

Press release

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Land administration: Making it fair, transparent and efficient

The Bauhinia Foundation Research Centre (the Centre) released a study report on 'Enhancing planning and lands policies' today. Based on the principles of fairness, transparency, efficiency and effectiveness, the Centre aims to put forth recommendations for accelerating the process of land production by reviewing six major policy areas (land and town planning, land resumption, compensation for land resumption, lease modification, land exchange and land premium) involved.

The Centre released a 'Survey on public opinion towards land supply for housing and public-private partnership for housing development in Hong Kong' (the Survey) in April 2018. It shows that 79.1% of respondents agreed that Hong Kong is in urgent need of developing more land for housing. The data collected in the Survey is fundamental to this study. The Centre believes that the answer to the pressing need for land and housing, is to formulate a set of comprehensive and effective town planning and land administration policies.

The Centre's Vice-Chairman and Convenor of the study Mr Lau Ming-wai said, 'The public consultations launched by the Task Force on Land Supply will come to an end soon. Over the past few months, the public discussion has been focusing on a few land options only. Indeed, no single option is a magic wand which can resolve the dilemma at present. Therefore, the Centre attempts to analyse the situation from a broader perspective, exploring measures that can shorten the time of land production in a multi-pronged approach. We hope our study could provide a solution to the land and housing problem in the city.'

The Centre interviewed 24 professionals from various disciplines (including planning, engineering, architecture, surveying, valuation, law, academia, property developers, public administration, etc.) between May and August 2018, and conducted 13 rounds of in-depth interviews. After evaluating the challenges encountered in different areas, the Centre proposes a total of 13 recommendations under three specific policy frameworks, namely i. Land and town planning; ii. Land resumption, compensation for land resumption; and iii. Lease modification, land exchange and land premium. Seven major recommendations are summarised below:

Policy Framework I: Land and Town Planning

The Government adopted a planning concept of 'demand-led approach' in urban development in the past, in which the element of 'capacity-creating' was absent. The scenario

of the city's transport infrastructure lagging behind the growth in population emerges. According to the Centre's estimation, between 2007 and 2016, Hong Kong's population grew by 6.3%, whereas the length of public roads and railways increased by 5.1% only during the same period. With an inadequate supporting infrastructure and constraints on environmental, topographical or geotechnical conditions, the plot ratio in the New Territories (NT) is relatively low, limiting the development potential in these regions.

The workload of Town Planning Board (TPB) is getting heavier. From 2008 to 2017, the number of opinions received had more than doubled, increasing from 8,083 to 18,700. Besides, TPB is required to complete the planning process within a statutory time limit. From 1 Apr 2016 to 31 Mar 2018, TPB's Rural and New Town Planning Committee hosted 46 meetings involving 1,009 cases, taking a total of 8,308 minutes. In other words, each meeting took 3 hours and each case involved 8.2 minutes on average. It could become a concern if TPB operates without compromising the quality approval.

[Recommendation 1: Introducing land reserve mechanism for development use in future](#)

The Centre believes that having a visionary planning is essential. Thus, the Government should increase land supply with the concept of 'capacity-creating' and retain flexibility for future development. To ensure policy continuity, the Government should take the lead in planning and establishing a land reserve mechanism, ensuring diversified land sources, target-oriented and flexible land use, and systematic land management. The Government can set the land production targets under the short, medium and long term and concept plans, including the land reserve size, quantity and corresponding timeline. Keeping the plans up-to-date through regular reviews will help attain the development goal.

[Recommendation 2: Optimising the plot ratio with sound infrastructure](#)

To keep up with the growth of population and housing demand, the Centre proposes enhancing the usable capacity of the land in the NT through improving transport infrastructure. In addition, The Government may consider adopting site-specific design to carry out site formation works in order to unlock the development potential of the land in the NT.

[Recommendation 3: Introducing self-recommendation scheme to beef up TPB's efficiency](#)

The Centre suggests introducing a self-recommendation scheme, allowing the public to self-nominate to become TPB's members to assist in planning matters, thus to enhance the quality and efficiency of town planning. This arrangement will also encourage citizens to participate in the planning process and strengthen the credibility of TPB. A Selection Committee can be set up to (1) develop recruitment and selection mechanisms, including application qualifications, assessment criteria, number of seats to be offered, etc., for selecting suitable candidates; and (2) supervise the operation of the self-recommendation

scheme and set a review timetable for assessing the effectiveness of the scheme.

Policy Framework II: Land Resumption, compensation for land resumption

Having gone through the due process of planning procedures, the Government may acquire privately owned land by invoking the Lands Resumption Ordinance for public purposes, where reasonable compensation must be offered to affected persons. However, the Government may encounter some challenges during the process, including to strike a balance between public interest and respecting individual's properties. The Government must have relevant 'public purpose' established before exercising power to resume private land. The legality and rationality of land resumption or the negotiation of a compensation package, which usually takes time to resolve, may result in judicial proceedings. Under these circumstances, the progress of land resumption will further be impeded.

Recommendation 4: Introducing an 'Early Mover Allowance' to expedite land acquisition

On top of existing compensation arrangements, the Centre proposes introducing an 'Early Mover Allowance' (the Allowance) to eligible occupants affected by land resumption within a specific time frame. Under this proposal, the eligibility criteria and principles of assessing the actual amount should be based on the established compensation policy, with the Allowance be set at 5-10% of the existing ex-gratia compensation rates for resumed land. Taking a 1,000-square-foot farmland locating in the new town development area (Zone A) in the NT as an example, apart from the general ex-gratia compensation of HK\$1,248,000 (1,000 sq. feet x HK\$1,040 x 120%), eligible occupants will receive a one-off extra Allowance ranging from HK\$62,400 (HK\$1,248,000 x 5%) to HK\$124,800 (HK\$1,248,000 x 10%) under this arrangement.

Policy Framework III: Lease modification, land exchange and land premium

Once lease modification is being granted, the landowner has to pay land premium that reflects the difference between the 'before' and 'after' land value. To protect both parties' interests and honour the spirit of contract, detailed information regarding the calculation and negotiation process will not be disclosed. From 2007/8-2017/18, the Government realised a total of land premium of HK\$82 billion through lease modifications and land exchanges, accounting for 15% of the total income (HK\$541.2 billion) generated by residential development sites put up for sale and land transactions during the same period. Since revenue generated from land premium is an important source of income for the Government, if the system is opaque to the public, it will be difficult to dispel their doubts.

Recommendation 5: Establishing a land database to enhance transparency

To strike a balance between the spirit of contract and public interest, the Centre recommends establishing a lease modification and land exchange database, thus to release to the public

more information on lease modification, land exchange and land premium, including the calculation of land premium and the negotiation process (such as valuation records, number of appeals and related justifications). The Centre believes that it is crucial to creating a set of general principles of data disclosure (covering convenience, timeliness, accuracy, authenticity, completeness, fairness and legality), and ensuring that relevant data are easily accessible, timely and accurate. It will ultimately increase transparency and enhance public confidence in the mechanism.

Among the land supply options, 'tapping into the private agricultural land reserve in the NT' and 'more new development areas in the NT' embrace the six major policy areas discussed in this research. Therefore, the Centre will focus on these two options and evaluate their potentials and roles in housing supply, and putting forth two recommendations.

Land option A: 'Tapping into the private agricultural land reserve in the NT'

Private developers are believed to be holding at least 1,000 hectares of agricultural land, which has considerable potential to develop affordable housing in the NT. The Government indicated that they are willing to form a partnership with developers by providing them with incentives, aiming to utilise their land for building private and affordable housing. However, this type of Public-Private Partnership (PPP) model has aroused public concerns over its fairness. The Survey conducted by the Centre earlier this year showed that 49.4% of respondents thought PPP will have mixed impacts on the society, with 41.5% of them believing that PPP will result in transfer of benefits from the Government to developers. Besides, the implementation of PPP requires co-ordination among different government departments, professionals and stakeholders, which is currently missing in the Government.

Recommendation 6: PICO to take the lead and set up a 'PPP Team'

To promote PPP, and at the same time, to allay public concerns, the Centre believes that it is essential to strengthen co-ordination work among different government departments and adopt a sunshine policy at all stages of development. Thus, we recommend to set up a PPP Team under the Government's Policy Innovation and Coordination Office (PICO), which is responsible for coordinating, researching, facilitating cross-departmental collaboration and monitoring PPP housing development. The land lease signed between the Government and developer(s) should list out the details of PPP, enabling the project to be legally enforceable, with an aim to enhance the public's confidence in PPP. Throughout the PPP development, public purpose should be prioritised, with a larger portion of land to be reserved for subsidised housing and public facilities. To address the housing needs of grassroots households, the split of at least 60:40 between public and private housing supply should be maintained.

Land option B: 'More new development areas in the NT'

The North East and North West NT New Development Areas (NDAs), as well as the key strategic growth areas in the NT North, are considered having good potential for planning and development, with an estimated population reaching 730,000. Past experiences demonstrated that the Government's co-ordination had played a key role in implementing planning objectives and facilitating the development of new towns. However, the previous guiding principles of 'self-containment' and 'balanced development' were inadequate to increase the livability of the city. The future development of NDAs requires a visionary and people-oriented approach.

Recommendation 7: Mapping out a 20-minute social neighbourhood to create a livable city

The concept of people-oriented can be realised together with cultural, recreational and ecological considerations, where blue and green networks meet and make the city a vivid cultural area. The Centre recommends the '20-minute social neighbourhood' be integrated into the Hong Kong Planning Standards and Guidelines to achieve synergy effect. With a harmonious planning of public facilities and layouts, it allows citizens to enjoy the city's cultural and natural features within 20 minutes of walking. The concept aims to create a physically and mentally healthy lifestyle in a walkable, convenient and livable city.

'Speeding up the land production is the first step of increasing land supply. It is a primary requirement yet forms the predominant part of the process. With a view to refining land and town planning and land administration policies, the Government needs to strike a balance between competing interests of different stakeholders, striving to adopt a multi-pronged strategy to release land resources under the principles of fairness, transparency, efficiency and effectiveness. Moreover, the Government should develop the new towns with a more forward looking and comprehensive plan, as this is an important cornerstone of creating a livable, harmonious and more competitive city', Mr Lau concluded.

More information about the study report is available at our mini-site (<http://land.bauhinia.org>).

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