

## LCQ13: Redevelopment of factory estates under the 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 (December 18):

Question:

The Chief Executive indicated in this year's Policy Address that she would invite the Hong Kong Housing Authority to explore the redevelopment of its six factory estates for public housing use. Such factory estates are located in Kwai Chung/Tsing Yi, Tuen Mun, Sha Tin, Kwun Tong and Sham Shui Po respectively, providing a total of over 8 200 factory units. In this connection, will the Government inform this Council:

- (1) of the expected completion dates for collecting research data, setting out the initial thinking and formulating the implementation timetables for the redevelopment projects; whether it has studied how a conversion option compares with a demolition and redevelopment option in the following two aspects: (i) the various items of expenditure required (e.g. expenditure on enhancing fire service facilities), and (ii) the number of public housing units that may be provided (and the ratio of units, among such units, available for rent to those for sale);
- (2) whether it will, in formulating the estimated expenditures and relocation arrangements for tenants for the redevelopment projects, draw reference from the experience in earlier years of converting factory estates into Un Chau Estate Phase 5 in Cheung Sha Wan or Wah Ha Estate in Chai Wan; if so, of the details; if not, the reasons for that;
- (3) whether it will consider, on the premise of fully utilizing the plot ratios of the sites on which such factory estates are located, demolishing such factory estates and redeveloping them into public rental housing (PRH) estates, so as to shorten the waiting time for PRH as far as possible; if so, of the details; if not, the reasons for that; and
- (4) as it has been reported that the current occupancy rates of such factory estates are 99 per cent, how the Government will, in tandem with increasing public housing supply, properly address the demand of existing factory estate tenants for such kind of units; whether it will consider retaining one factory estate for lease applications by existing tenants who wish to continue their operation; if so, of the details; if not, the reasons for that, as well as the details of the compensation package for the tenants (including the amounts of relocation allowance and compensation) and the estimated expenditures involved?

Reply:

President,

Our consolidated reply to Hon Jimmy Ng's question is as follows:

In response to the Chief Executive's initiative in the 2019 Policy Address, the Hong Kong Housing Authority (HA) is exploring the feasibility of redeveloping individual factory estates for public housing use, particularly to increase the supply of public rental housing (PRH) units, taking into account individual site conditions and arrangements, as appropriate.

As all six factory estates are situated in industrial or industrial-office areas, technical assessments are required to ascertain the feasibility of residential use, including public housing development, at these sites. Rezoning will also be required to change the use of the sites for residential purpose in accordance with the Town Planning Ordinance. The HA has already commenced relevant assessments. Since the assessments are still at preliminary stage, we are unable to provide details on expenses, flat production, etc. Upon completion of the study, the HA will release the findings and recommendations at appropriate time. The HA will take account of the findings and recommendations of the study and views of other stakeholders before deciding whether individual factory estates would be demolished for public housing use. For the individual factory estates that will not be redeveloped, we will study the improvement works required to fulfil the statutory requirements and the related estimated costs after the enactment of the Fire Safety (Industrial Buildings) Ordinance.

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 the 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, HA's study will focus on the feasibility of the redevelopment option.

Regarding the ratio between PRH and subsidised sale flats (SSFs) upon redevelopment, in accordance with the prevailing practice, the HA will maintain the flexibility among different types of public housing to cater for the demands of PRH, Green Form Subsidised Home Ownership Scheme and other SSFs, and adjust their supply in a timely manner to better respond to the market changes and the housing needs of the community at large. Based on the concept of "inter-changeability", in planning public housing projects, the HA will consider a number of factors including local housing needs and the community aspiration as a whole.

In HA's previous exercises for the clearance of factory estates, an advance notice of 18 months would be given to affected tenants for vacating the premises. Rent increase would be frozen until clearance, and an ex-gratia allowance would be paid to affected tenants to assist them in relocating or

terminating their business. If the HA decides to clear its existing factory estates, it will make reference to previous practices and make appropriate arrangements according to the circumstances.

The HA currently has six factory estates providing a total internal floor area of approximately 200 000 square meters. According to the information of the Rating and Valuation Department, the total stock of private factory premises in the territory was around 16.41 million square meters as at end-2018, including vacant units of around one million square meters.