

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:

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Hong Kong International Lab for

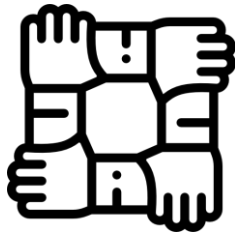
 **MTR** 港鐵

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MTR & Hong Kong



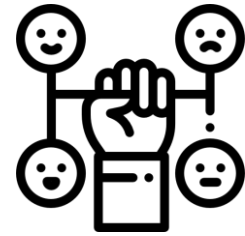
How has MTR helped facilitate Hong Kong's position as China's international city?



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



HOUSING

How does MTR approach the issue of housing in Hong Kong?

Source: Peter Berko

Only **7%** of
Hong Kong's land
is zoned for
residential use

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

Recommendation 3/3

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



LAND SCARCITY

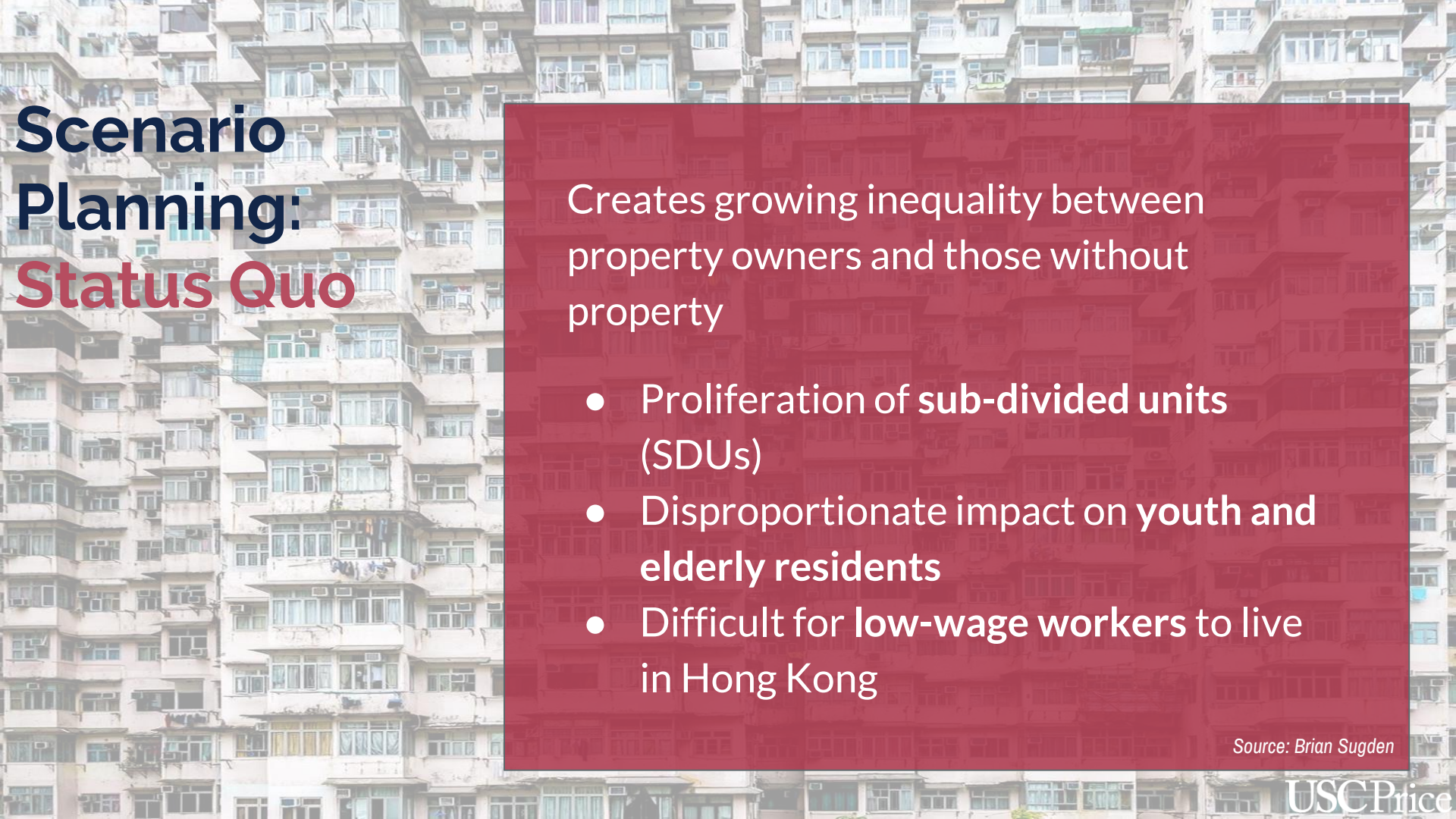
How should MTR pursue future development?

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

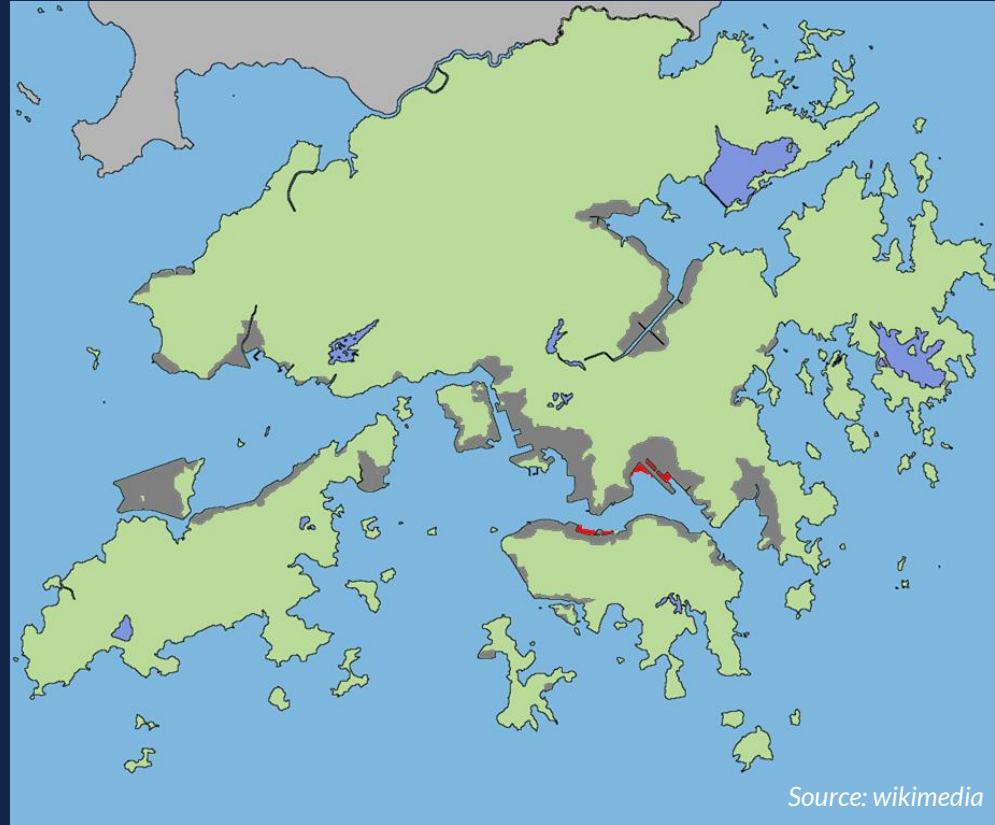
Creates growing inequality between property owners and those without property

- 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: wikipedia

Scenario Planning: Land Reclamation

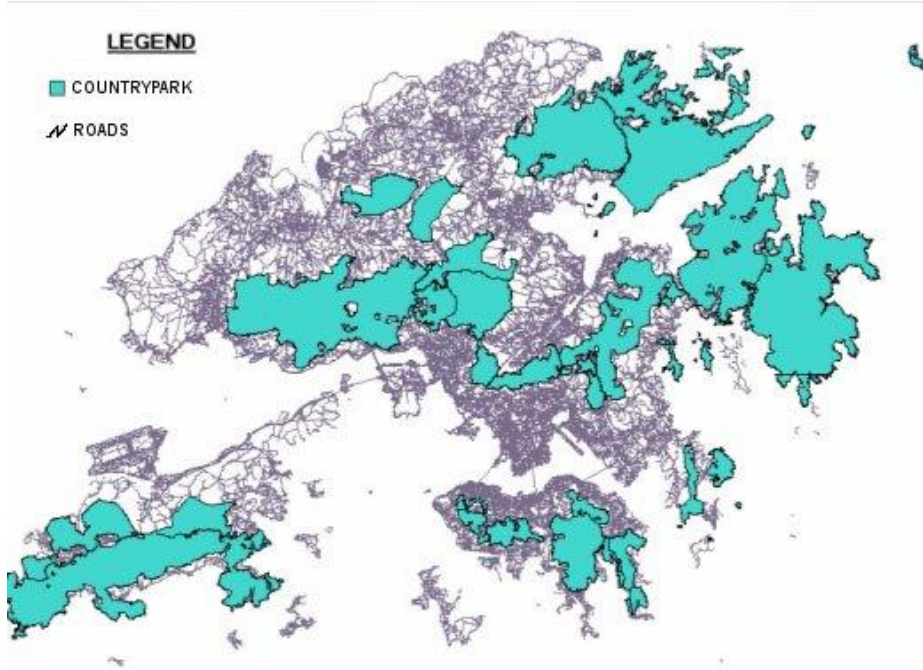
Advantage:

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

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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₎



Source: Steven Wei

Economic Sustainability

How can MTR facilitate access to labor in Hong Kong?



Labor Challenges

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

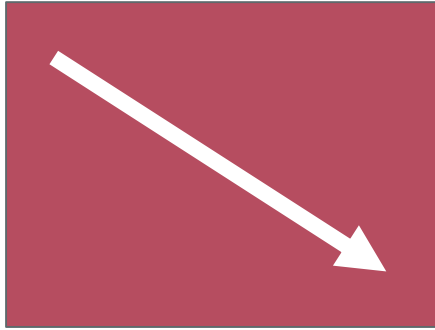
Source: Mh Tri

Labor Challenges

By 2064, more than
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₎

15,000

Skilled construction
workers needed
through 2021₍₇₎

1,000

Additional
technology
workers to
meet demand₍₈₎

Recommendation 1/4

Advocate for growth-oriented policies to extend opportunities for immigration

**Imported
Worker
Policy**

Lengthen contracts from **24 months to 36 months**, with options for extension

**One-Way
Permit
System**

Advocate for more permit workers from outside of China to **fill below-quota numbers**

Recommendation 2/4

Develop policy and projects focused on addressing the needs of ageing Hong Kong residents and migrants



**Develop age-friendly housing
stock**

**Include pull factors to
encourage elderly households
to vacate**

**Housing becomes unlocked
for new householders and
migrants**



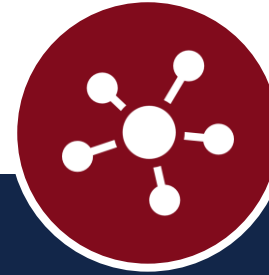
Source: LWK

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



Heung Yuen Wai Checkpoint

Source: Hong Kong Planning Department (2017). Boundary Control Point Study. Retrieved from https://www.pland.gov.hk/pland_en/p_study/comp_s/LTHYW/en/e_main.htm

Recommendation 4/4

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



Design



Build



Finance



Operate

PRC



Land Write-Down



Land Rights

PROJECT LABOR AGREEMENT



REGIONAL INTEGRATION

How does Hong Kong integrate into GBA while maintaining key advantages of its political identity?

Source: British Chamber of
Commerce in Hong Kong

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



Source: Mh Tri

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**⁽⁹⁾

Stakeholders & Organization



GBA Initiatives

Opportunities

Expand roles as financial center

Leverage international status

Risks

Competition vs. Collaboration

Recommendation 3/3

Establish joint venture company
with the Guangdong
government



Source: British Chamber of
Commerce in Hong Kong

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.



Housing

Assume leadership role as financier and coordinator of public housing in HK and broader region in coordination with transit infrastructure development.



Land Scarcity

Alleviate land scarcity through land reclamation, rezoning, and activation of under-utilized land.



Econ Sustainability

Establish permanent regional planning authority for transportation integration and cross-border connectivity.



Regional Integration

Facilitate high volume daily cross-border traffic, expand Hong Kong's multinational workforce; increase opportunity for future rail development.

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

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