

HA announces study results of redevelopment of its factory estates and clearance arrangements

The following is issued on behalf of the Hong Kong Housing Authority:

The Hong Kong Housing Authority (HA) announced today (May 24) the feasibility study results of the redevelopment of the HA's factory estates and the clearance arrangements for the affected tenants.

The HA has six factory estates, namely, Yip On Factory Estate in Kowloon Bay, Sui Fai Factory Estate in Fo Tan, Wang Cheong Factory Estate in Cheung Sha Wan, Kwai On and Chun Shing Factory Estates in Kwai Chung, and Hoi Tai Factory Estate in Tuen Mun.

In the 2019 Policy Address, the Chief Executive invited the HA to explore the feasibility of redeveloping its factory estates for public housing use. The HA has completed the relevant study which concluded that four sites were technically feasible for housing development.

"Based on our initial assessment, three of the sites, at Yip On, Sui Fai and Wang Cheong Factory Estates, are capable of producing a total of some 4 200 units in 2031. We will proceed with the rezoning process of these sites for residential purpose. The fourth site, the Kwai On Factory Estate, can produce some 600 units. However, since the draft Kwai Chung outline zoning plans are now subject to judicial review, rezoning will be initiated upon resolution of the judicial review cases pertinent to the draft Kwai Chung outline zoning plans," a spokesman for the HA said.

"Due to the substantial noise, air quality and odour issues, and on which no effective mitigation measures can be adopted for the time being, the remaining two sites, i.e. Hoi Tai and Chun Shing Factory Estates, are considered not feasible for housing development unless there are significant improvements in the environment of the nearby areas in future."

At its meeting on April 23, the HA's Strategic Planning Committee endorsed the results of the study and agreed to proceed with the clearance of the tenants of the four factory estates at Yip On, Sui Fai, Wang Cheong and Kwai On Factory Estates and thereafter demolition of the buildings while the rezoning exercise of the sites is in progress. Such arrangement will enable the HA to shorten the redevelopment programme; advance flat production to meet the keen demand for public housing.

At the HA's Commercial Properties Committee meeting today, members approved the clearance package of the above four factory estates. The package has taken into account previous practices and current circumstances. Major arrangements are as follows:

- (1) to give affected tenants/licensees an 18-month notice to vacate their premises;
- (2) to pay an ex-gratia allowance to affected tenants/licensees at 15 months' rent/licence fee, exclusive of rates, based on the rent/licence fee as specified under the tenancy/licence as at the date of announcement of clearance (May 24, 2021);
- (3) to arrange restricted tenders for affected tenants/licensees to bid for vacant factory units in Chun Shing and Hoi Tai Factory Estates provided that the size of units that they bid on will not exceed the size of their existing premises;
- (4) to grant a three-month rent-free period to affected tenants/licensees who successfully lease vacant factory units in Chun Shing and Hoi Tai Factory Estates;
- (5) to pay a cash sum of \$25,400 per standard unit to tenants/licensees who do not lease units in Chun Shing and Hoi Tai Factory Estates;
- (6) to offer an additional cash sum of \$100,000 per tenancy/licence to affected tenants/licensees if they vacate their premises within nine months from the date of announcement of clearance and do not lease units in Chun Shing and Hoi Tai Factory Estates;
- (7) to freeze rent increase from the date of announcement of clearance. For affected tenancies due for renewal after the date of announcement, to grant monthly licences to tenants upon expiry of the tenancy at re-assessed licence fees not exceeding the rents payable under the existing tenancies;
- (8) for licences granted during the rent concession period, to allow the licensees to continue occupying the premises under monthly licences at re-assessed licence fees not exceeding that payable under the existing licences, with the re-assessed licence fee taking effect from June 1, 2021; and
- (9) for the shop tenant in Yip On Factory Estate, to pay an ex-gratia allowance at 15 months' exclusive rent specified in the tenancy agreement as at the date of announcement of clearance; to offer a restricted tender opportunity to lease shopstalls in the HA's markets with a three-month rent free period or a lump sum payment of \$137,000 in lieu of a restricted tender opportunity.

As at March 31, 2021, there were 903 tenancies and 1 185 licences for factory units, and one tenancy of a shop unit in Yip On, Sui Fai, Wang Cheong and Kwai On Factory Estates. The HA will individually notify affected tenants of the details of the clearance arrangements.