

11 September 2018

Mr Stanley Wong Yuen-fai, SBS, JP
Chairman, Taskforce on Land Supply
17/F, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Dear Stanley,

Public Consultation on Land for Hong Kong: Our Home, Our Say!

1. The Chamber is pleased to have the opportunity to provide views to the Task Force on Land Supply with respect to the consultation on the 18 proposed land supply options, covering short-to-medium term, medium-to-long term and conceptual options.

Long-term reliable land supply

2. At the end of this consultation process, the Government should map out a ***long-term, stable and reliable land supply plan with a clear deliverable timetable***. Such a plan should not only cater for organic population growth, and social and economic development, but also address the community's aspirations for enhancing living space and addressing issues relating to an ageing population, the growing trend of small households and other changing needs in society.

3. For such a plan to succeed, the Government must show that it has the will and determination to put in place policy measures that are in the best interests of the general public and long-term prosperity of Hong Kong. As the Task Force has pointed out in its consultation paper, the challenge is not so much about the *"lack of ideas or strategies on how to increase land supply, but the (lack of) broad consensus on the pros and cons, trade-offs and priorities of the various land supply option"*. To overcome this, it is imperative that the Government provides strong leadership and commitment to resolve the housing and land supply issues that Hong Kong is faced with today and over the longer term.

Expediting the process

4. Once a comprehensive plan has been clearly devised, concrete actions should be taken to expedite the process of addressing the housing shortage and making land available. The Chamber has long been urging the Government to expedite and simplify the development process, as well as the town planning process. Furthermore, some of the options discussed have previously been subject to detailed

consultation (such as the East Lantau Metropolis and reclamation outside Victoria Harbour) or are already being implemented (as in the case of the suggestion to develop caverns and underground space). We also note from the 2010 Policy Address that the then-Administration put forward the initiative to “*build up a sufficiently large land reserve over a period of time to ensure stable land supply for the residential property market*”¹. It is clear that there are already pre-existing policy directions in these areas and the next logical measure is to commence with or to step up the implementation of these to bolster supply. The Chamber recognizes the urgency to address the acute shortage of affordable housing, which has led to significant and sometimes disruptive frustration from the increasing proportion of the community who simply cannot afford high-cost housing. The development of a housing policy that reflects the urgency of this issue, and provides a swift and effective response would play an important role in restoring the harmony that is such an important contributor to a healthy society and business environment. This issue is particularly important for Hong Kong’s emerging young talent, who may see brighter prospects overseas where their aspiration to own their own property are significantly more attainable than in Hong Kong.

Dedicated policy bureau

5. Currently the management of land and housing is divided between the Transport and Housing Bureau and the Development Bureau, and it is therefore unclear which bureau has the ultimate responsibility and authority. The Chamber has advocated that ***all land and housing-related policies should be administered under a single policy unit***, which is granted with the authority and power to determine and prioritize land sites and development for different land uses at the Government’s disposal. Therefore, a dedicated policy unit should oversee both land and housing issues.

Reclamation

6. On enhancing land supply, the Chamber agrees with the Government that a multi-pronged approach should be adopted on ***(a) creating new land, (b) redeveloping old districts, (c) increasing plot ratio, (d) rezoning land uses / modifying leases / redeveloping and converting industrial buildings***. In making new land available, the Chamber supports the proposal for reclamation outside Victoria Harbour, in areas where the ecological impacts are low and the potential for meeting the urgent need for affordable housing is high. This is one of the options where a large piece of land could be created with greater flexibility and effectiveness to fill the shortage gap of 1,200 ha in the next 30 years. Unlike other land supply options, reclamation would not adversely affect existing land users, and would therefore avoid the time-consuming process of tackling issues relating to private land resumption or household resettlement. Moreover, the Government could make use of reclamation to build up a land reserve for Hong Kong’s future development, similar to the practice in the 1980s and 1990s.

¹ <https://www.policyaddress.gov.hk/10-11/eng/p17.html>, Para 18

Farm land, brownfield and greenbelt sites

7. Hong Kong is arguably not short of land. As noted in the consultation paper, there is a readily available supply of land that could be converted for uses that meet pent-up demand for residential, commercial and other developments. Hence, an option that could be pursued in parallel to reclamation is **rezoning and development of abandoned farm land, and brownfield sites**. We note the concerns over the inordinate amount of time associated with land resumption for such sites and would suggest that consideration be given to reviving the practice of issuing Letter B, a government promissory note in respect of a future land grant in exchange for landowners surrendering their titles without going through the statutory resumption process. This would have the benefits of expediting land assembly and, by allowing this instrument to be freely tradable, provide market transparency in determining prices. We all treasure our endowment of precious greenbelts to provide built-up areas with a “green lung” and should not consider encroaching on our country parks, or facilities that provide venues to house international sports activities, train Hong Kong athletes for international competitions and provide essential recreation space to residents throughout Hong Kong. However, farm land and brownfield and greenbelt sites which are proven to be of low economic or conservation value in their current state should be put to their fullest value and uses. Taken in aggregate, the first two of the foregoing would produce more than 1,700 ha of land (comprising 1,000 ha of private agricultural land and 760 ha of brownfield sites) for use in the next 30 years.

Respecting private property ownership

8. A city’s competitiveness depends not only on its economic development, but also on the extent to which it adheres to and upholds the rule of law. In that regard, it is imperative that the **right of private property ownership should be protected and respected**. Given that all land in Hong Kong is ultimately leased from the Government and that Hong Kong’s free market system, ability to attract investors, and economic success depend on stable and reliable property rights, the non-renewal of long term leases (such as private recreational leases) should be considered as a last resort and only if overriding public interests justify doing so. The amount of land that would arise from such a rezoning exercise would however fall far short of market needs. We support the proposal to promote more equitable use of such sites by enabling greater public access as this would enhance their value to the community without surrendering their recreational, cultural, ecological and “open space” values. At the same time, it is important that the private sports clubs be allowed to operate under a climate of certainty so that they can continue to support and contribute to the development of sports in Hong Kong and to provide consumers with a choice.

Welcoming public-private partnership

9. Land rezoning and land exchange were once important sources of land supply for Hong Kong. The Chamber supports the use of the **public-private partnership (“PPP”)** model to develop private agricultural land in the New Territories. In doing so, we agree that a fair, open and impartial mechanism should be established to deal with all matters relating to PPP projects. The remit of the independent body should include selecting sites for development, assessing

applications, and determining the proportion of public and private investment and the split between public and private housing.

Land for all purposes is needed

10. Hong Kong is not only suffering from insufficient living space, but also for doing business and catering for our future needs, such as smart city and new economy developments. The Chamber considers that ***a holistic approach*** should be undertaken to enhance land supply for office, retail, MICE, storage space, government, institutional and community facilities (“GIC”), open space, and transport and infrastructure facilities, in addition to housing.

11. Hong Kong cannot afford to waste time with endless conflicts and divisions, otherwise we risk losing our competitiveness to neighbouring cities in the Greater Bay Area, as well as to other competing jurisdictions. The Government should address the land issue as soon as possible without further delay, and concentrate its resources on grooming and attracting talent, accelerating innovation development and rebuilding the city’s brand.

12. We hope the comments made in this submission are useful, and look forward to the Task Force’s findings on this consultation to be released later this year.

Yours sincerely,



Aron Harilela
Chairman

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