

# LCQ10: Redevelopment of factory estates of Hong Kong Housing Authority

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 20):

Question:

The Hong Kong Housing Authority is currently studying the feasibility of redeveloping its six factory estates for public housing (particularly public rental housing (PRH)) use. At present, there are about 3 300 tenants in these factory estates and the occupancy rates of the units therein are as high as 98 per cent. In this connection, will the Government inform this Council:

(1) of the latest progress and anticipated completion date of the aforesaid study; whether it has drawn up a redevelopment timetable for the various factory estates; of the respective estimated numbers of PRH units that may be provided upon redevelopment of the various factory estates; the current number of vacant units in the factory estates which are no longer put up for leasing because such factory estates may be redeveloped;

(2) as the Government has indicated that the current study only focuses on the feasibility of redeveloping the factory estates for PRH use, whether this implies that the study does not include a review of (i) the demand of the light industries for units in the factory estates, and (ii) the impacts of the redevelopment of the factory estates on the development of the light industries and the rent levels of private industrial building units in Hong Kong; if so, of the reasons for that; whether it will consider including these topics in the scope of the study;

(3) whether it has received, since October last year, concerns expressed and enquiries made by the tenants of the units in the factory estates about the redevelopment of such factory estates; if so, of the relevant numbers and details; and

(4) of the amount of ex-gratia allowance that may be granted to the tenants of the units in the factory estates who have been affected by the redevelopment plan and the calculation method for the allowance; whether it will arrange for the relocation of those tenants who wish to continue with their operation to other units in the factory estates?

Reply:

President,

My reply to the question raised by the Hon Jimmy Ng is as follows:

(1) and (2) In response to the suggestion in "The Chief Executive's 2019 Policy Address", the Hong Kong Housing Authority (HA) is exploring the feasibility of redeveloping individual factory estates under suitable conditions and arrangements for public housing use, particularly to increase the supply of public rental housing. The HA anticipates that the study will be completed progressively in late 2020. The HA will announce the results of the study and flat production in due course.

As all six factory estates are situated in industrial or industrial-office areas, we must carry out relevant technical assessments to ascertain whether these sites are suitable for residential use. Rezoning under the Town Planning Ordinance is also required to change the use of these sites for public housing development. The factory estates under the HA provide about 8 200 units with a total internal floor area of about 202 000 square metres. The current occupancy rate is about 98 per cent with about 3 300 tenants.

In view of the tight supply in housing land, the Government has been actively identifying suitable sites for public housing development in different parts of the territory. We will consider all suitable sites, regardless of their size, for public housing development so as to make the best use of the scarce land resource and optimise site potential. In the process, the principles of cost-effectiveness and sustainability will be adopted. Based on the above consideration of "efficient and optimal use of land", the HA's study will focus on the feasibility of the various redevelopment options. It will not include a review of the demand of light industries for units in the factory estates, as well as the impact of the redevelopment of the factory estates on the development of light industries and the rent levels of private industrial building units. Currently, we have no plan to change the scope of the study.

(3) Since October last year, the HA has received about 40 enquiries from tenants of the factory estates concerning the redevelopment, including the clearance schedule and arrangements for tenants affected by clearance, such as granting of removal and ex-gratia allowance and re-allocation of vacant units in other factory estates, etc.

(4) When the HA cleared its factory estates in the past, an advance notice of 18 months would normally be given to the affected tenants to facilitate their early planning for vacating the premises. Rent increase would also be normally frozen until clearance, and an ex-gratia allowance would be paid to the concerned tenants to assist them to relocate or terminate their businesses. If the HA finally decides to clear its existing factory estates, it will make reference to the previous practices mentioned above and the then circumstances in making appropriate arrangements.