

# LCQ7: Redevelopment of factory estates under Hong Kong Housing Authority

Following is a question by the Hon Ma Fung-kwok and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (January 8):

Question:

Last month, the Secretary for Transport and Housing indicated that in response to an initiative put forward by the Chief Executive in the 2019 Policy Address, the Hong Kong Housing Authority (HA) was exploring the feasibility of redeveloping HA's individual factory estates for public housing use, taking into account individual site conditions and arrangements, as appropriate. In this connection, will the Government inform this Council:

(1) of (i) the average occupancy rate, (ii) a breakdown of the number of tenants by trade group, and (iii) the number of tenants that engaged in cultural, arts or sports related trades, in respect of the various factory units under HA in each of the past three years;

(2) whether the aforesaid exploratory work has included (i) consulting the existing tenants of the factory estates, (ii) assessing the impacts of related plans on the tenants and the trades concerned, and (iii) formulating measures to mitigate such impacts; if so, of the details (including the approaches for the consultation and assessment work); of the expected dates of completion of the exploratory work and announcement of the outcome; and

(3) whether the Government will consider including in the aforesaid exploratory work a study on the feasibility of the following arrangement: upon drawing reference from the practice in earlier years of converting the whole block of the Shek Kip Mei Factory Estate into an arts centre, converting individual factory estates for cultural, arts or recreational and sports related uses, or setting aside, in the projects for redeveloping the factory estates into public housing, certain floors for such uses?

Reply:

President,

Our consolidated reply to the Hon Ma Fung-kwok's question is as follows:

In response to the suggestion in the Chief Executive's 2019 Policy Address, the Hong Kong Housing Authority (HA) is exploring the feasibility of redeveloping its individual factory estates under suitable conditions and arrangements for public housing use, with a view to increasing public housing, particularly the supply of public rental housing.

At present, HA has six factory estates (Note) which provide small-sized

units to manufacturers of light industries for industrial purposes. The occupancy rate has been maintaining at a high level. During the three-year period from early-December 2016 to end-November 2019, the average yearly occupancy rates of these factory estates were over 98 per cent. There are about 3 320 tenants at present.

The existing trades operated by tenants of HA's factory estates can be classified into 12 general categories, which are mainly light industries related to manufacturing, repair and production of equipment and products, etc. Non-industrial uses such as cultural, arts or sports activities are not included. The number of tenants in these 12 categories of trades as at end-November 2019 is listed at Annex.

In HA's previous clearance exercises of its factory estates, an advance notice of 18 months would normally be given to affected tenants to facilitate their early planning for vacating the premises. Rent increase would also be normally frozen until clearance, and an ex-gratia allowance would be paid to the concerned tenants to assist them to relocate or terminate their businesses.

In order to minimise the number of affected tenants and avoid loss to tenants of newly-let units arising from start-up investments, HA has already frozen the letting of vacant factory units temporarily. If HA finally decides to clear its existing factory estates, it will make reference to the previous practices mentioned above and the then circumstances in making appropriate arrangements. HA will maintain communication with existing tenants and listen to their opinions and concerns during the process.

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. HA has already commenced the relevant assessments. In view of the tight supply in housing land, HA's ongoing study only focuses on the feasibility of redeveloping the factory estates for public housing use. To make the best use of scarce land resources and optimise site potential, HA will follow the established mechanism for including suitable community facilities in new public housing developments with reference to the requirements of the "Hong Kong Planning Standards and Guidelines" and in consultation with relevant departments/organisations as well as other stakeholders including the District Councils.

Note: Including Chun Shing and Kwai On Factory Estates in Kwai Chung, Hoi Tai Factory Estate in Tuen Mun, Sui Fai Factory Estate in Fo Tan, Wang Cheong Factory Estate in Sham Shui Po and Yip On Factory Estate in Kowloon Bay.