

LCQ3: Measures to increase land supply

Following is a question by the Dr Hon Kwok Ka-ki and a reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (November 14):

Question:

Upon the completion of all the development projects under the "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" (Hong Kong 2030+) published in 2016, Hong Kong can accommodate 9 million people. This figure is about 800 000 higher than Hong Kong's projected peak population of 8 220 000 in 2043, i.e. providing a 10 per cent buffer. One of the proposed development projects in Hong Kong 2030+ is the construction of artificial islands with an area of 1 000 hectares (ha) in the Central Waters to accommodate 400 000 to 700 000 people. On the other hand, the Policy Address delivered last month put forward the Lantau Tomorrow Vision, proposing the construction of artificial islands with an area of about 1 700 ha in the Central Waters to accommodate 700 000 to 1 100 000 people. In this connection, will the Government inform this Council:

(1) of the various items of estimated construction costs in relation to the artificial islands mentioned in the Policy Address, including reclamation, external transport facilities and the public facilities on the islands;

(2) of the rationale for setting the buffer population in Hong Kong 2030+ at 800 000; the reasons why the Government has, after a lapse of two years, proposed to increase the reclamation area in the Central Waters by 700 ha to accommodate additional 300 000 to 400 000 people; and

(3) given that the Government may invoke the Lands Resumption Ordinance to resume private land for "public purposes", whether the Government will consider, as a replacement for the reclamation plans in the Central Waters, invoking the Ordinance expeditiously to resume sufficient land (including brownfield sites) for the "public purposes" of developing public housing, other public facilities, etc., so that irreversible damage to the environment can be avoided?

Reply:

President,

The discussions over "Lantau Tomorrow" in the past few weeks have helped us better understand the community's concerns on various issues such as costs and benefits of the works, environmental conservation and impact of climate change, reclamation techniques and materials, land use and transport connection. The Government understands these concerns and plan to seek the funding approval of the Legislative Council in the first or second quarter next year, so as to commence the planning and engineering studies to look into various relevant aspects in a comprehensive and in-depth manner, so that

society can discuss and make trade-offs based on objective, scientific and robust findings of the studies.

My reply to various parts of the question raised by Hon Kwok is as follows:

(1) "Lantau Tomorrow" proposed in the Policy Address is a vision spanning two to three decades. At this stage, we are planning to conduct detailed studies and therefore there is yet formal estimate on the costs for reclamation works and transport infrastructures. As the average water-depth of Kau Yi Chau is at about 7 metres, and in light of the recent experience on reclamations in Tung Chung, our preliminary cost estimate on reclamations for the artificial islands is at about \$13,000 to \$15,000 per square metre (sq m), which is similar to the cost of resuming private agricultural land at \$14,500 per sq m. As regards transport infrastructures, as Kau Yi Chau artificial islands would only be about 10 kilometers (km) away from Central/Sheung Wan, whereas New Territories North (NTN) is some 30 km from the metro core, the costs for providing transport infrastructures for the artificial islands should be no more than that for supporting a new development area (NDA) of similar scale in the NTN.

On the other hand, the Kau Yi Chau artificial islands will bring benefits to Hong Kong. Apart from the revenue arising from the sale of private residential and commercial land, developing the artificial islands will also create substantial social and economic benefits, coming mainly from the 105 000 to around 180 000 public housing units; 200 000 diversified, high-end and high value-added job opportunities; business opportunities emanating from the third Core Business District (CBD3) of which the scale is equivalent to 80 per cent of Central; a liveable city in Kau Yi Chau with holistic planning; comprehensive provision of community facilities; and the land development potential to be unleashed by an expanded transport infrastructure network, etc..

In formulating the implementation strategy, the Government will carry out detailed financial assessments and fiscal risk management by taking into account relevant factors like fiscal sustainability to ensure that the project expenditure is financially affordable.

(2) Under the estimate of "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" (Hong Kong 2030+), with the full implementation of all planned development projects as well as the two strategic growth areas namely the East Lantau Metropolis (ELM) and NTN, the maximum housing capacity would be about 9 million people. However, this is not our population target. It is just a projection based on a host of assumptions to allow society to grasp more easily the potential development capacity of land in overall terms. In other words, the 800 000 people on top of the population peak of 8.22 million in 2043 is not a buffer population as claimed by Hon Kwok; this figure also does not imply that the Government intends to bring in this amount of additional population. It barely reflects the assumptions under the Hong Kong 2030+ estimation that society needs a certain amount of land as buffer capacity, enabling us to have more room for planning and greater

flexibility, so as to prepare for the changing circumstances and to improve the existing planning standards, thereby making Hong Kong more liveable.

Hong Kong 2030+ estimates that we are short of at least 1 200 hectares of land for housing, economic development and various infrastructures and facilities. As pointed out by the Task Force on Land Supply (Task Force), this figure is yet to take into account factors such as public aspiration for improvement in living space and quality of life, upgrading of various community facilities and the need to create a land reserve, etc. Hence, the actual shortage is likely to be under-estimated. On the other hand, there is considerable uncertainty in the implementation of the planned or ongoing land supply projects; if they cannot be realised timely or fully, the land shortage would be even greater. In other words, 1 200 hectares is just a starting point of the land supply target.

The 1 700-hectare reclamation area proposed under Lantau Tomorrow is part of the "Lantau Tomorrow Vision", the details of which are subject to further studies and assessments. In the first phase, we will focus on the studies for developing the artificial islands of about 1 000 hectares near Kau Yi Chau. This scale is similar to that of the ELM mentioned in the respective public engagement documents of the Task Force and Hong Kong 2030+. As for the remaining artificial islands of about 700 hectares near Hei Ling Chau and the waters south of Cheung Chau, the studies will collect technical data for future reference in long-term planning, and there is no concrete implementation timetable at the moment. The Government will take into account the findings in the final report to be submitted by the Task Force to the Government tentatively by the end of this year before firming up the details of the proposed studies.

(3) If the Government considers that a certain area needs to be developed for a "public purpose" such as public housing or government facilities, and has made public the relevant planning and studies, the Government will continue to invoke the Lands Resumption Ordinance (LRO) (Cap. 124) timely to resume private land for development that meets the "public purpose". In the coming few years, about 500 hectares of private land will be resumed under a few mega land development projects. In other words, if the Government has already conducted planning studies and confirmed that development that fulfills the "public purpose" test is feasible, the Government will continue to invoke the LRO to resume private land.

On the other hand, I hope the community would appreciate that the Government needs time and is required to comply with relevant regulations and procedures to take forward relevant studies and planning work. Taking the rezoning of the some 210 sites with potential for housing development as an example, we have spent considerable amount of time on handling the technical feasibility studies and local consultation. Starting from 2013, hitherto, we have completed rezoning of about 120 sites, but there are still more than 90 sites for which rezoning work is still ongoing or not yet initiated. Meanwhile, the Government is carrying out other planning and engineering studies, and will soon commence studies to look into the development potential of about 200 hectares of brownfield sites in the NTN as well as

another 760 hectares of more scattered brownfield sites. However, the Government has only limited planning resources. It would be unrealistic to assume that the Government can deal with planning and development of all different areas in Hong Kong at the same time, or to expect that resuming private lands alone could resolve the severe land shortage problem in Hong Kong, or that all private lots carry potential for high density development.

"Lantau Tomorrow" is a vision spanning two to three decades and means a lot, in different aspects, to the future development of Hong Kong. The Central Waters is in proximity with the Hong Kong Island, Lantau and various major infrastructures. Creation of artificial islands at this strategic location can effectively increase land supply and open up spaces for housing and economic activities. In terms of residential units, the Kau Yi Chau artificial islands can provide 150 000 to 260 000 units, 70 per cent of which (105 000 to 182 000 units) are public housing. This quantum suggests huge potential of Kau Yi Chau, when compared with the aggregate of about 130 000 public housing units to be provided by the four NDAs or new town extension projects that are ongoing or being planned. Also, the strategic location of Kau Yi Chau allows us to develop the CBD3 for Hong Kong to strive ahead. The newly proposed major roads and railway network will connect the artificial islands with the Hong Kong Island, Lantau and the coastal areas of Tuen Mun to help divert traffic between North West New Territories and the metro area and relieve congestion at the West Rail. On the other hand, the transport network helps adjust the current uneven distribution of homes and jobs so as to make the territorial spatial planning pattern more balanced. The Kau Yi Chau artificial islands can also provide decanting space for households affected by urban renewal and enable larger-scale urban redevelopment projects, while thinning out the dense population in the urban area. These multiple strategic benefits cannot be easily replaced by other land supply options.

For Hong Kong to avoid the recurrence of the current dire land shortage, we cannot afford to rely on just one single option to tackle the land supply issue. A multi-pronged approach, as evident from past experiences and backed by the broad support from the Task Force and the general public, is a pragmatic strategy that meets Hong Kong's overall interest. Based on the above considerations, we believe that conducting detailed studies for developing the Kau Yi Chau artificial islands is a crucial step under the multi-pronged strategy.