

LCQ2: Kwu Tung North and Fanling North New Development Areas

Following is a question by the Hon Lau Kwok-fan and a reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (June 14):

Question:

The Northern Metropolis comprises a number of new development areas (NDAs). It is learnt that, among the NDAs, the development of Kwu Tung North (KTN) and Fanling North NDAs is being taken forward at full steam. They are expected to be the earliest completed NDAs in the Northern Metropolis and are also one of the sources of the Government's housing supply in the medium-to-long term, with the first resident intake already taken place. In this connection, will the Government inform this Council:

(1) given that in respect of in-situ land exchange applications for land in the aforesaid NDAs under the Enhanced Conventional New Town Approach, the deadline for acceptance of binding basic terms offer for land exchange is the end of this month, but it is learnt that at present, some applications are still being processed, whether the authorities will consider extending the relevant deadline; if so, of the planned period of extension; if not, the reasons for that;

(2) given that, as announced by the authorities earlier on, applicants of the aforesaid land exchange applications may opt for premium assessment on the basis of standard rates, but there are views that there has been an apparent downward adjustment in land premium of private residential sites since the announcement of the standard rates, whether the authorities will consider revising the previously announced standard rates and establishing an adjustment mechanism; and

(3) given that the Chief Executive proposed in the 2022 Policy Address that government offices in central business districts with no specific location requirements would be relocated to the Northern Metropolis, and the Government has also reserved a site in KTN NDA for the construction of a government complex, of the authorities' anticipated time of completion and commissioning of the complex and whether they will consider increasing the provision of commercial sites in the vicinity of the complex, so as to drive the development of the NDA as a whole?

Reply:

President,

The Kwu Tung North (KTN)/Fanling North (FLN) New Development Area (NDA) is the first NDA project in the Northern Metropolis to enter construction stage with works commenced in 2019. Population intake of the first batch of

private housing development started from the end of last year, while the tender for another two private residential sites was awarded in 2021. The bulk of population intake of public housing development is expected in 2026.

My reply to various parts of Hon Lau's question is as follows:

(1) An Enhanced Conventional New Town Approach (ENCTA) is adopted for the KTN/FLN NDA, i.e. the Government will in principle resume all private land planned for developments and carry out site formation works and infrastructure construction, before allocating the land for various purposes including disposal of land for private developments. However, under this approach, for sites planned for private developments, the Government allows in-situ land exchange applications from the current land owners subject to their meeting of the specified criteria and conditions, and requires applicants to accept the land exchange conditions (including the premium) before a deadline specified by the Government. This would save the need for land resumption and tender of sites, and expedite the development programme through participation of land owners.

The application procedures for in-situ land exchange within the first phase development of the area were completed in 2017. A total of two applications were approved.

As for the remaining phase development, the Lands Department (LandsD) announced the arrangement for land exchange applications in February last year. As of end of May this year, seven land exchange applications, which involve an estimated supply of about 9 000 private housing units in total, were accepted for further processing.

The Government originally stipulates June 30 this year as the deadline for applicants to accept the land exchange conditions. Upon review, without affecting the development programme of the NDA, the Government will extend the deadline to December 31 this year to allow more time for both sides to conclude the discussion.

(2) The Government announced in March last year the standard rates applicable to the KTN/FLN NDA. If the applicants choose to adopt standard rates in the premium assessment, the time required by both sides for premium assessment and negotiation for each site under the conventional mechanism can be saved. As land exchange applications for NDAs are required to be completed within a specified time period, there is generally no need to adjust the promulgated standard rates in view of the time-criticalness.

However, in view of the substantial changes in the economy and property market since the promulgation of the standard rates in March last year, the industry generally considers that the standard rates formulated for the area at that time has become out of tune with the market and may not be a real option. In fact, among the seven aforesaid applications, the applicants of five cases have still opted for the conventional premium assessment and the LandsD has to conduct premium assessment for the sites as per the established practice. For the other two cases, the applicants have not made their choice on which land premium assessment option to go for so far. Upon considering

the objective market data, we consider that there are grounds for the Government to downward adjust the standard rates for the area to reflect the market changes during this period, such that the standard rates could serve as a meaningful option and realise the policy intention to expedite premium assessment procedures and subsequent developments.

The LandsD will issue practice notes on the extension of deadline and the adjustment of standard rates as soon as possible. The applicants will also be notified at the same time and be allowed to choose their premium assessment mechanism afresh. We hope that these reasonable adjustments in the deadline and standard rates will facilitate timely conclusion of the applications and enable works to commence as soon as possible.

(3) The Government will relocate certain government offices currently in the central business districts of the metro area with no specific location requirements to the Northern Metropolis with a view to driving the development of the area. Amongst others, the Government has reserved land in the KTN NDA for the development of a sizable Government complex. Currently, the site is still occupied by some residential care homes for the elderly which are in operation. Upon accommodating the affected eligible elderly residents in the new multi-welfare service complex in the vicinity, we will immediately commence the site formation works in 2024 and the superstructure works for the Government complex in 2026, and will compress the development programme as far as possible.

At present, the aforesaid development sites in the vicinity of the Government complex are mainly planned for high-density residential development and mixed commercial/residential development with public transport interchange where ancillary commercial uses such as restaurants, retail and services, etc, are allowed. The estimated floor area for these commercial uses in the area is about 300 000 square metres. In view of the suggestion in the Northern Metropolis Development Strategy released in 2021 to consolidate innovation and technology (I&T) sites in San Tin Technopole, the Government is reviewing the land uses of a few sites originally proposed for I&T use in the KTN NDA. Site formation works for these sites are expected to commence progressively from 2024. We note Hon Lau's views and will consider in the study whether these sites are suitable to be rezoned for commercial use.

I conclude with these remarks, President.