

Land and Development Advisory Committee holds meeting

At its meeting today (July 7), the Land and Development Advisory Committee (LDAC) was briefed by the Development Bureau on the refinements to the Pilot Scheme for Arbitration on Land Premium (Pilot Scheme) and by the Buildings Department and its Consultant on recommendations to improve the current arrangement of requiring private development projects to be registered for certification under the BEAM Plus (Building Environmental Assessment Method Plus) as a prerequisite for application for gross floor area concession for its green, amenity features and non-essential/non-mandatory plant room and services (GFA concession).

Members noted that premium negotiation between lease modification/land exchange applicants and the Government could be a protracted process, indirectly leading to idling of land resources and adversely affecting land supply. The Pilot Scheme was introduced in October 2014, with the objective of encouraging the use of arbitration to expedite the discussion between the applicants and the Government on premium payable. However, there has been only one completed case since the introduction of the Pilot Scheme. Members were briefed on the refinement measures to be introduced by the Government in order to promote the use of the Pilot Scheme, including a new mechanism of setting upper and lower limits for premium payable for cases resorting to arbitration. The upper and lower limits will be set and agreed by both parties prior to the commencement of the arbitration process, which are the last premium offers made respectively by the Government and the applicant before the signing of Arbitration Agreement. The upper and lower limits will not be disclosed to the Arbitral Tribunal in order not to affect the Arbitral Tribunal's independent judgement. If the amount awarded by the Arbitral Tribunal is within the upper and lower limits, the premium payable will be the amount awarded by the Arbitral Tribunal; if the amount awarded by the Arbitral Tribunal is higher than the upper limit or lower than the lower limit, the premium payable will be the pre-determined upper limit or lower limit. Members noted that the Pilot Scheme would be extended for two years to October 2022, and that the refinements were expected to take effect next month.

Members agreed that, with the continuing shortage of land supply, there was a need to continue to promote the use of arbitration to resolve disagreement over premium payable for lease modification and land exchange applications to expedite land supply. Members noted that the arrangement of setting upper and lower limits on premium payable was formulated with the objective of enhancing the certainty of land transaction amount under the arbitration mechanism and the attractiveness of the Pilot Scheme, without affecting the independent assessment of the Arbitration Tribunal. Members recognised the measure as a worthy step to incentivise the use of arbitration and build up experience under the Pilot Scheme, and suggested that the Government explore if there was room for further improvements to facilitate

the process of premium negotiation with more implementation experience accumulated during the extended trial period.

The Buildings Department's Consultant briefed Members on the recommendations arising from a review of the GFA concession mechanism. While maintaining the current uniform level of 10 per cent cap for the GFA concession for new private development projects, the review recommended that new projects would have to achieve a specific rating under the BEAM Plus in order to apply for GFA concession. If a project could only achieve a lower rating, it had to demonstrate compliance with one or more new specific standard(s) which promote a quality built environment in order to apply for GFA concession, examples of which include greenery application, elderly-friendly facilities and interior natural ventilation. While supporting the framework of the proposed mechanism, Members offered suggestions on the implementation of the new mechanism, including the operational aspects of the BEAM Plus assessment, the formulation and benchmarking of the specific standards, the possibility of making certain specific standards mandatory in the long run, etc. The Government would continue to communicate with stakeholders through the established consultation platforms to prepare for the new GFA concession mechanism targeted to be launched by mid-2021.