

## LCQ4: Land demand for brownfield logistics operations

Following is a question by the Hon Frankie Yick and a reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 5):

Question:

Some brownfield logistics operators affected by the land resumption for the Hung Shui Kiu/Ha Tsuen New Development Area (the NDA) have relayed that they are unable to find sites for reprovisioning their operations. Moreover, the shortlisting of three nearby brownfield clusters earlier on by the Development Bureau as sites having potential for public housing development has further reduced the number of sites available for their choice. They opine that the Government, while meeting the demand for housing land, should at the same time attend to the logistics industry's demand for land. In this connection, will the Government inform this Council:

(1) of the latest progress of the land resumption work for the First Phase development of the NDA, and when the affected brownfield operations are required to move out; a breakdown, by the type of operations involved, of the area of the land resumed and the number of operators;

(2) given that the Government has planned to develop multi-storey industrial buildings (MSIBs) in the NDA for reprovisioning the affected brownfield operations, of the earliest time as projected by the Government that such brownfield operations may move into the MSIBs and, before that, the new measures in place to assist the affected brownfield operators; and

(3) as such operators have pointed out that due to the Government's failure to achieve a seamless transition in the timing for land resumption and intake of the MSIBs, some logistics operators may need to close down their business permanently, resulting in a shrinkage of the logistics industry, of the Government's short and medium term measures to meet their urgent demand for land?

Reply:

President,

The Government is making land resources available to meet the housing and other needs of the community. New development areas (NDAs) would be one of the major sources of our future land and housing supply. As most of these NDA projects involve redevelopment of brownfield sites, some existing operations thereon would inevitably be affected in the course of resumption and clearance of land.

My reply to the various parts of the question raised by the Hon Frankie

Yick is as follows:

(1) Hung Shui Kiu/Ha Tsuen (HSK/HT) NDA project covers around 441 hectares (ha) of development sites, of which about 223 ha being brownfields. Most of these brownfield sites (about 203 ha) are private lots. This project is taken forward in three phases. The first phase involves 17 ha of development sites, and 12 ha of private lots therefrom (including nine ha of brownfield sites) have reverted to the Government as scheduled. The first phase affects 40 business undertakings, which mainly include open-air/outdoor warehouses and logistics operations, workshops, shops, car parks, and vehicle repair and accessories trading. Up to this March, eight operators on about 0.6 ha of land have already moved out. According to the works programme, we expect that all business operations affected under the first phase would have to move out gradually before or in 2022.

(2) and (3) As for HSK/HT NDA, we have reserved about 61 ha of land for logistics facilities, port back-up, storage, and workshop uses. Some parts of the land are reserved for developing multi-storey buildings (MSBs), and some for open-air operations. Development of MSBs (with a plot ratio ranging from 5 to 7) would help compensate for the reduction of industrial floor space as a result of redevelopment of brownfield sites. The Government is now engaging a consultancy firm to ascertain the market interest in developing and operating MSBs, and expects the consultant's report to be completed within this year. This would enable us to make concrete proposals for the development models of the first batch of MSB sites next year, to meet the completion of the site formation works for such sites as early as in 2023.

Brownfield operations are business undertakings. As in the case for other business undertakings affected by development projects, the Government's policy is to provide monetary compensation for eligible business operators, rather than "one-on-one" or "seamless" re-provisioning of their existing space. As a matter of fact, the current large-scale open-air operations on brownfield sites may not be the most optimal use of land for sustainable development. Expecting the Government to make available land of a similar size for affected brownfield operators to re-establish their existing operations is not a practicable option. We believe that monetary compensation is the most direct and relevant form of assistance for some of those running relatively traditional brownfield operations and not being adaptable to the current economic environment.

Meanwhile, the Government is trying to alleviate the impact of the relevant development projects on the operators concerned. In this regard, the Government is working on the following measures to address these concerns:

First, in relation to monetary compensation, eligible business operators may receive a statutory compensation as prescribed in the law, or an ex-gratia allowance alternatively. The Finance Committee approved the substantially improved arrangement for ex-gratia allowances in July 2018.

Second, if individual operators wish to search and move to suitable places in other areas, the Government would offer assistance and facilitation in relation to planning and land matters as far as possible, apart from

granting the aforesaid monetary compensation. Taking HSK/HT NDA as an example, we have all along assisted individual operators in obtaining planning permission for, or seeking advice from other government departments on, potential relocation sites.

Third, the Lands Department (LandsD) is finding suitable vacant government sites for letting to eligible business operators affected by the land resumption and clearance exercise for NDA or other relevant government development projects, by way of short-term tenancy through tender. The first batch of three pieces of government land in Yuen Long and Fanling suitable for a range of brownfield operations, including storage, workshop, cargo handling, recyclables collection, and fee-paying public car park uses, were rolled out last December. The next batch of three other pieces of government land in Tuen Mun and Kwu Tung North, suitable for various types of brownfield operations including storage and fee-paying public car park, are expected to be put to tender in the same manner in mid-2021. The LandsD would continue to identify suitable vacant sites for eligible business operators to rent with priority by way of short-term tenancy.

Fourth, as I have just mentioned, about 61 ha of land in HSK/HT NDA has been reserved for logistics facilities and port back-up uses, etc. in the long run. This, together with the 11 ha of land reserved in Yuen Long South NDA for similar uses, may meet the land demand of the sector in the medium term. Separately, we would continue to reserve land for consolidating brownfield operations in other major development projects.

Fifth, in the course of land resumption and clearance, we would do our best to respond to reasonable concerns of the affected brownfield operations when drawing up the implementation details. For instance, even if the land has reverted to the Government in accordance with statutory procedures, we are, to the extent possible under the works programme, allowing operators concerned to move out in an orderly manner by batches.

To conclude, I hope Honourable Members and the public would appreciate the community's aspiration for land to be supplied continuously and used suitably to meet the housing needs of the people, as well as for economic and livelihood purposes. It is unavoidable that we have to make difficult choices. In this process, the Government would endeavour to be fair and reasonable in the context of overall land use planning and relevant procedures, having regard to the need of balancing different interests as appropriate.

Thank you, President.