

Legislative Council Panel on Development

Work Focuses of Development Bureau in the Chief Executive's 2024 Policy Address

PURPOSE

This paper briefs Members on the work focuses of the Development Bureau (DEVB) in the Chief Executive's 2024 Policy Address. It is our hope that the relevant work can show the DEVB's determination to continuously create land and take forward infrastructure development, as well as manifesting our courage to reform and attempt new development modes. The work mentioned in the main text of the Policy Address is set out in the summary at **Annex A**. Relevant extracts from the Policy Address Supplement are set out at **Annex B**. A list of Indicators for Specified Tasks under the DEVB in the Policy Address is at **Annex C**, and the progress of indicators under the DEVB in last year's Policy Address is at **Annex D**.

POLICY ADDRESS INITIATIVES

10-Year Supply Forecast of Developable Land

2. To keep society informed of the land supply situation, we have been updating and releasing on an annual basis a 10-year supply forecast of developable land (i.e. spade-ready sites) since 2022. Land creation thus far has progressed on schedule. We duly delivered about 120 hectares of spade-ready sites in the last financial year (i.e. 2023-24) through various land creation projects, and are heading towards the target of achieving the delivery of around 180 hectares of spade-ready sites in 2024-25. The spade-ready sites in these two financial years are primarily from Tung Chung New Town Extension, the Northern Metropolis and individual rezoned sites.

3. According to the latest forecast, if all procedures involved in land creation could be smoothly taken forward (i.e. statutory procedures and handling of public comments could be completed, land clearance could proceed as planned, and resources for the works could be timely secured, etc.), in the next decade (i.e. 2025-26 to 2034-35), the estimated supply of spade-ready sites will reach around 3 000 hectares. All such supply is from Government-led projects, including nearly 60% (around 1 700 hectares) from the Northern Metropolis and around 10% (around 300 hectares) from the Kau Yi Chau Artificial Islands. The supply each year will range from 150 to 450 hectares. From the macro perspective, as recommended by the finalised “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” (Hong Kong 2030+), the supply of land over a 30-year period from 2019 to 2048 should be around 7 000 hectares, i.e. around 200 hectares on average every year. The supply of approximately 3 000 hectares under the latest 10-year forecast is in line with the target level of the Hong Kong 2030+. We will continue to create land in a resolute and persistent manner, and will implement all land creation projects while maintaining a prudent fiscal position, so that a steady and continuous land supply for Hong Kong can be maintained to meet overall demand and build up a land reserve in the long run. Meanwhile, we will assess the situation and dispose land in an orderly manner in light of market conditions.

Major Land Creation Initiatives

4. To deliver the land supply target, we are forging ahead with various development projects, including the two strategic growth areas, namely the Northern Metropolis and Kau Yi Chau Artificial Islands –

- (a) **Northern Metropolis** – The Northern Metropolis is entering the maturity phase. In the coming decade, we will have considerable deliverables both in terms of housing units and industrial sites, with progressive completion of some of the public and infrastructure facilities. On **land planning and engineering works**, we have earmarked at least 80 hectares of land for the Northern Metropolis University Town; and will release the development proposals for Ngau Tam Mei, New Territories North New Town and Ma Tso Lung area. The rezoning process

for Sandy Ridge in the North District will begin this year, expanding the land to be used for data centres to 10 hectares. We will seek funding for the first-stage of San Tin Technopole and begin construction works this year, while the second-phase of the Yuen Long South New Development Area (NDA) will begin in mid-2025. On **development modes**, we will adopt, on a pilot basis, a large-scale land-disposal approach, under which successful bidders will be granted sites for collective development. We have identified one land parcel in each of the three NDAs, namely San Tin Technopole, Hung Shui Kiu/Ha Tsuen and Fanling North, ranging from 10 to 20 hectares each, as pilot sites. We will invite expression of interests (EOI) at the end of this year, and endeavour to put up the first land parcel for tender within next year. In addition, it is the Government's wish to drive the development of industries in the Northern Metropolis in diversified manners. We will explore the establishment of a pilot industrial park by granting some of the logistics sites to a company established and led by the Government. The company will, in accordance with the Government's industrial policies, be responsible for formulating the park's development and operation strategies, taking up day-to-day management and attracting businesses and investment. It is hoped that this can enable the Government to use the company to better steer and realise the "early and pilot implementation" approach. This mode of the company is expected to be suitable for various industries. We will first select some logistics sites in the Hung Shui Kiu/Ha Tsuen NDA as study sites, and will announce the suggestions in the first quarter of 2025.

- (b) **Kau Yi Chau Artificial Islands** – The Government will take forward the Kau Yi Chau Artificial Islands project in a steady and prudent manner. We will commence the statutory environmental impact assessment process for the reclamation works under the project by year end and the target is to complete the relevant procedures within next year. The related detailed engineering design will commence within this year.

Support the Development of Tourism and Educational Industries

5. Land creation is no longer solely for housing or infrastructure development, but also for driving the industries of tourism, recreation and yachting and education, etc., through land planning and development.

6. The DEVB will, in collaboration with other policy bureaux, revitalise Hong Kong's tourism industry through the following initiatives –

(a) **Developing eco-tourism** – Blessed with ecological resources, Hong Kong has the potential to develop eco-tourism, providing locals and tourists with quality, diversified and in-depth experiences. We will expedite the development of the South Lantau Eco-recreation Corridor; develop the ex-Lamma Quarry site into an area for resort and outdoor recreational uses; and develop Tsim Bei Tsui and Pak Nai into eco-tourism nodes. Since the town planning procedures have yet to be conducted for these three projects, we do have more room to manoeuvre in our planning work. We plan to invite the market to submit EOI in the first quarter of 2025 in relation to the aforesaid projects. Through invitation for EOI, we can incorporate market intelligence and elements with broad appeal in the future statutory plans that need to be formulated more effectively. Furthermore, invitation for EOI in advance can also allow private developers to have more time for preparation and help the market to make active response in a more expeditious manner in future tender exercise(s), thereby achieving the effect of enhancing speed in terms of development;

(b) **Promoting yacht tourism** – With more than 200 islands and quality water bodies, Hong Kong is suitable for yacht activities. Provision of additional yacht berths can drive the development of yacht tourism, promote yacht trading, increase job opportunities from other supporting or related industries, and stimulate high-end consumption from the local, Mainland and overseas markets. We propose that additional yacht berthing facilities should be provided by private yacht clubs in the expansion area of

Aberdeen Typhoon Shelter, the ex-Lamma Quarry area and the waterfront site in the vicinity of the Hung Hom Station. According to initial estimation, each venue can accommodate 100 to 200 yacht berths. We plan to explore the interest of the private sector through different ways in relation to the construction and operation of yacht berthing facilities at the aforesaid three sites by mid-2025. Nowadays, tourism has a strong focus on diversified experiences. As such, the proposed yacht clubs will be developed together with land-based facilities for food and beverages, entertainment and retail as far as practicable, rather than as standalone facilities; and

- (c) **Developing new harbourfront landmarks** – We will drive the development of the site above the Exhibition Centre Station in Wan Chai North, as well as the waterfront and pier sites in the vicinity of the Hung Hom Station, into new harbourfront landmarks, not only making use of prime sites for development but also providing additional event venues, with the introduction of facilities such as retail, food and beverages and entertainment. A study for the project in relation to the site above the Exhibition Centre Station is in progress, with preliminary proposals expected to be available next year. The MTR Corporation Limited is conducting a study on the Hung Hom project and will submit a proposal to the Government by the end of this year.

7. On another front, the Government is committed to developing Hong Kong into an international hub for post-secondary education. To encourage the market to convert hotels and other commercial buildings into student hostels on a self financing and privately funded basis, increasing the supply of student hostels to meet non-local students' demand for accommodation, the Education Bureau (EDB) and the DEVB will launch a pilot scheme in the first half of 2025. The EDB will draw up the policy requirements for these student hostels, while the DEVB will streamline the processing of application in relation to planning, lands and building plans. The initial ideas include that the Planning Department will advise the Town Planning Board to give positive consideration to planning applications (if needed) in relation to conversion projects with policy support from the EDB; and that

the Buildings Department will flexibly handle the issues of exceeding maximum plot ratio or gross floor area (GFA) arising from conversion, for projects with policy support from the EDB, when approving building plans. Besides, the Government will also make available suitable sites for the private sector to build new student hostels if needed, having regard to market demand.

Cut More Red Tapes and Lower costs

8. The Government will continue to streamline procedures and enhance the efficiency of the construction process. In order to establish a corporate culture that is “facilitator” mindset-oriented, the DEVB promulgated an internal circular in July this year, expressly stating that all approving departments are required to take a facilitating role when processing development applications, and setting out the guiding principles and good practices to help bureaux/departments institutionalise facilitating measures. We will continue to streamline procedures and lower costs for the industries through the following initiatives –

- (a) **Leveraging industry resources** – On the one hand, we will transfer suitable jobs from the Government to the industry, leveraging industry resources to enhance speed and efficiency while creating more job opportunities for private market at the same time, e.g. outsourcing drone inspections of external walls and unauthorised building works (UBWs) on the exterior of buildings and the associated analyses. On the other hand, for works projects with lower risks, e.g. temporary hoardings of construction sites, and relatively simple works such as the designs of single-storeyed structures, we will further promote vetting by the industry under the self-certification mechanism to speed up the approval process;

- (b) **Reducing construction costs** – The Government concerned about the issue of relatively high construction costs. We have already commenced a strategic study on construction costs with a view to identifying the major reasons for the high construction costs, and to control and reduce construction costs targeting such aspects as project delivery, mode of procurement, utilization of innovative technologies, streamlining approval processes and review of standards by drawing on Mainland and international experience. We will give an account of the latest proposals by end of this year, and plan to implement the relevant strategic measures from 2025 onwards.

- (c) **Streamlining administrative procedures** – We will continue to streamline land development procedures, including to explore further implementing the arrangement of phased submissions for certain works (e.g. pile and road designs); to review the requirements for technical assessment submissions (e.g. when re-submissions of technical assessments for public works are required due to long project development cycles); and to continue the streamlining of land administration procedures (e.g. to examine doing away repeated district consultations for projects under land administration applications); and

- (d) **Expanding project co-ordination** – We will expand the purview of the Development Projects Facilitation Office under the DEVB to facilitate co-ordination with departments in expediting the approval of large-scale private residential and commercial developments and the approval of land use and related matters for the development of innovation and technology and other industries in the Northern Metropolis, and providing one-stop advisory and facilitation services for projects in relation to conversion of hotels and other commercial buildings into student hostels.

Facilitate Research and Development and Application of Construction Technologies

9. The Government leads the construction industry to spearhead innovation and drive its sustainable development. We established the Building Technology Research Institute (BTRi) this August to conduct research and development in innovative materials, construction methods and technologies; and devise standards, conduct testing and provide accreditation. We will review and enhance Hong Kong's building standards, which have been in place for many years, through the BTRi by making reference to overseas building standards and Guobiao, with a view to promoting local application of high-quality and cost-effective construction materials from the Mainland and overseas. We will also closely collaborate with relevant authorities in the Guangdong Province to take forward the formulation of the Guangdong-Hong Kong-Macao Greater Bay Building Standards, and target to commence the relevant strategic study in early 2025, so as to devise a concrete work framework for the relevant building standards. In addition, the Government has been actively promoting the adoption of high productivity construction methods in the construction industry to improve the project quality, construction efficiency and site safety. We will launch the Modular Integrated Construction (MiC) Manufacturer Certification Scheme by the end of this year in synergy with production bases in the Mainland, so as to leverage the complementarity of the construction industries in Guangdong and Hong Kong.

Construction Industry Security of Payment Bill

10. The Construction Industry Security of Payment Bill is currently under the scrutiny in the Legislative Council (LegCo), and we aim to gazette the bill by end of this year, with its main provisions taking effect after the ensuing eight months. In the long term, the implementation of the bill will improve the industry's payment practices, contribute to a healthier business environment in the construction industry, and enhance the capacity to advance construction projects, thereby accelerating infrastructure development in Hong Kong. The enactment of the bill will also help reduce risk premium and lower construction cost.

Enhance the Mechanism on Recognition of Professional Qualification

11. With a view to enhancing the training quality of the construction industry in the GBA and the mechanism on recognition of professional qualification, nurturing talents and supporting the implementation of high-quality development, we have strengthened our exchanges and collaboration with the Mainland to boost the developmental strength of the construction industry. The key areas of work include the following –

- (a) **Recognition of “Professional Title”** – We have been committed to pursuing the recognition of qualification of construction related professionals in the Mainland and the Hong Kong Special Administrative Region. The “Professional Title” assessment mechanism is a unique qualification evaluation mechanism widely adopted in the Mainland for assessing the technical competence and qualifications of different professionals. The “Professional Title” of a talent is one of the key considerations adopted by construction related enterprises for staff employment and promotion. Besides, the possession of professionals with high ranking “Professional Title” by an enterprise would also have advantage in bidding construction contracts and consultancies procured by different clients. To facilitate the recognition of qualifications of Hong Kong’s construction related professionals under “Professional Title” assessment mechanism, we have been actively liaising with the relevant Mainland authorities to overcome various difficulties. With the concerted efforts of the governments of both sides, a bespoke mechanism with corresponding evaluation criteria for Hong Kong professionals in five engineering disciplines were established and promulgated in September 2023. The first batch of pilot assessments has been successfully completed in July 2024, with over 200 Hong Kong engineers obtained their “Professional Titles”. We will keep up our efforts with Mainland authorities and continue to coordinate with the local construction industry with a view to regularising the assessment mechanism of the pilot engineering disciplines and expanding its coverage to other suitable construction related professions (e.g.

quantity surveying, architecture, and other engineering disciplines) by mid-2025.

- (b) **GBA Standards and “One Examination, Multiple Certification”** – Hong Kong SAR has a well-established framework for training construction personnel, which includes comprehensive and recognised courses, and specialised training institutes such as the Construction Industry Council. We are collaborating with the Guangdong Province and Macao SAR to formulate GBA Standards on the skill levels of skilled workers and technicians in the construction sector, and will take forward the “One Examination, Multiple Certification” arrangement. The GBA Standards will be established based on the principle of “adopting the higher standards, and covering more elements”, so as to follow the higher standards among the three places and cover the key elements in the individual syllabuses of the three places. This will enhance the quality of construction training in the GBA. Those who pass the examinations adopting the GBA Standards can concurrently obtain vocational skill certificates issued by the three places. This will contribute to the nurturing of construction talents in the GBA. We aim to announce the GBA standards and take forward the “One Examination, Multiple Certification” arrangement for the first pilot trade by Q1 2025.

Facilitating Urban Renewal

12. To address urban decay and ageing buildings, we will continue to take forward redevelopment and step up maintenance of aged buildings. On redevelopment, we will continue to embrace the “planning-led” approach to renew and restructure old districts in a holistic and sustainable manner.

13. Last year, we implemented a series of measures to facilitate urban renewal by the public and private sectors. For example, the borrowing limit of the Urban Renewal Authority (URA) has been raised from \$6 billion to \$25 billion since mid-2023 to enable the URA to continue its pace of redevelopment. To encourage greater private sector participation in urban

renewal, we secured the LegCo's approval of the amendments to the Land (Compulsory Sale for Redevelopment) Ordinance (LCSRO) in July this year for updating and streamlining the compulsory sale regime. Subject to the LegCo's approval under the negative vetting procedure, the amended legislation will become effective on 6 December 2024. On another front, to enhance the protection of minority owners affected by compulsory sale, a dedicated office has been set up under the DEVB to formulate and co-ordinate support services. In this connection, the Support Service Centre for Minority Owners under Compulsory Sale (SMOCS)¹ supervised by the dedicated office started to operate in August 2024 to provide one-stop comprehensive support services to minority owners at different stages of compulsory sale application process, as well as to take forward public education and publicity work. Moreover, we will soon publish a guidance note to explain the updated compulsory sale regime in plain language with illustrative examples to serve as a practical reference for the industry, professionals and the general public.

14. The planning studies for Tsuen Wan and Sham Shui Po are also being conducted. Starting from the fourth quarter of 2024, the URA will put forward in batches preliminary restructuring proposals for these two districts to the district councils for discussion and enhancement. Upon completion of technical assessments, renewal master plans will be submitted in the second half of 2025.

15. To take forward urban renewal projects in a sustainable manner, we need a breakthrough in policy thinking and innovative approach. In this regard, we will explore feasible policy measures to use newly developed land to drive large-scale urban redevelopment projects by the public and private sectors, directions of which may include cross-district transfer of plot ratios, construction of rehousing estates, etc. The target is to formulate proposals in the first half of 2025.

¹ The SMOCS, a wholly-owned subsidiary of the URA, is directly accountable to the DEVB.

16 To continue encouraging redevelopment and conversion of aged industrial buildings (IBs), we will also extend the various measures under the IB Revitalisation Scheme to the end of 2027 –

- (a) relaxing the maximum permissible non-domestic plot ratio by up to 20% for redevelopment projects of pre-1987 IBs located outside “Residential” zones in Main Urban Areas and New Towns;
- (b) exempting waiver fees for wholesale conversion of entire blocks of IBs aged 15 years or above in “Commercial”, “Other Specified Uses” annotated “Business” and “Industrial” zones on the condition that no less than 10% of the converted floor space must be designated for specific uses prescribed by Government; this measure is enhanced while being extended, pre-1987 IBs are not subject to the aforesaid condition while remain exempted from relevant waiver fees so as to encourage early conversion of aged IBs; and
- (c) relaxing the waiver application policy to permit designated non-industrial uses not listed in the relevant leases at individual units of existing IBs.

Review the Buildings Ordinance (BO)

17. According to last year’s Policy Address, we have launched a systematic review of the BO and empowered the Buildings Department to handle the work in three aspects in a more effective manner: (a) expediting building rehabilitation; (b) handling UBWs in a pragmatic manner; and (c) ensuring the safety of building works. The major proposals include introducing fixed penalties and increasing court penalties, rationalising the enforcement and prosecution thresholds, strengthening the investigatory powers of the Buildings Department for effective law enforcement, focusing on cases of serious UBWs, increasing the types of exempted works and minor works, handling minor UBWs of lower risks in a pragmatic manner, and strengthening the registration and disciplinary systems for contractors. We will conduct a public consultation on the proposed amendments to the

BO by the end of this year. The target is to introduce an amendment bill into the LegCo in the first half of 2026.

Elderly-friendly Building Design

18. To encourage ageing in place, the task force led by the Deputy Financial Secretary has examined a series of proposals on elderly-friendly building design. We will brief Members of the Panel and consult stakeholders on the proposals in November. The proposals will be put forward in four aspects, including enhancement of elders' mobility and accessibility, adoption of flexible designs that facilitate modifications in residential flats, improvement of elders' well-being, and application of assisted technology. Specific measures include provision of automatic doors in residential buildings, adoption of wider flat doors and common corridors, use of slip-resistant surface materials, provision of fitness or other facilities for the elderly in open spaces, etc. We propose to implement the measures in phases. The safety-related design requirements will be implemented mandatorily by virtue of legislative amendments, while other feasible designs will be implemented through provision of incentives or administrative guidelines. They include GFA concessions or amendments to the "Best Practice" in the Buildings Department's Design Manual, as well as the introduction of a certification scheme.

Wider adoption of Smart Site Safety System (4S)

19. The Government has been adopting a multipronged approach to drive a wide adoption of 4S in the construction industry, with a view to uplifting site safety and providing a safer working environment for site personnel.

20. The Buildings Department introduced mandatory measures since 1 July 2024. Conditions will be imposed under the BO requiring the adoption of 4S to provide qualified supervision of building works when granting the first approval, or approval of major revisions of superstructure plans, of private development projects. For building works with an estimated cost exceeding \$30 million and involving the use of mobile plants and tower cranes, registered contractors are required to adopt relevant 4S alert systems.

21. In addition, the 4S Labelling Scheme was launched by the DEVB and the Construction Industry Council (CIC) in May 2024 to issue labels to construction sites after on-site inspections and assessments of the proper adoption of 4S. The issued label (in form of a plaque) will be placed at conspicuous spots around construction sites for identification and ease of monitoring, including facilitating enforcement departments to monitor the sites without 4S labels. The list of such construction sites is available at the CIC's website for public inspection.

INDICATORS FOR SPECIFIED TASKS

22. We set out in **Annex C** a list of 14 Indicators for Specified Tasks contained in the Annex to the 2024 Policy Address. They comprise seven new indicators and seven ongoing and valid indicators. These Indicators for Specified Tasks cover a wide range of work under the DEVB, and will serve as targets for our work and objective yardsticks against which our performance may be assessed. As regards the Indicators for Specified Tasks contained in the Annex to the 2023 Policy Address, the relevant progress is set out in **Annex D**.

ADVICE SOUGHT

23. We welcome comments from Members on the various initiatives.

Development Bureau
October 2024