Introduction

Land and housing prices in Hong Kong are among the highest in the world. Debates in the city about developing country park land for housing started in 2013, when some top government officials expressed support for the idea in personal blogs, radio interviews, and television appearances. The proposal was formalised by former Chief Executive Leung Chun-ying in his last Policy Address in January 2017, in which he urged Hongkongers to think out of the box to create land for housing:

“We should also consider allocating a small proportion of land on the periphery of country parks with relatively low ecological and public enjoyment value for purposes other than real estate development, such as public housing and non-profit-making elderly homes.”

Leung then commissioned the Hong Kong Housing Society to conduct a feasibility study on 2 sites within country park land. His successor, current Chief Executive Carrie Lam Cheng Yuet-ngor reiterated the idea in her maiden Policy Address in October 2017, and instructed the relevant departments to study the possible utilization of periphery of country parks for residential development.

The proposal sparked intense debates among the various stakeholders. Major stakeholders on the issue were the relevant government bureaus and departments, and environmental NGOs. Governmental bodies that were actively involved in the proposal included the Housing and Transport Bureau, the Agriculture, Conservation and Conservation Department (AFCD), the...
Planning Department, and the Environment Bureau. Private sector supporters of this proposal were the Hong Kong Housing Society, an NGO developer of public housing established in 1951; and Our Hong Kong Foundation, a think tank. The main environmental NGOs that opposed the proposal were the Conservancy Association, Designing Hong Kong, Green Power, Green Earth, Conservation International (Hong Kong), and the Hong Kong Countryside Foundation.

Low-income families and individuals—as well as the elderly—were also interested parties on this issue. Because the Hong Kong government presented the proposal as a means to provide affordable public housing, these parties viewed opposition to the proposal as obstacles to their home ownership aspirations.

Hong Kong’s growing economy and population caused increasing demand for housing that put a lot of pressure on the city’s limited amount of land. This demand-supply mismatch drove up housing prices and rentals, resulting in housing being a heavy burden for many Hongkongers and thus a major source of social discontent. An adequate supply of land would be critical in hitting short- and long-term targets for housing supply. Various methods were devised to increase land supply for public housing in the short term, including the much-criticised idea to develop country park peripheries. After this proposal was put forward, the public pressured the government to reconsider the idea, lobbying for the option to be shelved or to be considered only as a last resort.

**Plans for the Development of Country Park Land**

In 2013, during a discussion on Radio Television Hong Kong’s *City Forum*, then-Under Secretary for Housing Yau Shing-mu suggested that the development of country parks could create more land supply.² That same year in an article on his blog, then-Secretary for Development Paul Chan Mo-po questioned the ban on the development of country park land in light of Hong Kong’s chronic land shortage and the city’s pressing housing needs.³ These suggestions immediately caused concern among legislators and other stakeholders.⁴

In his last Policy Address, Leung pointed out that expediting and increasing the supply of both private and public housing would be vital in solving Hong Kong’s pressing housing needs. The government’s latest target was to build 315,000 units, comprising 220,000 public rental units and 95,000 subsidized-sale flats. Both the government and the private sector (in particular the Hong Kong Housing Society) tried for years to build low-cost dwellings to meet increasing demand for public housing.

In May 2017, the government commissioned the Hong Kong Housing Society to conduct a feasibility study on Ma On Kong (within Tai Lam Country Park) and Shui Chuen O (within Ma On Shan Country Park).⁵ The technical study was self-funded and cost about HK$10
million. It included surveys on the sites’ ecologies, landscapes, recreational values, and developmental constraints. However, the feasibility study was criticized as circumvention of proper procedures, and was seen as a tactic to prevent scrutiny from the public and conservation advocates. Country parks in Hong Kong were popular hiking and leisure spots for local residents and foreign visitors. Nevertheless, there were stakeholders who supported the feasibility study.

Pang Chuck Hang, Senior Manager for Planning and Development at the Hong Kong Housing Society, saw the technical study as an opportunity to establish scientifically if the two sites should remain part of the country parks. Our Hong Kong Foundation, a think tank founded by former Chief Executive Tung Chee-hwa, wrote in a report:

“The Government could set up a platform to establish a set of scientific standards and criteria for reviewing the ecological value, service and use of all country parks, and determine whether the boundary of country parks should be altered based on such objective indicators. The platform should also regularly monitor and review such factors as the demand-supply balance of land, social and economic needs, to consider the need to develop the land originally designated as country parks.”

In September 2017, the government set up the Task Force on Land Supply to conduct a comprehensive macro review of existing and potential land sources—both conventional and non-conventional—for residential and commercial use. This review included public engagement exercises that were carried out in 2018.

In her first Policy Address, Lam indicated that housing policy during her term would focus on increasing the supply of affordable homes to help Hongkongers achieve their home ownership aspirations, so that they could “live happily in Hong Kong and call it their home.” Like her predecessor, she suggested country park fringes as possible locations for low cost housing. Lam instructed the Task Force on Land Supply to explore this option.

**Housing: A Major Livelihood Issue in Hong Kong**

Housing is a major public policy issue in Hong Kong. According to former Secretary for Housing and Transport Bureau (2012-2017) Professor Anthony Cheung Bing-leung, “Housing is the most pressing social problem in Hong Kong.” Lam also said that among all the livelihood issues, the housing problem was “the most challenging, formidable, and complex.”

The provision of residential flats had not kept pace with growing housing needs in Hong Kong. It was argued that this was largely due to the limited supply of land suitable for development.
Hong Kong’s total land area was only about 1,100 square kilometres with a mountainous topography. The total built-up area and non-built up area of land in Hong Kong in 2016 was about 24 and 26 per cent respectively (Exhibit 1). Only about 7 per cent of land was allocated for housing (3.7 per cent for private and public housing and 3.2 per cent for rural settlements). In contrast, about 66 per cent of Hong Kong’s land area comprised of grassland, woodland, and shrub land. Most of these green areas were largely made up of 24 country parks and 7 special areas covering a total area of about 44,300 hectares or 40 per cent of the total land area. Country parks formed the largest type of non-built up area in Hong Kong.

In the last decade or so, property prices and rents in Hong Kong became increasingly exorbitant for many prospective homeowners, exceeding the growth rate of median household income. According to the latest Demographia International Housing Affordability Survey, the median price of a home in Hong Kong was 20.9 times the median annual pre-tax household income. This classified Hong Kong’s housing market as “severely unaffordable” for the 9th consecutive year (Exhibit 2). People seeking their first homes found it challenging to either buy or rent (Exhibits 3 to 6). Even if they were able to get secure bank loans, it was usually not possible to pay off the mortgages in their working years, forcing them to pass the mortgage burden onto their children.

Under such conditions, many people expected the government to intervene by providing low-cost public housing. However, increasingly long waiting times for public housing forced many to endure poor living conditions in the interim.

When The Economist updated its liveability index in 2012 to include indicators for green spaces, Hong Kong was ranked first overall. Some Hongkongers found this accolade laughable given that Hongkongers had to work long hours to afford exorbitant rents for tiny apartments, leaving them with little disposable income.11

**Formulating ‘Out of the Box’ Solutions**

To correct the supply-demand imbalance, the government adopted a multi-pronged strategy to explore both conventional and non-conventional sources of land. Demand for housing was estimated at 445,000 units over the next 10 years (according to the Long Term Housing Strategy Annual Report 2018, Exhibit 7), and 1 million units over the next 30 years (based on projections in HK2030+: Towards a Planning Vision Transcending and Strategy Transcending 2030).

Conventional strategies to increase land supply included land reclamation, enhancing development intensity through urban regeneration, land use rezoning, converting reserved land for housing development, and creation of new towns. However, in recent years some of these strategies were often stymied by opposition from environmental groups or lengthy negotiations.
with indigenous villagers of the New Territories or the Heung Yee Kuk, a statutory body which represented their interests (particularly in land issues). Moreover, there were restrictions imposed by the Protection of the Harbour Ordinance (Cap. 531) enacted in 1997, which prohibited further land reclamation within Victoria Harbour.\footnote{12}

Non-traditional strategies included the creation of artificial islands southeast of Lantau Island, rock cavern development, underground space development, reclamation outside Victoria Harbour, brownfield sites, and country park land fringes.

With regard to country parks, the government raised doubts about the criteria used to demarcate their boundaries, as well as the rationale for the minimum ratio of protected areas to total land area. The government pointed out that these decisions were made 40 years ago without taking into account the housing needs of future generations. It also questioned whether the standards used to evaluate the ecological and recreational values of country parks were sufficiently scientific. The government cited this as the reason to commission the Hong Kong Housing Society to conduct a technical study on 2 country park periphery sites.

However, some countered that the country parks were originally demarcated precisely because developmental pressures in the 1970s threatened the pristine countryside areas of Hong Kong. They also argued that Hong Kong was not actually short of land for housing, and that country park land was protected by a statutory presumption against development under the Country Parks Ordinance (Cap. 208)—i.e. they were to be the last resort, to be used only when other sources of land were exhausted.

Leung insisted that country park land development was a viable solution to short-term public housing needs in Hong Kong, and pointed out that country parks occupied 40 per cent of the total land area of Hong Kong, 6 times greater than that currently used for residential purposes. He urged Hongkongers to support the proposal to develop country park land, given the widening gap between urban and rural developmental density and the increasingly cramped conditions in urban areas caused by a growing population.\footnote{13} He said:

\emph{“Tens of thousands of flats could be built on small plots of land in the country parks. If the government takes the lead in reclaiming and developing the land, as well as paying for the construction costs, housing prices could be lower than those of Home Ownership Scheme flats... Only land that is of low ecological value and [that] sits on the edge of the parks would be considered... [T]he goal is to meet the housing needs of the middle class and the ‘upper working class.’”\footnote{14}}

However, environmental conservationists were concerned about dividing country parks into core and peripheral areas. Professor Wong Fook-yee of the Geography and Resource
Management Department at the Chinese University of Hong Kong, a former Assistant Director at the AFCD and the current Director of the Friends of Country Parks, remarked:

“We should look at country parks as a whole, rather than trying to divide a country park into ‘important’ and ‘unimportant’ sites... It is not practical to evaluate the ecological value of different sections within a country park, because wildlife and vegetation are not confined to only one location”

Other organizations such as Green Power argued that country park fringes acted as a buffer zone to protect the core area, and the Eco-Education and Resources Centre considers these areas as important green corridors connecting less ecologically rich areas to higher value ones. Thus, no area of the country parks could be considered low value. Mr. Roy Ng, Campaign Officer of the Conservancy Association—an organisation which conducted tree planting activities in Tai Lam Country Park over the past decade—felt that the development proposal was a slippery slope: “If we develop the periphery of country parks because they are close to support infrastructure facilities, today’s core area of country parks will become tomorrow’s periphery.”

Defending the Hong Kong Housing Society’s feasibility study, the incumbent Secretary for Development Michael Wong Wai-lun, Secretary for the Development Bureau, argued that the 2 sites in the study were less than a thousandth of the total country parks area: “In other words, many conservationist friends are concerned about a large-scale destruction of country parks because of building flats—it will not happen.” Mr. Wong Kam-sing, the Secretary for Environment, assured the public that the Environmental Protection Department would act as a ‘gatekeeper.’

**Developing Country Park Fringes: Wise or Unwise Move?**

According to the *Long Term Housing Strategy (LTHS)* Progress Report 2018, there were about 150,000 general applications (comprising family or elderly individual applicants) for public rental housing (PRH) and 117,000 non-elderly, one-person applications. The average waiting time for general applications was 5.5 years and 2.9 years for elderly individual applicants. In recent years, every subsidized sale tranche of Home Ownership Scheme (HOS) flats was oversubscribed. One sale in early 2017 was oversubscribed by 57 times and another in end-October 2017 was oversubscribed by about 150 times, reflecting persistently high demand for these flats. The *LTHS* was aimed at gradually resolving the housing supply deficit. In terms of public housing, this was to be done by building more PRH units; providing more subsidized sale flats and expanding the types of subsidized ownership; and ensuring rational use of existing resources. To ease short-term needs for public housing, the government proposed to develop the periphery of country parks.
However, some legislators questioned the necessity of developing country park land if there were other potential sources of land, particularly brownfield sites, which (according to these legislators) could be viable if government were to properly incentivise landowners or business operators.\textsuperscript{25} The government responded that since country park land was state owned, the process involved in land use conversion would be smoother than for other sources such as brownfields or the land banks of major property developers. These other sources would involve complications related to private property rights and land requisition.\textsuperscript{26}

Some developers and property tycoons in Hong Kong said that area covered by country parks was disproportionately large given the small size and hilly topography of Hong Kong, where land suitable for development was in short supply. They argued that releasing small country park peripheries for residential use could satisfy short-term housing needs.\textsuperscript{27} Leung stressed that the 2 country park peripheries studied by the Hong Kong Housing Society were approximately just 20 hectares each in size (\textbf{Exhibit 8}). The Task Force on Land Supply wrote:

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“...[R]eleasing only 0.1% of country park area would already increase developable land by some 40 ha. Arithmetically, and purely for illustration purpose, based on the estimated aggregate flat yield and development area for the Kwu Tung North and Fanling North New Development Areas (NDAs) (i.e. 60,000 flats), 0.1% of country park area or 40 ha might yield some 7,500 flats.”\textsuperscript{28}
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Others contended that the idea of using country park land to meet such short-term needs was a bad trade-off, even from an economic perspective. In a column for \textit{South China Morning Post}, Roger Nissim, adjunct professor in the department of real estate and construction at the University of Hong Kong wrote:

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“Such tracts of land are attractive to the administration as... they are government-owned so there will be little or no cost of land resumption. But this would be a false economy... By definition, the land is remote, likely to be hilly with trees, lacking suitable infrastructure such as roads and drains and at best could only be used for low-density, low-rise development. This would not be a good trade-off: the relatively small number of units provided could never justify the damage that would be done.”\textsuperscript{29}
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Other opponents of the plan argued that the country parks were protected areas with a presumption against development, and that these areas should not be touched because of their high educational, ecological, and cultural values. They also argued that although some land areas had been excised from country parks in the past for basic infrastructure developments and landfill extension, the idea of developing country park land specifically for housing construction was without precedent. However, others countered that the pressing housing needs in Hong Kong constituted an overriding public interest, and that country park peripheries were
no different from Green Belt areas, which also had a presumption against development and yet had a portion converted for housing.\textsuperscript{30}

Moreover, some stakeholders who supported the proposal considered said it struck a good balance between development and conservation. This viewpoint was rebutted by environmental NGOs who said that it was impossible to put an economic value to country parks because “they benefit us in so many different ways.”\textsuperscript{31} Not only were they extensions of reservoirs and water catchment areas, but they conferred physical and spiritual benefits on the population as well (\textit{Exhibit 9}).\textsuperscript{32} Country parks were one of the unique features of Hong Kong that attracted business, giving the city “a competitive advantage over cities like New York, London, Beijing, and Shanghai.”\textsuperscript{33} These NGOs maintained that ‘development’ should not be defined only in:

“…the very narrow sense of ‘economic development’ or ‘GDP development’...; ‘conservation’ should be part of the ‘development’ process, and NOT framed as a factor against ‘development;’ there is no antagonism between ‘conservation’ and ‘development’ and so-called balance is a false concept.”\textsuperscript{34}

\textbf{Summary}

Housing was a pressing public policy issue in Hong Kong, particularly in the past decade or so when property prices and rent rose faster than median household income. This made it more difficult for people to achieve their home ownership aspirations. In January 2017, Chief Executive Leung Chun-ying pointed out in his Policy Address that the lack of housing flats was due to insufficient land zoned for housing, and announced a number of short- and long-term strategies to increase the supply of residential land. Among the proposed short-term sources of land supply was country park peripheries with supposedly low ecological and recreational values. As proposed, these areas could be developed specifically for public housing and non-profit elderly homes. The government directed the Hong Kong Housing Society to conduct a feasibility study on 2 such areas within the boundaries of 2 country parks. The objective of the study was to provide technical analysis and information for rational discussion. The Task Force on Land Supply was set up to study and examine each of the sources of land supply proposed by the government, taking a comprehensive and macro perspective. This government action ignited debate in society about the proper way to value these green areas and how various societal interests could be prioritised or balanced. According to the Task Force’s report released in December 2018, less than 50 per cent of those surveyed during the public engagement exercise supported the idea of developing the country park peripheries.\textsuperscript{35} If the government were to push ahead with this proposal, the plan would still need to overcome several statutory procedures—including public engagement exercises. The competing interests and concerns of different stakeholders could be obstacles toward achieving consensus.
Endnotes


5 The government would only provide assistance in terms of technical data and information. The study would include a public engagement to take into account stakeholders’ views. The results of the study are expected to be released in 2019 or 2020.

6 Pang Chuck Hang, interview conducted on April 13, 2018.

7 Richard Wong Yue Chim, William Tsang Wai Him and Vera Yuen Wing Han, Maximizing Land Use to Boost Development Optimizing Housing Resources to Benefit All (Hong Kong: Our Hong Kong Foundation, 2015), 48.


18 Roy Ng Hei-man, interview conducted on March 7, 2018.


30 Pang Chuck Hang, interview conducted on April 13, 2018.


34 When requested to be interviewed, Mr. Lam Chiu-ying, former Observatory Chairman and current Chairman of the Hong Kong Countryside Foundation, directed the author to his blog (cf. Chiu-ying Lam, “Letter to the Secretariat of the Lantau Development Advisory Committee (April 30, 2016),” accessed on March 5, 2018, http://tiandiyouqing.blogspot.hk/2016/04/ ) where over several years he has been expressing his views regarding various policy issues including country parks.

### Exhibit 1

**Land Utilization in Hong Kong (2016)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Area (square km.)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Built-Up Areas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Residential</td>
<td>26</td>
<td>2.3</td>
</tr>
<tr>
<td>Public Residential</td>
<td>16</td>
<td>1.4</td>
</tr>
<tr>
<td>Rural Settlement</td>
<td>35</td>
<td>3.2</td>
</tr>
<tr>
<td>Commercial/Business and Office</td>
<td>4</td>
<td>0.4</td>
</tr>
<tr>
<td>Industrial Land</td>
<td>7</td>
<td>0.6</td>
</tr>
<tr>
<td>Industrial Estates</td>
<td>3</td>
<td>0.3</td>
</tr>
<tr>
<td>Warehouse and Open Storage</td>
<td>16</td>
<td>1.4</td>
</tr>
<tr>
<td>Government, Institutional and Community Facilities</td>
<td>26</td>
<td>2.3</td>
</tr>
<tr>
<td>Open Space</td>
<td>25</td>
<td>2.3</td>
</tr>
<tr>
<td>Roads</td>
<td>41</td>
<td>3.7</td>
</tr>
<tr>
<td>Railways</td>
<td>3</td>
<td>0.3</td>
</tr>
<tr>
<td>Airport</td>
<td>13</td>
<td>1.2</td>
</tr>
<tr>
<td>Cemeteries and Crematoria</td>
<td>8</td>
<td>0.7</td>
</tr>
<tr>
<td>Utilities</td>
<td>8</td>
<td>0.7</td>
</tr>
<tr>
<td>Vacant Land/Construction in Progress</td>
<td>17</td>
<td>1.5</td>
</tr>
<tr>
<td>Others</td>
<td>22</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Non-Built Up Areas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Land</td>
<td>51</td>
<td>4.6</td>
</tr>
<tr>
<td>Fish Ponds/Gei Wais</td>
<td>17</td>
<td>1.5</td>
</tr>
<tr>
<td>Woodland</td>
<td>277</td>
<td>24.9</td>
</tr>
<tr>
<td>Shrubland</td>
<td>262</td>
<td>23.6</td>
</tr>
<tr>
<td>Grassland</td>
<td>192</td>
<td>17.3</td>
</tr>
<tr>
<td>Mangrove and Swamp</td>
<td>5</td>
<td>0.4</td>
</tr>
<tr>
<td>Badland</td>
<td>2</td>
<td>0.2</td>
</tr>
<tr>
<td>Quarries</td>
<td>1</td>
<td>0.1</td>
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<tr>
<td>Rocky Shore</td>
<td>4</td>
<td>0.4</td>
</tr>
<tr>
<td>Reservoirs</td>
<td>25</td>
<td>2.3</td>
</tr>
<tr>
<td>Streams and Nullahs</td>
<td>5</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1111</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source:** Planning Department
### Exhibit 2

**Ten least affordable major housing markets**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Nation</th>
<th>Housing Market</th>
<th>Median Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>Hong Kong</td>
<td>20.9</td>
</tr>
<tr>
<td>2</td>
<td>Canada</td>
<td>Vancouver</td>
<td>12.9</td>
</tr>
<tr>
<td>3</td>
<td>Australia</td>
<td>Sydney</td>
<td>11.7</td>
</tr>
<tr>
<td>4</td>
<td>Australia</td>
<td>Melbourne</td>
<td>9.7</td>
</tr>
<tr>
<td>5</td>
<td>US</td>
<td>San Jose</td>
<td>9.4</td>
</tr>
<tr>
<td>6</td>
<td>US</td>
<td>Los Angeles</td>
<td>9.2</td>
</tr>
<tr>
<td>7</td>
<td>New Zealand</td>
<td>Auckland</td>
<td>9.0</td>
</tr>
<tr>
<td>8</td>
<td>US</td>
<td>San Francisco</td>
<td>8.8</td>
</tr>
<tr>
<td>9</td>
<td>US</td>
<td>Honolulu</td>
<td>8.6</td>
</tr>
<tr>
<td>10</td>
<td>Britain/Canada</td>
<td>London/Toronto</td>
<td>8.3</td>
</tr>
</tbody>
</table>

**Source:** 15th Annual Demographia International Housing Affordability Survey (January 2019)

**Note:** The survey covered more than 309 major housing markets in 8 countries.
Exhibit 3

Private residential flats

Source: Rating & Valuation Department

Exhibit 4

Permanent living quarters

Source: Rating & Valuation Department
**Exhibit 5**

Domestic household rent

**Source:** Rating & Valuation Department

**Exhibit 6**

Median rent to income ratio

**Source:** Rating & Valuation Department
Exhibit 7

Breakdown of the Supply Target

(a) Net increase in no. of households
   \[222,100\]

(b) Households displaced by redevelopment
   \[63,500\]

(c) Inadequately housed households
   \[116,600\]

(d) Miscellaneous factors
   \[30,200\]

\[a + b + c + d\]

Grand total of housing demand
\[432,400\]

Adjustments to take into account the number of vacant units in the private sector

Total housing supply target
\[445,000\]

(A ratio of 70:30 between public and private flats is currently maintained by the government)

Source: Transport and Housing Bureau, Long Term Housing Strategy Annual Progress Report 2018
Two country park peripheries being studied for housing development

Exhibit 9

Country Parks & Special Areas

Source: Survey and Mapping Office