

# LCQ12: Driving property development projects by infrastructure projects

Following is a question by Dr the Hon Lo Wai-kwok and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (August 25):

Question:

Since the 1970s, the MTR Corporation Limited (MTRCL) (formerly known as Mass Transit Railway Corporation) has taken forward a number of new railway lines and property development projects through the application of a "Rail-plus-Property development" model. On driving property development projects by infrastructure projects, will the Government inform this Council:

(1) of the following information on the property development projects taken forward by the MTRCL under the aforesaid model: (i) number of projects, (ii) total site area, and (iii) total number of residential units provided, and among them, the number and percentage of those which are public housing units;

(2) whether it will make reference to the data mentioned in (1) and require the MTRCL to provide a certain percentage of public housing units in the property development projects taken forward in future under the aforesaid model; if so, of the details; if not, the reasons for that; and

(3) whether it will proactively adopt a model of "driving development by supply", including considering afresh the construction of a coastal railway between Tuen Mun and Tsuen Wan, so as to spur district development through different types of infrastructure projects, and increase land and housing supply; if so, of the details; if not, the reasons for that?

Reply:

President,

Our reply to various parts of Dr the Hon Lo Wai-kwok's question is as follows:

(1) The MTR Corporation Limited (MTRCL) (including its predecessor as the Mass Transit Railway Corporation) has residential developments at 27 stations under the "Rail-plus-Property (R+P)" model, covering a total area of approximately 190 hectares and providing a total of approximately 108 500 housing units, including 2 180 units as Subsidised Sale Flats.

(2) According to the R+P model, when the Government executes the project agreement with the MTRCL, the Government grants property development rights based on the funding gap of the railway project, enabling the MTRCL to bridge the funding gap by the property development profits. Given that the primary purpose of granting property development rights is to bridge the funding gap

of a railway project, the R+P sites were generally used for development of private housing in the past to maximise the value of the sites. If the R+P site is used for the construction of public housing, it will reduce the profit that can be generated from property development for bridging the funding gap of the railway project. The feasibility of such recommendation depends on whether there are sufficient sites along the proposed railway for public and private housing development, and whether the site granted to the MTRCL can generate sufficient profit to bridge the funding gap. The Government will review if there is room for adopting such recommendation in light of the circumstances of each railway project. For instance, the Government has drawn up the Outline Zoning Plan for the 30-hectare Siu Ho Wan Depot site. It is expected that this development project would provide about 20 000 units in the medium to long term, of which around half would be public housing which are mainly Subsidised Sale Flats under current planning.

(3) The current term Government advocates the infrastructure-led, capacity creating planning approach in order to motivate development of land by provision of transport infrastructure. The Transport and Housing Bureau invited the MTRCL to proceed with detailed planning and design of the Northern Link (NOL) project in end 2020. The NOL is crucial to unleashing the development potential of the largely underutilised land along its alignment and increasing the supply of land and housing. Except a few low-to-medium density existing/planned residential developments in the vicinity of Kam Sheung Road and Au Tau stations, the areas along the alignment are yet to be developed. The availability of the NOL would unleash the development potential of the land in the vicinities of San Tin, Ngau Tam Mei and Au Tau, driving developments of the areas to provide more housing sites. So far, the Government has identified housing sites with a total area of about 90 hectares (equal to the size of four Taikoo Shings) along the NOL, including the San Tin/Lok Ma Chau Development Node, and related studies are being conducted progressively. It is anticipated that over 70 000 housing units can be provided on these sites. Moreover, not only will the improvement of transport infrastructure network benefit key government development projects under planning, it can also incentivise early development of the privately owned land in the vicinity with larger housing yield.

Regarding the coastal railway between Tuen Mun and Tsuen Wan (Tuen Mun to Tsuen Wan Link), when formulating the Railway Development Strategy 2014, the consultant at that time evaluated in detail the feasibility of constructing the Tuen Mun to Tsuen Wan Link. According to the consultant's analysis, the local population is mainly concentrated at the eastern and western ends of the Tuen Mun to Tsuen Wan Link; while the potential for further development by either reclamation or site formation at hillsides along the coast between Tuen Mun and Tsuen Wan is not substantial. Therefore, it was anticipated that there would be no basis for new source of passengers. Meanwhile, due to the technical difficulties involved in the construction of railway along the relevant areas, the construction cost of the Tuen Mun to Tsuen Wan Link was expected to be very high. The cost-effectiveness of the Tuen Mun to Tsuen Wan Link could hardly be established according to the information available at that time.

The Government is planning to take forward a group of priority transport corridors connecting the coastal area of Tuen Mun, Lantau, Kau Yi Chau Artificial Islands and Hong Kong Island under the Lantau Tomorrow Vision. A part of the proposed corridor is similar to the alignment of Tuen Mun to Tsuen Wan Link. Moreover, the Highways Department and the Transport Department commenced the Strategic Studies on Railways and Major Roads beyond 2030 (the Studies) in December last year. Based on the final development strategy of the Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030 planning study which will soon be published by the Development Bureau, the Studies will explore the layout of railway and major road infrastructure and conduct preliminary engineering and technical assessments for their alignments and supporting facilities, so as to ensure that the planning of large-scale transport infrastructure will complement or even reserve capacity to meet the overall long-term development needs of Hong Kong.

Thank you, President.