

By 2039, Hong Kong's population is expected to grow by 1.8 million, according to the latest forecast. As our city continues to grow, many aspire to have better quality of living. Some others are eager to see a more diversified economy, with new industries springing up.

We need land resources to help realise those aspirations. The ongoing public engagement exercise about enhancing land supply is about finding an optimal strategy for ensuring sufficient supply through employing a good and resilient mix of the six options currently adopted to supply land, namely, redevelopment, re-zoning, land resumption, reuse of ex-quarry sites, reclamation and rock cavern development. The challenge is huge as all existing supply options face their respective difficulties.

As a rule of thumb, in Hong Kong, for every one million population, we need at least 11 km<sup>2</sup> residential lands and 14 km<sup>2</sup> more for supporting land uses and infrastructure, or 25 km<sup>2</sup> in total. In other words, at least 45 km<sup>2</sup> new land will be needed for the projected population growth of 1.8 million.

This estimation, however, is based on the average ratio of 1 km<sup>2</sup> of residential land to 1.3 km<sup>2</sup> of supporting land uses and infrastructure (1:1.3 density ratio) of the existing built-up areas. These days the density ratios in new development projects in the North East New Territories New Development Areas (NENT NDAs) (i.e. Kwu Tung North, Fanling North, Ping Che/Ta Kwu Leng) and Kai Tak have already been relaxed to a ratio of 1:4 or more. Following this trend, the land required to house 1.8 million more people will therefore be much more than 45 km<sup>2</sup>.

The government has floated the idea of reclaiming outside Victoria Harbour and development of rock caverns as part of a six-pronged, sustainable strategy to provide new land over the immediate, mid to long term. As expected, these ideas, especially reclamation, are controversial.

One oft-raised question is whether Hong Kong may find all the land that it needs from developing more extensively in rural areas, hence obviating the need of reclamation. Indeed, on the face of it, some parts of the New Territories do look vast and full of development potentials. But a closer look reveals the many inherent constraints rendering the supply of land in this manner unreliable, controversial and not cost-effective.

Of the 1,108 km<sup>2</sup> of land areas that constitute Hong Kong, at present 68 km<sup>2</sup> are

classified as agricultural land, of which 42 km<sup>2</sup> are of high ecological or conservation value. Many agree that such land should not be put to development. That leaves 26 km<sup>2</sup> of other agricultural land, of which 16 km<sup>2</sup> have been retained for other developments / under studies or considered as unsuitable for large-scale development; whilst the remaining 10 km<sup>2</sup> are mainly private land scattering in different parts of the New Territories.

We cannot take for granted that these 10 km<sup>2</sup> could be resumed by the government at will. Owners' rights to keep and use their private properties, as long as it complies with planning permission and the law, must be respected. Farming, though not economically very significant, is much treasured not just by the rural communities as a way of life, but increasingly urbanites who are interested in a green lifestyle. And even if farming communities are willing to move, relocation incurs social cost. Also, the displaced communities will also require land for relocation. Land ownership aside, we should not take the issue of providing the necessary transport and other supporting infrastructure in these scattered and remote agricultural land lightly.

However, developments in New Territories in fact have not stopped. Notable examples are the two NDAs in Hung Shui Kiu and the NENT which involve some agricultural land. The fundamental question is whether yet more farmland should be converted, beyond what has already been planned. Quite a substantial number of members of the public are not keen.

Another much-mentioned option is to rezone more industrial areas for residential and other developments. This faces similar challenges as in developing agricultural land. Of the 26 km<sup>2</sup> existing industrial land, 19 km<sup>2</sup> are in active use as industrial estates or warehouses / storage. The remaining 7 km<sup>2</sup> which covers many industrial buildings has already been extensively rezoned, for instance in areas such as Kowloon East, to accommodate other land uses. But mere rezoning does not imply that conversion of land use will automatically or quickly happen, as it is market driven.

Also the ownership of industrial buildings is often fragmented, rendering redevelopment difficult. And even if more industrial buildings can be converted, the amount of net gain of new land will be just as limited, because existing users need to be re-housed somewhere, which in turn requires land resources. Besides, some industrial buildings are still under active use and provide employment opportunities.

Although we seem to have highlighted only the challenges of developing agricultural

land and converting industrial buildings, the government is actively making use of these two options to provide land. We are not trying to make excuses for not taking actions or nudging stakeholders towards other options such as reclamation. We are only trying to point out that the net gain of land by pursuing these options would be limited, and not sufficient for meeting long term needs. We are also calling for a better balance to be struck among the various land supply options so that there is an increased degree of certainty over the matter.

The government is engaging the public to look at the options of reclamation outside Victoria Harbour and developing rock caverns, in the context of a six-option supply strategy. The government is working as hard as it could on all fronts. The key is to have all six in play and used as a good mix.