



An empirical analysis of Hong Kong's planning control decisions for residential development



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ARTICLE INFO

Article history:

Received 18 August 2016

Received in revised form
21 March 2017

Accepted 24 March 2017

Keywords:

Planning control decisions
Residential development
Land-use zoning
Hong Kong

ABSTRACT

Hong Kong's planning control system, despite its critical importance in the land development process, has usually been overlooked in housing policy debates. In particular, the system's innate flexibilities give rise to questions as to whether the Town Planning Board's (TPB) planning control decisions are under the influence of 1) interests of large property developers; 2) government housing policy objectives; and 3) market conditions. In this light, this paper examines the TPB's decisions on applications for housing development in three residential statutory zones since January 1990: R(A) zone (i.e. a zone designated primarily for high-density residential development), R(B) zone (i.e. a zone established primarily for medium-density residential development), and R(C) zone (i.e. a zone intended primarily for low-density residential development). A total of 390 cases are studied. The findings show that the TPB's planning control decisions are subject to market conditions for R(A) zone, and skewed towards the interests of large property developers for R(C) zone. Yet, the decisions for all three zones are not in line with the government's housing policy objectives. Besides, the TPB, while being more receptive towards more intensified residential developments in R(B) zone, is usually against them in R(C) zone. Also found for R(C) zone is that, the TPB is more likely to approve development in urban areas and in new towns, and that it has taken a more pro-development stance since Hong Kong's handover to China. Interestingly, in this zone, while requests for higher site coverage are treated more favourably, the same cannot be said about requests for higher allowable plot ratio or the relaxation of building heights. Policy implications are then discussed.

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1. Introduction

Housing affordability, particularly in the last few years, has been arguably the most debated social issue in Hong Kong. To put this situation into perspective, according to the *12th Annual Demography International Housing Affordability Survey* (2016) in which 367 metropolitan markets in 9 countries¹ are studied, Hong Kong (with a price-to-income ratio of 19.0) is regarded as the least affordable housing market. The exorbitant housing price in the private sector has also resulted in 1) the sub-division of flats for rental purposes (and the concomitant building safety/legal concerns); and 2) a noticeable growth in the amount of people queuing for public rental housing (PRH). In accordance with the Housing

Authority, by the end of December 2015, there were 290,700 applicants on the PRH Waiting List, of whom about 147,000 are general applicants and about 143,700 are non-elderly one-person applicants under the Quota and Points System.²

Usually, either property developers or the government have been blamed for causing the housing affordability problem. The former has been criticized for withholding the supply of housing to obtain more profits, and the latter for not supplying enough developable land for residential development. To reinforce this line of thinking, the HKSAR government, in response, has become more proactive in pursuit of ways to provide additional land resources for residential development in the last few years, including the exploration of new land parcels, rezoning non-residential land sites, as well as increasing the development density of residential sites yet to be leased.

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¹ These nine nations include Australia, Canada, Hong Kong, Ireland, Japan, New Zealand, Singapore, the United Kingdom, and the United States.

² In comparison, the number of applicants in these two groups in fiscal year 2007/08 was approximately 73,000 and 39,000, respectively.

Table 1
Maximum domestic plot ratios - Metroplan area.

Density zone	Type of area	Location	Maximum plot ratio
R1	Existing Development Area	Hong Kong Island	8/9/10
		Kowloon & New Kowloon	7.5
		Tsuen Wan, Kwai Chung & Tsing Yi	8
	New Development Area and Comprehensive Development Area		6.5
R2			5
R3			3

Source: Planning Department.

By contrast, the planning control system in Hong Kong, which plays a critical role in land (and hence housing) development, has usually been put aside in public discussions regarding housing policies. This is perhaps attributed to a lack of understanding towards the planning control process itself, in addition to the technicalities of the legislations involved. Despite the notion that each development application is to be assessed by the Town Planning Board (TPB) "via its own merit", the planning control process is viewed by some scholars as a black-box process (Tang & Choy, 2000; Tang, Choy, & Wat, 2000), in that how these decisions are made is largely unknown and uncertain, hence resulting in verdicts that may not be agreeable to some. The increasing number of judicial review cases filed against the TPB by individuals and property developers alike in recent years, on issues ranging from the rezoning of greenbelt sites to development restrictions, if anything, highlight this view.

As the current HKSAR government, with the aim to tackle the housing affordability problem, has made the supply of housing a priority in its policies, the innate flexibility of Hong Kong's planning control system, if anything, raises a number of questions concerning the TPB's planning control decisions:

- Are they consistent with the government's objective to provide more land for residential development through re-zoning non-residential land?;
- Are they skewed towards the interests of large property developers?; and
- Are they subject to housing market conditions?

To address these questions, this paper aims to examine the Town Planning Board's planning control decisions on applications for residential development (both flats and ordinary houses) in three land-use zones: Residential (Group A) zone [R(A)], Residential (Group B) zone [R(B)], and Residential (Group C) zone [R(C)] zones, between January 1990 and April 2016. The rest of this paper is presented as the following: A brief description of Hong Kong's development control system is first provided (Section 2), followed by a review of the literature (Section 3). In Section 4, the research methodology and data is presented. The empirical findings are reported in Section 5, while Section 6 concludes the study and discusses the policy implications.

2. Hong Kong's development control system

Aiming to achieve a balance between certainty and flexibility, Hong Kong's development control system is a hybrid system, in that it essentially incorporates the elements of both plan-led (i.e. statutory) and development-led (i.e. administrative) systems.³ Land development in Hong Kong is subject to two sets of legislations: 1)

³ For a more detailed discussion of these two systems, see the following Literature Review section.

Table 2
Maximum domestic plot ratios - new towns (excluding Tsuen Wan).

Residential density zone	Maximum domestic plot ratio
R1	8.0
R2	5.0
R3	3.0
R4	0.4

Source: Planning Department.

the legally-binding regulations on various areas such as maximum plot ratio, height restrictions, site coverage (as decreed by First Schedule of Building (Planning) Regulations [B(P)R] under the Buildings Ordinance); and 2) the statutory land-use zoning plans under the Town Planning Ordinance (i.e. Outline Zoning Plan [OZP] and Development Permission Area [DPA] Plan⁴).

For the former, the maximum plot ratio allowable for residential development differs among various regions of Hong Kong. The Metroplan area (i.e. Hong Kong Island, Kowloon, and the Tsuen Wan New Town), in general, permits property development at a plot ratio as high as 10, followed by other new towns (as high as 8). Rural areas within the New Territories, by contrast, only allow the development of low-density building structures (Tables 1–3). Yet, a development's maximum plot ratio is also subject to its site coverage and building height. Specifically, maximum plot ratio and maximum site coverage for a residential building are inversely related, whereas maximum plot ratio and building height are positively related (Table 4).

And for the latter, two columns of uses are available in each OZP. Uses within Column 1 are always permitted, whereas those within Column 2 are permissible upon planning applications by existing rights holder(s) of land sites, under Section 16 of the Town Planning Ordinance.⁵ It should be noted, however, that under certain conditions planning applications for the TPB's permissions are still required even when a proposed development does not involve any Column 2 uses. Should developers intend to seek relaxations of density controls (either in plot ratio, in site coverage, or in building height) as decreed in the B(P)R, they are required to submit a planning application, under Section 16 of the Town Planning Ordinance, for the TPB's approval.

This unique arrangement, albeit allowing for a higher degree of flexibility in terms of land use than pure plan-led systems, inevitably leads to subjective interpretations of planning regulations on the part of the TPB, and thus uncertain planning control decisions (see Mayo & Sheppard, 2001). This, in turn, has implications as to property developers' development strategies and, hence, the eventual amount and timing of housing supply to some extent.

⁴ DPA Plans serve as the development guidance (and provide interim planning control) for rural areas in the New Territories. They are effective for three years. Afterwards, they will be replaced by the OZPs.

⁵ And under Section 12A for subsequent amendment(s) of approved applications.

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