

Memorandum for the Hong Kong Housing Authority

Enhancement of the Development Intensity of Public Housing Sites

PURPOSE

To optimise the use of public housing land, the current policy allows the maximum domestic Plot Ratio (PR) for public housing sites, except those in the north of Hong Kong Island and Kowloon Peninsula which are more densely populated, to increase by up to 20% where planning terms permit. The Executive Council agreed at an earlier meeting that the domestic PR for these public housing sites should be allowed to increase by up to 30% where their technical feasibility permits. The relevant bureaux/departments shall undertake technical studies for individual sites to ascertain the feasibility and impacts of applying the higher PR, and to seek approval of the Town Planning Board as appropriate according to the established procedure. Development Bureau and Transport and Housing Bureau have submitted a Brief to the Legislative Council on the relevant details earlier today. The Brief is attached in **Annex** for Members' information.

INFORMATION

2. This paper is issued for Members' information.

Polly KWOK
Secretary, Housing Authority
Tel. No.: 2761 5003
Fax No.: 2762 1110

File Ref. : HDCR2-5/PLAN2/1-55/1-23
(Development and Construction Division)
Date of Issue : 21 December 2018

c.c. Members of HA Committees/Sub-Committees

**File Ref: DEVB(PL-CR) 13/2006
HDCR2-5/PLAN2/1-55/1-23**

LEGISLATIVE COUNCIL BRIEF

ENHANCEMENT OF THE DEVELOPMENT INTENSITY OF PUBLIC HOUSING SITES

INTRODUCTION

At the meeting of the Executive Council on 11 December 2018, the Council **ADVISED** and the Chief Executive **ORDERED** that the existing planning policy of intensifying the development density of residential sites in selected Density Zones of the Main Urban Areas and New Towns announced under 2014 Policy Address, namely Density Zones 2 and 3 of the Main Urban Areas and Density Zones 1, 2 and 3 of the New Towns, should be refined to allow the Plot Ratios (PRs) of public housing sites to increase from those permissible in respective Density Zones by up to 30% (versus by up to 20% under existing policy) where their technical feasibility permits, notwithstanding that there may be urban design implications relating to local character, townscape, landscape and visual amenity. The refined planning policy will also apply to the flexible deployment of non-domestic PR for domestic use such that any unused non-domestic PR could be utilised for public housing development to an extent that the resultant domestic PR would be allowed to exceed its maximum by up to 30%.

2. The increase in domestic PR will be pursued by bureaux/departments (B/Ds) undertaking technical studies for individual public housing sites to ascertain the feasibility and impacts of applying the higher 30% cap, and approval of the Town Planning Board (TPB) ^{Note 1} will be sought as appropriate.

Note 1 Approval for the increase in maximum PR can be sought either by planning application for minor relaxation of development restrictions in Outline Zoning Plans (OZP) under section 16 of Town Planning Ordinance (Cap. 131) (TPO), or through zoning amendments to the OZPs.

JUSTIFICATIONS

Prevailing Planning Policy for Determining Development Intensity

3. The prevailing planning policy for determining development intensity is specified in the Hong Kong Planning Standards and Guidelines (HKPSG). The maximum domestic PRs for different Density Zones in the Main Urban Areas and New Towns are stipulated in the HKPSG having regard to a number of technical considerations, including results of quantifiable infrastructure assessments on drainage, sewerage, water supply, traffic and environmental capacities; physical constraints of geological and ecological impacts; qualitative assessments on aspirations for a liveable city, and urban design implications relating to local character, townscape, landscape and visual amenity.

4. In 2013, in view of the continued tight supply of developable land, a review was carried out on how the planning policy should be modified with the objective of increasing residential development intensity, where planning terms permit, so as to make the maximal use of the scarce land resources available. The 2014 Policy Address announced that except for the north of Hong Kong Island and Kowloon Peninsula which are more densely populated, the maximum domestic PR that may be allowed for housing sites located in other Density Zones of the Main Urban Areas and New Towns would be raised generally by up to 20% as appropriate. The aforementioned maximum domestic PR for sites located in the respective Density Zones of the Main Urban Areas and New Towns refined since 2014 are set out at **Annex A**.

5. The increase applicable to both public and private residential sites arising from the refined policy announced under the 2014 Policy Address is neither automatic nor across-the-board. The increase will be pursued only when there is scope in terms of development capacity, and the various constraints and impacts so arising, if any, could be addressed or mitigated through appropriate measures. Individual cases will continue to be subject to approval by the TPB under the statutory planning mechanism where applicable, either through planning application for minor relaxation of development restrictions or zoning amendments to the Outline Zoning Plans (OZPs). Since the announcement of the refined policy in the 2014 Policy Address, the TPB has, up to November 2018, approved 24 applications involving 43 sites to relax the development intensity under section 16 of the TPO and rezoned 97 sites with higher development intensity, leading to an

additional supply of about 13 050 units ^{Note 2} and 23 300 units ^{Note 3} respectively, totalling in about 36 350 units.

Shortage in public housing supply

6. The Long Term Housing Strategy (LTHS), promulgated in December 2014, adopts a supply-led strategy to gradually avert the housing supply-demand imbalance. This strategy includes –

- (a) planning early on land supply for both public and private housing, with the assistance of a housing demand projection model;
- (b) updating the long term housing demand projection and working out a rolling 10-year housing supply target every year;
- (c) providing public rental housing (PRH) units as a “safety net” for the grassroots who cannot afford private rental housing;
- (d) providing subsidised sale flats (SSFs) for meeting the home ownership aspirations of low to middle-income households; and
- (e) maintaining the healthy and stable development of the private housing market through securing a stable supply of land and implementing demand-side management measures as and when necessary.

7. According to LTHS, the Government updates the long term housing demand projection annually and sets a rolling 10-year housing supply target under LTHS. Since 2014, the actual public housing production has been lagging behind the target, despite the Government’s efforts in increasing and expediting land supply (in particular the identification of some 210 short-to-medium-term potential housing sites through land use reviews) as well as boosting housing production where feasible ^{Note 4}. This is because

Note 2 The additional supply in public and private housing units as a result of increasing the development intensity of the 43 housing sites is about 7 590 and 5 460 units respectively.

Note 3 Through zoning amendments to OZPs, the 97 sites would produce an additional supply of about 13 500 public housing units and 9 800 private housing units.

Note 4 The Government has been making continued efforts to meet the public housing supply target. Where planning and infrastructure permit and without unduly compromising environmental quality, the Government has been actively exploring all feasible ways to optimise the development potential of available public housing sites such as through seeking the TPB’s approval for relaxation of plot ratios and building height restrictions if necessary.

spade-ready sites ^{Note 5} have almost been exhausted with cessation of major land formation projects in the past decade or so amongst other things. On the other hand, while the some 210 sites can be a stop-gap pending the availability of housing sites from New Development Area (NDA) projects, many of them require considerable time to go through all the technical studies, infrastructural and building works, as well as statutory procedures and local consultations before they can be put to development.

8. Demand for public housing remains strong. For the Hong Kong Housing Authority (HA)'s PRH, as at end-September 2018, there were about 150 200 general applicants, and the average waiting time ^{Note 6} was 5.5 years. In addition, there were 117 500 non-elderly one-person applicants under the Quota and Points System (QPS) ^{Note 7}. As for the Sale of Home Ownership Scheme (HOS) Flats 2018, which offers 4 431 flats for sale, HA has received some 272 000 applications, representing an over-subscription rate of about 60 times ^{Note 8}.

9. To meet the strong demand for public housing, concerned B/Ds including the Transport and Housing Bureau (THB), Development Bureau (DEVB), Housing Department (HD) and Planning Department (PlanD), etc. have been implementing the following measures to minimise the public housing production gap –

- (a) allocation of more housing land for public housing development. Since 2012-13, a total of 22 sites which were originally intended for private housing development have

Note 5 “Spade-ready” sites refer to those sites which are properly zoned, cleared and formed. For public housing development at spade-ready sites, under a compressed programme, the development lead time may be reduced to around five years.

Note 6 Waiting time refers to the time taken between registration for PRH and first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). The average waiting time for general applicants refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

Note 7 It is the policy of the Government and the HA to accord priority to general applicants (i.e. family and elderly one-person applicants) over non-elderly one-person applicants in the allocation of PRH flats. Towards this end, HA introduced the QPS for non-elderly one-person applicants in September 2005. Under the QPS, the allocation of flats is subject to an annual quota, with the priority of applicants determined by a points system. The target of providing the first flat offer at around three years on average is not applicable to QPS applicants.

Note 8 There were two rounds of applications for the Sale of HOS 2018. After the first round of application in March 2018, HA reopened applications in October 2018 following the revised HOS pricing mechanism announced by the Chief Executive in June 2018.

been converted to public housing development, capable of producing about 27 000 public housing units, including the nine private housing sites in Kai Tak Development and Anderson Road Quarry reallocated for public housing as announced under the latest housing package in end-June 2018;

- (b) submission of section 16 applications under TPO for relaxation of domestic PR by up to 20% for nine public housing sites under the policy announced under the 2014 Policy Address to provide additional 7 590 flats, and these applications have been approved by the TPB;
- (c) compressing the development programme of sites as far as practicable. Sites requiring technical studies, rezoning, land resumption/ clearance, site formation and infrastructure provision/upgrading, etc. will normally take about 10 years or longer. For instance, upon the announcement of the public housing development at Queen's Hill in January 2014, we took immediate actions to enable public housing flat production in 2021 by fast-tracking and shortening the lead time from 10 years to seven years; and
- (d) identification of suitable vacant school premises, open-air Public Transport Interchange sites and under-utilised Government, Institution or Community (G/IC) sites for public housing development.

In the 2018 Policy Address, the Chief Executive (CE) has announced that 70% of the housing units on Government's newly developed land will be used for public housing (a target for newly developed land taken in totality, as the housing type for individual sites has to take into account locational factors and supporting facilities in the neighbourhood) and that the public/private split of new housing supply in the next 10 years may need to be adjusted. THB will have full regard to the latest developments and views from various sectors when announcing the housing supply target for the next 10-year period from 2019-20 to 2028-29.

Further Uplifting of PR for Public Housing Sites

10. Despite the Government's efforts on various fronts, our public housing production estimate still falls short of the public housing supply

target. We acknowledge that there are not many alternatives and additional solutions or quick-fix to the situation. Indeed, most land supply options identified by the Task Force on Land Supply (TFLS) and other stakeholders can only produce housing yield in the medium-to-long term. But on the other hand, there is strong expectation that Government should do more to increase the supply of public housing units in the more immediate future.

11. Against this background, as a refinement to the prevailing planning policy and considerations for determining the maximum domestic PRs for sites located in the respective Density Zones of the Main Urban Areas and New Towns, **the maximum domestic PR of the public housing sites will be allowed to increase beyond the current 20% cap by up to 10% points (i.e. maximum 30% in total)** ^{Note 9} **where their technical feasibility permits.** This means that insofar as sites earmarked for public housing are concerned, we will pursue the maximum development intensity permissible so long as it is considered to be achievable or acceptable having regard to the results of relevant quantifiable infrastructure assessments on drainage, sewerage, water supply, traffic and environmental capacities, and physical constraints of geotechnical and ecological impacts, etc., notwithstanding that there may be urban design implications relating to local character, townscape, landscape and visual amenity. The maximum domestic PRs for public housing sites in the respective density zones are set out at **Annex B**. The refined planning policy will also apply to the flexible deployment of non-domestic PR such that unused non-domestic PR could be utilised for public housing development to an extent that the resultant domestic PR would be allowed to exceed its maximum by up to 30%. This can allow us to take fuller advantage of public housing projects in the pipeline to increase public housing units more readily. As in the case of the prevailing planning policy announced in 2014, the proposed increase in development intensity in the current exercise is not automatic and will proceed only when technical feasibility permits. B/Ds will carry out relevant technical studies on individual public housing sites and seek TPB's approval where necessary on a case-by-case basis.

12. The refined planning policy, which is applicable to public housing sites only, aims at augmenting public housing production without invoking major policy change to the residential development intensity across-the-board, so as to address specifically the acute shortage of land supply for public housing. We consider the non-inclusion of private housing sites

Note 9 For Density Zone 1 in Main Urban Area, no increase in PR is proposed. We consider that the maximum domestic PR for Kowloon and Hong Kong Island should remain at 7.5 and 8/9/10 respectively given that the density of the built-up area is already high.

proportionate and justifiable as part of the Government's socio-economic policy to prioritise public housing over private housing in the allocation of finite resources and infrastructure capacity. That said, as in the prevailing practice, individual developers for private housing sites may still make planning applications to TPB with PRs going beyond the maximum PRs allowed in respective OZPs under the TPO as they consider appropriate.

13. As mentioned in paragraph 5 above, the lifting of the maximum domestic PR by up to 20% has since 2014 enabled the production of 36 350 more private and public housing units. We are unable to quantify at this stage the increase in public housing units arising from the refined planning policy because, among other things, whether and to what extent each public housing development can benefit from the additional 10% domestic PR depends on technical assessments, public consultations, and where applicable approval of the TPB.

14. The further relaxation of the PR is meant to be a transitional measure pending the implementation of more longer-term and effective measures to increase public housing supply such as the NDA projects in the New Territories. The refined planning policy should remain in force as long as the public housing supply target under LTHS is not met, subject to review by the Steering Committee on Land Supply chaired by the Financial Secretary to monitor the progress of and provide steer on initiatives relating to land and housing supply. To this end, we would continue to pursue vigorously several NDA projects, which will altogether produce some 210 000 housing units in the medium to long term. The Government will also take a view as to what more should be done to augment our existing land supply strategy taking into account the land supply initiatives announced in the 2018 Policy Address and the final report to be submitted by TFLS by end-2018 amongst other things.

IMPLEMENTATION

15. The relevant B/Ds shall carry out the technical studies, if required, to assess the feasibility and impacts of further uplifting the PR of the potential public housing projects, to provide/upgrade the required facilities and implement mitigation measures in a timely manner, and to make necessary arrangements in reprovisioning or clearing the sites for public housing construction. Additional resources required would be sought in accordance with the established mechanism.

OTHER OPTIONS

16. The refined planning policy is in addition to the multi-pronged initiatives being undertaken to increase land supply and boost production for public housing, including allocating more suitable sites for public housing development or reserving a higher proportion of individual project of sizable scale for public housing. If the recommendation was not pursued, the gap in public housing supply would remain status quo or even worsen if the planned public housing delivery turned out to be lower than expected owing to unforeseen circumstances, and we would miss the opportunity of optimising the development potential of land resources to increase public housing supply.

IMPLICATIONS OF THE PROPOSAL

17. The proposal is in conformity with the Basic Law, including provisions concerning human rights. The financial, civil service, economic, sustainability, environmental and family and gender implications of the recommendations are set out at **Annex C**.

PUBLIC CONSULTATION

18. Before taking forward the individual public housing developments on a higher development intensity under the refined planning policy, HD and PlanD, with the support from Civil Engineering and Development Department and other relevant departments, will consult the relevant District Councils (DCs) and stakeholders on the proposed public housing developments, including the development parameters and other provisions, according to the established practice^{Note 10}.

PUBLICITY

19. The relevant DC and stakeholders will be consulted on the specific changes recommended for the development intensity of individual sites before the zoning amendments to the OZPs/planning applications for increase in PR are submitted to TPB as necessary. We will respond to enquiries on details of the public housing sites as and when necessary and appropriate.

Note 10 According to the current practice, PlanD would take lead in DC consultation on proposals to amend the OZP. If public housing sites were involved in the relevant OZPs, HD would assist in the DC consultation. For project-based public housing developments, HD would consult DCs as and when appropriate.

MAINLAND RELATIONS AND RELATED PUBLIC RELATIONS MEASURES

20. The proposal has no implication on Mainland relations. No related public relations measure is considered necessary.

ENQUIRIES

21. Enquiries relating to this brief can be directed to Miss Cheryl Chow, Principal Assistant Secretary for Development (Planning and Lands) at 3509 8805, or Mr Jerry Cheung, Assistant Director (Policy Support), Housing Department, at 2761 5086.

Development Bureau
Transport and Housing Bureau
21 December 2018

**Maximum Domestic Plot Ratios (PRs) for Sites Located in the
Respective Density Zones of the Main Urban Areas and New Towns
Permissible as Announced in 2014 Policy Address**

Main Urban Areas

- (a) Density Zone 1 – **no increase in PR** (maximum domestic PR remains at 8/9/10 as the density of the built-up area is already high);
- (b) Density Zone 2 – PR to be increased by 20% (maximum domestic PR to increase from 5 to 6); and
- (c) Density Zone 3 – PR to be increased by 20% (maximum domestic PR to increase from 3 to 3.6).

New Towns

- (a) Density Zone 1 - PR to be increased by 20% (maximum domestic PR to increase from 5 to 6);
- (b) Density Zones 2 and 3 – PR to be increased by 20%; and
- (c) Density Zone 4 (low density zone) – PR to be increased by 100%.

**Maximum Domestic Plot Ratios (PRs) for Public Housing Sites
Located in the Respective Density Zones of the Main Urban Areas
and New Towns Permissible upon Policy Refined in 2014 and 2018**

Main Urban Areas

- (a) Density Zone 1 – **no increase in PR** (maximum domestic PR remains at 8/9/10 as the density of the built-up area is already high);
- (b) Density Zone 2 – PR to be increased by 30% (maximum domestic PR to increase from 5 to 6.5); and
- (c) Density Zone 3 – PR to be increased by 30% (maximum domestic PR to increase from 3 to 4).

New Towns

- (a) Density Zone 1 - PR to be increased by 30% (maximum domestic PR to increase from 5 to 6.5);
- (b) Density Zones 2 and 3 – PR to be increased by 30%; and
- (c) Density Zone 4 (low density zone) – PR to be increased by 100%. (No change in 2018)

ENHANCEMENT OF THE DEVELOPMENT INTENSITY OF PUBLIC HOUSING SITES

Financial and Civil Service Implications

In order to achieve the maximised development intensity where technical feasibility permits, in some cases additional capital resources might be required for the provision or upgrading of the existing infrastructure, land resumption and clearance, and/or reprovisioning of affected facilities. The exact financial implications would need to be considered on a case-by-case basis in accordance with the established procedures for securing funding to facilitate public housing development, taking account of the cost-effectiveness of the proposed enhancement in development intensity and the measures to mitigate the constraining factors. With only minor relaxation of the existing guidelines of development intensity, the potential additional financial implications should be insignificant.

2. Regarding civil service implication, there might be an increase in workload arising from the proposal, which includes but is not limited to, technical assessments/studies, land administration, town planning procedures, infrastructure planning and construction, and so on. The relevant bureaux/departments will regularly review the manpower situation. Additional resources will be sought in accordance with the established resource allocation mechanism as and when necessary and appropriate.

Economic Implications

3. The proposed revision of development intensity would help put our scarce land resources to more efficient use. The resulting increase in the supply of public housing units would help meet the public housing demand in Hong Kong.

Sustainability Implications

4. The proposal will help optimise the land resources for housing and increase public housing supply to support the continued population

growth and developments of Hong Kong. This would also meet the aspirations of the community to take more prompt actions to tackle the shortage of affordable housing. Necessary measures should be put in place to overcome, mitigate or minimise any potential environmental impacts so arising. The concern of the public, in particular the sentiments of stakeholders, should be handled with care. Relevant technical assessment would be conducted as necessary.

Environmental Implications

5. Increase in development intensity will inevitably add to the burden on the environment. To ensure that the environmental quality would not be compromised as a result of the increase in development intensity of individual sites, the relevant environmental legislations and established guidelines and standards should continue to apply, and that necessary measures should be in place to overcome, mitigate or minimise any potential environmental impacts so arising. Detailed and site-specific environmental assessment should be conducted when project-specific information would become available. In particular, the evaluation of the need and feasibility of upgrading the sewerage infrastructure to cope with the additional sewage flows arising from additional population should include holistic and timely review on the capacity of downstream sewerage system and sewage treatment facilities with due consideration of the need for any interim solutions to the sewage problems if there is a mismatch in the timing of the provision of sewerage and sewage treatment facilities, the long-term demand in a regional context, and the long lead time and significant resource required to implement any facility expansion scheme or improvement measure that may be required.

Family and Gender Implications

6. The increase in development intensity of public housing sites will help enhance and expedite the supply of public housing, which can in turn help improve the living conditions of families in need. In particular, the increase in supply of public rental housing (PRH) units will help shorten the waiting time for PRH applicants, some of whom may be currently inadequately housed. To tie in with the increase in housing supply, we will ensure the timely provision of sufficient supporting

facilities (e.g. social, recreational, community and utility) in tandem with the population build-up. These will cater for the housing and socio-economic needs of family members and provide an environment for family members to better balance work, family and community commitments. The corresponding increase in the provision of social welfare facilities including but not limited to childcare and elderly services may also be conducive to enhancing support to women who are often primary caregivers.

Development Bureau
Transport and Housing Bureau
December 2018