

View on Increasing Land for Development and Homes by Path of Democracy

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Preface

Land shortage in Hong Kong is severe. It is reflected in the rising price and rent of not only of residential premises, but also commercial, office and other spaces. Indeed the expensiveness of non-residential space has risen even faster than residential space. Finding land and supplying them to meet the full range of development needs is an urgent task.

The report of the Task Force on Land Supply and the subsequent consultation exercise should be an important step in helping to identify sufficient land and finding the appropriate mix and location of land to meet Hong Kong's future development needs. To do so, a vision of Hong Kong's future has to be articulated together with the tradeoffs that have to be addressed. Only then will the public be able to engage in meaningful debates over the pros and cons of genuine alternatives. This has sadly not taken place.

Our accommodation standards have fallen backwards. Whether this should be remedied has implications for our land strategy. Our social and economic development will be better served if future land supply improves the spatial distribution of homes and jobs. Land supply has been highly inelastic in most metropolitan centers and is often the root cause of sharp increases in prices and rents. The policy challenge is to speed up land formation using a flexible and effective range of policy tools, to streamline approval and regulatory processes in land formation.

In this paper, we spell out our views on land development. In our view, improving accommodation standards for both residential and other uses of space should be part of our vision. In this respect, reclaiming land, especially an island to the east of Lantau Island, should be a vital element of Hong Kong's future social and economic development. However, developing agricultural land in the New Territories should continue to be an important part of development strategy.

We believe such a vision is that of the people of Hong Kong and our government. And we call upon the government to articulate them and work with the people to realize such a shared vision.

Path of Democracy

1. Relevant Considerations of Land Development

The Task Force on Land Supply published its much-awaited report (“the Report”) in April. The Report cited an estimated shortfall of 1,200 hectares of land based on the planning study Hong Kong 2030+. It discussed why the existing estimate may very likely understate the true demand for housing land, economic land, government-institution-community land, open space and transport and infrastructure facilities, but it provides no additional estimate of what the magnitude should be and the way forward for meeting the additional shortfall.

The Task Force then provides a menu list of land supply options for the public to offer their views and preferences for meeting the original shortfall without any meaningful discussion of the pros and cons of each option, and in particular, without furnishing to the public for consideration, the realistic assessment or estimate of how each option can meet or contribute to meeting even existing estimated shortfall nor the reasons or facts in relation thereto.

The Report is consequently disappointing on at least three counts:

First, the document makes no reference to any aims and goals of Hong Kong’s future development, or the need for them. The Task Force proposes a 5 month “consultation”. Many referred to such consultation as a “Grand Debate on Land Supply”. Sadly, we failed to see any meaningful debate taking place in the community. By adopting a populist approach and offering the public merely a multiple choice “questionnaire” much like a dinner menu, the public is not encouraged to dig deep and consider what is by nature an extremely complicated and important issue. In these unfortunate circumstances, it is extremely unlikely the public will be able to express a considered and well informed opinion, and thus on any view, a meaningful mandate for the government. By merely offering a menu list of land supply options for public consultation are we to conclude that a final composite mix and match of them will suffice, perhaps through compromise? Or that one or two of the options will be sufficient to take us out of the current difficulties in finding land for development? And why and how do the public reach such a conclusion?

In our view, a meaningful development strategy cannot emerge out of a medley list of land supply options without some guiding principles and long-term goals. There must first be aims and goals, if not specific objectives. There should be a discussion of tradeoffs among various goals in achieving the aims of development. There should be a realistic timeline setting out near term, middle term and long term goals and milestones. Unless there is such a structured approach, it is hardly realistic to expect any political compromises can be constructed.

Second, although reference was made to the “tiny” and “cramped” living conditions in domestic premises, nothing is said about improving the per capita living space in the construction of future units as a long-term development goal. If an extra 1200 hectares of land will not bring about any improvement to our living conditions for one or more decades (not to mention that the provision might not even be adequate) then why do we not boldly use this opportunity to examine a more aggressive and aspirational land supply option?

Are we to infer from this silence or omission that improving our accommodation standard is not one of our development aims and we are willing to continue to suffer unacceptable,

restrictive and expensive accommodation space beyond the reach of most people in the future? The answer must be no!

Third, the Report identifies twelve land supply options other than regular ongoing land development activities. We understand that developing land takes time because there are many procedures that have to be followed. The process is subject to long delays whichever option is picked because decisions are contestable and will be contested in an open and pluralistic community like Hong Kong.

Prioritizing different land supply options must take into account various tradeoffs: economic costs, engineering difficulties, and time delays in the regulatory approval process. Finding innovative solutions with public support to make land available sooner should have been an integral part of the goals of the public engagement process. Unfortunately, this has yet to happen.

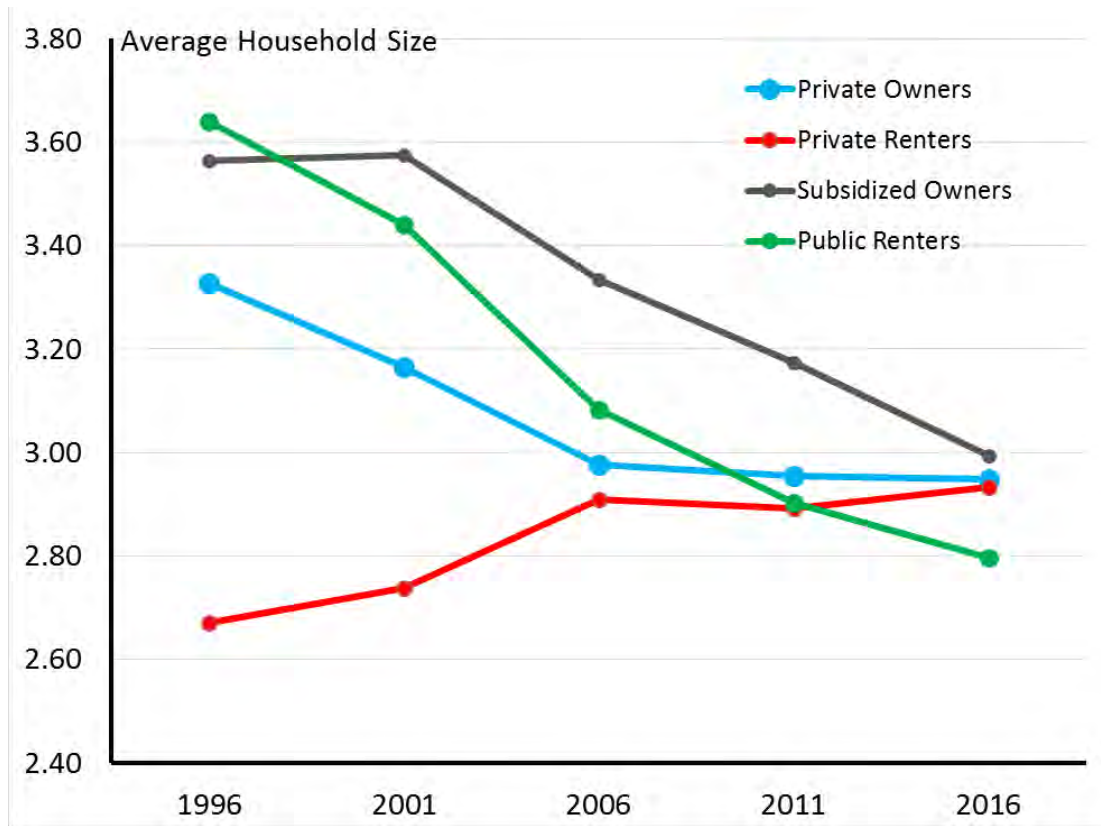
Public engagement is a necessary process in an open society, but what can we expect from such an outcome in the absence of an articulated development strategy? If the views expressed in the public domain are unabashedly partisan or populist then the public engagement exercise becomes a test of political wills decided by megaphone politics. Is this going to be the fate of an issue of such paramount importance to the future of Hong Kong? We would emphatically say, no!

2. Land shortage is real and severe

The first thing we must agree is that there is indeed a severe shortage of land. The most reliable indicator of acute housing shortage is the increasing number of persons being accommodated per private rental housing flat. The phenomenon of housing shortage can also be characterized as cramped living conditions in the private rental market. In the public sector regulations specify public rental premises can only be occupied by direct family members. As a result, the private rental sector has to absorb the bulk of remaining housing demands.

Figure 1 below shows that the average household size among private rental households have been on the rise throughout the period 1996-2016, even though they have been falling in all the other three types of housing tenures: private owners, subsidized owners, and public renters.

Figure 1: Average household size by housing tenure, 1996-2016



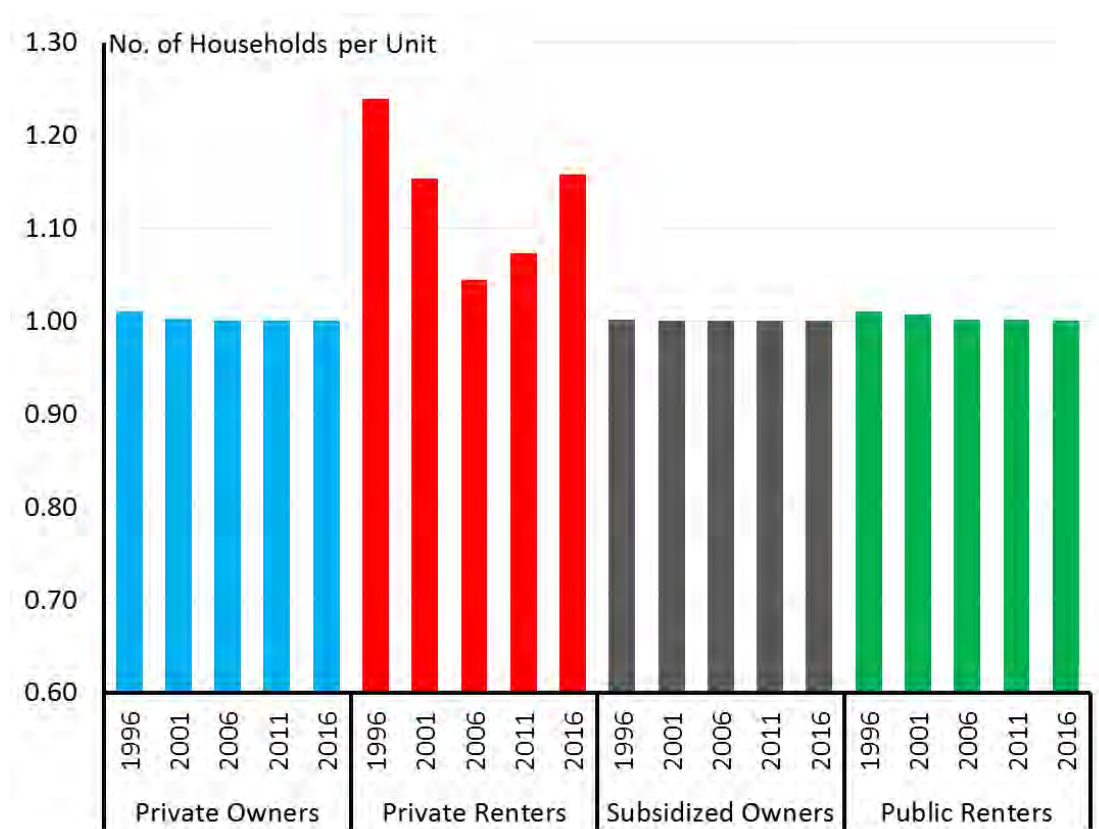
Source: Hong Kong Population Census and By-census

Note: Average household size is defined as number of persons per household and Degree of sharing is defined as the number of households per quarter.

Figure 2 shows the degree of sharing (i.e., the number of households sharing a single quarter) in the period 1996 to 2016. The degree of sharing has been constant at 1.0 for private owners, subsidized owners and public renters. The degree of sharing in private rental housing, however, fell from 1.24 in 1996 to 1.04 in 2006, but the downward trend reversed and rose after 2006, rising to 1.16 in 2016.

Housing shortage is further magnified by the increasingly cramped living conditions in the private rental market. The growing number of sub-divided housing units is another symptom of housing shortage. These are the clearest signs that our accommodation standards have been falling and have become increasingly unaffordable as the housing shortfall worsened.

Figure 2: Degree of sharing by housing tenure, 1996-2016

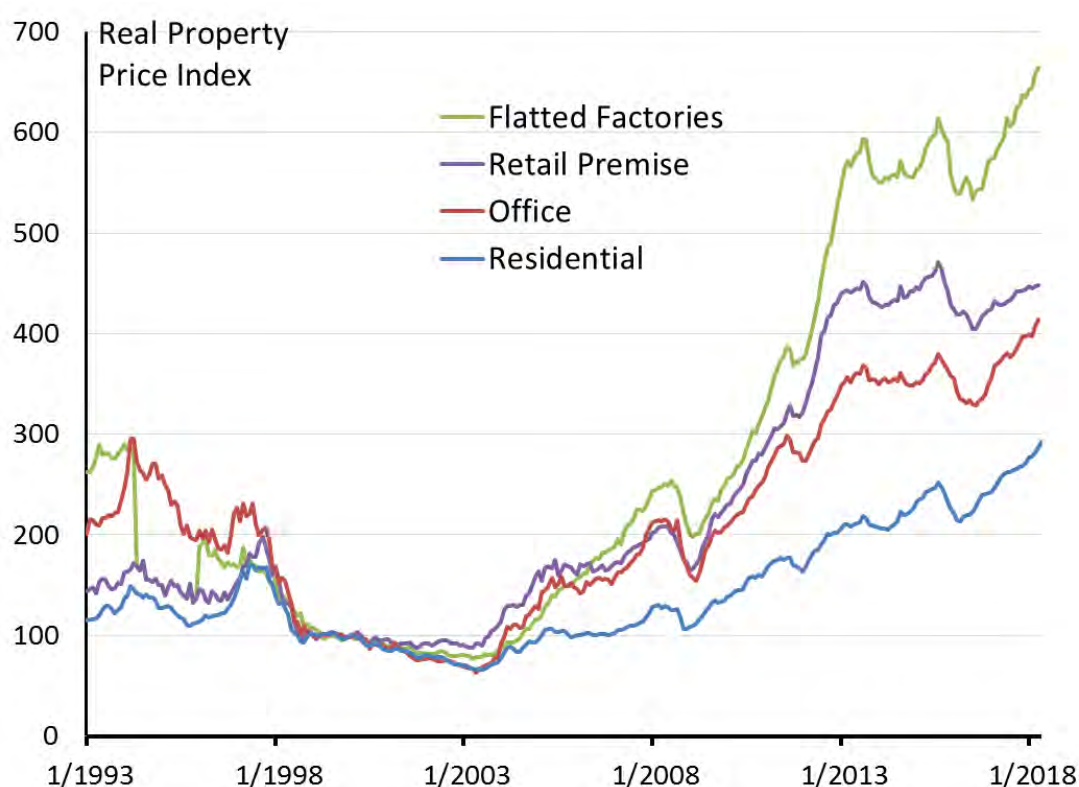


Source: Hong Kong Population Census and By-census

However, crowded living conditions in the private rental sector are not the only manifestation of a severe shortage of land. When landlords are selling commercial buildings in Central at \$40,000-\$50,000 per square foot then there is little doubt that there is a severe shortage not only of residential space, but also of office and commercial space.

Figure 3 shows that the rise of residential property prices has been less severe when compared with that of flatted factories, retail premises, and offices. Clearly, demand for land and space is outstripping supply by a wide margin.

Figure 3: Real Property Price Index of Different Types of Properties (1999=100), 1993-2018Q1



Source: Hong Kong Rating and Valuation Department

“Pricy” space has severe negative consequences for the core values of equality and economic growth. Those who own property, any form of property, grow wealthier over time, while those without become the “have-nots.” When the middle-income class has to pay an exorbitant price for housing or rent their accommodation, real standard of living suffers and they sink into “near poverty.” The disadvantaged are thus all left behind and inequality worsens. In this scenario, the burden of high property prices and rents are not being borne equally and inequality in turn breeds discontent.

Furthermore, economic prospects are also adversely impacted in that only the highest value added businesses offering the best jobs can survive in such an expensive business environment. It means many good jobs that provide essential employment and training opportunities for young persons that are so important in preparing them to qualify eventually for better jobs become fewer. This slows career development and is one of the key factors that have slowed down middle-income wage growth in the past two decades. It is a matter of commercial reality that very expensive office and commercial space will eventually crowd out good jobs. Increasing land supply is thus essential for attracting investment in creating good jobs that benefit young people.

In the broader scheme of things, land supply is also relevant to future economic development of Hong Kong. The Belt-and-Road and Big-Bay-Area initiatives are not just opportunities for our workers and businesses to move beyond Hong Kong, but also opportunities to attract businesses, including creative and innovative technology intensive businesses, to Hong Kong. Finding land for development will support the long-term economic future of our city so that our future prosperity will not be lop-sided for the few, but broadly based for all.

It is worth emphasizing again that land shortage has at least two results. First, housing becomes unaffordable. Second, businesses find it difficult to survive in an environment of high rents and a dearth of workers with experience acquired by working in good jobs which in turn lead to workers not being able to earn enough money to afford expensive housing because there are fewer good jobs. This is a vicious downward spiral circle which we need to break out of.

It is instructive to note that the first result is often viewed as a livelihood issue. But unaffordable housing is also a product of the second result, an economic issue in development. Tackling housing shortage in Hong Kong has to be approached as both a livelihood issue and an economic development issue. The populist focus on livelihood alone is thus incomplete and misleading.

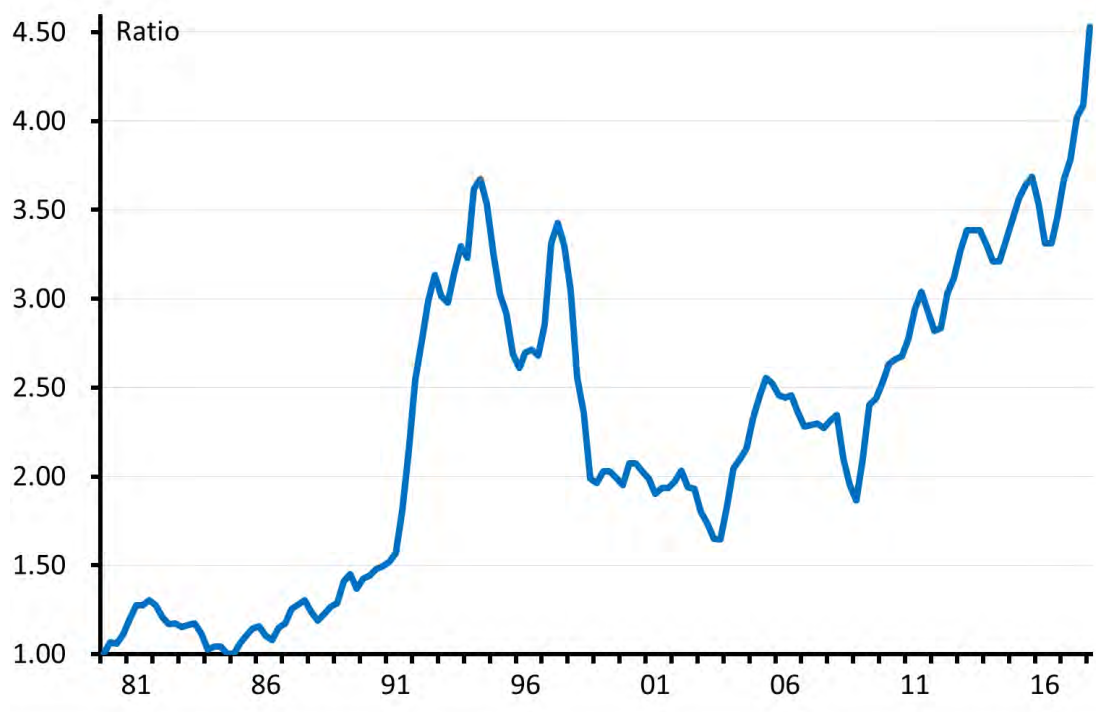
According to popular view, housing shortage is a relatively recent phenomenon, associated with the decision to halt land development during the Asian financial crisis and recession. This is not exactly correct because it implies the shortage only emerged in the past decade. To the extent that housing shortage is reflected in a rising relative differential (or gap) between property prices and building costs then the shortage had appeared as early as the late 1980s; although it is fair to say that the past decade has seen a further worsening of the shortage due to a number of reasons.

The relative differential between property prices and building costs reflects three components: (1) cost of clearing all regulatory requirements and getting the development project approved, (2) land value changes, and (3) developers' profit. A rising relative differential could reflect an increase in any three or all three components. It is a manifestation of shortage in the property market.

Figure 4 plots the ratio of the private residential property price index to the building works tender price index for the period 1980-2016. The ratio is normalized to 1 in the year 1979. During most of the 1980s the ratio was quite stable in the range 1.0-1.5. But beginning in the late 1980s, the ratio increased to a peak of 2.5-3.5 prior to the Asian financial crisis. It has

remained around 2.0 throughout the Asian financial crisis and the recession years (1997-2003).

Figure 4: Ratio of Domestic Property Price Index to Building Works Tender Price Index (1979=1), 1980-2017



Source: Ratings and Valuation Department & Rider Levett Bucknall

Note: The vertical axis shows the ratio of the Domestic Property Price Index to the Building Works Tender Price Index. The Building Works Tender Price Index is an average of the Rider Levett Bucknall index and Architectural Services Department Building Works Tender Price Index.

By 2016, the ratio had once again reached the old peak of 3.5, and since then it has shot up to 4.5. This increase reflects in part the longer delays in the community coming to an agreement on urban renewal projects and agricultural land conversions in the New Territories. The opening up of public engagement to accept all types of objections to each development project and the politicization of these processes have increased the complexity and uncertainty of regulatory approval. In addition, political division and fragmented contention further exacerbate delays and uncertainty.

As a consequence, development is delayed, supply is reduced, shortages are increased, and the relative differential between property prices and building costs is further widened. This has continued for 30 years and the resulting cumulative shortfall is considerable. Finding more land is now of paramount importance, and needs to be done very quickly but it is also

imperative that we should understand the underlying cause so as not to fall into the same trap in say, 10 or 20 years.

It follows that ideally, while greater buy-in from the community could shorten the approval process, appropriate procedural reforms and more efficient innovation on our approval processes would also help. This underscores why a development vision has to be articulated and must secure broad public support.

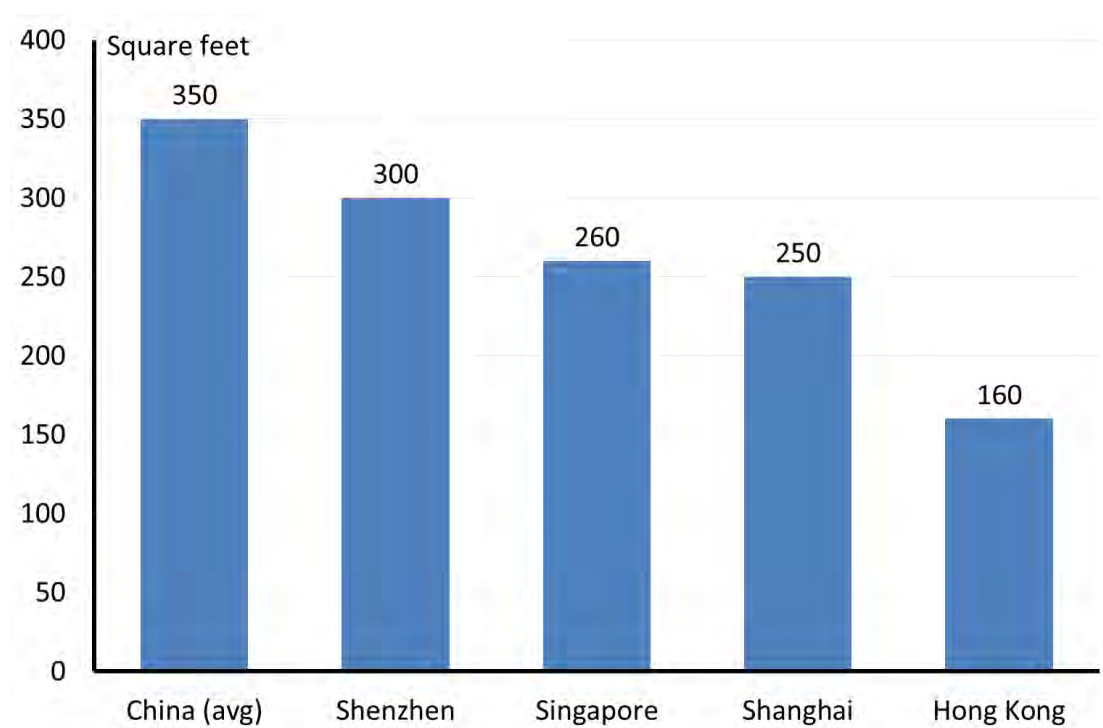
3. The development strategy we advocate

In this study, it is our considered view that there are two central development aims: (1) to supply more housing and improve our domestic accommodation standard, and (2) to supply more land to better complement our economic development. In this respect, the following must be our guiding principles:

3.1. *Need for substantial increase of accommodating space per capita*

Our economy has improved but our living space has not grown. Indeed, it has gone backwards. The average accommodation space per capita in Shenzhen is 300 square feet, Singapore is 260 square feet, Taipei is 260 square feet, Shanghai is 250 square feet, and in Tokyo and Osaka is 190 square feet, but Hong Kong is the worst at 160 square feet. Sadly, neither the Task Force on Land Supply nor the 2030+ Planning Study discussed this issue. Moving forward, this issue should not be ignored and substantially improving our accommodation space per capita must be one of Hong Kong's long-term development aims.

Figure 5: Average living space per person in cities (square feet)



Sources: Our Hong Kong Foundation- Maximizing Land Use to Boost Development Optimizing Housing Resources to Benefit All, as cited in Rating and Valuation Department (HKSAR), Shanghai Academy of Social Science, SCMP, Centaline Research Center (China), 2015

3.2. Need for a broad and grand vision

One of the top priorities of land development is to increase land supply quickly in light of the shortage. However, land development without a strategic vision to improve our living and working environment would be extremely shortsighted. The current land shortage presents an opportunity for our government to articulate a bold future. It is a task only the government can and must do. The vision should show us what is the future for our people and businesses, and how to get there.

Hong Kong's future development must consider not only how much land should be supplied, but also to reconfigure our spatial distribution of homes and jobs in the territory to improve the spatial efficiency of our city so that we can be better equipped for an emerging future.

3.3. Need for a committed direction

Electricity has been an enabling technology that provided impetus for all other devices and technologies. Information and communication technology (ICT) is the modern day successor to electricity. ICT will enable biomedical technology, financial technology, and many other technologies. The economic future of developing economies will become increasingly dependent on ICT enabled manufacturing embedded in global value chains. The enabling effect of ICT on services will also determine the economic fate of many developed economies. In fact, services will benefit from agglomeration effects perhaps even more so than manufacturing ever had.

The economic future of Hong Kong as a developed economic city, and more importantly, as a service economy must improve its spatial configuration so that jobs and homes are in greater commuting proximity of each other. We need our city to be smart in nurturing creative artists, engineers, financiers, and entrepreneurs that can push forward our biomedical services, trade services, financial services, entertainment services, and many more. People must be able to reach out to each other easily in face-to-face engagements to complete the last leg of the innovation and production chain in order to enable modern ICT economy to create even greater value. They need work, life and home spaces that could enable them to interface with each other conveniently, if and when it is necessary.

Our Vision

In this light, we firmly believe reclaiming large tracts of land from the seas—perhaps as proposed in the East Lantau Metropolis concept—would provide an opportunity to achieve the aims and meet with the guiding principles advocated above. Undoubtedly, there is greater

flexibility in comprehensive long term planning rather than piecemeal measures. It would improve our ability to reimagine our future and to make it come true.

The land development strategy we advocate therefore must:

- Embrace a well-articulated long-term strategic vision of Hong Kong's future and a facilitating land supply policy.
- Improve our housing accommodation standards in tandem with rising prosperity to address both livelihood issues and economic development matters.
- Alleviate the shortage of prime commercial and office space to attract investment, create good jobs, and foster greater economic prosperity taking advantage of the Belt-and-Road and Big-Bay-Area initiatives.
- Reclaim a very large tract of land to the east of Lantau Island—and even greater than the proposed 1,000 hectares—to improve the spatial distribution of homes and jobs, and foster better work, life, and home spaces.
- Speed up the planning process and the associated development approval processes and procedures in converting agricultural land in the New Territories without being ideological about the adoption of the public-private partnership versus public resumption approaches.
- Utilize public-private partnerships as vehicles for developing communities that inhabitants could identify with, and support a development in the New Territories that fits into the future of Hong Kong as a global metropolis in the Big-Bay-Area.
- Build up a land reserve for the future to be held by the government rather than private developers through more vigorous land development efforts now.

We believe development considerations on the demand and supply side imply we must increase land supply urgently and on a scale much greater than was originally envisaged in the planning study 2030+. We must take into account not only how much land should be supplied, but also where are the most suitable locations to best enable us to reach our long-term vision in strategic development.

Our Challenge

We must, however, point out that reclamation is not an all embracing answer; nor is it an answer mutually exclusive of other short term initiatives aimed at meeting immediate demands provided such short term initiatives will not adversely affect the bigger and grander picture. In this respect, we recognize that most developed land in Hong Kong has already been fully utilized. Changing their uses to make room for development is a gradual and painful process, which cannot be accomplished quickly. We also urge process and procedural innovations to make land conversion a quicker process. More importantly, we urge

community as a whole to share in this grand vision; for nothing short of a joint commitment is essential to success of such a bold initiative.

In this connection, we should also point out that the present housing shortage could be alleviated with a more aggressive land supply policy, but it would not necessarily cause housing prices to become affordable for our middle-income classes overnight. The gap between income and housing prices has widened to levels that the issue of affordability has to be addressed through a separate and more efficient housing policy and cannot rely on land policy alone. This is another issue altogether and will not be addressed in this paper.

4. Some related considerations of our strategy

(a) Existing Land Development Option: Land conversion and constraints in the New Territories

In the search for a comprehensive solution to our land supply problem all potential sources of land supply must, of course, be explored. The largest available source of existing land is agricultural land in the New Territories. But agricultural land conversion is time consuming and there are high transaction costs.

Converting suitable agricultural land held by developers and landowners for housing development (of which some are now used as brownfield sites) must be an important element of our development strategy. It represents theoretically a major source of land supply (over at least 1,000 hectares).

However, there are realistic limitations as not all brownfield sites are idling in the sun waiting for development. On the contrary, nearly all of these are currently used in some economic activities and providing jobs for Hong Kong scattering over a large area, which makes resumption a legal as well as logistic nightmare.

Public-Private Partnerships versus Public Resumption

Whether such land should be tapped through a public-private partnership versus wide-spread, or indiscriminate, application of public resumption has drawn considerable public attention.

A tactical view in favor of public resumption is not in principle against a public-private partnership approach. However, to make it work, it is imperative that government must take a principled stand and set a deadline for negotiations over land conversion and back it up with public resumption if agreement cannot be reached with landowners quickly. Agricultural land so converted can be used for private development, public purpose, or a combination of both. This tactical view is not opposed to paying a negotiated compensation for acquiring agricultural land from landowners at values above a notional agricultural use value. The purpose is to make better tactical use of public resumption powers to speed up the development process.

A different populist view in favor of public resumption wants government to take back agricultural land from landowners to build public housing. They oppose a public-private partnership approach altogether on the perceived ground that it would only enrich

landowners, of which some are property developers and others are indigenous villagers. Their view is to treat agricultural land as having no other possible use value so there is no reason to compensate landowners anymore than necessary. This underlying idea behind their view contravenes previous court judgments that landowners of agricultural land indeed possess more than merely the agricultural value to their lands, but to unlock these other values would need formal agreement and approval by relevant authorities.

Anyone who has handled land issues knows that it is a highly heterogeneous commodity and each plot may be different from another (even adjacent). How different plots can be combined into a larger bundled tract of land also makes the combined tracts different from each other. Fair compensation is not an easy principle to apply either substantively or procedurally. That is why it takes so much time to negotiate; and even more time when there is greater public concern about fairness.

While it is often assumed that public resumption would lead to faster development, this is not necessarily always the case.

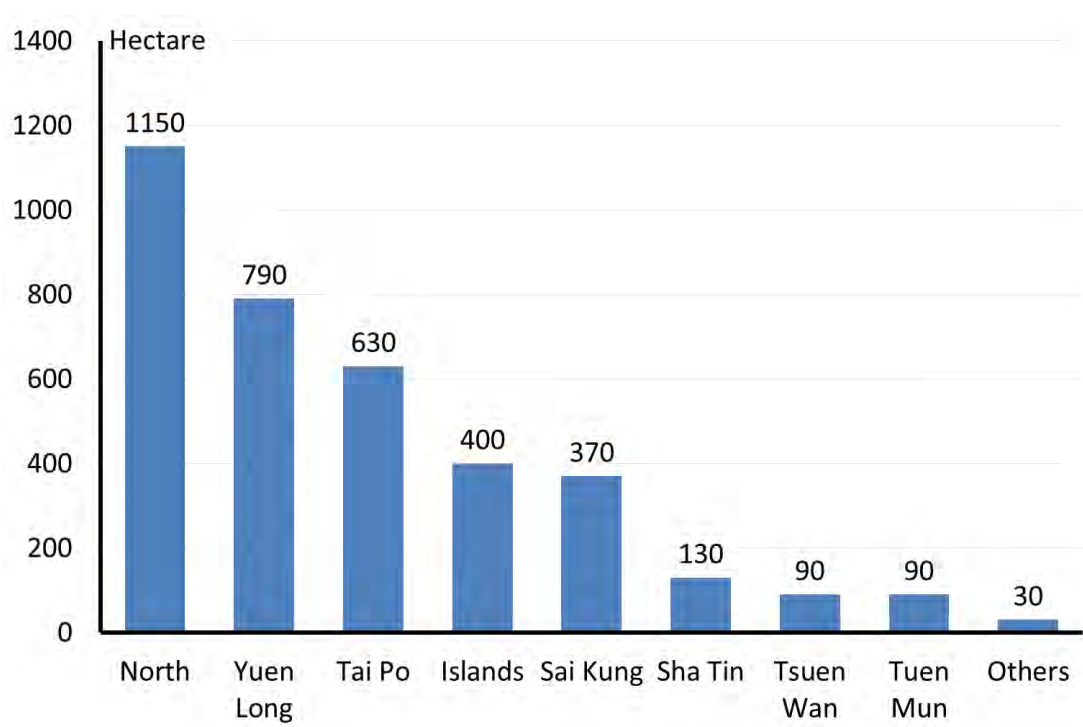
Public resumption of large tracts of contiguous land sometimes encounters unanticipated difficulties because of fragmented ownership of many small plots—a common phenomenon in the New Territories. If subsequent development deploys some plots of the resumed land for private development then it may be construed as a violation of the act of resumption for public purpose. This could lead to legal challenges.

A simple policy to develop a large tract of land solely into public housing is not necessarily a good and workable policy. Such a policy would create a very unbalanced neighborhood that could turn into modern ghettos of low-income neighborhoods with minimal support infrastructure. They often degenerate quickly into bad isolated living environments.

The alternative is public resumption of only small tracts of land for public housing. But this could lead to less efficient land use making it more difficult to coordinate overall development. It may result in even longer delays, for example, if infrastructure near the site is inadequate and cannot be quickly provided. It is a common misconception that speedy public resumption process will necessarily be followed by speedy subsequent development. Successful development requires many processes to come together. Fast tracking one link does not complete the entire development chain.

If there are occupants and tenants on the land then they too have to be compensated and resettled before development can start regardless of whether land is converted through public-private partnership or public resumption. Interestingly, it is instructive to note that in public resumption, the government would have to deal with the occupants and tenants directly and the landlord would have no incentive to assist with the process. In public-private partnerships landlords have a stake in the whole process and is motivated to facilitate the compensation and resettlement process that comes afterwards.

Figure 6: Abandoned agricultural land in the New Territories at end-2017



Note: Research Office, Information Services Division, and Legislative Council Secretariat, 2018

The fact that many brownfield sites have not been developed even when developers own a large section of it is not so puzzling. It is often believed that developers withhold land supply deliberately in order to profit from greater scarcity. This may or may not always be the case. Developers profit from higher prices, but they also profit from selling more units and quick turnovers. Land assembly is always a slow process and unlike government, they do not possess legitimate powers of coercion to force sales. Developers do not always find it easy to put together large tracts of contiguous land. If they did they would probably have developed them. Hoarding probably exists, but it is not the only factor that delays development.

If there are difficult plots that have evaded the developers' ability to put them together, is it likely that public resumption by government would necessarily make it easier and faster? The answer is, not necessarily so. Furthermore, land in the hands of government may still be subject to intense lobbying involving multiple stakeholders that could delay development. An obvious example is the process of redeveloping the old Kai Tak Airport site.

Community Building and Public-Private Partnerships

In many countries development through public-private partnerships is not limited to building residential units and the provision of basic amenities, but also community building. A development that is hospitable should foster a feeling of home, livable space, and community. A community should be able to project an identity that the inhabitants can relate to and different communities can have different community identities.

Developers and landowners in the New Territories that participate in public-private partnerships should be encouraged and given sufficient flexibility to develop sites with a view to building communities with their own identities for both public and private occupants.

Contractual Nature to Property Development

Finally, a negotiated outcome is always desirable because it upholds the principle of fair compensation for owners of private property—a right recognized by the Basic Law. The right of ownership cannot be restricted to a claim on the value of land in its current use, but also a reasonable claim on its future value as long as it does not harm the public interest. Our courts have recognized such a principle, for example in the Melhado Case (1983).

Hong Kong has a long history of using a contractual approach to development. It had long approached the conversion of agricultural land through negotiation rather than coercion. This is a long revered tradition. The use of land securitization through exchangeable Letters B was an important instrument that recognized the contractual right to trade private property rights. It also successfully avoided the exercise of coercion and harnessed market forces to reduce negotiation costs. This is not to imply that public resumption of land has no place when public interests are at stake, but it is neither the obvious nor the approach of choice in all circumstances.

Compensation and Resettlement

Occupants on agricultural land include two classes. Those on “greenfield” sites are engaged in farming activities. Those on “brownfield” sites are engaged in a variety of economic activities such as logistics, container storage, recycling industries, and vehicle repair and workshops. Such farming and economic activities have to be relocated before development can proceed. This entails compensation and resettlement.

A compensation and resettlement arrangement for farmer tenants on “greenfield” sites have become somewhat quite well developed over time, but for those on “brownfield” sites they still face considerable difficulties. One issue is where can the economic activities on “brownfield” sites be relocated? A logical site for relocating these types of economic activities is to redevelop the River Trade Terminal site and turn its primarily industrial surroundings into a compatible use area.

This will take time and will be costly, but there are few alternatives to trigger the conversion and release of many tracts of agricultural land, or the “brownfield” sites. It is imperative that this initiative should be actively pursued as part of a development strategy to transform the

New Territories into an integrated area supporting Hong Kong's future development. However, appropriate, timely, arrangements to compensate and resettle the existing tenants on the "brownfield" sites in the River Trade Terminal site will be necessary.

What to Do?

For these reasons, it is important to keep an open mind as to how each tract of land is to be tackled from a policy approach. If it is more apparent that a public-private partnership can speed up development then such should be adopted. If public resumption is deemed to be more effective and is able to expedite the negotiation process than it should not be forsaken. Whichever approach can result in a faster process in securing land conversion should be the preferred choice. One should not be overly ideological or political in such matters, especially when there is grave concern about land supply shortage. A uniform approach is not necessarily a good policy approach.

Given the huge shortfall of land supply government should also make every effort to come up with fresh measures to speed up the approval process that has been a major constraint holding back and delaying development, including rallying public support.

(b) Land Reclamation and the East of Lantau Island Site

It is, we hope, obvious from the above discussion that developing the New Territories is not the simple, complete, or timely answer as many will have us believe. Something more is needed. What is more, the spatial distribution of our economic activities in our city is heavily concentrated on Hong Kong Island and Kowloon. To capture synergistic benefits arising from economies of agglomeration, future economic activities should be developed in locations with convenient access to the core urban areas. Most of the existing usable areas are already fully developed and adding more space through urban renewal or revitalization will be neither easy nor realistic. On the other hand, locating economic activities away from the core urban areas would be inefficient and reduce the potential benefits of development and growth.

Moving a commuting population living primarily in the New Territories to work in the core urban areas and back on a daily basis would add more stress to the existing transportation system. Moreover, the options for providing relief along the existing corridors are few and limited.

This means land reclamation to develop a sizable island to the East of Lantau Island with new connecting transportation infrastructures would make a great deal of economic and social sense and should be actively embraced as a matter of priority. In this light, it may be that the proposed East Lantau Metropolis project should move immediately from a concept to the planning and engineering feasibility study stage.

Such a new site would provide opportunities for improving the spatial distribution of homes and jobs as well as a vastly improved living environment. Locating domestic residences and economic activities with convenient access to the new site in effect expands the core urban

area with multiple benefits. As a completely new site it faces fewer obstacles, for example, in terms of assembling scattered plots of land that have existing uses.

In our view, the East Lantau Metropolis site provides an opportunity to develop a smart town that is centrally located and well connected to the core urban areas and beyond. It will provide an alternative transport link to Lantau Island and the wider Big Bay Area creating living and working space for the economically active population, not to mention it will be perfectly positioned to provide a generous and affordable public housing environment for our younger work force.

Figure 7: East Lantau Metropolis Strategic Traffic and Transport Infrastructure Concept Plan



Note: Adapted from LanDAC's First Term Work Report "Space for All."

Such an initiative is particularly appropriate due to the following additional considerations:

First, it makes available a large tract of land that can be delivered within a predictable time schedule once the initial planning hurdles have been overcome. Modern advance in technology and methodology means reclamation nowadays can be done in a much shorter time span and in a more environmentally friendly manner. The greater certainty of delivering a large tract of centrally located reclaimed land would also have a stabilizing effect on expectations of future property price increases immediately.

Secondly, we must remember scattered plots of land with a variety of different existing users take time to complete negotiations pertaining to compensation for landowners and occupants, and arrangements for the resettlement of occupants. Land assembly often has to proceed at the pace of the slowest and last resettlement. Some plots are easier, but others are not. There is much greater uncertainty in delivering a large aggregate amount of land on time if it has to be assembled from many small plots. It is hence by no means fanciful to

suggest reclamation will not necessarily be more time consuming by way of comparison provided the government is to act decisively and as a matter of priority.

Thirdly, the uncertainty and delay associated with assembling fragmented and scattered plots of land in the New Territories with many different stakeholders could in fact be expedited if expectations of future land supply are shifted with the development of 1,000 hectares or more of land in the East Lantau project.

(c) Other Ongoing Options

Given that most development involves land that already has some use, the time it takes to develop land is mostly spent on negotiations and seeking approval. When decisions are contested it could go to court and the government may be faced with legal actions on various fronts. It may be that it will be desirable to see if the courts could in some way consolidate the hearing of such cases speedily, perhaps even assigning such cases to be heard before a dedicated judge with some simplified and time-saving procedure.

5. Conclusion

To sum up, first, the government should articulate a vision of future development that meets public expectations for a better living environment and a more prosperous economy. Such a development strategy would inform the development goals that drive our land supply options.

Second, it must include in its future development aims the improvement of domestic accommodation standards for the population. This crucial issue must be embraced as one of the central development aims.

Third, the above two ideas must be well-articulated and communicated to the public so that with popular understanding and support it will be possible to map out a development strategy that can move matters forward more rapidly and decisively. This would not only rally public support, but can give more focus to our land development task. It is imperative that land development will not be bogged down in contentious approval processes and long delays and indecision.

Fourth, connectivity between Lantau Island, the existing core urban areas and beyond is crucial for the success of this grand vision. Such connectivity will also complement a larger role in the Belt and Road and Big Bay Area initiatives. An island with 1,000 hectares of land is a good start, but it need not be the limit of our vision even today. Indeed, immediate steps should be taken to consider the feasibility of reclaiming an even bigger site.

Fifth, the conversion of agricultural land will continue to be central to the development of the New Territories, re-envisioning a more holistic development of the New Territories to support Hong Kong's continued development needs. However, such development requires a more result-orientated, practical and flexible approach to speed up the approval processes. We must not be complacent even if the Lantau site is our main goal, as future demands will certainly bring with it unexpected needs.

It is only when the public believes in the development vision adumbrated above will it be possible to mobilize public support to speed up the slow development process. Development should not to be hamstrung by political and ideological distractions. Far too much is at stake now to be distracted from the task at hand.

We sincerely hope our vision is that of the Hong Kong people, and of our government.