



OUR HONG KONG  
FOUNDATION  
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Land and Housing Policy Research Report:  
**Immediate Actions to Resolve  
Hong Kong's Housing Conundrum:  
Cut the Red Tape Now!**

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# Executive Summary

## Streamline procedures to accelerate housing supply

Hong Kong people are known to have unwavering endurance. Still, having to endure a cramped, expensive and densely populated living environment for so long, people will eventually reach their limits and lose hope for the future.

In the past, we have made recommendations in various research reports on boosting land and housing supply. By focusing on large-scale land development to solve the supply problems, our recommendations include the Enhanced East Lantau Metropolis and large-scale urbanisation in the New Territories. Since then, these recommendations have been adopted by the Hong Kong Special Administrative Region Government (the Government) for the Lantau Tomorrow Vision and the Northern Metropolis respectively. However, even if these regional projects are eventually implemented, following the existing land development procedures, they will be long-term supply in 20 to 30 years. It is possible that the current procedures will cause the regional projects to degenerate into paper talk, which will not save the people from their current plight. **Nevertheless, the Government is not taking action to solve the supply problem in short-term.**

No matter it is large-scale land development or public housing construction, past development projects in Hong Kong have been trapped in a vicious cycle—projects get delayed due to slow progress, followed by toilsome efforts to catch up on back-loaded delivery. Taking the ten-year public housing supply projection as an example. Early in 2015, the Government had already clearly stated that housing supply will be back-loaded in the *Long Term Housing Strategy* (LTHS) annual progress report. Yet in 2021, i.e. five years had passed since 2015, the *Policy Address* still stated that housing supply in the next 10 years will continue to be back-loaded.

There is plenty of room to streamline and reorganise the current development process. Various non-governmental professional organisations, including Our Hong Kong Foundation (OHKF), have raised many suggestions. However, the Government remains largely unresponsive, and its reform efforts are far from sufficient. On the other hand, the suggestions put forward by various parties are rather fragmented, which are mostly focused on the individual aspects of land development and housing construction. **A consolidated proposal that integrates all suggestions and covers the entire land and housing development flow is still lacking.** Therefore, if the Government is to truly remove the barriers in order to provide housing amply and swiftly, its actions to date are far from being adequate.

## 300,000 units are required by 2025

According to our report published in April last year, we estimated that about 75,000 private housing units will be completed between 2021 and 2025 (*Decisive Moment—Can Hong Kong Save Itself from the Land and Housing Supply Crisis?*, 2021). According to the housing construction programmes of the Housing Authority (HA) and the Hong Kong Housing Society (HKHS), only 107,000 public housing units will be completed. In other words, based on current projections, **only approximately 180,000 public and private housing units will be completed by 2025. This is insufficient to make up for past supply gap and meet future demand.**

Since the LTHS was first presented in 2013, the Government has not achieved the housing targets in any of the past eight years. As a result, approximately 120,000 public and private housing units are in arrears. **To fill the shortfall, the Government must add 120,000 more units to the current estimated 180,000 units, delivering 300,000 public and private housing units in total by 2025—that is 60,000 units per year.** This supply target falls between the 85,000 units proposed by the former Chief Executive Mr Tung Chee Hwa and the 43,000 units proposed in the latest LTHS annual progress report.

## Tackle the challenge with no delay

To solve the housing shortage in the short run, we need to confront the challenge head-on. Comparing Hong Kong's housing crisis to a situation of water shortage, rather than digging a new well, which means developing non-spade-ready sites without infrastructures from scratch, a more feasible solution is to dig the existing well faster and deeper. This means **we should compress the development cycle by removing barriers, speed up the development of spade-ready or semi-spade-ready sites, establish clear and quantifiable targets, and catch up at full throttle.**

We estimate that approximately 230,000 public and private housing units will be delivered between 2026 and 2030. After reviewing each project, near 120,000 units are identified to be at the later stage of development. **If barriers are removed, 120,000 units can be completed ahead of schedule by 2025.**

Subsequently, the Government must **continue to accelerate the progress of the Lantau Tomorrow Vision and Northern Metropolis, which are scheduled to be completed after 2030.** In the longer term, we have proposed 9 Potential Development Areas (PDAs) for further study in a report published in 2021, titled *Building a Global City of the Future—Envisioning Sustainable Urbanisation of the New Territories*. It is estimated that over 3,000 hectares of developable land will be available in the PDAs.

## Identify the three levels of problems that impede housing supply

The problems hindering Hong Kong's housing supply are complex, but can actually be **categorised into three levels**. Only when all three levels of problems are solved will there be a real chance of unlocking the structural fetters that have long impeded Hong Kong's development and governance.

**The first level involves the vetting and approval procedures.** The current development procedures are burdened by various obstacles linked to repeated consultations, duplicate regulations, and inconsistent or unclear approval standards, which caused unnecessary delays in housing developments. To breakthrough, the Government must speed up housing supply by streamlining development procedures, reducing excessive or repetitive public consultations and hearings, and leveraging market power to promote public-private partnerships.

**The second level involves the civil servant efficiency.** In a work environment without clear goals and responsibilities, civil servants lack incentives to perform and have gradually developed a pessimistic work culture. To breakthrough, the Government must expeditiously set an overarching inter-departmental goal to significantly boost land and housing supply, strengthen high-level steering and the accountability mechanism, and supervise each relevant department to develop its own corresponding quantifiable performance indicators. Furthermore, the Government should boost the efficiency and morale of civil servants by introducing a performance-based evaluation mechanism, and a corresponding reward and punishment system.

**The third level involves social consensus.** While Hong Kong is facing an unprecedented housing crisis, our society is still highly fragmented by the various rigid individual beliefs on the ideal supply path or development model. Without making the rational judgments and necessary trade-offs, our society is struggling to make any progress. The Government must lead its citizens to understand the real demands during this extraordinary time. Moreover, the Government must be open-minded in exploring any option that has the potential to substantially increase housing supply.

## “Speed up, efficiency up, and mass up” to solve the housing crisis

To address the three levels of problems mentioned above, **this report proposes three major recommendation directions, namely “speed up”, “efficiency up”, and “mass up”, covering 23 detailed recommendations (Table I)**. By reorganising the work procedures of large-scale development, private housing, and public housing projects, the Government can remove the barriers and expedite the development vetting and approval procedures. Also, the Government can activate the optimal performance of civil servants by enhancing accountability and launching a performance-based reward and punishment system. Furthermore, the Government must proactively facilitate different land supply options and increase the manpower of the construction industry, to create a land reserve and boost development capacity. We believe these recommendations will not only help accelerate housing supply in the short to medium term, but also enable the early completion of medium to long term development projects, such as the Northern Metropolis and the Lantau Tomorrow Vision.

## The hope to shorten public rental housing waiting time is still alive

As of the end of September 2021, general applicants for public rental housing have reached 153,700, with an average waiting time of 5.9 years (Housing Authority, 2021).

After reviewing each of the public and private housing project expected to be completed between 2026 and 2030, we found that **approximately 123,000 units are at the later stages of development and have the potential to be brought forward to complete in 2025 or earlier.** This involves approximately 22,000 units from private housing projects. To accelerate project commencement and construction, we recommend to suitably relax the importation of professional labour and streamline the building plan vetting and approval process. The remaining 101,000 units are from public housing projects, of which approximately 15,000 units are in the planning and land administration process. We recommend accelerating the land resumption and clearing works and proceed with the detailed design and site formation of the remaining phases of a New Development Area (NDA) in parallel. The other 86,000 units are in the site formation and design process. We recommend to reintroduce the Private Sector Participation Scheme (PSPS) and popularise the applications of Modular Integrated Construction (MiC) to enhance construction efficiency.

If the recommendations in this report are adopted, and if 100,000 public housing units can be completed by 2025, we estimate that **the number of public rental housing general applicants will be reduced to less than 100,000 by 2026, and the average waiting time will be reduced to 3.7 years.**

## Unlock the short, medium, and long term housing supply in tandem, break through and lay the foundation for the future

Whether it is to fill the past supply gaps in the short term, or to facilitate long-term land development projects such as the Northern Metropolis and the Lantau Tomorrow Vision, these efforts may eventually be shelved in the endless process of “study after study, consultation after consultation” under the current cumbersome development cycle, if the Government is to continue with business as usual. Hong Kong people already live in dire straits, and can no longer bear the endless debates and excuses. The public urgently needs a clear direction and the commitment to the way forward.

To reverse this situation, the Government must significantly streamline the current development procedures, clarify supply targets, enhance high-level steering, and make every effort to shorten the housing development cycle. There is no better time than now to push for reform. We must turn the tide, to overcome the social dilemma of largely ignoring the short term supply and losing confidence in the medium to long term supply.

Table I

## Summary of the three major recommendation directions

Speed  
up



### Large-scale developments

1. **Simplify public engagements and Environmental Impact Assessment procedures**
  - Simplify and consolidate public engagement under various ordinances
  - Broaden the definition of minor works to simplify land gazetting process
  - Shorten environmental survey and report production time, and define clear objectives for each evaluation criteria
2. **Proceed with reclamation works and town planning procedure simultaneously**
  - Divide development projects into reclamation and superstructure development for reclamation works and town planning procedure to proceed simultaneously
3. **Accelerate land assembly to unleash the development potential of private lands**
  - Study on various land assembly models
  - Establish a new mechanism to unleash the development potential of Tso/Tong lands
4. **Commence detailed designs in all phases in parallel**
  - Begin land resumption and clearing works in advance
  - Adopt targeted measures for various occupiers to smoothen the resumption process
5. **Appoint developers to build some infrastructures to bring forward private development projects scheduled for later phases**
  - Initiate land exchange procedures for private lands in the remaining phases during phase 1
  - Introduce an appropriate mechanism in land exchange to entrust developers with road construction near private developments

### Private housing developments

6. **Release Comprehensive Development Areas**
  - Divide Comprehensive Development Areas into smaller sites according to size and ownership distribution
  - Establish precise and quantifiable approval criteria for Master Layout Plans
7. **Enhance town planning procedure**
  - Shorten the time required for the town planning procedure
  - Rationalise arrangements under the town planning procedure
8. **Accelerate urban redevelopment**
  - Introduce measures to accelerate private redevelopment projects, such as lowering the threshold for compulsory sales, exploring the transfer of plot ratio, raising plot ratio in some urban areas, street consolidation, and interchangeability between residential and nonresidential plot ratios
  - Reflect the corresponding changes in the Outline Zoning Plan following the research by the Urban Renewal Authority, and adopt a more flexible compensation strategy
9. **Simplify land leases**
  - Exclude specific requisites if they are already covered in relevant regulations or overseen by other departments
10. **Accelerate lease modification procedure**
  - Extend the use of “standard rates” to all lease modification applications for agricultural lands in the New Territories
  - Establish a clear timeframe for reviewing and approving lease modifications
11. **Strengthen the functions of the Development Projects Facilitation Office**
  - Serve as a decision-making body that coordinates land development approval works and aptly balance the requirements from different departments
  - Act as the first and only point of contact between the Government and developer

### Public housing developments

12. **Make proactive and professional judgments during district consultations**
  - Recognise the consultative functions of the District Council, and instruct departments to respond to relevant feedback with professional judgment to proceed swiftly to the next phase
13. **Draw reference from the practice of the past Private Sector Participation Scheme to improve construction efficiency**
  - State sizes and quantities of residential units in tender documents
  - The Housing Authority or Hong Kong Housing Society can randomly select some of the completed units for repurchase at a predetermined price
14. **Enhance transparency and accountability of public housing projects**
  - Establish a “one-stop” platform to disclose the progress of various public housing projects
  - Formulate public housing supply schedules for the next 10 years





- 15. Establish a dedicated department to spearhead large-scale regional developments and strengthen high-level steering**
- Draw reference to the Territory Development Department to establish a dedicated department for regional development
  - Set up a project office for each New Development Area
  - Develop suitable industrial policies for each New Development Area
- 16. Based on the Government's inter-departmental top-tier land and housing supply goals, each relevant departments should set their own corresponding quantifiable performance indicators**
- Planning Department is suggested to set targets for successful rezoning of land into residential developments
  - Lands Department is suggested to set targets for successful approval of land for residential developments
  - Civil and Engineering Development Department is suggested to set targets for completing site formation works for residential developments
  - Building Department is suggested to set targets for successful approval of new private housing
  - Housing Department is suggested to set targets for newly completed and commenced public housing
- 17. Introduce a performance-based reward and punishment system that encourages civil servants to accelerate housing supply**
- Offer performance bonuses
  - Offer special bonuses based on economic performance
  - Establish a performance-based promotion evaluation mechanism



- 18. Increase the development density of the New Territories to reflect the current demands of society**
- Benchmark against Shenzhen to enhance the development density in the border area where appropriate
  - Realise the development potential unlocked by the Northern Link
- 19. Review for a reasonable distribution of green land to improve living spaces**
- Review for a reasonable distribution of green land in Hong Kong, by drawing reference from other global cities
  - Allow "green belt" to be included in private residential development for non-domestic use
- 20. Review the planning of the wetland buffer area**
- Review the planning intention for wetland buffer area and study the feasibility of the "transfer of plot ratio" planning tool
- 21. Draw reference from the "white zone" planning tool and establish a land reserve mechanism**
- Draw reference from the "white zone" planning tool and allow greater flexibility in land use
  - Explore a suitable land reserve mechanism
- 22. Enhance the overall construction capacity**
- Expand the scope of the Supplementary Labour Scheme to include supervisors and professional roles, and simplify application procedures where appropriate
  - Create favourable conditions for the large-scale applications of MiC and BIM
- 23. Facilitate robust development of the industry**
- Encourage "professional self-inspection" as much as possible and maintain an appropriate balance of regulatory and industry manpower
  - Study new tendering models that encourage healthy competition in the market
  - Explore appropriate mechanisms to extend measures of "security of payment" to private development projects to accelerate cash flow and dispute resolution
  - Adopt proper measures to popularise "Design for Safety" in the industry to identify and eliminate safety risks in the early stage of planning and design



# **1.** *Research background*

## Land and housing shortage causes significant societal losses

Hong Kong people have long been plagued with the problem of having to live in a cramped, expensive, and densely populated environment, and people have reached the tipping point of their tolerance. Going forward, in order to catch up and get ahead, Hong Kong's housing supply must be made ample and swift. In our previous reports, we have discussed solving the housing supply problems with large-scale land developments, by advocating for the reclamation of East Lantau Metropolis and major urbanisation in the New Territories. These recommendations have been adopted for the Lantau Tomorrow Vision and the Northern Metropolis in the *Policy Address* of year 2018 and 2021 respectively.

Despite the fact that the Northern Metropolis is in line with our recommended policy direction, by employing consolidated planning to develop the New Territories, however, with the existing land development procedures, from planning reviews, studies of construction works, detailed designs to site formation and construction, the entire process would take at least a decade, if not more. Meanwhile, the Government is readily accepting the fact that only one-third of the target public housing supply will be available in the coming 5 years. Thus, public housing supply in the ten years ahead will be unbalanced, with a majority of housing provided in the latter few years. Nonetheless, **the Government has yet to fully address the grievance of its citizens' adverse living conditions and does not offer any effective solution to alleviate the housing deficit in the short run.**

Currently, Hong Kong people are facing three critical challenges:

**Shortage of housing to grassroots:** As of September 2021, the average waiting time for public rental housing (PRH) general applicants has reached 5.9 years—a record high since 1999. The number of general applications has reached 153,700, along with 100,800 applications from non-elderly individuals. In total, the current waiting list has piled up as many as 254,500 applications (Housing Authority, 2021).

**Unaffordable property prices:** According to the information published by the Rating and Valuation Department (RVD) (2021), private housing prices have reached an all-time high, but the supply of subsidised housing continues to fall short. Since the Government relaunched the Home Ownership Scheme (HOS), only approximately 26,000 units were completed to date. However, Sale of HOS Flats 2020 has been oversubscribed by 32.4 times, receiving 236,000 applications (“新居屋收23.6萬份申請”，2020). By the end of 2020, the overall home ownership rate in Hong Kong only accounts for 50% of the households, a much lower number comparing to 90% in Singapore and 60% across other prosperous economies (Research Office of Legislative Council Secretariat, 2021).

**Extortionate cost of living:** Not only do soaring property prices make life of the locals a challenge, it also makes the cost of living for expatriates of the highest in the world (CBRE, 2019). Some companies have even reduced headcount in order to cope with high costs. As a result, this has driven Hong Kong's overall economic composition to be excessively skewed towards the traditionally dominating sectors, such as finance and real estate. This makes the goals of growing the innovation and technology industry and diversifying economy arduous.

If we let the problem to deteriorate, the wear and tear in our society will become unamendable. Currently, many grassroots waiting for PRH are left with no choice but to live in adverse conditions inside cramped subdivided flats for a long time. Moreover, the “sandwich-class” struggles to afford homes with reasonable living spaces. They have no choice but to purchase “nano-flats” that are less than 215 sq ft. Insufficient living space will affect people’s decisions to form family and raise children. Small flats will also hinder children’s healthy development (“新冠肺炎 | 研究：劏房不利兒童學習 用ZOOM上課要「鬥大聲」”，2020) and negatively impact the demographic structure. Additionally, soaring costs may worsen economic homogenisation and brain drain as multinational companies may be driven away from Hong Kong, impeding the development of local innovation and technology.

**When social deterioration reaches the collapsing point, the compressed deeply-rooted contradictions will explode again, turning the Hong Kong society into irreparable fractions and dwindling the city’s global competitiveness.**

## 300,000 flats are required by 2025

By 2025, it is estimated that 75,000 private and 107,000 public housing units will be delivered. In other words, **only about 180,000 units will be completed by 2025**. These figures are unable to fill Hong Kong’s past housing supply gap and accommodate for future developments.

Since the Government published the LTHS in 2013 for the first time, not a single year could the actual supply meet the Strategy’s target over the past eight years. The Government “owes” its citizens approximately 20,000 private and 100,000 public housing units to date. The scale of shortage is equivalent to 1.6 Taikoo Shing and 13.5 Choi Hung Estate combined, **which equals to a gap of approximately 120,000 public and private housing units in total**.

A report published by the Transport and Housing Bureau (THB) indicated that nearly half of the surveyed households living in subdivided flats are waiting for public rental housing (*Report of the Task Force for the Study on Tenancy Control of Subdivided Units, 2021*). Other survey conducted by a non-governmental organisation has indicated that the relevant figure has even reached 70% (“過渡房租期太短 團體倡延長年期”，2021). This reflects that boosting public housing supply is the most direct way to eradicate subdivided flats. Consequently, the Government will lose the best opportunity to resolve the city’s deep-rooted social conflicts if housing demand cannot be met by 2025.

The *14th Five-Year Plan* clearly outlines its support for Hong Kong to develop into an international hub for technology and innovation and drive the development of major collaboration platforms such as the Hong Kong-Shenzhen Innovation and Technology Park located in the Lok Ma Chau Loop. This reflects the Central Government's dedicated support for Hong Kong's unique "one country, two systems" advantage and for its innovation and technology developments. Unfortunately, Hong Kong is currently unable to provide sufficient affordable and quality housing to the locals as well as mainland and overseas talents. At present, the combined area of the Science Park and Cyberport only occupies 46 hectares, while the Hong Kong-Shenzhen Innovation and Technology Park can only deliver 3% of the planned floor area by 2025 (Legislative Council Panel on Commerce and Industry, 2020). This can hardly satisfy the demands of economic development and industry talents.

The Shenzhen-Hong Kong Innovation and Technology Co-operation Zone located right across the border has been officially launched in October 2021. The Qianhai Cooperation Zone—the new innovation experimental platform for the Greater Bay Area—has also announced its expansion plan from the current area of 1,500 hectares to over 12,000 hectares (“【大灣區】前海深港合作區擴容近8倍 定位開放門戶樞紐”，2021). If Hong Kong fails to provide sufficient housing and development space by 2025, local, mainland, and overseas science and innovation talents will inevitably choose to relocate for development opportunities in Shenzhen, Singapore, and other more competitive cities other than Hong Kong.

**The Government needs to complete 120,000 housing units in addition to the scheduled delivery of 180,000 units by 2025 to compensate for past supply gaps. In other words, the Government must provide 300,000 public and private housing units by 2025—an average of 60,000 units per year.** This number falls between the

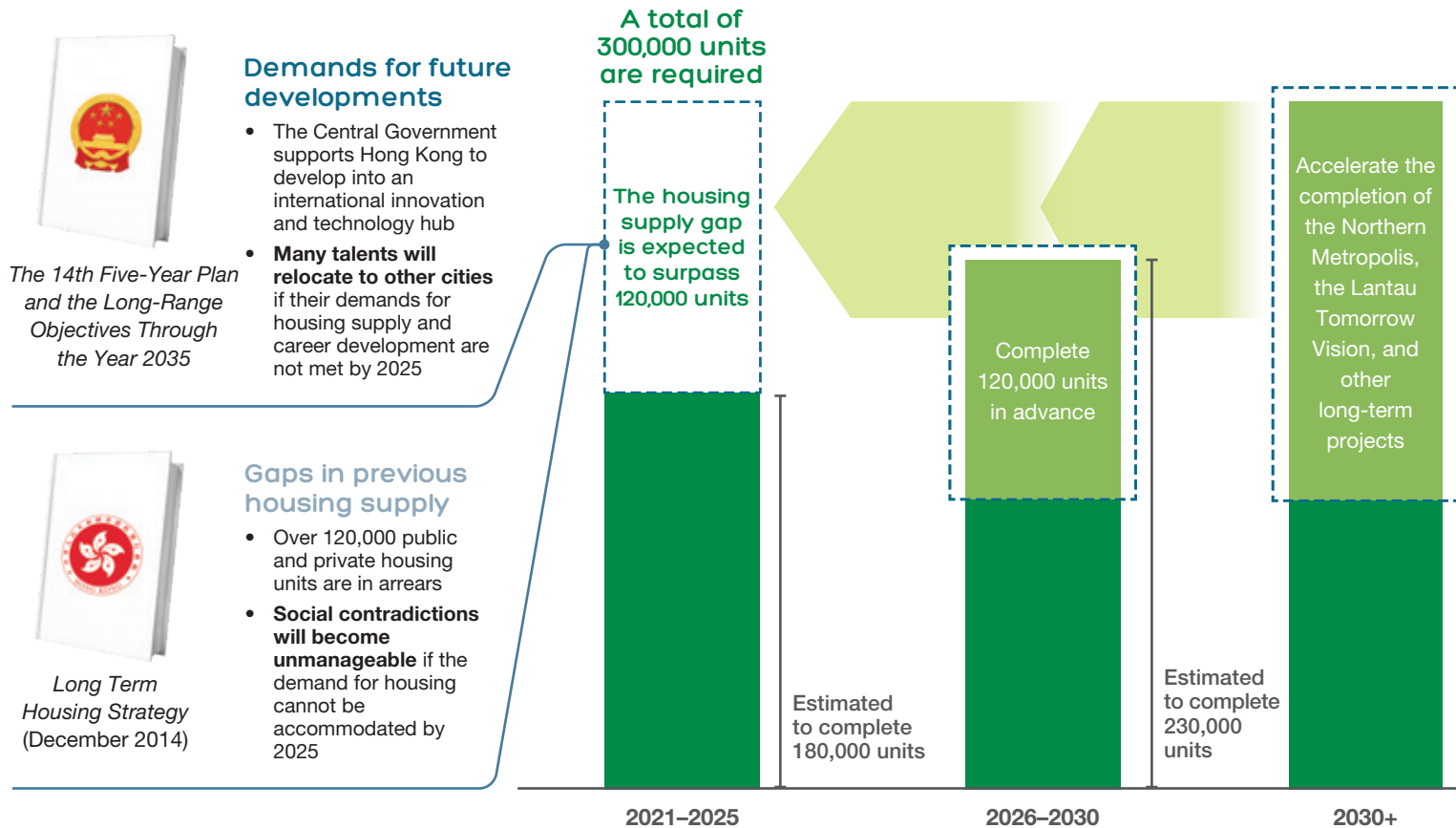
range of 85,000 units, proposed by former Chief Executive Mr Tung Chee-hwa, and 43,000 units, proposed under the LTHS annual progress report in 2021.

**The Government should begin with the spade-ready or semi-spade-ready sites** that are currently in development, by streamlining the development procedures and boosting construction efficiency to accelerate project completion. Based on both government information and market data, we estimate that approximately 60,000 private and 170,000 public housing units will be completed between 2026 and 2030—that is a total of about 230,000 public and private housing units. After reviewing the relevant housing development projects one by one, we found that **approximately 120,000 units are in the later stages of development (i.e. site formation, design or construction works and resumption/relocation or application for planning permission).** **There is enormous potential to streamline procedures and remove barriers for these projects, to bring forward their completion dates by 2025.**

A new housing supply gap will be formed when the spade-ready or semi-spade-ready sites between 2026 and 2030 are completed ahead of schedule. Therefore, the Government must **continue to accelerate the progress of the Northern Metropolis and the Lantau Tomorrow Vision, which are both expected to be completed after 2030.** In order to boost housing supply in the long run, OHKF has published the research report titled *Building a Global City of the Future—Envisioning Sustainable Urbanisation of the New Territories* in 2021, which suggested 9 PDAs for further studies. It is estimated that over 3,000 hectares of developable land can be provided—that is five times more than the 600 hectares of new land proposed in the *Northern Metropolis Development Strategy*. This can potentially eradicate the structural housing shortage problem in Hong Kong.

Figure 1

**A schematic diagram of housing supply acceleration**



Sources: *Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035*, *Long Term Housing Strategy*, and OHKF

## Problem I. The society has been unable to reach consensus to take action

For a long time, different politicians have been standing firmly on their own ideals, causing serious disagreements on the development model of the city and substantial debates over several controversies. But are these problems really unsolvable? Are there any deep-seated causes behind the stagnation?

**Debate Line I. Development density in the New Territories should not be increased, as high-density developments would affect the quality of living.**

Seeing no reason to doubt, many cities across the globe have achieved high-quality living in the setting of high-density development. Yet, the real issue behind this controversy could be recognised as a **derivative from the “Central Perspective”**. Before the handover, most of the developments in Hong Kong were concentrated along the Victoria Harbour. The British Hong Kong Government deemed the northern part of the New Territories neighbouring Shenzhen as a remote area, hugely underestimated the economic potentials and strategic importance of this vast region, and did not adopt a proactive development approach.

If our society cannot adopt a new mindset and look ahead, not only will we lose the enormous opportunities to cooperate with Shenzhen, but also the much-needed land resources to solve our critical local housing crisis.

**Debate Line 2. Capacity of transport infrastructures and community facilities has reached the limit, thus substantial population growth could not be sustained.**

Not only is this a “paradoxical problem”, it also goes against the “infrastructure-led” development strategy that the Government has repeatedly promoted. Plot ratio of a site is designed by the authorities mostly based on the capacity of transport infrastructures and community facilities near the development site. Ironically, the vetting and approval of public transport infrastructures and community facilities projects are primarily based on whether the project scope covers a large-enough population to sustain its operations capacity and costs. **The contradiction between the “lack of infrastructure” and “lack of population” has resulted in a large amount of derelict lands in the New Territories.**

Taking the planning of a new railway project as an example. When calculating the internal rate of return, the authorities would only consider whether the current population can fill the new transportation capacity brought by the new service line, and how much travel time can travellers reduce comparing to other transportation methods. Nonetheless, the social benefits brought by a new railway, economic benefits of land sales, increased development density, and potential expansion of economic activities were not thoroughly considered. In fact, the construction of the Northern Link (NOL) has been delayed due to the abovementioned miscalculation. Although the project was first announced early in 1998, its feasibility research did not begin until 2012. Currently, the entire project is expected to be completed by 2034.

**Debate  
Line 3. Demand for housing will shrink, following a reducing birth rate and rising emigration rate.**

Not only does this hypothesis portray an excessively negative view of Hong Kong's future, long-term population projections have also been proven unreliable given countless uncertainties. Furthermore, there is a lack of objective data to evaluate permanent emigration. The figures of "Net outflow of Hong Kong residents" published by the Census and Statistics Department (C&SD) cover all movement of Hong Kong residents entering and leaving the city for various purposes, including work and education. Thus, the concept of net outflow is not the same as "emigration".

In fact, data from the C&SD (2021) indicates that the number of households in Hong Kong continues to increase. On top of that, Hong Kong is facing "double-aging" in population and building, while per capita living area is significantly behind other major global cities. Thus, **the massive "pent-up demand" for housing in Hong Kong will persist in the foreseeable future**, as the current housing supply is far behind demand growth.

In conclusion, the abovementioned debate lines are unjustifiable amid the current land and housing crisis, and shown to be unworthy for holding back the development progress of the whole society. However, some politicians in the past insisted on impractical claims without thorough consideration of the hardship of Hong Kong people's life and the constraints by reality. This has led to stagnant land development and widen housing supply gaps. For Hong Kong to progress in the future, we must make rational trade-offs between development ideals and reality, in order to forge consensus on social actions.

## **Problem 2. Public resources cannot be used effectively to increase housing supply**

In 2007, the Government announced the "Ten Major Infrastructure Projects" to promote large-scale development, including new railways, cross-border projects and NDAs, after experiencing several economic crises. These projects have led to the establishment of the Development Bureau (DEVB) to consolidate the Government's work in town planning, land administration, public works and heritage conservation, and coordinate the overall development of Hong Kong. To complement the execution of the projects, the Government has also ended its public finance strategy since 1999 in gradually reducing the number of staff, to reopen new civil servant positions.

We have looked into the budgets of the DEVB and five major departments responsible for land and housing development, including the Planning Department (PlanD), Lands Department (LandsD), Civil Engineering and Development Department (CEDD), Buildings Department (BD) and Housing Department (HD) to study the relation between public resource input and housing supply. In 2008—the first year after the establishment of DEVB—combined budget and number of staff of DEVB and the five departments were approximately HKD 4.87 billions and 16,000 employees. By 2020, the numbers have increased by 188% and 29% respectively, reaching approximately HKD 14.04 billions and 21,000 employees.

**Despite an increase in public finance and manpower, housing supply efficiency has not been improved.** In 2008, approximately 29,000 housing units were completed, of which public and private housing accounted for approximately 20,000 and 9,000 units respectively. By 2020, 32,000 housing units were completed, of which



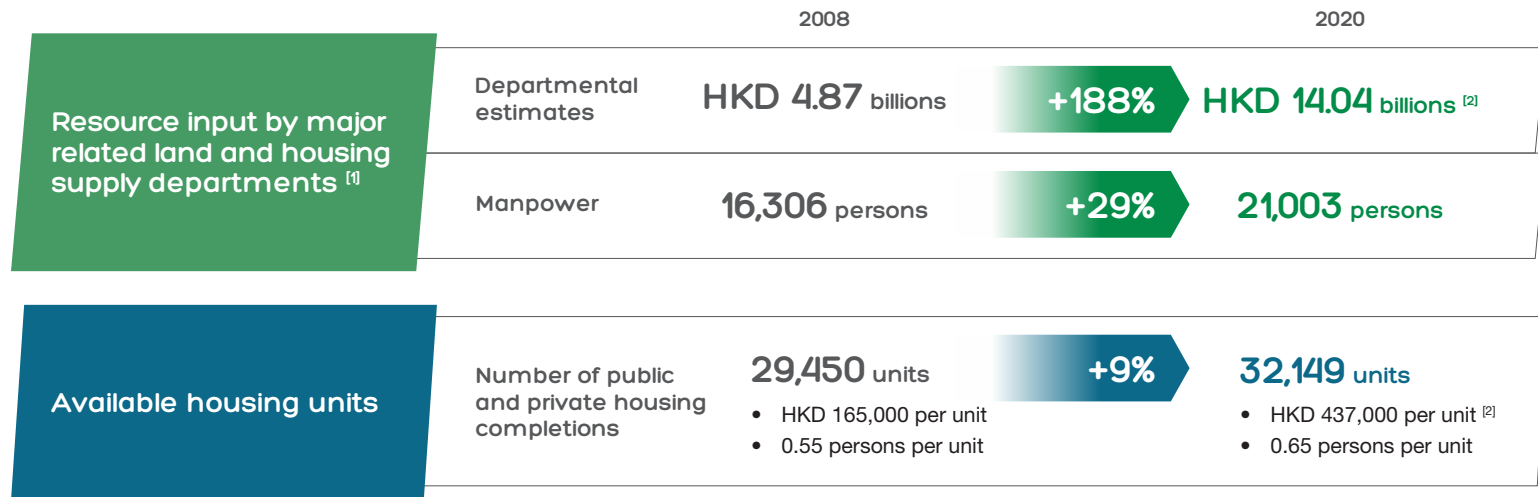
public and private housing accounted for approximately 11,000 units and 20,000 units—which indicates a comparative increase of only 9%. Such mild increase was far behind the increase of public resource input by various departments over the past 12 years.

Assuming there were no delays in the cause-and-effect relationship between public resource input and housing supply, the departmental

budget and staff establishment required for each housing unit supply in 2008 only take up HKD 165,000 and 0.55 persons. By 2020, however, the budget and staff establishment required have climbed to HKD 437,000 and 0.65 persons—an increase of 165% and 18% respectively (not adjusted by inflation).

Figure 2

## A comparison of public resource input and corresponding housing unit output of related land and housing supply departments between 2008 and 2020



Notes: [1] Major related departments include Development Bureau (Planning and Lands Branch), Development Bureau (Works Branch), Planning Department, Lands Department, Civil Engineering and Development Department, Buildings Department, and Housing Department. Please note that a portion of the resources and manpower of the departments may be used for meeting other social needs (e.g. heritage conservation, greening and landscaping etc.)

[2] Numbers not adjusted for inflation

Sources: *The Budget*, Housing Department, and Rating and Valuation Department

### Problem 3. Vetting and approval departments struggle to balance between guiding and controlling housing developments

According to the Town Planning Board (TPB) (2020), “Town Planning in Hong Kong aims to promote the health, safety, convenience, and general welfare of the community through the process of guiding and controlling the development and use of land, and to bring about a better organised, efficient and desirable place to live and work.”

Ideally, departments or organisations responsible for development vetting and approval, such as the TPB and the PlanD, **should strike a balance between guiding and controlling Hong Kong’s development.** Inevitably, a better organised, efficient and desirable place to live and work requires sufficient land for residential and economic development. On the other hand, the realisation of a healthy, safe, and convenient community depends on the vetting and approval departments to identify and filter out the few harmful “black sheep”, ensuring the generally high-quality and complying projects continue to drive Hong Kong’s overall development forward unaffectedly.

However, decisions made by the **vetting and approval departments are generally perceived by the public as skewing towards the “over-control” side**, failing to maintain a balance between guiding and controlling developments. Many believe that the vetting and approval departments’ work priority has turned into “finding fault”, particularly targeting on applications from non-government organisations and private developers.

For example, among the 4,800 applications submitted to the TPB over the past five years, which includes s12A plan amendment, s16 planning permission, and s17 review of applications, approximately 1,400 applications requested for deferral—which involves as many as 30% of the submitted applications—generally each case deferred one to four time, and each time took up one to two months (Development Bureau, 2021). This reflects **the lack of effective communication between the vetting and approval departments and the applicants, as well as the failure of the current development vetting and approval guideline to provide clear procedural guidance for the applicants.**

Furthermore, many have expressed their concerns about the vetting and approval departments being oversensitive towards the accusation of “collusion between the Government and the business sector”, and have developed a habit to repeatedly **conducting public consultations and entrusting external consultants on important policy decisions, thus “outsourcing” the responsibility of guiding development.** This has led to the shelving of many key development projects that have enormous potential to improve people’s livelihood. Using the Lantau Tomorrow Vision as an example, since the report *Reclamation outside Victoria Harbour and rock cavern development* was published in 2011, at least three public consultations in various formats were conducted and two external consultation contracts were tendered over the past 10 years. It is currently expected not until 2027 will the reclamation work of the project begin.

## Expediting housing supply by making changes on three levels

We must identify the cruxes that have hindered Hong Kong's housing supply and debug the structural connections between these cruxes in order to develop corresponding action plans. The problems described in the previous sections are actually based on three progressive levels, of which all require a corresponding solution to break through. Only through solving these cruxes can we have a chance to remove barriers and unravel the structural constraints that have paralysed our housing supply.

### **The first level involves our vetting and approval departments.**

Depending on the nature of the development project, which generally includes large-scale land development, private housing and public housing, the current development procedures are burdened by various obstacles linked to repeated consultations, duplicate regulations, and inconsistent or unclear approval standards. The lack of process management has also caused unnecessary delays in housing developments.

To break through, the Government must **speed up** housing supply by streamlining development procedures, reducing unnecessary or repetitive public consultations and hearings, strengthening process management, and leveraging the market power to promote public-private partnerships.

**The second level involves our civil servants.** In the past, the internal and external checks and balances on civil servants have been growing continuously. Without clear universal social goals and work responsibilities, civil servants have gradually lost incentives to work proactively. This has developed into a pessimistic work culture of avoiding responsibilities and changes.

To break through, the Government must set a universal goal to significantly increase land and housing supply as soon as possible, aggressively strengthen the high-level steering and accountability mechanism, and demand each department to develop their own quantifiable performance indicators corresponding to the universal goal. Furthermore, the Government should **lift up the efficiency** and morale of civil servants by introducing a performance based evaluation mechanism and reward and punishment system.

**The third level involves our whole society.** The current housing supply gap is short of 120,000 public and private housing units, and over 100,000 households are living in subdivided flats. However, even at this critical moment, our society is still highly fragmented by the various rigid individual beliefs on the ideal supply path or development model. Without making the rational judgments and necessary trade-offs, our society is struggling to make any progress.

To break through, the Government must communicate a clear message, and lead our society in recognising the real demands during this critical time. The Government should also be open to any option that has the potential to increase land and housing supply on a large scale. Furthermore, the Government must make sensible trade-offs and forge consensus on unified social action to **boost supply** as soon as possible.

Figure 3

## Identifying the three levels of problems that have caused delays in housing supply and their breakthrough points

### Level 1: Vetting and approval departments

#### The challenge

Workflow management is missing in the development approval procedures, leading to duplicated regulations and low productivity

#### The breakthrough: **Speed up**

Simplify procedures, reduce unnecessary public consultations and public representations, remove barriers, and facilitate collaborations between the public and private sectors



### Level 2: Civil servants

#### The challenge

Civil servants have gradually developed a pessimistic work culture of minimising responsibilities and changes

#### The breakthrough: **Efficiency up**

Establish cross-departmental supply targets, and introduce corresponding quantifiable performance indicators and incentives for civil servants



### Level 3: Society

#### The challenge

Society is highly fragmented by the various rigid individual beliefs on the ideal supply path or development model

#### The breakthrough: **Mass up**

Recognise the necessity to prioritise housing demands, achieve society-wide consensus, and substantially increase land and housing supply







## 2. *Speed up*

*Reorganise work procedures and remove barriers*

In this section, we will take a comprehensive look at the processes involved in large-scale development projects, as well as in the development of public housing and private housing on individual sites. By doing so, we will unravel the prolonged and time-consuming procedures and put forward recommendations to streamline development.

## Large-scale developments

### The general process of large-scale development projects

Large-scale development projects, mainly NDAs and reclamation, can create an ample land supply. Nonetheless, the process of converting “potential sites” into “spade-ready sites” that are ready for building is extremely complex. Before the actual construction can even start, it often takes a long time to complete the relevant planning studies and preliminary preparatory works.

**Figure 4** (P.24) shows the process of a typical large-scale development project. First, the Government will conduct an preliminary study to identify suitable areas for large-scale urban development based on topographical conditions and restrictions. Then, the Government will seek funding approval from the Legislative Council (LegCo) to commence the preliminary planning and feasibility studies, initial site investigation works, and the Environmental Impact Assessments (EIA) for NDAs and related infrastructures.

Simultaneously, the Government will organise public engagement exercises to consult residents, environmental groups, relevant District Councils (DC), and other stakeholders to formulate an outline development plan and propose appropriate development parameters (e.g. development area, population, additional housing). It takes approximately four to six years to finalise the development plan. Next, the Government will proceed with the statutory town planning procedure (also known as the town planning procedure, the statutory planning procedure, or the plan-making process) to amend the statutory plans of the area, i.e. the Outline Zoning Plan (OZP). This process will take another one to two years.

For NDAs to be developed in the New Territories (orange route), the Government must first resume private lands and clear government lands. In addition to compensating landowners, the Government will also provide compensation and resettling arrangements to the occupants, including squatter households, farmers, and business operators. Only then can the land be resumed and existing structures cleared for the project’s next phase. This land administrative procedure is expected to take about four years. If there are grievances with the compensation and resettlement plan, more time will be needed to finish the land clearance and resumption. On the other hand, for reclamation

(blue route), construction work of reclamation can begin once the town planning procedures are completed. In general, ground investigation and detailed design of infrastructures will also be carried out in conjunction with land resumption or reclamation.

Upon completion of land clearance in the NDAs or reclamation works, the Government will proceed to the next phase of site formation and infrastructure works to turn the land into a “spade-ready site” suitable for superstructure development. These works cover various aspects, including land decontamination, geotechnical, road, electrical and mechanical, drainage/sewage/water supply, landscaping, and many others. This usually requires five years to complete. Afterwards, the Government will hand over the site to the Hong Kong Housing Authority (HKHA) or the Hong Kong Housing Society (HKHS) to construct public housing; or the site will be sold for private housing development through a land sale by tender.

Generally, the Government will implement the development plan in phases. In NDAs, after the site formation for phase 1 is completed, land resumption and works for phase 2 will commence, and so on until the remaining phases are completed. As for reclamation projects, the Government will first carry out infrastructure projects in some of the completed reclamation areas while continuing with reclamation works.

**From preliminary planning to delivering the first batch of “spade-ready sites”, the development cycle of large-scale projects usually requires at least 14 years** (Development Bureau, 2017). Although we may identify a key responsible department and organisation for each step along the procedures, a development plan must still go through many policy bureaux and government departments, such as the Agriculture, Fisheries, and Conservation Department, the Environmental Protection Department, the Transport Department, and more.

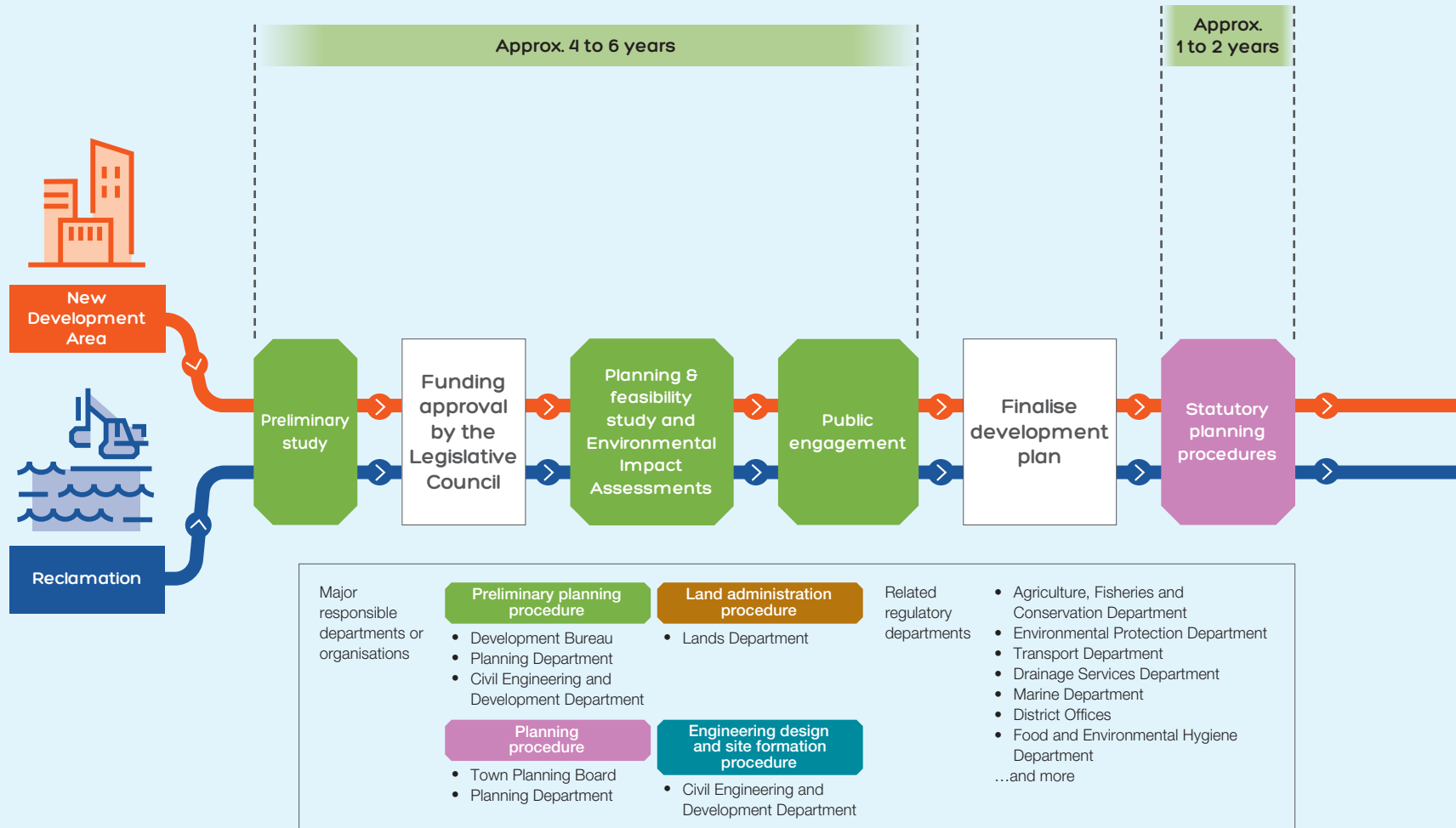
The two NDAs of Kwu Tung North/Fanling North and Hung Shui Kiu, for example, were first proposed as new town developments back in 2007. The former project will not have its first population intake until 2023, a development period as long as 16 years, while the latter will require an extra year. Both of these indicate the lengthy development processes of current large-scale land supply initiatives.



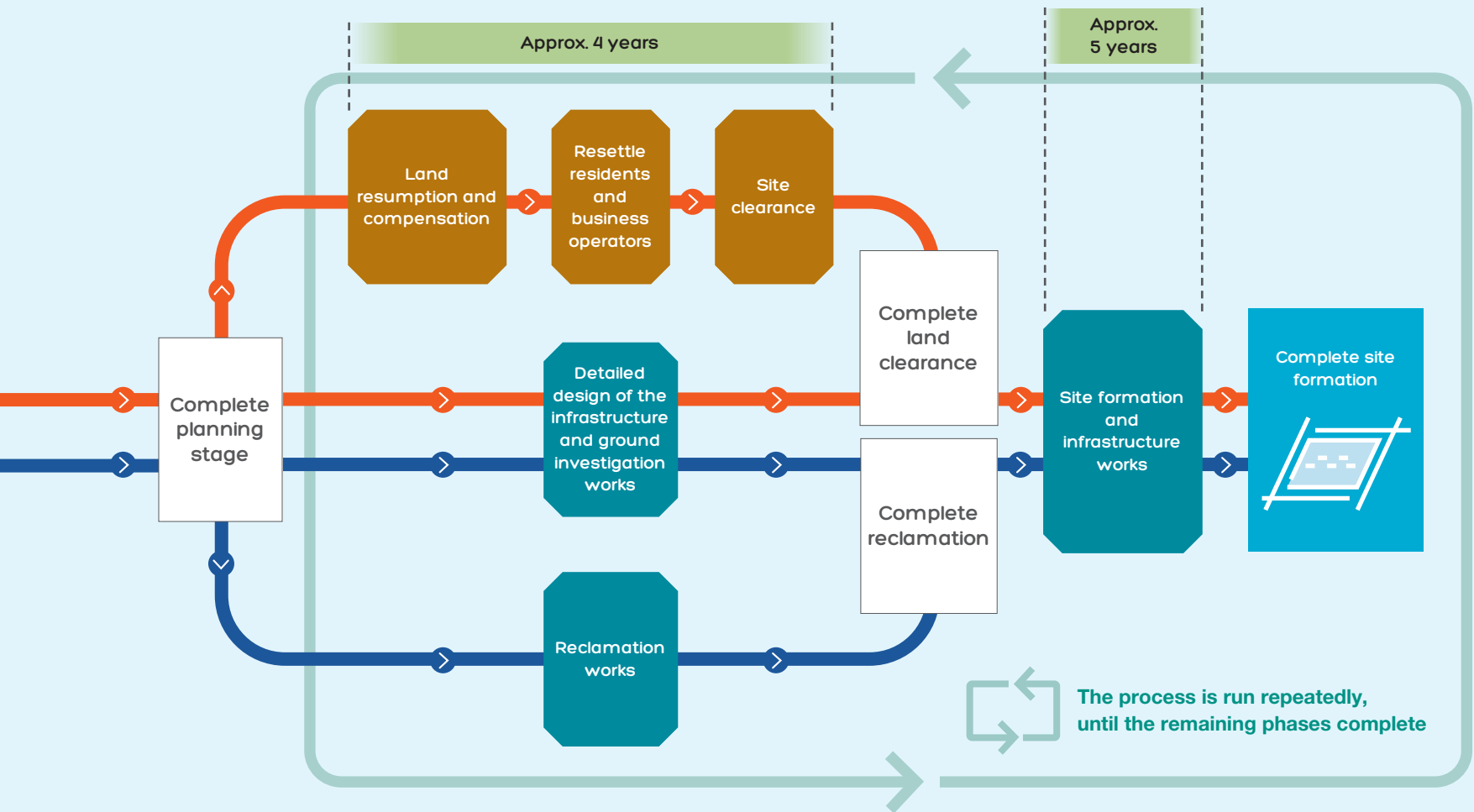


Figure 4

## The general process of large-scale development projects



Note: It is understood that these development procedures can be undertaken in other sequences subject to site condition. This graph is a simplified version which may not represent the actual development procedures for every case.



## Simplify public engagements and Environmental Impact Assessment procedures

Public consultation for large-scale development projects regularly involves three stages of community engagement activities. During the first stage, the public is invited to discuss the key topics, such as development vision, strategic positioning of the NDA, and planning principles for the preparation of the Preliminary Outline Development Plan (PODP). The second stage is to collect public feedback on the PODP, which will form the basis for a more detailed feasibility study and EIA to prepare the Recommended Outline Development Plan (RODP). In the third stage, the public is invited to express their opinions on the RODP, which has incorporated the previous public comments, thereby finalising the development proposals. Lastly, the Government will revise the layout plan again based on the opinions collected and publish the revised RODP before the town planning procedures can begin. Moreover, the *Town Planning Ordinance* requires that the public be consulted again on amendments to the OZP.

### Case study: Hung Shui Kiu NDA

The public consultations on the development plan alone can take three years or more. Taking the Hung Shui Kiu NDA as an example (Figure 5), a total of three stages of public engagements commenced in 2011, and it was not until 2016 that the Government finished collating the views collected in the third stage and published the revised RODP as the future implementation plan (Legislative Council Panel on Development, 2018). However, the revised RODP formulated following the second stage did not undergo substantial adjustments after the third stage of consultation—there were no significant changes in the distribution of land usage for economic and public facilities, except for a slight reduction to 18% for residential land.

From this, we can see that **the preliminary planning phase alone already involves multiple rounds of public consultations, let alone other regulations and development procedures which also require additional public engagement.**

Undoubtedly, it is crucial to conduct extensive consultation to seek public opinions. Nevertheless, repeated stakeholder consultations under different steps in large-scale development lead to recurring public debates over the same issues. At a time when the society is facing a severe housing shortage, the Government should streamline the public engagement stage to expedite housing supply and accommodate citizens' needs. For example, at present, the same project is subject to numerous public consultations under various ordinances. These include the *Roads (Works, Use and Compensation) Ordinance*, the *Foreshore and Sea-bed (Reclamations) Ordinance*, the *Lands Resumption Ordinance*, the *Town Planning Ordinance*, the *Environmental Impact Assessment Ordinance*, and more. In this regard, the Government can **consolidate various consultation processes of different regulations** and handle the objections simultaneously. Also, the *Roads (Works, Use and Compensation) Ordinance* can follow the timetable in the *Town Planning Ordinance* to shorten the time needed for processing comments. Moreover, as the plan-making procedure already includes thorough public consultation, there is no need to conduct separate consultation when the Government resumes private land under the *Lands Resumption Ordinance*. In addition, the authorities can also simplify the land gazetting process by **broadening the definition of minor works.**

Furthermore, discussions are often left boundless in public engagement. The Government is obligated to respond to all views whether they are informed, uninformed, or misunderstood, making it extremely challenging for the consultation process to achieve the goal of refining reviews and building mutual trust. On the one hand, the

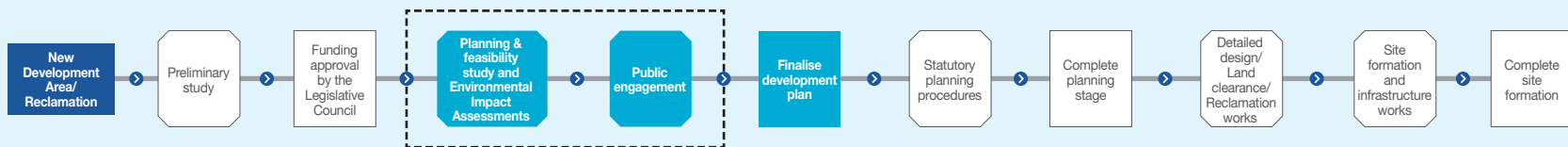
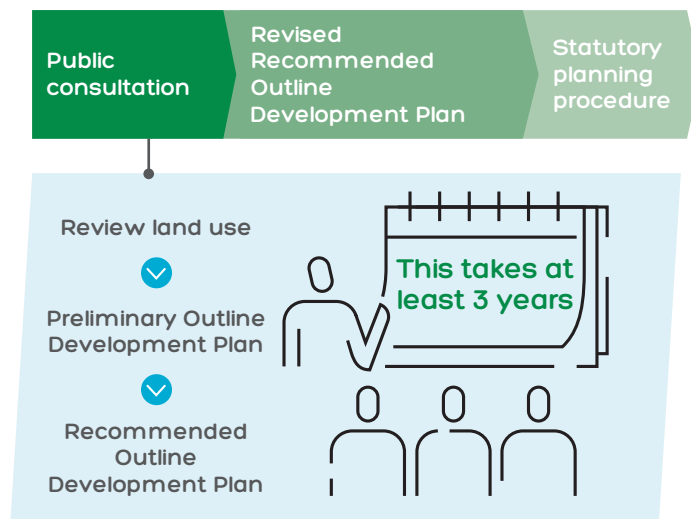


Figure 5 Simplify public engagements and Environmental Impact Assessment procedures



Case study: Hung Shui Kiu NDA

- The three-phase public engagements began in 2011 and the Government finished collecting opinions in 2016. In the same year, the revised RODP was also announced
- Minor amendments were made after the third consultation:

	Distribution of land use during the third consultation	Amendments after the consultation
Residential	20%	18%
Economic	24%	No changes
Public facilities	20%	No changes



- Simplify and consolidate public engagement under various ordinances
- Broaden the definition of minor works to simplify land gazetting process
- Shorten environmental surveys and report production time, and define clear objectives for each evaluation criteria

Sources: Legislative Council, Advisory Council on the Environment, and various newspapers

Government should act as the moderator and actively facilitate consensus building among various stakeholders. On the other hand, to obtain more practical feedback, the Government **should optimise the public consultation process and get the most of it by focusing on communication with informed participants and key stakeholders.** For example, in the plan-making procedure, since the TPB already publishes the amended plan for public comments and will further amend it to address the representation, the subsequent hearing should be more specific rather than simply repeating the public comments.

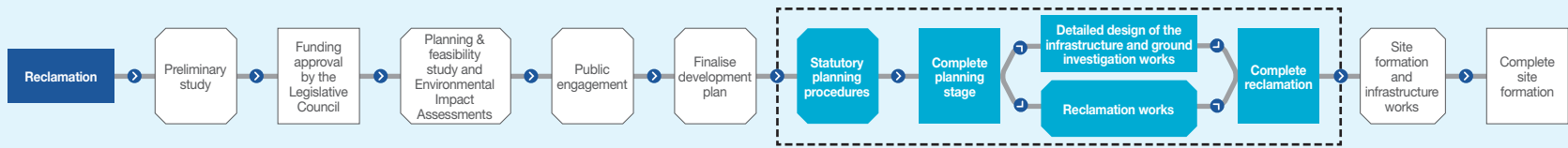
In addition, the EIA process can be further improved to enhance the efficiency of the entire assessment process. The Environment Bureau has previously stated in the meeting with the Advisory Council on the Environment that the whole EIA process takes at least three years, of which 10 to 24 months are spent on producing reports alone (Advisory Council on the Environment, 2021). Additionally, explaining to and communicating among various departments is a time-consuming effort during the assessment process. For specific assessment items, such as ecological surveys, the lack of clear indicators will also make the production of reports and assessments more challenging. In this respect, the Government should review the EIA system comprehensively. By **shortening environmental surveys and report production and including precise indicators in the assessments,** the Government should aim to complete the EIA within the shortest possible time.

## Proceed with reclamation works and town planning procedure simultaneously

As far as reclamation projects are concerned, once the preliminary planning studies, relevant statutory procedures and public consultations are completed, the Government should be able to begin reclamation immediately if there are no insurmountable issues. However, due to the Government's administrative arrangements, reclamation cannot commence before a new or amended OZP that reflects the land use and the detailed layout of superstructures is published (Planning, Environment and Lands Bureau & Works Bureau, 1997). In other words, even after the development plan is finalised, it will still take extra one or two years to undergo the town planning procedures prior to reclamation.


To reduce the lead time of land development projects, the Government can split the **development into two components—reclamation project and superstructure construction (Figure 6)**—to work on several procedures concurrently. Reclamation projects should be considered as a “landbank” so that the Government can kickstart the processes under the *EIA Ordinance* and the *Foreshore Sea-bed (Reclamations) Ordinance* when there has yet to be specific land use distribution. This will save around one year in the preliminary study and assessment process, enabling the reclamation works to be launched sooner. Meanwhile, the planning study and EIA procedures for superstructure developments can be carried out as a separate project.

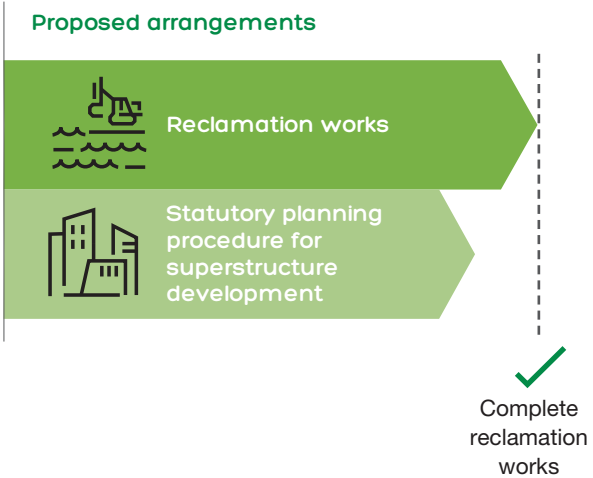
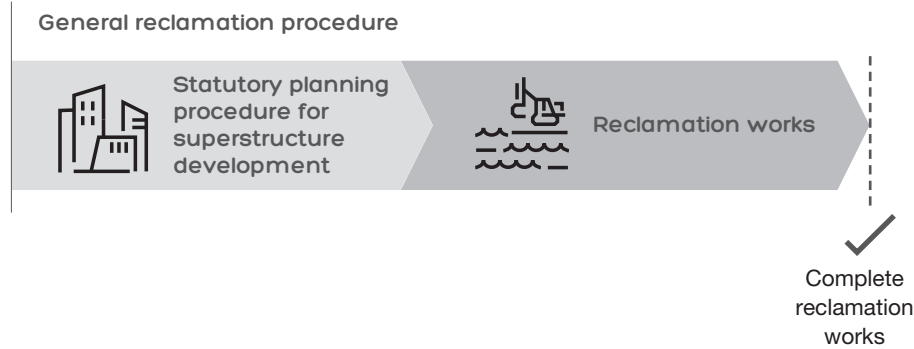
Construction can commence once the EIA and other legal procedures for the reclamation works have been completed. In the meantime, town planning procedures and relevant technical studies for superstructure works will be conducted in parallel. By launching multiple processes simultaneously, it is hoped that the entire project timeline will save two years.



**Figure 6** Proceed with reclamation works and town planning procedure simultaneously

 According to the Government's administrative arrangements, a new OZP must be prepared before reclamation begins

 Divide development projects into reclamation and superstructure development for reclamation works and town planning procedure to proceed simultaneously



Source: Legislative Council

## Accelerate land assembly to unleash the development potential of private lands

Currently, there is no opportunity to unlock the development potential of private lands in the New Territories, which are agricultural lands and brownfields held mainly by Tso/Tong and individual smallholdings. These lands are often characterised by fragmented ownership and irregular boundaries. Also, respective owners may not possess the resources to develop on their own. Moreover, due to limited public-private partnership (PPP) channels, these private lands are usually resumed under the Conventional New Town Approach by the Government, who later sells the sites by tender for private development. In other words, in the absence of an appropriate mechanism for PPP, the market has not been able to develop private lands into housing units effectively (Figure 7).

**Solely relying on the Government's effort to build 300,000 housing units within five years is highly improbable. Expediting the housing supply requires a multi-pronged approach.** Hence we recommend that the Government explore feasible mechanisms to accelerate the development of private lands in the market. For example, the Government should **review the Land Sharing Pilot Scheme and enhance its flexibility to promote more PPP.**

First of all, Tso/Tong lands in the New Territories encompasses 2,400 hectares, but these lands are in effect blocked for development due to the ambiguous provisions in the *New Territories Ordinance* (“2400公頃祠堂地 開拓容60萬人口”，2020). In view of this, the Chief Executive has stated in the 2021 Policy Address that consideration would be given to amending the relevant regulations to overcome the hurdle. We propose that the Government formulate amendments along the following directions: **incorporate Tso/Tong as legal entities, set a reasonable threshold for selling Tso/Tong lands in the *New Territories Ordinance*, or establish a mediation mechanism similar to the compulsory sales for redevelopment.** Through appropriate policy arrangements, the authorities can utilise Tso/Tong lands optimally for

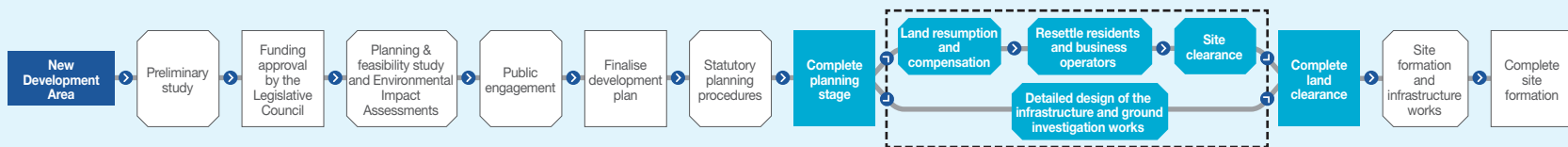
housing and other purposes while respecting the traditions of Tso/Tong and protecting the rights and interests of its members.

Our earlier report titled *Building a Global City of the Future—Envisioning Sustainable Urbanisation of the New Territories* also **recommended using land bonds and land readjustment to consolidate government and private lands** (OHKF, 2021).

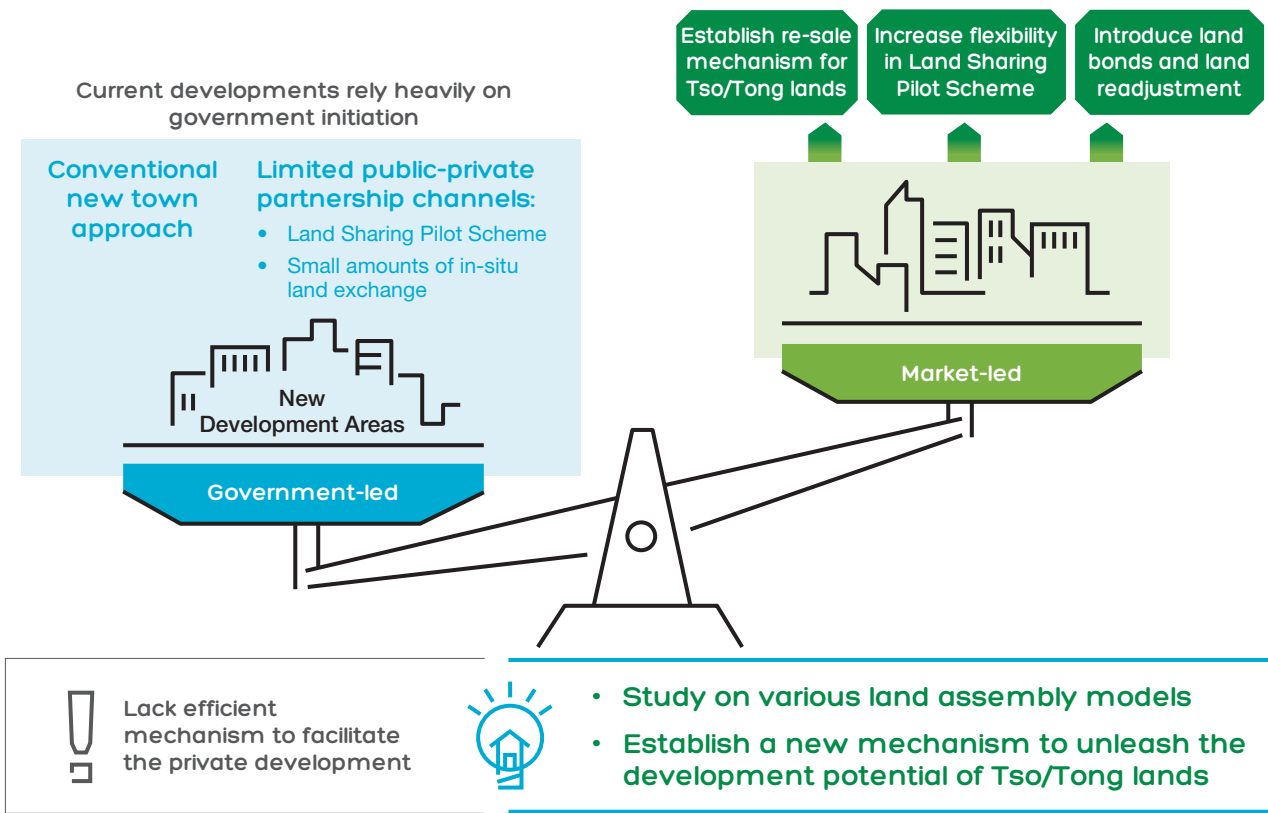
**Land bonds** can be used as an alternative to the cash compensation offered by the Government. Upon completion of development, landowners can purchase the spade-ready sites with cash and/or land bonds. It is similar to the Land Exchange Entitlements introduced in earlier years, but we recommend that the Government further refine the implementation of land bonds. For instance, the Government can introduce an expiry date for redeeming the land bonds and adjust their face value based on the market conditions. Since land bond captures the site's expected future value, it can avoid depriving owner's rights to develop their lands, thereby mitigating their resistance to land resumption. Alternatively, owners can also voluntarily surrender their lands to the Government in exchange for land bonds. The Government can then carry out comprehensive development or build its land reserve.

In addition, the Government can implement **land readjustment** to consolidate fragmented land parcels for holistic development. Under this mechanism, the owners will hand over their plots to the Government for comprehensive planning. The process may involve amending the boundaries, size, and even the location of the original parcels to implement the layout plan. With land readjustment, the Government can build public housing, community facilities, and roads on some of the acquired land; the owners get back smaller land parcels that become more valuable due to enhanced infrastructures. Many countries, including Japan, South Korea, and Spain, have adopted land readjustment to create lands for well-planned urban development. For example, Japan has developed approximately 3,700 square kilometres of urban areas through land readjustment (Souza et al., 2018).





**Figure 7 Accelerate land assembly to unleash the development potential of private lands**



## Commence detailed designs in all phases in parallel

After the town planning procedures are completed, the next step in an NDA project is to resume private lands or clear government lands in order to kick off the detailed design and engineering works. NDAs are usually divided into several phases. **Detailed design and land resumption procedures for the later phases often have to wait for the completion of the earlier phases before they can commence.** Going back to the Hung Shui Kiu NDA project (Figure 8), the detailed design of phase 1 started as early as 2017. However, it was only three years later, i.e. 2020, that the Government gazetted the land resumption for phase 1 and sought funding at the LegCo for the detailed design of phase 2. The detailed design and site formation work for all phases will not be finished until 2038, i.e. 16 years from now (Legislative Council Panel on Development, 2018).

In fact, the detailed design and the land resumption works of the later phases are unaffected by the earlier phases. There is no need to set priorities as they can be carried out concurrently. Therefore, when the Government takes forward the NDAs in the future, it should **advance the land resumption and clearance works and commence the detailed design and land resumption works of all phases in parallel.**

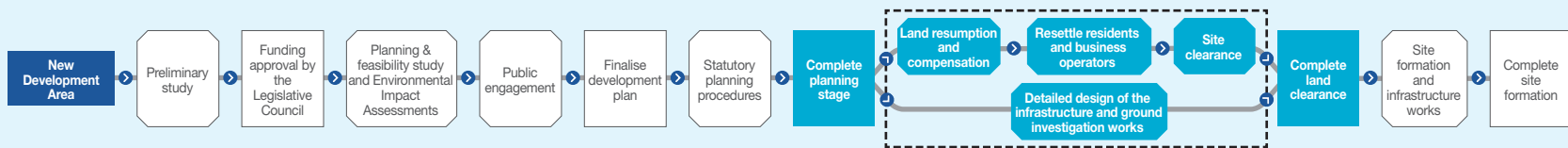
The development of NDAs inevitably affects existing occupants, and their resistance is unavoidable. Indeed, compensating and rehousing the occupants are often the major obstacles to land resumption. Occupants can be broadly classified into three categories—brownfield operators, farmers, and squatter households. They object to land resumption either because they are not entitled to statutory compensation, or they are forced to undergo drastic changes in their

lifestyles or operations. In order to accelerate land resumption, the Government needs to make appropriate arrangements to address the specific needs of each group of occupiers. By doing so, the impact and uncertainty in land resumption and relocation can be minimised.

## Brownfield operators

Firstly, brownfields are vital economic land for many industries such as logistics, construction, recycling, etc. These operators make a significant contribution to Hong Kong's economy. Often, it is challenging for them to find suitable sites to rehouse and continue their operations. Hence, the reprovisioning of brownfields requires a comprehensive industrial policy and strong government support. In our previous report *Strategic Land Development for Jobs: From Brownfields to Modern Logistics (2020)*, we have recommended that the Government **establish logistics nodes at four locations in the vicinity of strategic transportation infrastructures, including Lung Kwu Tan and Tuen Mun West, North-west New Territories near Hung Shui Kiu, New Territories North near Ta Kwu Ling, and the artificial island at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities.** These nodes will provide suitable space for industrial development.

Instead of following the routine practice of awarding land to the highest bidder, the land disposal mechanism for the abovementioned logistics nodes should be reformed, so as to create an environment inducing healthy competition among companies of different sizes. In addition, the Government should also **formulate a holistic industrial policy** to guide the land use planning of economic land, and **establish a dedicated body** to promote the long-term development of strategic industries.



**Figure 8 Commence detailed designs in all phases in parallel**

Detailed design and land resumption works in later phases only begin gradually after the development works in the initial phase have been completed

- Begin land resumption and clearing works in advance
- Adopt targeted measures for various occupiers to smoothen the resumption process

**Case study:**  
Hung Shui Kiu NDA

Started in 2017

<b>Phase 1</b>	<ul style="list-style-type: none"> <li>• Detailed design</li> <li>• Land resumption</li> <li>• Site formation</li> </ul>
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>• Detailed design</li> <li>• Land resumption</li> <li>• Site formation</li> </ul>
<b>Phase 3</b>	<ul style="list-style-type: none"> <li>• Detailed design</li> <li>• Land resumption</li> <li>• Site formation</li> </ul>

To be completed by 2038

### How to accelerate the process?

 <b>Brownfield operators</b> <ul style="list-style-type: none"> <li>• Establish logistics nodes</li> <li>• Establish a dedicated statutory body responsible for the development of strategic industries</li> </ul>	 <b>Farmers</b> <ul style="list-style-type: none"> <li>• Review agricultural policies</li> <li>• Promote agriculture technology through Agricultural Park</li> </ul>	 <b>Squatter households</b> <ul style="list-style-type: none"> <li>• Improve compensation package</li> <li>• Proceed with freezing survey earlier</li> </ul>
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Source: Legislative Council

## Farmers

Farmers affected by land resumption often face tremendous costs in relocating their agricultural lands and poultry sheds, and livestock farmers have to go through complicated administrative procedures to apply for a licence again. However, compensation will only be paid to farmers after it has been approved by the LegCo. As a result, many farmers struggle with the funding gaps in the resettlement process. Therefore, the Government should fully recognise the operational needs of the agriculture industry and enhance resettlement arrangements for farmers accordingly.

In addition, the challenges of resettling farmers also reveal the inadequacy of the Government's agricultural policies. The authorities **should update the agricultural policies** to establish a clear vision and a comprehensive policy framework for the industry, so as to build an integrated supply chain for the farming industry. In this regard, the Government can make use of Kwu Tung South Agricultural Park **as a strategic point to promote research and education on agricultural technology**. This will also empower local farmers in boosting production capability and nurture local agricultural professionals.

## Squatter households

The Government can help accelerate the resettlement process and encourage squatter residents to relocate by improving the compensation package. For example, the Government can offer squatter residents **the option to rent, buy, or "rent-and-buy" newly completed public housing units at an affordable price**. At the same time, the Government should also **conduct freezing surveys at an early stage** so that the reprovisioning needs of various households can be identified for early rehousing or ex-gratia payment.

## Appoint developers to build some infrastructures to bring forward private development projects scheduled for later phases

When taking forward NDA projects, **the Government usually does not process the land exchange application for private developments until the infrastructure works in earlier phases have been completed (Figure 9)**. In short, some of the private lands that could have been developed earlier are slowed down due to the Government's progress. To shorten the housing development cycle, **the authorities should also initiate land exchange procedures for private lands in the remaining phases during phase 1**.

Undeniably, if road connections around the planned housing development are not in place and the related road works have not been funded or approved by the LegCo, there would not be sufficient justifications for the early processing of land exchange applications. Yet, many local developers are experienced in building roads, tunnels, and other related works. **The Government should consider introducing an appropriate mechanism in land exchange to entrust developers with road construction near private developments**. Such a mechanism can enable market forces to be harnessed to build more infrastructure projects simultaneously while bringing forward the housing supply.

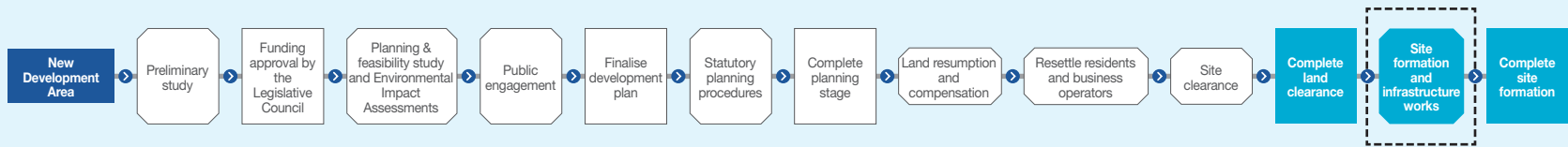
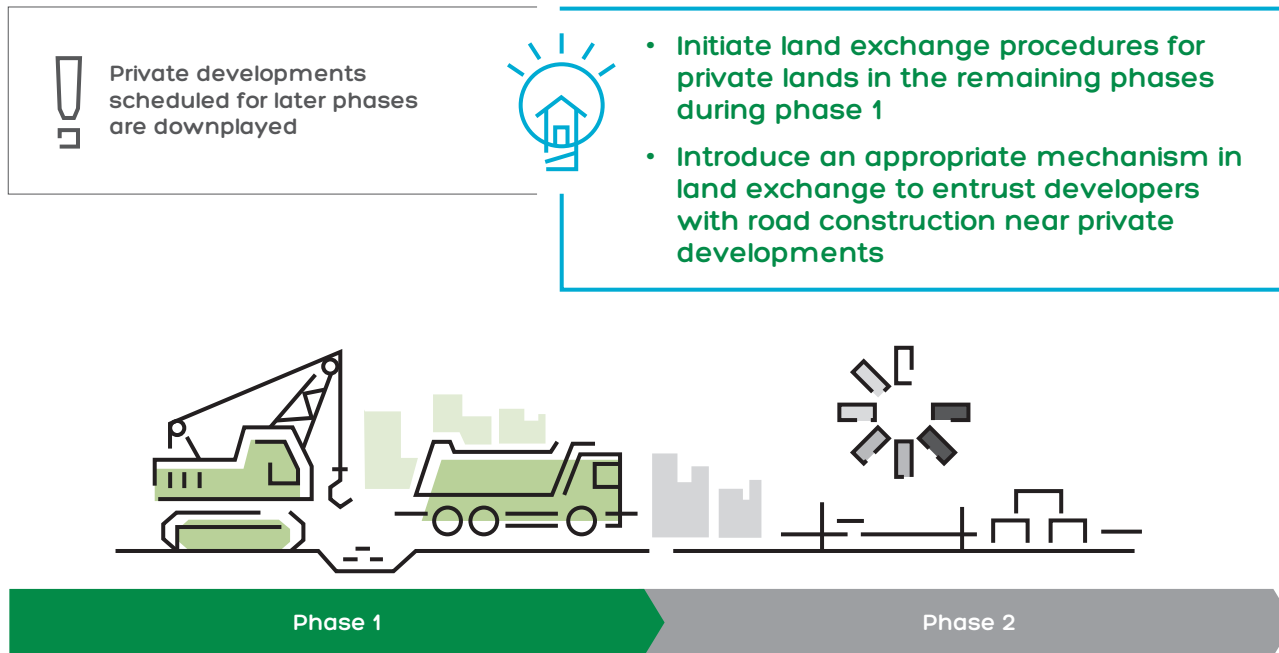


Figure 9

## Appoint developers to build some infrastructures to bring forward private development projects scheduled for later phases



Sources: Various newspapers

# Recommendations for large-scale developments

## 1 Streamline public engagements and Environmental Impact Assessment procedures

- Simplify and consolidate public engagement under various ordinances
- Broaden the definition of minor works to simplify land gazetting process
- Shorten environmental survey and report production time, and definite clear objectives for evaluation criteria

## 2 Proceed with reclamation works and the town planning procedure simultaneously

- Divide development projects into reclamation and superstructure development for reclamation works and town planning procedure to proceed simultaneously

## 3 Accelerate land assembly to unleash the development potential of private lands

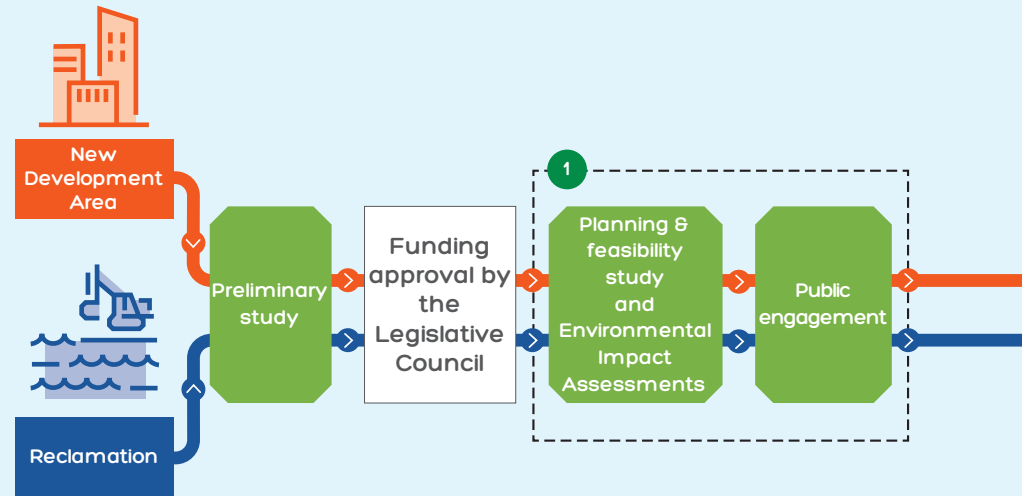
- Study on various land assembly models
- Establish a new mechanism to unleash the development potential of Tso/Tong lands

## 4 Commence detailed designs in all phases in parallel

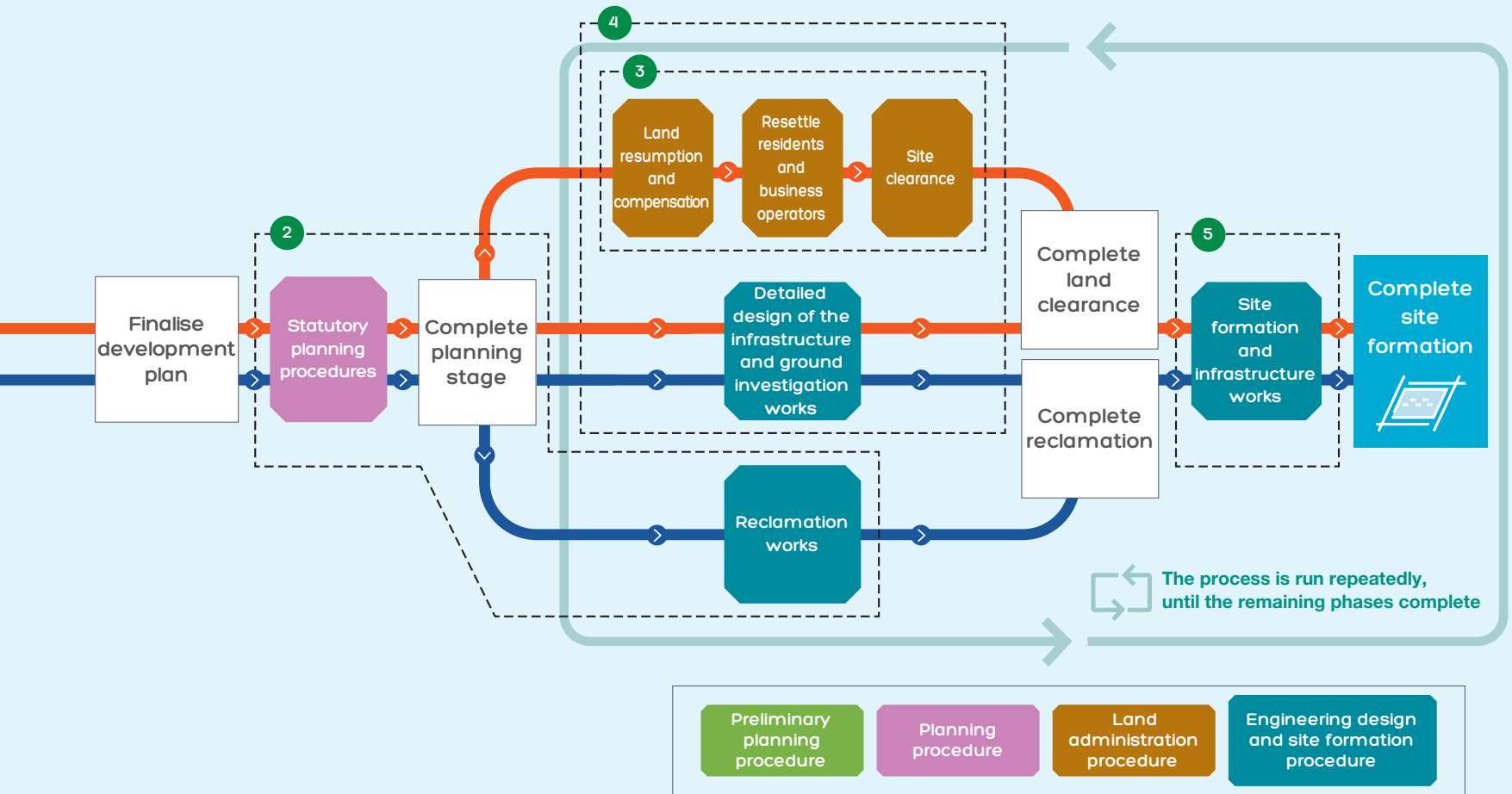
- Begin land resumption and clearing works in advance
- Adopt targeted measures for various occupiers to smoothen the resumption process

## 5 Appoint developers to build some infrastructures to bring forward private development projects scheduled for later phases

- Initiate land exchange procedures for private lands in the remaining phases during phase 1
- Introduce an appropriate mechanism in land exchange to entrust developers with road construction near private developments



Note: It is understood that these development procedures can be undertaken in other sequences subject to site condition. This graph is a simplified version which may not represent the actual development procedures for every case.



## Private housing developments

### The general process of private housing developments

**Figure 10** (P.40) illustrates the general process of private housing development. Apart from the Government's land sale programme and railway property development projects, the primary land supply for private housing includes rezoning agricultural land, Comprehensive Development Areas (CDA), and the redevelopment of aged buildings. The preliminary preparation works are as follow. To rezone agricultural lands to residential use, private developers have to first make an application for amendment of plan under Section 12A of the *Town Planning Ordinance* (also known as the S12A application). After the TPB approves the S12A application, a plan-making process is initiated to reflect the amendments on the Outline Zoning Plan (OZP) of the lot concerned (Task Force on Land Supply, 2017). On the other hand, before developing a CDA, a developer must first submit a Master Layout Plan (MLP) and apply for planning permission under Section 16 of the *Town Planning Ordinance* (also known as the S16 planning permission) (Legislative Council Panel on Planning, Lands and Works, 2002). Moreover, to redevelop aged buildings, the developer has to obtain sole ownership first, or apply to the Lands Tribunal for a compulsory sale order to obtain the remaining ownership after securing the majority of the titles (Legislative Council Panel on Development and Panel on Housing Affairs, 2020).

Next, as the land lease usually specifies certain restrictions on land and property development, when the land use changes or the development density increases after the town planning procedures, the original lease terms may no longer be applicable. In this case, the developer has to

go through the lease modification procedure. The Government also requires the developers to pay a land premium to reflect the added value brought by the new development. Both parties can negotiate the amount payable until a consensus is reached. In general, the preliminary preparatory phase, together with the land administration procedures of lease modification and premium payment, often take at least 10 years.

Upon the land premiums payment, the developer can then prepare for superstructure construction procedure. Preparations include submitting building plans to the relevant authorities for approval and applying for commencement of the superstructure development. Then, the developer can apply to the LandsD for Pre-sale Consent. Under the scheme, the earliest time that the developer can sell uncompleted residential flats is 30 months before the completion date. The entire construction cycle will take around four to five years. Once the project is completed, the BD will issue an Occupation Permit after inspecting the building. Although housing projects are generally considered completed when the Occupation Permit is given, in practice, a Certificate of Compliance issued by the LandsD is also required before delivering the units. The Certificate of Compliance is granted after the LandsD is satisfied with the developer's compliance with the lease conditions.

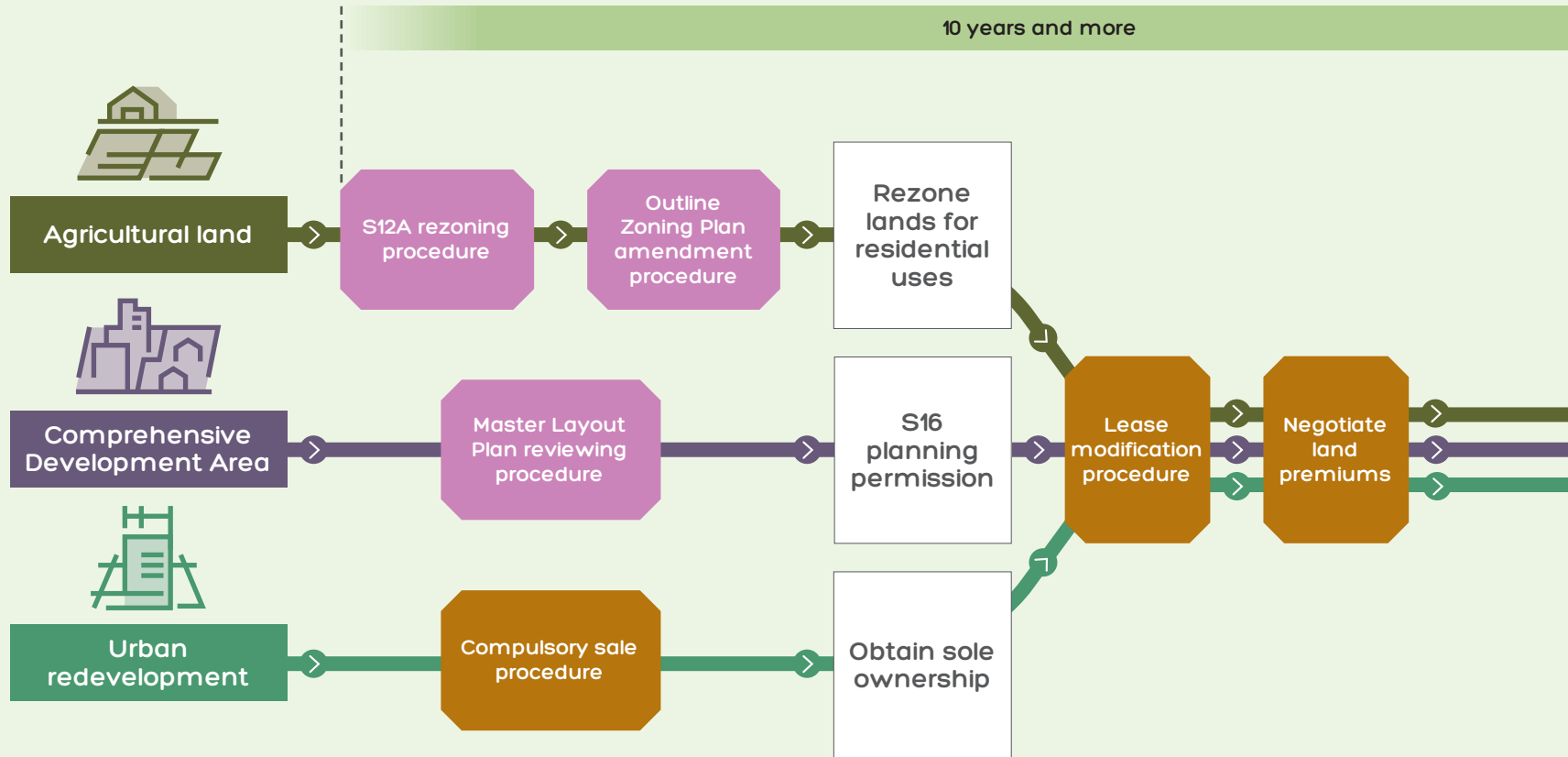
In summary, **it usually takes 14 years or more for private residential developments to progress on non-spade-ready sites** before the first batch of residents can move in.





Figure 10

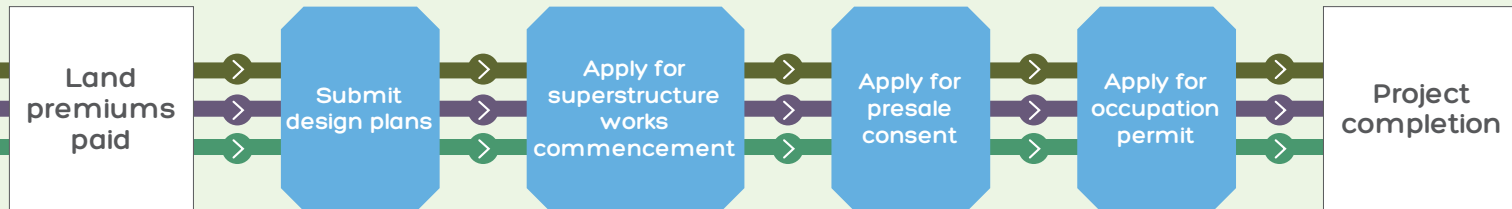
## The general process of private housing developments



Note: It is understood that these development procedures can be undertaken in other sequences subject to site condition. This graph is a simplified version which may not represent the actual development procedures for every case.

Sources: Legislative Council, related government departments

Approx. 4 to 5 years



Major responsible departments or organisations

**Planning procedure**

- Town Planning Board
- Planning Department

**Construction procedure**

- Buildings Department

**Land administration procedure**

- Lands Department
- Lands Tribunal

Other related departments:

- Agriculture, Fisheries and Conservation Department
- Civil Engineering and Development Department
- Environmental Protection Department
- Transport Department
- Drainage Services Department
- District Offices
- Food and Environmental Hygiene Department
- ...and more

## Release Comprehensive Development Areas

The planning intention of CDA is to prevent scattered developments and improve the planning layout. However, the implementation comes with many difficulties. As each lot in the CDA cannot be developed in isolation, **if there are multiple landowners in the area, owners with the intent to develop must first acquire all other titles or seek the consent of other owners to apply to the TPB for development.**

This requirement undoubtedly makes development extremely challenging.

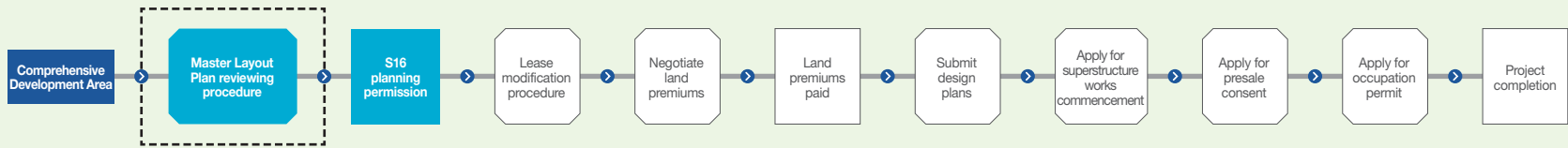
On top of that, before any development can be carried out in a CDA, the developer must also submit a MLP to various departments and specialists for approval. Preparation of MLP involves impact assessment on traffic, drainage/sewerage, environmental and many other aspects, making it more complicated than general planning applications. Moreover, after the TPB has approved the MLP, **any amendment to the MLP will require a new application for planning permission** (Town Planning Board, 2003). This certainly makes the initial planning phase exorbitantly time-consuming and slows down the development of CDA. For example, the 12 CDAs recommended for review by the PlanD in June 2021, with an area of nearly 80 hectares, have all been left idle for over a decade (“屯門半個維園大官地閒置 26年 最少33綜合發展區用地未發展 「凍結」10萬單位”，2021).

### Case study: Yau Tong Comprehensive Development Area

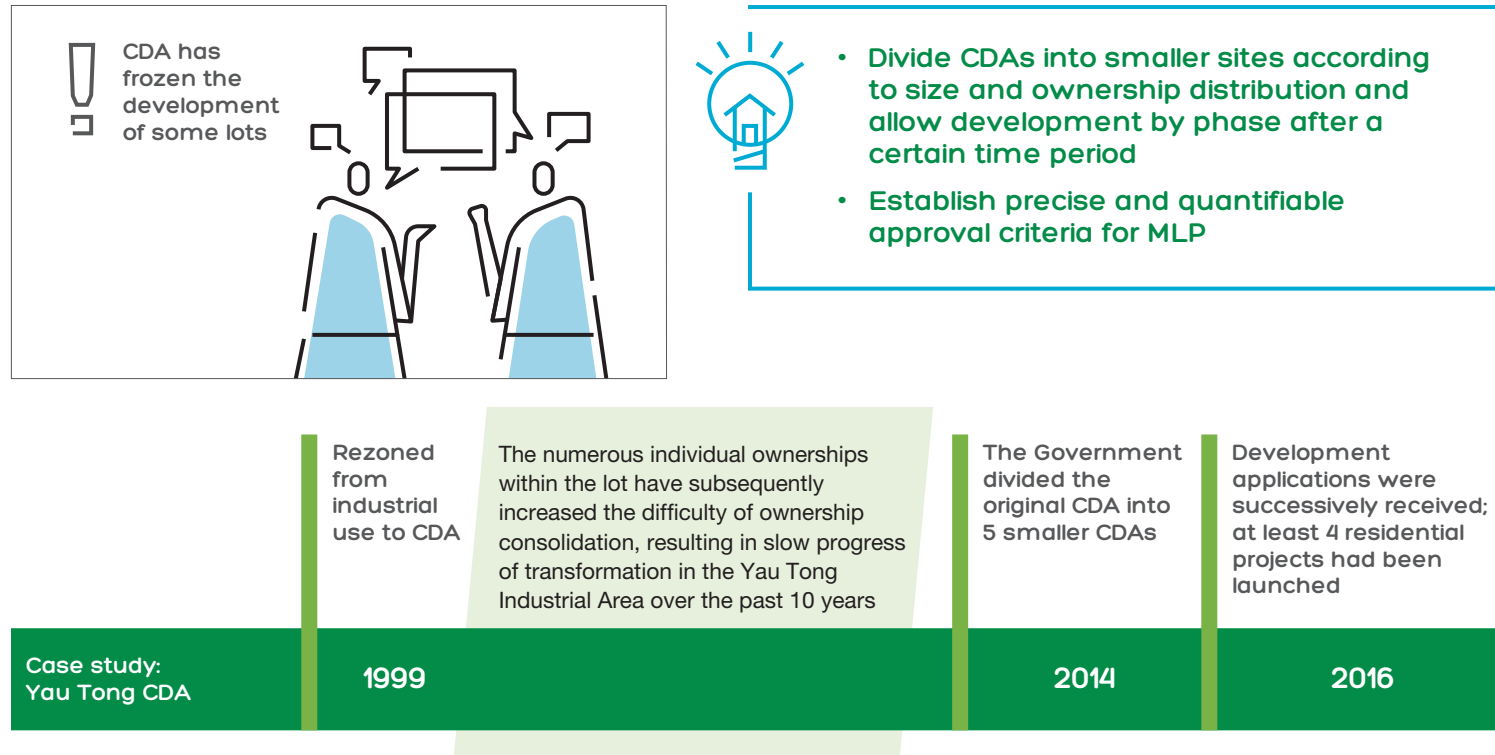
The Yau Tong CDA is a case-in-point to illustrate the impediment of developing CDAs (**Figure 11**). As early as 1999, the Government rezoned the industrial area along the Yau Tong waterfront into a large-scale CDA. However, a total of 39 plots of land within the area involved a large number of owners, making the process of collating ownership highly challenging (“【改造舊地】油塘變天 5年供萬五伙”，2019). As a result, the Yau Tong industrial area has yet to be transformed even after a decade. It was not until 2014 that the Government subdivided this large CDA into five smaller CDAs that the redevelopment process was effectively pushed forward. The TPB began to receive applications for residential development in 2016, and there are currently at least 4 housing projects in the area.

As of 2014, there are 710 hectares of land designated as CDAs in Hong Kong (HKSAR Government Press Releases, 2013). If we make good use of these undeveloped CDAs, we can accelerate the housing supply in the short to mid-term. To do so, the Government should **divide CDAs according to the size and distribution of ownership, and set a time limit for landowners to collate all ownerships.** If an owner fails to obtain all titles within the time limit, the CDA can still be developed in phases.

Additionally, industry practitioners have also commented that the scope of MLP is large but lacks clear approval guidelines. Therefore, project designs have to go through repeated revisions before the requirements of the relevant departments could be clarified. In this regard, the Government should **establish a set of quantifiable and objective approval criteria**, such as specifying major assessment requirements, including land use, building height, site coverage, etc., so as to enhance the transparency and certainty of the reviewing process and reduce the time required for preparation and approval time of the MLPs.



**Figure 11** Release Comprehensive Development Areas



Sources: Legislative Council, Town Planning Board, and various newspapers

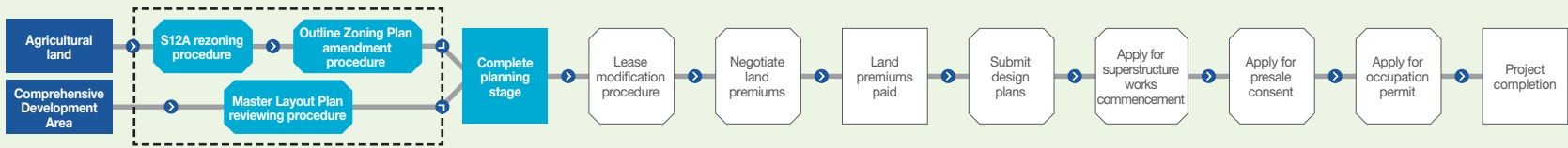
## Enhance town planning procedure

To accelerate land and housing supply, the authorities should conduct a comprehensive review of the current town planning procedures with the aim to condense the land development process (**Figure 12**). The time required for the entire town planning procedure can be shortened, for example, **by reducing the statutory time for the plan-making process by half from the current maximum of 17 months to a maximum of 8 to 10 months**. Furthermore, the Government can also revise the mechanism on handling further representations. Under the current mechanism, the TPB first publishes proposed amendments for public comment. The TPB will then hold hearings to consider the representations and make amendments in the plan in response to these comments (Town Planning Board, 2019). Afterward, the amended plan will be published for further representations. If opposing further representations are received, the TPB must conduct another round of hearings.

We propose that under the revised mechanism, **the TPB needs not hold another hearings on adverse further representations. Instead, the Chief Executive in Council will take them into account when they review the proposed amendments**. It goes without saying that the TPB will still have to consider the relevant representations in the process and decide how to incorporate the views and amend the plans.

In addition, the authorities should rationalise the arrangements in the town planning procedure, with a view to streamlining the processes and avoiding duplication. For instance, at present, anyone can apply for rezoning of lands owned by another person, which may cause unnecessary disputes and delays. Hence, **only relevant stakeholders should be allowed to make applications for rezoning in the future**.

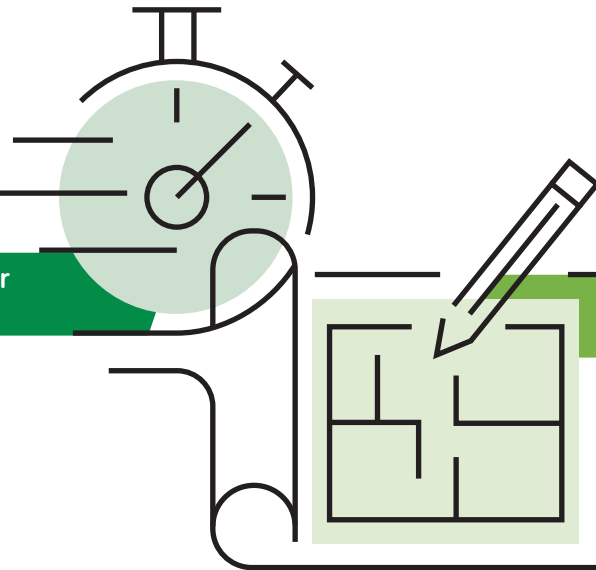
Furthermore, while the granting of the S12A approval implies that the development has been agreed by the TPB, the project is subject to the approval of the OZP of the area from the Chief Executive in Council before construction can commence. Obviously, there is room to **rationalise the plan-making procedure involving a S12A applications**. First of all, when the TPB assesses the S12A, the impact of the development on the neighbourhood has already been thoroughly discussed. In this sense, repeated vetting procedures in the plan-making process of the OZP would not have much practical effect. Moreover, the OZP will only be amended when several S12A applications have been accumulated in the same district. This has undoubtedly lengthened the processing time for each case. Therefore, we recommend that **the subsequent development procedures proceed once S12A approvals have been granted, instead of waiting for the amended OZP to be approved**. On the other hand, the public consultation under S12A planning application may be removed, given that the town planning procedure for the preparation of the amendment of statutory plans includes a comprehensive public consultation.



**Figure 12 Enhance town planning procedure**

- Condense the statutory time permitted for the plan-making procedure by half, to 8 to 10 months
- Amend the “further representation mechanism” to which no additional hearing is required for opposing further representations

**Shorten the time required for town planning procedure**



**Rationalise arrangements under the town planning procedure**

- Only relevant stakeholders should be allowed to apply for rezoning
- Development applications that have been granted S12A approvals should be allowed to commence the subsequent procedures immediately, or remove the public consultation under S12A applications

Source: Town Planning Board

## Accelerate urban redevelopment

By optimising the utilisation of the permitted plot ratios, urban redevelopment can increase housing supply while improving the liveability of the community. It can also address the safety concerns of ageing buildings. However, the current redevelopment pace is far behind the pace at which buildings age. According to the Urban Renewal Authority (URA) (2019), **the number of buildings aged 50 years and above has increased by 600 annually**. By 2046, there will be nearly 30,000 old buildings in Hong Kong. However, on average, **the URA can only manage to launch redevelopment projects of less than 100 buildings a year (Figure 13)**. Even if private redevelopment projects are taken into account, the combined efforts are not enough to drive the renewal of old districts.

The sluggish pace of redevelopment is primarily due to the low plot ratio permitted for some areas, undermining the redevelopment potential. For example, some lots in new towns, including Yeung Uk Road in Tsuen Wan, Yuen Long Main Road, and Luen Wo Hui in Fanling, are only granted with the maximum plot ratios of 5 despite being well served by transport facilities (“新界舊區宜地盡其用 促提供誘因鼓勵發展商分擔重建工作”，2021). This is even lower than some low-density rural areas like the residential sites in Kwu Tung. Therefore, the proceeds from redevelopment may barely make up for the substantial expenses on the acquisition of ownership and construction works. Furthermore, the present threshold for compulsory sale is not based on the overall ownership of the redevelopment site. Instead, it is calculated based on 80% or more of all ownerships in each building within the site, increasing the cost and time required to acquire ownerships. Nonetheless, if only individual buildings are redeveloped, the resultant planning benefits will be minimal.

The key to speeding up urban redevelopment is to harness market forces. In this regard, the Government can introduce new measures to offer reasonable incentives for private redevelopment projects, including **lowering the threshold for compulsory sales of aged buildings to 70% or 75%, and even 60% for buildings over 60 years old or dilapidated buildings with large quantities of unauthorised structures** (“陳致馨：強拍門檻可降至6成”，2021). In addition, some old districts have only small residual plot ratios for redevelopment, which are dispersed across buildings and lots (Legislative Council Panel on Development, 2021).

Against this lack of development incentives, the Government can adopt various options to improve the financial feasibility of redevelopment projects:

- **Increase the permitted plot ratio in old urban areas:** Increase the plot ratio appropriately on sites with adequate infrastructure
- **Establish a mechanism for the transfer and consolidation of plot ratios:** Transfer plot ratios and gross floor area (GFA) that cannot be fully utilised due to planning constraints to other feasible sites
- **Street consolidation and site amalgamation:** Create open spaces from road closures and allocate the unused GFA to other land parcels
- **Allow interchangeability between residential and non-residential plot ratios:** Set the total plot ratio and the minimum residential/non-residential plot ratios, and allow the market to determine how to allocate them according to the circumstances

And more...



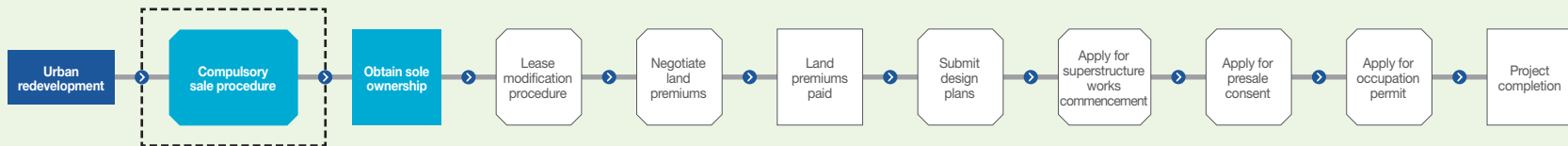


Figure 13 Accelerate urban redevelopment

 Buildings in urban area are rapidly ageing



Buildings aged 50 years and above increase annually by **600 buildings**

Redevelopment projects launched by the Urban Renewal Authority each year are less than **100 buildings**



Accelerate private redevelopment projects with the following measures

- Lower the compulsory sale threshold for aged buildings
- Study on the transfer of plot ratio
- Increase the plot ratio of some old urban areas
- Street consolidation
- Allow interchangeability between residential and nonresidential plot ratios

Facilitate redevelopment works by the Urban Renewal Authority

- Reflect the corresponding changes in the OZP immediately according to URA's study results and recommendations
- Adopt a more flexible compensation strategy

Sources: Development Bureau, Urban Renewal Authority, and various newspapers

On the other hand, the URA also requires new development tools to reinforce its function as a facilitator of urban renewal. For instance, once the URA has completed its District Study for the renewal project and put forward a Development Scheme Plan (DSP), **the Administration should set up appropriate mechanism to reflect the DSP on the OZP**, so as to avoid duplicated studies and public consultations when the scheme is implemented in the future. In addition, under the current valuation mechanism, the URA's acquisition compensation typically takes reference from a seven-year-old flat in a comparable quality building, and the impacted owners are offered a Home Purchase Allowance. However, when the property market declines, the URA will have to face a "buy-high, sell-low" situation, which directly affects the stability of future urban renewal projects. To ensure that long-term urban renewal process is unaffected by fluctuations in the property market, **the URA should adopt a more flexible acquisition strategy**. For example, valuations can be adjusted according to factors such as property market fluctuations, building conditions, or redevelopment benefits.

## Simplify land leases

Once the preliminary planning work has been completed, or the owner has obtained sole ownership, the project will then proceed to the land administration procedure. The first step is to amend the land lease. Generally speaking, the land lease should protect the Government's interests as a landlord and set out key development parameters. In practice, however, **leases nowadays also include statutory requirements that are already covered by other regulations, as well as technical requirements imposed by other departments**. For example, the Conditions of Sale for the Kai Tak commercial site (New Kowloon Inland Lot No. 6615) is 254 pages long (**Figure 14**), with at least 16 colours and patterns to denote the requirements for different parts within the site (我係“橙葉測量師”, 2020).

Complicated land leases for sure pose significant challenges to actual development, and land lessees often have to go through cumbersome lease modification procedures due to minor amendments. In addition, although the LandsD is the primary agency for lease enforcement duties, it may not have the experts who are familiar with the technical requirements of other departments. As a result, processing development applications and enforcement will require inter-department efforts, often leading to blurred accountability and repetitive circulations. In this regard, the LandsD should simplify land grant provisions. **If specific technical requirements (e.g. drainage and sewage impact assessments) are already governed by the relevant ordinances or overseen by a dedicated department, they need not be included in the lease.**

Since the DEVB established the Steering Group on Streamlining Development Control in 2018, the PlanD, the LandsD, and the BD have issued simplified guidelines on various topics, including landscape requirements, building height restrictions, site coverage on greenery, non-building areas. Such efforts have effectively reduced the time required for project approval by six months to 1.5 years (“建築上蓋面積審批簡化 加快房屋供應”, 2021). For example, the three departments previously issued a Joint Practice Note, under which the BD is responsible for calculating the site coverage, and the LandsD is no longer required to include the site coverage clause in future land leases. In light of the merits of cutting red tapes, the Government should continue to actively promote the rationalisation of inter-departmental approval procedures and exclude overlapping areas of administration with other departments from the land leases.

Moreover, the LandsD also issued a Practice Note at the end of 2021, setting out clearly the 17 clauses that do not require a charge of land premium upon approval or consent, including Design, Disposition and Height (DDH), landscaping, and recreational facilities, etc. This will help

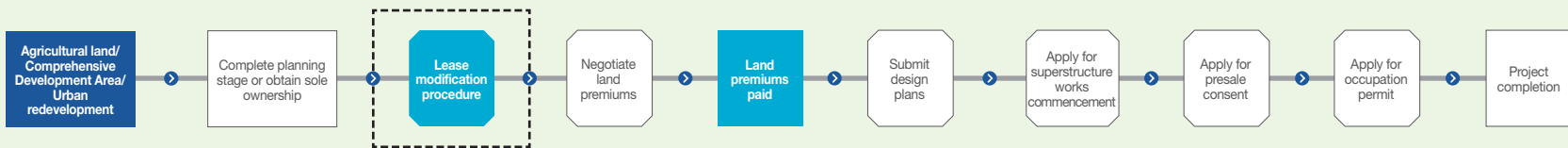


Figure 14 **Simplify land leases**

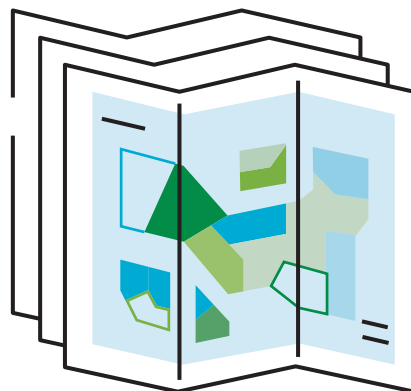


**Complex lease terms increase development challenges**

- Current leases are extremely complicated, as they include statutory requirements covered by other laws and the technical requirements requested by other departments
- Even minor changes require land lessees to undergo complicated lease modification procedure



- Simplify land leases by excluding specific requisites, such as drainage and sewage impact assessment, if they are already covered in relevant regulations or overseen by other departments



Case study: Kai Tak commercial plots (New Kowloon Inland Lot No. 6615)

- Conditions of sale are 254-page long
- At least 16 colours and patterns are used to indicate different requirements for various sections of land

Sources: Lands Department, various newspapers

reducing the processing time. We suggest that the Government continue to take forward the work, review the land lease and issue guidelines or practice notes to simplify the land leases.

### Accelerate lease modification procedure

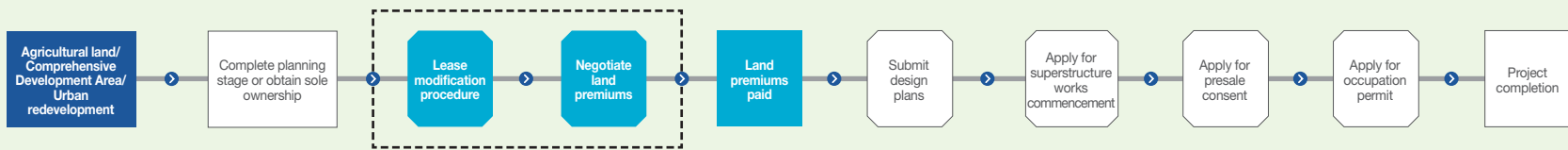
The contribution of land exchanges and lease amendments to the housing supply should not be overlooked. In 2017/18, private developments from land exchanges and lease amendments provide over 16,000 units, accounting for 65% of the private housing completions during the period. Yet, the process of approving lease modifications has become particularly time-consuming. Statistics showed that in the past four fiscal years between 2017/18 and 2020/21, **it took an average of 59 months to complete the processing of valid applications for land exchange and lease modification after they were received by the LandsD (Figure 15)** (HKSAR Government Press Release, 2021c). Between 2019/20 and 2020/21, the number of completed applications had fallen to single digits. It naturally follows that housing completion is also decreasing. In 2020/21, private developments involving land exchanges and lease modification could only deliver 1,158 units.

Even though the LandsD's performance pledge is to complete the procedure within 49 weeks (approximately 11 months), lease modification and land exchange is a long and drawn-out process. This is because the pledge excludes "non-counting days" when action rests with the other departments, such as the time required for the LandsD to consult other departments on the applications and the time taken by the applicant to negotiate land premiums with the LandsD.

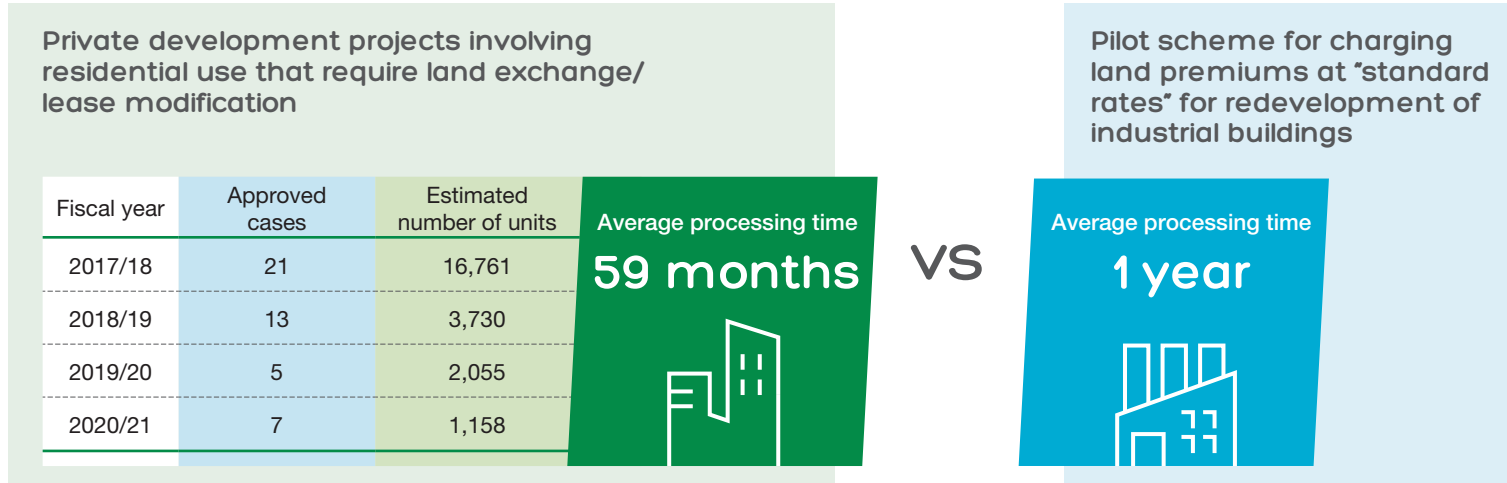
The protracted approval process delays the supply of many housing units that could have been completed sooner. We suggest that the Government condense the lease modification procedure in two

directions. First, the Government should **establish a clear timeframe for reviewing land exchange and lease modification applications**. At present, while the *Town Planning Ordinance* and the *Buildings Ordinance* both provide statutory time limits for processing planning permission and approving building plans, the LandsD is not subject to similar requirements. Therefore, we propose introducing a time limit for reviewing applications for land exchange and lease modification. Upon expiry of the time limit, unless the department gives notice of refusal and provides reasons for rejection, the application should be deemed to have been approved.

Secondly, differences in valuation between developers and the Government often make it difficult to reach a consensus on land premium. In this respect, the Administration may consider extending the pilot scheme for charging land premium at standard rates for redevelopment of industrial buildings to cover agricultural land in the New Territories. The current pilot scheme divides Hong Kong into five regions (HKSAR Government Press Release, 2021a). It sets standard rates according to the land uses involved and with reference to market information, thus providing greater certainty to and accelerating the land premium negotiation process. Since the launch of the pilot scheme in mid-March 2021, five applications have been received, of which four were completed. Compared to the traditional approach that typically takes at least two years, the "standard rates" model can be completed in a year ("標準金額補地價 可延至農地試行", 2021). The 2021 *Policy Address* also proposed to "extend the approach of using 'standard rates' for premium assessment to in-situ land exchange applications in NDAs under the 'Enhanced Conventional New Town Approach'". As such, the Government may wish to **extend the use of "standard rates" to all lease modification applications for agricultural lands**.



**Figure 15 Accelerate lease modification procedure**



- 
- Extend the use of "standard rates" to all lease modification applications for agricultural lands in the New Territories
  - Establish a clear timeframe for reviewing and approving lease modifications

Sources: Legislative Council, Lands Department

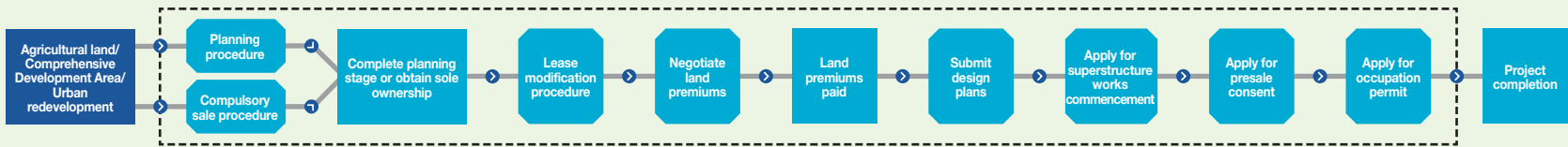
Unlike industrial zones located in well-developed areas, the environment and development of agricultural land in the New Territories is likely to undergo more drastic changes, therefore casting more significant impacts on land values. Hence, it is understandable that the Government and the LandsD would have reservations when adopting “standard rates” extensively. In light of such concerns, **more “standard rates” can be established for various regions according to their locations and the maturity of the infrastructure to allow more flexibility.** The Government should also follow the actual market demands more closely in setting the “standard rates”, so as to effectively encourage the market to convert agricultural land reserves into housing developments. For example, **the Government should refer to the market prices of similar sites or use ex-gratia compensations for agricultural lands as the value before lease modification.**

### **Strengthen the functions of the Development Projects Facilitation Office**


Throughout the private housing development process, project approvals often involve many government departments. Yet, the first department to receive applications (depending on the nature of the application, usually the PlanD or the LandsD) often serve as a “mailbox”

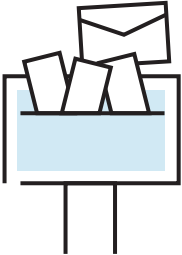
only. It simply collects and forwards other departments’ feedback, inquiries, and amendment requests, with minimal coordination provided during the process (**Figure 16**). The way in which development applications are handled has been frequently criticised. To accelerate the housing supply, the Chief Executive has announced in the 2020 *Policy Address* the establishment of the Development Projects Facilitation Office (DPFO). Operating under the DEVB, the DPFO is tasked to facilitate the administrative procedures of large-scale private housing projects leading up to the commencement of construction. They are responsible for active coordination among relevant policy bureaux and departments.


The DPFO was set up to offer convenient “one-stop” advisory services and facilitation. While this move is in the right direction, the DPFO lacks the authority to make decisions in case of inconsistent approval standards across departments or to resolve issues during the approval process. We recommend the authorities **further strengthen the functions of the DPFO**, including (1) empowering the office as a decision-making body in the approval process that can coordinate land development approvals and have the power to override decisions to balance the requirements from different departments aptly, and (2) become the first and only point of contact between the Government and developers.



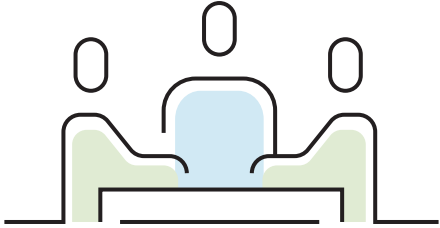
**Figure 16** Strengthen the functions of the Development Projects Facilitation Office

 Government departments that receive applications only serve as "mailboxes"



 **Strengthen the functions of the Development Projects Facilitation Office:**

- Serve as a decision-making body that coordinates land development approval works and aptly balance the requirements from different departments
- Act as the first and only point of contact between the government and developers



Sources: Development Bureau, various newspapers

# Recommendations for private housing developments

## 6 Release Comprehensive Development Areas

- Divide Comprehensive Development Areas into smaller sites according to the size and ownership distribution
- Establish quantifiable approval criteria for Master Layout Plans

## 7 Enhance town planning procedure

- Shorten the time required for the town planning procedure
- Rationalise arrangements under the town planning procedure

## 8 Accelerate urban redevelopment

- Introduce measures to accelerate private redevelopment projects, such as lowering the threshold for compulsory sales, exploring the transfer of plot ratio, raising plot ratio in some urban areas, street consolidation, and interchangeability between residential and nonresidential plot ratios
- Reflect the corresponding changes in the Outline Zoning Plan following the research by the Urban Renewal Authority, and adopt a more flexible compensation strategy

## 9 Simplify leases

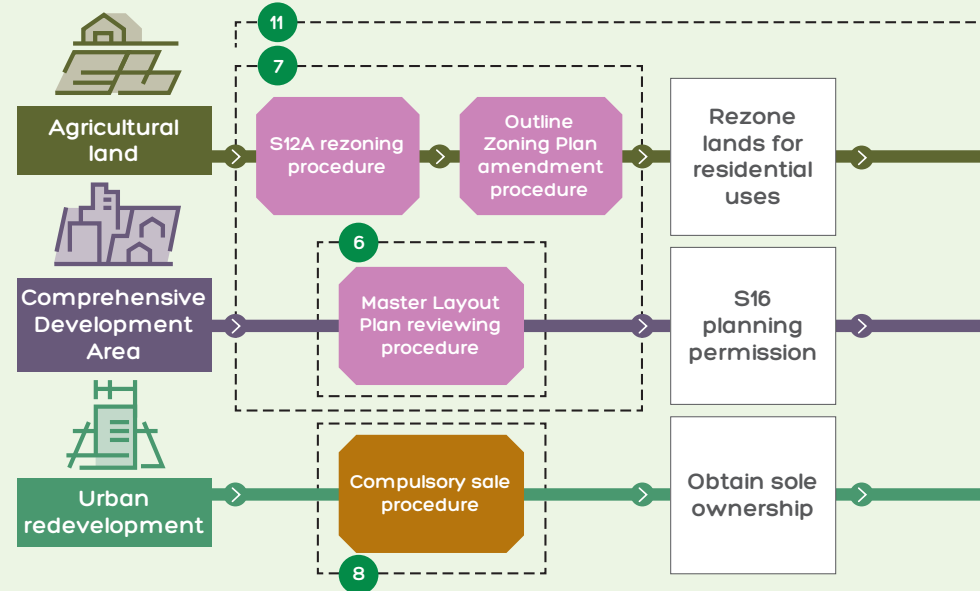
- Exclude specific requisites if they are already covered in relevant regulations or overseen by other departments

## 10 Accelerate lease modification procedure

- Extend the use of “standard rates” to all lease modification applications for agricultural lands in the New Territories
- Establish a clear timeframe for reviewing and approving lease modifications

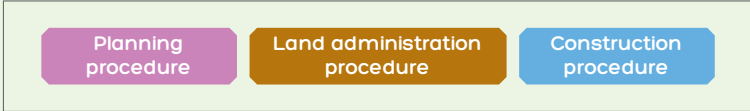
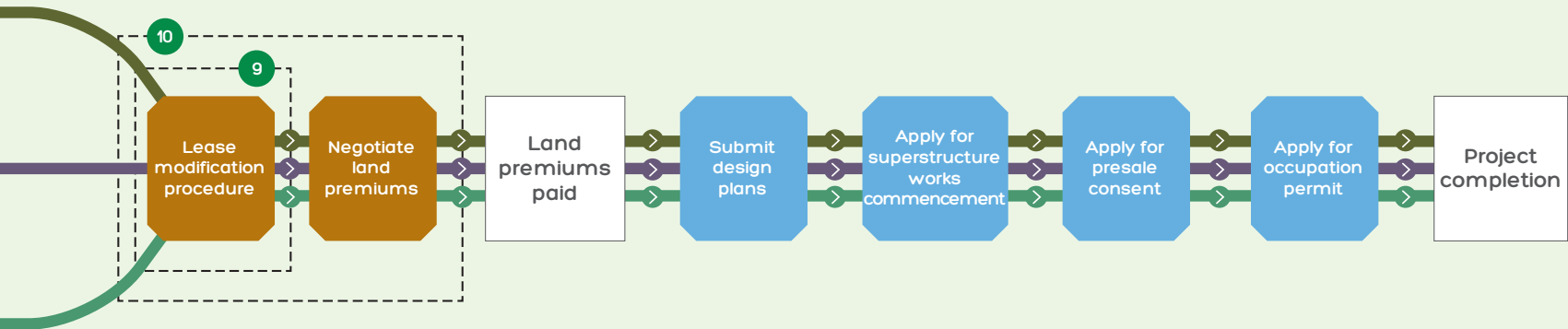
## 11 Strengthen the functions of the Development Projects Facilitation Office

- Serve as a decision-making body that coordinates land development approval works and aptly balance the requirements from different departments
- Act as the first and only point of contact between the Government and developer



Note: It is understood that these development procedures can be undertaken in other sequences subject to site condition. This graph is a simplified version which may not represent the actual development procedures for every case.





## Public housing developments

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### The general process of public housing developments

**Figure 17** (P.58) sets out the general process of public housing development. The primary land sources for public housing are rezoning and redevelopment of aged estates. Firstly, in the case of rezoning, after the Government has identified a site suitable for public housing development, the town planning procedure will be initiated to convert land use to residential. For the redevelopment of aged estates, the Government may apply for increasing development density through the town planning procedure. In addition, if the site is not spade-ready, the CEDD will conduct engineering feasibility studies and technical impact assessments on the environment, transport, sewage, water supply, and many other aspects to formulate necessary mitigation measures based on the assessment results. Once the planning procedures are completed, the Government will conduct land administrative work, including land resumption, resettling existing residents or operators, and site clearance (HKSAR Government Press Release, 2021b). This preliminary preparation phase will take about four years.

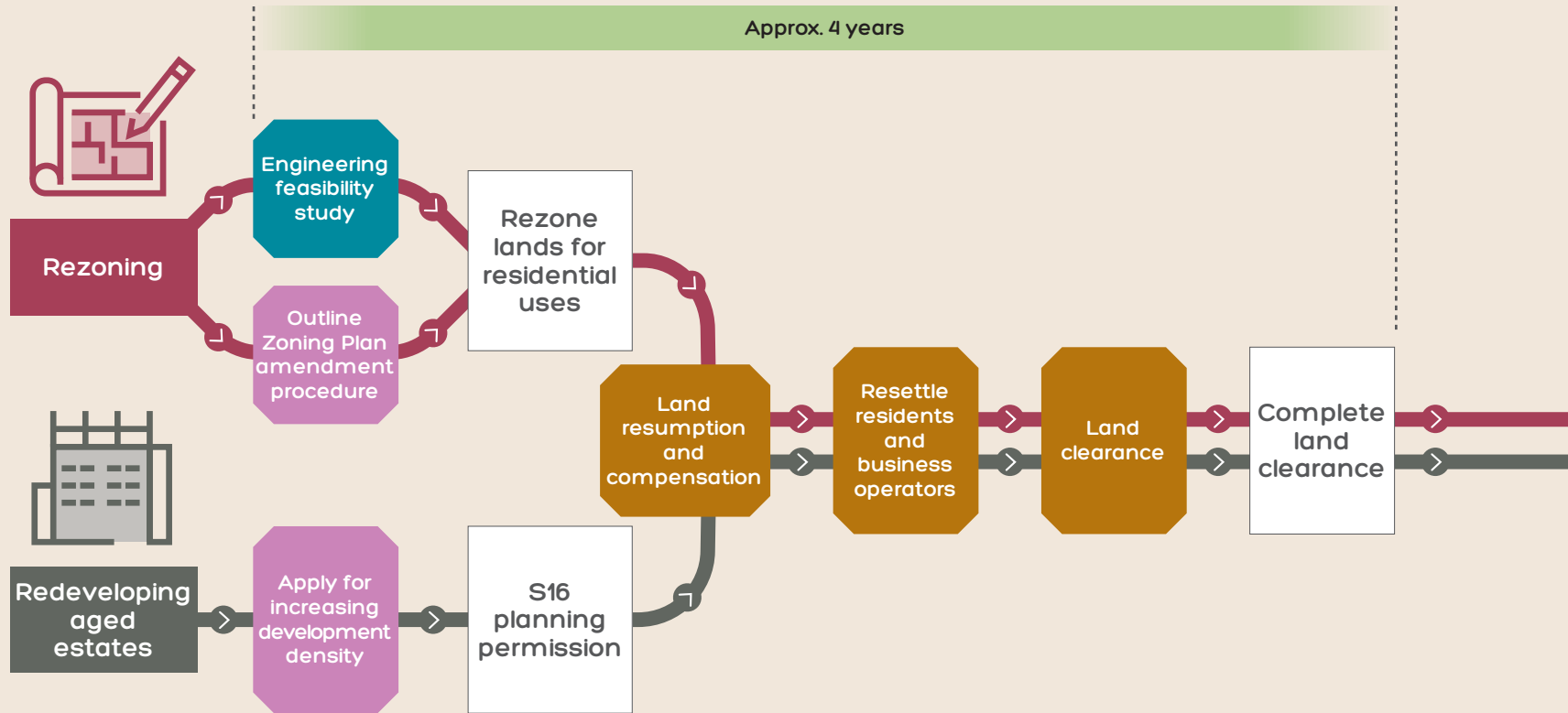
Subsequently, the CEDD will commence site investigation and detailed designs, and consult relevant departments and stakeholders on the proposed housing development. Then, site formation and infrastructure works will begin, typically including geotechnical works for retaining walls and slopes, drainage/sewage/water supply systems, landscaping works, etc. This phase usually lasts for five to seven years. After site formation is completed, the land parcel can be handed over to other departments for the construction of public housing or infrastructure. While the site formation procedure is still underway, the HA or the HD will formulate planning briefs and proceed with the detailed design, site investigation, and tendering of the superstructure construction, which normally takes about four years.

**From the preliminary planning phase to the delivery of spade-ready sites and then to flat completion, the public housing development cycle can take 13 years or more.**



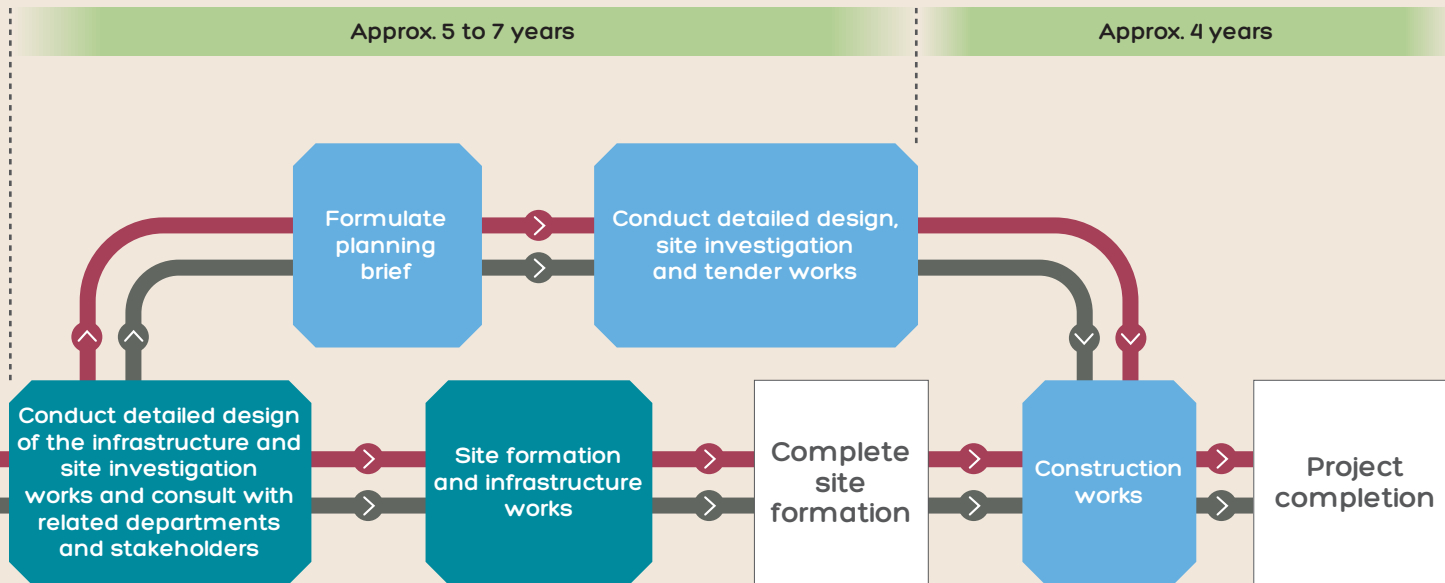
Figure 17

## The general process of public housing developments



Note: It is understood that these development procedures can be undertaken in other sequences subject to site condition. This graph is a simplified version which may not represent the actual development procedures for every case.

Sources: Legislative Council, related government departments



Major responsible departments or organisations	<b>Planning procedure</b>	<b>Engineering design and site formation procedure</b>	Other related departments:	
	<ul style="list-style-type: none"> <li>• Town Planning Board</li> <li>• Planning Department</li> </ul>	<ul style="list-style-type: none"> <li>• Civil Engineering and Development Department</li> </ul>		<ul style="list-style-type: none"> <li>• Agriculture, Fisheries and Conservation Department</li> <li>• Environmental Protection Department</li> <li>• Transport Department</li> <li>• Drainage Services Department</li> <li>• District Offices</li> <li>• Food and Environmental Hygiene Department</li> <li>...and more</li> </ul>
	<b>Land administration procedure</b>	<b>Construction procedure</b>		
	<ul style="list-style-type: none"> <li>• Lands Department</li> <li>• Housing Authority/ Housing Department</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Authority/ Housing Department</li> </ul>		

## Make proactive and professional judgments during district consultations

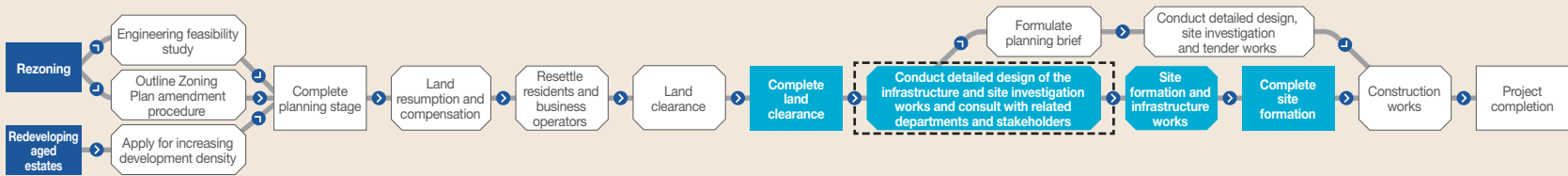
When the Government implements a public housing project, not only does it consult the public during the town planning procedure, but it also comes back to the DC for discussion again in the subsequent detailed design stage. It is undeniable that the DC members are familiar with the local community and can offer practical advice on housing projects. Yet, DC members often prioritise the interests of the residents in their respective districts, and therefore not necessarily consider or yield to the overall housing shortage in Hong Kong. It is not uncommon to see DC members adopting a rather harsh standard when looking at issues such as transport, infrastructure, greenery, and car parking spaces. As a result, even after reaching the detailed designs phase, considerable time is still spent on consultation.

Government departments consist of professionals from various fields such as architecture, engineering, town planning, and many more. The related departments should **recognise the consultative function of the DC and adopt their professional judgments proactively** during the district consultation process, so that the project can advance to the later phases swiftly and endless discussions can be avoided.

In addition, the Government may consider separating the implementation of the residential units and the “government institution or community” (G/IC) ancillary facilities in a public housing development project, in order to reduce the risk of delaying the completion of the residential units by the consultation process of the ancillary facilities.

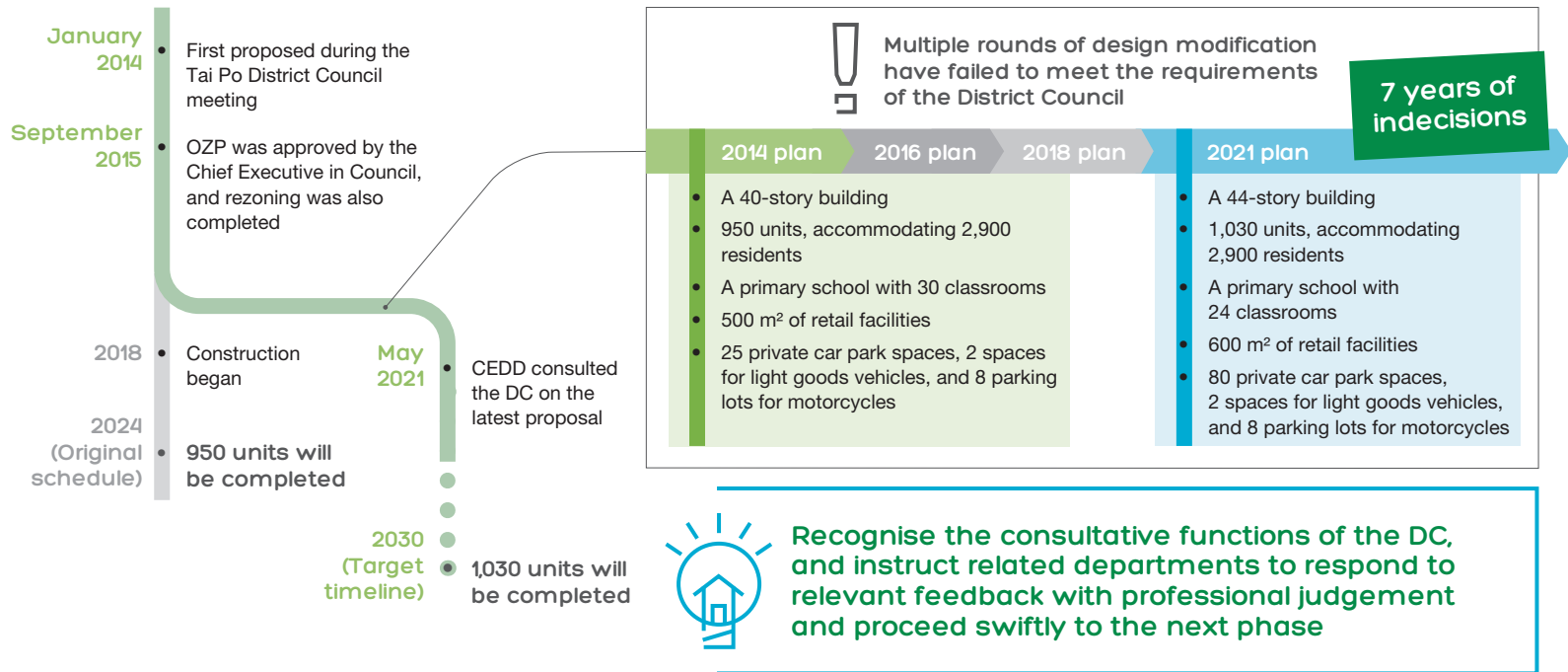
### Case study: Development at Chung Nga Road West in Tai Po

Taking the public housing development at Chung Nga Road West in Tai Po as an example (**Figure 18**), the Government first proposed the project at the Tai Po DC meeting in January 2014 (Planning, Housing and Works Committee of Tai Po District Council, 2021). By September 2015, the relevant OZP was approved by the Chief Executive in Council, and the rezoning procedure was completed. Initially, construction work was scheduled to commence in 2018, with 950 units completed by 2024. However, Tai Po DC members were discontented with the proposal and repeatedly requested amendments to the development plan. Regrettably, **the Administration has been indecisive between complying with the Hong Kong Planning Standards and Guidelines (HKPSG) and fulfilling the demands of the DC members. Until now, seven years have passed without any conclusions**, and the latest target completion date has been pushed back six years to 2030.



**Figure 18** Make proactive and professional judgments during district consultations

**Case study: Development at Chung Nga Road West in Tai Po**



Sources: Tai Po District Council, various newspapers

## Draw reference from the practice of the past Private Sector Participation Scheme to improve construction efficiency

In 1979, the HA introduced the Private Sector Participation Scheme (PSPS), under which private developers would construct housing units according to the specifications set out in their tenders and sell them to targeted buyers identified by the Home Ownership Scheme (Legislative Council Panel on Housing, 2005). The construction efficiency and quality of these projects were comparable to those managed by the HA. According to a study conducted by the Department of Real Estate and Construction of the University of Hong Kong (2012), compared to the traditional procurement model, PSPS projects were also cheap and fast to build, without compromising the construction quality (Figure 19). Many housing estates built under the PSPS, including Broadview Court, Kornhill Gardens, Charming Garden, Rhythm Garden, have been well received by the market with active turnovers.

The 2021 *Policy Address* has stated that “the HA will also adopt a new procurement model to suitable projects to allow contractors to undertake design and construction in a bundle, thereby releasing resources for the HD to carry out preliminary design, as well as leveraging the contractors’ expertise to further enhance the entire construction workflow”. We believe that the Government can apply the new procurement model to a larger extent, and further **draw reference from the practice of the past PSPS** to enhance the efficiency of public housing development. Tender documents can specify terms, such as the unit size and number of residential units, the floor area of non-residential facilities (shops, car parking spaces etc.), and so on. When the housing units are completed, the Government would undertake to buy back some of the units at a predetermined price.



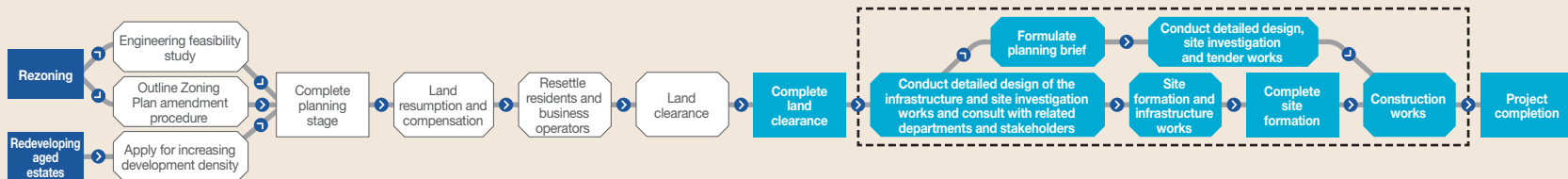


Figure 19

**Draw reference from the practice of the past Private Sector Participation Scheme to improve construction efficiency**

### Private Sector Participation Scheme

- Stated in tender documents:
  - Size and quantity of residential units
  - Quantity and maximum area of nonresidential facilities (such as shops and car parks)
  - The Government buys back some of the completed flats at a predetermined price
- HKHA and HKHS can randomly select some of the completed units for repurchase at a predetermined price

Examples of PSPS estates:



Kornhill Garden



Fullview Garden



Lung Mun Oasis

Sources: Department of Real Estate and Construction, the University of Hong Kong, and various newspapers

Image sources: Billy Yellow / Wikipedia.org (Kornhill Garden) , Wing1990hk / Wikipedia.org (Fullview Garden), and WING / Wikipedia.org (Lung Mun Oasis)



**Draw reference from the practice of the past PSPS to enhance the construction efficiency of public housing**

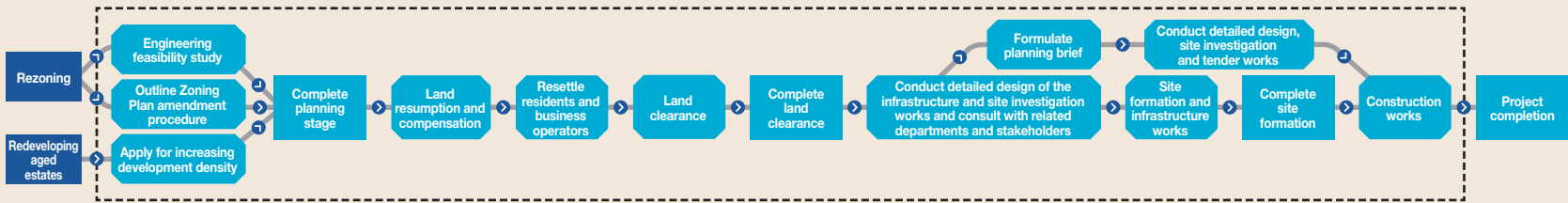
## Enhance transparency and accountability of public housing projects

Currently, the standards for disclosing information on public and private housing projects are unlevelled (**Figure 20**). All the progress of private housing projects, from land development procedures, submission of building plans, commencement and completion of construction work, to flat delivery, can be found in government documents or public documents of developers as listed companies. By contrast, only the progress of flat delivery is announced for public housing. **Some information may only be disclosed due to discussions in the DC, the LegCo or other government departments. The lack of systematic disclosure of information** has prevented the public from following up and monitoring the progress of public housing projects.

We propose that the Government **establish a “one-stop” disclosure platform to communicate the progress of each public housing project**. This will allow government departments to demonstrate their accountability and ensure that projects are taken forward progressively in accordance with the development timetable.

In addition, while the Government updates the ten-year housing production targets in the LTHS every year, there is no corresponding production plan to back these targets up—the HA and the HKHS only provide forecasts of public housing production forecast for the next five years. Despite the Government’s repeated emphasis that public housing supply in the next ten years will be back-loaded, delays in the completion of public housing units are common. In the five-year period between 2015/16 and 2019/20, there were as many as 75% of flats being delayed and over 90% in the worst year (OHKF, 2020). To avoid reducing the targets of the LTHS to empty promises, the authorities should **formulate the public housing supply schedule for the next 10 years** so that the public can better understand when the housing supply will be available.

At the same time, **the HA and the HD should also review the public housing development procedure comprehensively to cut red tape**. They should strive to synchronise certain procedures to achieve future housing supply targets.



**Figure 20 Enhance transparency and accountability of public housing projects**

The level of information disclosure of public housing projects is low

	Private housing	Public housing
Land development procedure	✓	✗
Submission of building plans	✓	✗
Commencement of construction	✓	✗
Completion of construction project	✓	✗
Units delivered	✓	✓

The 10-year supply goal of the LTTHS is not backed by corresponding housing plans

Year	Expected availability (number of units)
2021–22	29,100
2022–23	18,800
2023–24	14,600
2024–25	23,300
2025–26	24,600
After 2026	?

The 10-year supply goal of the Long Term Housing Strategy  
**301,000**



- Establish a “one-stop” platform to disclose the progress of various public housing projects
- Formulate project specification plans for the public housing supply for the next 10 years

Source: Transport and Housing Bureau

# Recommendations for public housing developments

## 12 Make proactive and professional judgments during district consultations

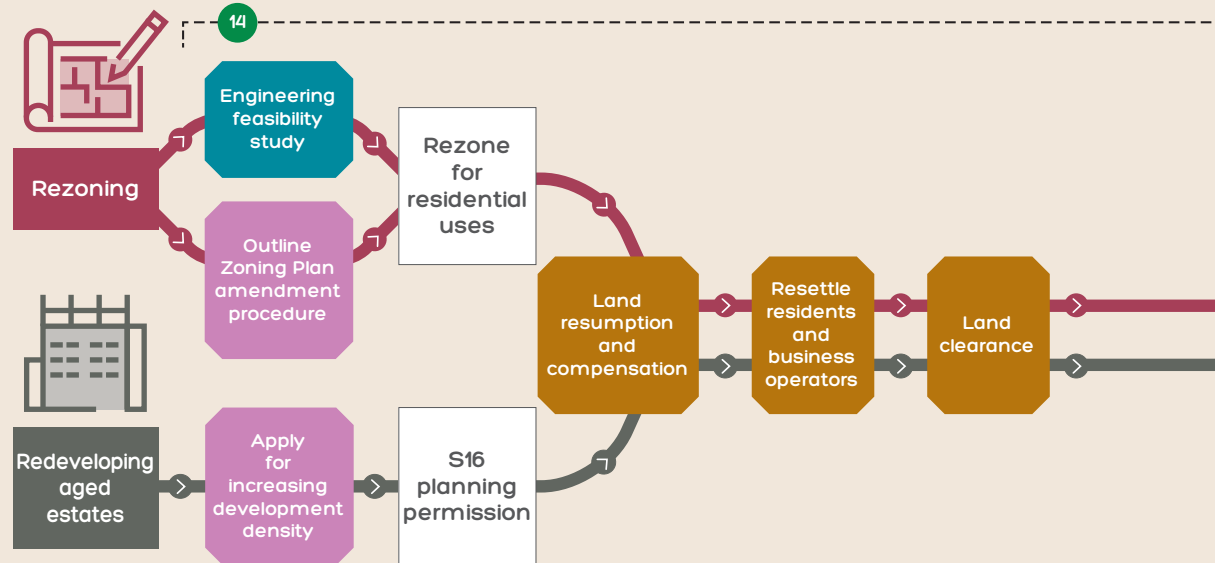
- Recognise the consultative functions of the District Council, and instruct departments to respond to relevant feedback with professional judgment to proceed swiftly to the next phase

## 13 Draw reference from the practice of the past Private Sector Participation Scheme to improve construction efficiency

- State sizes and quantities of residential units in tender documents
- The Housing Authority or Housing Society can randomly select some of the completed units for repurchase at a predetermined price

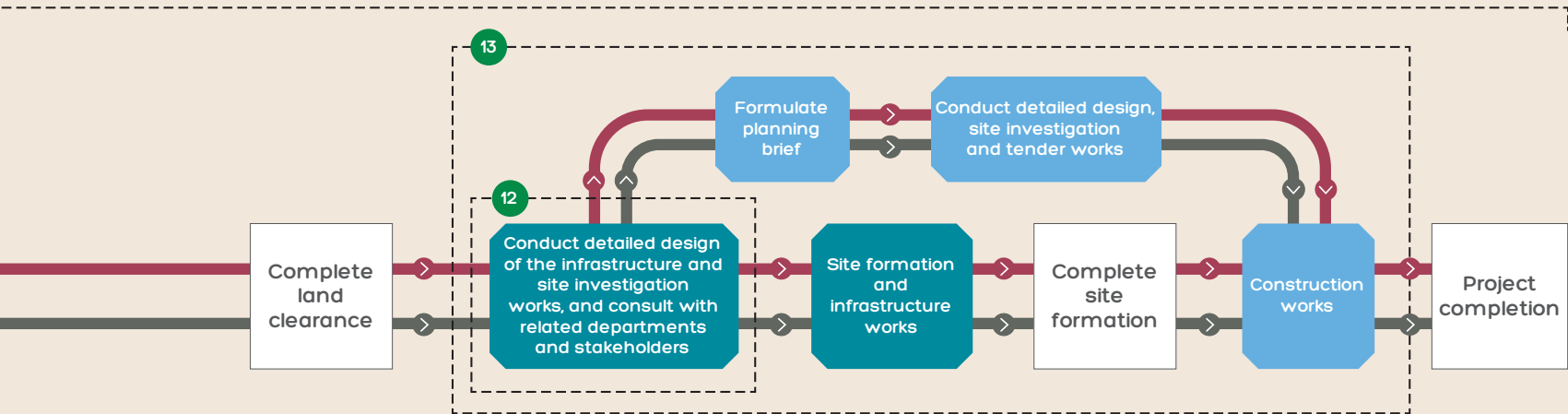
## 14 Enhance transparency and accountability of public housing projects

- Establish a “one-stop” platform to disclose the progress of various public housing projects
- Formulate public housing supply schedules for the next 10 years



Note: It is understood that these development procedures can be undertaken in other sequences subject to site condition. This graph is a simplified version which may not represent the actual development procedures for every case.

Sources: Legislative Council, related government departments



The image features four interlocking grey gears of varying sizes arranged in a slightly curved line across a brown, wood-grained surface. A green diagonal shape is visible on the left side of the frame. A white banner with a brown border is positioned at the bottom, containing the text '3. Efficiency, up' in a bold, brown, sans-serif font. Below this banner is a light brown rectangular box with a thin black border containing the text 'Drive civil servants' performance to the fullest' in a smaller, brown, sans-serif font.

### 3. Efficiency, up

*Drive civil servants' performance to the fullest*

## Establish a dedicated department to spearhead large-scale regional developments and strengthen high-level steering

Currently, most large-scale land developments are carried forward as new development areas. Each stage of development is separately managed by the PlanD, LandsD, CEDD, and other government departments, **without a dedicated department to coordinate all aspects of a project. As a result, during the development process, each department only manages the progress of their own part, and tends to shirk the responsibility for delaying to other departments.**

Since the 2000s, implementation of NDAs has been notoriously inefficient. Taking Kwu Tung North/Fanling North, Hung Shui Kiu, and Yuen Long South as examples, it takes an average of 17 years to progress from the first official announcement to the first batch of population intake. This is more than twice the development time needed by the completed New Towns like Tin Shui Wai, Tseung Kwan O, and Tung Chung, which only took an average of 7.5 years. Thus, in addition to implementing the new measures to streamline development process proposed in Part 2, the Government should also **strengthen its high-level steering after a top-tier land and housing goal is established.**

The 2021 *Policy Address* has proposed to establish the position of Deputy Secretary of Department in the next government, who will spearhead large-scale regional developments, including the Northern Metropolis and the Lantau Tomorrow Vision. The *Northern Metropolis Development Strategy* has also proposed correspondingly to establish “a high-level dedicated government institution to lead relevant bureaux and departments (B/Ds) to devise and implement the policies, measures and resource allocation plans required for the development of the Northern Metropolis”. However, the Government has yet to disclose the specific responsibilities of the new position and the scale of his/her related team, or the operations approach of the high-level dedicated government institution.

**Regional development involves extremely complex working processes.** For example, the planning concept of the Northern Metropolis covers Hung Shui Kiu, Kwu Tung North/Fanling North, San Tin/Lok Ma Chau Development Nodes, Man Kam To Logistics Corridor, the New Territories North New Town, and other NDAs. It also includes previously completed New Towns such as Tin Shui Wai, Yuen Long, and Sheung Shui/Fanling. Coordination of these developments would be gruelling if the responsible officials or institutions lack sufficient resources and manpower, and a reliable and effective operations model.

### Case study: Territory Development Department (TDD)

The New Territories Development Department (NTDD) was established in 1973 to lead New Town development and ensure the timely completion of site formation and infrastructure construction works. As a cross-professional department, it established a district development office, which is led under a dedicated director, for each New Town project. In 1986, the NTDD is merged with the then Urban Area Development Department Authority to form the TDD, which overlooks all major development projects in Hong Kong Island, Kowloon, and the New Territories. For every New Town, the project offices are responsible for leading the developments, including preparing development plans, obtaining approval on all relevant statutory procedures, conducting feasibility studies, overseeing land acquisition and clearance, monitoring the engineering works, exercising financial control, and other duties.

We recommend the Government to **draw reference from the operations model of the TDD, to establish a dedicated department for regional development, and set up a specialised project office** for each of the NDAs and large-scale land development projects under the Northern Metropolis and the Harbour Metropolis. Each project office should establish its own quantitative progression targets with clearly defined responsibilities for all relevant departments, and each relevant department should strictly follow the established schedule to complete its respective development work to help accelerate the supply of spade-ready lands in the NDAs.

Additionally, each project office should lead the industrial development of the NDA, by **developing suitable industrial policies**, attracting investments, creating jobs, and driving economic outputs. In fact, the Airport Authority Hong Kong has aptly led the industrial development of the Hong Kong International Airport (Airport). Although the Airport island only occupies slightly over 1% of Hong Kong's total land area, its combined direct, indirect, and induced economic contributions add up to 5% of Hong Kong's GDP. After the launch of the Three Runway System, the Airport is expected to directly provide over 100,000 employment opportunities (HKSAR Government Press Releases, 2019). Thus, the Airport Authority Hong Kong's industrial strategy should be considered as an essential reference.



Figure 21

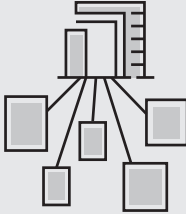
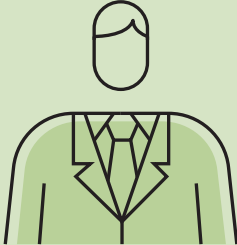

**Establish a dedicated department to spearhead large-scale regional developments and strengthen high-level steering**



Lack high-level steering and coordination



**Establish a dedicated department to lead the developments of the Northern Metropolis and the Lantau Tomorrow Vision**

Current status	2021 Policy Address	Dedicated department for regional developments	Set up a project office for each New Development Area
<ul style="list-style-type: none"> <li>• Planning Department</li> <li>• Civil and Engineering Development Department</li> <li>• Lands Department</li> </ul>  <p>...and many other departments</p>	<p>Deputy Secretary of Department</p> 	<ul style="list-style-type: none"> <li>• Prepare development plans</li> <li>• Conduct feasibility studies</li> <li>• Obtain approval on all statutory procedures</li> <li>• Oversee land acquisition and clearance</li> <li>• Manage all engineering development projects</li> <li>• Exercise financial control</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>• Develop industrial policies and attract investments</li> <li>• Create jobs and economic outputs</li> </ul> </div>	<p>Case for reference: Territory Development Department (1973–2004)</p>  <p>Also leads industrial development</p>

Sources: Policy Address, Legislative Council, Airport Authority, and OHKF

## Based on the Government inter-departmental top-tier land and housing supply goals, each relevant departments should set their own corresponding quantifiable performance indicators

Currently, the Government has yet to establish a **top-tier goal to boost the land and housing supply**. Thus the relevant departments are not required to set corresponding quantifiable performance indicators, and only select some uncritical indicators, such as number of processed applications, for disclosure. As a result, two issues have arisen: First, the general public is unable to gauge the work progress and efficiency of the departments; second, the departments are unable to develop effective countermeasures to boost supply without reference of past quantitative performance. Therefore, we recommend all departments responsible for land and housing development abide by the inter-departmental top-tier supply goal of the Government and establish corresponding quantifiable performance indicators to improve the housing supply efficiency.

Recommendations for the five relevant departments to establish their quantifiable performance indicators:

- **Planning Department**—conduct review on land suitable to be rezoned for residential development regularly, particularly for lands previously planned for the Northern Metropolis and “green belt”, and establish supply targets for land rezoned for residential use
- **Lands Department**—establish targets for land approved for residential developments
- **Civil Engineering and Development Department**—establish targets for completed site formation for residential developments
- **Buildings Department**—establish targets for the number of approved new private housing project, and record the number and reasons for rejected or deferred applications
- **Housing Department**—establish targets for the number of completion and construction commencement of public housing project, and record the number and reasons of delays

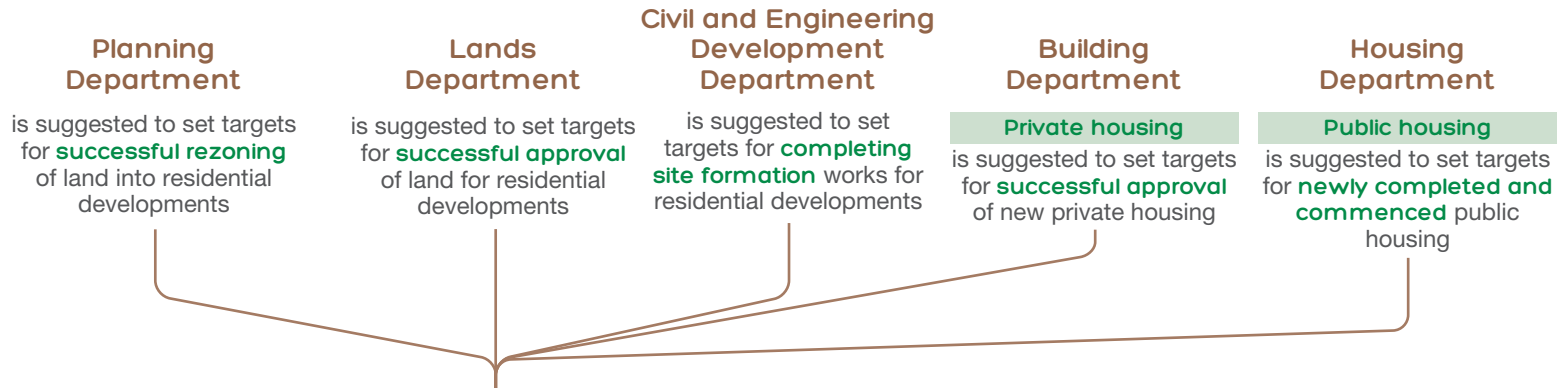
The above targets should be measured in gross floor area or number of housing units. Before establishing the indicators, each department should communicate with all other relevant departments to **ensure the indicators are feasible and comprehensive**.

Figure 22

Based on the Government inter-departmental top-tier land and housing supply goals, each relevant departments should set their own corresponding quantifiable performance indicators



Currently, various departments have not set any quantifiable performance indicators with an aim of increasing the supply of land and housing



Each department sets its own corresponding quantifiable performance indicators

## Introduce a performance-based reward and punishment system that encourages civil servants to accelerate housing supply

To ensure the proper use of public resources, civil servants should be subject to reasonable checks and balances. However, over the past decade, public opinions, the LegCo, the DC, and other external checks and balances have rapidly inflated, along with the internal checks and balances from the Audit Commission and the Independent Commission Against Corruption, some civil servants have become oversensitive towards the possibility of being accused of colluding with the businesses. Moreover, the current civil servant performance appraisal system is flawed with over-generous appraisals, improper process management, annual salary increment regardless of performance, promotion largely based on seniority, and more. As a result, many civil servants are satisfied with mediocre performances and lack social commitment.

To improve or maintain the productivity of civil servants, **many governments around the world have been running on a performance-based reward and punishment system**, of which Singapore and South Korea are most exemplary.

### Case study: the Government of Singapore

The Government of Singapore has adopted a **performance-based ranking system**. When their civil servants go through the annual performance appraisals, they receive a preliminary rating between grades “A” and “E”. Then, the rating is used to compare all civil servants in the same rank. This ensures consistency of appraisal criteria and facilitate the identification of top performers among all civil servants.

Moreover, the Government of Singapore has implemented a **performance bonus system**. The actual amount is dependent on the performance rating, rank, and departmental finance. Civil servants who are rated grade “C” and above is eligible to receive 1.5 to 6 times of the monthly salary. Meanwhile, ministers and other politically appointed officials is eligible to receive an average of 4.3 times of the monthly salary.

Every year, the Government of Singapore also offers all civil servants year end double pay and a **special bonus based on the country’s economic performance**. The combined amount of both payments is equivalent to an average of around 2.11 times of the monthly salary.

In addition, the Government of Singapore also rate the civil servants’ **promotion potential** during their annual performance appraisal. This can help identify the highest possible rank an individual civil servant can achieve in their career and provide indicators to facilitate the decision-making on their promotions and salary increase. Top performers can achieve the permanent secretary position as early as in their 40s.

### Case study: the Government of South Korea

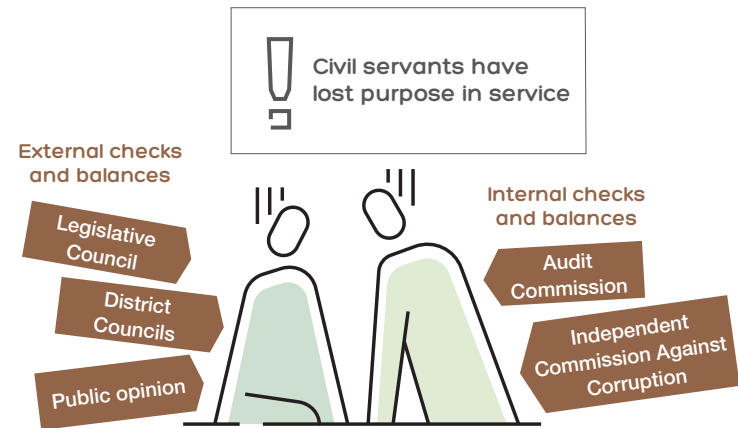
The Government of South Korea has adopted a **performance rating system with quotas**. Their civil servants receive one of the four preliminary ratings (“S” for excellent, followed by “A”, “B”, and “C” for unsatisfactory). The preliminary ratings are then adjusted by the Performance Appraisal Committee based on a fixed percentage distribution. After the adjustment, only less than 20% of the appraisees of each rank can be awarded the highest “S” grade, while at least 10% of the appraisees must fill the lowest “C” grade. This system has been effectively identifying both the top-performing and underperforming civil servants.

According to a **performance-related pay regime**, senior civil servants rated with the highest “S” grade can be rewarded with an additional 18% of their monthly salary (equivalent to 2.16 times of the monthly salary). For those who are graded below an “S” grade, a one-off bonus equivalent to 1.73 months of the monthly salary will be offered. Additionally, the top 2% can also receive bonuses of up to 2.59 months of the monthly salary.

The Government should consider drawing reference from relevant international examples and develop a performance-based reward and punishment system to motivate our civil servants’ policy implementation efficiency, to effectively increase land and housing supply.

Figure 23

**Introduce a performance-based reward and punishment system that encourages civil servants to accelerate housing supply**



### Introduce a performance-based reward and punishment system for civil servants

#### Case study: Singapore

- Performance-based rankings
- Performance bonuses worth up to 6 times of the monthly salary
- Special bonuses based on economic performance
- Promotion potential rating mechanism

#### Case study: South Korea

- Performance rating quotas
- Performance bonuses worth up to 2.6 times of the monthly salary
- Performance-based promotion mechanism



Sources: Research Office of the Legislative Council Secretariat, OHKF

## Efficiency up: an overview

We recommend the Government to **strengthen high-level steering, establish quantifiable performance indicators, and increase civil servants' incentives to improve performance.**



### Detailed recommendation 15: Establish a dedicated department

- Draw reference from the **Territory Development Department** to establish a dedicated department for regional development
- Set up a project office for each New Development Area
- Develop suitable industrial policies for each New Development Area

### Detailed recommendation 16: Set quantifiable performance indicators

- Planning Department is suggested to set targets for **successful rezoning of land into residential developments**
- Lands Department is suggested to set targets for **successful approval of land for residential developments**
- Civil and Engineering Development Department is suggested to set targets for **completing site formation works for residential development**
- Building Department is suggested to set targets for **successful approval of new private housing**
- Housing Department is suggested to set targets for **newly completed and commenced public housing**

### Detailed recommendation 17: Introduce a performance-based reward and punishment system

- Offer **performance bonuses**
- Offer special bonuses based on economic performance
- Establish **performance-based promotion evaluation** mechanism



## 4. *Mass up*

*Prioritise housing supply during critical periods*



## Increase the development density of the New Territories to reflect the current demands of society

Currently, there is evident discrimination against the rights of development in the New Territories. For example, major urban areas (Hong Kong Island, Kowloon) are permitted with a maximum plot ratio of up to 10, while generally the permitted maximum plot ratio in the New Territories is limited to 6. Despite more than 20 years have passed since the Handover, **the New Territories, which has the excellent strategic advantage of neighbouring Shenzhen, remains a sparsely populated area. A stark contrast is observed between the underdeveloped New Territories and the high-rising central business district (CBD) of Shenzhen along the border.**

Today, some government officials and citizens are still clinging on the “Central Perspective”, an obsolete remnant of the colonial era. They still think of the New Territories as a remote borderland, and rather have the Hong Kong people living in the densely populated and pricey major urban areas than acknowledge the New Territories’ potential in housing supply and industrial developments. Moreover, these individuals have overlooked the immense opportunities offered by Shenzhen and the Greater Bay Area.

Hong Kong people are confronting an unprecedented housing crisis, and the society must forge a consensus to take action and increase development density in the New Territories. In fact, our research report titled *Building a Global City of the Future—Envisioning Sustainable Urbanisation of the New Territories* and the 2021 *Policy Address* have both proposed to develop the New Territories through comprehensive planning, promote large-scale urbanisation, and enhance co-development between Hong Kong and Shenzhen.

As the national technology and innovation hub of China, the development of Shenzhen's CBD has flourished along the Hong Kong-Shenzhen border. Within the major urban areas of Luohu, Futian, and Nanshan, the baseline and maximum plot ratios for most residential development have reached 3.2 and 6 respectively (Shenzhen City Planning Standards and Guidelines, 2019). Although the maximum permitted plot ratio in the New Towns of the New Territories can reach 5 or 6, the numbers rapidly drop once it is beyond the boundary of the New Towns. Plot ratios of some borderlands are even limited to less than 1 (“善用新界土地 提高地積比率”，2021).

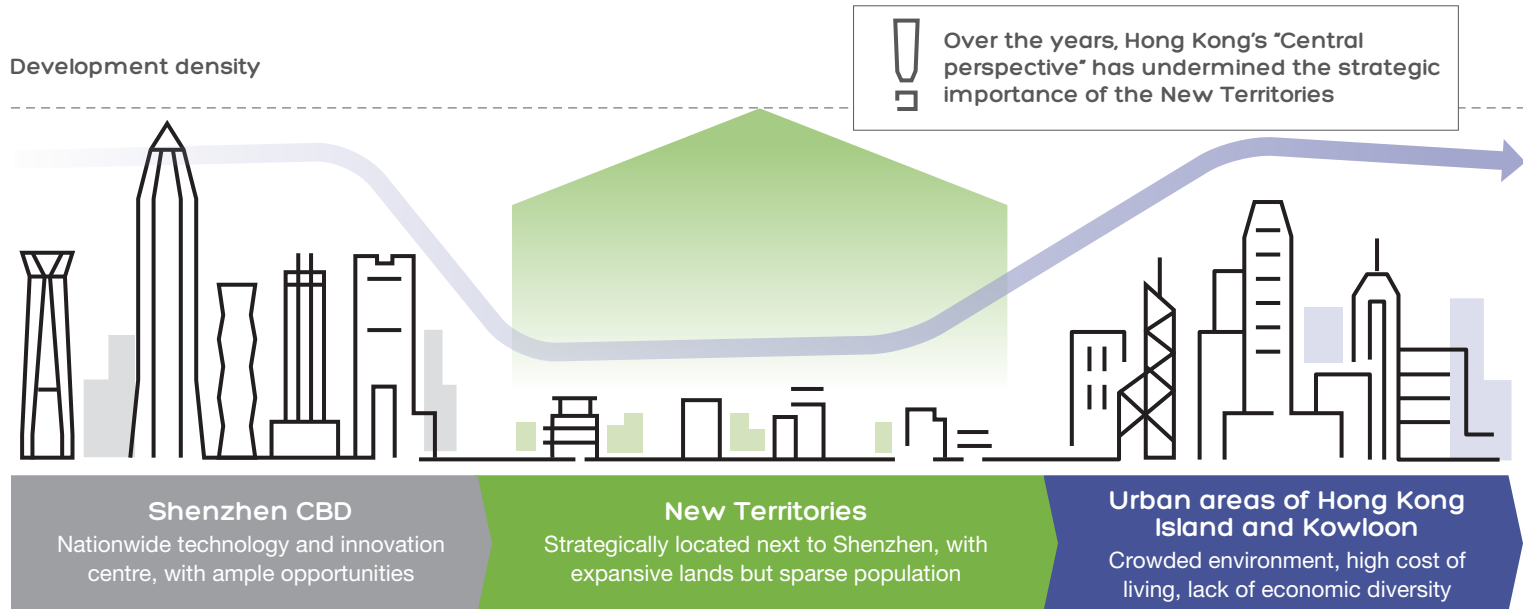
Including the Hong Kong-Shenzhen Innovation and Technology Park, the development potentials of many projects near the borderline in the New Territories are largely restricted by the unreasonably low permitted development density, which obstructs the co-development of Hong Kong and Shenzhen. Therefore, **we recommend the Government to review the permitted development density of the Hong Kong-Shenzhen border areas, increase the maximum permitted plot ratio in suitable areas, by drawing reference from the neighbouring Shenzhen CBD.**

In addition, the Government can consider adopting “temporary permit” and other planning tools to allow relaxation of plot ratio within a specific time period as incentive in areas with unfilled or planned infrastructure capacity.

The construction of the NOL will commence soon, which will connect the Kam Sheung Road Station of Tuen Ma Line to the Lok Ma Chau Spur Line of the East Rail Line, and significantly enhance the transport connectivity in the northern region of the New Territories. Phase one of the NOL, which involves the construction of the Kwu Tung Station is expected to complete by 2027; while phase two of the NOL, which involves the construction of the San Tin Station, Ngau Tam Mei Station, and Au Tau Station along the main line, is expected to be completed by 2034. Although the NOL project is still far from completion, the Government should make decisions based on the “planned-for-future” transportation capacity when designing the permitted plot ratio of nearby residential projects. **We recommend the Government to increase the plot ratios of the region along the NOL, to utilise ahead of time the development capacity unlocked by the NOL.**

Figure 24

## Increase the development density of the New Territories to reflect the current demands of society



Enhance overall development density of the New Territories, particularly in the border areas next to Shenzhen and regions along the Northern Link, to realise the development potential and strategic value of the New Territories



Benchmark against Shenzhen to enhance the development density in the border area where appropriate



Realise the development potential unlocked by the Northern Link

Sources: Shenzhen City Planning Standards and Guidelines, OHKF

## Review for a reasonable distribution of green land to improve living spaces

According to the PlanD, **67% of land in Hong Kong are green lands, of which 40% are country parks, covering an area of 44,000 hectares** (Research Office of Legislative Council Secretariat, 2016). **However, built-up area only accounts for 25% of land, while residential lands alone account for only 7%. In other words, there are currently nearly 6 times more country parks and 10 times more green lands in Hong Kong than residential lands.**

Indeed, some country park hiking trails create special values to the Hong Kong people, along with their other recreational and landscape values. However, most of the country parks today were planned according to the *Country Parks Ordinance* established 40 years ago. Currently, the set of established principles and criteria to assess whether an area is suitable for designation as a country park include “aesthetic value, recreation potential, conservation value, size, land status, management effectiveness, etc”. However, these is yet an objective sets of scientific standards and methodologies, which should include ecological survey, to review the ecological values, services and uses of country parks. On top of that, many of the periphery areas of the existing country parks are inaccessible for the general public.

Hong Kong covers an area of 1,106 square kilometres with a population size of around 7.48 millions. Drawing reference from other global cities of comparable level in land area, population and economic development, the green land ratios of London (around 1,572 square kilometres in area with a 8.98 million population) and Singapore (around

729 square kilometres in area with a 5.69 million population) are only 38% and 8% respectively (“港綠化地高於倫星 研適量發展”，2015). The comparison clearly reflects that **the current green land ratio in Hong Kong is disproportionately high, which severely compress the living spaces of Hong Kong people. Therefore, we recommend the Government to review for a reasonable green land ratio in Hong Kong as soon as possible.**

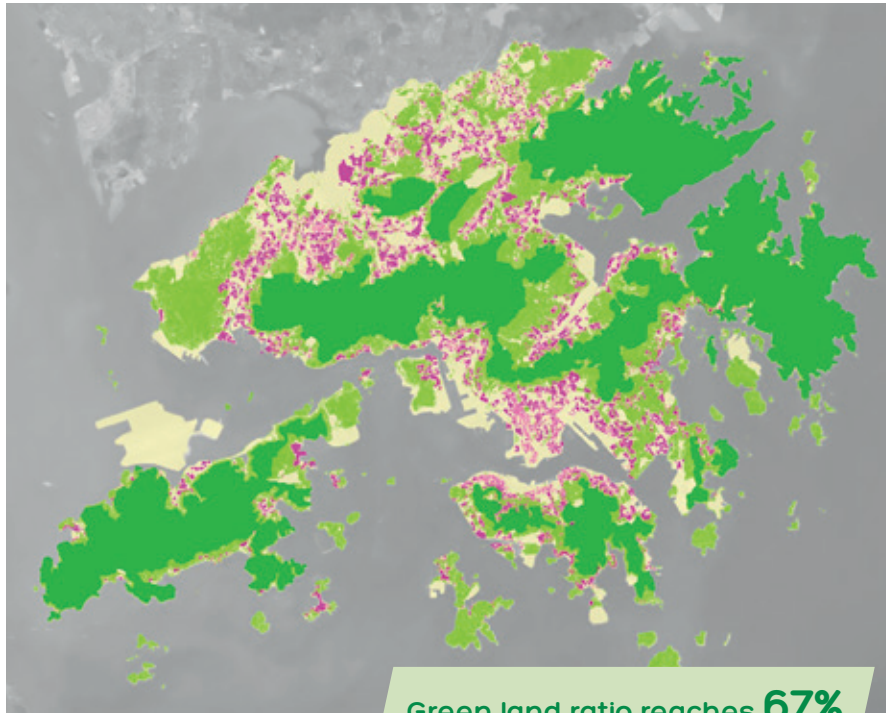
In 2014, the Government conducted a two-stage review on the potentials to rezone “green belt” sites for other uses and identified 77 potentials residential sites. In the 2021 *Policy Address*, the Government also announced to conduct additional review to study the rezoning potentials of private and remote “green belt” sites. **Currently, land zoned as “green belt” spans an area of up to 16,000 hectares, yet only 2% have been identified as suitable for residential development.**

Many stakeholders from the industry believe that the TPB has prejudice and bias against the rezoning of “green belt” sites and tends to reject such applications. This has left many “green belt” sites with great potentials for residential development vacant and wasted for a long time, including those located near a middle-density community with unfilled transportation capacity.

Therefore, **we recommend the Government to accelerate the review on the rezoning potential of “green belt” sites with an open mind, and allow “green belt” to be included in the development of the non-residential parts of private housing projects.** This can encourage private developers to enhance the community’s living environment by developing uninhabited wilderness near their residential projects into accessible public spaces for everyone to enjoy.

Figure 25

## Review for a reasonable distribution of green land to improve living spaces



■ Green land<sup>[1]</sup>   ■ Country park  
■ Residential land<sup>[2]</sup>

**Green land ratio reaches 67%**

Much higher than the residential land ratio of 7%

Notes: [1] Green lands include woodlands, shrublands, grasslands, and wetlands  
[2] Residential lands include private housing, public housing, and rural settlement

Sources: Planning Department, OHKF

Green land ratios in other cities

London  
**38%**



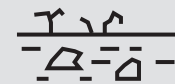
Singapore  
**8%**



Review for a reasonable distribution of green land by drawing reference from other global cities

Apart from exploring the potential of rezoning for residential developments:

Wilderness that lacks facilities



Public spaces available for residents



Allow "green belt" to be included in private residential development for non-domestic use

## Review the planning of the wetland buffer area

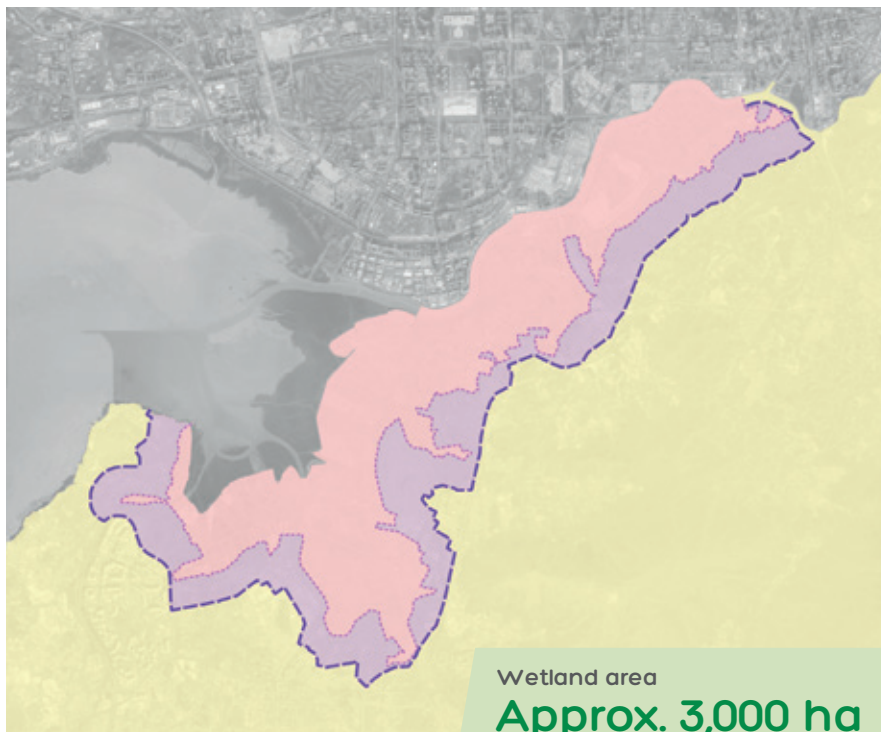
At the moment, around 3,000 hectares of land outside of the Mai Po Inner Deep Bay Ramsar Site have been designated as wetland conservation area (WCA) and wetland buffer area (WBA), which is equivalent to 2.7% of the land area in Hong Kong. After the Government had completed the *Study on the Ecological Value of Fish Ponds in the Deep Bay Area* in 1997, no rigorous ecological scientific investigation was conducted again to follow up on the changes in the wetlands.

**Currently, many wetlands have been degraded, especially in the WBA that spans an area of around 1,000 hectares**, of which many have been turned into brownfields that are incompatible with the nearby environment. Many areas have already lost their original ecological functions and values. However, the Government has yet to propose any review or development plans, and continues to maintain a strict development control. **Therefore, we recommend the Government to revise the planning intention of the WBA as soon as possible, and identify the areas to converse or develop following the results of a rigorous scientific review and ecological surveys.**

In addition, we recommend the Government to **study the feasibility of introducing a “transfer of plot ratio” planning tool into the WBA**, designate the Sending Site (SS) with high ecological values and Receiving Site (RS) with low ecological values, and offer incentives for public-private partnerships, in order to balance the demands for conservation and development in the areas. Furthermore, for the operations approach of the “transfer of plot ratio” planning tool, the Government can draw reference from the URA’s *District Study for Yau Ma Tei and Mong Kok*.

Figure 26

## Review the planning of the wetland buffer zone



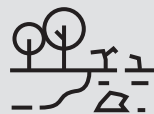
- Wetland conservation area (revised in 2014)
- Wetland buffer zone (revised in 2014)



### Unresolved wetland planning problems

Out of the approx. 1,000 ha land in the wetland buffer area, many have already degraded into wastelands or brownfields, but the Government has yet to present any redevelopment or study plan

Study the feasibility of the transfer of plot ratio in the wetland buffer area



Sending sites (SS)  
with high  
ecological values



Receiving sites (RS)  
with low  
ecological values



Review the planning intention for wetland buffer area and study the feasibility of the "transfer of plot ratio" planning tool

Sources: Development Bureau, Planning Department, and OHKF

## Draw reference from the “white zone” planning tool and establish a land reserve mechanism



Currently, the Government lacks a land reserve mechanism, and as a result has been largely constrained in land supply. The land sale programmes in recent years could only offer small sites in compromised conditions for sale. Additionally, the supply of private housing is increasingly dependent on private developers’ land reserves. This undesirable situation is unlikely to improve until land supply from the Hung Shui Kiu, Kwu Tung North/Fanling North, and other NDAs has come into maturity. As such, **we recommend the Government to explore an appropriate land reserve mechanism as soon as possible**. This can include the establishment of a public land reserve institution to purchase lands through the market mechanism, and changes in the administrative arrangements to allow reclamation without detailed pre-defined land use.

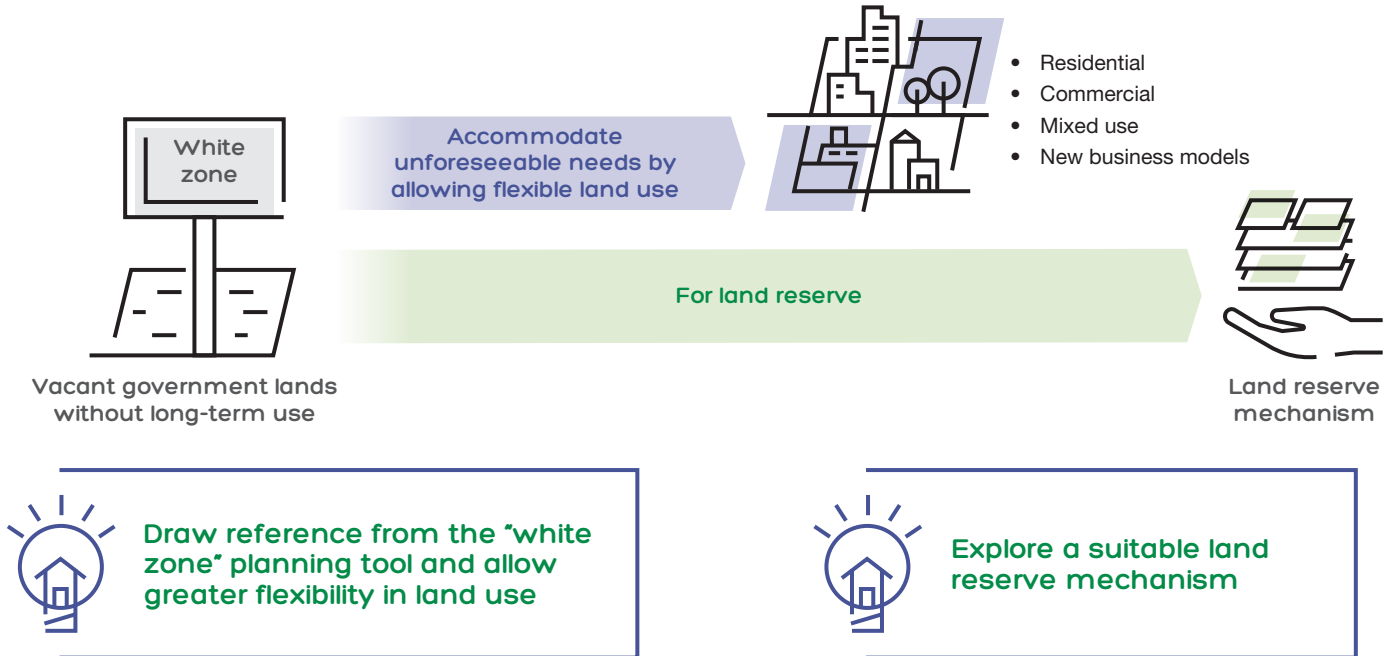
That said, future technologies may bring about a brand new mode of living and industrial and commercial models. The current planning practices of land use may no longer be relevant for future developments. Thus, **the Government should draw reference from Singapore’s “white zone” planning tool, to designate all vacant government lands without any planned long-term use, including lands from reclamation, NDAs and urban areas, into “white zone” as land reserves**, to meet the unpredictable future demands, and allow greater flexibility in land use and on-demand land supply for residential, commercial, mixed-use, and even unseen new industrial and commercial developments.

Taking the Marina Bay new area in Singapore as an example, the Singapore Government has designated many of the newly reclaimed lands into “white zone”. Many of these “white zones” were gradually turned into commercial buildings, residential buildings and other uses according to the country’s latest development needs.



Figure 27

## Draw reference from the “white zone” planning tool and establish a land reserve mechanism



## Enhance the overall construction capacity

In the past, the volume of construction expenditures in Hong Kong has been unstable. The construction industry has been in great uncertainty of facing either an “overloading” or “underloading” situation. In addition, many projects struggle to arrange sufficient manpower due to the compact, multiple intermittent, and crossover trade demand of construction projects. Fortunately, Hong Kong’s future construction expenditures is expected to increase steadily. In the current fiscal year of 2021/22, the annual construction expenditure is expected to reach between HKD 220 billions and HKD 270 billions. By 2025/26, the figures are expected to increase by 11% to reach between HKD 245 billions and HKD 300 billions; and by 2030/31, the figures are estimated to increase by 9% to 20% to reach between HKD 240 billions and HKD 325 billions (Construction Industry Council, 2021).

Moreover, the figures above have not accounted for **the completion of 300,000 public and private housing units and the related supporting infrastructures by 2025**, as well as the large-scale transportation infrastructure projects for the regional developments of the Northern Metropolis and the Lantau Tomorrow Vision projects. This indicates that **construction expenditures in Hong Kong is expected to at least be doubling the current figures in the next ten years.**

**However, the construction industry is currently facing a major succession problem.** The average age of all registered construction workers is 46 years old, while the average age of all registered “experienced” workers has even reached 52 years old. In total, 44% of all registered workers are at least 50 years old (Construction Industry Council, 2021). Thus, there is likely to be insufficient manpower to meet with the gradually increasing construction volumes. Apart from general construction workers, the industry has also brought up similar succession problems for construction supervisors, engineering consultants, and other professional roles.

To bring in new blood and stop brain drain, the construction industry must send a clear message.

**Under stringent criteria, the Government’s Supplementary Labour Scheme currently allows employers to import overseas workers of technician level or below.** Every application must pass the following three procedures: the newspaper advertising procedure, a mandatory local recruitment period at the Labour Department, and the arrangement of tailor-made retraining courses by the Employees Retraining Board if appropriate. The Government will consult every application with the Labour Advisory Board before making the approval decisions. In addition, imported workers are only allowed to work for the employers and in the positions with stipulated job duties, and for the duration of employment as stipulated under their employment contracts, and they must return to their place of origin on expiry of their contracts (Labour Department, 2021).

As future construction expenditures and the corresponding demand for manpower are expected to increase significantly, local trainings are unable keep up to supply sufficient and experienced talents within a short amount of time. Thus, **we recommend the Government to expand the scope of the Supplementary Labour Scheme to include supervisors, engineering consultants, and other professional roles, and simplify application procedures where appropriate.**

To further boost the construction capacity, apart from ensuring that the construction industry is adequately staffed, there is also a need to **popularise the applications of new technologies, particularly the Modular Integrated Construction (MiC) and Building Information Modeling (BIM).**

MiC refers to a construction whereby free-standing integrated modules (completed with finishes, fixtures and fittings) are manufactured in a prefabrication factory and then transported to site for installation in a building. As the buildings are substantially completed off-site to minimise on-site construction activities, construction time and cost can be reduced, while worker safety and productive are enhanced. BIM is a three-dimensional building simulation software that provides and manages building information for the design, construction and entire life cycle of a building project, facilitating different stakeholders to communicate and coordinate for the project, synchronising information and compressing the design and revision time of plans. The two technologies have been promoted for some time, but their applications in the industry is still at a low level.

Regarding the application of MiC, although the Government has issued a technical circular in 2019 and proposed a 6% gross floor area exemption as an incentive, the market has yet to respond positively, except for some pilot projects launched by public organisations such as HKHS, HA, URA and Science Park. There is only one project that involves private developer participation by the end of 2021. (‘華懋採組裝合成建築法 省時又減碳排’, 2021). Regarding the adoption of the new technology, the industry’s concerns are mainly related to the unfavourable logistics and site conditions. We recommend the Government to **create favourable conditions for the large-scale application of MiC in Hong Kong** by proactively explaining and coordinating the use of technology, and raising incentives.

As for the application of BIM, although the vetting and approval department accepts BIM submissions and is developing the Electronic Submission Hub, BIM application level in the industry has remained low, and thus the approval process still relies mainly on paper plans. The main concerns of the industry are the high license fees for various BIM software and the lack of BIM talents. As a result, the industry prefers to continue to design plans in the conventional way. We recommend the Government to not only speed up the development of the Electronic Submission Hub, but also step up the efforts to train local BIM talents and look for feasible ways to popularise the use of the related design software, so that the technology can penetrate stakeholders of all scales in the construction supply chain and **lead the industry to evolve into the BIM design-led era.**

Figure 28

Enhance the overall construction capacity



The construction expenditures in Hong Kong is expected to increase continually

Fiscal year	2021/22	2025/26	2030/31
Construction expenditure forecast for public and private projects (HKD billions)	220–270	245–300	240–325
Increase in comparison to 2021/22	–	+11%	+9% to 20%

The increasing construction expenditure has yet to include...

Northern Metropolis, Lantau Tomorrow Vision, and other large-scale regional developments



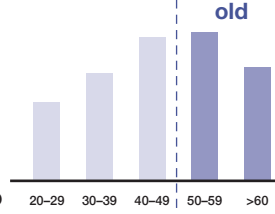
300,000 public and private housing units and related infrastructure facilities due for completion by 2025



Local construction workers

Face a major succession gap

Age distribution of registered workers



Import overseas workers

The current Supplementary Labour Scheme lacks flexibility



Expand the scope of the Supplementary Labour Scheme to include supervisors and professional roles, and simplify application procedures where appropriate



Popularise new technologies

- Modular Integrated Construction (MiC)
- Building Information Modeling (BIM)



Create favourable conditions for the large-scale applications of MiC and BIM

Source: Construction Industry Council

## Facilitate robust development of the industry

Hong Kong's public and private housing construction, infrastructure projects, and even the overall development of the city, all rely on the built environment professionals. Thus, robust industry development that creates enough space for the professionals to give full play to their strengths and steady nurturing of talents, is very important to solve the housing shortage problem in Hong Kong. However, in anticipation of a significant increase in construction expenditures in the future, many industry stakeholders reflect that the current industry environment is not healthy and faces a variety of difficulties.

First, **industry professionals and government regulators actually come from the same talent pool**. However, some engineering professionals have pointed out that the Government absorbs most engineers, leaving the market facing a shortage of talent. Unless the Government itself is responsible for the implementation of engineering projects, otherwise it will employ additional consultants and engineering companies. When the Government launches a large number of projects, the market talent shortage becomes more serious.

**In fact, architects, engineers, surveyors, and other authorised individuals are all legally responsible for the development projects, and the professional bodies also have strict registration and licensing systems.** Therefore, the Government should only be monitoring the basics in the vetting and approval process. They should not exhaustively inspect all major and minor issues in details and overstep the profession's duty to observe professional conduct and fulfil their responsibilities. Exploring for options in streamlining procedures, **we recommend the Government to promote "professional self-inspection" as much as possible, with professionals ensuring that non-critical issues are in compliance**

**with regulations and codes of practice.** At the same time, the Government should also review the organisational structure of the department to ensure that the manpower of the regulator and the market is kept at a reasonable ratio.

On the other hand, when the Government launches a project, it invites the industry to participate in an open tender, of which the evaluation is generally divided into two parts: "technical score" and "tender price", with the tender price part following the public finance principle of "lowest bid wins". However, **the industry has pointed out that the current tendering model is problematic and encourages the undesirable trend of bidding at abnormally low prices**, as some of which are only half of the Government budget ("獨家 | 承建商超低價搶標 四折奪政府工程", 2021). If the successful bidder's price is abnormally low, there is a risk of contract default or project risk. In the case of the Shatin to Central Link (SCL) project, for example, not only was there a significant cost overrun in the overall project, but it was also discovered that some of the work involved falsification and jerry-building. Many believe that the "lowest bid wins" tendering model is one of the cause of this construction scandal ("未來城市：港大教授＋土木工程師 探入沙中線醜聞中", 2019).

Although the Government has stated that the current tender evaluation mechanism examines the financial capability of the highest scoring bidders and the reasonableness of the tender price, which would be further studied by the Financial Services and the Treasury Bureau internally and submitted to the LegCo externally (Development Bureau, 2021), tenders were rarely rejected for this reason in the past. **We recommend the Government to study new tendering models that encourage healthy competition in the market and consider removing the highest and lowest bids during evaluation, in order to eliminate unreasonably low bids, ensure project feasibility and quality, and promote the healthy development of the industry.**

In addition, Hong Kong's construction industry usually adopts a subcontracting operations model, but contracts from upstream to downstream are often disputed due to payment issues. **At present, there is often a “pay-when-paid” clause in construction contracts, from upstream to downstream which means that even though the downstream subcontractor has completed the work or provided the service, the upstream contractor can still refuse to pay the downstream subcontractor on the ground that it has not received the payment for the work contract.** According to a survey report published by the DEVB in 2011, the average annual outstanding payments of main contractors and subcontractors accounted for 8% and 12% of the total annual business revenue respectively (Survey on Payment Practice in the Construction Industry, 2012), resulting in serious payroll problems for construction workers and even the bankruptcy of subcontractors due to broken capital chains.

The Government will introduce the Construction Industry Security of Payment provisions and establish the relevant adjudication mechanism in public works contracts starting from 2022. **We recommend the Government to explore proper mechanisms to extend the “security of payment” to private development projects, which are filled with more serious problems, to facilitate the upstream and downstream capital flow of projects, and speed up the resolution of related disputes.**

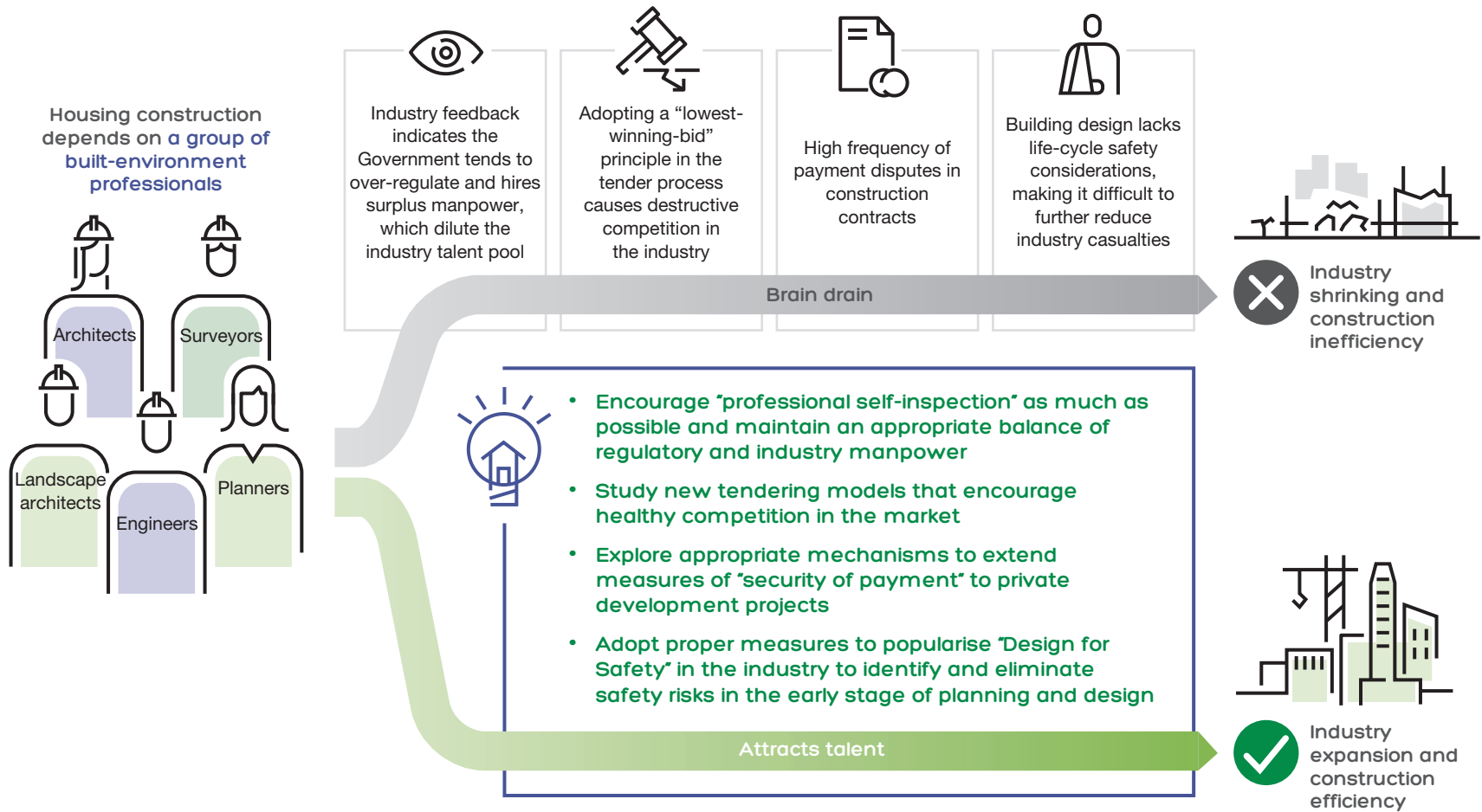
We must be aware of the fact that the accident casualty rate in the construction industry has always been significantly higher than that of other industries, making those who wish to join the industry to reconsider or even give up in the end. From 2011 to 2020, the average annual number of industrial accidents in the construction industry is 3,334, accounting for about 30% of all industrial accidents. The average annual number of industrial accident fatalities in the construction industry is 19, accounting for up to 80% of all industrial

accident fatalities (Labour Department, 2021). At present, occupational safety in the construction industry mainly relies on the *Factories and Industrial Undertakings Ordinance* and the *Occupational Safety and Health Ordinance* to provide protection, but the two ordinances only focus on the responsibilities of owners, employers, occupiers of premises and employees, and do not fully cover all stakeholders in the whole life cycle of construction projects, so it is also difficult to promote early action to prevent accidents.

**The United Kingdoms (UK) introduced the *Building (Design and Management) Ordinance* as early as in 1994**, to fully implement the concept of Design For Safety (DfS), clarifying the respective safety responsibilities of clients, designers and contractors, and through the appointment of principal designers and principal contractors to achieve safety in the whole building life cycle, which includes both before and after the commencement of construction. In the fiscal year of 2020/21, accident fatality rate per 100,000 workers in the UK construction industry was 1.91%, much lower than the 5% in 1995/96 (UK Health and Safety Executive, 2021). Singapore drew reference from and adjusted the UK's successful case, to introduce the *Workplace Safety and Health (Construction Safety Design) Regulations* in 2016, which immediately reduced the accident fatality rate per 100,000 workers in the construction industry from 4.8% to 2.6% in the following year, and the result has been maintained to date (Singapore Ministry of Manpower, 2020). Although the DEVB issued the *Guidance Note of Design for Safety* in 2013, the document was not binding and failed to motivate the industry to respond positively. Therefore, **we recommend the Government to adopt proper measures to popularise DfS in the built environment industry, clarify the safety responsibilities of all stakeholders throughout the project life cycle and upstream and downstream of the supply chain, and identify and remove safety risks during the early stages of planning and design.**

Figure 29

**Facilitate robust development of the industry**



## Mass up: an overview

In view of the serious shortage of developable land, the Government must lead the society to reach a consensus of actions.



### Detailed recommendation 18: New Territories

- Benchmark against Shenzhen to enhance the development density in the **border area** where appropriate
- Realise the development potential unlocked by the Northern Link

### Detailed recommendation 19: Green land

- Review a **reasonable distribution of green land** in Hong Kong, by drawing reference from other global cities
- Allow “green belt” to be included in private residential development for non-domestic use



Detailed recommendation 20:  
Wetland buffer zone

- Review the planning intention for **wetland buffer area** and study the feasibility of the **“transfer of plot ratio”** planning tool

Detailed recommendation 21:  
Land reserve

- Draw reference from the **“white zone”** planning tool and allow greater flexibility in land use
- Explore a suitable land reserve mechanism

Detailed recommendation 22:  
Construction capacity

- **Expand the scope of the Supplementary Labour Scheme** to include supervisor and professional roles, and **simplify application procedures where appropriate**
- Create favourable conditions to **popularise large-scale applications of MiC and BIM**

Detailed recommendation 23:  
Industry development

- **Encourage “professional self-inspection”** as much as possible, and maintain an appropriate balance of regulatory and industry manpower
- Study new tendering models that **encourage healthy competition in the market**
- Explore appropriate mechanisms to **extend measures of “payment security” to private development projects** to accelerate cash flow and dispute resolution
- Adopt proper measures to **popularise “Design for Safety”** in the industry to identify and eliminate safety risks in the early stage of planning and design

**5.** *Result analysis:*  
*Shorten public housing waiting time*



## Three recommendations on accelerating housing supply in the short run

After reviewing each of the public and private housing projects expected to be completed between 2026 and 2030, **we found that about 123,000 units are at a later stage of development and have the potential to be completed by 2025**, involving about 22,000 units from private residential projects. While the remaining 101,000 units are public housing projects, with about 15,000 units in the planning and land administration process and 86,000 units in the site formation and construction process.

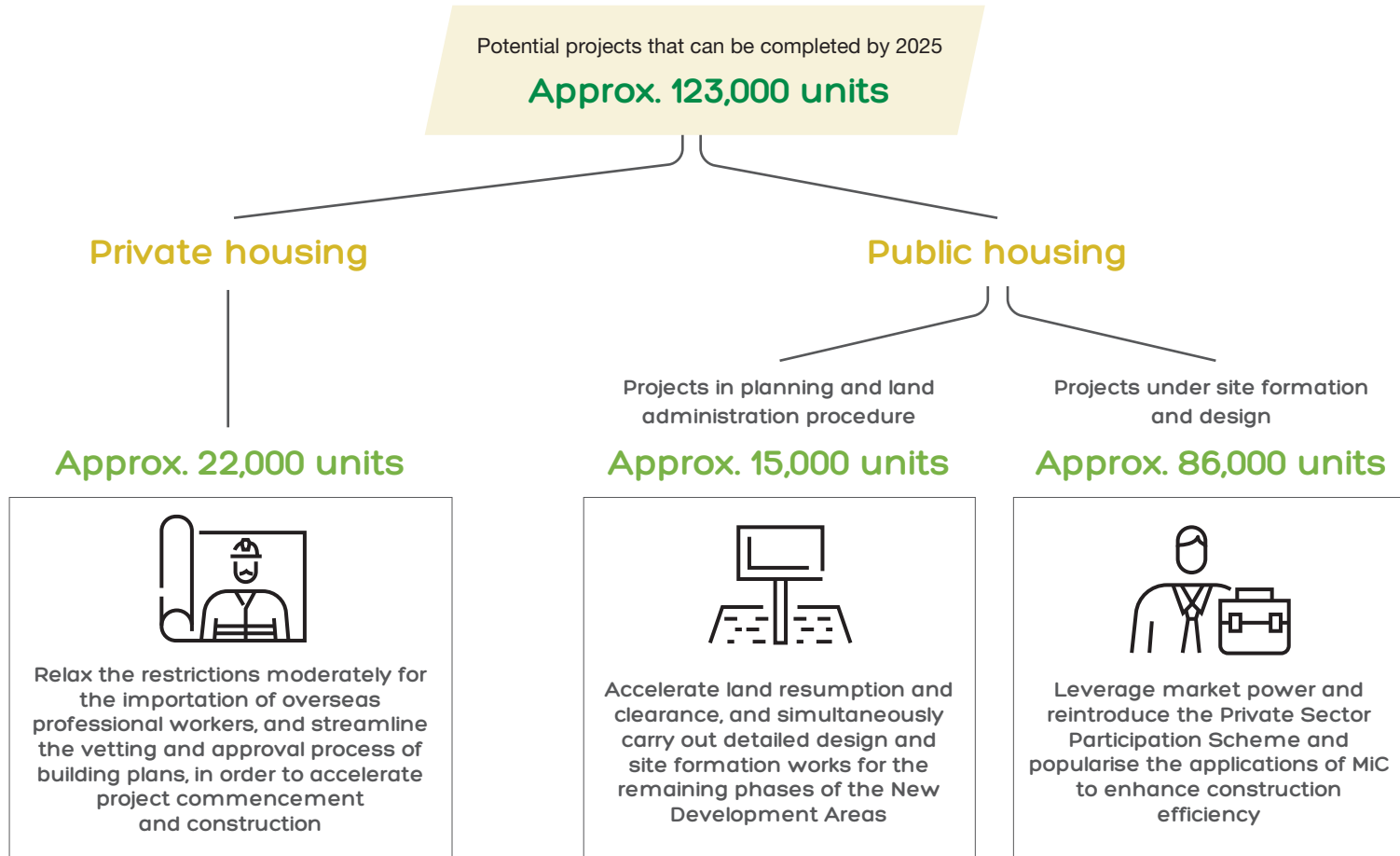
**A total of 23 detailed recommendations** are presented in the previous sections. This section highlights some of the key recommendations.

- For private housing projects, we suggest relaxing the importation restrictions for overseas professional workers where appropriate, and simplifying the vetting and approval process of building plans to speed up project commencement and construction
- For public housing projects in the planning and land administration process, we suggest accelerating land resumption and clearance and simultaneously proceed with detailed design and site formation works for the remaining phases of the NDAs
- For public housing projects in the site formation and design process, we suggest reintroducing the PSPS and popularise the applications of MiC to enhance construction efficiency

**If these key recommendations can be fully and effectively implemented in the short run, we expect to see a significant reduction in the number of applicants and time waiting for PRH.**

Figure 30

Potential projects that can be brought forward



## Queues for public rental housing will be shorten evidently after barriers are removed

As of September 2021, the PRH waiting list has recorded around 254,500 applications, including around 153,700 general applications and 100,800 non-elderly one-person applications.

A scenario analysis was conducted to examine the likelihood and magnitude of reducing the number of applications and waiting time for PRH, and the following results were obtained:

### Key assumptions:

- Assuming net recovery of PRH units excluding transfers by 2025 is around 12,500 (as the annual average of the past five years), and the allocable unit number is equivalent to 72% (as the annual average of the past five years) of the newly completed and recovered PRH units combined
- Assuming the annual number of new applicants by 2025 will be 32,000 (as the annual average of the past five years), including around 21,000 general applicants and 11,000 non-elderly one-person applicants
- Assuming 50% of the subsidised flat buyers are Green Form Applicants

### Scenario analysis results:

- **Baseline scenario:** the number of general applicants waiting for PRH will exceed 160,000 in 2024 based on the current public housing construction plan.
- **Barrier removal scenario:** the number of general applicants waiting for PRH will reduce to less than 100,000 by 2026 if an additional 100,000 public housing units can be expedited to be completed by 2025.

Figure 31

**Number of applicants waiting for public rental housing will evidently reduce after barriers are removed**

**Baseline scenario**

The number of general applicants waiting for public rental housing will exceed 160,000 by 2024

**Barrier removal scenario**

The number of general applicants waiting for public rental housing will reduce to less than 100,000 by 2026



## The average waiting time is also expected to decline

As of September 2021, the average waiting time for PRH general applicants is 5.9 years.

### Scenario analysis results:

- **Baseline scenario:** the average waiting time for PRH general applicants will reach 6.3 years in 2024 based on the current public housing construction plan.
- **Barrier removal scenario:** the average waiting time for PRH general applicants will be reduced to 3.7 years in 2026 if an additional 100,000 public housing units can be expedited to be completed by 2025.

Figure 32

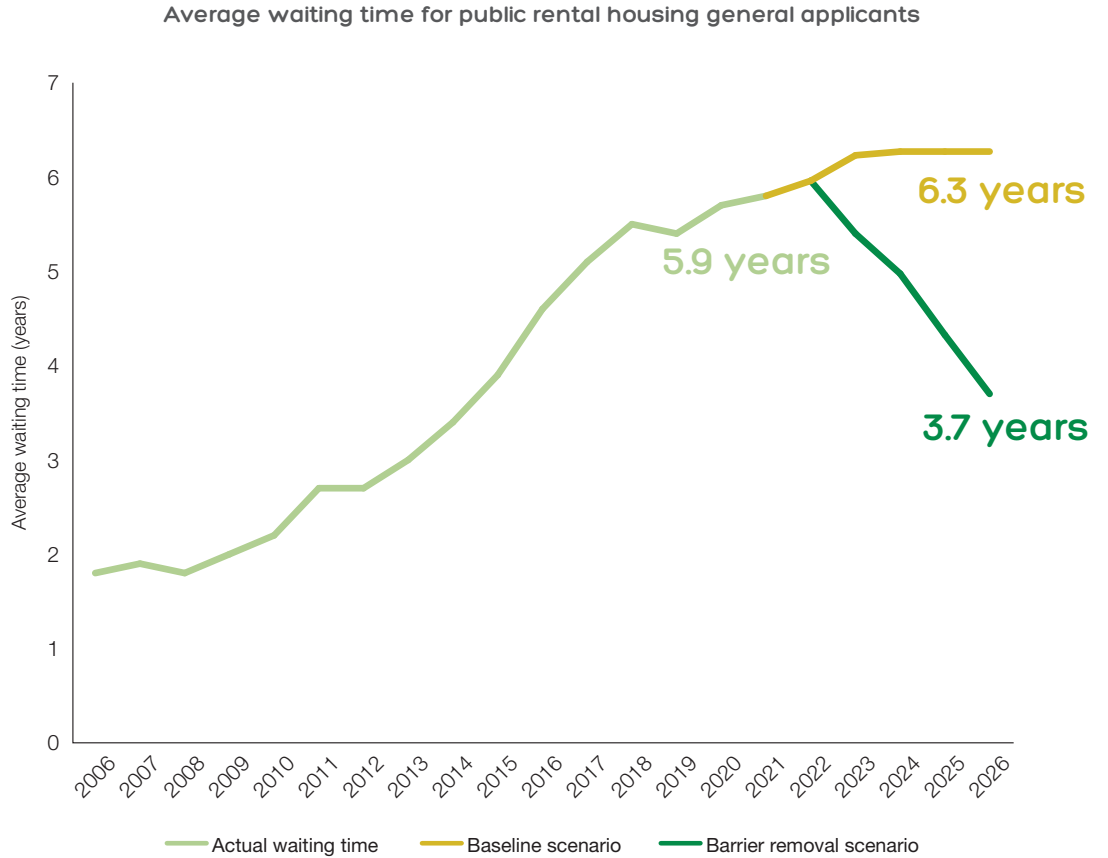
The average waiting time is also expected to decline

Baseline scenario

The average waiting time for public rental housing general applicants will reach 6.3 years by 2024

Barrier removal scenario

The average waiting time for public rental housing general applicants will reduce to 3.7 years by 2026





## Conclusion: We must overcome the challenge with no delay. Let's prioritise and make vital breakthroughs together!

In Hong Kong, the accumulated shortage of public and private housing is as high as 120,000 units, but the housing supply in the short run will not be enough to meet the new demand and old shortage. At present, the average waiting time for PRH is almost six years, and there are more than 100,000 households living in subdivided units. Many Hong Kong people are struggling in deep water and scorching fire. This situation is **like facing the dilemma of “having to dig a well when being thirsty”**. Imagine being forced to deal with a blocked water source in the summer heat. Although there may be a new water source in a distant place, digging a new well takes a lot of time, manpower and resources, and in such a situation, people who are in dire need of hydration are likely to get heatstroke at any moment.

This metaphor precisely describes the reality of the shortage of housing supply in Hong Kong. Although the Government has proposed long-term solutions like the Northern Metropolis, it does not help to solve the immediate plight of the Hong Kong people. What's more, with the current cumbersome development procedures, all kinds of land development plans, regardless of short-term, medium-term or long-term, may all end up as paper talk and be shelved in the endless loop of “study after study, consultation after consultation”.

To reverse the desperate situation, it is necessary to significantly streamline the development procedures, clarify the supply target, strengthen the supervision, try hard to compress the housing development cycle and speed up the development of housing projects on the spade-ready and semi-spade-ready sites, so that an additional 120,000 units can be expedited to be completed by 2025 on top of the scheduled completion of 180,000 units, and thus, once and forever close the accumulated supply gap in the past. **The principle is to “dig faster and deeper” in the original blocked well, in order to save time from digging a new one.**

Hong Kong's governance and development model need a fresh start, and now is the best time to push for reform. **We must overcome the current impasse**, in which our society has run out of options to boost the short-term supply and lost confidence in the long-term supply, in order to restart Hong Kong's development momentum.

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