A Changing Region,
A Changing Role
新環境, 新定位
How MTR & Hong Kong Can Prosper in a New Sociopolitical Context

Prepared by:
Hong Kong International Lab for
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MTR & Hong Kong

How has MTR helped facilitate Hong Kong’s position as China’s international city?

How does Hong Kong complement instead of compete with the burgeoning Greater Bay Area?

What is the future role of MTR in light of increased regional integration?

What opportunities and challenges exist for MTR?
Challenges & Opportunities

- Housing
- Land Scarcity
- Economic Sustainability
- Regional Integration
- Land Value Capture
How does MTR approach the issue of housing in Hong Kong?
Problems and Opportunities

- Public housing squeezed: 47% of all housing, but only 21% of residential land\(^{(2)}\)
- Underutilized or idle land zoned for other uses can be developed
Recommendation 1/3

Develop underutilized land through strategies such as adaptive reuse, rezoning park space, and land reclamation.
Housing: Regional Concerns

1. With increased integration, Hong Kong should collaborate with other GBA cities on housing policies.

2. Opportunity to take leadership role.

3. With improved transportation links, pursue a more regional housing policy.

4. New housing anywhere in the GBA increases the area’s housing supply.
Recommendation 2/3

Initiate greater collaboration across GBA region & utilize new transportation links for a regional housing policy
Metrics Reflecting Priorities

Hong Kong Housing Authority: 19 Key Performance Metrics (KPIs) to evaluate performance

Singapore: Emphasis on tenant quality-of-life and safety

Urban Institute: 17 Indicators

Source: Bloomberg LP
Recommendation 3/3

Incorporate new KPIs with focus on tenant needs, safety, and quality of life
LAND SCARCITY

How should MTR pursue future development?

Source: Aaron VanPoole
OVERVIEW

1,200 ha of new development needed over the next 30 years (1)

Land scarcity is a limiting factor on the growth of Hong Kong’s economy and the wellbeing of its population
Scenario Planning: Status Quo

Creates growing inequality between property owners and those without property

- Proliferation of sub-divided units (SDUs)
- Disproportionate impact on youth and elderly residents
- Difficult for low-wage workers to live in Hong Kong

Source: Brian Sugden
Scenario Planning: Land Reclamation

6% of Hong Kong’s land, and 25% of its developed land, is on land reclaimed from the ocean \(^{(2)}\)

Source: wikimedia
Scenario Planning: Land Reclamation

Advantage:
- involves no displacement of the current population and provides flexible, “blank slate” planning opportunities

Disadvantage:
- very expensive and involves significant risk to marine ecosystems
Scenario Planning: Selective Country Park Rezoning

40% of Hong Kong’s available land is in country parks and special areas.

Areas of “low ecological and recreational value” a potential for developable land (2)
Scenario Planning: Selective Country Park Rezoning

**Advantage:** rezoning country park land would not displace existing residents

**Disadvantage:** deeply politically unpopular and uncertainty about scope of impact

Source: Florian Wehde
Recommendation 1/2

Multi-pronged strategy to alleviate land scarcity crisis

Land reclamation and country park land rezoning needs to remain on the table

“Idle” government land & adaptive industrial reuse could open up to 591 ha (12)
Recommendation 2/2

Consider equity when creating new developable land

Activate underutilized land to assure broader parts of society benefit from development

MTR should take a role in affordable housing development\(^{(13)}\)
Economic Sustainability

How can MTR facilitate access to labor in Hong Kong?

Source: Steven Wei
Labor Challenges

A rapidly ageing population and chronic labor shortage is putting pressure on Hong Kong to fully integrate into China’s labor market.

Source: Mh Tri
Labor Challenges

By 2064, more than \( \frac{1}{3} \) of Hong Kong’s population will be aged 65 & above \(^{(5)}\)

More than 40% of Hong Kong’s construction workers are over the age of 50
Labor Shortages Strain Hong Kong's Development Plans

- Declining local labor force\(^{(6)}\)
- Skilled construction workers needed through 2021\(^{(7)}\)
- Additional technology workers to meet demand\(^{(8)}\)
Recommendation 1/4

Advocate for growth-oriented policies to extend opportunities for immigration
<table>
<thead>
<tr>
<th>Imported Worker Policy</th>
<th>Lengthen contracts from 24 months to 36 months, with options for extension</th>
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<tr>
<td>One-Way Permit System</td>
<td>Advocate for more permit workers from outside of China to fill below-quota numbers</td>
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Recommendation 2/4

Develop policy and projects focused on addressing the needs of ageing Hong Kong residents and migrants
Housing becomes unlocked for new householders and migrants

Develop age-friendly housing stock

Include pull factors to encourage elderly households to vacate

Housing becomes unlocked for new householders and migrants

Source: LWK
Recommendation 3/4

Streamline cross-border connectivity to ease movement between Hong Kong and Shenzhen
Accommodate cross-border technology employees with on-board clearance for new high-speed rail line

Consider a connector to Heung Yuen Wai Border Control Station to align with the Hong Kong 2030+ Plan
Recommendation 4/4

Develop workable arrangements for cross-border labor sharing to facilitate rail development into mainland China
MTR

Design
Build
Finance
Operate

PROJECT LABOR AGREEMENT

PRC

Land Write-Down
Land Rights
How does Hong Kong integrate into GBA while maintaining key advantages of its political identity?
Transportation Conflicts

Guangzhou-Hong Kong XRL and the Hong Kong–Zhuhai–Macau Bridge (HKZMB), create challenges for transit coordination:

- Slow or difficult border crossings
- Increased vehicle traffic for Hong Kong
Recommendation 1/3

Establish a *regional planning authority* that will coordinate the multiple stakeholder agencies and representatives

“Third Party” Staff
Recommendation 2/3

Require each city and SAR to contribute *membership fees* adjusted for overall population and GDP or political status.
Model: Southern California Association of Governments (SCAG)

Incentives:

Long term goals through its “Regional Comprehensive Plan” (RCP)

Projects that work toward regional goals are eligible to receive additional funding

Additional support, such as technical expertise

6 counties, including 191 cities
Area: ↑ 98,000 sq km
Population: nearly 19 million
Stakeholders & Organization

- Executive Board
- Planning Committee
- Outreach
- REGIONAL PLANNING AUTHORITY
- MTR
### GBA Initiatives

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<th>Opportunities</th>
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<td>Expand roles as financial center</td>
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<td>Leverage international status</td>
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<th>Risks</th>
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<td>Competition vs. Collaboration</td>
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Establish joint venture company with the Guangdong government
LAND VALUE CAPTURE

What is MTR’s role in creating regional connections in GBA and beyond?
Framing the Challenge

MTR is a world-class rail operator that has recently expanded into global markets.

R+P model has provided MTR with a steady revenue source to fund the building and operating of public transportation lines.

MTR must adapt its business pursuit in order to work with mainland China’s land policy.
Recommendation 1/3

Position MTR as a leading regional expert that can guide mainland cities in logistics, development, infrastructure, and customer service.
Recommendation 2/3

Leverage relationships built within the GBA to develop a scalable model for the expansion of the R+P model into the mainland.
Recommendation 3/3

Develop its reputation as a global rail provider through the Belt & Road initiative.
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<th>Housing</th>
<th>Land Scarcity</th>
<th>Econ Sustainability</th>
<th>Regional Integration</th>
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<td>Assume leadership role as financier and coordinator of public housing in HK and broader region in coordination with transit infrastructure development.</td>
<td>Alleviate land scarcity through land reclamation, rezoning, and activation of under-utilized land.</td>
<td>Establish permanent regional planning authority for transportation integration and cross-border connectivity.</td>
<td>Facilitate high volume daily cross-border traffic, expand Hong Kong’s multinational workforce; increase opportunity for future rail development.</td>
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SUMMARY OF RECOMMENDATIONS

MTR should act on this unique opportunity to position itself as a global influencer on topics of regional integration and development.

Source: Dan Freeman


