



# Repeated planning applications by developers under statutory zoning: A Hong Kong case study of delays and design improvements in private residential development



Lai Lawrence W.C.<sup>a,b,\*</sup>, Ho Daniel C.W.<sup>a</sup>, Chau K.W.<sup>a,b</sup>, Chua Mark H.<sup>a</sup>

<sup>a</sup> Department of Real Estate and Construction, University of Hong Kong, Hong Kong

<sup>b</sup> Ronald Coase Centre for Property Rights Research, University of Hong Kong

## ARTICLE INFO

### Article history:

Received 26 September 2015

Received in revised form 19 June 2016

Accepted 24 June 2016

### Keywords:

Zoning  
Delay in development  
Housing supply  
Hoarding  
Innovations

## ABSTRACT

Delays in obtaining development approvals have been advanced as a major reason for shortages if not also increase in cost of housing. This paper is the first systematic attempt to examine whether the apparently long period of time taken to obtain statutory planning permissions by developers for major development projects under Comprehensive Development Area (CDA) zoning is due to Town Planning Board rejections or developers' strategy to hoard land or improve building design. Publicly available Town Planning Board data obtained from the Planning Department, property transaction records kept by the Land Registry, property market statistics released by the Rating and Valuation Department and macro-economic data from the Census and Statistics Department are used to find out the number of planning applications and time taken for a real estate project in a CDA zone involving residential components to start construction from the date of the first valid planning application as the means to ascertain if any delay in development was due to business innovation in building design to cater to sustainable development; or strategic behaviour to hoard land.

© 2016 Elsevier Ltd. All rights reserved.

## 1. Introduction

The actual time taken for private development to complete for any planning jurisdiction, not to mention an international comparison, is a much wanting land use policy and commercial information.<sup>1</sup> The time involved is often asserted based on personal experience or hearsay, exaggerated in directions depending on the ideological preferences of the commentator. After all, the transaction costs of gathering reliable and publicly available information about such time are phenomenal. However, a good can be found in the literature. In Houston, USA, it takes only 120 days to “purchase land, obtain all the permits, build and move in” (O’Toole 2014: p. 182). Surely the high-rise “starchitecture” of 50-storey gated residential buildings in Hong Kong take at least one year to build, yet it would be alarming to find that in this metropolis famous for its nominally laissez faire economy, a development by a major devel-

oper may take over 15 years to complete. The benchmark time for a Hong Kong high rise property development is three years, which is the norm for a development subject purely to a land lease (“Government Lease,” previously “Crown Lease”) or obtained through a government land auction of leasehold interests.

This paper examines whether the apparently long period of time used in obtaining statutory planning permissions by developers for major development projects under Comprehensive Development Area zoning, which is almost synonymous with the zoning of a major real estate project subject to both a statutory zoning plan and the need to negotiate over a new lease rather than buying one in an auction, is due to Town Planning Board rejections or developers' strategy to delay or improve building designs from the point of view of sustainable development driven by business innovations.

## 2. Theoretical background

There is a growing body of knowledge on the effect of delays in development approvals and housing prices. Normally, planning delays are associated with restrictions in housing supply (Cheshire et al., 2012; Ball, 2011), which may, in turn, affect housing prices.

In their work, Mayo and Sheppard (2001) studied how “randomness” on the part of development control influences housing

\* Corresponding author.

E-mail address: [wclai@hku.hk](mailto:wclai@hku.hk) (L.W.C. Lai).

<sup>1</sup> In Malaysia, development approval time was about “one to two years” (Ting et al., 2007). However, there was no information about how much time is taken after approval is obtained.

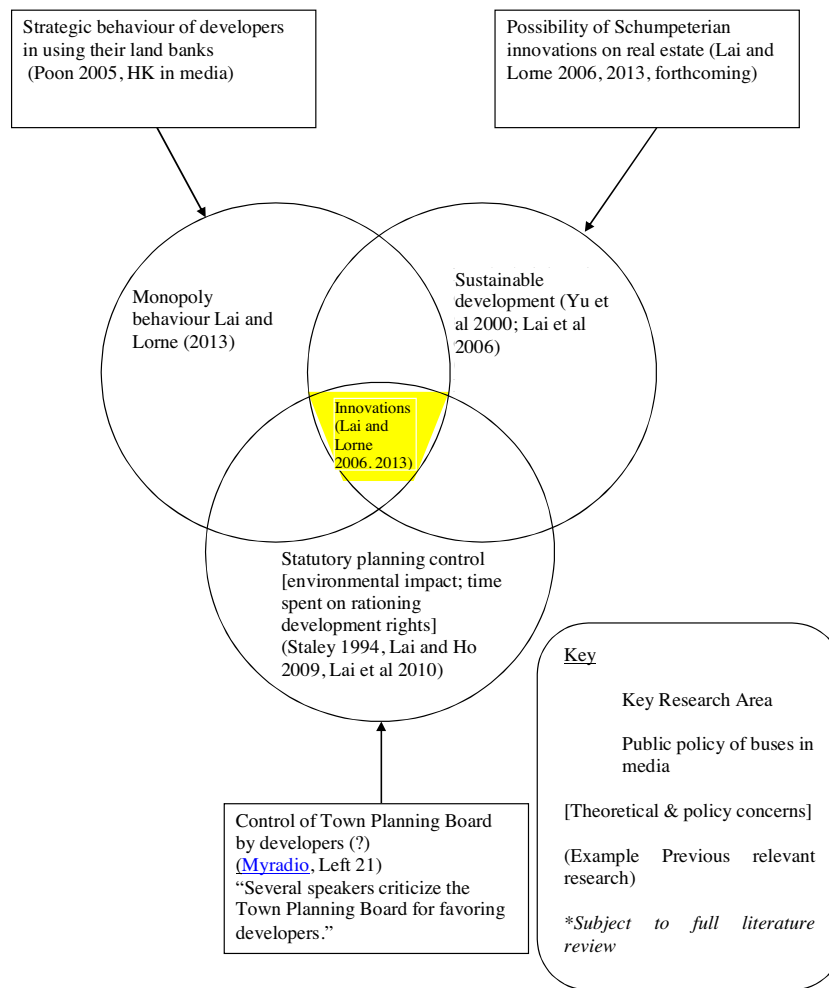


Fig. 1. The theoretical and public policy concerns (Lai and Lorne, 2013).

supply. Randomness is derived from developers' uncertainties over whether the authorities would grant them planning permission or how much time would be needed for the permission to be obtained. Gallent and Carmona (2004) also noted that the discretion of planning authorities in the decision-making process can contribute to planning delays. Staley (1994) had the same view and an empirical question to address here is whether rejection by a planning authority is actually the main cause of a lengthy process of development for major residential projects. Accordingly, Mayo and Sheppard (2001) found that "stochastic" development control renders new housing supply more inelastic (also Cheshire et al., 2012). Specific to delays, they found that:

The supply of housing in the current period was shown to be adversely affected by an increase in the maximum possible planning delay, by a decrease in the minimum possible planning delay, or by an increase in the variance of possible planning delays (Mayo and Sheppard, 2001: p. 125).

However, although planning delays in themselves are not conceptually hard to measure, they are actually seldom measured. But there are some good exceptions. Delays are affected not just by the bureaucratic or administrative system itself, but also by the behaviors of the different actors involved (Monk and Whitehead, 1999). Among other factors, a lack of agreement between some planning agencies or between planners and developers over design and density standard issues can also further planning delays (Gallent and Carmona, 2004). It is not just a matter of measuring the length

of time it takes for a single planning application to be processed, which can be controlled and limited by cut-off dates or penalties for lags, as one still has to consider the possibility of a series of applications for a single project. In their study, Ball et al. (2009) measured the delay not per single application, but by project site. They focused on sites done only in one year to lessen other elements that affected the granting of a planning permission, but they excluded pre-application negotiations to simplify their study. Examining planning applications by project site is more useful for analysis because this considers multi-application projects that demonstrate, more directly, the effects of planning delays on a project's implementation (Ball et al., 2009).

Aside from the arduous task of identifying and gauging planning delays, it is harder to identify and measure the costs they cause (Keogh and Evans, 1992). There lies an interplay between the costs and benefits of the planning system that contributes to the complexity of estimating the consequent private cost to developers and social cost to the immediate environs (Keogh and Evans, 1992). Differences in perspective over planning delays are also evident. For example, many builders see delays as problematic, while some planners see it as the "price of a democratic service" (Gallent and Carmona, 2004).

Amid this muddle in appreciation of planning delays and their costs, it is not just an issue of planners oppressing builders and developers. Monk and Whitehead (1999) pointed out that "landowners can exploit any oligopolistic certainty created by the planning system to delay the release of their land until prices have

Download English Version:

<https://daneshyari.com/en/article/6547126>

Download Persian Version:

<https://daneshyari.com/article/6547126>

[Daneshyari.com](https://daneshyari.com)