

Develop the New Territories Streamline the procedures Expediate the housing supply

23 July 2021





OUR HONG KONG
FOUNDATION
團結香港基金



公共政策研究院
PUBLIC POLICY INSTITUTE

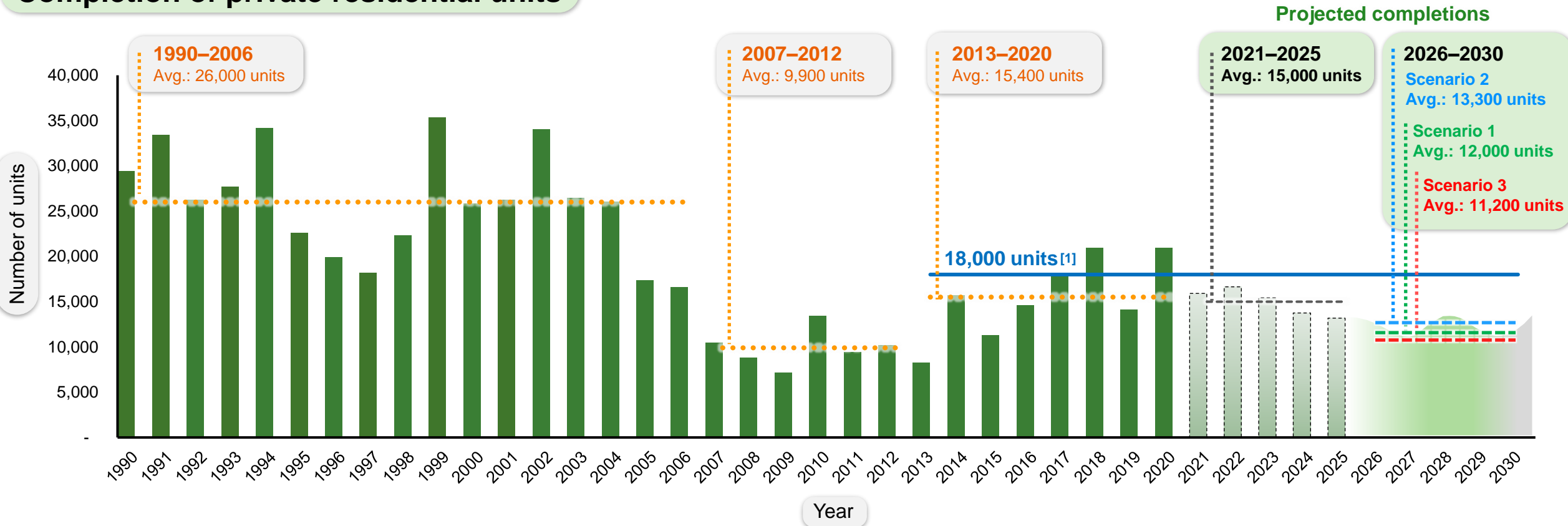
Part 1

Overview of land and housing supply



Private housing supply in the next ten years will remain at a low level

Completion of private residential units

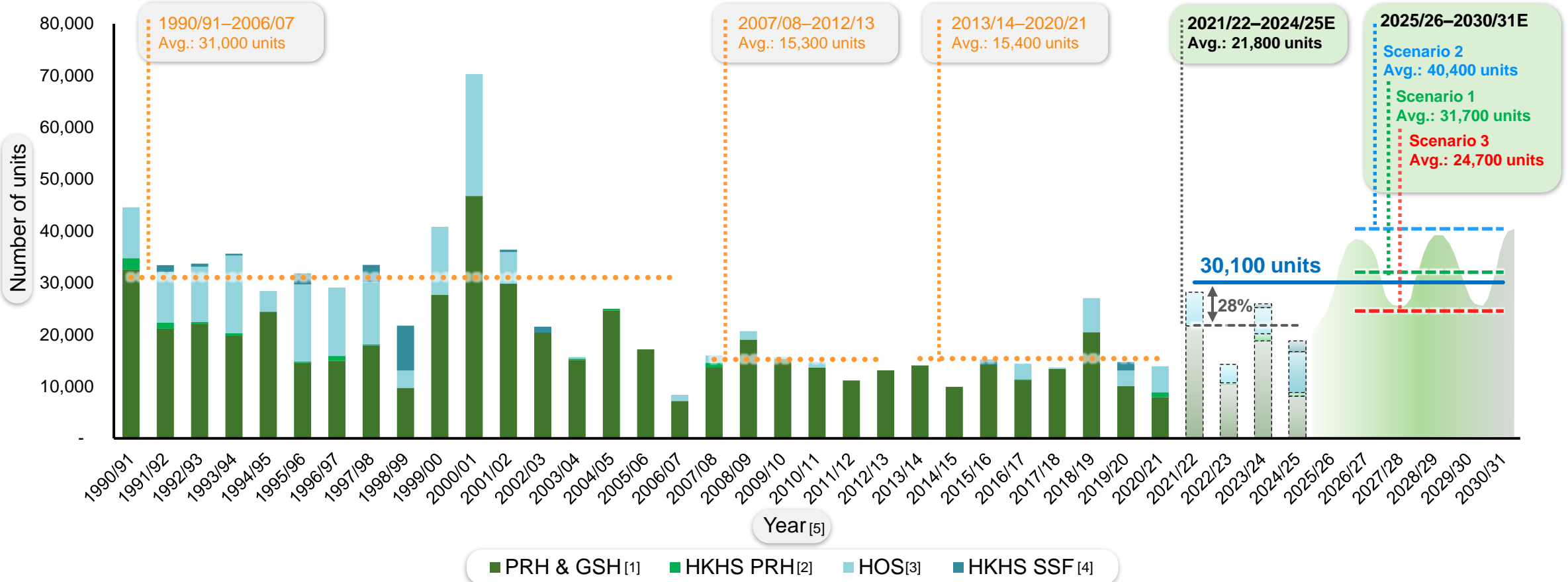


Note :[1] Supply target as specified in the 2017 LTHS

Sources: Rating and Valuation Department, Buildings Department, Lands Department, Town Planning Board, company data from various developers, and Our Hong Kong Foundation

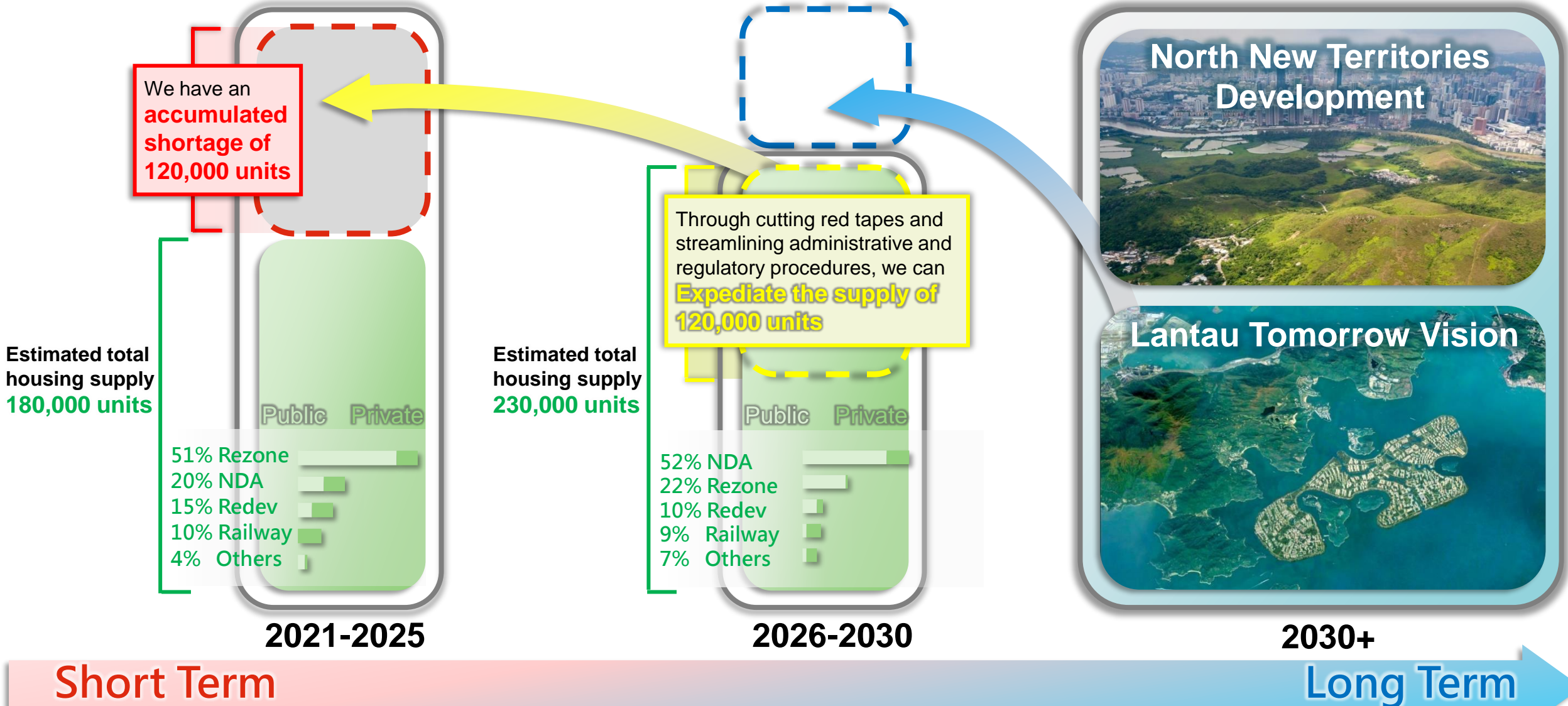
Will public housing supply carry a back-end load in the next decade?

Completion of public housing units

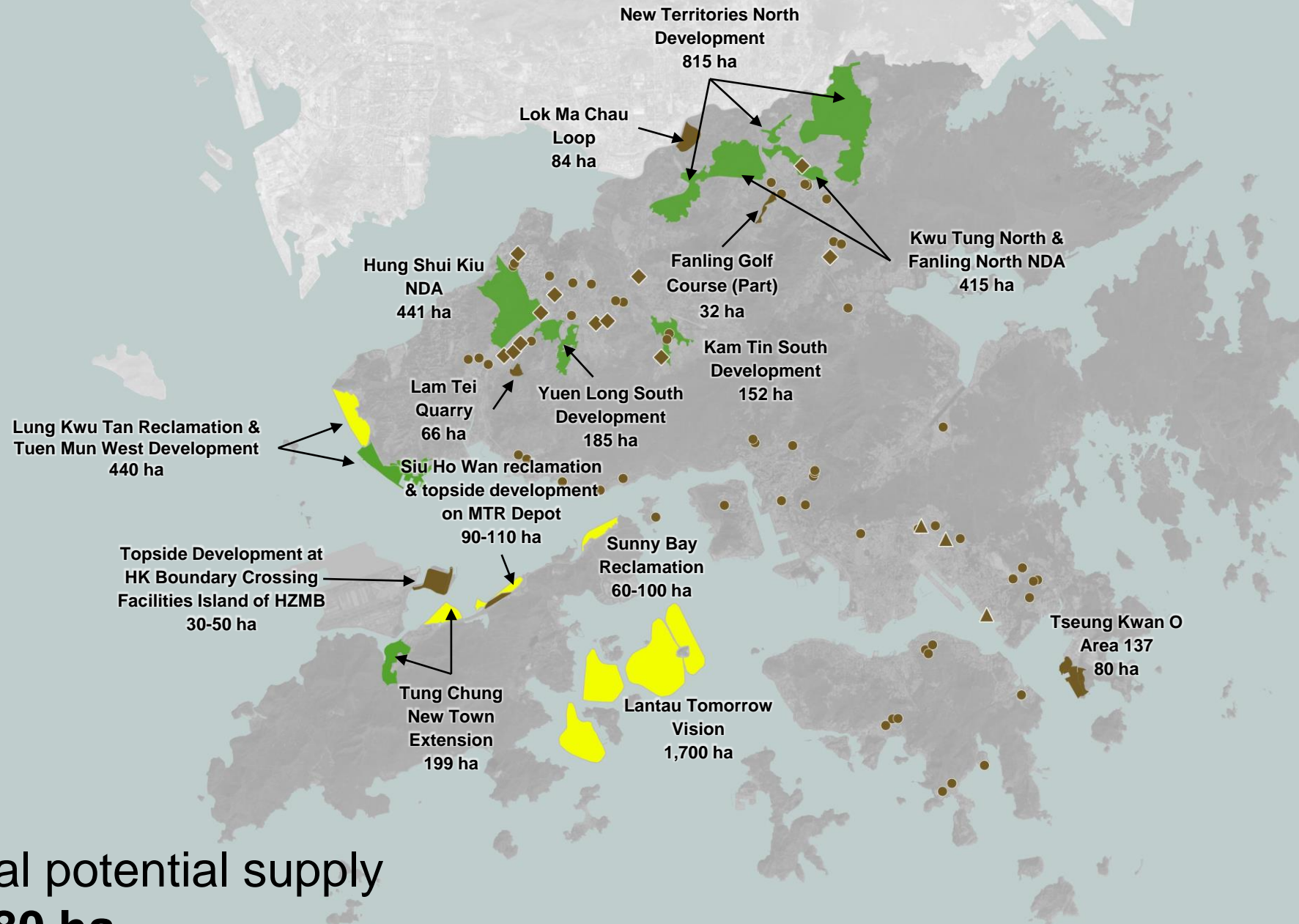


Notes: [1] PRH and GSH refer to the Public Rental Housing & Green Form Subsidised Home Ownership Scheme units developed by the Hong Kong Housing Authority.
 [2] HKHS PRH refers to Rental Estates, Rural Public Housing, and Senior Citizen Residences Scheme units developed by the Hong Kong Housing Society.
 [3] HOS refers to the Homeownership Scheme units developed by the Hong Kong Housing Authority.
 [4] HKHS SSF refers to Subsidised Sale Flats Projects, the Flat-for-Sale Scheme and the Sandwich Class Housing Scheme developed by the Hong Kong Housing Society.
 [5] Hong Kong Housing Authority's and Hong Kong Housing Society's reporting time frame for public housing completions is by financial year, while the RVD reports private housing completions in calendar year

Identify supply options in the short to medium term



Major land supply measures planned by the Hong Kong Government



- Reclamation (2,290 ha)
- New Town, NDA and other large-scale developments (2,200 ha)
- Individual site or cluster developments (590 ha)
- 58 proposed sites to be rezoned (200 ha)
- 3 urban squatters (7 ha)
- 12 brownfield clusters (95 ha)

Total potential supply
5,080 ha

Sources: Task Force on Land Supply, Development Bureau, and Planning Department



OUR HONG KONG
FOUNDATION
團結香港基金



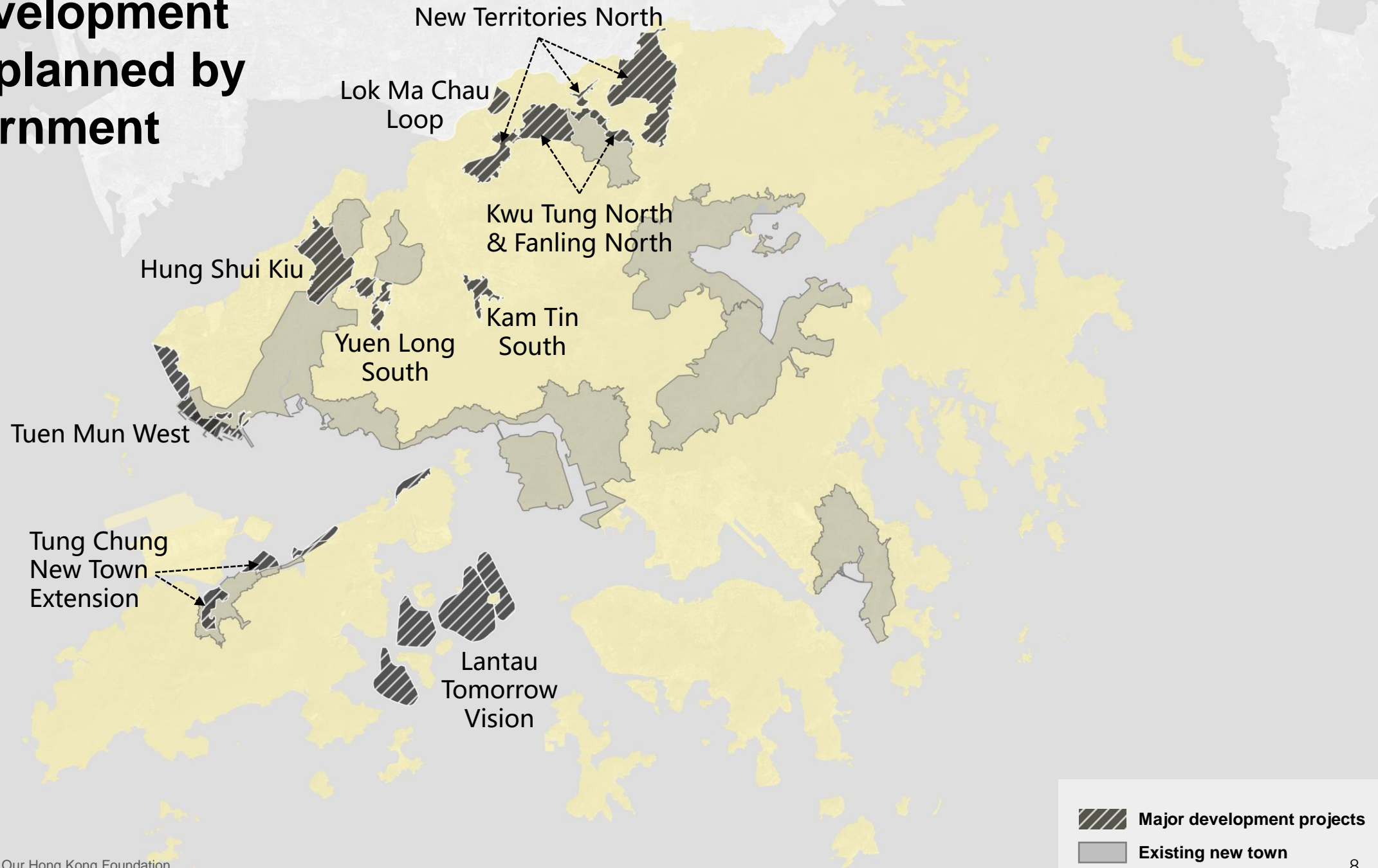
公共政策研究院
PUBLIC POLICY INSTITUTE

Part 2:

Develop the New Territories Expediate the NDAs



Major development projects planned by the Government



Sources: Planning Department, and Our Hong Kong Foundation

Potential development areas proposed by OHKF

Kwu Tung North Extension

New Territories North Extension

Northern Link Corridor

Kwu Tung South & Fanling South

Hung Shui Kiu Extension

Lam Tsuen

Kam Tin North

Yuen Long South-east

Kam Tin South Extension

The map displays various development zones across Hong Kong. Yellow areas indicate potential development areas for further study, including extensions in Kwu Tung, New Territories North, Northern Link Corridor, Hung Shui Kiu, Kam Tin North, and Kam Tin South. Pink areas represent reclamation projects, notably in the New Territories South and a large area in the New Territories East. Hatched areas denote major development projects, such as the Kwu Tung North Extension, Northern Link Corridor, and several sites in the New Territories North and South. Grey areas represent existing new towns.

- Potential development areas subject to further study (proposed by OHKF)
- Reclamation projects (proposed by OHKF)
- Major development projects
- Existing new towns

Three development themes proposed by OHKF

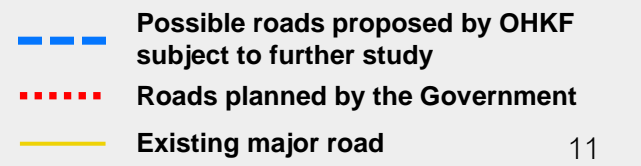
Modern Logistics & Business Circle

Culture & Technology Corridor

Living & Recreation Space

-  Potential development areas (proposed by OHKF)
-  Major development plans
-  Existing new towns

Major road projects proposed by OHKF



Sources: Transport Department, Planning Department, and Our Hong Kong Foundation

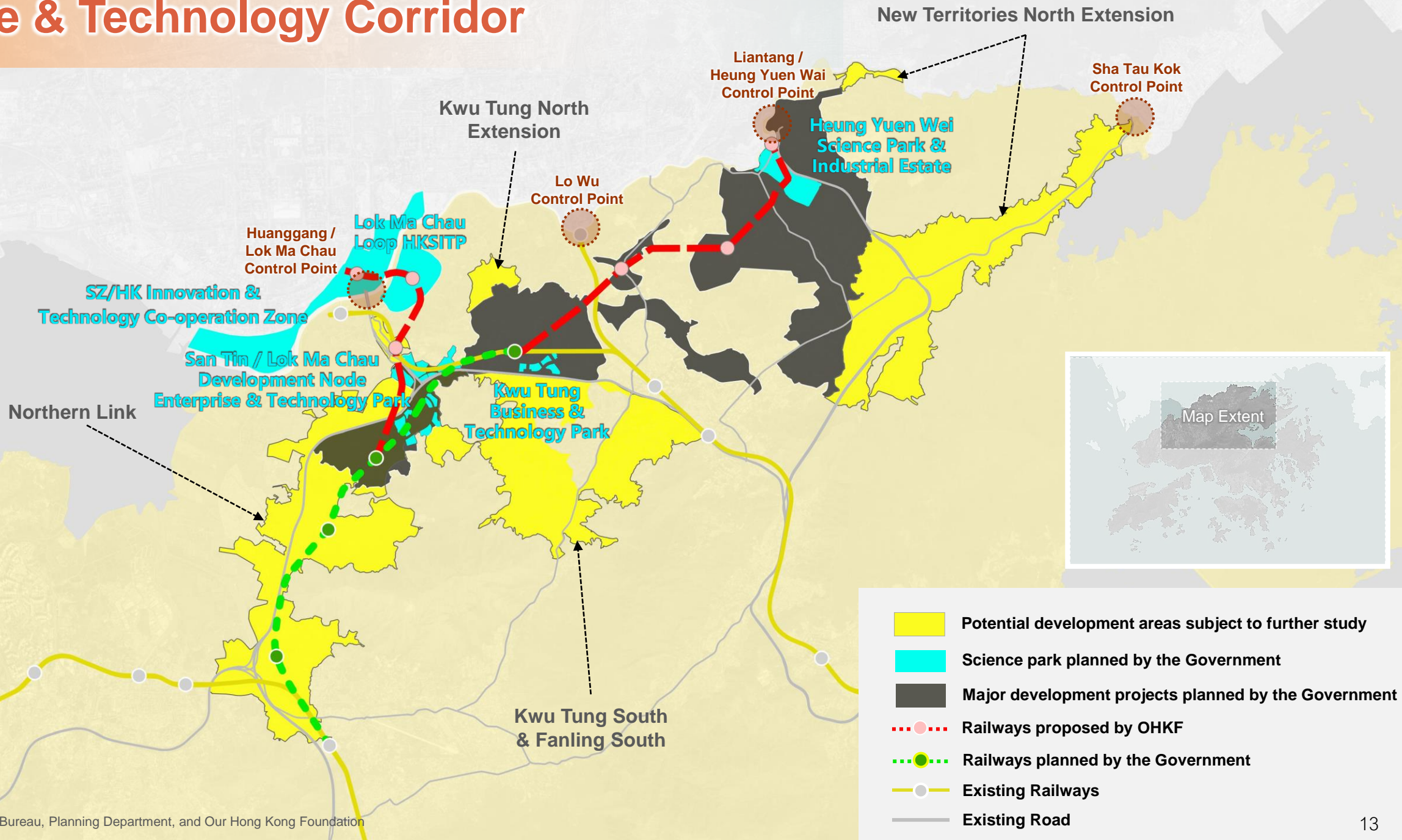
Major railway projects proposed by OHKF



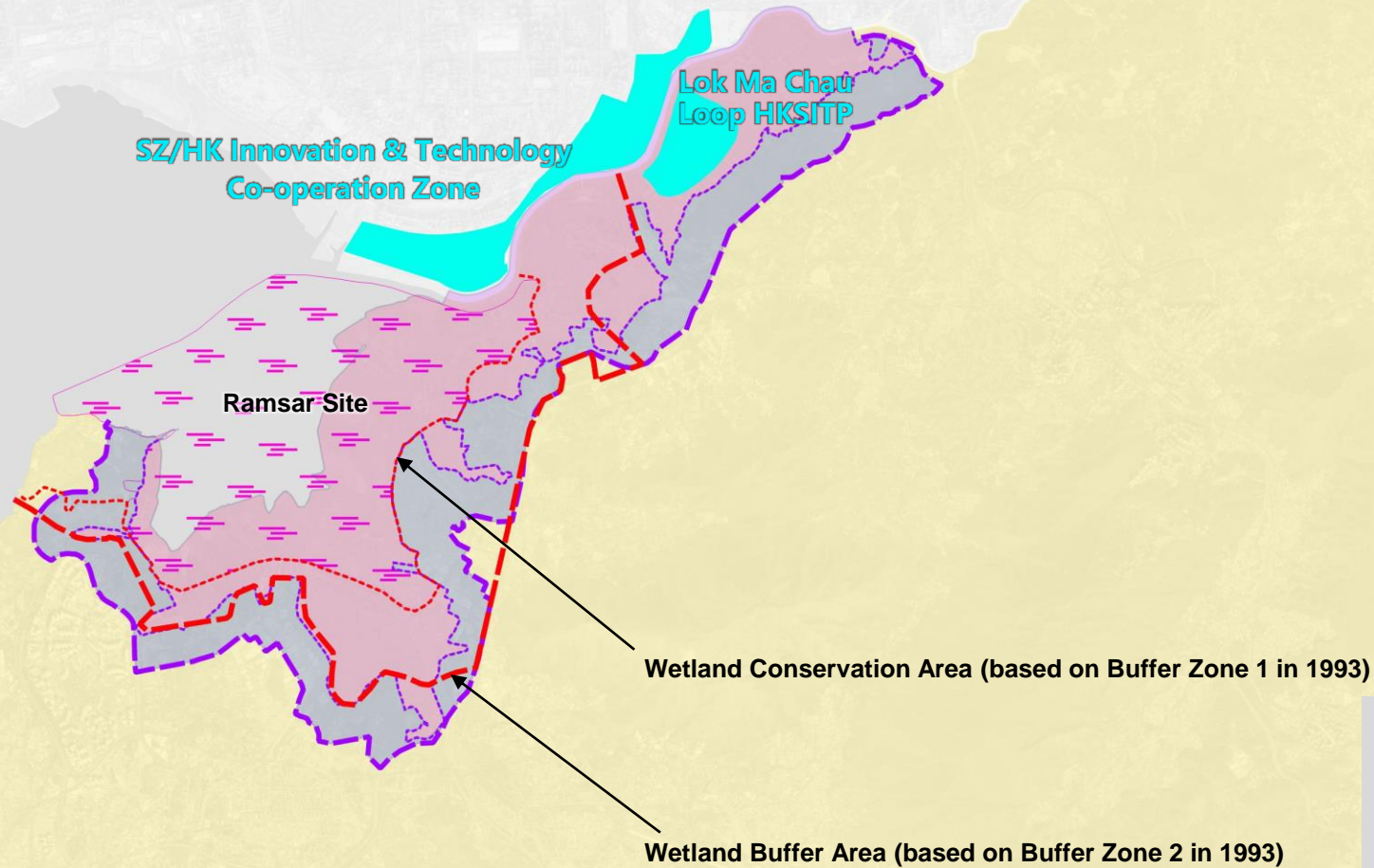
- - - ● - - - Possible railways proposed by OHKF subject to further study
- - - ● - - - Railways planned by the Government
- Existing major railways







Sources: Transport Department, Planning Department, and Our Hong Kong Foundation

Culture & Technology Corridor



Culture & Technology Corridor



-  Ramsar Site
-  Wetland Conservation Zone (based on Buffer Zone 1 in 1993)
-  Wetland Buffer Zone (based on Buffer Zone 2 in 1993)
-  Wetland Conservation Zone (expanded in 2014)
-  Wetland Buffer Zone (expanded in 2014)
-  Technology park planned by the Government

Lok Ma Chau Loop concept plan



Note: This concept plan is for indicating the approximate development scope only and is subject to detailed design.
Source: Legislative Council

- Government planned phase 1 batch 1 development
- Government planned transport interchange
- Government planned roads
- Government planned roads without timetable
- Possible railway subject to further study

Current conservation policies fail to help on both conservation and development

Present policy regarding wetland fall short in both conservation and development



Area of wetland: **3,000 ha**
(**2.7%** of Hong Kong's total land area)

Existing status of Wetland Conservation Area (WCA)



Abandoned fish pond overgrown with exotic and invasive weed

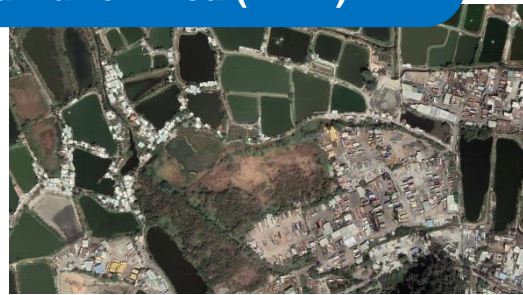


Vegetation growing in abandoned fish ponds

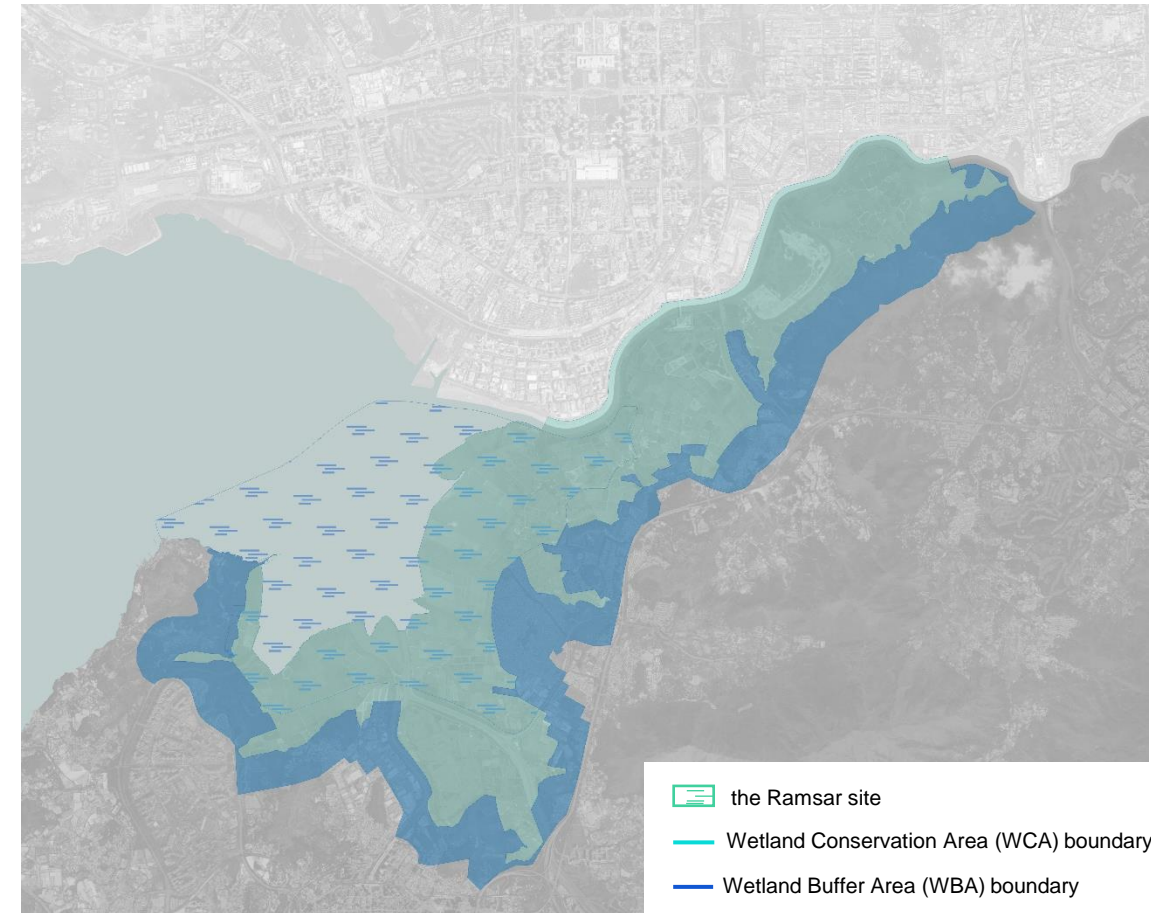
Existing status of Wetland Buffer Area (WBA)



Unauthorized pond filling

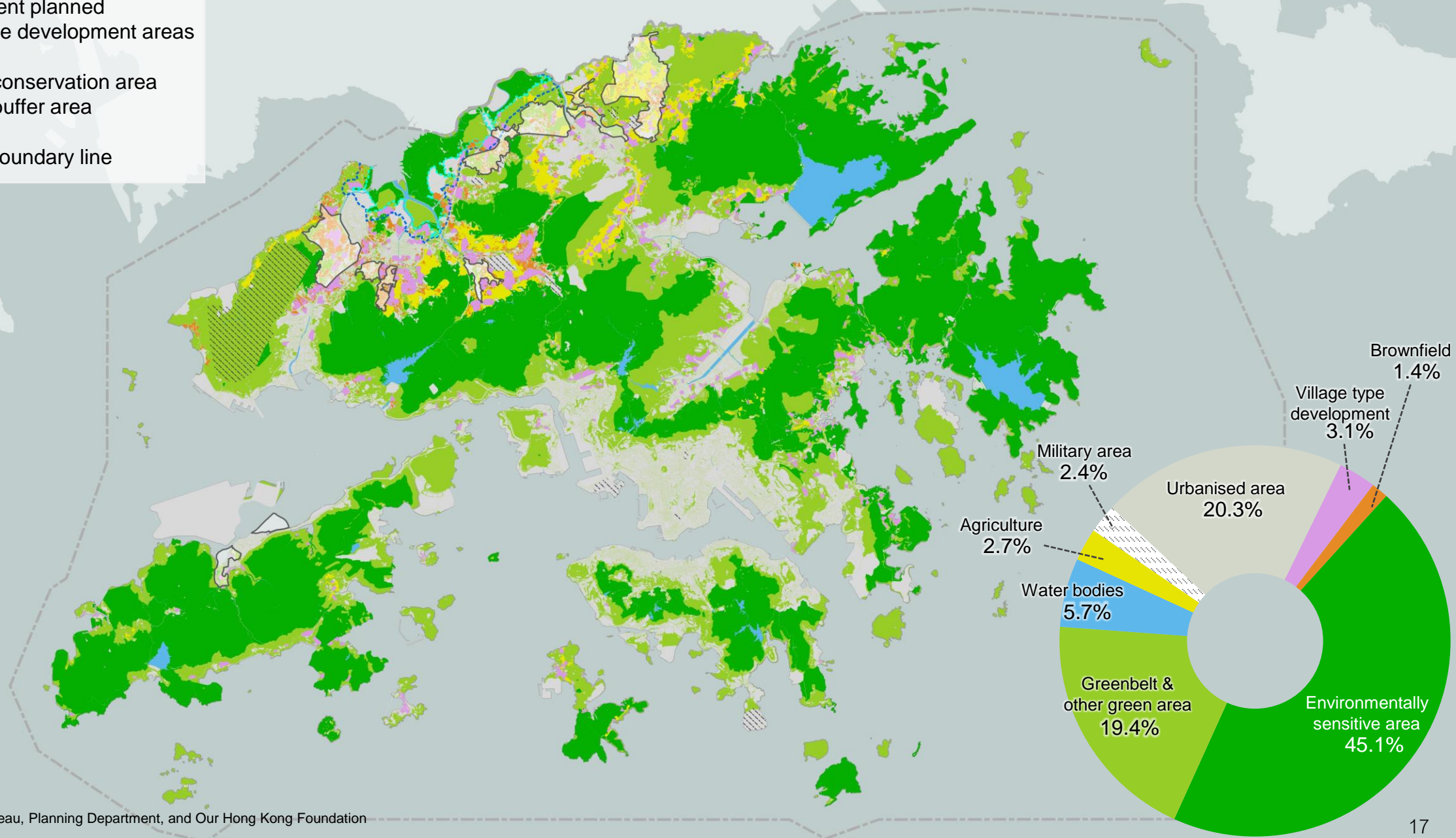


Incompatible brownfield sites



Land utilisation in Hong Kong

- Government planned large-scale development areas
- Wetland conservation area
- Wetland buffer area
- HKSAR boundary line



New town development is much slower than before



New town development before 2000s

	Tai Po	Yuen Long	Fanling / Sheung Shui	Tin Shui Wai	Tseung Kwan O	Tung Chung
First proposed as new town development	1972	1960	1976	1982	1982	1989
First population intake	1981	1967	1982	1992	1988	1997
Years	9	7	6	10	6	7

Average time taken

7.5 years

NDA development after 2000s

Kwu Tung North / Fanling North	Hung Shui Kiu	Tung Chung Extension	Yuen Long South	New Territories North	Lantau Tomorrow Vision ^[2]
2007 ^[1]	2007 ^[1]	2011	2011	2013	2011
2023	2024	2023	2028	2032	2034
16	17	12	17	19	23

17 years

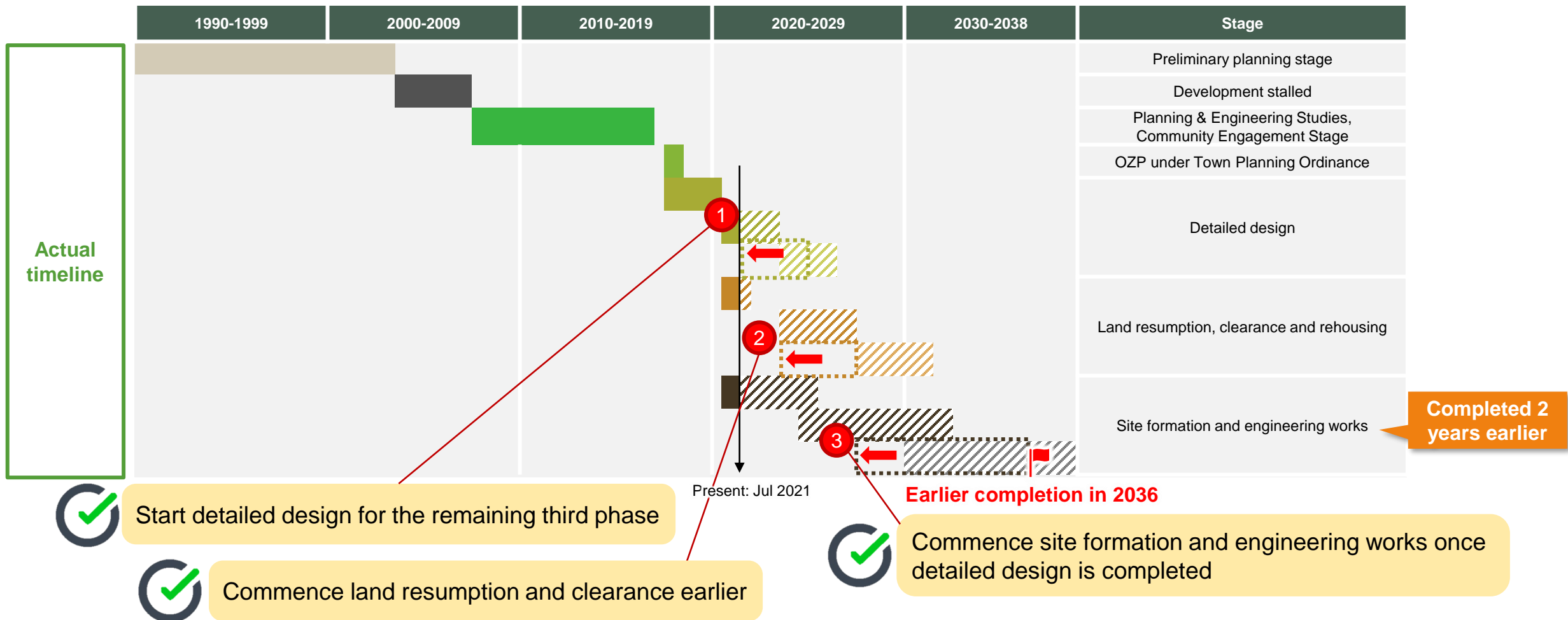
Note: [1] KTN/FLN NDA and HSK NDA were first identified in the 1990s but was shelved in 2003. The development projects were later re-proposed in 2007.

[2] Formerly known as East Lantau Metropolis

Sources: 城傳立新：香港城市規劃發展史（1841-2015）. 何佩然, and Hong Kong Planning Department

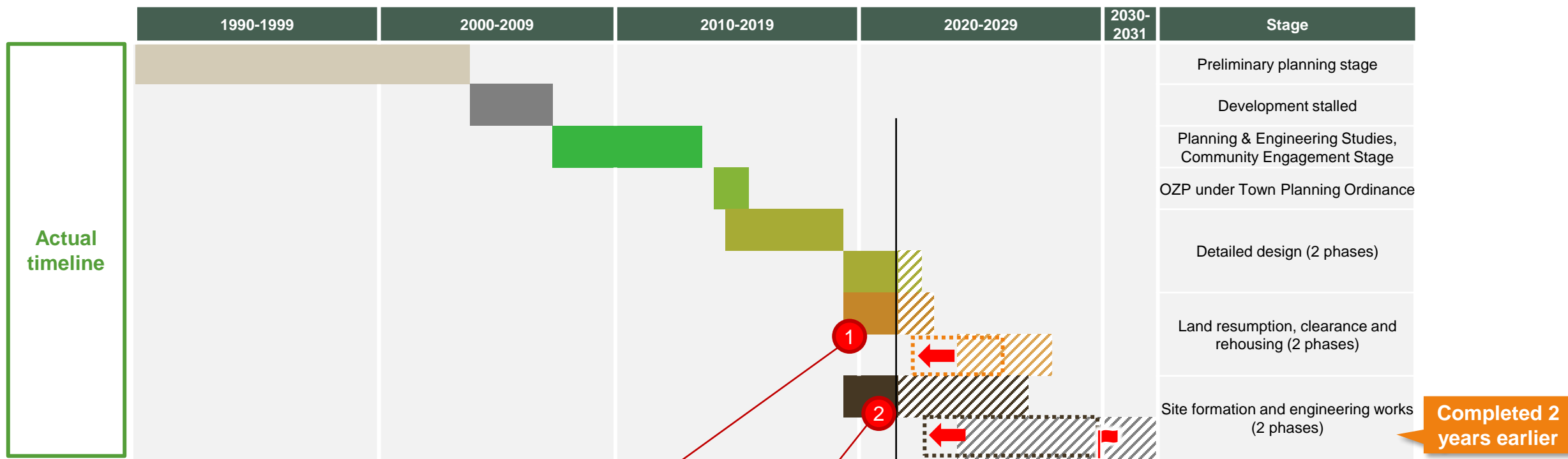
Ways to speed up ongoing NDA development

Development timeline of Hung Shui Kiu NDA



Ways to speed up ongoing NDA development

Development timeline of Kwu Tung North / Fanling North NDA



Actual timeline

✓ Commence land resumption and clearance earlier



- Commence site formation and engineering works once detailed design is completed
- Benefit from shortened construction time as land resumption and clearance works are already underway

Streamline development procedures of future NDAs



Streamline public engagements



Speed up environmental impact assessments



Streamline public representations during TPB public hearings



Commission private developers to deliver public infrastructure works



Expediate time for preparation works to allow constructions to start as soon as possible

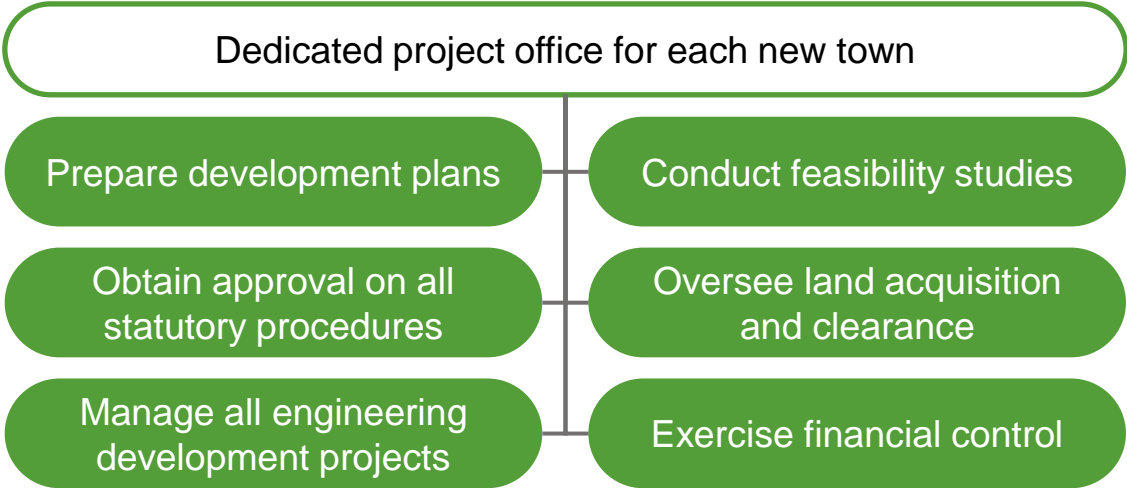
Establish a dedicated department to spearhead the development of NDA

Case: Territory Development Department (TDD)

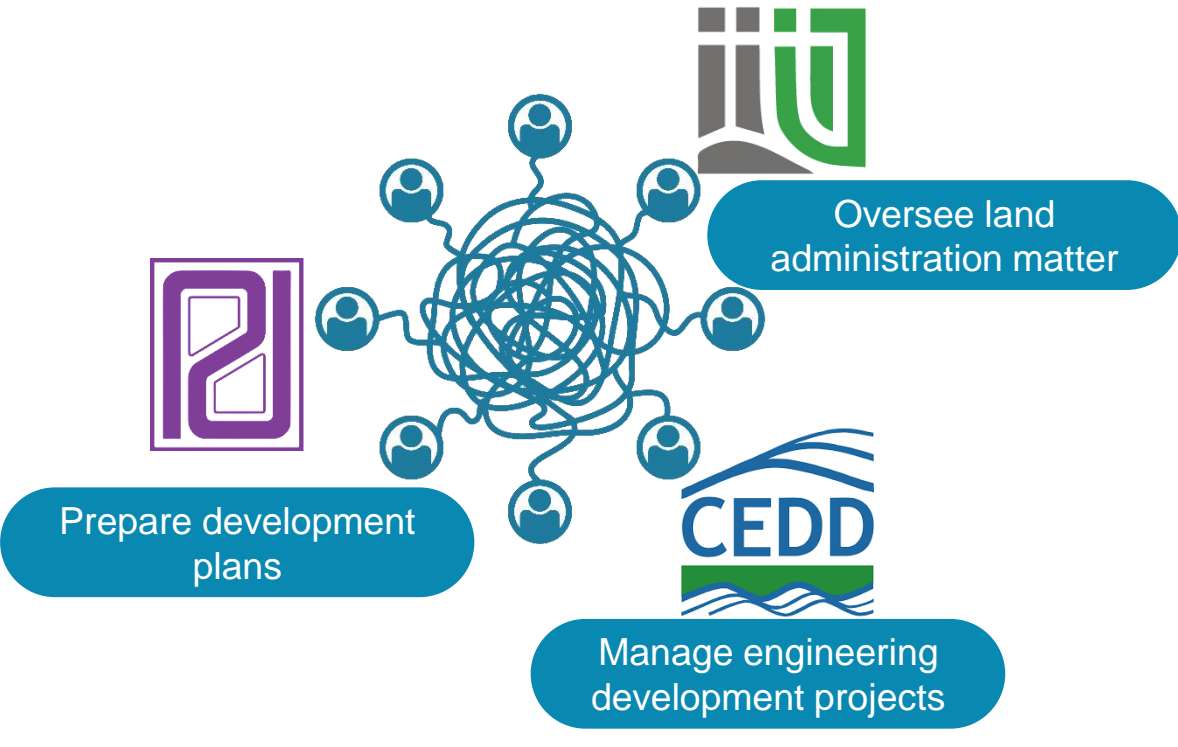
A multi-disciplinary project management office on developing new towns



Territory Development Department (1973—2004)^[1]



Large-scale development is split and shared among various departments



...and many other departments

Note: [1] The former New Territories Development Department and the Urban Area Development Department to form the Territory Development Department
 Source: Government Records Service, and Hong Kong Legislative Council
 © Our Hong Kong Foundation Limited. All Rights Reserved.

Set land and housing supply targets with clear mandates for departments

Steering Committee on Land Supply for Housing (HOUSCOM)

In 2013, reformed to

Steering Committee on Land Supply

1 Clear accountability

	Projects within New Towns, SGAs and major development areas	
Housing type	Public housing	Private housing
Site delivery	TDD	TDD
Flat completion	HD	LandsD



Provides high level steer overseeing and coordinating the assessment of land demand and supply and the strategic planning for different land uses

2 Inter-departmental goals

- Project directors are responsible to the Secretary of Housing and the Financial Secretary
- They must adhere to the prescribed production timetable, and escalate issues to the HOUSCOM for decision making



Accountability system?

Inter-departmental goals?

 **68,200**

Average annual completion of public and private housing (1999-2003)

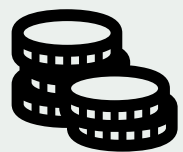


Set land and housing supply targets, with clearly defined responsibility for their delivery

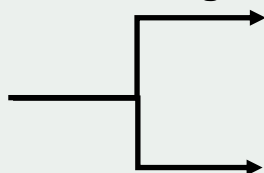
Resettlement and compensation for tenants and occupants are often the key obstacles for land resumption

Tenants and occupants are not entitled to statutory compensation

Example: Express Rail Link land clearance in Tsoi Yuen Village



Total compensation cost spent
HK\$2 billion



Compensation for landowners
HK\$1.91 billion (95.7%)



Compensation for **tenants and occupants**
HK\$0.086 billion (4.3%)

Grievances due to inadequate compensation



Why are these groups unsatisfied with the existing arrangement?

3 groups of affected occupants



Brownfield operators



Squatter residents



Farmers

A targeted approach for each affected group is needed for resettlement and compensation



Brownfield operators

Affected scope:

- At least **803 ha** of brownfield^[1]
- About **25,700** employed persons^[2]



Present policies

- Search for relocation site is deemed as operators' responsibilities
- Only **60 ha of land** is planned for modern logistics in HSK after reappropriating **246 ha** of brownfield
- Multi-storey buildings for rehousing some operators are expected to be completed from 2027 onwards



OHKF's recommendations

- Develop logistics nodes by setting up a dedicated statutory body in charge of certain strategic industries

Notes:

[1] Refers to brownfield sites within Hung Shui Kiu (HSK) NDA, Kwu Tung North / Fanling North (KTN/ FLN) NDA, Yuen Long South (YLS) development and other government and private development projects

[2] Number of employed persons impacted is calculated by employment at active brownfield site x (area of affected brownfield / total area of active brownfield sites)

Sources: Planning Department, Legislative Council

© Our Hong Kong Foundation Limited. All Rights Reserved.

A targeted approach for each affected group is needed for resettlement and compensation



Squatter residents

Affected scope:

- At least **3,734** affected households^[1]
- At least **8,674** affected residents



Present policies

- Each qualified household may receive a cash compensation up to HK\$1.2 million and an option to rent/buy a Housing Society unit
- Compared to squatter residents' original lifestyle, the outcome is still worse off for them



OHKF's recommendations

- Enhance the compensation package to speed up relocation
- Conduct freezing survey at an earlier stage

A targeted approach for each affected group is needed for resettlement and compensation



Farmers

Affected scope:

- At least **103 ha** of affected farmland^[1]



Present policies

- Applicants for Agricultural Land Rehabilitation Scheme needs to wait for about 5 years
- The development of Agri-park is too slow and too little, with first phase being only **11 ha** and expected to be completed in 2021



OHKF's recommendations

- Update the Agricultural policy to establish clear visions and comprehensive framework for the industry
- Leverage on the Agri-park to promote research and education of agricultural technology to build a complete industry chain in Hong Kong
- Expedite the consultancy study on Agriculture Priority Area to provide arable land for conventional agriculture

Revise ex-gratia compensation to minimise resistance

Ex-gratia zonal compensation system



A NDA and those areas that are affected by essential projects with territory-wide significance



B Areas which may be brought under urban development in the near future



C Areas in which no urban development is planned and which are unlikely to be affected by later extension to layout areas



D Areas not included in other zones



Possible solutions and benefits

Minimise resistance in land resumption from owners by reviewing the zonal compensation



Is the difference for NDA and non-NDA justified if public housing is developed on both sites?

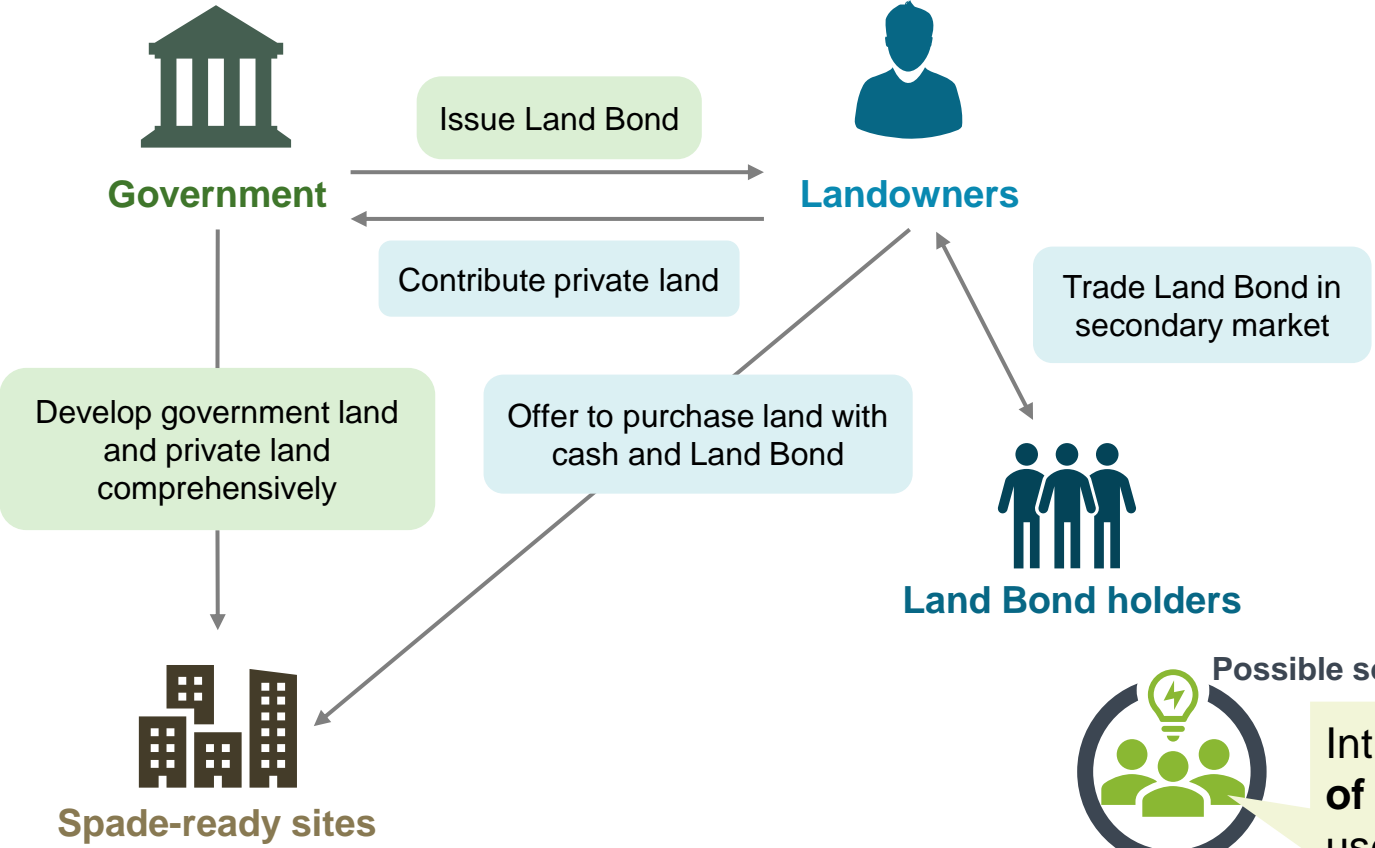


Note: Government posted notices of land resumption for public housing development at Wang Chau in May 2017 and notices of land resumption for the first phase development of KTN/FLN NDA in September 2019. The base rates for agricultural land as of April 2017 and April 2019 are used in calculation.

Sources: Lands Department, and Legislative Council

Land Bond provides incentives to surrender land to the Government

Mechanism of Land Bond



Local example: Letter A/B

- Issued between 1960 and 1983 to landowners in the New Territories whose land was required for development
- Entitled holders to exchange for building land at specified ratios

Possible solutions and benefits

Introduce Land Bond to encourage voluntary surrender of idle land to the Government for development or other uses such as land reserve

Sources: Legislative Council, and HKU Ronald Coase Centre for Property Rights Research

Land readjustment creates value for both the landowners and the society at large

Objective of land readjustment

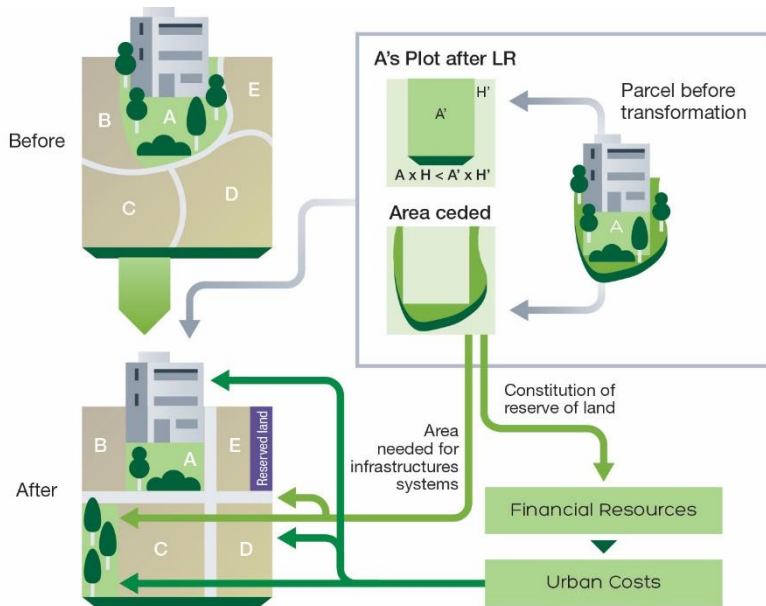
All stakeholders could fairly share the benefit from reorganising and developing the land via a transparent mechanism of land swapping



Government + land for infrastructure and public housing



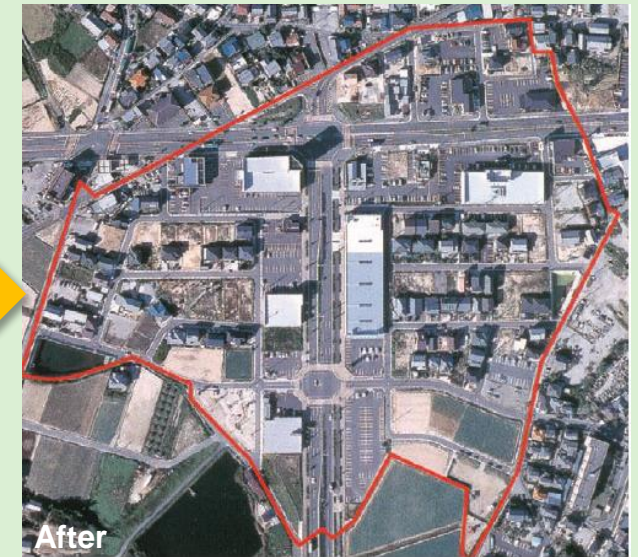
Landowners + smaller land parcel but with higher value



A, A': Area H, H': Price of Land



Overseas example: Aichi Prefecture in Japan



Possible solutions and benefits



Establish a mechanism of land readjustment **for the market to consolidate fragmented land** such as Tso Tong land for **comprehensive development**

There has been a need for a mechanism to help develop lands owned by Tso Tong

Tso Tong lands

Lands that are collectively owned in the name of a clan, family or tong, are currently locked up due to ambiguous legal requirements



Area of Tso Tong lands: **2,400 ha**
(**2.2%** of Hong Kong's total land area)



Section 15 of the New Territories Ordinance (Cap. 97)

...Every instrument relating to land held by a clan, family or t'ong, which is executed or signed by the registered manager thereof in the presence of the Secretary for Home Affairs and is attested by him, shall be as effectual for all purposes **as if it had been executed or signed by all the members of the said clan, family or t'ong**....



Possible ways to overcome the legal barriers of Tso Tong lands



Incorporate Tso Tong to give it the status of a legal entity



Clarify the relevant sections of the New Territories Ordinance about the requirements on sale of Tso Tong lands



Establish a dispute-resolving mechanism similar to the compulsory auction practices in urban redevelopment



Possible solutions and benefits

Explore appropriate solutions **to overcome the key legal barriers** in developing Tso Tong lands

Building land reserve to avoid a repeat of land shortage

Concept of land reserve / land banking

- Spade-ready land owned by the Government without immediate pre-determined use
- Cater for unforeseeable needs and provide flexibility and buffer capacity in the planning of land requirements



Pre-emptive land banking has been **tradition in West European countries** and now is also **practiced in many Asian countries**

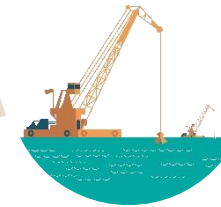


Task Force on Land Supply advocated the need of **building land reserve to save for rainy days**

Meanwhile in Hong Kong, Outline Zoning Plan (OZP) is often required before any land development project is underway



Land resumption
Invoking the Lands Resumption Ordinance requires an established “public purpose”



Reclamation
Government’s administrative arrangements require the preparation of a new or amended OZP prior to reclamation work



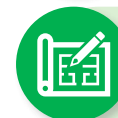
Explore appropriate land banking mechanism with reference to successful implementation in other places



Establish a public land banking authority focusing on acquiring land through a market mechanism



Revise administrative arrangements to allow reclamation without strict pre-determined use



Introduce “White Zone” for land banking purpose



OUR HONG KONG
FOUNDATION
團結香港基金



公共政策研究院
PUBLIC POLICY INSTITUTE

Part 3:

Streamline the public and private housing development procedures



Case study on delay in public housing projects: the junction of Sung Wong Toi Road and To Kwa Wan Road, Mau Tau Kok

The junction of Sung Wong Toi Road and To Kwa Wan Road, Ma Tau Kok

The Government stated its intention to rezone the site out from a larger CDA site to a standalone public housing site

Sep 2014

OZP was approved by the Chief Executive-in-Council (CEinC) and the rezoning was completed

Apr 2016

Could the site be developed earlier if the portion of animal management centre was excluded at the time of rezoning or if the schedule of land clearance be managed better?

Current status:

Lok Sin Tong applied for short-term tenancy for transitional housing projects

Jul 2019



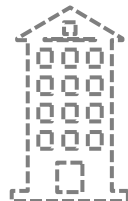
**Transitional housing
(100 units if successful)**

2021

If the site was developed immediately...

2021-2023 [1]

**Public housing
(600 units)**



Note: [1] Assuming that five to seven years are needed for relocation, site formation and engineering works.

Sources: District Council, Civil Engineering and Development Department, Town Planning Board, Lok Sin Tong Benevolent society, and Our Hong Kong Foundation.

© Our Hong Kong Foundation Limited. All Rights Reserved.

Case study on delay in public housing projects: the junction of Sung Wong Toi Road and To Kwa Wan Road, Mau Tau Kok

Aerial photo



Ground photo



Sources: Our Hong Kong Foundation.

Case study on Delay in Public Housing Projects: Area 48, Fanling / Sheung Shui

Area 48, Fanling / Sheung Shui

The Government stated its intention to rezone the site for public housing. Part of the site is owned by private land owners.

Jun 2014

CEDD started site investigation and design for supporting infrastructure

2015

OZP was approved by the CEinC and the rezoning was completed

Jan 2017

Current status:

The government announced the resumption of the site.

Apr 2021



**Public housing
(4,000 units)**

2028 ^[1]



Could the preparatory work for and the formal process of land clearance and land resumption be commenced as OZP already established the purpose of public housing?

Expected completion date delayed to 2029/30

Note: [1] Original expected completion date.

Sources: District Council, Civil Engineering and Development Department, Town Planning Board, and Our Hong Kong Foundation.

© Our Hong Kong Foundation Limited. All Rights Reserved.

Case study on Delay in Public Housing Projects: Area 48, Fanling / Sheung Shui

Aerial photo



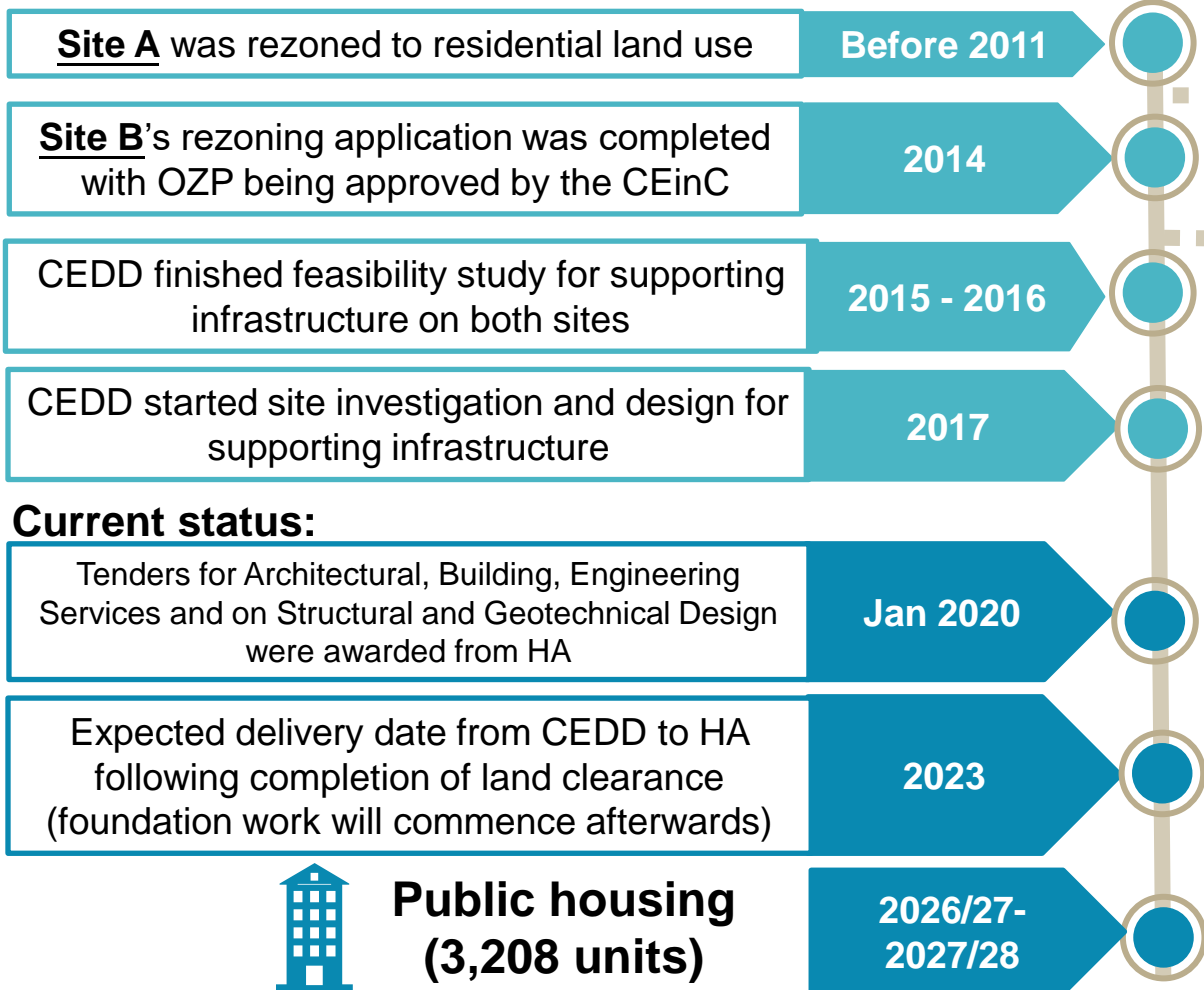
Ground photo



Sources: Our Hong Kong Foundation.

Case study on delay in public housing projects: Pik Wan Road Sites A & B, Yau Tong

Pik Wan Road Sites A & B, Yau Tong



Was site A's development being put on hold in order to wait for site B?

Could the CEDD feasibility study take place simultaneously with the rezoning process instead?



Case study on delay in public housing projects: Pik Wan Road Sites A & B, Yau Tong

Site B

Aerial photo



Site A

Ground photo



Sources: Our Hong Kong Foundation.

Our recommendation: Improve the transparency and accountability of public housing projects

Comparison on the disclosure requirements between private and public housing developments

	Private Housing	Public Housing
Land development process	✓	✗
Submission of building plan	✓	✗
Commencement of construction	✓	✗
Completion of construction	✓	✗
Handover of units	✓	✓



A one-stop disclosure platform should be set up to disclose to the public the progress of individual public housing projects

Introducing competition from the private sector to improve the efficiency of public housing development

Academics suggest to adopt the **Private Sector Participation Scheme (PSPS)** for future public housing developments

Results from HKU Professor Chau Kwong Wing's research showed that **construction cost and time could reduce by 40% in average** if PSPS is adopted in public housing development.

The government could adopt the **Mixed Development Scheme** to ensure high-quality development

Mixed Development Scheme of public and private housing under PSPS



- Clearly listing requirements that will be imposed on the successful tenderer, which include unit size, number of unit, number and size limitation of non-domestic facilities (shops, parking spaces etc.), and repurchase agreement with guarantee prices offered by the Housing Authority.
- Selecting the repurchase units on a random basis to prevent private developers from cutting out the necessary development costs to maximise their profits.

Sources: Prof. Chau Kwong Wing, and various news media

Photo source: Ming Pao Finance

© Our Hong Kong Foundation Limited. All Rights Reserved.

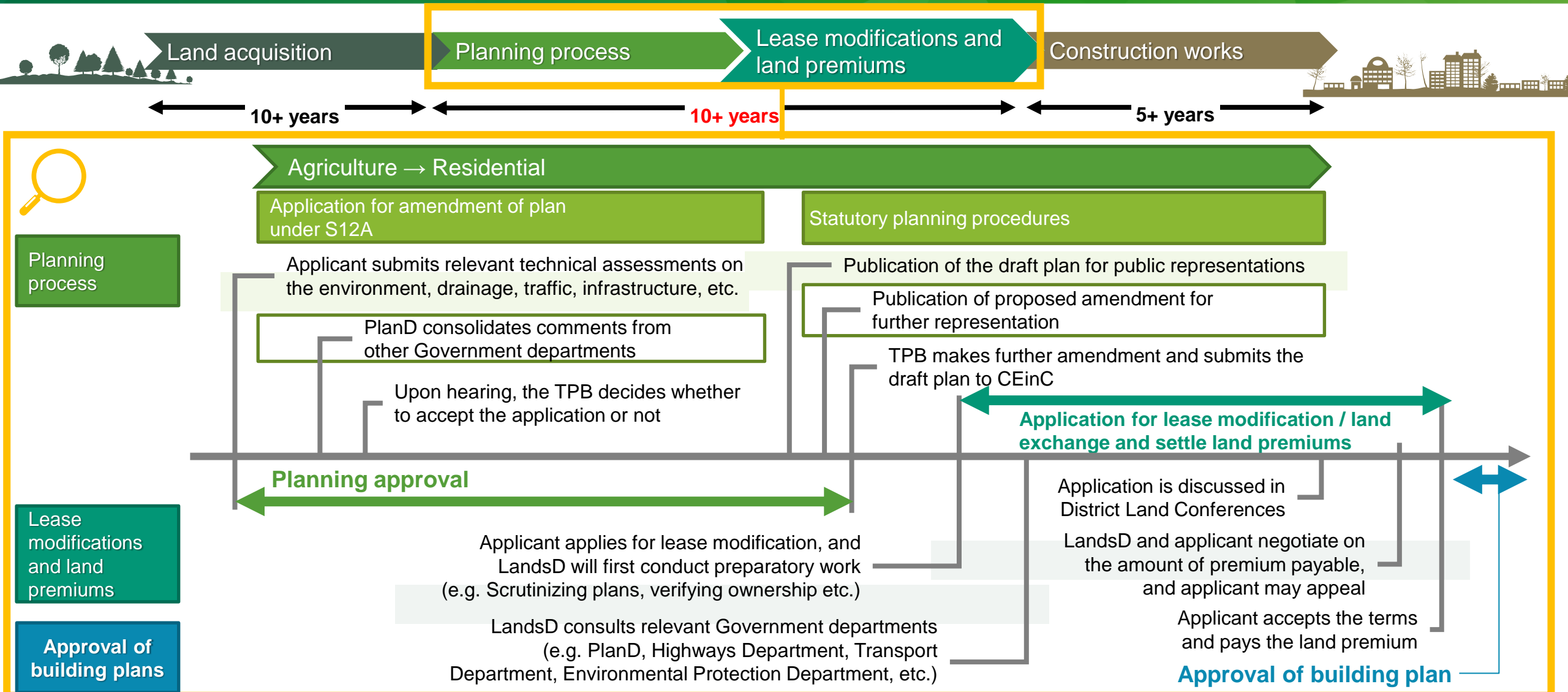
Case study: Kornhill Garden (康山花園)



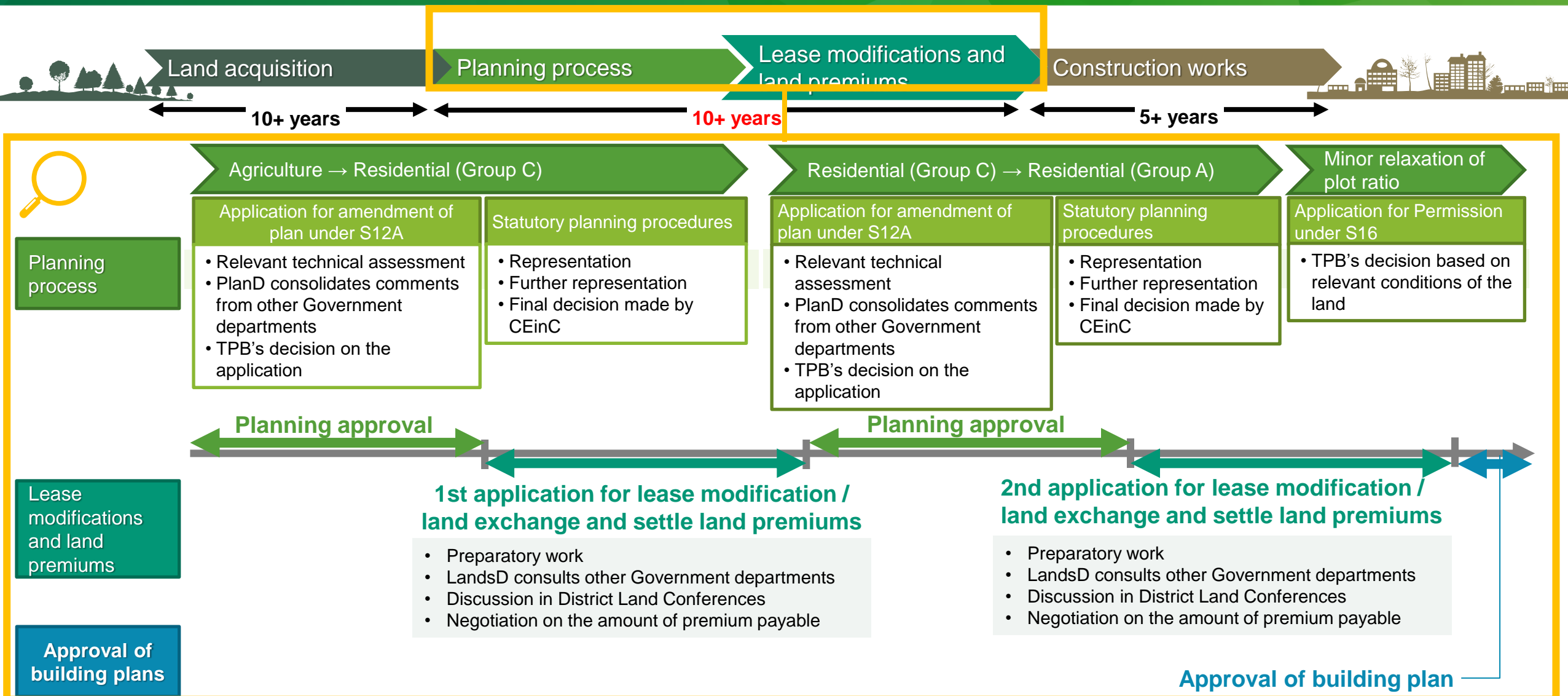
A PSPS project co-developed by Hang Lung Properties, New World Development, MTR and other developers, with the **Housing Authority monitoring the whole development and sales process**, and MTR providing property management.

Korhill Garden (康山花園) and Korhill (康怡花園) are the respective public and private parts of the same project, with similar high-quality designs. Korhill Garden is highly popular in the open market, and widely considered as the “Best HOS Estate on Hong Kong Island”

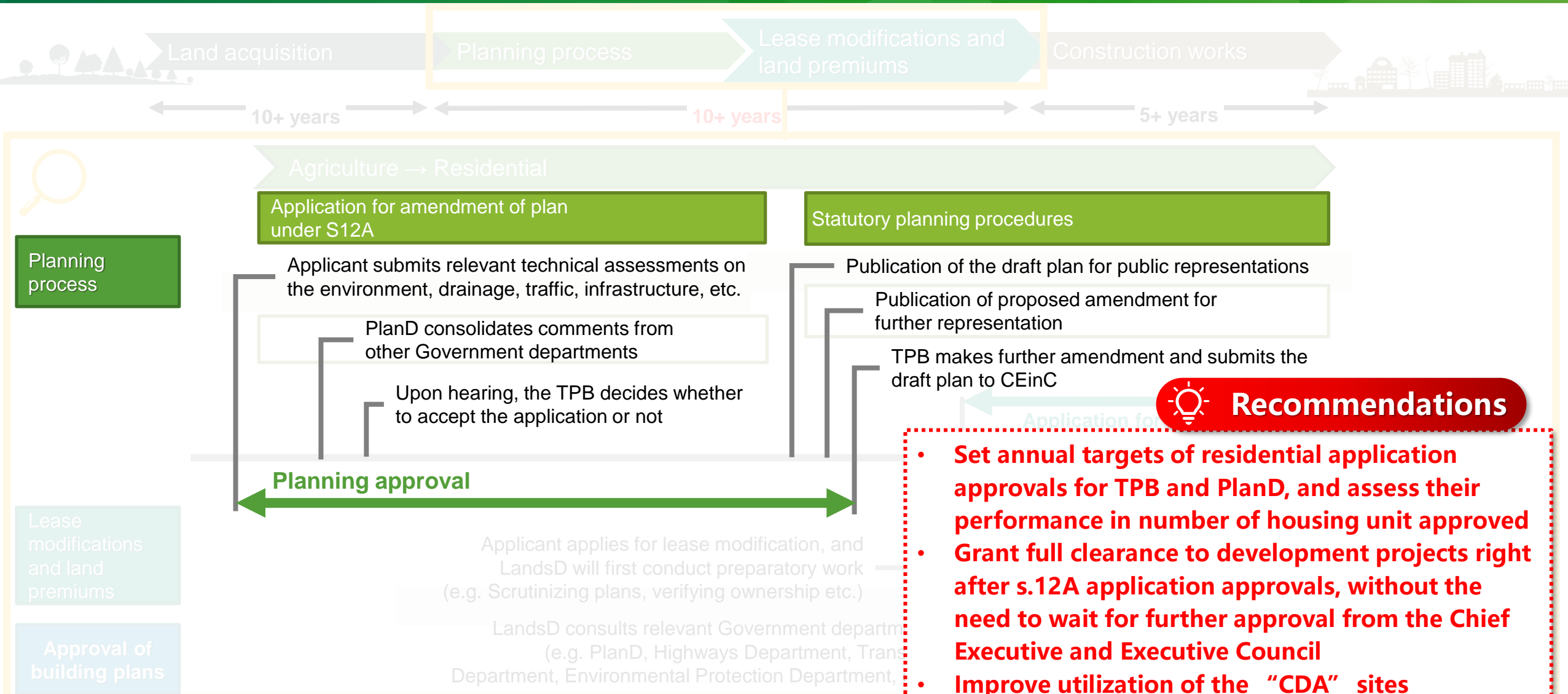
Typical land development procedure by private developers



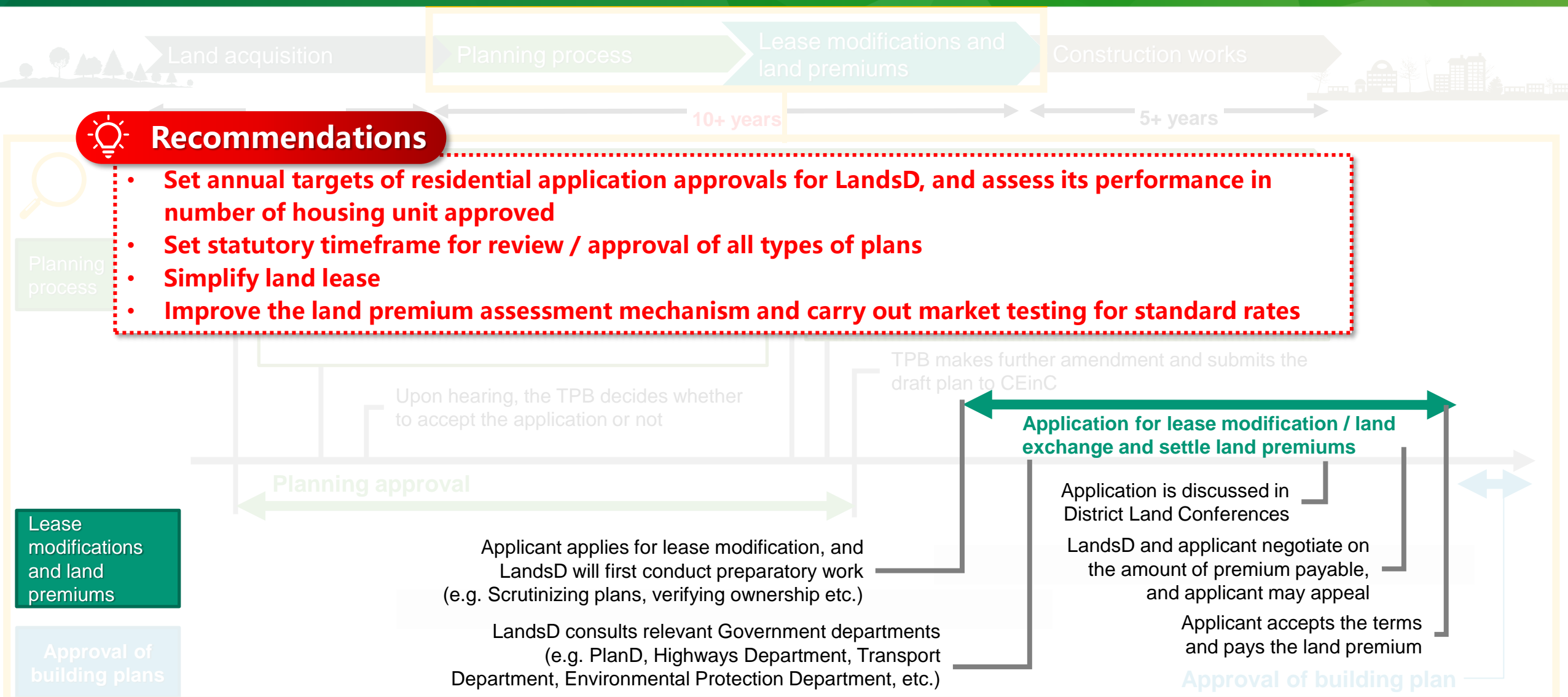
Typical land development procedure by private developers



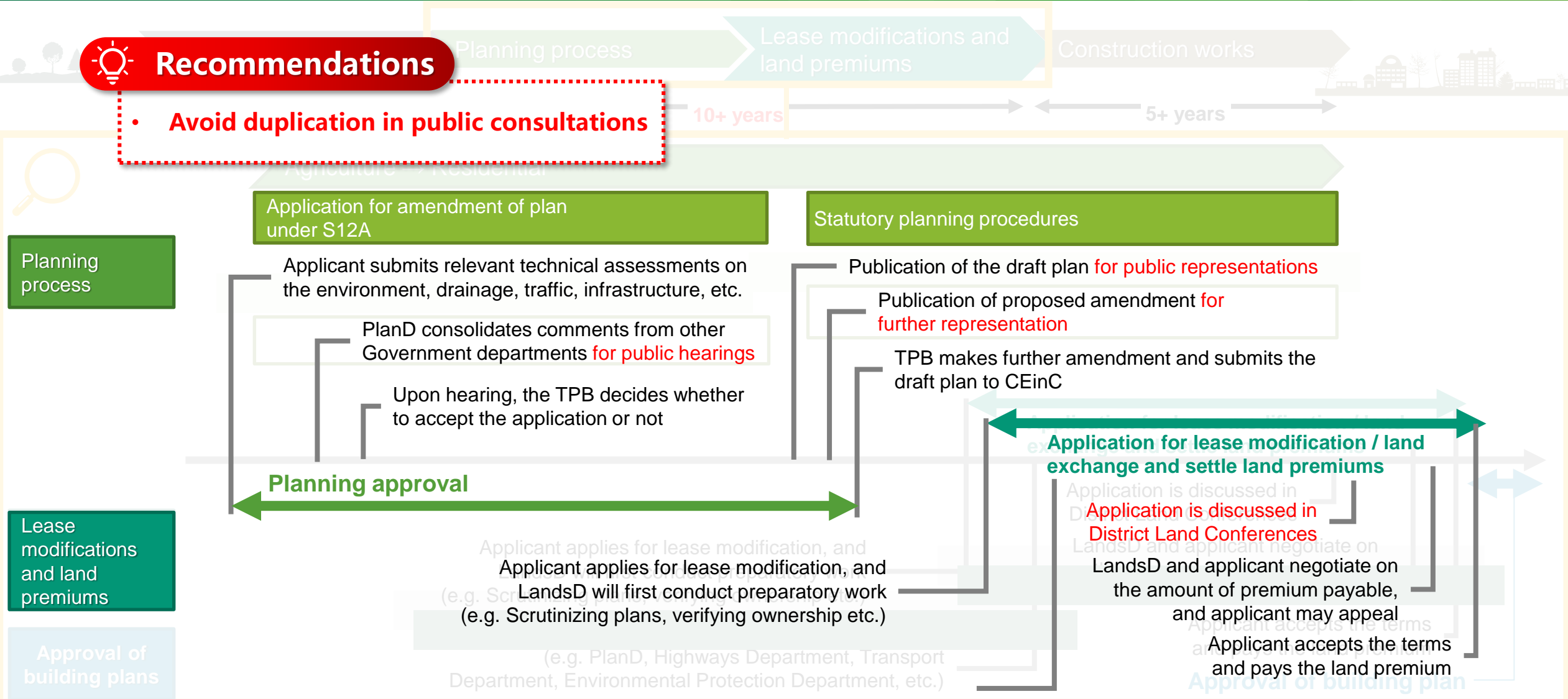
Cutting red tapes: streamline private land development procedures



Cutting red tapes: streamline private land development procedures



Cutting red tapes: streamline the private land development procedures



Sources: Town Planning Board, Planning Department, Lands Department, Building Department and Our Hong Kong Foundation
 © Our Hong Kong Foundation Limited. All Rights Reserved.

Summary: develop the New Territories; streamline the procedures; expediate the land and housing supply

NDA

Overall planning in HK

- Redesign the planning guidelines for the Wetland Buffer Zone
- Review the suitable proportion of green lands in Hong Kong
- Introduce the “white zone” planning concept

Project delivery

- Streamline public engagements
- Commission private developers to deliver a portion of public infrastructure works
- Boost the efficiency of land resumption, clearance and relocation
- Study on different ways to consolidate scattered land ownerships

Government structure

- Establish a dedicated department to lead the NDAs projects
- Set land and housing supply targets, with clearly defined responsibility for different execution departments

Public housing

Project delivery

- Introduce private developers for market competition to boost construction efficiency
- Housing Authority should lead both the site formation and construction works of all public housing projects, and hold the overall accountability
- Disclose key construction progress

Planning regulation

- Set annual targets in number of residential site application approvals for TPB and PlanD
- Grant full clearance to development projects right after s.12A application approvals
- Utilize “CDA” sites
- Avoid duplication in public consultations

Private housing

Land administration

- Set annual targets in number of residential site application approvals for LandsD
- Set statutory timeframe for review / approval of all types of plans
- Simplify land lease
- Improve the land premium assessment mechanism

Develop the New Territories Streamline the procedures Expediate the housing supply

23 July 2021

