

Re-vamping land usage to Meet Updated Needs

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SUMMARY

In the past 170 years, land leases were granted for various categories of uses. At that time, the population was around 20,000. Although the area (Hong Kong) is small (about 1,100 sq km), it was nevertheless able to meet the general need until the mid-80s.

Since the signing of the Sino-British Joint Declaration in 1984, land disposal was limited to 50 hectares per annum (until June 1997). This restriction inevitably pushed up the residential land value to a recorded high. Pressures are mounting to convert agricultural land for housing purposes.

On the other hand, China adopted an open-door policy almost at around the same time. That resulted in massive 'migration' of industrial operations to the southern part of China because of low land cost and abundant supply of labors. Consequently, a lot of industrial premises were left vacant.

In view of the rising aspiration for home ownership and escalating price on office premises, government has, throughout these years, sped up the land exchange process and introduced measures to re-vitalize industrial premises.

In this paper, we will attempt to elaborate on the case background, analyze the situation, explain on the methodology and evaluate results of these measures.

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Introduction

Relatively speaking, Hong Kong is a very small city, comprising a land area of 1,100 sq km (about 400 sq miles). Over 80% of the area is on slope or falling within the country parks. The remaining areas are for various uses to satisfy the need of over 7 million people.

Hong Kong started as a fishermen's port as the British took over the Island in 1841, then the remaining parts in 1860 and 1898.

Demand for land was not pressing at the initial years as population was less than 20,000 then. Many sites in the urban area were granted on long leases with no user restriction. Sites in the rural area were sold for a residence, with say a height limit of 35 feet (ie 10.67 metres) or 3-storey development. Whereas, for the New Territories, land were generally for agricultural purposes with some sites granted for building purposes.



Changes through time

With the influx of immigrants from the South East Asia immediately after the Second World War, there was not sufficient land in the developed part of the city to satisfy uses like commercial, residential and industrial development. Therefore, additional land were formed through reclamation mainly in the harbor, extensive cutting/filling of slopes, quarrying etc.

<p>Squatter Area – accommodated a huge number of immigrants from Mainland after WWII</p>	<p>Reclamation Land for development</p>

Town planning measures

In the following decades, population continued to grow rapidly. There was every reason to consider optimization of uses for various categories of land. To meet this end, Planning Department (of the Hong Kong Government) kept on reviewing land zoning with a view to make best use of scarce land resources. For example, as most industrial undertakings were moved to the mainland, the sites/premises were left vacant. These are re-zoned for hotel, office, retail or residential purposes.

At the same time, many new towns (eg Yuen Long, Tuen Mun, Shatin etc) were built through resumption of land then disposal for redevelopment.

Specific approaches to tackle sites under existing leases

These are private lots. Government can either resume the site if it is required for a public purpose (eg road work, infra-structure, community use etc) or process application from the land owner for more intensive development. In the latter case, assuming the site was leased for agricultural use whereas, it is zoned for other use (say residential) in the town plan. The lot owner can lodge

an application with the government, requesting permission for a land exchange. If the case is approved, a new grant document with updated development conditions will be issued. Such conditions will include: requirement to complete development within a specific period, maximum permissible gross floor area, site coverage etc. Premium based on the 'before' and 'after' land values will have to be paid to the government.

Through the land exchange process, thousands of residential units are provided year after year. At the same time, good revenue goes to the Treasury for general expenditure.

Apart from changing land use under the lease, we do encourage more intensive development of the existing site should there be no contravention with the town plan. For example, some sites were granted for low rise development. However, due to provision of infra-structure in recent years, high rise/multi-storey development can be permitted. Again, for approved cases, premium based on enhancement in land value will be charged.

For buildings under multiple ownership, it is not possible to consider development on en bloc basis. In such case, the owner concerned can apply for a short term waiver for a 'no objection letter' to change use of his unit for the life time of the building.

In respect of old premises with fragmented ownership, it is difficult/impossible to have a joint re-development to make use of potentials under the town plan zoning. In such case, government through the Urban Renewal Authority, may consider schemes and acquire the site for re-development.

Change in age structure

In recent decades, few couples choose to have more than one child. As a result, many kindergartens and primary schools may no longer serve the original purpose. Some were converted to other uses through the land exchange mechanism. However, due to ownership/title problems, some are abandoned. The case is quite common in the remote part of the territory. To avoid wastage, action are taken to convert these premises to village office, government/social service centre etc.

Maximizing use of government sites

For example, some reservoirs are opened for boating/fishing purpose at the week ends. With regard to covered service reservoirs, some are used for soccer pitches, shooting practice, flying of model planes etc.

Compulsory purchase of residential premises

There are instances for old residential buildings in which developers are able to acquire as much as 90% of the land interest for re-development. The remaining owners may refuse to sell because of reluctance, title problems or adopting a wait and see attitude with a view to bargain for a better price.

In such case, the developer can apply to the Lands Tribunal for compulsory sale of all the interests of the land lot to a single owner through public auction. However, the following criteria will have to be complied with:

- (i) The redevelopment of the lot is justified due to the age or state of repair of the existing development on the lot;
- (ii) The developer has taken reasonable steps to acquire the remaining interests.

The said 90% threshold can be lowered to 80% under some conditions e.g. for buildings aged 50 years or more or industrial buildings not less than 30 years old and standing within non-industrial zone.

If approval is granted by the Lands Tribunal, a public auction will be conducted to sell the land lot at a price not less than the redevelopment value of the lot as determined by the Lands Tribunal. This arrangement was introduced in 1999. So far, dozens of lots were sold through the process.

Preservation of historic premises

Although not too many people pay much attention to this aspect as there appears little commercial incentives, government do realize the need to take early action as numerous old or worthy preserving buildings were re-developed in the past few decades.

To this end, quite a number of premises were declared as ‘monuments in which re-development and or demolition will be prohibited. Government may acquire the whole site and at the same time grant an alternative site nearby to the affected owner. In the process, the permissible building bulk, site area etc will all be taken into account when assessing the land values.

Re-defining the Frontier Closed Area

To stop unauthorized influx of immigrants, security fence was erected along the border with the mainland decades ago. A massive area (about 3,000 hectares) was declared as ‘restricted area’. Access was opened to the indigenous villagers or to those with a special licence.

In mid-February 2012, government had relaxed the restriction. Up to 740 hectares of land are opened up as any other parts of the territory.

With such relaxation, more land for low rise residential development is anticipated. Quite a number of developers are negotiating with the local villagers and explore opportunity.

Recent proposals by the government

As sewage treatment plants occupy a big site, consideration is being given to re-locate them within a cavern. The land so released can be put into some other uses.

To expedite re-development of industrial sites, policy on re-vitalization was introduced in 2009. So far, 41 cases were approved.



Hong Kong has been developed into a metropolitan of the World

BIOGRAPHICAL NOTES

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