WORKING PAPER No. 44  
REGENERATION OF OLD INDUSTRIAL AREAS IN THE MAIN URBAN AREAS – A SUMMARY REVIEW

Purpose

1. The purposes of this paper are to:
   
   (a) give an account of the issues of regeneration of old industrial areas in the main urban areas examined in the context of the Hong Kong 2030: Planning Vision and Strategy (HK2030 Study);

   (b) summarize the views received from the public during the previous stages of HK2030 Study on regeneration of old industrial areas; and

   (c) draw up preliminary conclusions on the regeneration of old industrial areas in the main urban areas based on analyses of (a) and (b).

Background

2. To respond to the economic restructuring of Hong Kong and relocation of production lines of manufacturing industries to the Pearl River Delta (PRD), the Government had, as early as in 1989, introduced the concept of “industrial-office building” (I-O building), which allows each of the units of an I-O building be flexibly used for “industrial” or “industrial-office” purposes, subject to approval of the Town Planning Board (TPB).

3. Since the introduction of I-O building concept, a total of 175 I-O schemes had been approved by the TPB but only 31 buildings (less than 18%) had been developed (up to August 2006). According to a survey completed by the Planning Department (PlanD) in 1999, there are various reasons for not proceeding with the development of I-O buildings. Whilst some thought that there was already abundant supply in the market, some were of the view that the land premium was
too high and the costs of developing an I-O building too expensive. Some also believed that the demand for I-O buildings was diminishing.

4. On the other hand, effort has also been made by the Government to rezone industrial land at suitable locations for non-industrial uses. Since 1991, a total of some 380 ha of industrial land in the territory had been rezoned to such uses as commercial and residential. In October 2000, in order to promote better use of industrial buildings, the TPB further introduced the “Other Specified Uses” annotated “Business” (“OU(B)”) zone so that buildings within such zones can be used for both industrial and office / commercial purposes. Out of the 380 ha, about 200 ha of industrial land have been rezoned to “OU(B)” on the statutory town plans (see Appendix A).

5. To facilitate the transformation of the industrial sector, the user schedule of the “Industrial” (“I”) zone had been expanded in 2001 to permit as of right the use of industrial premises for information technology and telecommunication industries, industrial-related office without the requirement for the related industrial operations to be located within the same premises / building, or in the same industrial area; and to allow public entertainment and educational institutions on application to the TPB. The incorporation of ‘hotel’ use into column 2 of the user schedule of “OU(B)” zones in the New Territories statutory town plans is currently undertaken. When completed, hotel use may be permitted subject to application to the TPB.

Problems and Potential of Old Industrial Areas to Meet Future Development Needs

6. To stimulate regeneration and prevent run-down of these industrial areas, the Government has adopted a two-pronged approach to broaden the permissible uses in industrial buildings and rezone industrial land at suitable locations for non-industrial uses. Nevertheless, the process of regeneration of industrial areas is primarily market-driven. When the property market is weak or the demand is low, the pace of regeneration would be slower and as a result, the physical conditions of many old industrial buildings deteriorate and result in degradation of the urban environment.

7. Regeneration of old industrial areas provides opportunities in offering “solution space” for Hong Kong to meet its future development needs without resorting to developing greenfield sites. Since most of the old industrial areas are located in the main urban areas, there is no need for heavy investment in new infrastructure
before the land / vacated premises could be re-used. The development lead-time could also be greatly shortened. Notwithstanding, “multiple ownership” of the industrial buildings always renders redevelopment difficult.

Review of Initiatives examined under the HK2030 Study towards Regeneration of Old Industrial Areas

8. The HK2030 Study Team has examined the practicability and feasibility of various measures / initiatives to address the issue of regenerating the old industrial areas during the course of the Study. The initiatives include:

(a) case studies on the possible conversion of industrial buildings for use as loft apartments (Working Paper No. 40 in HK2030 Study Website);
(b) case study on conversion of an industrial building into “retirement village” (LBAC Paper No. 5/05); and
(c) the “selective resumption”\(^1\) approach in revitalizing obsolete industrial area (Working Paper No. 33 in HK2030 Study Website).

A summary of these initiatives and their findings are detailed below. It should be emphasized that these case studies are entirely hypothetical, only to illustrate the possible measures, their technical feasibility and, if any, the financial implications. There is no implication that the approaches studied will be adopted by Government as policy directive, nor the study areas will be selected as pilot projects.

Case Studies of the Possible Conversion of Selected Industrial Buildings for Loft Apartments in Ma Tau Kok and Yau Tong

9. The case studies, conducted between October 2001 and June 2002, were to explore the feasibility of converting industrial buildings for use as loft apartments\(^2\) in response to the public comments received at Stage One Public Consultation.

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\(^1\) “Selective resumption” provides an alternative to “wholesale resumption”. “Wholesale resumption” means resuming all the buildings in selected industrial areas by the Government for comprehensive re-planning / redevelopment. “Selective resumption” proposes resumption of buildings in an area on a selective basis and the number of buildings to be resumed and the degree of Government involvement could be determined on the basis of planning objectives.

\(^2\) “Lofts” are units used for both domestic and studio purposes in buildings originally constructed for industrial use. The key features are “home-cum-studio” style with large, free, open-plan living space, which provides the maximum flexibility for the occupants to create their own living spaces. Whilst lofts are usually occupied, in overseas cities, by special class of people like artists, designers, writers or academics, it is proposed that lofts should also be developed to suit local context of Hong Kong, say, for one to two persons, rather than family occupants. The occupants could work and live in the lofts. No separate rooms or cubicles would be allowed.
The case studies were led by a working party, with representatives of professional institutions and relevant Government departments.

10. Selected industrial buildings in Ma Tau Kok and Yau Tong industrial areas had been chosen in the case studies. For both cases, a conceptual scheme, including possible solutions to address the likely technical issues, in particular the building design aspect, had been proposed.

11. Key issues examined in the case studies included planning, building design, traffic, environment as well as land administration, and whether modification / relaxation to the current regulations in these aspects would be required to facilitate conversion into loft apartments. In particular, a financial viability assessment and an implementation analysis, e.g. how to enforce through Deeds of Mutual Covenant and building management to facilitate the loft conversion, have also been carried out.
12. The case studies generally confirmed the technical feasibility of loft conversion, provided that relevant regulations are modified to take into account those key issues mentioned above. The conceptual schemes prepared for the case studies also indicated that there is a potential for loft conversion in Hong Kong. Despite possible industrial / residential (I/R) interface problems which could be addressed by technical means, no major adverse impacts are envisaged. Nevertheless, financial viability and implementation issues remain to be crucial. The case studies suggested that if the concept were to be pursued, the Administration would need to consider alternative criteria in calculating the premium, mechanism to ensure compliance of its requirements and creative solutions to induce favourable environment for its implementation and enforcement. Moreover, the difficulties involved in the legislative amendment should also not be overlooked.

**Study on Provision of Elderly Housing – A Case Study on Conversion of an Industrial Building for Retirement Village**

13. The case study was carried out as part of a PlanD’s in-house study, completed in end 2005, on the provision of elderly housing. The study advocated the provision of elderly housing through a market-driven approach but recommended exploring the possibility of pilot schemes to demonstrate the concept of elderly housing and to test market response. This case study was to examine the “retirement village” concept in Hong Kong by adapting an existing industrial building for the purpose. It should be stressed that the case study only sought to demonstrate the technical feasibility of conversion of industrial building into “retirement village”, not a study on Government’s policies or strategy for the provision of elderly housing.

14. The selected industrial building was in North Point, a vibrant residential area with
provision of a wide range of health, medical, commercial, and retail as well as community facilities. The proposed scheme included three major uses, i.e. residential units, supporting facilities for the elderly and some small-scale commercial elements.

Plate 4: The existing North Point Industrial Building (viewed from King's Road)

15. Whilst the issues associated with the implementation aspect require examination in greater detail, the case study confirmed that the idea of adapting industrial buildings for domestic uses was, in general, feasible. To avoid environmental and fire hazard problems, conversion should involve the whole building. Nevertheless, since elderly housing is residential in nature and similar to the uses considered in the Loft Study, those recommendations in relation to loft conversion are also found applicable to this study, such as fire and environmental concerns, and the requirements to modify / relax the present planning, building and land administration restrictions. Apart from the above, the case study also concluded that the identification of the operating agency and the availability of tailor-made financial options in the market to help liquidize the elders’ assets into cash would be critical to the success of the scheme. Moreover, the issue on the enforcement of the compliance of the intended use shall not be overlooked.
According to the case study, the preliminary financial assessment revealed that the level of return for the conversion scheme is positive at around 5%. The return on cost could increase to 20% if the Residential Care Home for the Elderly were exempted from premium and relocated to ground floor. Nevertheless, the assessments were carried out based on a traditional cost and return approach, which was different from the financial arrangements common for overseas examples.

Regeneration of Industrial Areas in the Main Urban Areas – A Hypothetical Case Study at San Po Kong

To illustrate how possible proactive approach to regenerate an old industrial area and examine its financial implications, a hypothetical case study at San Po Kong had been conducted as part of the HK2030 Study in 2003. Similar to the above case studies, San Po Kong was chosen purely for illustrative purpose and there is no implication that the district would be selected for any urban renewal activities.

San Po Kong represents a typical light industrial area in the main urban areas which was developed for manufacturing industries in the sixties but is now

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In assessing the financial returns of the conversion scheme, the total cost incurred for development is deducted from the Gross Development Value (GDV) generated from the sales of property, whereas the GDV is estimated based on the sale prices of the residential units, ancillary facilities as well as some commercial facilities. Alternative financial arrangements common in overseas such as annuity, reverse mortgage, bonds, debentures, insurance plan are not examined.
undergoing transformation. It has most, if not all, of the typical problems and issues of old industrial areas like dilapidated building conditions, I/R interface, undesirable environmental conditions and building design not conducive to modern business use.

19. To address the above-mentioned problems, a possible conceptual layout (Plan 1) for the study area has been prepared to illustrate how the general environment could be improved. Major features of the conceptual layout are summarized as follows:

(a) provision of a visual corridor / breezeway in the central part and new open spaces to relieve the development density and beautify the area;

(b) redevelopment of 2 street blocks in Tseuk Luk Street in a comprehensive manner to provide a green buffer with the remaining part for business uses;

(c) conversion of part of the disused San Po Kong Factory Estate for a live museum of Hong Kong’s light industry, a fashion and design school, and
other creative industrial uses; and

(d) creation of a landmark open space (Plan 2) and enhancement of the pedestrian network in the area.

20. Whilst the proposed business developments in the conceptual layout could be implemented by the private sector, Government’s land resumption would be necessary in respect of the implementation of such proposals as open space and visual corridors. Besides, the Government could also consider resuming some buildings / premises within the buildings to address the more complicated problems in the study area which could not be resolved by the private sector. In this regard, it was considered that the approach of “selective resumption”\(^4\) could be adopted.

21. Based on the above resumption requirements, the study estimated a total resumption cost at about $6,796 million\(^5\). An updated breakdown on estimates of resumption cost is in Appendix B.

22. Apart from land resumption, other costs to implement the conceptual layout, e.g. provision and upgrading of open spaces, street beautification works, renovation / demolition of buildings, etc. will have to be incurred but no estimate has been made in this exercise.

23. On the other hand, the sites of those industrial buildings considered for resumption could alternatively be used for business purposes (about 1.6 ha). Assuming that these sites could be redeveloped into business buildings with a non-domestic plot ratio of 12 and no retail use is included, a ballpark estimate of the revenue of disposing the cleared sites could be in the order of $1,690 million\(^5\).

24. The case study confirmed that the conceptual layout could greatly improve the environment of the San Po Kong Industrial Area. However, the financial implication of implementing the layout is substantial. Furthermore, other possible economic and social implications and implementation issues involved in the selective resumption should be fully addressed if the approach were to be

\(^4\) The current land resumption policy under the Lands Resumption Ordinance (Cap. 124) stipulates that resumptions must be for public purpose and a very strict interpretation has been placed on the meaning of public purpose. Nevertheless, the San Po Kong case study is a hypothetical case study (refer also to footnote 1).

\(^5\) The estimates on resumption cost (figure at June 2006) and the ballpark estimate of revenue from land sale for the hypothetical case at San Po Kong are obtained with the assistance of the Lands Department.
Area Assessments of Industrial Land in the Territory – an update undertaken in 2005

25. In April 2003, PlanD was requested by the TPB to update the area assessments and the related statistics such as vacancy and take-up rates of buildings in the remaining “I” zones in the territory. The purpose of the updated Assessments was to find out how existing industrial floor spaces in the territory were being used. The assessment focused on premises within the “I” and “OU(B)” zones but excluded rural industries and special uses. The updated Area Assessments were presented and agreed by the TPB on 20.1.2006.

Key Observations under the Area Assessments

26. About 85% of the floor spaces within the industrial buildings in the “I” zones were for industrial uses and there has been a growing demand for warehousing over the years, which affirmed the increasing importance of the logistics sector in supporting industries in Hong Kong and the PRD region.

27. There is an existing surplus of about 40.5 ha of land for general industrial uses. While the surplus is expected to diminish over time, it is projected that there would be a deficit of some 20 ha of industrial land by 2017. This is mainly due to the continued increase in demand from industrial-related non-manufacturing activities and the increase in demand for storage space to meet the needs of the expanded economy and the increasing role of Hong Kong as a logistics hub in the PRD region. In this regard, the Assessments recommended that, amongst other things, existing land zoned “I” on the statutory town plans should continue to be reserved for industrial use.

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6 PlanD completed in 1999 the “Study to Review the Planning Framework for Reservation and Provision of Industrial Land”. Based on the findings and recommendations of the Study, PlanD undertook in 2000 the “Area Assessments of Industrial Land in the Territory”. The findings were presented to the TPB on 20.10.2000, which agreed inter alia that detailed rezoning proposals of individual industrial sites be worked out and submitted to the Board for consideration on an individual basis.

7 The projection on future demand for industrial land was derived using the employment-based approach. Future demand is calculated based on projected employment levels and worker density assumptions, which are derived based on projections prepared by Census & Statistics Department supplemented by information from PlanD. The projected supply is arrived at by incorporating new industrial projects in future years to the existing stock discounting industrial floor space which were committed and known / likely to be redeveloped to non-industrial uses. The HK2030 Study, on the other hand, has grouped the demand for industrial uses (except special industries) into general business which could be met by both land zoned “I” and “OU(B)”. 
28. Although there were positive signs of market response to the “OU(B)” zoning and its impact as a catalyst in the restructuring of industrial areas was emerging, the “OU(B)” zoning has only been implemented for about 5 years and the actual restructuring pattern in the areas within the “OU(B)” zones would need to be assessed later when more information is available.

29. Some industrial land with imminent I/R interface problems or for special planning reasons was considered suitable for rezoning to other uses. Whilst large-scale rezoning of industrial land was not recommended, four areas may be considered for rezoning to or for allowing other environmentally compatible uses, namely Kennedy Town, San Po Kong, Fanling Area 48 and Siu Lek Yuen. Detailed planning assessments / reviews would however need to be undertaken to determine the future land-use of these areas.

Summary of consultations undertaken and Comments received

30. The issue of how to make a better and more sustainable use of our land resources, especially amidst the changing role of the industrial premises in the process of economic restructuring of Hong Kong, has always been a public concern.

31. The results of the “Loft” case studies of Ma Tau Kok and Yau Tong were presented for the Stage Two Public Consultation in end 2001. Subsequent to this public consultation exercise, the Study Team discussed with the Real Estate Developers Association of Hong Kong (REDA) in particular to the possible conversion of industrial buildings for use as loft apartments in July 2002. Between February and September 2005, the stakeholders and the concerned advisory bodies had been consulted on the findings of the Study on Provision of Elderly Housing together with the case study on conversion of industrial buildings for retirement village. Whereas the hypothetical case study in San Po Kong to illustrate the “selective resumption” approach was put forward for public discussion during the Stage Three Public Consultation in end 2003.

32. A summary of the comments received on the initiatives / measures with respect to the regeneration of old industrial areas is at Appendix C. In gist, the views / comments collected in these public consultations showed that there is overwhelming support for better use of industrial buildings, including conversion for use as loft apartments and retirement villages. Some have expressed that piecemeal approach was not desirable and conversion encompassing the entire
building or even the whole industrial area would be more preferable. To allow greater flexibility for converting industrial buildings for residential purpose, some have also pointed out the need to review planning, building design, land and other requirements but remarked that safety and environmental quality should not be unduly compromised. However, the case studies on loft conversion were carried out at a time when there was an oversupply of residential flats in the property market. REDA expressed serious concern on the proposal, as once made public, it would create the perception of a sudden surge in the supply of residential units as a result of industrial buildings being converted into loft apartments, which in turn would further weaken the housing market. Hence, REDA had strong reservation on the implementation of the loft concept at that time.

Regeneration of Old Industrial Areas – Preliminary conclusions

33. With respect to the overall assessment of industrial land, we have the following preliminary conclusions:

(a) According to the findings of the updated Area Assessments, there is a deficit of some 20 ha of industrial land by 2017\(^8\). Whilst the deficit can be released by the supply of land zoned “OU(B)”, the industrial related non-manufacturing activities and storage space continues to increase to meet the expanding economy and the increasing role of Hong Kong as a logistics hub in the PRD region. For these reasons, wholesale rezoning of industrial land in the main urban areas is not advisable at this stage. It may be more desirable to adopt the pragmatic approach by rezoning industrial land at suitable locations for other environmentally compatible uses as recommended in the Area Assessment (para. 29 refers).

(b) The two-pronged approach mentioned in para. 6 above is considered to be an effective and flexible way in addressing / facilitating regeneration of industrial areas. Under this approach, the Government can, having regard to the changes in the market condition and the economic development needs of Hong Kong, effectively broaden (or tighten, if necessary) the permissible uses in industrial buildings and rezone industrial land at suitable locations for such uses as commercial, logistics centre, residential and “OU(B)” on the statutory town plans. The review of the user schedule will continue to be carried out to keep abreast of the changing socio-economic circumstances.

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\(^8\) Under the HK2030 Study, the demand for industrial uses (except special industries) has been grouped into general business, which could be met by both land zoned “I” and “OU(B)” on the statutory town plans and hence no deficit is anticipated.
(c) With the growing demand for warehousing and back-up land for the logistics sector, consideration may be given to designate more land, particularly those in close proximity to the boundary, for such uses, which could reduce vehicular traffic, and thus minimizing the operating cost.

(d) With respect to the “OU(B)” zoning, it has only been implemented for about five years. Although there are some positive signs of market responses (such as the recent increase in the number of planning applications and the number of applications for modification of industrial land lease for hotel development in the zone), redevelopment of industrial buildings is market-driven and requires a long lead-time. The actual restructuring pattern within the “OU(B)” zones would need to be monitored closely and assessed at a later stage when more information is available.

(e) Compared with that in the past few years, the property market is now picking up its momentum again in the process of regeneration of industrial areas as evidenced by the vibrancy in the property market and the anticipated positive effects from the CEPA\(^9\). In this regard, there may not be the need and urgency for the Government to switch to a very proactive approach in expediting the regeneration of industrial areas. Rather, it is considered that the current approach should continue to be adopted so as to let the market forces determine whether, when, where and how the old industrial areas should transform to suit future development needs and market changes.

(f) Whilst there are such views that the Government should adopt a more proactive approach / measures to expedite regeneration and upgrading of industrial areas, such as through land resumption, there may also be criticism from the community, especially the private developers and owners of industrial buildings, that the Government is depriving their rights to carry out redevelopment of their sites through market forces.

(g) The case studies indicated that conversion of industrial buildings into such residential purpose as “loft” and “retirement village”, and selective resumption to regenerate old industrial areas, are broadly feasible in

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\(^9\) According to an assessment by the Commerce, Industry and Technology Bureau on the initial impacts of the first phase of CEPA on the Hong Kong economy indicated amongst other things that for trade in good, both the manufacturers and the traders surveyed are very positive about CEPA I (LegCo Paper CB(1)1259/04-05 entitled “Mainland and Hong Kong Closer Economic Partnership Arrangement Impact on the Hong Kong Economy” refers).
technical terms. These concepts are also generally well received by the community. However, it should be reckoned that emphasis of these case studies has been placed on the feasibility of converting the “physical form” of selected industrial building only. Apart from such specific technical issues as fire and environmental problems identified in the case study, other aspects, which are equally important to the successful implementation of these measures/initiatives, including financial viability of the projects, ownership of the building, building design requirements, land administration mechanism and the necessary policy support, are all important factors that have to be addressed in detail, before such concepts can be further pursued.

(h) It is understood that such approach / measures as advocated / explored in this paper like “selective resumption” is not to be a panacea to the problems in regeneration of the old industrial areas. Apart from the substantial amount of public money involved, disruption to the community could be considerable and the resumption process could also be very lengthy and complicated. Criteria for selective resumption and the selection process would also be highly controversial and subject to challenge. As such, the proposals would best be planned in a comprehensive manner so as to properly address the likely environmental nuisances or I/R interface issue. In view of such concerns, it is therefore recommended that a prudent approach should be adopted.

(i) It is observed that there is an increasing trend in the growth of creative industries in many parts of the world and many artists or potential artists would favour the use of home / office as bases for launching their careers. In this respect, the concept of home cum office such as “loft” may offer solution space for the creative industries as well as revitalizing the industrial areas.

(j) There may not be immediate need for implementing “retirement village” by utilizing existing industrial buildings at this moment. Yet, with a growing trend of ageing population in Hong Kong, the concept could be further explored having regard to the elderly policy.

(k) Should there be changing circumstances suggesting the need for a further pursuit of any of the afore-mentioned initiatives, pilot schemes could be carried out to ascertain the viability of the concepts. Subject to the findings of the pilot schemes, consideration could be given to submissions by the
private sector on a case-by-case basis.

Attachments

Appendix A  -  Rezoning of Industrial Land since January 2001
Appendix B  -  Breakdown of Estimates on Resumption Cost for the Hypothetical Case Study at San Po Kong (Updated as at June 2006)
Appendix C  -  A Summary of Comments received during the HK2030 Study on Regeneration of Industrial Areas
Plan 1     -  A Hypothetical Case Study at San Po Kong – Possible Conceptual Layout
Plan 2     -  A Hypothetical Case Study at San Po Kong – Schematic Diagram
Plan 3     -  A Hypothetical Case Study at San Po Kong – Possible Subject of Resumption

PLANNING DEPARTMENT
MARCH 2007
### Appendix A

**Rezoning of Industrial Land since January 2001**

*(as at December 2005)*

<table>
<thead>
<tr>
<th>Location</th>
<th>Current OZP No.</th>
<th>Rezoned to “OU(B)” (ha)</th>
<th>Rezoned to Other Uses (ha)</th>
<th>Remaining “I” Zone (ha)</th>
</tr>
</thead>
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<tr>
<td><strong>Metro Area:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kennedy Town</td>
<td>S/H1/14</td>
<td>-</td>
<td>0.22</td>
<td>0.76</td>
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<tr>
<td>Shau Kei Wan</td>
<td>S/H9/14</td>
<td>1.32</td>
<td>0.47</td>
<td>-</td>
</tr>
<tr>
<td>Aberdeen / Ap Lei Chau</td>
<td>S/H15/21</td>
<td>8.30</td>
<td>-</td>
<td>10.29</td>
</tr>
<tr>
<td>Chai Wan</td>
<td>S/H20/17</td>
<td>5.76</td>
<td>4.62</td>
<td>14.54</td>
</tr>
<tr>
<td>Quarry Bay</td>
<td>S/H21/21</td>
<td>-</td>
<td>0.75</td>
<td>-</td>
</tr>
<tr>
<td>Tai Kok Tsui</td>
<td>S/K3/23</td>
<td>2.83</td>
<td>2.48</td>
<td>-</td>
</tr>
<tr>
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<td>S/K5/28</td>
<td>17.54</td>
<td>4.03</td>
<td>-</td>
</tr>
<tr>
<td>Hung Hom</td>
<td>S/K9/18</td>
<td>7.38</td>
<td>0.47</td>
<td>-</td>
</tr>
<tr>
<td>San Po Kong</td>
<td>S/K11/20</td>
<td>10.96</td>
<td>-</td>
<td>2.67</td>
</tr>
<tr>
<td>Kowloon Bay</td>
<td>S/K13/24</td>
<td>22.06</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kwun Tong</td>
<td>S/K14S/12</td>
<td>43.73</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cha Kwo Ling / Yau Tong</td>
<td>S/K15/15</td>
<td>0.17</td>
<td>1.32</td>
<td>-</td>
</tr>
<tr>
<td>South West Kowloon</td>
<td>S/K20/17</td>
<td>-</td>
<td>-</td>
<td>2.11</td>
</tr>
<tr>
<td>Kai Ta</td>
<td>S/K21/3</td>
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<td>15.11</td>
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<tr>
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<td>-</td>
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<tr>
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<td>9.64</td>
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<td>-</td>
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</tr>
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<td><strong>Sub-total:</strong></td>
<td></td>
<td><strong>171.83</strong></td>
<td><strong>39.05</strong></td>
<td><strong>112.64</strong></td>
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<td><strong>New Territories:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Fanling / Sheung Shui</td>
<td>S/FSS/12</td>
<td>-</td>
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</tr>
<tr>
<td>Sha Tin</td>
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<td>10.97</td>
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</tr>
<tr>
<td>Tai Po</td>
<td>S/TP/19</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tuen Mun</td>
<td>S/TM/21</td>
<td>-</td>
<td>-</td>
<td>57.16</td>
</tr>
<tr>
<td>Yuen Long</td>
<td>S/YL/14</td>
<td>11.63</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ping Shan</td>
<td>S/YL-PS/11</td>
<td>-</td>
<td>-</td>
<td>9.86</td>
</tr>
<tr>
<td>Tong Yan San Tsuen</td>
<td>S/TL-TYST/9</td>
<td>-</td>
<td>-</td>
<td>14.80</td>
</tr>
<tr>
<td><strong>Sub-total:</strong></td>
<td></td>
<td><strong>24.66</strong></td>
<td><strong>11.13</strong></td>
<td><strong>192.25</strong></td>
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<td><strong>Total:</strong></td>
<td></td>
<td><strong>196.49</strong></td>
<td><strong>50.18</strong></td>
<td><strong>304.89</strong></td>
</tr>
</tbody>
</table>

**Note:**

Excluding 147.87 ha of “I” zone in Tsing Yi, which is mainly occupied by heavy industrial uses such as oil depots, dockyards, chemical industry, etc.
Breakdown of Estimates on Resumption Cost for the Hypothetical Case Study at San Po Kong
(Updated as at June 2006)

<table>
<thead>
<tr>
<th>Possible Subject of Resumption (Plan 3)</th>
<th>Total GFA (m²)</th>
<th>HK$ (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 buildings for layout improvement</td>
<td>209,100</td>
<td>3,075</td>
</tr>
<tr>
<td>7 interfacing buildings</td>
<td>148,900</td>
<td>2,153</td>
</tr>
<tr>
<td>8 dilapidated buildings redevelopment of which hindered by fragmented ownership</td>
<td>98,100</td>
<td>1,393</td>
</tr>
<tr>
<td>2 G/F units occupied by car repairing workshop</td>
<td>1,500</td>
<td>49</td>
</tr>
<tr>
<td>2 G/F units for providing on-site loading / unloading spaces</td>
<td>3,700</td>
<td>126</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,796</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: No acquisition cost required for the disused Government factory estate.

Source: Based on estimates provided by the Valuation Section, Lands Department.
Appendix C

A Summary of Comments received during the HK2030 Study on
Regeneration of Industrial Areas

(i) Case Studies of the Possible Conversion of Selected Industrial Buildings for Loft Apartments in Ma Tau Kok and Yau Tong

In general, the concept of loft apartment conversion was well received amongst the community. Some had expressed that piecemeal approach was unacceptable and that it would be necessary to carry out conversion encompassing the entire building or even the whole industrial area. Many had pointed out the need to resolve potential environmental problems that might arise from interfacing industrial and residential uses. The external environment and availability of community facilities to serve the converted buildings were also important considerations.

To allow greater flexibility for converting industrial buildings for loft apartments, some had pointed out the need to review planning, building design, land and other requirements. Nevertheless, many had expressed that safety and environmental quality should not be unduly compromised. There were also views, which considered that, apart from loft apartment, these industrial buildings were also suitable for use as housing for the elderly, cultural facilities, library, community college, etc.

REDA acknowledged the problem of under-utilized industrial buildings and appreciated efforts in trying to improve their utilization. However, there was serious concern with the timing of the proposal. The proposal, once made public, would (rightly or wrongly) almost certainly create the perception of a sudden surge in residential supply as a result of industrial buildings being converted into loft apartments, which would further weaken the housing market. They would caution that any message intended for public consumption particularly the international investment community on a highly sensitive subject as this must be managed with extreme care. REDA suggested that the proposal should be put on hold temporarily, and to revisit it upon the availability of the findings of Industrial Land Review. They also informed that none of their members had indicated an interest in undertaking a pilot scheme at that stage.

(ii) Study on Provision of Elderly Housing – A Case Study on Conversion of an Industrial Building for Retirement Village

Since the Study was mainly focused on the provision of housing for the ageing population, many of the comments / views received were not related to the technical feasibility of the hypothetical case but on the policy of elderly housing and the role to be played by the Government as well as the concept of “retirement village” itself. Comments related to the feasibility and implementation of adapting an industrial building for “retirement village” are summarized below:

(a) People were generally in support of the concept of comprehensively planned and designed elderly housing, which stressed the importance of integrating self-contained housing flats with a wide range of supporting services / facilities for elders;

(b) There were diverse views on adaptation of industrial buildings into elderly
housing. Some considered that industrial buildings were not suitable for elderly housing because of labeling effect associated with living inside an industrial building / area and the poor environment, whilst some pointed out that the market would only convert buildings at suitable sites for elderly housing. With suitable marketing strategy and design of the building after conversion, the labeling effect should not be a concern; and

(c) On implementation, some were concerned with the attractiveness of elderly housing to the private developers because of too many development restrictions and considered that the Government should play an active role to facilitate its development. Some were of the view that there might be difficulties in enforcing the user restrictions and urged that pilot schemes be worked out to test the market and provide a benchmark, especially the true market value.

(iii) **Regeneration of Industrial Areas in the Main Urban Areas – A Hypothetical Case Study at San Po Kong**

We received rather limited comments on this topic during the HK2030 Stage Three Public Consultation. Comments received mainly urged for further relaxation and flexibility in the use of industrial buildings and asked about the progress of implementation of the “loft” concept as put forwarded in Stage Two Public Consultation. Besides, there were also comments expressing concerns about the need to reserve / retain some industrial land to cater for those firms which were planning to return Hong Kong as a result of the CEPA.
Regeneration of Old Industrial Areas in Metro Area
- A Hypothetical Case Study at San Po Kong
  - Schematic Diagram