LCQ11: Supply of sites for private housing

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (June 6):

Question:

According to the information from a think tank, it is projected that 24 280 residential units can be built on the private housing sites launched in the first three quarters of the past financial year. As many as 64 per cent of such units will be provided by privately-led development projects, which is 49 percentage points higher than the average percentage (around 15 per cent) for the past five financial years. The think tank has also pointed out that the current problem of acute housing shortage in Hong Kong can be attributed to a certain extent to the lack of reserves for "spade-ready" sites (i.e. the sites concerned have been properly zoned, and do not require resumption, clearance or reprovisioning of existing facilities, site formation, or provision of additional infrastructure) by both the Government and private developers. In this connection, will the Government inform this Council:

(1) whether it has explored why as many as 64 per cent of the aforesaid 24 280 residential units will be provided by privately-led development projects; if so, of the details; as the Secretary for Development remarked in December last year that there was no guarantee that the momentum for private development projects would be maintained in the coming years, of the authorities' ways to increase Government-led land supply so as to achieve the annual supply target for private residential units;

(2) given that a number of the sites included in the Land Sale Programme for the 2017-2018 financial year (e.g. the sites located in Pak Shek Kok of Tai Po and Castle Peak Road-Area 48 of Tuen Mun, as well as the eight sites located in Kai Tak) are not spade-ready sites, whether the authorities have drawn up a timetable for converting such sites into spade-ready sites; if not, of the reasons for that; if so, the details and the estimated total number of residential units to be built on such sites;

(3) whether it will set up a reserve for spade-ready sites and improve the existing land premium mechanism in order to increase land supply; if so, of the details; if not, the reasons for that; and

(4) whether it will resume major reclamation projects for setting up a land reserve; if so, of the timetable; if not, the reasons for that?

Reply:

President,

My reply to various parts of the question is as follows:

(1) Private housing land supply sources include government land sale, railway property development projects, projects of the Urban Renewal Authority (URA) and private development/redevelopment projects. The aggregate private housing land supply in 2017-18 (i.e. from April 2017 to March 2018) can provide a total of about 25 500 housing units. Details are set out below:

Source of land supply	Estimated flat number
Government land sale	5 840
Railway property development projects	2 600
Projects of the URA	280
Private development/redevelopment projects	16 780
Total	25 500

While there was a significant boom in private developments and redevelopments in 2017-18, with an estimated flat yield significantly higher than the 10-year average (i.e. 2007 to 2016) of 4 200 flats, the Government is unable to accurately forecast whether this situation will continue as private developments or redevelopments are initiated by the private land owners taking into account different considerations, including the owner's assessment on the market outlook, development initiative and financial consideration, etc. Hence, the Government does not and should not rely on a single source of land supply. We will continue to maintain a sustained and stable private housing land supply to meet the needs for private housing land in the community.

(2) The 2018-19 Land Sale Programme comprises a total of 27 potential residential sites capable of providing about 15 250 private housing units. As at May 2018, out of the 27 sites, amendments to the outline zoning plan (OZP) are not required or have been completed for 20 sites (including nine sites in Kai Tak), capable of providing about 11 760 units. The other seven sites require amendments to the OZPs for rezoning or increasing the development density; these sites are capable of providing about 3 490 units. We will complete the statutory processes in a timely manner having regard to the land sale programme.

Following established practice, government sites expected to be put up for sale will be decided and announced on an annual basis, shortly before the start of the financial year concerned, taking into account prevailing circumstances such as the readiness of individual sites, the supply situation from other private housing land supply sources, the housing supply target set under the Long Term Housing Strategy and market conditions.

(3) and (4) Land development takes time and we need sustained efforts for the planning and development of land resources. Under a multi-pronged approach, the Government endeavours to identify and provide land to meet the emerged, foreseeable and unforeseeable needs for housing, economic and social developments. Over the past few years, the Government has identified, through land use reviews, over 210 sites with housing development potential in the short to medium term, involving a total of over 310 000 housing units (with over 70 per cent being public housing). These sites, together with the initiative to suitably increase development intensity as well as the implementation of the Kai Tak Development, Anderson Road Quarry Site, railway property developments and urban renewal projects, could provide over 380 000 units in the short-to-medium term. As for the medium-to-long term, the Government is pressing ahead various New Development Areas and railway property developments (including Siu Ho Wan Depot) projects to provide over 220 000 residential flats.

In the medium-to-long term, reclamation as a means of land formation is indeed capable of providing more sizeable new land to accommodate different uses. Among other efforts, reclamation works for the Tung Chung New Town Extension has commenced in end-2017. We will seek funding from the Legislative Council in due course to commence the detailed studies for other reclamation projects.

Besides, the Task Force on Land Supply (Task Force) launched a five-month public engagement exercise on April 26, 2018 to lead a discussion in the community on the pros and cons and relative priority of 18 land supply options (including near-shore reclamation outside Victoria Harbour) and relevant issues (such as building a land reserve), with a view to making a compromise on the land supply options and strategy while achieving the broadest consensus in the community. Based on the public views collected, the Task Force will submit a report to the Government tentatively by end-2018.

Regarding streamlining and expediting the premium assessment process, the Government has implemented various measures in recent years. For example, premium assessments are centralised at Lands Department (LandsD) Headquarters in respect of lease modification/land exchange cases involving a premium of over $100 million or a gross floor area permissible exceeding 10 000 square metres after the lease modification/land exchange. LandsD has also adopted a new set of updated construction costs data as a common reference by the Government and market practitioners to facilitate agreement in premium negotiations. The Government introduced the Pilot Scheme for Arbitration on Land Premium (Pilot Scheme) in October 2014 to facilitate early agreement on land premium payable for lease modification/land exchange applications, with the objective of expediting land supply for housing and other uses. Given the limited number of completed arbitration cases, the Government after consideration has extended the Pilot Scheme for two years until October 2018 to accumulate more experience and will conduct a review towards the end of the trial period.