

Arrangements for charging land premium at standard rates for lease modifications in New Development Areas

The Development Bureau (DEVB) announced today (March 31) the arrangements for charging land premium at standard rates for lease modifications in New Development Areas (NDAs).

In March 2021, the DEVB launched a two-year pilot scheme to introduce the option for charging land premium at standard rates for lease modification applications involving redevelopment of industrial buildings (IBs) constructed before 1987, with a view to providing certainty in land premium to promote revitalisation of IBs. Having regard to the positive feedback from the sector on the pilot scheme, the 2021 Policy Address announced to extend the use of standard rates in land premium assessment to lease modification applications in NDAs.

For NDA projects implemented through the "enhanced Conventional New Town Approach", landowners are allowed to apply for lease modifications to develop the sites planned for private development before the Government commences land resumption, provided that specified criteria and conditions have been met. So far, the Government has announced to use this approach for taking forward the Kwu Tung North (KTN), Fanling North (FLN), and Hung Shui Kiu/Ha Tsuen NDA projects.

As with the pilot scheme for IBs, standard rates will be an alternative option to the conventional mechanism for premium assessment (instead of mandated). The Lands Department (LandsD) will set standard rates for each NDA with reference to the relevant market information, and the level of rates will remain unchanged throughout the processing period of lease modifications of each NDA (usually not more than three years).

A spokesperson for the DEVB said, "Allowing lease modification applications by landowners in proposed NDAs has the merit of leveraging private initiatives to expedite the implementation of NDA projects. The standard rates option as now announced for premium assessment aims at providing certainty in land premium by promulgating standard rates in advance, so as to facilitate early conclusion of more lease modification applications. Moreover, as sites in the announced NDAs have a high degree of similarities in development context for being high-density communities supported by comprehensive infrastructures, the standard rates and related implementation details can be formulated more readily to provide a quick testing ground for application of standard rates for premium assessment to rural land."

As a start, the LandsD has formulated the applicable standard rates for land premium assessment and related details for the lease modification applications for the Remaining Phase of KTN and FLN NDAs. Details are in the

Practice Note No. 3/2022 issued today. For other NDAs, the rates and details will be announced when the details of applying for lease modifications are promulgated for the relevant NDA.

At the same time, the Government will extend the pilot scheme for charging land premium at standard rates for redevelopment of IBs for one year until March 31, 2024, to allow more time for IB owners to plan for redevelopment and for the Government to gather more experience for a review. The level of standard rates will remain unchanged during the extended period. For details, please refer to the Practice Note No. 1/2021A issued by the LandsD today.