More than "reclamation works"—— the Lantau Tomorrow Vision Project 's reflection on Hong Kong 's land and housing issues

Shulun Huang

“The beautiful nature view will all change, and it might all turn into a pile of skyscrapers,” said Dr Thomas Yam, standing by the sea at Mui Wo dock. Mui Wo is a rural town on the eastern coast of Lantau Island in Hong Kong. Yam, 72 now, is a retired electrical engineer who has lived in Lantau for 8 years. He is also a member of Save Lantau Alliance which was founded in 2014.

On 14th October 2018, Yam took to the streets to oppose the government-led reclamation project plan titled “Lantau Tomorrow Vision” with thousands of people.

“Lantau Tomorrow Vision” aims at creating a third core business district in Hong Kong by constructing artificial islands with 1,700 hectares near Kau Yi Chau and Hei Ling Chau of eastern Lantau Island.

Organized by Save Lantau Alliance, the protest happened four days after Chief Executive of the Hong Kong Special Administrative Region (HKSAR) of the People’s Republic of China Carrie Lam Cheng Yuet-ngor announced the ambitious reclamation project plan in her second policy address.

Where the new land might be built in Muiwo. Photo by Shulun Huang
“The vision aims to instill hope among Hong Kong people of economic progress, to improve people’s livelihood and meet their housing and career aspirations.”

Lam’s policy address makes the government’s aim from the plan-to boost the city’s land supply and address the city’s crippling housing shortage. The government believes that the project could provide anywhere between 0.7 million to 1.1 million homes and, through this, help create a new business district in Hong Kong over the next two decades.

However, not everyone shares the optimism around these plans. The proposals have caused considerable concern among many stakeholders. Yam’s ‘Save Lantau Alliance’ is one of them.

Even though Hong Kong has seen 6% of its land reclaimed, the proposed reclamation would be the largest land creation project in the history of the city. According to media reports, a government source predicted the cost of the project would be between HK$400 billion and HK$500 billion. Yam, who has been actively campaigning against the project, is one of the many who believes that such a big-ticket project does more harm than good, especially to the environment.

But opinion is divided, even in Yam’s neighborhood in Mui Wo. They complain about the inconvenient transportation and poor public infrastructure on the island, a stark contrast to Hong Kong’s main territories. Many believe that the reclamation might change that and bring them at par with the more widely-known parts of Hong Kong.

For some others, the reason is deeply personal. Hong Kong’s notoriously expensive real estate market—one estimate suggests it is the costliest in the world—means that for most young residents, buying a home in the city remains a distant dream. Hence, many, especially the older lot, believe that adding more land might make homes cheaper for coming generations.
Earlier, in September 2017, The Task Force on Land Supply was established, comprising 22 non-official and eight official members appointed by the Chief Executive. Between April and September this year, this task force conducted a public consultation exercise of 18 options to boost land supply, known as the ‘big land debate’.

One aspect that was laid bare by these consultations was the divide in society over the issue. Civil society and environmental groups see reclamation as a poor choice in solving the land supply as well as housing problem.

On the other side of the divide are different professional groups and business associations which support reclamation and argue that it is efficient way of creating more land since it does not require private land resumption and household resettlement.

At a joint press conference on 22nd August 2018, the Hong Kong Institute of Architects (HKIA), the Hong Kong Institute of Planners (HKIP) and the Hong Kong Institute of Surveyors (HKIS) said that reclamation outside Victoria Harbour is a feasible option. HKIA President Mr. Marvin Chen said that as marine resources are not privately owned, the reclamation work does not involve dealing with private property ownership, which will accelerate developing larger scale of new land.

In a similar vein, the Hong Kong Institution of Engineers also voiced its support for reclamation through the consultations.

Some of these groups have gone ahead to make the government’s vision grander and more ambitious. Ahead of Carrie Lam’s Policy Address on land supply, Our Hong Kong Foundation (OHKF), a think tank led by Hong Kong's first chief executive Tung Chee-hwa who is the Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference, published a research report Re-imagining Hong Kong with a Game-Changer: Enhanced East Lantau Metropolis in August, proposing a larger artificial island to the east of Lantau Island.

"If there's a large new land in Hong Kong, we'll have more space to build public housing and facilities. ‘Grassroots’ citizens (Citizens from a lower socio-economic background, 基层市民) will not have to wait so long to improve their living condition. The new land will also create entrepreneurial space and bring more job opportunities," Andy Lau Te-wah, one of Hong Kong's most commercially successful film actors said in a promotion video of land reclamation by OHKF.
Lau’s support for such a vision has drawn the ire of many, especially on social media. His support has been criticized online such as “only talked about the vision of land reclamation instead of the cost and risk involved …”

“Reclamation is a rallying point,” said Lam Chiu-yung, a former director of Hong Kong's weather bureau. He is now an adjunct professor in the Geography and Resource Management Department at the Chinese University of Hong Kong.

The public outcry stemming from the reclamation debate mirrors Hong Kong’s long-term dilemma of a lack of land and housing in the city, as well as the increasingly divergent views that have developed among different groups in the city in recent years.

“Housing Crisis” in Hong Kong

Since the end of the second world war, Hong Kong’s rapid population growth has led to a severe housing crunch in Hong Kong. Due to rapid population increase, the densely-populated (around 7000 persons per square kilometer) city of Hong Kong has faced severe housing shortages.

Due to a range of factors including historical urban planning, distorted property market, controversial land policy among others, Hong Kong has become the world’s most unaffordable residential property market, with an enormous gap between the city’s richest and poorest residents.

According to official statistics, the population of Hong Kong increased from 5.52 million in 1986 to 7.34 million in 2016. In January 2018, Demographia, a US-based urban planning consultancy, released a report of International Housing Affordability Ranking in 2017, which showed Hong Kong to be the least affordable city in the world. For this, the report looked at an indicator called a median multiple, which is the median house price divided by the median household income—in Hong Kong’s case, it had risen to 19.4 from 18.1 last year. As of the third quarter in 2017, the median house price in Hong Kong was HK$ 6.2 million while the median annual household income was HK$319,000. So, an average Hong Kong family would be able to buy a home in the city only if they saved every penny they earned, for 19 years.

This housing crunch, coupled with the limited area that HK is spread over, means that citizens are packed in small homes, often in conditions far from being fit for human habitation. A recent estimate shows that Hong Kong has smallest per capita living space worldwide. According to the Census and Statistics Department of Hong Kong (C&SD), the per capita living space in Hong Kong is about 15 square meters (161 sq ft), while in Singapore, resident
enjoy around on average, 25 square meters. More than 80% of the households in Hong Kong live in units smaller than 70 square meters.

“As the price of private property skyrockets, even middle-class families are struggling to buy property. The current situation means many young people are now lining up for public housing,” said by Lam Chiu-ying.

This has led many commentators to reiterate that this housing crunch might turn out to be Hong Kong’s biggest source of social instability.

On Christmas Eve 1953, the Shek Kip Mei fire left nearly 60,000 of residents in the area homeless. Most of them were mainland China immigrants. It was the launching pad for the development of public housing in the city.

Currently, according to the Hong Kong Housing Authority, in 2017, 44.7 per cent of the population lives in public rental housing or subsidized home ownerships, facilitated by the government for low-income homes. But, over half the population, 54.7 per cent, lives in privately-owned permanent homes, many of them being small and cramped.

A C&SD report also found in 2016, over 200,000 people reside in subdivided flats of which the median per capita floor area accommodation is 5.3 square meters. The condition might be even worse than prisoners in shared dormitories who have an average space of around 4.6 square meters per person following by the Correctional Services Department's planning guidelines. The report revealed that the median monthly rental payment of households living in subdivided units was HK$4500. The median rent to income ratio was 31.8%.
The figures make it clear—public housing is in short supply. As of the end of June this year, the government had received more than 260,000 public housing applications, with an average waiting time of 5.3 years for applicants.

As such, housing demand relies largely on rental private properties supply. Lam Chiu-ying described the reality as “the poor become poorer” since people from lower socio-economic groups have no bargaining power with the surging costs of private housing.

A university graduate shares one room of a subdivided flat with her mother. She loves reading but the only place for her to do this at night when her mom returns home from work is sitting on the toilet. Photo by Shulun Huang

UBS issued its report on the worldwide cost of living in June 2018, which showed that home rentals in Hong Kong were the highest in the world, over 2.6 times more than Beijing.

Little wonder, then, that analysts are very critical of this. Ryan Ip is a senior researcher at OHKF, focusing on land and housing policy in Hong Kong. During an interview, he used the metaphor that the tiny per capita living space in Hong Kong combined with the lack of adequate housing supply are all symptoms of a disease known as “land supply in Hong Kong disease”.
The Lack Of Land a Myth?

“The cause of the disease is that we have a shortage of land, but we are not creating new land,” said Ryan Ip.

However, whether reclamation is a must for increasing land supply arouses suspicion.

The Task Force on Land Supply (Task Force) said in April 2018 that the shortage will become even more crippling in the next 8 years. By 2026, Hong Kong is expected to face an emerging shortage of 815 hectares of land, 108 of which would be needed for housing. To tackle the shortage of land supply, Task Force has proposed its general observations that land supply is pressing; the rainy days should be prepared for; a multi-pronged approach should be adopted.

Two years earlier, Hong Kong 2030+, a development blueprint published by the government, predicted that the city would need at least 4800 hectares of new land to accommodate 9 million people, by 2040. “Discounting a supply of about 3,600 hectares from the committed and planned projects (which are expected to be fully materialized around the mid-2030s), the outstanding requirement would be more than 1,200 ha,” pointed out by the blueprint. The East Lantau Metropolis project was then proposed with about 1,000 hectares potential developable area 1.

Task Force proposed 18 measures to deal with a predicted long-term shortage of land supply including reclaiming a metropolis of 1,000 hectares. On 26th September, the five-month public engagement exercise, titled the 'Big land debate', ended. While its final report will be published by the end of the year, the committee already handed in a preliminary observation report to Carrie Lam as a reference for her announcement of Policy Address in October, two days before the consultations ended.

Without the report being out, the chief executive Lam’s policy address went ahead and proposed the massive land reclamation for creating 1700 hectares of land.

"What surprised us most is that the 1,700 hectares came out of nowhere. From the very beginning, we've only been talking about 1,000 hectares," Task Force member Wong Kwun, former president of the Federation of Public Housing Estates, talking to South China Morning Post.

Meanwhile, the OHKF has proposed a 2,200-hectare reclamation plan which equals half of Kowloon and doubles the size of land in the government's
blueprint Hong Kong 2030+. “In the next 30 years, we need 9,000 hectares of land which is beyond the government’s projection of 4,800 hectares, as we need to consider the need to enlarge the per-capita living space as well as reduce population density,” Ryan Ip said.

The reclamation project has been criticized by opponents, who argue that it should not be the priority choice of land supply.

Lam Chiu Ying said that he does not see the need for a costly and environmentally-damaging reclamation project. In his opinion, the housing problem cannot be simplified into a land supply problem. Housing affordability can be regulated by different means of public policies. He also claimed that, according to official statistics, the population of Hong Kong in total is forecast to reach a peak of 8.2 million in 2043.

“So, when we talk about the tight housing supply, it might only be a matter of coming 20 years. In the future, the number of houses might be more than the declining population. Without the artificial island, the existing land is enough to solve the problem,” Lam said. And he added that related study which can prove that existing land is enough has already been done by local researchers.

As statistics has shown, the degree of land utilization is low in Hong Kong, argued by Task Force, “Hong Kong has a mountainous topography. Of the total land area of 1,111 km², 24.3% (270 km²) is built-up area, with the remaining 75.7% (841 km²) being not-for-development or non-built-up area…”

Land Utilisation in Hong Kong.
Source: Planning Department, Development Bureau, HKSAR Government
Professor NG Mee Kam, director of the urban studies programme at the Chinese University of Hong Kong, believes that the limited living space in Hong Kong is not a result of the lack of land. What the government should do is to deal with land that has not been planned, poorly planned, and planned but not in use. Historically, land use in the New Territories has been chaotic and inefficient, comparing to urban development in Kowloon and Hong Kong Island.

During the 1980s, Kam was a student in the Geography Department of The University of Hong Kong. She and her classmates discussed the Tuen Mun New Town in western New Territories, which was developed mainly on land reclaimed from Castle Peak Bay and on platforms formed in the valley between Castle Peak and the Tai Lam Hills.

“Is it necessary for someone to be a ‘pioneer cattle’ (开荒牛) of urban development? People who live in new towns need to travel a long distance to go to work in the city center,” NG said, highlighting that life is not easy in a fresh land. It takes efforts of generations to turn it into a livable mature community.

The Liber Research Community, a local NGO focusing on land policy, has identified four main types-brownfield sites, government land within “village type development” zone, short-term tenancy sites and temporary government land allocation of “neglected land”. All these add up to over 1,000 hectares, as they figure it out through maps and land registry data. Among them, a research report published in May 2018 found that 723 hectares of brownfield sites in the
New Territories were not included in any development plans. The “neglected brownfield” can provide 80,000 units, for 230,000 people to live.

“Brownfield” usually refers to deserted agricultural land in the New Territories which has been converted to container yards, open storages and open car park, etc. The area of brownfield is estimated to be about 1,300 hectares, accounting for about 1% of Hong Kong’s overall land.

However, the government seems not that optimistic with this suggestion. In fact, Lam highlighted it in her address. “This seemingly easy option is in fact fraught with difficulties. I must first point out that developing brownfield sites has always been an important part of our land supply strategy,” Carrie Lam said in Policy Address. The New Development Area (NDA) projects under planning and implementation covers 540 hectares brownfields.

Lam said that developing brownfield sites could be time consuming, "From public consultations, re-zoning, to land resumption and clearance, as well as compensation and rehousing, implementation of NDA projects invariably requires a decade or so." The Development Bureau has been asked to initiate a study on the remaining 760 hectares of scattered brownfield sites to identify those with greater development potential.

Ryan Ip gave a sample of Hung Shui Kiu New Development Area in the New Territories; he said that the idea first come out in 1998 and it might take at least 40 years to complete building. And the brownfield sites of the area haven’t started to be resumed yet.

South China Morning Post reported on 2nd September that Stanley Wong Yuen-fai, chairman of Task Force said he "heard very few voices" against developing brownfield sites while reclamation is a reasonable option for most people.

Alternatively, according to some sources, private developers own no less than 1,000 hectares of agricultural land in the New Territories. That is why, Lam also mentioned the ‘Land Sharing Pilot Scheme’ to provide both public and private housing in the short to medium term. “If private land is covered by Government’s plans for public housing development or provision of infrastructure facilities, we will continue to resume it pursuant to the Lands Resumption Ordinance.”

However, at this stage, the time cost, pecuniary cost, environmental cost as well as social cost between different means of land supply remains with lots of questions for the public.
Whose Cake is it?

As Hong Kong develops from a fishing village to an international city, land reclamation has been a way to generate land.

According to Task Force, as of 2016 about 7000 hectares of land in Hong Kong was reclaimed, accounting for 25% of the developed area and providing accommodation for 27% of Hong Kong’s overall population plus 70% of its commercial activities. Over 60% of the existing new towns have been built to different extents on reclaimed land.

From 1970s to 1990s, reclamation was popular in Hong Kong. After The Protection of the Harbour Ordinance in 1997, however, Hong Kong stopped large scale reclamation projects.

Carrie Lam has promised the 1,700 hectares artificial land would be set aside for building 260,000 to 400,000 residential units with 70% allocated for public housing.

While some people think this may be an effective strategy to decrease public concern over developers building luxury flats on reclaimed land, others argue that the figure used for public housing, “70%” is only the number of units and
not the percentage of total land supply size. Moreover, there is uncertainty over the specific types of public housing that will be built.

On 6th November, 38 Hong Kong economists jointly issued a statement to support the "Lantau Tomorrow Vision". They considered it as not only an affordable solution but also a good investment. China Daily reported on 7th November that the economists’ group estimated the revenue from the reclaimed land sale alone may be as high as HK$840 million, which could cover the cost.

Hong Kong’s distorted housing market is not only a problem of market supply and demand. The statement by the economists puts another aspect of the issue in sharp focus—the role of land sales in Hong Kong’s economy, often referred to as the “high land policy.”

The Task Force said, "Land development has virtually come to a halt since 2005. Over the past decade, the area of built-up land has remained almost the same, which has led to a shortage in different kinds of land."

Hong Kong's twisted property market is also a political issue. Social background plays an essential part in its changes. Prof. Tang Wing Shing from the Department of Geography, Hong Kong Baptist University said a similar idea in a recent Bloomberg Businessweek interview.

The Bloomberg Businessweek article explained that, since the colonial period in the midterm of 19th century, the government revenue has relied on land sales. At the beginning of the 1970s, the city's manufacturing industry stagnated. British capital withdrew and Chinese capital flew into the Hong Kong financial
market. The real estate market has since become the backbone of the local economy, with a large amount of private housing built.

Throughout the 1980s and 1990s, the government encouraged people to purchase properties. Then the Asian Financial Crisis hit in 1997. After that, developers' lobbying efforts persuaded the government into pausing land sales and reducing public housing in order to ensure growth in the real estate market. Property developers have hoarded land and controlled the construction and supply of housing, which has pushed up property prices.

There is wide suspicion of reclamation land allocation under the idea of "property hegemony"; questions around who and how many residents will benefit from the land reclamation don't invite optimism.

"We haven't heard that private developer can participate in land reclamation in Lantau. I believe it is quite difficult," said K K Chiu, Head of Valuation & Advisory, Asia Pacific at Cushman & Wakefield, an American commercial real estate services company. "The government has a set of policies and procedures for land auction as well as land tender."

Consultants agree that it is important that the government maintain transparency to help dispel the public concerns.

Apart from monetary concerns, the environmental impact of reclamation has also drawn in concern, mostly because of increasing awareness in marine conservation.

Academics has pointed out that environmental risk such as climate change, rising sea levels and storm surge have casted doubts on the sustainability of artificial islands.

The World Wildlife fund, for instance, has criticized these reclamation plans. “The reclamation of East Lantau Metropolis will be the largest reclamation project in Hong Kong’s history, however, the loss of habitat and change of hydrology will be permanent, and bring forth a huge negative impact on marine ecology and the livelihoods of Hong Kong fishermen. The damage from reclamation is irreversible and the health of our sea will, unfortunately, further deteriorate.” Samantha Lee, WWF’s Assistant Director of Oceans Conservation said in a press release by WWF on 10th October.

In an interview, Samantha Lee told the reporter that she was worried about the upcoming Environmental Impact Assessment (EIA) of the project. “It’s clear that the logic behind the EIA is ‘construction first, compensation later’.”
Furthermore, according to news.gov.hk, in Carrie Lam’s idea, Lantau is a “Double Gateway” to the world and other Greater Bay Area cities via the Hong Kong-Zhuhai-Macao Bridge.

“What we need is a good planning, not hasty planning with agenda and pretext…” The Liber Research Community wrote in its research.

At a consultation forum in July organized by the Construction Industry Council, Stanley Yuen-fai Wong said, that it is necessary for the project to go through the Town Planning Board to change the land use planning and to assess the capacity of traffic infrastructure and supporting facilities with population. In addition, the project needs to complete its EIA. Also, if the cost of the project is over HK$30 millions, the appropriation needs to be approved by the Legislative Council.

Lantau as an International and Regional Double Gateway. Source: Civil Engineering and Development Department, HKSAR Government

According to the plan, the project will start in 2025, with the first round of housing available only in 2032.

Yam, looking out at the sea from the Mui Wo docks, is not optimistic of the deadlines. At the end of the interview, Yam said, he might not live long enough to see the start of the project.
What is our decision for future generation? Photo by Shulun Huang

(Yanfei Liu, Daiding Zhang, Huizhong Xia have also contributed to the article.)

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