Area and Tuen Mun East, and proposes to increase as appropriate the plot ratios of the new housing sites and the number of flats to be built on them. In implementing these measures, we will also duly consider factors such as traffic and infrastructural capacities, local characteristics, existing development intensity and the various possible impacts of the proposed development on the areas concerned.

123. As the MTR’s West Island Line and South Island Line (East) are due to be completed in the near future, and as the Government is actively considering taking forward the South Island Line (West) project, we have decided to first lift the development moratorium at the south of Pok Fu Lam, i.e. the area close to Wah Fu Estate. This area will be used for public housing development and the future redevelopment of Wah Fu Estate, providing about 11 900 additional PRH and Home Ownership Scheme (HOS) units.

Land Use Review

124. In last year’s Policy Address, I proposed to continue reviewing various land uses and rezoning sites as appropriate and, where the original intended use is no longer required, converting the land for housing development or other uses that meet the more pressing needs of the community as soon as possible. Key work progress is provided below.

125. Last year, we proposed to rezone 36 sites for residential use, including GIC sites and other Government sites with a total area of around 27 hectares. Of these, 18 have been rezoned for residential use or are undergoing the statutory rezoning process.

Over the past year, the Planning Department (PlanD) has identified another 21 GIC sites with a total area of around 34 hectares suitable for rezoning for residential use. Of these, 11 have completed or are undergoing the statutory rezoning process. We are taking steps to rezone for residential use sites in Green Belt areas which are devegetated, deserted or formed, as well as suitable industrial sites. The PlanD has commenced a new round of industrial land review, which is expected to be completed in 2014.

Developing the North East New Territories and Hung Shui Kiu

126. The North East New Territories New Development Areas (NDAs) project is essential to Hong Kong's medium and long-term land supply and will become the major source of housing supply from 2022 onwards. The Government has made every effort to increase the development intensity and proportion of subsidised housing in these NDAs. They will provide about 60 000 units in total, of which 60% will be PRH and HOS units.

127. The Government has already formulated the Preliminary Outline Development Plan for the Hung Shui Kiu NDA, which is another important undertaking for the medium and long-term supply of land for development. This NDA can accommodate a new population of 175 000. It can also provide about 100 000 job opportunities.

Extension of the Tung Chung New Town

128. The DEVB conducted Stage 2 Public Engagement of the Tung Chung New Town Extension last year, proposing the extension of the new town to the east and the west. The extension will provide space to construct about 53 000 residential units and a commercial hub.

Review of Deserted Agricultural Land in North District and Yuen Long

129. North District and Yuen Long have some 257 hectares of agricultural land mainly used for industrial purposes or temporary storage, or which is deserted. The Government has identified four sites for planning and engineering studies. According to a preliminary assessment, some sites will be available for housing development as early as 2020.

Sites for Industrial and Commercial Developments

Kowloon East

130. The Energizing Kowloon East initiative will facilitate the development of Kowloon East into a new Central Business District (CBD) to support Hong Kong's long-term economic development. We will capitalise on the transformation of Kowloon East and identify sites to support the development of arts, culture and creative industries, with a view to turning Kowloon East into a distinctive business area. For example, we will convert the sites underneath the Kwun Tong Bypass for arts and cultural events and use by creative industries.

131. We are pursuing the relocation of the existing government facilities in the two action areas of Kowloon East. In the course of planning, apart from building offices, the Government will explore opportunities to provide space for the arts and cultural community and creative industries.

Kai Tak Development

132. To tie in with the transformation of Kowloon East, the Government has reviewed the planning for the Kai Tak Development and is now carrying out technical studies. It is anticipated that an additional floor area of about 430 000 square metres for office accommodation and about 6 800 new residential units can be provided.

Central and Wan Chai

133. The Government will continue to increase land supply for commercial and business uses in the existing CBD in Central and Wan Chai through land sales. We will speed up the process of converting suitable GIC sites in the CBD, including the Murray Road Carpark in Central and the Rumsey Street Carpark in Sheung Wan, to commercial uses where practicable. We will launch the development of Central Harbourfront Site 3 as soon as possible to increase the floor area of office and retail space.

Revitalising Industrial Buildings

134. We will continue to implement the policy of revitalising industrial buildings to meet Hong Kong's changing economic and social needs. To this end, we have further introduced a range of enhanced measures. The PlanD is conducting a new round of Area Assessments of Industrial Land in the territory, which focuses on the industrial and commercial sectors' demand for land and space, and will rezone for residential use the industrial land near residential areas where industrial activities have greatly reduced.

Long-term Land Supply

135. There are vast tracts of undeveloped land in the New Territories North. Except for some with high ecological significance, many others have development potential. The Government will commence the Preliminary Feasibility Study on Developing the New Territories North early this year to integrate land use planning with infrastructural development to facilitate optimal land use planning for housing, social and economic developments.

136. The Government is also actively taking forward further studies on reclamation and developing cavern and underground space. Stage 2 of the public engagement exercise on reclamation outside Victoria Harbour has been completed. We are now carrying out a cumulative environmental impact assessment of the northern Lantau waters and will initiate studies on various

reclamation sites, including strategic studies on artificial islands in central waters for the development of the East Lantau Metropolis, and a planning and engineering study on the reclamation in Sunny Bay. Preliminary feasibility studies on other near-shore reclamation sites will also commence in succession.

137. The feasibility study on relocating the Sha Tin Sewage Treatment Works to rock caverns is largely completed, and we are planning to carry out the investigation and design works. We are also preparing the feasibility studies on relocating the Sai Kung Sewage Treatment Works, Sham Tseng Sewage Treatment Works and Diamond Hill Fresh Water and Salt Water Service Reservoirs to rock caverns. Under the four relocation plans, a total of about 34 hectares of land will be released for development.

138. The Government has commenced a study to identify districts with potential for developing urban underground space, with a view to increasing usable space and enhancing connectivity in the urban areas. Meanwhile, we are preparing a pilot study covering four selected strategic districts, namely Tsim Sha Tsui West, Causeway Bay, Happy Valley and Admiralty/Wan Chai.

Housing

139. Over the past year, the community has come to realise that a housing supply shortage is the major cause of the upsurge in property and rental prices. The public has also reached a consensus gradually on the measures proposed by the Government to increase land supply. The Government has adopted a two-pronged approach to increasing the supply, while at the same time curbing external, investment and speculative demands. These measures have started to deliver results.

140. The private sector has only produced an average of about 9 680 flats each year over the past five years. Based on the preliminary assessment of private residential developments known to have or to be started on disposed sites, it is projected

that the private sector will, on average, produce about 13 600 flats each year in the next five years, an increase of about 40%.

Long Term Housing Strategy

141. Following the completion of the consultation exercise on the Long Term Housing Strategy, the community has reached a clear consensus on the following key points: (i) the community endorses the recommendation that the Government should adopt a supply-led strategy, continue to increase housing supply and enhance the role of public housing; (ii) the public expects the Government to seriously tackle the problem of subdivided units; and, (iii) our younger generation should be given more opportunities to purchase their own homes.

142. The Government accepts the recommendation of the Long Term Housing Strategy Steering Committee to increase housing supply. The new target is to provide a total of 470 000 units in the coming ten years, with public housing accounting for 60%. To achieve this target, we have to ensure that there will be adequate supply of land, funding for the Housing Authority and manpower resources in the construction sector. This will be a tall order for both the Government and the community.

143. Our long-term housing strategy is to: (i) gradually resolve the shortage problem by increasing overall housing supply; (ii) increase PRH production to meet the needs of the grassroots; (iii) increase the supply of HOS and other subsidised sale flats to provide more home ownership opportunities to the low and middle-income groups and young people; and, (iv) rebuild the housing ladder by enabling PRH tenants who can afford it to buy HOS flats, thus freeing up units for reallocation to grassroots in need.

144. The Government has identified sufficient land for 179 000 PRH units and 17 000 HOS units as pledged. With the unreserved efforts of the government departments concerned, we are making good progress in this respect. To meet the new housing supply target, the Government aims to provide an average of about 20 000 PRH units and about 8 000 HOS units per

year. This would mean that the supply of public housing in the coming ten years will increase by 36% compared to what was pledged by the Government last year. The Government will also provide land for private housing according to the new target.

Railway Property Development

145. Railway property development remains a major source of housing supply. Planning studies have been conducted for the residential development above Kam Tin South West Rail Kam Sheung Road Station and Pat Heung Maintenance Depot, which can provide about 8 700 flats. Moreover, a land use review for the adjoining areas of about 110 hectares will soon be completed. The proposed Kwu Tung Station on the Lok Ma Chau Spur Line will be the centre of development of Kwu Tung North NDA. As for Hung Shui Kiu NDA, we will capitalise on the land development near the existing West Rail Tin Shui Wai Station and the proposed Hung Shui Kiu Station.

Urban Renewal and Building Safety

Urban Renewal

146. Last year, the Government invited the Urban Renewal Authority (URA) to forge ahead with its “demand-led” redevelopment pilot scheme, which has received an overwhelming response from property owners. In two and a half years, the URA has commenced eight projects, including one terminated for having failed to meet the threshold requirement of securing the consent of 80% of the owners. Sites covered by the applications under the scheme are becoming larger, while the factors to be considered are also increasingly complex. It is necessary for the URA to review the scheme comprehensively and to continue to operate it with due care under the principle of upholding a self-financing objective in the long run, so as to ensure its sustainability.

Building Safety

147. The Government is very concerned about the safety issues relating to subdivided units used for domestic purposes. The Buildings Department (BD) will strengthen its efforts to eradicate subdivided units in industrial buildings. It will adopt a risk-oriented approach by stepping up its inspection and enforcement actions in industrial buildings more likely to have subdivided units. The BD will step up prosecution action against owners who fail to comply with relevant orders. The LandsD will also step up its lease enforcement action against non-compliant owners.

148. We must also face squarely the problems of subdivided units in residential and composite buildings. Relevant departments will enhance law enforcement action to eradicate and tackle subdivided units that have breached fire safety and building laws. As for the proposal to regulate subdivided units in residential buildings by licensing, we have to weigh the pros and cons and study its feasibility carefully.

Development of the Construction Industry

149. The Government is conducting a comprehensive review of public works policies. The review aims to promote the healthy development of the industry and raise its productivity, which includes improving design and construction methodologies, utilising more advanced technology, enhancing the list system for public works contractors, promoting innovation and creativity, and putting in more efforts to tackle the problem of manpower shortage to meet the needs of various major infrastructure projects.

Transport

150. The Government will continue to develop a transportation system centred on public transport with railway as the backbone, in order to alleviate road congestion and roadside emissions. Given that five new railway lines will be

completed in succession in the next six years, the Government will make further efforts to optimise the public transport system and pursue bus route rationalisation.

151. The report of the consultancy study on the Railway Development Strategy will be completed shortly. In light of the report's findings, the Government will announce as soon as possible a new railway development blueprint setting out new railway projects to be implemented after 2020. The Government will also actively consider constructing the South Island Line (West) to cope with local traffic demand and support public housing developments in Pok Fu Lam.

152. In addition, the Government will promote the use of electric vehicles. Funding was provided for franchised bus companies to purchase 36 single-deck electric buses for performance testing. The first batch of electric buses is expected to arrive by the end of this year. The Government will also launch a trial scheme that enables suppliers of electric taxis to install quick chargers at car parks administered by the Transport Department to encourage the industry to expand the electric vehicle fleet. A total of 100 medium chargers will be provided in various districts to shorten charging time. The Government will continue to purchase more electric vehicles. I and the Principal Officials will take the lead in using them on a trial basis.

153. The Government has conducted the second stage public consultation on the provision of an Elevated Rail-based Environmentally Friendly Linkage System to enhance linkages within Kowloon East. A detailed feasibility study will be carried out this year. We have started to improve the pedestrian environment of the Kowloon Bay Business Area and will proceed with a feasibility study on improving the pedestrian environment of the Kwun Tong Business Area.

154. The Government will foster a "bicycle-friendly" environment in new towns and new development areas. In this regard, a pilot scheme has been launched in Tai Po to improve cycle tracks and parking spaces for bicycles. A 60-kilometre cycling track between Ma On Shan and Tuen Mun is being

constructed in phases. The section between Ma On Shan and Sheung Shui will be completed in the first quarter of this year. Construction of other sections will commence progressively.

155. The Government has made continuous efforts to improve pedestrian facilities, including the provision of barrier-free access. As for existing public pedestrian links, apart from installing barrier-free access facilities at about 160 locations across the territory, we are also conducting technical feasibility studies on the three priority projects identified by each District Council for the early installation of elevators. Meanwhile, we are taking forward 12 projects to provide escalator links and elevator systems to improve accessibility of steep slopes. Among these projects, the pedestrian links at Tsz Wan Shan and Yuet Wah Street, Kwun Tong are scheduled for completion within two to three years.