Enhancing planning and lands policies
Background

- Insufficient land supply to meet people’s pressing housing needs plaguing HK
- Task Force identified 18 short-to-medium, long term and conceptual land supply options and launched public consultation
- Solely relying on seeking land supply to meet housing demand is not enough
- Currently, the process of land production is tedious and time-consuming, it takes approximately 11 to 14 years for ‘potential sites’ to become ‘disposable sites’
Background (cont’d)

- Land production involves 6 major policy areas: land and town planning, land resumption, compensation, lease modification, land exchanges and land premium.

- Without a comprehensive and effective land & town planning and land administration policies, any short-to-medium land supply options would render unachievable.

- To alleviate and address demand for land for housing, the Centre hopes to provide alternatives that may enrich society’s discussion through this research, so as to make HK a more livable, stable, harmonious and competitive city.
Objectives

1. Based on principles of fairness, transparency, efficiency and effectiveness to review and analyse land & town planning and land administration policies (6 policy areas), evaluate the difficulties and challenges throughout the process, and provide feasible policy recommendations.

2. Examine 2 selected land supply options and assess the potentials and roles in developing land for housing and provide feasible policy recommendations. These 2 options are:

   (i) ‘Tapping into the private agricultural land reserve in the NT’
   (ii) ‘More new development areas (NDAs) in the NT’
Methodology

- **In-depth Interview:**
  - From May to August 2018
  - 13 interview sessions were held
  - 24 representatives from various sectors (including planning, engineering, architecture, surveying, valuation, legal, academics, property developer, and public administration, etc.) attended

- Literature review and analysis: including Govt documents, journals, topical reports, books, news and magazines
Key Findings and Recommendations

Land and Town Planning Policy

Finding 1: Lack of sustainable land use planning – Plot ratio relatively low in the NT

- Govt has proposed a number of planning visions and development strategies over the years
- Owing to certain external factors and market changes, sustainability of relevant policies may be difficult
- Previous planning concept, the 'demand-led approach' for urban development tends to be conservative, no reserve capacity for future uncertainties
Finding 1: Lack of sustainable land use planning - Plot ratio relatively low in the NT (cont’d)

- Transport infrastructure development lags behind population growth

Changes in population and length of public roads and railway in HK from 2007–2016

Source: Data collected from Census and Statistics Department and MTRC, and further complied by Bauhinia Foundation Research Centre

- Land development capacity in the NT constrained by transport or infrastructure limitations, environmental, topographical or geotechnical conditions will result in low plot ratio and restricts the development potential
Recommendation 1: Reserve land for deployment & Optimise Land Use

Introduce land reserve mechanism to develop infrastructures and release potential land resources in the NT

- Govt takes the lead in planning and establishing a land reserve mechanism to progressively increase land resources and provide sufficient land to meet the development needs of our community and achieve the planning vision in a sustainable approach.

- Enhance the usable capacity of the land in the NT, increase provision of transport and infrastructure support to cope with the growth of population and housing demand, and to respond to urgent housing needs of the community.
Recommendation 1: Reserve land for deployment & Optimise Land Use (cont’d)

The 3 features of the land reserve mechanism:

1. **Diverse land sources**: change of land use, redevelopment, land reclamation, etc.; determine the developmental potential and set priority for respective lands.

2. **Target-orientated and flexible land use**: set land production targets, including land reserve size, quantity and corresponding timetable, and keep the estimation up-to-date through regular review, look for alternatives to deal with unexpected changing demands.

3. **Systematic land management**: establish a database platform by compiling and disclosing essential land reserve information.
Finding 2: TPB’s commitments increased Affecting town planning’s efficiency and effectiveness

- Potential sites need to seek TPB’s approval to amend land use in Outline Zoning Plans. In general TPB is required to complete the statutory planning process within 9 months
- Composition of TPB: currently 6 official members and 32 non-official members
- TPB needs to handle large amount of representations and comments from the public, and deals with JR cases
Finding 2: TPB’s commitments increased Affecting town planning’s efficiency and effectiveness (cont’d)

During April 1st 2016 - March 31st 2018

**Frequency**: the Rural and New Town Planning Committee under the TPB had held a total of 46 meetings

**No. of application**: 1,009

**Meeting time**: total 8,308 mins, i.e. average duration of each meeting was over 3 hours, time spent on each appln was 8.2 mins

Manpower and time constraint, no mechanism to help communicate and liaise with various stakeholders, it is arguable if TBP has sufficient time to scrutinise each and every appln thoroughly
Recommendation 2: Meritocracy basis and recruit people with different professional knowledge

Introduce self-recommendation scheme to enhance town planning’s efficiency and effectiveness

- Members of the public may self-nominate to become members of TPB to assist in planning matters
- Terms of reference for self-nominated members
  - as ‘TPB Gatekeeper’: to assist TPB and its two planning committees in discharging the statutory functions, so as to relieve the burden of work
- Set up a Selection Committee in a fair and open manner as well as to develop recruitment and selection mechanisms
- Selection principles: meritocracy, equal opportunity, openness and transparency
Land Resumption and Compensation Policy

Finding 3: Full-scale land resumption causes disputes easily
Compensation arrangements crucial to land resumption

- Land resumption has legal basis and has precedents
- Balance between societal benefits and respect for private property rights
- According to the Land Resumption Ordinance, those affected by the resumption should be duly compensated
Finding 3: Full-scale land resumption causes disputes easily. Compensation arrangements crucial to land resumption (cont’d)

Disputes arising from land resumption over legality, rationality and amount of compensation impeded progress of land resumption

- **Legality**: where a public purpose has not been established, the court will rule whether land resumption is legal
- **Rationality**: where private land is acquired when lease modification or land exchange appln is being processed, the court will judge its rationality
- Where such legal challenges brought before the court, the progress of land resumption halted
Finding 3: Full-scale land resumption causes disputes easily. Compensation arrangements crucial to land resumption (cont’d)

In compliance with procedures: Govt has to duly compensate those affected by the resumption and compensation negotiation is time-consuming.

Govt invoked the Ordinance to resume land and served a resumption notice.

Govt proposed ex-gratia compensation to the landowner.

- Accepted
- Reached consensus
- Rejected. Landowner applied for statutory compensation claim.
  - Failed to reach consensus; transferred the claim to the Lands Tribunal (LT).
  - Accepted LT’s judgement
  - Rejected LT’s judgement; made a civil action to the Court of Appeal (CA).

CFA delivered final judgment after granting leave to appeal.

- Accepted CA’s judgement
  - Rejected CA’s judgement; applied to the Court of Final Appeal (CFA) for leave to appeal.

- Accepted LT’s judgement
Recommendation 3: Planning oriented and incentivise early movers

Resuming some plots of private lands for public purposes, providing additional financial incentives to expedite land acquisition

- Govt adopts a comprehensive planning-oriented approach before exercising the power of requiring some plots of private lands for public purposes

- Partially resuming lands and smoothing the way forward by striking a reasonable balance between societal benefits and respect for private property rights to prevent legal challenges and slowing down the development process

- To speed up the land resumption process, providing additional financial incentives, the Early Mover Allowance on top of existing compensation arrangements
Recommendation 3: Planning oriented and incentivise early movers (cont’d)

- Eligible occupants are entitled to claim a one-off special removal allowance, the ‘Early Mover Allowance’ before the cut-off time, on top of the amount of ex-gratia compensation or allowances

- To incentivise occupants to relocate to new homes early and the progress of land resumption could be accelerated

- Eligibility criteria for the allowance and principles for assessing the actual amount linked with established compensation policy

Example
- If Early Mover Allowance is set at 10% of ex-gratia allowance
- Amount receivable is about HK$120,000

A 1000-square-feet farmland locating in the new town development area (Zone A) in the NT
Lease modification, land exchange and land premium policy

Finding 4: Land premium assessment lacks transparency
Making it difficult for public monitoring

- Landowners intend to change the land use for residential development have to pay land premium to Govt
- The premium should reflect the difference between the ‘before’ and ‘after’ land value
- To uphold spirit of contract, information such as the calculation of and the basis for charging the land premium as well as the negotiation process will not be disclosed to protect the interests of both parties
Finding 4: Land premium assessment lacks transparency
Making it difficult for public monitoring (cont’d)

Yet, revenue generated from land premium is an important source of income for Govt. Lacking transparency about information on lease modification, land exchange and premium assessment makes it difficult for public monitoring.

From 2007/2008 to 2016/2017, total land premium generated from lease modifications and land exchanges:

**HK$82 billion**

Total Government revenue during the same period generated by residential development sites put up for sale and land transactions:

**HK$541.2 billion**

15.2%
Recommendation 4: Make information accessible to public
A need to establish a mechanism that is transparent (cont’d)

Establishing a lease modification and land exchange database to enhance the transparency of the premium assessment

- To strike a balance between contract spirit and public interest, establishing a lease modification and land exchange database, so as to release to public more information on lease modification, land exchange and land premium
- Making the mechanism more transparent may help the public better understand the related issues and enhance public confidence in the mechanism
Recommendation 4: Make information accessible to public
A need to establish a mechanism that is transparent (cont’d)

- **Design of the database**

  1. **General principles of data disclosure**: convenience, timeliness, accuracy, authenticity, completeness, fairness and legality

  2. **Modus operandi**: merged with the existing land transaction records kept by the Lands Department and set up a One-stop Land Transaction platform

  3. **Information held**: calculation of premium, valuation records, number of appeals, and related justifications
## How to enhance Planning and Land Administration policies and release land potential effectively?

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P = Planning  LR= Land Resumption  LM= Lease Modification
# How to enhance Planning and Land Administration policies and release land potential effectively? (cont’d)

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P = Planning  LR= Land Resumption  LM= Lease Modification
Developing land supply for housing in HK

The potentials and roles of TWO selected land supply options

- **Short to medium term option**
  - Tapping into the private agricultural land reserve in the NT

- **Medium to long term option**
  - More new development areas in the NT

- Best use lands in the NT
- These 2 options involved land production covering the 6 major policy areas
- Meeting pressing housing needs of the general public for housing
- Achieving a more livable city
'Tapping into the private agricultural land reserve in the New Territories’

Finding 5: PPP model lacks coordination and supervision
The model seen as a means of transferring benefits

- Private developers are believed to be holding no less than 1,000 hectares of agricultural lands in the NT
- Govt partners with private developers, providing them with incentives, utilise their lands for building private and affordable housing in the NT
Finding 5: PPP model lacks coordination and supervision
The model seen as a means of transferring benefits (cont’d)

- The public supports PPP to develop housing, but have concerns over the PPP model

  - 65.0% of respondents agreed Govt to provide incentives to attract developers to pair with the Govt in using their land for building private and subsidised housing

  - 41.5% believed PPP will result in transfer of benefits from Govt to developers in the absence of public scrutiny

- If a well-designed implementation plan and an effective mechanism are in place, affordable housing can be built
Finding 5: PPP model lacks coordination and supervision
The model seen as a means of transferring benefits (cont’d)

- Public opinion showing support to various public housing construction, yet with a public/private split between 60:40, the supply targets for public and private housing has not been reached.

Proportion of public housing units in the total of public and private housing supply from 2008/09 to 2017/18

Note: The data were compiled by the Bauhinia Foundation Research Centre, based on the figures from Rating and Valuation Department, Hong Kong Housing Authority and Hong Kong Housing Society.
Recommendation 5: ‘Sunshine policy’ warranted
Land use must be for public benefit

Establish a PPP Team under PICO, PPP for public purpose is a priority

- The PPP Team, responsible for coordinating, researching, facilitating cross-departmental collaboration and monitoring PPP housing development projects

- Main considerations for a public purpose are:
  - **Housing type**: a more diverse mix including public/private housing including Starter Home units
  - **Split of 60:40 between public and private housing supply**: 60:40 at least be maintained, actual ratio depends on individual site and its surrounding environment
Recommendation 5: ‘Sunshine policy’ warranted
Land use must be for public benefit (cont’d)

Location of housing site: make public housing adjoining railway station, sections close to transport infrastructure may accommodate more people. In the circumstances, more flats could be built on such lands and the population in the development site would be larger

- Initially PPP projects be launched as pilot, a code of practice to guide the operation be formulated and in the long run, formalising the work and consider setting up a PPP Authority
More New Development Areas in the NT

Finding 6: NDAs needs strengthening the coordination work practically

The city’s liveability be improved

HK has developed 9 new towns since 1970s to keep up with growth of population and housing demand

- It is estimated that a total area of 1,666 hectares in NDA projects, will cater for a planned population of 730,000, crucial to housing and economic development should there be comprehensive planning and development strategies

- In light of past experiences, Govt’s coordination played a key role in implementing planning objectives and facilitating the development of new towns

- The 2 previous guiding principles, ‘self-containment’ and ‘balanced development’, will not be fully adequate to enhance the livability of the city
Recommendation 6: Cross sector collaboration
People-oriented approach

A 20-minute social neighbourhood

- There should be cultural, recreational and ecological considerations in planning principle
- The ‘20-minute social neighbourhood’ taken as action plan and to be covered under the Hong Kong Planning Standards and Guidelines to achieve synergy effect
- ‘Establish Re-tooling New Territories New Development Area Office’ to lead and coordinate NDAs projects, to steer, coordinate across government bureaux and departments and facilitate sectoral collaboration, liaise district representatives and ensure the projects are developed smoothly
Recommendation 6: Cross sector collaboration
People-oriented approach (cont’d)

- Allow citizens to use different communal facilities and services and enjoy the city’s cultural and natural features within 20 minutes of walking distance.

- The 20-minute social neighbourhood’ helps encourage a physically and mentally healthy lifestyle in a walkable, convenient and livable city.

- Basic facilities, e.g. primary and secondary schools, clinics, shops, etc.
- Blue and green networks
- Vivid cultural areas
What can we do to meet the pressing housing needs of the general public and make our city more livable?

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Cross-sector collaboration People-oriented principle

Setting up Re-tooling New Territories New Development Area Office Building a 20-minute social neighbourhood
Concluding remarks

- Land and housing matter to the well-being of our society, not only affects social stability and harmony but also Hong Kong’s long-term competitiveness.

- Govt should be determined to adopt multi-pronged strategy to increase land supply, any options that help promote housing development to meet the housing need of the community merit consideration.
Concluding remarks

- On examining different land supply options, Govt is invited to consider the Centre’s recommendations simultaneously, formulate a ‘land production system’ that is fair and reasonable, more efficient, effective and transparent, increasing public acceptance of the system, making short-to-medium term options become practicable.

- Balancing interests among stakeholders is never an easy task. We hope Govt and all sectors will act according to the overall interest of the community, understand reality and policy constraints, take concerted actions to optimising land and sharing land resources.
Thank you!