

REZONING PROPOSALS INVOLVING INDUSTRIAL LAND IN THE TERRITORY

PURPOSE

This Paper briefs Members on two rezoning proposals to be initiated by Planning Department (“PlanD”), arising from the latest area assessments of industrial land.

BACKGROUND

2. PlanD conducted area assessments of industrial land from time to time to update the snapshot on the utilization of private industrial buildings¹ (IBs), review the progress of transformation through previous rounds of rezoning efforts and policy initiatives, and to consider opportunities for further rezoning. It is part of Government’s continuous effort in keep tracking of the changing planning context and circumstances of major industrial areas to ensure appropriate planning actions be initiated in a timely manner to respond to new policy initiatives as well as economic and development needs.

3. The last area assessments of industrial land commenced last year. The latest snapshot of the existing private IBs in terms of their utilisation of key types of industries, together with the progress of transformations through previous rezoning and policy initiatives, is summarised in **Annex 1**. Key findings useful to guide our identification of further rezoning opportunities for industrial land are as follows:

- (a) **Role of IBs / Industrial Land** - The major use of IBs is still industrial dominated by warehouse / storage. It is noted that IBs / industrial land has also accommodated a mix of non-industrial activities (such as office, shop and services, showroom and eating place) and emerging uses such as data centre through conversion or redevelopment.
- (b) **Land Supply for General Industrial Uses** – The total area of industrial land zoned “Industrial” (“I”) was about 551.6 ha in 2000. As at 2020, the amount of “I” land has been reduced to 219 ha after various rounds of rezoning (**Annex 2**).
- (c) **Need for Industrial Floorspace and Deficit Provision in the Long-term** - Based on the land requirement and supply analysis under Hong Kong 2030+, by Year 2048, a deficit of about 22 ha of land area involving about 2.14 million m² floorspace for general industrial uses is projected. This deficit has already taken into account the existing IBs / industrial land as an important source of space for accommodating such uses.
- (d) **Vacancy** – The vacancy rates of both private flatted factories and private storage

¹ Include private flatted factory buildings, private industrial/office buildings and private storage buildings identified by PlanD and having records in the Rating and Valuation Department, but exclude rural industries within the “Industrial (Group D)” zones, the special industrial uses (such as oil depots, marine or port-related industries and industrial estates), the Hong Kong Housing Authority’s flatted factories, the container terminals in Kwai Chung/Tsing Yi in “Other Specified Uses” zonings, and an “Industrial” zone of about 147.9ha in Tsing Yi which is mainly occupied by heavy industrial uses such as oil depots and dockyards, etc.

buildings had been maintained at relatively low levels (below or equal to 6.8%) since 2015.

- (e) **Employment** – It is estimated that about 13.4% (489,000) of the total workforce was engaged by IBs in the survey.

4. Given the importance of the existing stock of IBs / industrial land in performing its economic functions as shown in paragraph 3 above, a cautious and incremental approach, one which takes into account the local transformation, surrounding planning context and appropriate zoning, should be adopted in considering further rezoning of “I” land for other purposes in meeting changing needs of the society and optimization of the use of land resources.

REZONING PROPOSALS

5. Although as shown above there is still a strong demand for industrial solution space, some specific areas in the territory are actively undergoing land use transformation and urban renewal. While there is a good case to retain the “I” zoning of major industrial areas, two rezoning proposals emerge from the recent area assessments to reflect their latest development and facilitate transformation. These proposals are set out below:

(a) **Sheung Shui Areas 4 and 30 (Plans 1a to 1c)**

- **Local transformation** - the industrial area is located to the north of Mass Transit Railway (MTR) Sheung Shui Station, comprising a northeast portion (Area 4) occupied by six IBs and a southwest portion (Area 30) occupied by three IBs (including one under conversion works) with a total land area of about 4.23 ha. Warehouse / storage use is the largest user (about 83%) and manufacturing / workshop uses only take up a small share of floorspace (about 2%). One IB in Area 4 and three IBs in Area 30 are at different stages of wholesale conversion mainly for eating place, office and/or shop and services uses involving about 73,200 m² floorspace accounting for about 36% of the total floorspace in the concerned IB sites taken together. Upon completion of the conversion, there will be no IB in Area 30.
- **Surrounding planning context** - the southeastern fringe of the areas will be developed for public housing. The western portion of Area 30 at Choi Shun Street is under an engineering feasibility study (EFS) for residential development and will be rezoned to “Residential (Group A)” subject to the findings of EFS.
- **Appropriate zoning** – in view of the local transformation and changes in planning circumstances, **the IB sites in Area 30 are considered suitable to be rezoned from “I” to “Commercial”** to reflect the committed / approved commercial developments. **The IB sites in Area 4 are considered suitable to be rezoned from “I” to “Other Specified Uses (Business)”** to facilitate land use restructuring and provide more flexibility. It can also help address the potential industrial / residential (I/R) interface problems.

(b) **Siu Lek Yuen (Plans 2a to 2c)**

- **Local transformation** - the industrial area falls within the eastern part of Sha Tin and is close to the MTR City One Station. It is occupied by seven IBs with a total land area of about 7.48ha. Warehouse / storage and manufacturing / workshop (mainly located in one IB for manufacture of beverage) are the major uses occupying some 58% and 28% of the total floorspace respectively. There is a bus depot at the centre of the Area. Two of the IBs have obtained planning approvals for wholesale conversion to commercial uses, and one is applying for redevelopment to commercial uses. The redevelopment / conversion proposals account for about 26% (over 54,200 m²) of the total industrial floorspace in Siu Lek Yuen.
- **Surrounding planning context** - in a wider context, a hotel has been developed within the area and the surroundings comprise mainly residential neighbourhoods well-served by public transport including the MTR City One Station (**Plan 2b**).
- **Appropriate zoning** - considering the on-going active transformation in the area and the surrounding mature residential neighbourhoods, opportunity could be given to **rezone the existing “I” sites to “R(E)”**. The proposed “R(E)” zoning is intended primarily for phasing out of existing industrial uses through redevelopment (or conversion) for residential use on application to the Town Planning Board and to address the I/R issue. Also, **the hotel site is to be rezoned to “C”** to reflect the existing uses.

6. The above rezoning proposals above will provide a planning incentive to facilitate land-use transformation through putting the private land into optimal uses prescribed by the proposed zonings. Subject to any initial views which the Board may have, we will progressively take forward the rezoning proposals upon completion of the EFS or technical assessments. As to Sheung Shui Areas 4 and 30, the EFS has been completed and the subject Outline Zoning Plan is ready for amendment in November/December 2021. Should the proposals materialise, the total land area of “I” zones in the territory would be slightly reduced by about 11.71 ha. As far as the supply of industrial space is concerned, there will be additional supply from redeveloped IBs with higher intensity under IB Revitalisation Scheme 2.0 in the short to medium-term and from new industrial land in new development areas (e.g. about 21ha in Hung Shui Kiu / Ha Tsuen and Yuen Long South) in the medium- to long-term.

CONTINUOUS REVIEW

7. We are aware of the importance to keep track of the rapid changing planning context and circumstances for major industrial areas on a continuous basis. For instance, in the context of the recently announced Northern Metropolis Development Strategy, the idea of exploring the opportunities for rezoning the On Lok Tsuen Industrial Area in Fanling to business and innovation & technology uses is mentioned. We will continue to keep in view the utilization of existing industrial areas and the evolving economic and development needs in and around the areas, with a view to initiating appropriate planning actions at an opportune time.

ADVICE SOUGHT

8. Members are invited to note the preliminary rezoning proposals set out in the paper. Planning Department will proceed with the preparatory work, and submit the rezoning proposals to the Board when ready.

ATTACHMENTS

Annex 1	Snapshot of the Existing Stock
Annex 2	Distribution of “I” Land
Plans 1a to 1c	Sheung Shui Areas 4 and 30
Plans 2a to 2c	Siu Lek Yuen

Planning Department
November 2021