

## LCQ6: Encouraging the relocation of brownfield operations to multi-storey buildings for modern industries

Following is a question by the Hon Judy Chan and a reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (Jul 3):

Question:

The Government has proposed in the Northern Metropolis Development Strategy to facilitate development of multi-storey industrial buildings and modern logistics centres. In addition, as pointed out in its paper submitted to the Panel on Development of this Council on April 25 last year, in the long run the Government aims at accommodating brownfield operations affected by its clearance operations and facilitating the upgrading and restructuring of their business by developing multi-storey buildings for modern industries (MSBs). In this connection, will the Government inform this Council:

(1) given that according to the aforesaid paper, the Government estimated that about 200 hectares of brownfield sites would be resumed between April last year and 2026, of the area of brownfield sites that have been resumed by the Government so far, as well as the gap between such area and the estimated area of brownfield sites to be resumed;

(2) of the progress and timetable of relocating the logistics operations on brownfield sites to the MSBs; and

(3) as it is learnt that at present, some logistics operators on brownfield sites are unwilling to move to the MSBs, whether the authorities have gained an understanding of the reasons for that, and how the authorities plan to encourage them to relocate their operations to the MSBs?

Reply:

President,

â€œIn response to the needs of society, the Government has expedited the implementation of various development projects to increase land supply in recent years, including the resumption and development of brownfield sites. Existing brownfield operations have been supporting the development of construction, logistics, transportation, recycling industries, etc, and making contributions to Hong Kong's economy and job market. That said, many brownfield operations operate in a low-density manner, which is not the most land-efficient operation model as compared to that of other economic activities. As such, we consider it a suitable direction that brownfield operations should be consolidated through various development projects such

as those in the Northern Metropolis, with a view to enhancing land efficiency thereby providing them an opportunity for upgrading and transforming their businesses. To minimise the impact brought about by the resumption of brownfield sites to these economic activities, the Government would adjust the resumption schedule with regard to circumstances on the ground and provide brownfield operators with ex-gratia allowances and provide assistance to those who intend to relocate their businesses.

My reply to the various parts of the question is as follows:

(1) Over the past few years, the Government has resumed and handled around 30 hectares (ha) of brownfield sites, most of which were situated within Kwu Tung North/Fanling North (KTN/FLN) and Hung Shui Kiu/Ha Tsuen (HSK/HT), for the purpose of implementing the first phase developments of these two New Development Areas (NDAs). The land resumption was generally on schedule. In order to take forward the remaining phases of development of various NDAs, the Government will resume around 200 ha of brownfield sites from now till the end of 2026, among which some 100 ha are within the KTN/FLN Remaining Phase development and the HSK/HT Second Phase development and for that the Lands Department has posted relevant resumption and acquisition notices in January and May this year respectively, involving some 100 ha of brownfield sites mentioned above. As for the remaining around 100 ha of brownfield sites, they are mainly situated within San Tin Technopole and Yuen Long South Development Area (YLSDA), and the Government will take forward the land resumption concerned in due course.

(2) It is the Government's objective in the long run to develop multi-storey buildings for modern industries (MSBs) for promoting the development of industries, and consolidating brownfield operations affected by government projects in a land-efficient manner and assisting them in upgrading their operations. We have reserved more than 70 ha of land in HSK/HT NDA and YLSDA and most of them will be used for development of the MSBs. The Government had received positive feedbacks from the industry earlier through their expression of interests for the MSB development on the first two sites in Yuen Long and Hung Shui Kiu, hence included these two sites earlier in the Land Sale Programme.

Members may be aware of the Development Bureau's announcement last Wednesday (June 26) that the tender period of the Yuen Long Site would be extended to the end of December this year. This was in response to the views relayed to the Government recently by the industry, including potential bidders, that they needed more time to prepare relevant tender proposals, and hoped that the Government would put up the Hung Shui Kiu Site for tender as soon as possible, so that the industry and investors could strategically consider and plan the development of the two sites concurrently. The Government announced at the end of May the release of the Hung Shui Kiu community isolation facilities site and we are now expediting the preparatory work so to strive to put up this site for tender in September. Details will be announced in due course.

Brownfield operations affected by government's land development would be

mainly offered monetary compensation. For those who intend to relocate their businesses, the floor space to be provided by the MSBs would be one of the options for their consideration, nonetheless not the only way out, nor would it be available in the short term. Pending completion of the MSBs, the Development Bureau would continue providing various support measures for brownfield operators, including the provision of advisory services on planning and lands matters through the dedicated multi-disciplinary team to those who intend to relocate their businesses, and the co-ordination of different departments to facilitate operators in obtaining necessary planning approvals and applying for lease modifications; and the identification of more suitable government land for letting specifically to affected brownfield operators by way of short-term tenancy. In addition, we will earmark more land for the MSB development and industrial parks in development projects such as Lung Kwu Tan reclamation and New Towns in the New Territories North.

(3) We understand that the rental level of the MSBs is one of the concerns of brownfield operators, as the existing rent of the brownfield sites, which are agricultural lots in general, is relatively on the lower end. We will therefore require the successful bidder of the MSB site to hand over some floor space of the MSB(s) to the Government. For instance, we have required the successful bidder of Yuen Long Site to hand over 30 per cent of the gross floor area to the Government under specific land sales conditions, so the Government could let out such floor space to brownfield operators at a rental level comparable to that of brownfield sites in related industries, which is lower than that of the MSBs, for an initial period of five to ten years, providing a transitional period for these operators to adapt to a multi-storey setting and to upgrade and transform their operations.

We also understand that brownfield operations of some industries may not be suitable for operating in MSBs. Hence, we will reserve land for open-air operations at suitable locations in the planning of the Northern Metropolis. For example, land has been reserved in HSK/HT NDA for the storage of large construction machineries.