



香港大學物業權益研究中心

The University of Hong Kong Ronald Coase Centre for Property Rights Research

HKURBAN
lab

Summary Report

Detailed Views and Recommendations on

Tapping into the Private Agricultural Land Reserve in the New Territories

Submitted to

TASK FORCE ON LAND SUPPLY

Prepared by

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The University of Hong Kong

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Executive Summary

The Ronald Coase Centre for Property Rights Research (RCCPRR) has conducted a study entitled “Mechanisms to unleash development potential of privately-owned agricultural land in the New Territories” between Feb and Sep 2018. This summary report highlights the major findings and recommendations of the study. We suggest that:

- 1) Land readjustment (LR) and Land Bonds (LB) are feasible mechanisms to facilitate the following options depicted in Task Force (2018):
 - Option 5.1 Developing brownfield sites; and
 - Option 5.2 Tapping into the private agricultural land reserve in the NT.
 - Option 5.6 More new development areas (NDAs) in the N.T.
- 2) LR involves negotiation amongst landowners in a region to realign their land boundaries resulting in giving back 50% of their land as a developer obligation levy to the government in exchange for infrastructure connection to the region, which can increase development density. The land owners still need to pay a premium and go through the normal development procedures to develop their newly defined land holdings in the region.
- 3) LR can improve utilization of land and thus create value, which is important to achieve a win-win-win solution.



From a macroscopic level, territory-wide land readjustment can be achieved by the government through acquiring undeveloped land from landowners by issuing land bonds (LB). The LBs are a transferrable development right to the land acquired by the government. LB are transferrable in the second-hand market. LB holders can use the LB for land transactions (i.e to buy new land or pay for a land premium).

- 4) No new legislation is needed for LR and LB but government policy is necessary to facilitate their implementation.
- 5) A pilot LR project before full implementation is desirable for the public to be able visualize its advantages.
- 6) A more detailed study is needed for working out the implementation details of the LB.
- 7) Implementation of the LR and LB can increase the legitimacy of the use of the Land Resumption Ordinance in resuming land from land owners, who refuse to take part in LR and LB.

Key Findings and Recommendations

On Land Readjustment

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LR1: Across a wide spectrum of stakeholders in society, LR has been well received and is considered a useful framework for unleashing the development potential of privately-owned land in the NT.

LR2: No new legislation is required to implement LR in HK. LR projects will be implemented through the prevailing provisions in CDA zoning. New policies to facilitate LR are necessary for administrative efficiency.

LR3: LR is suitable for site areas larger than 10 ha that could house more than 10,000 residents.

LR4: Pilot LR projects should be carried out as fast as practically possible.

LR5: Parties from the public, quasi-government, private and NGO sectors could be the LR project initiators. Quasi-government bodies could play a facilitating role in the LR projects.

LR6: There should be no specific minimum ownership thresholds to initiate LR projects in HK.

LR7: We propose levying a significant portion of privately-owned land as the non-negotiable developer obligation for all LR projects in HK.

LR8: A 50% developer obligation should be levied under the LR programmes.

LR9: A target of 50-60% public / subsidized housing provision can be a guiding principle to formulate land use plans for LR projects.

LR10: Public infrastructure and public housing provisions under the LR projects can be provided by either the public or private or both sectors. The costs of provisions should be



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reflected in the premium assessment process. Public monitoring mechanisms such as probity auditing can be introduced for projects that entail provision of public facilities by the private sector.

LR11: Full market premium should be levied for LR projects. Market prices of agricultural land and *ex gratia* payment under land resumption should be referenced to the before value in premium assessments of the LR projects.

LR12: All LR projects must comply with the prevailing development control system. New government directives should be issued to facilitate LR projects for CDA related applications.

LR13: In the pilot or initial stage, the setup of an independent authority to oversee the LR projects is not recommended.

LR14: New policies on off-site land exchange should be formulated to facilitate replotting of land parcels within the LR projects.

LR15: The LR projects should embrace conservation and inclusive community elements, etc. as far as practical.

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On Land Bonds

LB1: Land bonds should be introduced in the NT as an intertemporal medium for land exchange such that fragmented and idle agricultural land can be redeployed for other uses after comprehensive planning.

LB2: To reflect the variations of land values, zonal plans can be prepared to stipulate the conversion rates of LB.

LB3: The amount of LB to be issued and the conversion rates must be justified by a robust estimation of the total floor areas to be produced after territory-wide land readjustment.

LB4: Both territory-wide and LR project based LB programmes can be implemented.

LB5: To expedite the land exchange process, a regressive sliding bonus scheme can be applied for a territory-wide LB programme.

LB6: LB should be freely transferrable for both the territory-wide and project-based programmes.

LB7: Up until a pre-determined amount of LB has been redeemed by LB holders, LB-only sales can be regularly held. Thereafter, LB/premium land sales should be arranged.

LB8: An exercise value (EV) can be issued on the LB, which will be adjusted periodically to reflect changes in the market conditions.

LB9: A time limit should be imposed on the LB.



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LB10: LB can be redeemed for cash towards the end of the programme.

On Government Efficiency

G1: The HKSARG should restructure the organizations of the Development Bureau and Transport and Housing Bureau. Development and housing related departments should be grouped under one single umbrella.

G2: The Chief Executive should consider establishing a position of Vice Chief Executive, who is commissioned, inter alia, to liaise and coordinate city development related issues between the Chief Secretary and Financial Secretary.

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SUMMARY REPORT

1. BACKGROUND

- 1.1 The Ronald Coase Centre for Property Rights Research (RCCPRR) submitted a proposal to the Task Force on Land Supply (Task Force) dated Feb 2018 on the mechanisms to unleash privately owned agricultural land in the NT. A structured study has been conducted subsequently which comprises a series of focus group meetings, a public forum, a questionnaire survey, a desktop study of overseas experiences and selected local case studies. Over 200 participants including major stakeholders, professionals, members of concern groups and think tanks were involved in this study. This summary report highlights the major findings and our recommendations to the Task Force.

2. OUR VIEWS IN GENERAL

- 2.1 We recognize the serious shortage of land supply in HK. As far as practical, the HKSARG must make every effort to explore all possible short-to-medium term, medium-to-long term and conceptual options listed in the public engagement of the Task Force (2018) so as to ensure a stable land supply schedule in the years to come.
- 2.2 To alleviate the current pressing housing demand, enabling the short-to-medium term options is of paramount importance. In term of total area, among the 4 options proposed in Task Force (2018), developing brownfield sites (5.1) and tapping into the private agricultural land reserve in the NT (5.2) are considered the most effective. A holistic approach must be adopted in the NT because brownfield sites, privately owned agricultural land including those owned by the *Tso* and *Tong* (ancestral halls of indigenous village communities), and idle government land are fragmented and intertwined together. It is estimated that more than 4,000 ha of land in the NT can be unleashed for development through a prudent approach to institutional design.
- 2.3 To facilitate better utilization of agricultural land in the NT, we recommend the introduction of land readjustment (LR) and land bond (LB) mechanisms. LR enables multiple-party in-situ land exchange, from which a substantial portion of land, known as developer obligation, will be levied by society for public housing and infrastructure development. For land readjustment at a territory-wide level, we recommend the introduction of land bonds (LB). In lieu of in-situ land exchange, entitlements to future development rights, LB, are issued to owners who surrender their agricultural land on the spot market.
- 2.4 Tremendous added-value can be created by LR and LB in the NT. Through a transparent mechanism, the value can be fairly redistributed to both stakeholders and society as a whole. LR and LB are less contentious than the land resumption

approach. They also address any possible allegations of collusion under the public-private-partnership (PPP) model.

3. PROBLEM IDENTIFICATION

3.1 Extracted from our case study, Fig 3.1 exemplifies a typical landownership pattern in the NT, which suggests that some innovative methods to resolve the problems must be called for. In this 19-ha boundary site in the north-east NT, although the developers hold 6 ha of land marked in shades of purple, no meaningful high density comprehensive development could be carried out. Accusations of land hoarding by developers in this case appear to be invalid. Minority owners hold 3 ha of land marked in light green. Even if a majority of the members within the *Tso* and *Tong* agree to dispose of the land, for various reasons including court rulings that transactions of *Tso* and *Tong* land require unanimous consent, turnover of land parcels is stuck. Significant portions of the idle agricultural land have turned into brownfield sites. Government holds around 10 ha of land marked in white. While government land with economic value will be leased out via Short Term Tenancies (STT), most are left abandoned.

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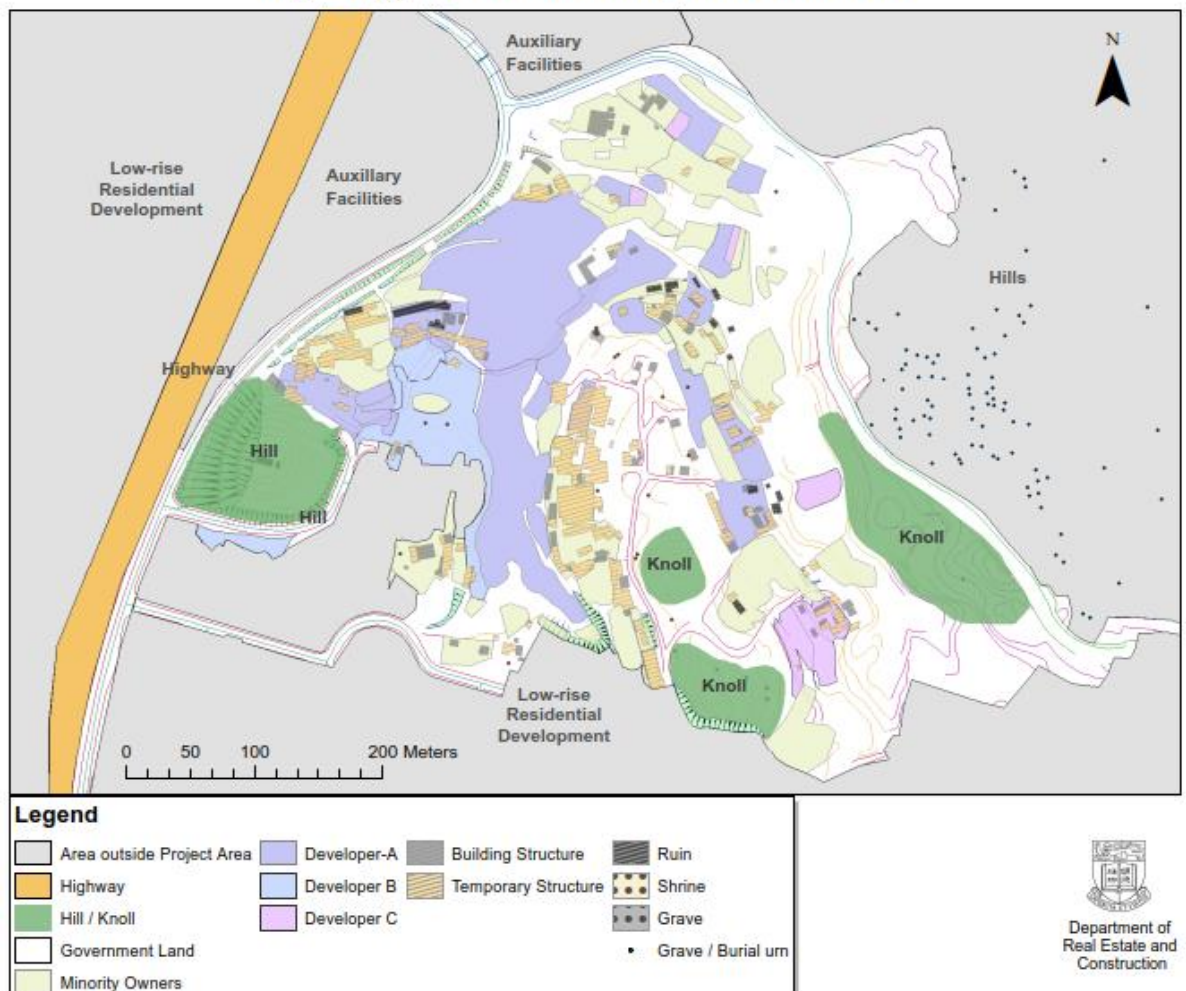
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Fig 3.1 Typical Landownership Pattern in the NT





- 3.2 Outright land resumption for comprehensive development appears to be an option for similar cases. Leaving aside the potential legal challenges which may delay development for decades, land resumption may trigger the elimination of *Tso* and *Tong* indigenous village communities in the NT on a massive scale. In-situ or off-site relocations of the *Tso* and *Tong* land are sensible options to preserve the communities. Land resumption also excludes the opportunities for indigenous villagers to take a fair share in economic growth¹.
- 3.3 Some may argue that prevailing policy has already allowed private owners with more than 4,000 sq m of agricultural land to conduct development in the new development areas (NDAs) by their own effort, so neither land resumption nor LR will be needed. However, we find that landownership patterns in NDAs highly resemble to those in Fig 3.1, which means that private agricultural, *Tso* and *Tong*, and government land are fragmented and intertwined together. A voluntary multiple-party land exchange mechanism in NDAs will expedite the housing production process.
- 3.4 There are concerns about possible collusion arising from the PPP model proposed in the option of ‘Tapping into the Private Agricultural Land Reserve in the New Territories’ in Task Force (2018). The introduction of transparent mechanisms, e.g. non-negotiable developer obligations², will be essential to alleviate these concerns.

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4. THE CONCEPTS

4.1 Land Readjustment

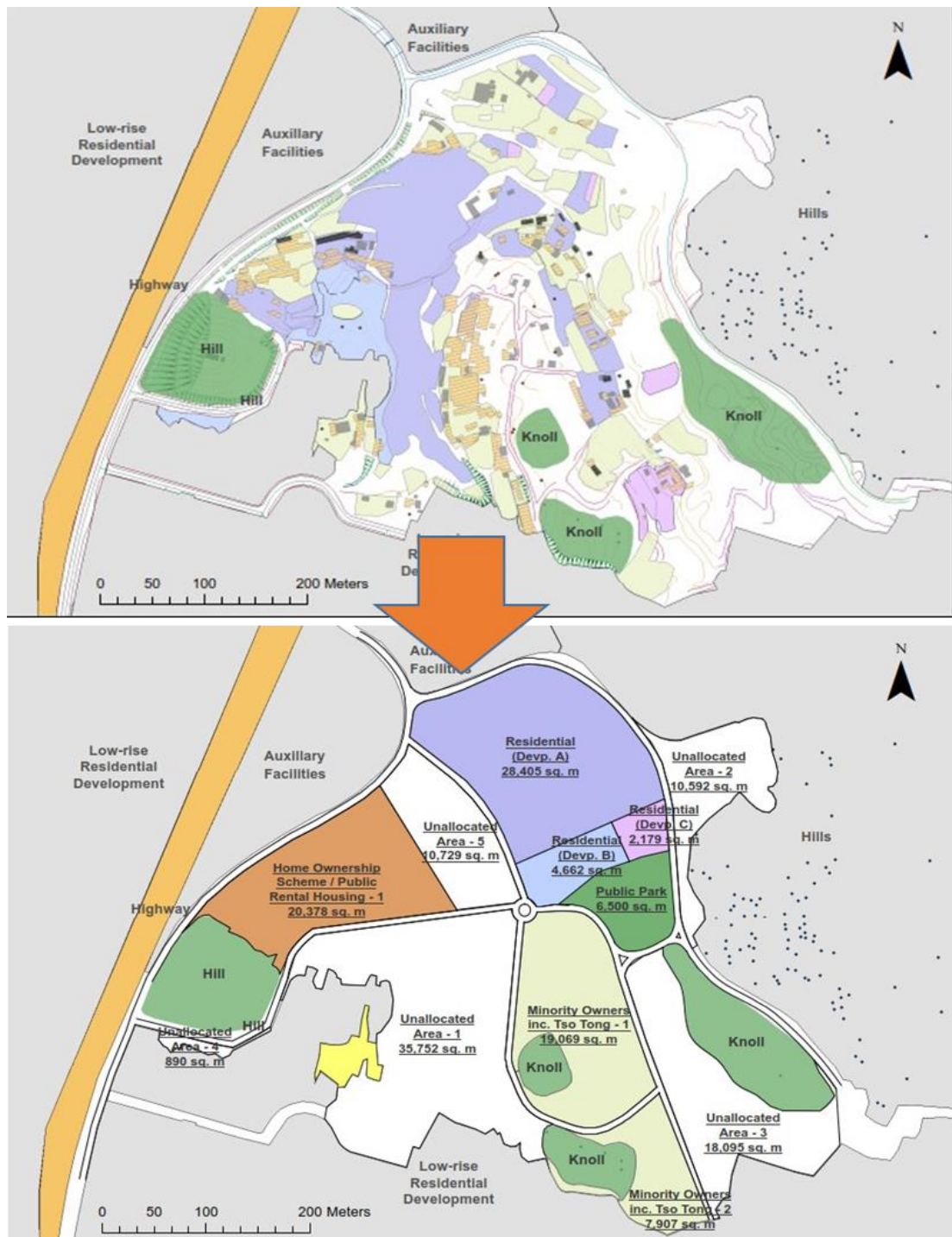
- 4.1.1 LR refers to a mechanism whereby private landowners voluntarily surrender their land parcels, usually irregular in shape and uncoordinated, to the government in return for smaller replotted sites in the vicinity, with higher values after comprehensive planning efforts. The land surrendered back to the government is regarded as a levy we style “developer obligations”, which can be used for public facilities such as roads, infrastructure, parks and affordable housing and other purposes. Fig 4.1 shows a conceptual diagram of a LR project.
- 4.1.2 LR has been promoted by the United Nations and the World Bank for releasing privately owned land in urban fringes for city expansion. It has been incorporated as a land use policy in Germany, Spain, Israel, Turkey, Australia, Japan and South Korea. We contend that if LR can be implemented in countries with even more complicated historical, political and landownership settings like Israel³, there is no compelling reason to believe that it should not be considered in Hong Kong.

¹ On Feb 22, 2018, Mr. Kenneth Lau Ip Keung, Chairman of Heung Yee Kuk, blamed the Government for paying far below market value compensation for resumption of rural land. He argued that the Government did not share the fruit of city development with the indigenous villagers (see *The Standard*, Feb 23, 2018).

² Detailed discussions of the introduction of non-negotiable developer obligations in land readjustment schemes in Hong Kong see Chau et. al., forthcoming.

³ See Alterman, 2012.

Fig 4.1 Conceptual Diagram of LR



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4.1.3 Conceptually, LR creates value through the re-arrangement of property rights amongst owners of underutilized land parcels, and then redistributes the increased value to stakeholders including the landowners, indigenous village communities and society at large. LR is underpinned



by robust theories in property rights and institutional design⁴. There is a large body of literature that documents the remarkable experiences of LR⁵. For instance, since the 1980s almost all the new urban land in Spain was created through LR. About 370,000 ha or 1/3 of urban land in Japan was created by LR⁶ over the past century. In Seoul, LR has contributed around 14,600 ha or 1/2 of the city since the 1930s⁷.

4.1.4 LR serves as an alternative to conventional land assembly methods such as massive land taking⁸, which may be prone to dispute⁹, severe criticism and opposition. It increases the value of the otherwise idled sites and enables all stakeholders to share the fruits of land readjustment on a fair and voluntary basis. LR often involves input from the government in terms of the provision of infrastructure and the administration of land matters, thus must be supported by government policy.

4.2 Land Bonds

4.2.1 LB are entitlements to future development rights. They are issued to landowners, who prefer the flexibility of financial instruments over in-situ land exchange when they surrender their land for more optimal uses. The Government can plan and optimize of land use through land readjustment of the surrendered land, and subsequently redeem the LB with developable land through an open market mechanism. Competition among LB holders in the market can dispel concerns about possible collusion. Fig. 4.2 shows a conceptual diagram of LB.

4.2.2 LB can be implemented at a territory-wide scale. The LB issued by the government have a face value. The face value is the initial Exercise Value (EV) equal to or slightly higher than the market value of the rights over the land (i.e. the market value of the land). The EV of a land bond is the monetary value of the land bond when it is redeemed by the government through land transactions (land sales and land premium). To reflect the variations in land value, a zonal plan with different EVs can be prepared by the government before issuing the LB.

4.2.3 The land bonds bear no interest rate but the EV will be adjusted periodically to reflect changes in the market conditions that affect the average prices of the land in

⁴ In economics, LR can be construed as a Coasean bargaining (see Coase 1960) process. In management context, major stakeholders of LR are playing a co-opetition game (see Brandenburger & Nalebuff 1996).

⁵ See Hong & Needham 2007; Ingram & Hong, 2012; Gielen & Van der Krabben, forthcoming; Van der Krabben & Lenferink, 2018; Van der Krabben & Needham 2008; Gozalvo & Muñoz, 2017; and Li & Li, 2007.

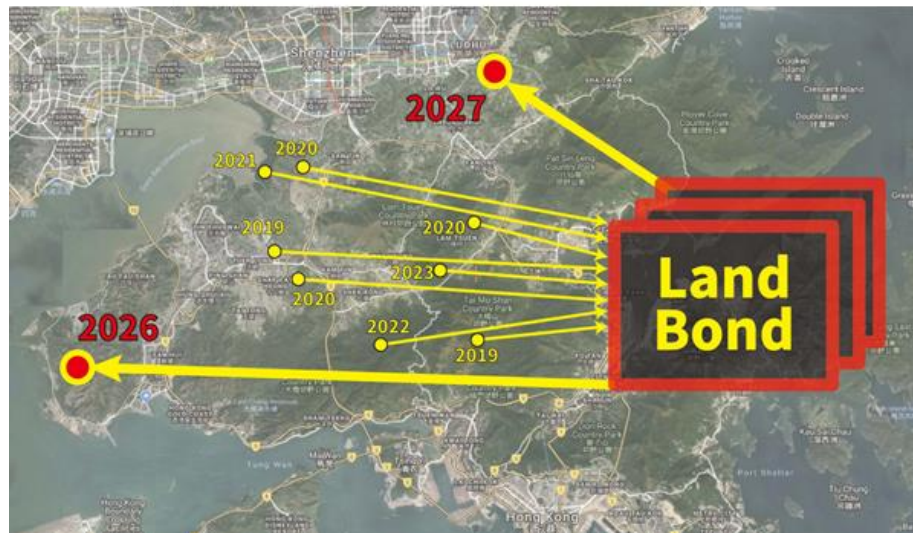
⁶ See Gozalvo & Muñoz, 2017.

⁷ See Kim 2017.

⁸ Known as resumption or compulsory purchase in HK and the UK; eminent domain in the US; expropriation in Australia. The New Development Areas (NDAs) developments in HK including the North East New Territories NDAs adopt this approach.

⁹ In the US, although the State Supreme Court in *Kelo vs City of New London* (2005) ruled no violation of federal constitution on private property rights for land taking that entails public purposes, subsequently it led to the legislations in 44 states forbidding the use of eminent domain for economic development.

Fig 4.2 Conceptual Diagram of LB



the NT (e.g. a land price index derived from an NT housing price index, private sector tender price index for building works and interest rates).

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- 4.2.4 The LB can be freely transferable in the secondary market at prices which reflect people's expectations of future land prices and can be higher or lower than the EV.
- 4.2.5 The LB should have a fixed life with the same expiry date (e.g. 2047). The government will redeem all LB on the expiry date at a predetermined value, e.g. face value, i.e. initial EV, adjusted for inflation based on the composite consumer price index.
- 4.2.6 To encourage the land owner's earlier surrendering of their land for LB, the government may adopt a regressive sliding bonus scheme which gives bonus land bonds to owners who surrender their land at an earlier date.
- 4.2.7 There should be a larger proportion of land available for bidding by LB owners only, to encourage earlier exchange of LB for land. When the amount of issued LB drops below a certain percentage (e.g. 50%), all new land should be available for bidding by LB or cash to avoid collusion amongst land bond owners.
- 4.2.8 Although the Letter B land exchange programme conducted in the mid-20th century for new town development is a good reference, the proposed LB is entirely different. First, to facilitate open market transactions, all the heterogeneous features in Letters B such as vintage, Chart W premium assessment, etc. will be taken away. Second, the amount of LB to be issued will be based on careful estimations of the total floor area to be generated after territory-wide land readjustment by the government.
- 4.2.9 There are many advantages associated with the LB programme. First, the transparency of the programme helps remove concerns about collusion. Second, it gives the general public the assurance that the government is determined and



fearless in resolving the land supply problem. Third, the government can conduct extensive land readjustment to improve the efficiency of land utilization in the New Territories, preserve conservation areas, relocate indigenous or non-indigenous villages and create buffer areas for brownfield sites and small houses. Fourth, LB are freely transferable in the market. Hence they can be considered as an alternative property investment tool. This would help prevent panic buying of property units even among those people who believe that property prices will always appreciate.

5. METHODOLOGIES AND PARTIES INVOLVED

- 5.1 To identify the existing problems and solicit opinions on the mechanisms of LR and LB, 24 focus group meetings have been held between July and Sep 2018. Participants¹⁰ were classified into 5 groups, namely **Developers (D)**, representatives from the **NT (N)**, **Professionals (P)**, **Concern groups (C)**, and **Think tanks (T)**. A full list of the Focus Group participants is shown in Appendix A. A list of Focus Group meeting questions is displayed in Appendix B. Ethical approval procedures under HKU rules have been strictly followed; a letter issued by the Human Research Ethics Committee is enclosed in Appendix C. The views of the participants with respect to our recommendations are organized in Appendix D. Organizations taking part in the five Focus Groups are as follows:

Developers (D) – Chinachem, Henderson Land, Hong Kong Land, K.Wah, New World and Sun Hung Kai (4 of them possess sizeable landholdings in the NT)

NT (N) – Heung Yee Kuk, *Tso and Tong* landowners, *Tso and Tong* managers, indigenous inhabitant representatives, indigenous and non-indigenous villagers as well as sales agents.

Professionals (P) – Hong Kong Institute of Landscape Architects, Hong Kong Institute of Surveyors' General Practice Division, Hong Kong Institute of Surveyors' Planning and Development Division, Hong Kong Institute of Planners, Legislative Councilor for the Architectural, Surveying, Planning and Landscape Functional Constituency, Professional Lawyers, Planners and Surveyors.

Concern groups (C) – Citizens Task Force on Land Resources, Real Estate Development Building Research Information Centre, Subdivided Flat Platform

Think tanks (T) – Hong Kong Vision, Our Hong Kong Foundation

- 5.2 To solicit the views from the general public, a public forum was held at HKU on Aug 18, 2018 with about 120 participants and with media attendance. The public forum

¹⁰ Since consultations to their corresponding organizations were not made possible, all opinions expressed by the participants only represent their personal views.



was promoted through public channels including the media, HKU networks, HKILA, HKIP and HKIS. 8 invited local and overseas speakers gave presentations, followed by an open floor forum. The list of speakers and the programme of the public forum can be found in Appendix E. An opinion poll was conducted during the public forum. The questions put to the poll are shown in Appendix F. 43 valid questionnaires (35.8% response rate) were collected after the forum. The results of the opinion poll are shown in Appendix G.

- 5.3 Four informal meetings were held with senior members of the Heung Yee Kuk, San Tin Rural Committee, Housing Society and the Home Affairs Department to exchange views with respect to the current land use problems in the NT. Some attendants of the informal meetings have contributed ideas about the technical, legal and operational aspects of our proposals.
- 5.4 A desktop study covering their experiences in the implementation of LR in 12 overseas countries has been conducted. The study covers the policies, pros and cons, problems and measures etc. in these countries.
- 5.5 A local case study has been conducted to test the parameters of the LR framework. It estimates the development potential to be unleashed by LR, and the potential housing provisions under different developer obligation scenarios.
- 5.6 The study has aroused significant attention from the media and general public. Appendix H lists the headlines of some of the media reports about this study.

6. MAJOR FINDINGS AND RECOMMENDATIONS

6.1 Land Readjustment

- 6.1.1 Overwhelmingly supportive views on LR have been received both in the Focus Groups and the public forum. All Focus Group participants support or show no objection to LR, except for **D6** who does not possess sizeable landholdings in the NT and perceives that land resumption is a better option. 90% of the respondents in the public forum also support LR. **Recommendation LR1: Across a wide spectrum of stakeholders in the society, LR has been well received and is considered a useful framework for unleashing the development potential of privately-owned land in the NT.**
- 6.1.2 The need for legislation is one of the key concerns for implementing LR in HK. LR specific ordinances are enacted for countries like Japan and South Korea. In other countries like Germany, Australia, Israel, Turkey and Spain, LR practices are embedded in the building and/or planning codes. While some focus group participants such as **T2** gather that legislation may be necessary to handle issues like missing and uncooperative owners in HK, **P6** suggests that S4(2) of the Town Planning Ordinance has already enabled the Chief Executive in Council to exercise resumption power if and only if the LR sites fall within Comprehensive Development Areas (CDA). **C4** points out that to facilitate LR, new policies should be launched to



give more directives to government officials to handle issues like off-site land exchange etc. **Recommendation LR2: No new legislation is required to implement LR in HK. LR projects will be implemented through the existing provisions in CDA zoning. New policies to facilitate LR are necessary for administrative efficiency.**

- 6.1.3 LR is considered most suitable to create new communities able to accommodate at least 10,000 residents. **D2** opines that there is abundant idle agricultural land and brownfield sites with fragmented ownership of over 10 ha in size in the NT, which are suitable for LR. The population in each of these potential LR sites should support a standard school at least. These ballpark figures are verified by Case Study 1, which suggests that out of the 9 ha of originally fragmented privately-owned land, LR could produce around 4,500 residential units under different scenarios of developer obligation levies. In this case, LR also helps the realignment of 10 ha of fragmented idle government land for a future public land reserve.

Recommendation LR3: LR is suitable for site areas larger than 10 ha that could house more than 10,000 residents. To gain better understandings of the arrangements and benefits of LR, some participants such as **D1, P8, T1** and **C4** etc. suggest that some pilot projects should be conducted right away. **N2** indicates that it is not difficult to identify volunteers in the NT for the pilot projects.

Recommendation LR4: Pilot LR projects should be carried out as fast as practically possible.

- 6.1.4 There are diverse views concerning who should act as the LR project initiators. References have been made to overseas experiences. Japan has been exercising a bottom-up approach which allows private landowners to form cooperatives to conduct LR. Germany and Turkey adopt a top-down public-led approach to LR. South Korea and Spain feature hybrid models, where the public sector identifies the LR projects and invites tendering from private parties as the initiators. In the HK context, some focus group participants such as **D5, D6, N2, N3, N4, P1** and **P5** have preferences for the government to act as LR project initiator because it is the least cost party for removing infrastructural constraints. Some participants such as **C4, D4, P2, P7, T1** and **T2**, however, question the capacity constraints of the government. Given that most LR projects are not mega but community-scaled projects, they opine that private consultants should be able to make technical proposals to deal with the additional infrastructural requirements.

- 6.1.5 A number of focus group participants such as **D1, D3, N1, P3, P4, P6, P8, C1, C2, C3** and **T1** consider that any parties could be LR project initiators as long as they have good ideas about transforming the communities. NGOs, quasi government bodies and professional bodies could also act as the project initiators. This notion is also supported by the opinions gathered from the public forum. 51.3% of the respondents suggest that all parties could be the project initiators (c.f. 38.4% in favor of public only and 10.3% private only). **P1, P8, C2** and **D3** further suggest that



the government can conduct comprehensive planning for the whole NT, provide development guidelines or disseminate broad-brush planning parameters in the District Planning Conferences to facilitate non-governmental LR initiators. Considering technical expertise, impartiality and access to information, the Urban Renewal Authority and Housing Society are the most mentioned potential project initiators in the Focus Group meetings. **Recommendation LR5: Parties from the public, quasi-government, private and NGO sectors could be LR project initiators. Quasi-government bodies could play a facilitating role in LR projects.** In the broadest sense, the existing New Development Area (NDA) arrangement can be regarded as public-sector-led LR if elements like in-situ / off-site land exchange can be incorporated among multiple parties.

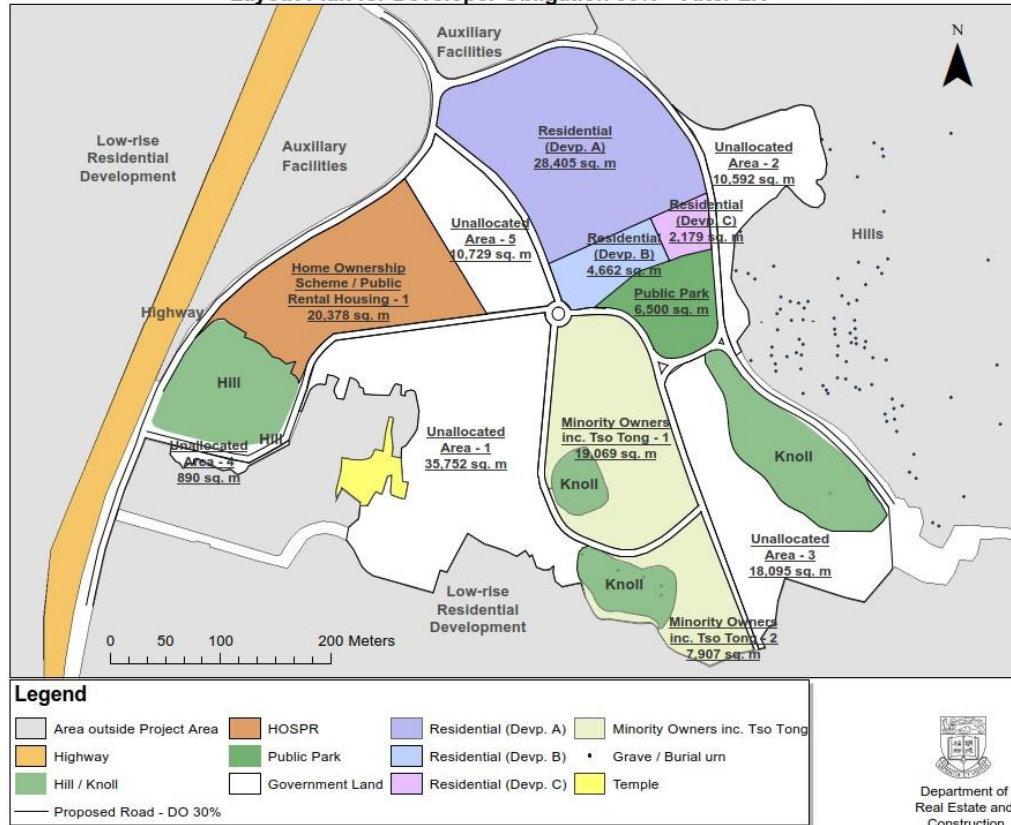
- 6.1.6 In Japan and South Korea, private-led LR projects require 2/3 landownership to initiate a scheme. The minimum threshold of land ownership for LR projects can be as low as 50% in Taiwan, and as high as 75% in Nepal and 85% in Indonesia. While some Focus Group participants such as **D4, N2, P2, P4, P5, C1, C2** and **C4** propose a majority rule (50%-80%) for the initiation of LR projects, others suggest there should be no specific requirement. It is because an impartial third party such as an NGO or quasi-government body may act as an initiator. We held an opinion poll in the public forum about the minimum threshold to kick start LR projects in HK. On average, the respondents opine that a minimum 51.9% landownership should be obtained to initiate a LR project. Minimum ownership thresholds of 50% and 60% are the most popular options among the respondents (26% and 29% respectively). However, since we propose that any interested parties could be LR project initiators, **Recommendation LR6: there should be no specific minimum ownership thresholds to initiate LR projects in HK.**
- 6.1.7 One of the salient features of our LR proposal is to devise a transparent mechanism such that the development potential of privately-owned land in the NT can be unleashed on the one hand, and the alleged collusion between private parties and the government can be alleviated. **Recommendation LR7: we propose levying a significant portion of privately-owned land as the non-negotiable developer obligation for all LR projects in HK.** In overseas countries, developer obligations under LR projects are levied mainly for two reasons, i) cost recovery for public infrastructure, and ii) land for public purposes. In the HK context, a developer obligation levy can be a steady source of land for public and subsidized housing (Chau et. al., forthcoming).
- 6.1.8 Because of the vast differences in the terms of land management systems especially on compensation and betterment policies, levies of developer obligation vary significantly across countries. Relevant references on developer obligation levies can be made to Japan (30%), Turkey (up to 40%) and South Korea (50%). It is noteworthy that in South Korea, LR projects became sluggish after 1980s because of the significant increase of a “cost-equivalent” portion of land reduction. We



attempt to investigate the outcomes of different levels of developer obligation levy in HK through Case Study 1. Figures 6.1.1 to 6.1.3 show the realigned

Fig. 6.1.1 Land Readjustment Case Study 1
Layout Plan for Developer Obligation 30% - After LR

v. 27



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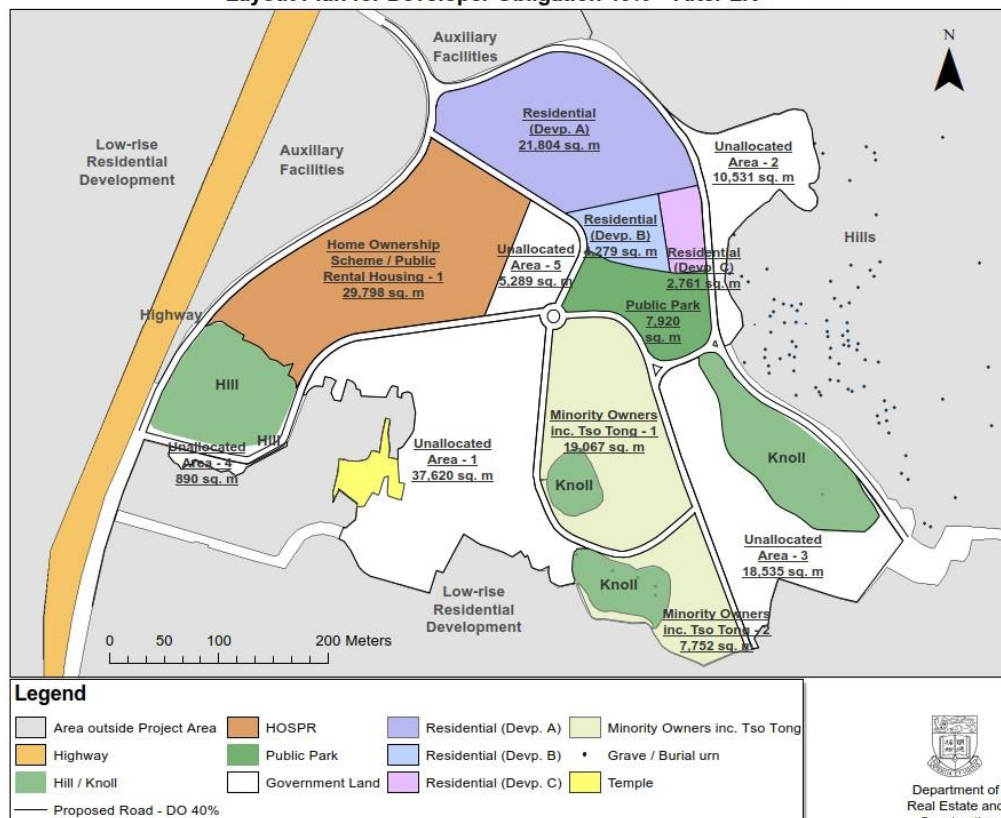
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Fig 6.1.2 Land Readjustment Case Study 1
Layout Plan for Developer Obligation 40% - After LR

v. 27

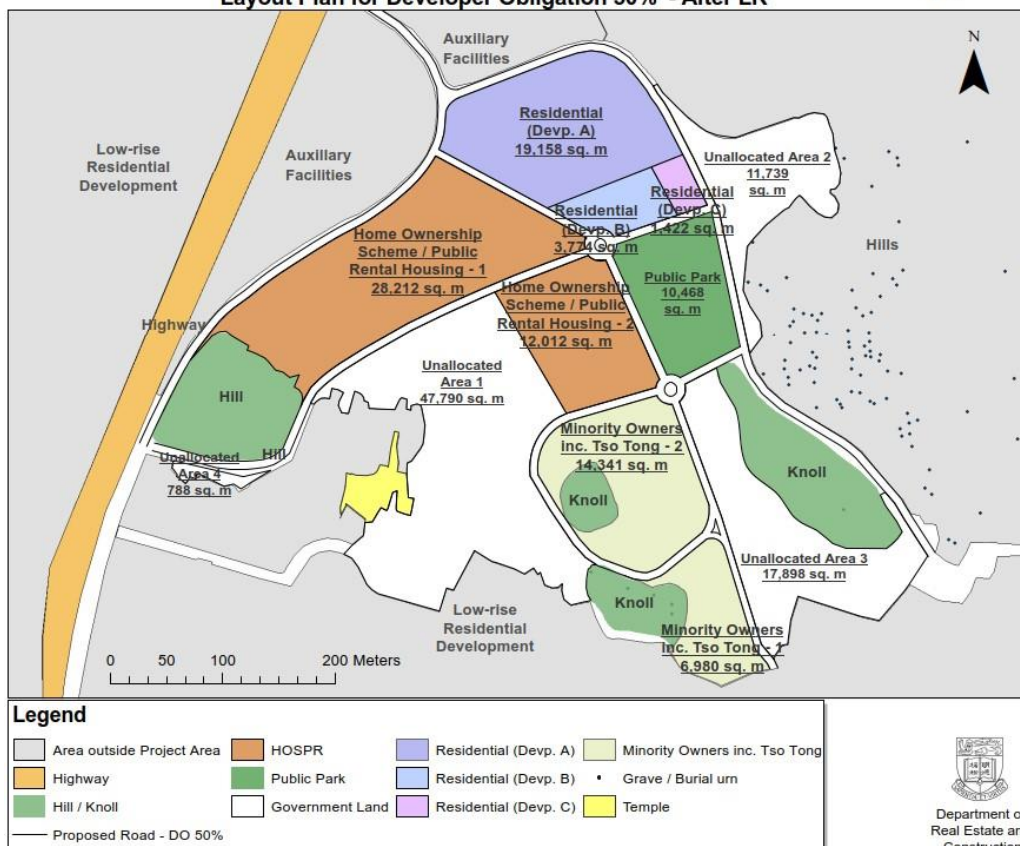


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Fig 6.1.3 Land Readjustment Case Study 1
Layout Plan for Developer Obligation 50% - After LR

v. 27



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Area (m ²)	30% Developer Obligation	40% Developer Obligation	50% Developer Obligation
Land Unleashed for Private Development	61,882	53,362	44,841
Land Surrendered for Public Use	25,562	34,082	42,603
Total (original privately-owned land)	87,444	87,444	87,444
Original scattered government land	99,742	99,742	99,742
Land Unleashed for Public Use	125,304	133,824	142,345

Table 6.1 – Land Areas Unleashed after LR

No. of Units	30% Developer Obligation	40% Developer Obligation	50% Developer Obligation
Public Housing	1,421	2,119	2,683
Private Housing	2,800	2,400	2,000
Total	4,221	4,518	4,682
Public Housing Ratio	33%	46%	57%

(Notes: PR for private housing – 2.5; PR for public housing – 3.5)

Table 6.2 – Residential Units Produced after LR

master layout plan under 30%, 40% and 50% developer obligation levy scenarios.



Table 6.1 and Table 6.2 show land areas unleashed and the number of housing units produced of different scenarios.

- 6.1.9 Obviously, the realigned site areas for private development shrink as the developer obligation levy increases, and vice versa for land surrendered for public purposes. Some focus group participants question the viability of any higher contribution of developer obligation under LR programmes, and worry about the willingness to participate among private developers. Hence, we paid extra attention to enquiring into the feasible level of developer obligation from the **Focus Group Developers (D)** participants. In principle, **D1, D2** have no objection to contributing 50% of developer obligation under the LR programmes on condition that the whole development process can be expedited. While **D3** and **D5** do not object higher developer obligation levies, they prefer more flexible schemes. **D4** further proposes an incentive scoring scheme on top of a 30% levy, which suggest a higher proportion of developer obligation is agreed in principle. Given the desire of more public and subsidized housings in the LR projects, a number of Focus Group participants such as **N1, N4, P3, P4, P6, C3** and **T1** opt for 50% developer obligation. The results of the opinion poll in the public forum also concur with the findings. On average the respondents suggest that private developers should surrender 46.2% of privately-owned land under the LR programme, while a 50% developer obligation levy is the most popular option (43.6% among the valid respondents). **Recommendation LR8: A 50% developer obligation should be levied under the LR programmes.**
- 6.1.10 A number of Focus Group participants have referred to the target public-to-private housing ratio, 60:40, in the Long-Term Housing Strategy when they are asked about the desired proportion of public and subsidized housing in the LR projects. Preferences for at least 50% of non-private housing elements in the LR projects are supported by most of the Focus Group **Developer (D)** participants in principle, although some of them (**D3** and **D6**) see no need for a rigid guideline. Notably, **D5**, whose organization possesses no sizeable land in the NT, suggests the proportion of public / subsidized housing can go up to even 80%. At least 50% provision of public / subsidized housing in LR projects is also the most popular option among the participants of other Focus Groups. Preferences for higher ratios have been raised by **N4** and **P5** (up to 60%), as well as **N1, T2** and **P3** (up to 70%). The results of the opinion poll in the public forum show that 50% and 60% of public housing provisions are the most popular options (36% and 25% respectively among the valid responses), with an average desirable proportion of 52.3%. **Recommendation LR9: A target of 50-60% public / subsidized housing provisions can be a guiding principle to formulate land use plans for LR projects.**
- 6.1.11 There are somewhat diverse views concerning who should pay for the additional infrastructure cost for LR projects. Opinions in favor of the private sector to provide the infrastructure such as **N1**, and **P4** suggest that by doing so the allegations of transfer of interests under PPP models can be got rid of. However, opinion such as



N2, N3, N4, P1, P6, C4, T1 and **T2**, supporting the public sector to pay the cost, question how a reasonable share of costs to be borne by the private parties can come about. Any estimation could be arbitrary given the fact that most infrastructural facilities also serve both the community and nearby regions. Besides, the Government should be the least marginal cost service provider as departments like CEDD etc. have been carrying out regional infrastructural development for decades. Many participants from the Focus Group **Professionals (P)** and **Developers (D)** point out that accounting-wise the cost borne by the government will be recouped in premium assessments, so who is the paying party for infrastructure costs is not a genuine concern. There are slight preferences for the public sector to fund the infrastructural cost (51%, c.f. 16% by private; 23% by both; 10% no comment) in the opinion poll held in the public forum.

- 6.1.12 In fact the issue of the infrastructure cost bearer is also related to the provider of public / subsidized / transitional housings in the LR projects. While most Focus Group participants prefer the government to play a central coordination role for infrastructure and public housing provision, **N1** and **P4** etc. are concerned about public sector capacity constraints. They opine that the private sector can contribute both public infrastructure and public housing provision. Should the infrastructure be provided by the private parties, **P7** suggests that the facilities must be transferred back to the government as far as long-term maintenance is concerned. Some concerns about how committed the private developers will be in delivering the facilities if merely based on control through government leases. In this regard, we propose that a public monitoring system to govern the provision of public facilities under PPP models, as adopted by the Australian and New Zealand governments, or probity auditing, can be implemented in HK. **Recommendation LR10: Public infrastructure and public housing provisions under the LR projects can be provided by either the public or private or both sectors. The costs of provision should be reflected in the premium assessment process. Public monitoring mechanisms such as probity auditing can be introduced for projects that entail provisions of public facilities by the private sector.**

- 6.1.13 A majority consent that full market value should form the basis for premium assessments for LR projects has been obtained from Focus Group participants. It is also the majority view obtained from the opinion poll in the public forum. 81% of valid responses agree that full market value should be payable by developers who take part in the LR projects. However, attention should be paid to the assessment of the before value. To make LR projects more operable, the before value should reflect the market prices of the original landholdings, as opposed to the standard resumption rates for agricultural land. It has been pointed out by **C1** that the removal of hope value in S12(C) of the Land Resumption Ordinance (Cap. 124) has been an obstacle to transforming land in the NT. It is opined that the current premium assessment practices must be reviewed, which **D3** and **P3** concurred with.



A similar view was also raised recently by the Hong Kong Institute of Surveyors¹¹. If the standard resumption rates of agricultural land formed the basis of the before value for premium assessments of the LR projects, that could defer many new developments that would otherwise be possible. Market prices of the agricultural land or *ex gratia* payment for land resumption should be referenced in premium assessments of the LR projects. **Recommendation LR11: Full market premium should be levied for LR projects. Market prices of agricultural land and *ex gratia* payments under land resumption should be referenced to the before value in premium assessments of the LR projects.**

6.1.14 A unanimous opinion is also obtained from all the Focus Group participants that all LR projects must comply with the existing development control system. In appropriate cases, to change the zoning of the LR sites to CDA, in which a master layout plan showing the realigned land parcels must be prepared, planning approvals must be obtained from the Town Planning Board. This ensures opportunities for public hearings, and also facilitates the Chief Executive in Council in exercising land resumption power over land lots with missing or opposing landowners under S4(2) of the Town Planning Ordinance. **P2** further suggests that new administrative directives should be issued to facilitate LR projects for CDA related applications. **Recommendation LR12: All LR projects must comply with the prevailing development control system. New government directives should be issued to facilitate LR projects for CDA related applications.**

6.1.15 Another discussion item that resulted in diverse views is whether an independent authority should be established to vet the LR projects. Many Focus Group participants conceived the need to setup an authority so as to reduce potential allegations of collusion. The authority could comprise a panel from judges, professionals, Legislative and District Councilors, concern groups and laypersons etc. The panel members may even handle premium assessments with the aid of government officials. **T1** goes further and suggests that the authority should oversee all PPP projects in Hong Kong. Some participants such as **D1, D2, D3, P1, P8, C1, C4 and T2** have a totally opposite view, arguing that as far as practically possible, no additional setup should be introduced for LR. The reasoning holds that the additional bureaucratic procedures may not bring about added value for the LR projects. Some participants such as **D1** and **D2** point out that a coordination unit similar to the Energizing Kowloon East Office in Kwun Tong, CEDD in new town developments, or a quasi-government project initiator such as the Housing Society could speed up LR projects as they already do the projects at present. A majority view (95%) was obtained from the public forum that an independent board should be set up to oversee the LR projects. We understand the pros and cons of the

¹¹ A paper entitled "A review of premium assessments mechanisms (in Chinese)" dated Aug 2018 has been produced by the General Practice Division of HKIS for the HKIS/Lands Department Valuation Liaison Meeting. A formal paper will be submitted to the HKSAR Government subsequent to the liaison meeting.



introduction of a new setup for the existing development system. Based on a holistic approach, however, our suggestion attempts to reconcile other recommendations made in this study. **Recommendation LR13: In the pilot or initial stage, the setting up of an independent authority to oversee the LR projects is not recommended.** An independent facilitator, preferably a quasi-government body, and the Town Planning Board which acts as a gatekeeper, should suffice to safeguard the interests of the major stakeholders and society as a whole. It is worth reiterating that new government policies such as those for the revitalization of industrial buildings and similar must be devised to support the LR programme.

- 6.1.16 It has been pointed out by the participants of **Focus Group Developer (D)** that with the aid of various professionals, liaisons among the stakeholders to allocate the realigned land parcels should not be a significant problem. Views from Focus Group **NT (N)** are diverse. While **N1** believes it will not cause much problem, **N4** was concerned about the imbalanced financial positions between the developers and villagers. We opine that it should not be a concern if an impartial third party like a quasi-government body takes up the initiator roles. Even if the LR projects are entirely private driven, since the sites will be rezoned as CDAs, consent from the majority landowners should be a pre-requisite to obtain approval from the TPB. **C4** suggests that while there are rules under the Lands Department to govern in-situ land exchange, new policies may need to be devised from the Chief Executive in Council to facilitate off-site land exchange for LR projects. **Recommendation LR14: New policies on off-site land exchange should be formulated to facilitate replotting of land parcels within the LR projects.**

- 6.1.17 Many useful and inspiring ideas in relation to the LR programme have been raised by the Focus Group participants. They suggest incorporating elements like the preservation of agricultural land (**C1**); environmental conservation (**D5, P6**); fish pond conservation through transfer out of development rights (**C2, N1, N4**); transitional housing (**C3**); elderly housing (**C4**); rare tree species conservation (**C4**); preservation of ancestral halls and graveyards (**N4**); rural community preservation (**N2**); heritage building preservation (**N4**); landscape characteristic preservation (**P5**); brownfield site relocation (**C1**); and relocation of non-indigenous villages (**C4, N4**) etc. **Recommendation LR15: The LR projects should embrace conservation and inclusive community elements etc. as far as practical.** In addition, some related suggestions have been made such as an increase of plot ratios to 3.5 to 5 for LR projects (**D1**); staking up small houses through LR (**D1, N1**); priority of brownfield site relocation (**C1**); LR preceded by comprehensive planning in the whole NT (**P1, C2**); and establishing a scoring system for LR projects (**D3, D4**) etc.

6.2 Land Bonds

- 6.2.1 A vast majority of the Focus Group participants also support or do not object to the introduction of LB as an intertemporal medium for land exchange in the NT. Most participants in Focus Group **Developers (D)** support LB. **D5** opines that it will be an



effective means to resolve the problem of brownfield sites in the NT. **D2** shows strong support to LB, and is definite that his company will subscribe to a certain amount of LB by surrendering a portion of its land reserve in the NT. With no sizable landholdings in the NT, **D6** objects to LB because he opines that land resumption is a better option. **D4** conceives that LB may sound too complicated for stakeholders to realize the benefits. All participants in Focus Group **NT (N)** do not object to LB, yet **N3** conceives in situ or off-site land exchange in the spot market a better option because some elderly members may not understand the concept. Participants in **Focus Group Professionals (P)** show strong support to LB, except for **P2** and **P8** who worries about the complexity of the product and the technical difficulties to be tackled by the Government. In **Focus Group Concern Group (C)**, **C1** and **C3** support LB in principle because it saves some hassles and gives higher certainty to parties who want to convert idle agricultural land into residential development. **C2** has no objection to have another “tool in the toolbox” such as LB to speed up land conversion, on condition that it follows a series of planning procedures. **C4** sees land resumption as more straightforward and hence objects to LB. All participants in Focus Group **Think Tanks (T)** are receptive to LB. Supportive views on LB are also received from the opinion poll held in the public forum. About 74.4% of the respondents support LB, while 14% object and 11.6% had no comment. **Recommendation LB1: Land bonds should be introduced in the NT as an intertemporal medium for land exchange such that fragmented and idle agricultural land can be redeployed for other uses after comprehensive planning.**

- 6.2.2 Many Focus Group participants have no comment concerning the unity of the conversion ratio of LB. However, to reflect the differential land values across various regions in the NT, non-uniform conversion ratios of LB have been proposed by **D1**, **D2**, **D5** and **C1**. In the opinion poll, however, there is a slight preference for a uniform conversion rate of the LB (51.2%, c.f. 20.9% non-uniform and 27.9% no comment). **Recommendation LB2: To reflect the variations of land value, zonal plans can be prepared that stipulate the conversion rates of LB.**
- 6.2.3 **D2** and **P4** suggest that the key principle to stipulate the conversion ratio is to estimate the total amount of floor area to be produced after territory-wide land readjustment. It must be enough to redeem the LB issued at whatever conversion rate. This opinion is drawn from the lesson learnt in the obsolete Letter B land exchange programme, with respect to which the HK British Government realized that they could not redeem all Letters B when the resumption of sovereignty was approaching. **Recommendation LB3: The amount of LB to be issued and their conversion rates must be justified by a robust estimation of the total floor areas to be produced after territory-wide land readjustment.**
- 6.2.4 A number of Focus Group participants such as **D1**, **D2**, **P5** and **P6** suggest that LB should be designed for LR project-based intertemporal exchange, meaning that landowners who surrender their land will be issued with entitlement certificates



redeemable by certain completed units upon project completion. This idea has been experimented with by some local developers in urban areas before. In the opinion poll, 50% of the respondents agree that LB should be applied territory-wide, while 31% and 19% object and have no comment respectively.

Recommendation LB4: Both territory-wide and LR project based LB programmes can be implemented. For a territory-wide LB programme, some Focus Group participants including *D1, D3 and P4*, conceive that a regressive sliding bonus scheme is sensible for expediting the land surrender process, while *P7* finds it a bit complicated. **Recommendation LB5: To expedite the land exchange process, a regressive sliding bonus scheme can be applied for a territory-wide LB programme.**

6.2.5 As for whether the LB should be freely transferrable in the market, a number of Focus Group participants (*D1, D5, N1, N2, N3, N4, P3, P4, P6, C3* and *T2*) welcomed the idea for a territory-wide programme. However, *D2* raised concerns about creating another land related speculative market and hence opposed the idea, opining that LB should be confined within the LR projects only. If localized markets can be created for a project-based LB, there is no objection to free market transactions. Allowing LB to be freely transferrable in the market is supported by 74.4% of the respondents in the opinion poll (c.f. 14% oppose and 11.6% no comment). **Recommendation LB6: LB should be freely transferrable for both the territory-wide and project-based programmes.**

6.2.6 Concerning redemption, a land-for-flat mechanism can be devised for any project-based LB programme. However, the programme can be implemented through private negotiation and agreement among the stakeholders. For a territory-wide LB programme, LB-only and LB / cash land tendering can be considered for redeeming the LB. *D3* pinpoints that liquidity is a key success factor to markets like LB; more LB land sales will be helpful to the development of the programme. On the contrary, *P7* points out that the loss of land sale revenue is a major drawback of the obsoleted Letter B land exchange programme so certain elements to bring in public revenue should be desirable. There are also worries about possible oligopoly situations towards the end of the programme, if land sales are only tendered by LB. To reconcile these concerns, **Recommendation LB7: Up until a pre-determined amount of LB has been redeemed by LB holders, LB-only sales can be regularly held. Thereafter, LB/premium land sales should be arranged.**

6.2.7 Many Focus Group participants agree that a nominal face value should be issued for LB. *P4* goes further and suggests that an LB with a face value can be used in lieu of cash when the holders tender for any type of land produced by the Government, including urban land and reclamation land. It will increase the flexibility for redeeming LB. **Recommendation LB8: An exercise value (EV) can be issued on the LB, which will be adjusted periodically to reflect changes in the market conditions.** Some participants such as *D2* and *P3* suggest that a time limit should be imposed on



LB such that certainty can be ensured for the redemption of LB. It is also justified by achieving the original objective of issuing LB – to facilitate LR which should have a definite programme. **Recommendation LB9: A time limit should be imposed on the LB.** For a territory-wide LB programme, a time limit say till 2047 is considered appropriate. For a project-based LB, a time limit of 5 years is reasonable.

- 6.2.8 There is always a risk that some LB are left unredeemed after the programmes have lapsed. Thus any programme should allow the LB owners to redeem cash upon the expiry date. **D2** suggests the face value of LB to be adjusted with CPI, while the NT property price index produced by the Rating and Valuation Department can be another option. **Recommendation LB10: LB can be redeemed for cash towards the end of the programme.** Any redemption rate should be EV adjusted by a publicly announced index that is derived from an NT housing price index, private sector tender price index for building works and interest rates etc.

7. Further Recommendations about Government Efficiency

- 7.1 From institutional analysis perspectives, the current government structure that splits the development and housing related departments into two bureaus entails huge transaction costs to the land conversion and housing production processes.

Recommendation G1: to improve the efficiency of land conversion and housing production, the HKSARG should restructure the organizations of the Development Bureau and Transport and Housing Bureau. Development and housing related departments should be grouped under one single umbrella.

8. We are aware that land premium assessment forms an integral part of the land conversion process in HK. There are strong views that the current premium assessment practice has been an obstacle to new land and housing supply in Hong Kong. Lands Department has been playing two prudential roles – maximizing land value for the landlord, and facilitating land development for society as a whole. In reality there are conflicts between these roles. **Recommendation G2: The Chief Executive should consider establishing a position of Vice Chief Executive, who is commissioned, inter alia, to liaise and coordinate city development related issues between the Chief Secretary and Financial Secretary.** By doing so, a more holistic and pro-active approach can be played by the HKSARG in increasing land supply for the current generation, and to build up a land reserve for the future.



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APPENDIX A

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Mr. Chi Fung Cheung	NT real estate development executive
Mr. Nick Lam	Representative of <i>Tso and Tong</i> landowners
Mr. Cary Mak	Representative of <i>Tso and Tong</i> manager
Mr. Hing Cheong Man	Indigenous villager
Mr. Kwai Ki Man	Indigenous Inhabitant Representative



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Mr. Kwai Sau Man Indigenous Inhabitant Representative

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Sr. Kam Kuen Chiu	Hong Kong Institute of Surveyors General Practice Division
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Ms. Iris Hoi	The Hong Kong Institute of Landscape Architects
Sr. Francis Lam	Hong Kong Institute of Surveyors Planning and Development Division
Prof. Jimmy Leung, SBS	Registered Professional Planner, Former Director of Planning
Mr. Tak Wah Ng	Hong Kong Institute of Planners
Sr. Victor Ng	Hong Kong Institute of Surveyors Planning and Development Division
Sr. Dr. Albert So	Registered Professional Surveyor, Albert So Surveyors Limited
Sr. Edwin Tsang	Hong Kong Institute of Surveyors Planning and Development Division
Sr. Hon. Tony Tse, BBS	Legislative Council - Architectural, Surveying, Planning and Landscape Functional Constituency
Sr. Bay Wong	Hong Kong Institute of Surveyors Planning and Development Division
Sr. Edmond Yew	Hong Kong Institute of Surveyors Planning and Development Division

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Focus Group - Concern Groups (C)

Mr. Lai Kin Kwok	Subdivided Flat Platform
Prof. Roger Nissim	Citizens Task Force on Land Resources
Sr. Dr. Edward Yiu	Real Estate Development Building Research Information Centre
Mr. Paul Zimmerman	Citizens Task Force on Land Resources



香港大學朗道法律研究中心

The University of Hong Kong Ronald Coase Centre for Property Rights Research

Focus Group - Think Tanks (T)

Mr. Ryan Ip	Our Hong Kong Foundation
Ms. Iris Poon	Our Hong Kong Foundation
Mr. Yok Sing Tsang, GBM, JP	Hong Kong Vision
Mr. Stephen Wong	Our Hong Kong Foundation

(Invitations to focus group meetings were sent to the participants' affiliated organizations. All opinions, nevertheless, are personal views only, participants do not represent their corresponding organizations)

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Appendix B

Questions for Focus Group Meetings

Mechanism to Unleash Privately Owned Agricultural Land in the New Territories Proposal

Focus Group Meeting

Ronald Coase Centre for Property Rights Research

The University of Hong Kong

Questions for Focus Group Meetings

- 1) In your opinion, what is the ideal method to solve Hong Kong's housing problems?
- 2) Do you think that the privately held agricultural land in the New Territories should be better utilized for the whole society, say for public and private housing development?
- 3) To your understandings, what are the major reasons and obstacles of holding up development on privately owned agricultural land in the New Territories? Do they attribute to the deterioration of environment like abandoned land and brownfield sites? Should we remove the obstacles?
- 4) If private agricultural land is to be developed in a comprehensive manner, do you have any preference on the arrangements? Land resumption, public-private partnership and/or other models?
- 5) Do you consider public-private-partnership an effective way to convert agricultural land for public and private housing development in the New Territories? What concerns do you have?
- 6) What mechanism(s) should be established to ensure that a proper public-private-partnership model will be put in place in Hong Kong for carrying out development in the New Territories?
- 7) Do you support our Land Readjustment proposal (see video and Appendix 1)?
- 8) If the Government is to implement our Land Readjustment proposal, to develop a fair and transparent mechanism, do you have any specific suggestions on the following issues : -
 - a) *Initiator*: Who could be the project initiator, Government, private or both?
 - b) *Threshold* : At least what percentage of the landowners' consent should be obtained to initiate the project?

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- c) Reduction : At least what percentage of land should the majority landowner(s) surrender to the Government? Should a reduction rate or bonus be applied to the indigenous villagers, e.g. *Tso Tong* landowners?
 - d) Reallocation: What are your major considerations about reallocating the readjusted land parcels to the landowners?
 - e) Proportion for public housing : What percentage of the surrender land should be allocated to public housing?
 - f) What other major elements should be included in the Land Readjustment plan, e.g. conservation, public facilities etc ...?
- 9) In our Land Readjustment proposal, the developers will surrender part of the land for public housing and infrastructure and pay full market value for premium assessment. Do you consider it a reasonable arrangement? Do you have other concerns or suggestions?
 - 10) Do you agree that an independent board or a coordination unit should be established to handle matters pertaining to land resumption and / or land readjustment?
 - 11) Do you think that approval of the land readjustment / development plans should be obtained from the Town Planning Board?
 - 12) Do you foresee any other problems if Land Readjustment is to be implemented in Hong Kong?
 - 13) Do you consider issuance of land bonds a feasible alternative to unleash privately owned land in the New Territories? (see Appendix 2)
 - 14) Do you consider exchanging *Tso and Tong* land for land entitlements an exchange of land or a land sale? In your opinion, can *Tso and Tong* land be exchanged? For exchanges of the *Tso and Tong* land, should a unanimous consent of the beneficiaries be acquired or would you consider majority consent a sufficient requirement?
 - 15) Can resumption of brownfield sites be implemented by issuance of land bonds? If affirmative, do you think if a uniform conversion ratio of land area and Gross Floor Area (GFA) of land bonds be applied for brownfield sites and other privately owned land used for other purposes?
 - 16) Do you think the land bonds should apply uniform conversion ratio for all privately owned land or should the land be classified by its location? What conversion ratio would you consider a reasonable yardstick?
 - 17) How would you suggest the land bonds be redeemed?
 - 18) Do you foresee any technical considerations if land bonds are to be issued by the SAR Government?

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釋放新界私人農地發展的可行機制

聚焦小組會議

香港大學科索產權研究中心

聚焦小組會面討論之問題

- 1) 你認為解決香港房屋問題的理想方法該是怎樣的？
- 2) 為了整體社會發展的需要，你認為應否更充分地運用新界的私人農地，例如用作開發更多公私營房屋？
- 3) 據你了解，新界私人農地發展之所以擱置的主要原因和障礙何在？這會否造成環境劣化，如土地荒廢及棕地問題？你認為應否消除這些障礙？
- 4) 如要全面發展私人農地，你較偏向哪種處理模式？收回土地、公私營合作及 / 或其他模式？
- 5) 你會否認為公私營合作是把新界農地轉化為發展公私營房屋的有效方法？你對此模式有何顧慮？
- 6) 為確保能有效落實公私營合作模式，發展新界土地，你認為香港該建立一個怎樣的機制？
- 7) 你會否支持我們建議的「土地區劃整理」方案（請參考短片及附件一）？
- 8) 如政府要落實執行「土地區劃整理」方案，為建立一個公平及透明的機制，你對以下各方面有甚麼具體建議：-
 - g) 發起人：誰可擔當項目發起人，政府，還是私營機構，或兩者均可？
 - h) 門檻：你認為要啟動這樣一個項目，最少該獲得多少百分比土地業權人的同意？
 - i) 上繳比率：你認為大比例土地業權人最少該向政府上繳多少百分比的土地？你認為原居村民，如祖堂地業權人，該上繳若干比率的土地，還是該獲得額外補償？

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- j) 重新分配：在重新分配區劃整理後的土地予業權人時，你的主要考慮因素是甚麼？
- k) 公共房屋比例：你認為該分撥多少百分比的上繳土地來建造公共房屋？
- l) 你認為「土地區劃整理」方案還需加入哪些元素？如保育、公共設施等等？
- 9) 我們建議發展商需上繳部分土地用作建造公營房屋及基礎建設，並需要以市場價值估算支付全數的補地價金額。你認為此安排是否合理？你可有其他顧慮或建議？
- 10) 你是否同意該設立一個獨立委員會或統籌機構來處理有關收回土地及/或「土地區劃整理」的事宜？
- 11) 你認為「業權重整圖」/發展規劃是否該取得城市規劃委員會的許可？
- 12) 如要在香港實施「土地區劃整理」方案，你預見有哪些困難？
- 13) 你會否認為藉發行「土地債券」釋放新界私人農田是發展香港土地另一可行的選擇方案？
- 14) 你認為以土地權益債券換取祖、堂地的性質是屬於土地交換，還是賣地？你認為能否在祖、堂實行換地安排？在換地時，是否要取得祖、堂受益人的一致同意？還是只需取得多數受益人的同意？
- 15) 你認為可否以發行「土地債券」的形式收回棕地？如可行，是否該以相同的可建樓面面積（GFA）換算比率來換取棕地及其他用途私人土地的土地面積？
- 16) 你認為發行「土地債券」時，是否該在所有私人土地上應用劃一的換算比率？還是該以土地的位置分級？你認為怎樣的換算比率才算合理？
- 17) 你對贖回「土地債券」的規定有何建議？
- 18) 如特區政府擬發行「土地債券」，你有哪些技術上的考慮？

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The University of Hong Kong Ronald Coase Centre for Property Rights Research

HKURBAN
lab

APPENDIX C

THE UNIVERSITY OF HONG KONG

香港大學



July 30, 2018

Dr. Hung Tat Choy
Department of Real Estate and Construction

Dear Dr. Choy,

Application for Ethics Approval
HREC's Reference Number: **EA1807012**

I refer to your application for ethics approval of your project entitled "Mechanisms to unleash privately owned agricultural land in the New Territories".

2. I am pleased to inform you that the application has been approved by the Human Research Ethics Committee (HREC) regarding the ethical aspect of the above-mentioned research project, and the expiration date of the ethical approval is July 29, 2022.

3. Starting from April 1, 2015, the HREC's reference number of your project (i.e. EA1807012) has to be shown in all materials sent to potential and actual participants to enable participants to link the materials to an approved project.

4. You are reminded to report to the Committee any amendments and new information on the project. Any deviation from the study protocol or compliance incident that has occurred during a study and may adversely affect the rights, safety or well-being of any participant or breaches of confidentiality should be reported to the HREC within 15 calendar days from the first awareness of the deviation/incident by the PI. Application for amendment(s) of an approved project including project extension should be submitted using a prescribed form which can be downloaded from the Research Services homepage (<http://www.rss.hku.hk/integrity/ethics-compliance/hrec>). Application for extension should be submitted well before the initially approved expiration date.

Yours sincerely,

Professor J.H. Bacon-Shone
Chairman
Human Research Ethics Committee

c.c. Professor K.W. Chau, Department of Real Estate and Construction
Professor L.W.C. Lai, Department of Real Estate and Construction

JBS/cw/bw

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APPENDIX D

Recommendation LR1: Do you support our proposal on LR?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		Pilot scheme first, increase P/R to 3.5 to 5
D2	✓		Increase P/R for all LR projects.
D3	✓		Good means to realign scattered land.
D4	✓		After self-development of developers' sizeable plots.
D5	✓		
D6		✓	Land resumption is better option.
Focus Group (N)			
N1	✓		Gov't should promote LR with strategic policy.
N2	✓		Simple mechanism is preferred.
N3	✓		
N4	✓		
Focus Group (P)			
P1	✓		
P2	✓		
P3	✓		
P4	✓		Gov't to set some guidelines/criteria for making plans.
P5	✓		
P6	✓		
P7	✓		
P8	✓		No objection. Project-base. Pilot scheme first.
Focus Group (C)			
C1	✓		Pre-requisite is to revoke Section 12C of the Land Resumption Ordinance.
C2	✓		Only after land use review and statutory planning.
C3	✓		
C4	✓		Need to be cost-effective and have quantum increase of public housing.
Focus Group (T)			
T1	✓		Pilot scheme can be conducted.
T2	✓		Pilot scheme can be conducted.

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Recommendation LR5: Who should be the LR project initiators?

	Govt	Private	Anyone	Remarks
Focus Group (D)				
D1			✓	
D2		✓		Gov't helps to increase capacity of site step-by-step first.
D3			✓	
D4		✓		Gov't indicate its priority and market reacts.
D5	✓			
D6	✓			
Focus Group (N)				
N1			✓	
N2	✓			Or neutral board/committee established by the Gov't.
N3	✓			
N4	✓			Gov't or neutral party like Housing Society.
Focus Group (P)				
P1	✓			Comprehensive planning is needed.
P2		✓		Need Gov't's collaboration.
P3			✓	Anyone with landownership.
P4			✓	
P5	✓			The more governmental nature the better.
P6			✓	
P7		✓		
P8			✓	Gov't can give broad-brush indications on planning. Private can proceed in parallel.
Focus Group (C)				
C1			✓	Gov't to rezone agricultural land in NT to "OU" and draft the OZP first.
C2			✓	
C3			✓	Any party with landownership.
C4		✓		
Focus Group (T)				
T1			✓	NGOs or Housing Society can also initiate.
T2		✓		Housing Society can act as consultant.

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Recommendation LR6: What is the minimum ownership threshold to initiate LR projects?

	Percentage	Remarks
Focus Group (D)		
D1	0%	
D2	Flexible	Depending on the scale of the planned community.
D3	Low	Can pull together scattered plots of land.
D4	80%	
D5	0%	Party with good insights can make proposals.
D6	0%	
Focus Group (N)		
N1	≥4,000 sq. m	Any landowner with land plot at or above 4,000 sq. metres in size.
N2	50%	
N3		No comment.
N4	0%	
Focus Group (P)		
P1		No comment.
P2	50%	
P3	Flexible	No need to be specific.
P4	50%	
P5	80%	
P6	Low	
P7		No comment.
P8	Flexible	Though a fixed percentage may give confidence to the public.
Focus Group (C)		
C1	Min.50%	Reference can be made to criteria of URA.
C2	80%	
C3	Flexible	Lower threshold allows wider participation.
C4	100%	By one single party or by Joint Venture.
Focus Group (T)		
T1	0%	
T2	Flexible	No need of a standardized threshold.

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Recommendation LR8: How much developer obligation should be levied?

	Percentage	Remarks
Focus Group (D)		
D1	50%	
D2	50%	
D3	Flexible	Not every piece of land is for residential purpose.
D4	Min. 30%	Min. 30% then additional offer as scoring points.
D5	Flexible	Site-specific, take into consideration opportunity cost.
D6	Flexible	Site-specific.
Focus Group (N)		
N1	50%	50% net floor area after deducting internal roads and facilities.
N2	Flexible	Depending on P/R, Gov't contribution, premium valuation and approval for development.
N3	Flexible	Site-specific.
N4	50%	
Focus Group (P)		
P1	Less than 50%	
P2	Sliding Scale	Depending on size of sites and willingness of developers.
P3	50%	Subject to financial viability of intended projects.
P4	50%	
P5	No comment	Site-specific. Subject to physical, financial and social consideration.
P6	40-50%	
P7	No comment	Subject to financial viability of developers.
P8	Sliding Scale	Depending on size of site and financial viability, negotiation can start with 50%. 40% -50% is acceptable range as some site are more difficult.
Focus Group (C)		
C1	100%	Due to existence of Section 12C in the LRO.
C2	Flexible	Depending on planning gains and P/R.
C3	40-50%	
C4	Sliding scale	Higher P/R, higher DO. Lower P/R, lower DO.
Focus Group (T)		
T1	50%	
T2	Flexible	Subject to financial viability.

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Recommendation LR9: What should be the ratios between public and private housings in LR projects?

	Ratios	Remarks
Focus Group (D)		
D1	60:40	
D2	50:50	Need of a balanced community.
D3	Flexible	More public housing to fulfill the needs of the Gov't.
D4	50:50	
D5	80%	Suitable living is right of citizens.
D6	Flexible	Subject to demand.
Focus Group (N)		
N1	At least 50%	Subject to financial viability, 70% can also be considered.
N2	50%	
N3	Low	The lesser the better.
N4	60%	
Focus Group (P)		
P1	>50%	Less than 50% of GFA.
P2	Flexible	Depends on geographical location and infrastructure to make fair and reasonable decision.
P3	70%	
P4	30%	
P5	60%	Can consider inclusionary housing.
P6		Remaining of surrendered land after construction of roads and GIC.
P7	No comment	
P8	Site-specific	A balanced social mix is important. Make reference to existing infrastructure. Initially to fix a percentage (>40%) is easier to get public recognition.
Focus Group (C)		
C1	50%	10% public, 40% co-opt, 50% private.
C2	Flexible	According to target of the statutory plan.
C3	70%	Need of a balanced society.
C4	60%	Flexibility for low density sites.
Focus Group (T)		
T1	60%	
T2	Site-specific	Overall 70% territory-wide.

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Recommendation LR10: Who should provide the infrastructure for LR projects?

	Govt	Private	Both	Remarks
Focus Group (D)				
D1			✓	Cost of infrastructure reflects in premium valuation.
D2				No comment.
D3				No comment.
D4			✓	
D5				No comment.
D6				No comment.
Focus Group (N)				
N1		✓		Cost of infrastructure to be deducted from premium valuation.
N2	✓			
N3	✓			
N4	✓			
Focus Group (P)				
P1	✓			
P2				No comment.
P3			✓	Whichever party can do it effectively.
P4		✓		
P5			✓	Inter-regional infrastructure and sewage may needs to be built by the Gov't.
P6	✓			Cost may be borne by developers /or devise a reasonable share of subsequent profit.
P7			✓	Gov't must take back the roads if constructed by private parties for maintenance.
P8			✓	Partial sharing. Temporary treatment can be built by developers to be connected to eventually built public pipes and drains.
Focus Group (C)				
C1				No comment.
C2				No comment.
C3			✓	
C4	✓			
Focus Group (T)				
T1	✓			
T2	✓			

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Recommendation LR11: Do you agree full market value should be levied for LR projects?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		
D2	✓		
D3	✓		
D4	✓		Administrative indications be given as policy guidelines in premium valuation.
D5		✓	Consider calculation of premium at cost and levy tax on subsequent profit.
D6	✓		
Focus Group (N)			
N1	✓		
N2	✓		Premium valuation needs to be reasonable.
N3			Prefer to exchange for something net of premium.
N4		✓	80% of premium assessed.
Focus Group (P)			
P1	✓		Propose standard rate as before value.
P2	✓		
P3	✓		Premium valuation has to be reasonable/ can consider profit sharing after attaining a certain level of profit margin.
P4	✓		
P5		✓	Lands Dept is prone to make higher than market value assessment, so a lower premium should be charged.
P6	✓		
P7			No comment.
P8	✓		
Focus Group (C)			
C1	✓		Set up a land trust./Premium valuation subject to public scrutiny or to introduce a competitive market mechanism.
C2	✓		Lands Dept needs to justify their valuation.
C3	✓		
C4	✓		
Focus Group (T)			
T1	✓		Independent to overlook premium as well.
T2	✓		

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Recommendation LR12: Do you agree all LR projects should comply with prevailing development control systems?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		
D2	✓		
D3	✓		
D4	✓		
D5	✓		
D6	✓		Review composition of non-land related members in TPB.
Focus Group (N)			
N1	✓		After approval by the independent board concerned.
N2	✓		
N3			No comment.
N4	✓		
Focus Group (P)			
P1	✓		
P2	✓		Gov't should issue new administrative directives to enhance the roles of PlanD in facilitating CDA zoning applications for LR projects.
P3	✓		
P4	✓		
P5	✓		
P6	✓		
P7	✓		
P8	✓		
Focus Group (C)			
C1	✓		
C2	✓		Going through the formality of the OZP.
C3	✓		
C4	✓		
Focus Group (T)			
T1	✓		
T2	✓		

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Recommendation LR13: Do you think an independent authority or coordination unit should be set up?

	Yes	No	Remarks
Focus Group (D)			
D1		✓	Set up similar to Energizing KIn East Office will suffice.
D2		✓	Set up similar to Energizing KIn East Office will suffice.
D3		✓	
D4	✓		Similar to TPB's setting.
D5	✓		Allow public participation to include balanced view.
D6	✓		
Focus Group (N)			
N1	✓		A high-level organization at CS or CE level to oversee LR projects./Housing Society can act as facilitator.
N2	✓		
N3	✓		A task force.
N4	✓		
Focus Group (P)			
P1		✓	Lands Dept most appropriate, should recruit experts from different sector to reinforce its capacity.
P2	✓		
P3	✓		A certain committee to review the plan and ascertain the best application in different regions./Housing Society also a suitable organization to promote LR.
P4	✓		Housing Society can act as facilitator.
P5	✓		An independent committee to overlook overall planning of the entire NT or to look into different regions of NT progressively.
P6	✓		Eg increase capacity of LDAC. Housing Society also suitable.
P7			No comment.
P8		✓	LandsD is capable. After transition, may consider a separate structure in the long run.
Focus Group (C)			
C1		✓	TPB can assume the role but need to democratize.
C2	✓		Eg a review committee, transparency to the public.
C3	✓		A board with wider participation, including concern group members.
C4		✓	Lands Dept is the land authority of the SAR.
Focus Group (T)			
T1	✓		Include non-governmental members, professionals, general public and neutral parties.
T2		✓	

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Recommendation LR14: What other major element should be incorporated in the LR projects?

	Other Major Elements
Focus Group (D)	
D1	Stack up small houses.
D2	A balanced social mix.
D3	Can consider paying developer obligation in terms of housing units for long-term rentals.
D4	
D5	Gov't can help co-opt to finance project./Respect conservation of <i>Tso Tong</i> and some historical buildings.
D6	Need to resolve division of Gov't's financial structure between FS & CS.
Focus Group (N)	
N1	Stack up small houses.
N2	Protection of interest of minority owners.
N3	Conservation of nature and preservation of local community.
N4	Preservation of ancestors' graves and ancestral halls.
Focus Group (P)	
P1	May create a high-level position/FS to overlook various department.
P2	Research on land titles before making proposals./Planning is priority.
P3	Independent and transparent mechanism.
P4	Conservation.
P5	Sensitivity to features which needs to be preserved in the NT.
P6	A balanced social mix.
P7	
P8	
Focus Group (C)	
C1	Statutory planning should precede LR./Brownfield sites should be given priority.
C2	Study of land ownership./Mechanism for appeal.
C3	Opinions of green groups to be consulted./Environmental facilities and job opportunities in new communities to be considered in LR projects.
C4	Planning should precede implementation of LR.
Focus Group (T)	
T1	
T2	

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Recommendation LB1: Do you support our proposal on LB?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		Pilot scheme in selected region first.
D2	✓		Can resolve issues not tackled by LR.
D3	✓		Consider option to redeem housing units.
D4		✓	
D5	✓		Include element of green bonds to promote sustainability.
D6		✓	
Focus Group (N)			
N1	✓		No objection. Statutory town plan should come first.
N2	✓		
N3	✓		No objection, but is more attractive for developers, less attractive for villagers./As a temporary medium for land exchange.
N4	✓		
Focus Group (P)			
P1	✓		
P2		✓	
P3	✓		No objection.
P4	✓		Can consider monetizing the land bonds.
P5	✓		On temporary base and for fulfilment of development needs of a certain district.
P6	✓		Can resolve <i>Tso Tong</i> , brownfield sites./An instrument to implement LR and NDAs.
P7	✓		Provided that Gov't will be able to redeem all issued LB and fix the problems of Letter B, such as loss of land sales revenue.
P8		✓	Private scale among stakeholders can be considered.
Focus Group (C)			
C1	✓		Only if Gov't has land for redemption in future.
C2	✓		
C3	✓		
C4		✓	Land resumption is more straight forward.
Focus Group (T)			
T1	✓		
T2	✓		

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Recommendation LB2: Should a uniform conversion ratio be applied for LB?

	Yes	No	Remarks
Focus Group (D)			
D1		✓	
D2		✓	
D3			No comment.
D4			No comment.
D5		✓	
D6			
Focus Group (N)			
N1			No comment.
N2	✓		
N3			No comment.
N4	✓		Uniform ratio is easier to accept.
Focus Group (P)			
P1			No comment.
P2			No comment.
P3			Have an option to receive cash or to receive GFA.
P4			No comment.
P5			No comment.
P6			No comment.
P7	✓		
P8			No comment.
Focus Group (C)			
C1		✓	
C2			No comment.
C3			No comment.
C4			No comment.
Focus Group (T)			
T1	✓		
T2			No comment.

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Recommendation LB3: What conversion ratios should be applied for LB?

	Ratios	Remarks
Focus Group (D)		
D1	No comment	Competitive and transparent.
D2	No comment	Consider capacity to redeem land bonds.
D3	No comment	Reasonable ratio.
D4	No comment	
D5	No comment	Site-specific.
D6	No comment	
Focus Group (N)		
N1	No comment	Whatever the ratio, Gov't needs to justify its decision.
N2	No comment	
N3	No comment	
N4	No comment	Conversion ratio should reflect market value.
Focus Group (P)		
P1	No comment	Review previous formula and make acceptable offer.
P2	No comment	Difficult to fix conversion ratio.
P3	No comment	
P4	No comment	Needs to be an attractive ratio.
P5	No comment	
P6	No comment	
P7	No comment	Need to devise a justifiable formula.
P8	No comment.	
Focus Group (C)		
C1	No comment	Reasonable ratio.
C2	No comment	
C3	No comment	
C4	No comment	
Focus Group (T)		
T1	No comment	
T2	No comment	

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Recommendation LB4: What scale should LB be implemented in the New Territories?

	Whole NT	Regional	LR Projects	Remarks
Focus Group (D)				
D1		✓		Pilot scheme in Fanling North first.
D2		✓		Start with area that has Gov't land.
D3		✓		
D4				No comment.
D5	✓			Planning is prerequisite.
D6				No comment.
Focus Group (N)				
N1				Voluntary scheme to acquire all types of land for the land bank.
N2	✓			
N3				No comment.
N4	✓			
Focus Group (P)				
P1				No comment.
P2				No comment.
P3		✓		
P4				No comment.
P5		✓		
P6		✓	✓	
P7				No comment.
P8				No comment.
Focus Group (C)				
C1	✓			
C2		✓		Within a planned area, easier to come to a fair value exchange.
C3				No comment.
C4				N/A
Focus Group (T)				
T1				No comment.
T2	✓			

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Recommendation LB5: Do you agree issuing LB with a regressive sliding bonus scheme?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		
D2			No comment.
D3	✓		
D4			No comment.
D5			No comment.
D6			No comment.
Focus Group (N)			
N1			No comment.
N2			No comment.
N3		✓	
N4			No comment.
Focus Group (P)			
P1			No comment.
P2			No comment.
P3			No comment.
P4	✓		
P5			No comment.
P6			No comment.
P7			Sliding scale for conversion seems complicated.
P8			No comment.
Focus Group (C)			
C1			No comment.
C2			No comment.
C3			No comment.
C4			No comment.
Focus Group (T)			
T1			No comment.
T2			No comment.

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Recommendation LB6: Do you agree LB be freely transferrable in the market?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		
D2		✓	To avoid speculative activities.
D3			Trading can be complicated as market may not be liquid enough.
D4			No comment.
D5	✓		Transparent market.
D6			No comment.
Focus Group (N)			
N1	✓		
N2	✓		Liquidity and transparency. Gov't to establish a trading platform and ensure free-flow of information.
N3	✓		
N4	✓		Liquidity is important.
Focus Group (P)			
P1			No comment.
P2			No comment.
P3	✓		On regional base within the expiry period.
P4	✓		
P5			No comment.
P6	✓		
P7			No comment.
P8			No comment.
Focus Group (C)			
C1			No comment.
C2			No comment.
C3	✓		
C4			N/A
Focus Group (T)			
T1			No comment.
T2	✓		High liquidity can serve investment purpose.

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Recommendation LB7: How should LB be redeemed?

	LB-only land sales	LB/cash land sales	Completed units in LR Projects	Remarks
Focus Group (D)				
D1				No comment.
D2				Redemption within a region.
D3				Redemption within a region.
D4				No comment.
D5				Redemption in newly reclaimed land allowed.
D6				No comment.
Focus Group (N)				
N1				No comment.
N2				No comment.
N3				LB+cash redemption not attractive.
N4				No comment.
Focus Group (P)				
P1				No comment.
P2				No comment.
P3				No comment.
P4				No comment.
P5				In-situ redemption.
P6				Redemption within NDAs or LR plans.
P7				No comment.
P8				No comment.
Focus Group (C)				
C1		✓		Cash /premium to be determined by market mechanism.
C2				Prefer In-situ redemption.
C3		✓		
C4				N/A
Focus Group (T)				
T1				No comment.
T2				No comment.

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Recommendation LB8: Should a face value be issued on LB?

	Yes	No	Remarks
Focus Group (D)			
D1	✓		
D2	✓		
D3	✓		
D4			No comment.
D5	✓		
D6			No comment.
Focus Group (N)			
N1	✓		Review cash value of land bonds periodically according to the market.
N2	✓		
N3	✓		Should have guaranteed cash value.
N4	✓		
Focus Group (P)			
P1			No comment.
P2			No comment.
P3	✓		
P4	✓		
P5			No comment.
P6	✓		
P7			No comment.
P8	✓		Attachment with a monetary value is easier than with GFA.
Focus Group (C)			
C1	✓		
C2	✓		
C3	✓		
C4			No comment.
Focus Group (T)			
T1	✓		
T2	✓		

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Recommendation LB9: Should a time limit be imposed on LB?

	Yes	No	Remarks
Focus Group (D)			
D1			No comment
D2	✓		
D3			No comment.
D4			No comment.
D5			No comment.
D6	✓		
Focus Group (N)			
N1			No comment.
N2			No comment.
N3			No comment.
N4			No comment.
Focus Group (P)			
P1			No comment.
P2			No comment.
P3	✓		Eg. about the time frame of the building covenant.
P4			No comment.
P5	✓		Within time frame of development needs of the region.
P6	✓		
P7			No comment.
P8			No comment.
Focus Group (C)			
C1			No comment.
C2			No comment.
C3			No comment.
C4			No comment.
Focus Group (T)			
T1			No comment.
T2			No comment.

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Recommendation LB 10: Do you have other consideration for LB?

	Other Considerations
Focus Group (D)	
D1	Land bonds can deal with <i>Tso Tong</i> issue / Pilot schemes can be conducted for one or two plots on regional base first.
D2	Value of land bond can be pegged with consumer price index.
D3	Minority owners may find it more attractive to have the option to redeem built housing units.
D4	Gov't policy on land supply may be affected.
D5	
D6	Include an option to redeem in cash upon expiry of time limit.
Focus Group (N)	
N1	Gov't to acquire land zoned as country park and continue its usage as country parks.
N2	An opt-out mechanism for bond holders to sell bond back to the Gov't.
N3	Can consider if land bonds can yield interest or dividend.
N4	Potential to appreciate.
Focus Group (P)	
P1	Land bonds can deal with <i>Tso Tong</i> and missing owners issues.
P2	Land bonds can be one of the ways to resolve NT land issues but cannot be treated as a major resolution.
P3	Land bonds on regional base is easier for bond holders to make decision on redemption.
P4	Can consider a clause of the right of early redemption to control the volume of land bonds in the market.
P5	Lands Dept may like to have a monetary bond.
P6	
P7	Gov't needs to make sure they have enough land for the next 50 years.
P8	Wider coverage as Gov't financial instrument, not only for land issue
Focus Group (C)	
C1	Simplest conversion may be at 1:1, and let market mechanism works in the redemption process with respect to the cash/premium value.
C2	Statutory planning should precede application of LB as one of the tools.
C3	Needs a fair distribution of land resources./Fair and transparent mechanism.
C4	Proposals with financial implication has to be endorsed by the Financial Committee of Legislative Council.
Focus Group (T)	
T1	Issue and redemption of land bonds may need legal endorsement.
T2	

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香港大學朗道地產研究中心

The University of Hong Kong Ronald Coase Centre for Property Rights Research

Speakers and Programme of Public Forum
Mechanisms to Unleash Development Potential of
Privately Owned Land in the New Territories

Date : 18 August, 2018 (Saturday)
Time : 2:30 p.m. to 5:30 p.m.
Venue : Lecture Theatre, KB419, Knowles Building, The University of Hong Kong
Language : English

Programme

1430 – 1445 **Opening remarks & photo session**
1445 – 1605 **Speakers' session :**
Sr Tony T.N. Chan
Member of Executive Committee, Heung Yee Kuk, N.T.
Prof. K.W. Chau
Head & Chair Prof, Dept of Real Estate & Construction, HKU &
Director, HKU Ronald Coase Centre for Property Rights Research
Mr. Donald W.H. Choi
Chief Executive Officer, Chinachem Group
Prof. S.H. Goo
Professor, Faculty of Law, The University of Hong Kong &
Deputy Director, HKU Ronald Coase Centre for Property Rights Research
Prof. Jimmy C.F. Leung
Adjunct Professor, Dept of Geography & Resource Management,
The Chinese University of Hong Kong
Dr. Albert C.H. So
Managing Director, Albert So Surveyors Ltd
Prof. Erwin Van der Krabben
Professor, Dept of Planning, Radboud University &
Honorary Professor, Dept of Urban Planning & Design, HKU
Dr. Edward C. Y. Yiu
Founder, Real Estate Development Building Research & Information Centre
1605 – 1620 **Coffee Break (15 minutes)**
1620 – 1720 **Panel discussion + Q & A session**
1720 – 1730 **Closing**

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Appendix F

Research Questionnaire

Public Forum:

Mechanisms to Unleash Development Potential of Privately Owned Land in the N.T.

This study is conducted by the Ronald Coase Centre for Property Rights Research to gather opinions of participants of the captioned public forum. The questionnaire will take you about 5 minutes to complete. Please read the note on page 4 concerning your rights in this study. Please return the completed questionnaire to the Registration Desk at the Lift Lobby.

Thank you very much!

Land Readjustment (LR)

- 19) Do you support our Land Readjustment proposal? Yes No [] No Comment

Remarks (if any) : _____

- 20) If the Government is to implement our Land Readjustment proposal, to develop a fair and transparent mechanism, do you have any specific suggestions on the following issues : -

- m) Initiator: Who could be the project initiator? [] Government [] Private [] Both Government & Private [] Others, please specify: _____

- n) Threshold: At least what percentage of the landowners' consent should be obtained to initiate the project? [] 40% [] 50% [] 60% [] Others, please specify: _____

- o) Developers' Obligation: At least what percentage of land should majority landowner(s) surrender to the Government as developer's obligation? [] 20% [] 30% [] 40% [] 50% [] 60% [] Other : _____

- p) Reallocation: Do you think if it will be difficult to come up with an agreement to reallocate the land parcels among the stakeholders? [] Yes [] No

Other comments: _____

- q) Proportion for public housing: What percentage of the units in the Land Readjustment projects should be allocated to public housing? [] 30% [] 40% [] 50% [] 60% [] 70% [] Other: _____

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21) Do you think developers should pay full market premium for the development carried out on the replotted land parcels?

Yes No

Other comments: _____

22) Which party (parties) do you think should be responsible for construction of infrastructure?

Government Private parties No comment

Other suggestions: _____

23) Do you agree that an independent board or a coordination unit should be established to handle matters pertaining to Land Readjustment?

Yes No No comment

Suggested setup (if any) : _____

24) Do you think that approval of the Land Readjustment plans should be obtained from the Town Planning Board?

Yes No No comment

25) Do you have other comments on Land Readjustment?

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Land Bonds (LB)

26) Do you support our Land Bonds proposal?

Yes No No comment

Remarks (if any): _____

27) Do you think if a uniform conversion ratio of farmland area to Gross Floor Area (GFA) should be adopted for Land Bonds?

Yes No No comment

If yes, in what ratio?

5:5 5:4 5:3 5:2 5:1 Other: _____

Remarks (if any): _____



28) Do you think Land Bonds should apply to all regions in the New Territories?
Yes No No comment

Remarks (if any): _____

29) To redeem the Land Bonds, what arrangements are considered suitable?
 With Land Bonds bidding only Land Bonds plus premium bidding

Other suggestions: _____

30) Do you agree that Land Bonds can be freely transacted in the market?
Yes No No comment

Other comments: _____

31) Do you have other comments on Land Bonds?

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I, (Name) _____, have no objection to be identified in the study.

I, (Name [Optional]) _____, do not wish to be identified in the study.

Signature: _____

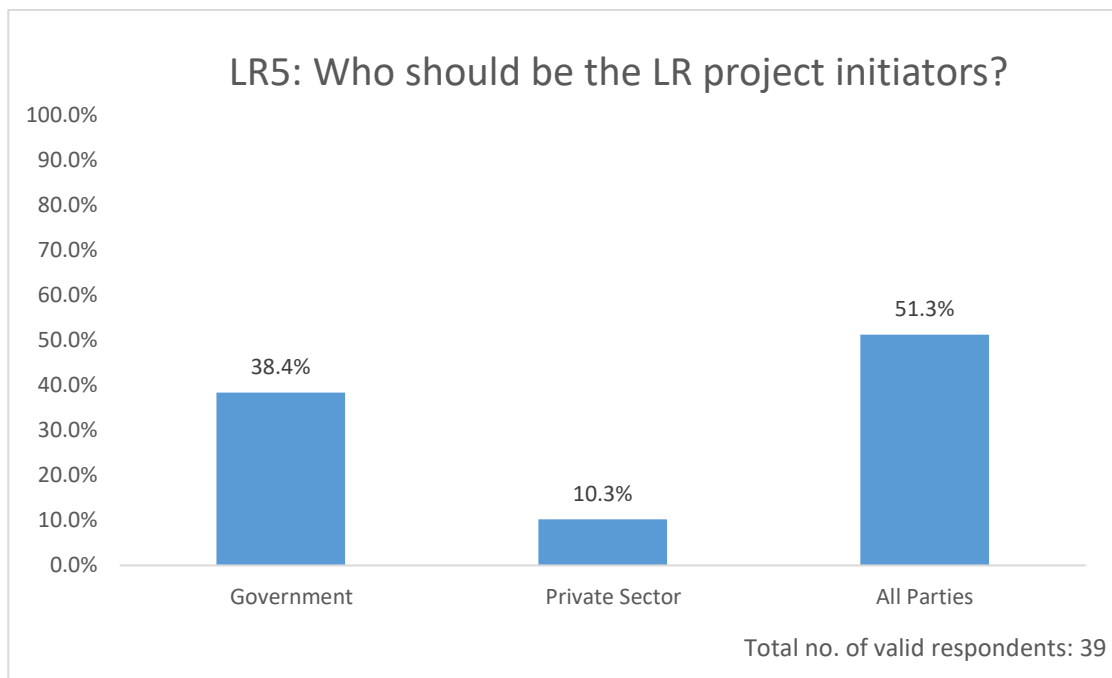
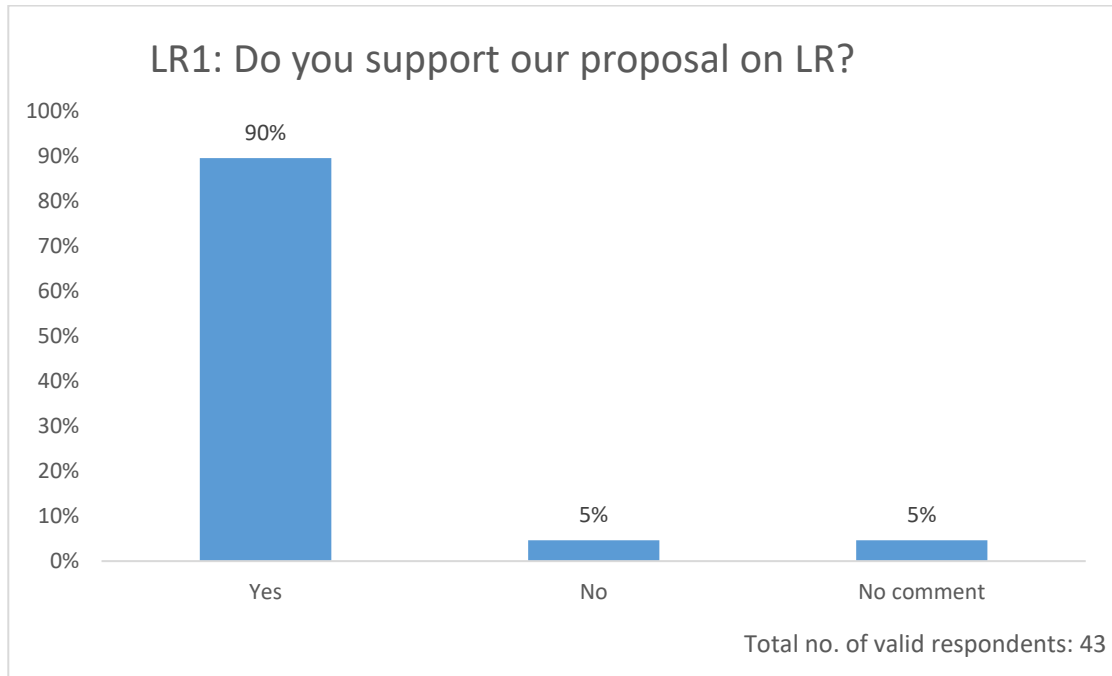
Date: _____



Statistics of Questionnaire Survey Conducted in the Public Forum dated Aug 18, 2018

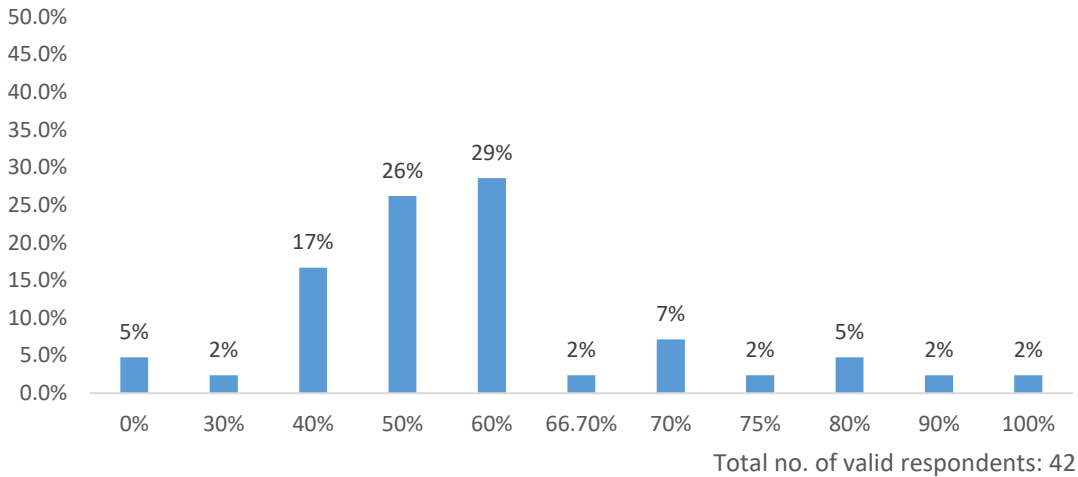
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LR6 : What is the minimum ownership threshold to initiate LR projects?



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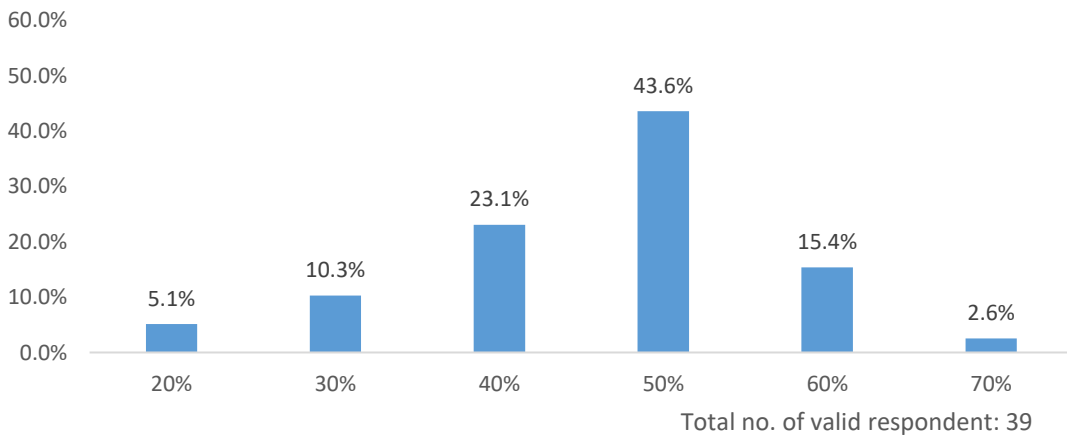
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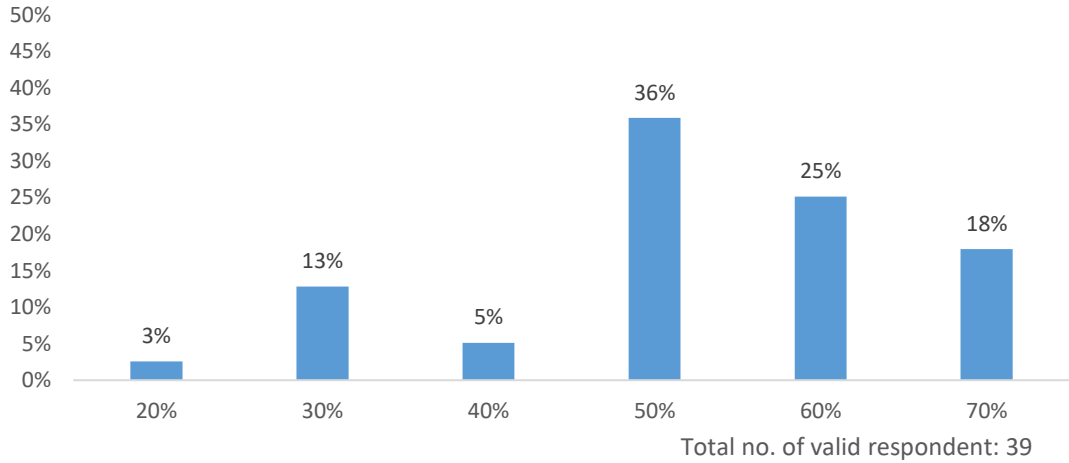
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LR8: How much developer obligation should be levied?





LR9: What should the percentage provision of public housing be in LR projects?



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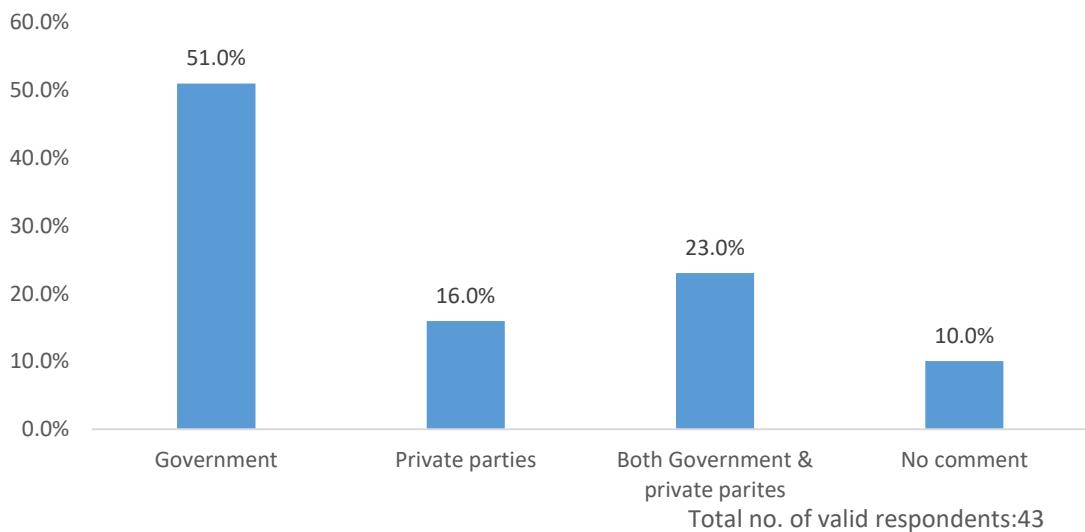
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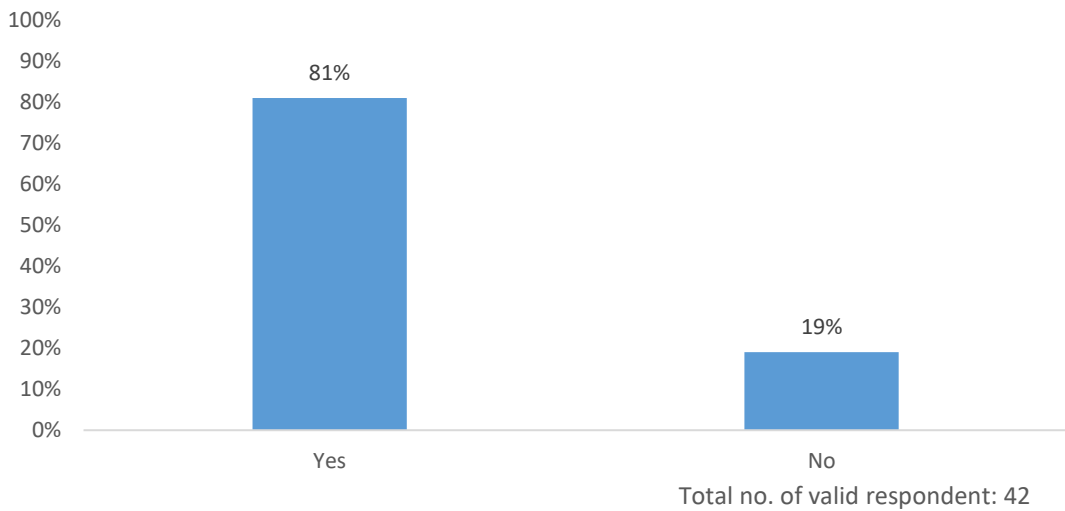
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LR10: Who should provide the infrastructure for LR projects?





LR11: Do you agree full market value should be levied for LR project?



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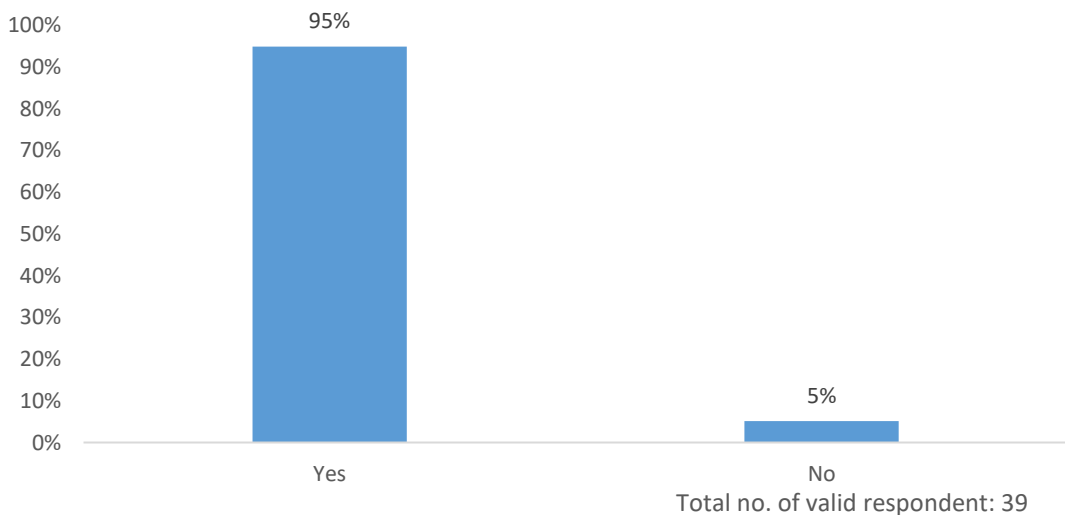
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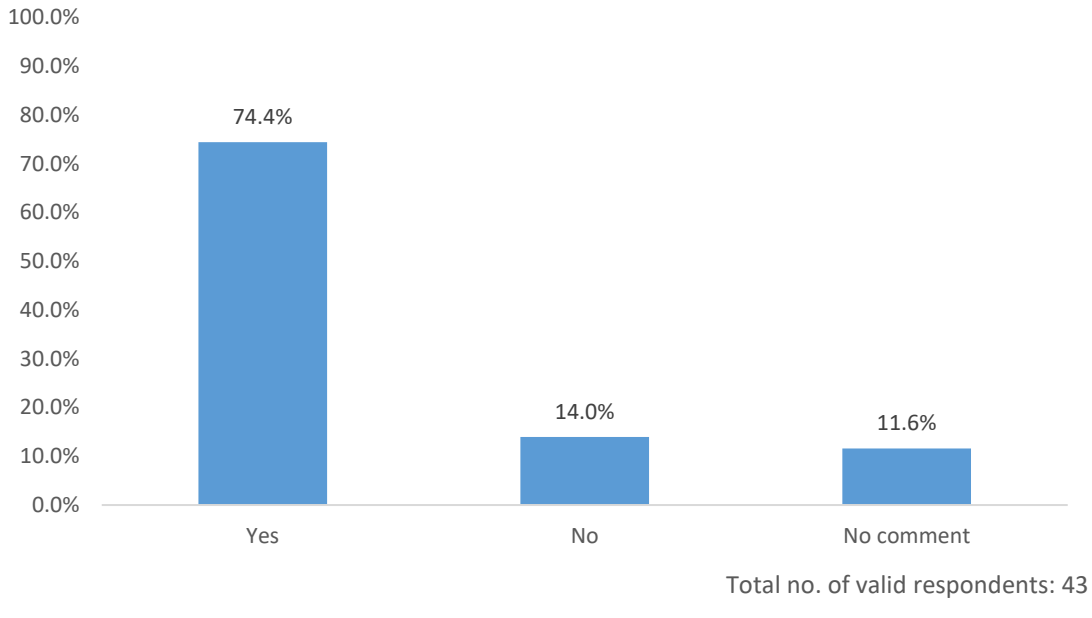
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LR13: Do you think an independent authority should be set up to oversee the LR projects?





LB1: Do you support our Land Bonds proposal?



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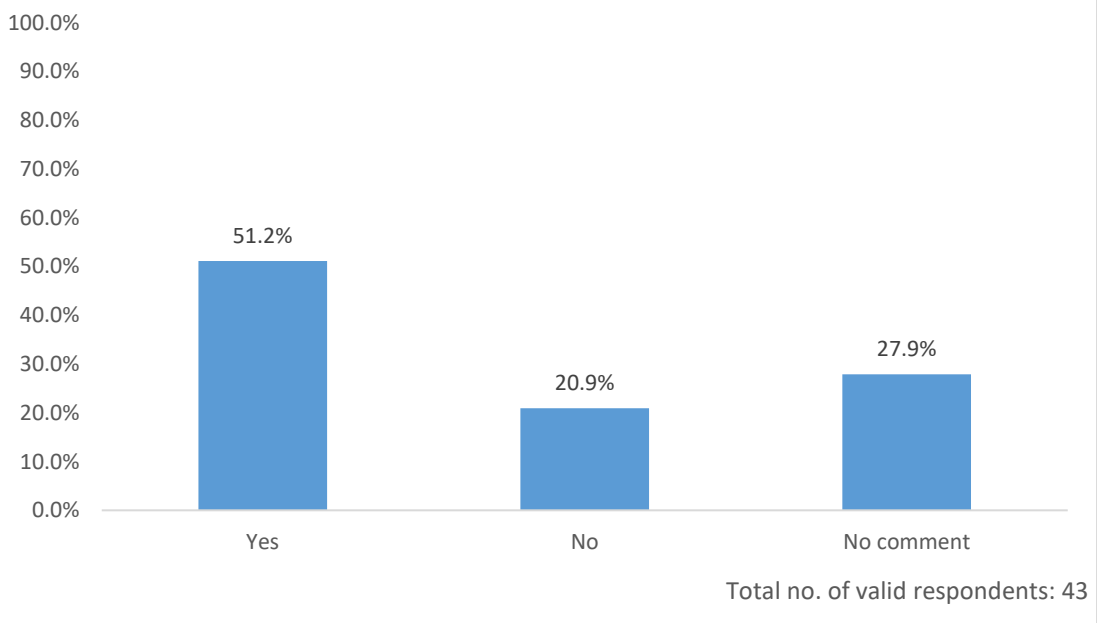
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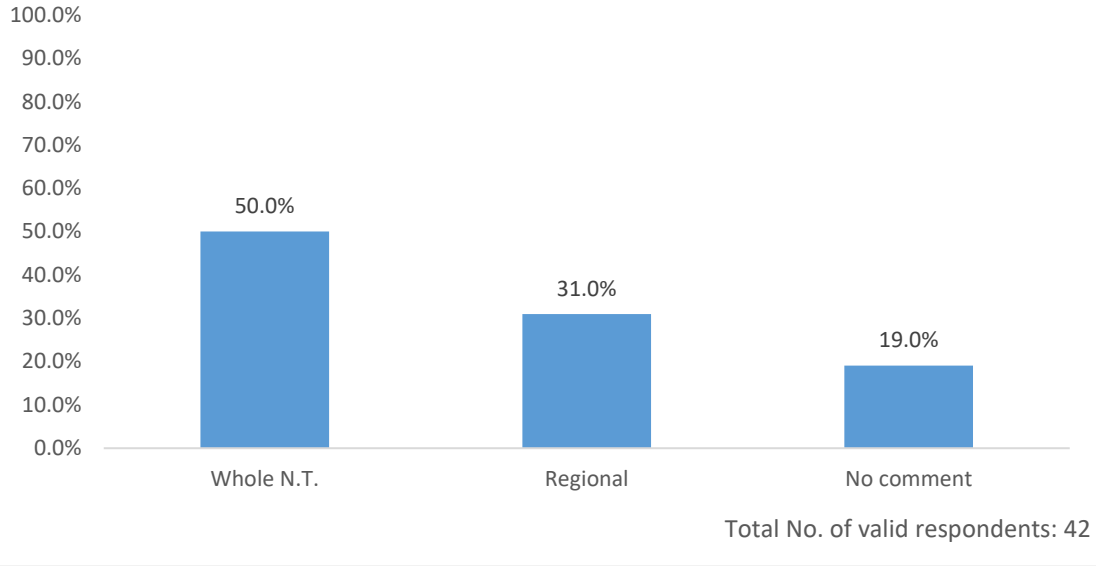
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LB2: Should a uniform conversion ratio be applied for LB?





LB4: What scale should LB be implemented in the New Territories?



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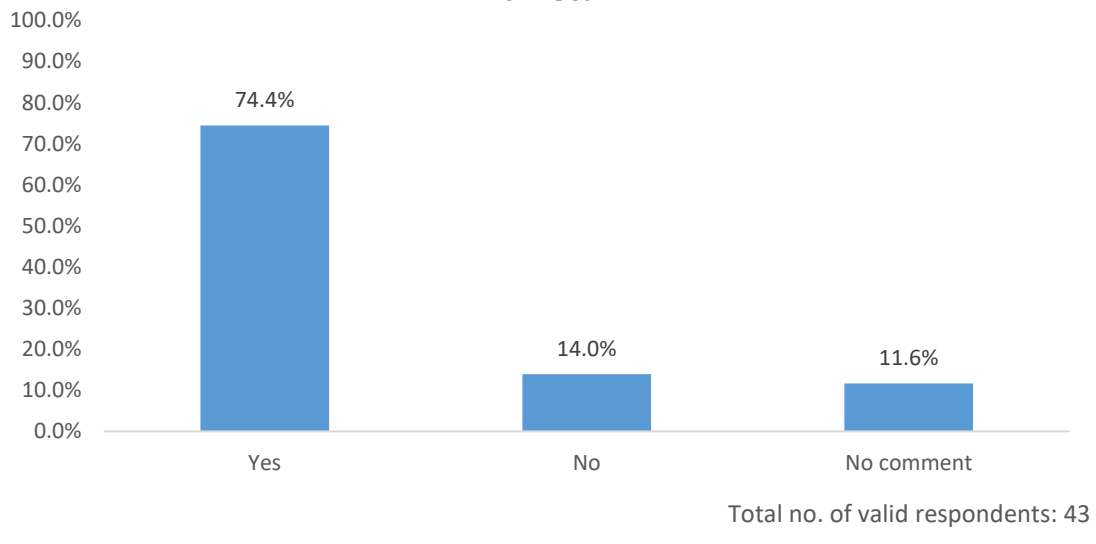
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LB6: Do you agree LB be freely transferrable in the market?





Appendix H

Newspaper Articles on LR and LB

1. 【HK01】港大學者建議政府發行土地債券 收回新界土地重新規劃
鄧穎琳 2018-06-30
2. 【文匯報】專家倡發土地債券收私地
記者文森 2018-07-01
3. 【東網】學者倡發土地債券收購私地
2018-07-01
4. 【星島日報】專家倡發土地債券 釋四千公頃地發展
2018-07-28
5. 【HK01】港大倡「土地債券」可自由買賣 不擔心推高樓價
陳嘉碧 2018-07-30
6. 【線報】港大學者建議引入土地債券 鄉議局當然執委質疑有關建議
2018-07-31
7. 【香港經濟日報】港大提公私營新模式 釋地建 30 萬伙
余敏欽 2018-07-31
8. 【香港經濟日報】土地區劃整理 德韓等曾採用
2018-07-31
9. 【am730】推土地區劃整理 土地債券方案 港大研究或可釋大量新界土地
2018-07-31
10. 【星島日報】港大倡設協商制度 釋四千公頃私人農地 發「土地債券」可自由
買賣
2018-07-31
11. 【文匯報】港大倡「土地債券」釋地 政府發行收購新界農地 區劃整理綜合規
劃
記者岑志剛 2018-07-31

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12. 【文匯報】區劃整理：原區換地作公私合營
記者岑志剛 2018-07-31
13. 【文匯報】集思廣益權衡利弊增加土地供應
2018-07-31
14. 【文匯報】測量師料新建議可增地源
記者 梁悅琴 2018-07-31
15. 【信報財經新聞】港大倡發地債 釋放新界私地
2018-07-31
16. 【信報財經新聞】土地債券可行 市場機制關鍵
高天佑 2018-07-31
17. 【明報】港大倡土地債券及換地制釋新界地 指非公私營合作 助除利益輸送疑慮
2018-07-31
18. 【香港商報】港大倡「區劃整理」推「地債」 加快新界釋放逾 4000 公頃私人土地
實習記者黃馳瀚 2018-07-31
19. 【香港商報】引入市場思維加快開拓土地
評論員周武輝 2018-07-31
20. 【大公報】港大倡重整新界區劃 發土地債券加快發展
記者謝瑩瑩 2018-07-31
21. 【東方日報】港大倡發債券釋放新界地
2018-07-31
22. 【頭條日報】學者倡發地債開發新界地
2018-07-31
23. 【香港仔】獻拓地兩招「區劃整理」利換地 港大倡發債券 收購新界私地
2018-07-31

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24. 【香港仔】解祖堂地紛爭 免除巨額訴訟
2018-07-31
25. 【The Standard】Land bonds pushed to ease shortage
Phoenix Un 2018-07-31
26. 【東方日報】港大倡「土地債券」鄉局執委指難實行
2018-08-01
27. 【The Standard】bonds can still be easy as ABC
Mary Ma 2018-08-01
28. 【HK01】「Letter B」行地產霸權 土地債券會否重蹈覆轍？
張雅欣 2018-08-08
29. 【信報財經新聞】土地債券
劉勵超 2018-08-02
30. 【HK01】土地債券補地價爭議未除 最終恐淪炒賣工具
張雅欣 2018-08-08
31. 【蘋果日報】地產商撐發展軍事用地建屋 指有收回先例
2018-08-18
32. 【文匯報】港大倡地債設期限免囤積
記者岑志剛 2018-08-19
33. 【星島日報】論壇倡換地發債 加快釋放新界地
2018-08-19
34. 【SCMP】Farmland owners willing to pay full premium for chance to
redevelop sites, key member of powerful Hong Kong rural body Heung
Yee Kuk says
Naomi Ng 2018-08-19
35. 【大公報】釋放農地發展公私合營雙贏
記者曾敏捷 2018-09-13
36. 【巴士的報】土地大辯論反對遷貨櫃碼頭 業界指不符經濟效益
2018-09-15

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37. 【星島日報】學者倡引入土地債券 加快釋放新界地皮
記者陳筠怡 2018-09-16
38. 【文匯報】「土地區劃整理」 「土地債券」獲力挺
記者陳珈瑋 2018-09-16

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