

LCQ15: Revitalisation scheme for industrial buildings

Following is a question by the Hon Jimmy Ng and a written reply by the Acting Secretary for Development, Mr Liu Chun-san, in the Legislative Council today (January 15):

Question:

Regarding the revitalisation scheme (the scheme) for industrial buildings (IBs), the reactivation of which was announced by the Government in the Chief Executive's 2018 Policy Address, will the Government inform this Council:

(1) of the respective numbers of the following types of applications received by the Government so far: (i) wholesale conversion of IBs, (ii) redevelopment of IBs, (iii) provision of transitional housing in converted IBs, and (iv) broadening the permissible uses of buffer floors; among the applications under each of these types, the respective current numbers of those approved, rejected as well as undergoing the vetting and approval process; the average time taken for vetting and approval of each type of such applications;

(2) given that one of the conditions for the Lands Department to approve, at nil waiver fee, special waiver applications lodged by IB owners for the change of use upon wholesale conversion of eligible IBs is that the owner(s) must designate 10 per cent of the converted gross floor area (GFA) of the IB concerned for specific uses decided by the Government, of the aggregate GFA for each type of such specific uses involved in such applications approved so far;

(3) given that the maximum permissible non-domestic plot ratio may be relaxed for the redevelopment of eligible IBs by the owners of the IBs concerned provided that they pay the land premium in full, whether the Government will consider allowing the owners to have the option, in lieu of payment of land premium, of designating a specific percentage of the GFA of the redeveloped IBs for the specific uses decided by the Government; if so, of the details; if not, the reasons for that;

(4) of the latest progress of the Development Bureau's exploration with the Fire Services Department on the feasibility of further widening the scope of uses permissible in a buffer floor under the scheme (including the new permissible uses proposed); and

(5) given that the Government has relaxed the policy on waiver applications for using IB units for five types of non-industrial uses (i.e. art studio, audio-visual recording office, design and media production office, office for specified creative industries, as well as research, design and development centre), of the respective numbers of IB units currently used for these five

types of uses, as well as the total number of IBs involved?

Reply:

President,

The reply to the various parts of the question raised by the Hon Jimmy Ng is as follows:

(1) Regarding wholesale conversion of industrial buildings (IBs), private owners may submit a valid application to the Lands Department (LandsD) on or before March 31, 2022 for a special waiver with exemption of waiver fee to implement wholesale conversion of existing IBs aged 15 years or above in "Commercial", "Other Specified Uses" annotated "Business" and "Industrial" zones for uses permitted under the relevant Outline Zoning Plans (OZPs), with an additional condition that 10 per cent of the converted floor space should be designated for specific uses prescribed by the Government. Where a proposed use applied for requires planning permission from the Town Planning Board (TPB), it must be obtained before the waiver application is submitted to the LandsD. As at December 31, 2019, the LandsD had received and was processing two applications in relation to wholesale conversion. Separately, as at January 3, 2020, the TPB had received four other applications for planning permission of proposed uses upon wholesale conversion, among which one was approved so that the owner concerned may submit an application for a special waiver to the LandsD subsequently.

Regarding redevelopment of IBs, private owners may apply to the TPB for relaxation of the maximum permissible non-domestic plot ratio by up to 20 per cent within three years starting from October 10, 2018. The modified lease should be executed with full land premium charged under the prevailing mechanism within three years after the planning approval. As at January 3, 2020, of the 37 applications received by the TPB (including three withdrawn), 12 applications were approved, while the remaining ones were being processed. In accordance with the Town Planning Ordinance, applications for planning permission are to be considered by the TPB within two months after receipt. In relation to the applications with planning permission obtained, four owners have applied to LandsD for lease modification which shall be subject to premium payment. Relevant applications are being processed.

Regarding transitional housing, the Task Force on Transitional Housing under the Transport and Housing Bureau has all along been in liaison with stakeholders, including community organisations and their hired professionals, professional institutes, charitable organisations, commercial sector, owners interested in converting IBs into transitional housing, and in consultation and collaboration with relevant Government departments, on preliminary architectural designs for potential projects and technical issues such as environmental and traffic assessment, fire safety, and infrastructure. If any agreement on conversion of an existing IB for provision of transitional housing is reached, the organisation concerned will announce the details as appropriate. So far, the LandsD has yet to receive any application for a waiver for provision of transitional housing in

wholesale-converted IBs.

As for broadening the permissible uses of buffer floors, the LandsD has yet to receive any application so far.

(2) In making an application for wholesale conversion of an IB, an owner may propose preliminary parameters about the portion for prescribed uses designated by the Government (including the gross floor area, location, layout, fitting/finishes, and any other conversion works), as well as the specified uses of that portion. The specified uses proposed may include those in relation to the arts and cultural sectors, creative industries, innovation and technology industries, social service, sports and recreational facilities, or others which will bring wider community benefits. The Government will evaluate the owner's proposal, and determine the specific parameters of the floor area of the designated portion and the specified uses when processing individual applications. As the LandsD is processing two applications for wholesale conversion received, no breakdown of the specified uses and the floor area involved is available at this stage.

(3) As mentioned in (1) above, since the TPB started to accept applications for relaxation of the maximum permissible non-domestic plot ratio by up to 20 per cent for redevelopment of pre-1987 IBs on October 10, 2018, it has already received more than 30 applications in about a year or so and approved 12 of them. Compared with the previous round of the revitalisation scheme with 14 applications for redevelopment approved during the six-year period from 2010 to 2016, the market response to the current measure on redevelopment is positive. The Government will continue to monitor the market response and the effectiveness of this measure.

(4) If there is a buffer floor (normally used as car park, electrical and mechanical plant room, or empty floor) in an IB which completely separates the lower floors from the upper portion with industrial uses, the Government would accept proposals for converting the premises on the lowest three floors into other non-industrial uses, including shops and services, restaurants, or arts and cultural facilities, subject to the waiver fees payable and compliance with planning and other relevant requirements.

The Government has completed examining the feasibility to broaden the use of buffer floors in IB. In March 2019, the LandsD announced that the permitted uses of buffer floors be extended to cover "telecommunications exchange centres" and "computer/data processing centres". The Fire Services Department also announced the fire safety requirements applicable to these permitted uses in the same month.

(5) To address the demand for safe, lawful and affordable space of the arts and cultural sectors, creative industries, and innovation and technology sectors, the Government has relaxed the waiver application policy, during the five-year period between February 1, 2019 and January 31, 2024 (initially for five years), to permit five uses in individual units within existing IBs, namely (i) "Art Studio"; (ii) "Office (Audio-visual Recording Studio)"; (iii) "Office (Design and Media Production)"; (iv) "Office" (used by "specified

creative industries" only); and (v) "Research, Design and Development Centre". The prerequisite is that such uses are permitted under the land use zoning of the site on the relevant OZP as "Column 1" (i.e. always permitted) uses. In addition, for the sake of public safety, the relaxation does not cover any premises involving direct provision of services or goods. Details of the arrangements are available at the Development Bureau's website (www.devb.gov.hk/en/issues_in_focus/index.html). In addition, we have approached various organisations and stakeholders of the relevant sectors to promote this new measure.

While the five permitted uses are not in line with the lease restrictions for "industrial and/or godown purposes", the LandsD will not take any enforcement action in respect of the breach of the lease restrictions so long as they are permitted under the land use zoning of the site on the relevant OZP as "Column 1" (i.e. always permitted) uses. As the LandsD will not require the owners concerned to apply for a temporary waiver and pay any fee, the Government does not have statistics on various uses in existing IBs covered by this relaxation policy.

The Planning Department commenced in late 2019 the Area Assessments on Industrial Land in the Territories, and is collecting information on the business nature and existing uses of IB units through field surveys and questionnaires. Upon completion of the above Assessments, the results may facilitate an analysis of actual uses in the existing industrial floor area.