

立法會
Legislative Council

LC Paper No. CB(1)776/2022(03)

Ref: CB1/PL/DEV

Panel on Development

Meeting on 22 November 2022

**Updated background brief on the study of the development of
multi-storey buildings in brownfield sites**

Purpose

This paper provides background information on the study of the development of multi-storey buildings (“MSBs”) in brownfield sites. It also summarizes the views and concerns expressed by members of the Development Panel (“DEV Panel”) on the subject since the 2019-2020 legislative session.

Background

Brownfield sites in Hong Kong

2. In Hong Kong, brownfield sites generally refer to former agricultural land plots in the New Territories (“NT”) which have been converted to other uses due to the decline of agricultural activities. Brownfield sites in NT are mainly used for port back-up uses (including container lorry parks and container yards), open storage, logistics operations, vehicle parking, vehicle repair workshops, recycling yards, rural workshops, construction machinery and materials storage, etc.

3. The Administration has commissioned a consultant to undertake a study on the Existing Profile and Operations of Brownfield Sites in the New Territories (“the Profile Study”) in 2017 to capture a snapshot of comprehensive profile across different brownfield sites in NT, which identified a total of 1 414 hectares of active brownfield sites, of which 83%

(around 1 180 hectares) are privately owned.¹ Most brownfield sites are predominantly located in Northeastern and Northwestern NT, and a broad distribution of brownfield sites in NT is shown on the map in **Appendix 1**.

Major challenges in developing multi-storey buildings in brownfield sites

Scattered distribution of brownfield sites for relocation to multi-storey buildings

4. According to the Administration, most brownfield sites in Hong Kong are economically active, and brownfield operations are also an important component of the local production chain. Given the scattered distribution of brownfield sites and their irregular shape, the development of individual brownfield sites may involve huge cost of supporting infrastructures. Even if a few adjoining brownfield sites could be consolidated for development, together they may not give an optimal planning layout accommodating a full range of housing, economic and public facilities for a self-sufficient community.

5. The Administration has devised measures for accommodating and consolidating in a land-efficient manner the brownfield operations that are still needed in Hong Kong with due regard to the benefits of cluster development, need for greater land efficiency and operational requirements for some businesses to operate outdoors. The Administration has also been combating unauthorized development, as well as encouraging phasing out and preventing proliferation of brownfield operations with priority given to operations at or near ecologically sensitive areas. In addition, 72 hectares of land in Hung Shui Kiu/Ha Tsuen (“HSK/HT”) and Yuen Long South New Development Areas (“NDAs”) has been reserved for the development of MSBs and modern logistics facilities for reprovisioning brownfield operations affected by development projects.

Resumption of private land

6. Another challenge in developing MSBs in brownfield sites involves land ownership. Despite that the Administration can exercise the powers under the Lands Resumption Ordinance (“LRO”) (Cap. 124) and other relevant laws to resume private land for public development and that ex-gratia payment will be provided to eligible operators as compensation, land resumption and clearance are by nature unwelcomed by those to be displaced and the process is time-consuming.

¹ Source: [Study on Existing Profile and Operations of Brownfield Sites in the New Territories – Feasibility Study \(Final Report\)](#) (English version only) published by the Planning Department in November 2019.

Major views and concerns expressed by members

7. The DEV Panel was briefed on the findings of the Profile Study at its meeting on 26 November 2019. Issues relating to the development of brownfields were also discussed at various meetings of the Panel during the 2020-2021 and 2022 legislative sessions. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Relocation of brownfield operations

8. Members expressed concerns about the relocation arrangements for brownfield operations affected by government projects and requested the Administration to make clear the relevant details, including the eligibility and priority for respective brownfield operations. Member also urged the Administration to step up communications with stakeholders, and consult the trades on the findings of the studies on accommodating brownfield operations in MSBs and the market sounding exercise on MSBs before reporting the same to the Legislative Council. Some members called on the Administration to consider building automobile maintenance complex at brownfield sites to accommodate those workshops currently scattered in some old districts.

9. The Administration responded that the Civil Engineering and Development Department had commissioned consultants to take forward the studies on accommodating brownfield operations in MSBs, and it would not rule out the possibilities of various relocation options of brownfields, such as the provision of an automobile maintenance complex or a logistics hub. Given the concerns of some brownfield operators over the relatively high rent cost at MSBs and the considerable capital investment required for relocating their existing operations there, the Administration would also examine possible operation modes of MSBs, including MSBs constructed and operated by the Government, or privately-run MSBs on sites disposed of through land sale potentially with transitional arrangements such as rent ceiling or subsidies as appropriate for eligible tenants.

10. Members were also concerned about the feasibility of accommodating brownfield operations in MSBs, and pointed out that some open-air brownfield operations were unable to be relocated to the proposed MSBs. Given that 43% of the respondents in the Profile Study had indicated that it was not suitable for their brownfield operations to be relocated to MSBs, members enquired how the Administration would address the issue. There was also a concern that many jobs would be cut when various major brownfield operations were displaced to make way for development yet could not be relocated to MSBs. Members urged

the Administration to adopt the policy of “relocation before resumption” to ensure a seamless relocation of the brownfield operations affected by government projects.

11. The Administration advised that due to land shortage, affected brownfield operations were mainly provided with monetary compensations at present. While “one-to-one” reprovisioning would not be provided, the Administration would facilitate the operators’ relocation in terms of planning application and land administration procedure. Apart from pursuing the development of MSBs, the Administration would also make available vacant government sites for letting to the affected brownfield operations by way of short-term tenancy through restricted tenders. However, due to the time gap between the availability of MSBs and the clearance of some of those business undertakings, a seamless relocation of the affected brownfield operations could not be guaranteed. The Administration would not preclude other measures to support these operations when sufficient land supply was available in the future.

Compensation arrangements

12. Some members were concerned about the fairness of the compensation for various affectees of brownfield operations (such as land owners/tenants and land users) during land resumption. There were also suggestions that the Administration should consider relaxing the eligibility criteria on the minimum operation duration of the affected operations to receive the ex-gratia allowance (“EGA”) for open-air/outdoor business undertakings from not less than seven years preceding the pre-clearance survey (“PCS”) to not less than five years preceding PCS, as well as removing the ceiling on the size of open areas per business undertaking (i.e. 5 000 square metres).

13. The Administration advised that according to the prevailing policy, monetary compensation would be provided to the brownfield operators affected by development projects. These operators could be land owners or tenants of the concerned brownfield sites. Any affected party may resort to claims for statutory compensation or ex-gratia compensation. The Administration had announced in May 2022 a package of measures to rationalize the compensation arrangements for landowners and business operators affected by Government land resumption and clearance projects,² which included the modification of the eligibility criterion on minimum

² At the special meeting on 10 May 2022, the Administration briefed the Panel on the Administration’s proposal of rationalizing the compensation arrangements for landowners and business operators affected by government projects. The relevant funding proposal (i.e. [FCR\(2022-23\)10](#)) was approved by the Finance Committee on 27 May 2022.

operation duration of a business operator under EGA for “Open-air/Outdoor Business Undertakings” from requiring not less than seven years preceding PCS to not less than two years preceding PCS. The payment ceiling for open areas at 5 000 square metres per business undertaking under the “EGA for Open-air/Outdoor Business Undertakings” had also been removed, with discretion by the Lands Department to pay at less than the area of operation captured at the time of PCS and claimed by the applicant for dubious cases.

Council questions

14. At the Council meetings between January 2020 and June 2021, Members raised questions relating to the development of brownfield sites. The hyperlinks on the questions and the Administration’s replies are provided in **Appendix 2**.

Latest development

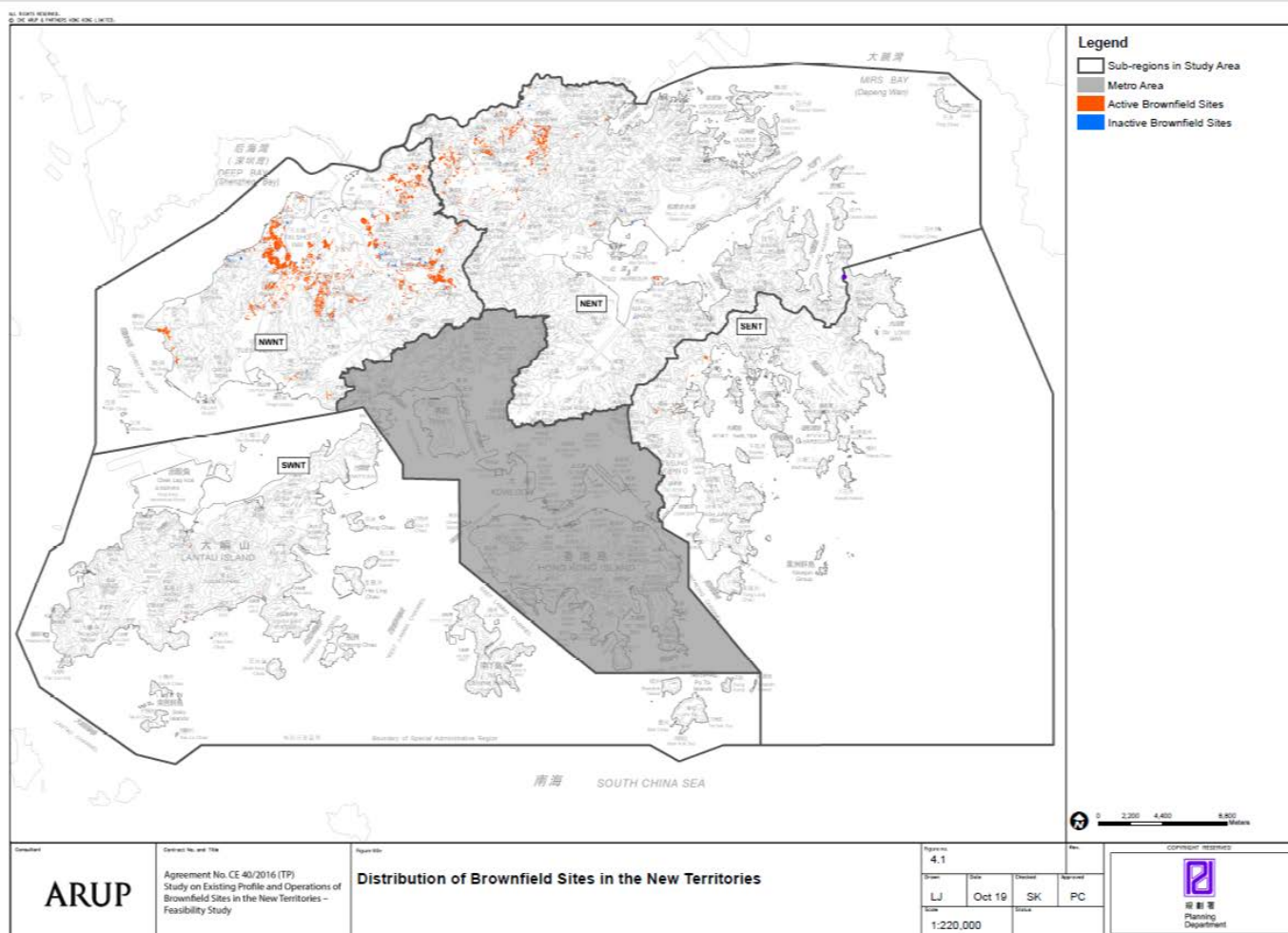
15. At the Panel meeting to be held on 22 November 2022, the Administration will brief members on the general direction of the proposed multi-storey industrial development model to facilitate consolidation of brownfield operations and relocation of brownfield operators and report on the findings of a market sounding exercise.

Relevant papers

16. A list of the relevant papers with their hyperlinks is in **Appendix 2**.

Council Business Division 1 and Public Complaints Office
Legislative Council Secretariat
17 November 2022

Distribution of brownfield sites in the New Territories



Source: [Study on Existing Profile and Operations of Brownfield Sites in the New Territories – Feasibility Study \(Final Report\)](#) (English version only)

Study of the development of multi-storey buildings in brownfield sites

List of relevant papers

Committee	Date of meeting /issuance of paper	Paper
Panel on Development	26 November 2019	Administration's paper on "Study on Existing Profile and Operations of Brownfield Sites in the New Territories" [LC Paper No. CB(1)160/19-20(06)] Minutes of meeting [LC Paper No. CB(1)598/19-20]
Panel on Development	18 March 2020	Administration's information paper on "Shortlisted Brownfield Clusters for Public Housing Development" [LC Paper No. CB(1)463/19-20(01)]
Panel on Development	1 December 2020	Administration's paper on "Initiatives of Development Bureau in the Chief Executive's 2020 Policy Address and Policy Address Supplement" [LC Paper No. CB(1)275/20-21(01)] Minutes of policy briefing [LC Paper No. CB(1)973/20-21]
Panel on Development	31 March 2021	Administration's information paper on "Using brownfield clusters for public housing development (second phase review) and other developments" [LC Paper No. CB(1)756/20-21(01)]
Panel on Development	10 May 2021	Administration's paper on "Development of the New Territories North" [LC Paper No. CB(1)855/20-21(03)] Minutes of meeting [LC Paper No. CB(1)1474/20-21]

Committee	Date of meeting /issuance of paper	Paper
Panel on Development	10 February 2022	<p>Administration’s paper on “Initiatives of Development Bureau in the Chief Executive’s 2021 Policy Address and Policy Address Supplement” [LC Paper No. CB(1)40/2022(01)]</p> <p>Minutes of policy briefing-cum-meeting by videoconferencing [LC Paper No. CB(1)439/2022]</p>
Panel on Development	22 March 2022	<p>Administration’s paper on “Legislative proposals to streamline development-related statutory processes” [LC Paper No. CB(1)78/2022(02)]</p> <p>Minutes of meeting by videoconferencing [LC Paper No. CB(1)494/2022]</p>
Panel on Development	26 April 2022	<p>Administration’s paper on “Funding applications for Yuen Long South development: (a) Construction works for First Phase Development; and (b) Detailed design for Second Phase Development and Third Phase (Part) Development” [LC Paper No. CB(1)209/2022(02)]</p> <p>Minutes of meeting by videoconferencing [LC Paper No. CB(1)539/2022]</p>
Panel on Development	10 May 2022	<p>Administration’s paper on “Compensation arrangements for landowners and business operators affected by government projects” [LC Paper No. CB(1)232/2022(02)]</p> <p>Minutes of special meeting [LC Paper No. CB(1)524/2022]</p>

Hyperlinks to relevant Council questions and Administration's replies:

Date	Council question
15 January 2020	Question 4 on " Operations on brownfield sites "
27 January 2021	Question 13 on " Reprovisioning of brownfield operations and development of the logistics industry "
21 April 2021	Question 22 on " Developing public housing on brownfield sites "
5 May 2021	Question 4 on " Land demand for brownfield logistics operations "
2 June 2021	Question 8 on " Assisting brownfield operators in reprovisioning their operations "