

LEGISLATIVE COUNCIL BRIEF

CHARGING LAND PREMIUM AT STANDARD RATES FOR LEASE MODIFICATIONS – (i) REGULARISATION FOR PRE-1987 INDUSTRIAL BUILDINGS; (ii) EXTENSION TO NEW TERRITORIES AGRICULTURAL LAND

INTRODUCTION

At the meeting of the Executive Council on 14 November 2023, the Council **ADVISED** and the Chief Executive **ORDERED** that:

- (a) under the regularised arrangement for applicants of lease modifications¹ for redevelopment of pre-1987 industrial buildings² (IBs) to opt for settling land premium at standard rates and the expanded scope to cover pre-1987 IBs for special industrial uses (as announced in the 2023 Policy Address):
 - (i) separate standard rates should be set for the Before Use of the pre-1987 IBs for special industrial uses; and
 - (ii) the level of all standard rates for the five geographical regions³ should be reviewed on an annual basis by the Director of Lands (DL);
- (b) the new pilot scheme for applicants of lease modifications for private development of agricultural land in the New Territories (NT) outside the New Development Areas (NDAs) to opt for settling land premium at standard rates, which aims at incentivising private owners to put agricultural land to gainful use, should have the following key parameters –

¹ Lease modifications shall include in-situ land exchanges.

² Pre-1987 IBs refer to those IBs which were wholly or partly constructed on or before 1 March 1987, or those constructed with their building plans first submitted to the Building Authority for approval on or before the same date.

³ The five geographical regions as delineated under the existing pilot scheme are Hong Kong Island, Kowloon East, Kowloon West, New Territories South, and New Territories North.

- (i) within the three NT districts covered in the first phase, namely Yuen Long, North and Tuen Mun, initially there should be a total of 10 zones, comprising four zones which are the existing new towns and six zones which are in the vicinity of existing or proposed railway stations;
- (ii) the geographical coverage of the scheme would be progressively extended to cover more districts and more zones when so promulgated by the Secretary for Development, taking into account an annual review of the scheme covering experience gathered and readiness of the Government to so extend; and
- (iii) the standard rates for different uses within the different zones would continue to be set by DL with reference to established parameters, and will be reviewed annually.

JUSTIFICATIONS

2. Under the established conventional mechanism, land premium for lease modifications is assessed by the Lands Department (LandsD) on a case-by-case basis (i.e. difference in the land value between the new lease after modification (After Value) and the existing lease prior to modification (Before Value)), having regard to specific attributes of the development site in question and other development controls such as Town Planning Ordinance (Cap. 131), Buildings Ordinance (Cap. 123), etc. The subsequent negotiations between LandsD and the lease modification applicants often take time to conclude. As an alternative to the conventional case-by-case valuation approach for premium assessment, the standard rates approach, first introduced in 2021, operates by promulgating a pre-set “price list” of the unit land premium to be charged, expressed on a per gross floor area (GFA) basis, for different localities and different After Uses and Before Uses (i.e. the permitted user under the lease after and before lease modification). The standard rates approach has the merit of providing upfront certainty in land premium to expedite the completion of lease modifications and induce more eligible applicants to plan ahead and come forth for development.

3. The Government introduced two schemes for charging land premium at standard rates in 2021 and 2022, for application respectively to: (a) redevelopment of pre-1987 IB on a pilot basis; (b) development of NDAs under the Enhanced Conventional New Town Approach (ECNTA)⁴ on a standing basis. The pilot scheme for IB redevelopment has noticeably boosted the number of completed cases and shortened the processing time – a total of 13 redevelopment projects with premium concluded at standard rates over two years with time for premium assessment reduced to one month⁵. As for lease modifications for development of NDAs under ECNTA, standard rates were rolled out for applications within the Remaining Phase of the Kwu Tung North (KTN) and Fanling North (FLN) NDAs in March 2022, which were subsequently adjusted downwards on a one-off exceptional basis in June 2023 in view of the marked correction in the property market over the period.

4. While applicants' choice of premium assessment option may be affected by various factors including their views on the market outlook and business considerations, the Government's decision of whether to regularise or extend the standard rates approach should be policy-driven and made with long-term perspective. It should be guided by the consideration of whether, on a long-term basis, formalising or extending standard rates would be more conducive to attaining the policy objectives of revitalising the IB stock to better meet present-day needs and unlocking the agricultural lots of non-NDA areas in the NT to increase the speed and quantity of housing and land supply.

5. Against the above policy considerations and in view of the positive response of the development sector towards the standard rates approach, the 2023 Policy Address announced that the Government would regularise the standard rates arrangement for redevelopment of IBs, with the scope extended to cover pre-1987 IBs for special industrial uses; and introduce a pilot scheme to extend the standard rates arrangement in phases to agricultural land in the NT, with the first phase targeting private developments within the existing new towns of Yuen Long, North and Tuen Mun districts, as well as those in the vicinity of existing or proposed railway stations.

⁴ The ECNTA is a government-led development approach for NDAs. The Government will, as a general principle, resume and clear all private land planned for developments. Prior to the resumption and clearance of land, however, the Government may allow in-situ land exchange applications from owners of sites earmarked for private developments if they meet certain criteria and conditions. If the land exchange application falls through, the land will be resumed and disposed of by the Government.

⁵ The number of completed cases is higher than the annual average of three cases under the conventional approach in the past, and the time taken is much shorter than the seven months required for assessment and negotiation under conventional approach.

Regularisation of the pilot scheme for redevelopment of pre-1987 IBs

6. The existing pilot scheme for redevelopment of pre-1987 IBs runs until end-March 2024⁶ (see **Annex A** for existing key parameters). Having regard to the successful experience during the pilot period and the need for providing continued incentive to owners to come forth for redevelopment⁷, the pilot scheme will be regularised.

7. The scheme will be regularised largely on existing parameters including prescription of standard rates based on five geographical regions, with refinements taking into account stakeholders' views and implementation experience, as follows:

- (a) **Separate rates for the Before Use of pre-1987 IBs for special industrial uses:** Staying within the confines of pre-1987 IBs⁸, the scheme will be expanded to cover pre-1987 IBs for special industrial uses, i.e. IBs held under leases for special industries (e.g. leather tanning, garment manufacturing, food production etc.) which have similar fire safety issues and need for facilitation in redevelopment as general pre-1987 IBs. To properly reflect the lower land value of IBs under leases for special industrial uses (due to their more restrictive land lease conditions than typical industrial leases), LandsD will formulate separate standard rates for the Before Use of IBs for special industrial uses by applying an appropriate discount (to be set at 30% initially) to the standard rates for the Before Use of general industrial/godown uses.
- (b) **Frequency of rates adjustment:** Upon regularisation, the level of all standard rates will be reviewed once a year having regard to market conditions to ensure the rates would remain a viable option for applications received and processed at different times. The regular review will keep the rates in line with prevailing market conditions, and at the same time ensure a reasonable validity period for each round of adjustment to provide certainty to applicants. The new rates arising from the first annual review (including the rates for IBs under leases held for special industrial uses) will be effective on

⁶ The pilot scheme was introduced in March 2021 initially for two years. In early 2022, it was further extended for one year until end-March 2024.

⁷ Currently, there are still about 900 pre-1987 IBs (including around 200 under single ownership with better prospect for redevelopment).

⁸ The original decision to focus on pre-1987 IBs has due regard to the fact that these IBs were built with sub-standard fire safety installations before the relevant fire safety requirements were tightened in 1987. This consideration remains valid.

1 April 2024 after the expiry of the current pilot scheme. For each application opting for standard rates, the level of rates prevailing at the time of the acceptance of the provisional basic terms offer (PBTO) would apply.

8. Through Practice Notes (PN) issued by LandsD on the same day as this Legislative Council Brief, we will promulgate the framework applicable to pre-1987 IBs for special industrial uses as set out in paragraph 7(a) above. The applicable standard rates to be effective from 1 April 2024 for all pre-1987 IBs will be announced in another PN to be issued in Q1 2024, following the annual review mechanism set out in paragraph 7(b). We will keep in view the implementation of the scheme and suitably refine the parameters where necessary with a view to better achieving the policy objectives of facilitating IB revitalisation and streamlining premium assessment process.

Extension to lease modifications of agricultural land in the NT

9. NT, particularly the Northern Metropolis, is our growth engine in the years to come. Yet the delivery of development projects of such scale and diversity needs not be taken forward by Government alone and private sector participation is welcomed. While Government will continue to take the lead by resuming private land in the NT for development (around 700 hectares to be resumed in the run up to 2030-31 as currently planned), there remains considerable rural land outside the Government's projects which may be unlocked through private initiatives. The standing arrangement for standard rate assessment introduced in 2022 for NDAs does not apply to non-NDA areas where there are also a good number of developments being pursued by the private sector. As a reference, the 64 lease modification applications involving NT agricultural land under processing as at July 2023 (excluding those in on-going NDAs) may provide some 20 000 residential flats in total. Based on recent years' experience, the time required for premium assessment and negotiation for these lease modifications amounts to around two years on average due to various reasons. There are good policy grounds to extend standard rates to non-NDA agricultural land in NT to expedite land supply.

10. With reference to the scheme for pre-1987 IBs (with refinements in paragraph 7 above) and the scheme for development of NDAs under ECNTA (summarised in **Annex B**), the key parameters of the new pilot scheme for non-NDA agricultural land in NT are as below.

(A) Phased implementation and non-NDA areas to be covered

11. As the area of NT agricultural land is vast, we will roll out the pilot scheme in phases so that the Government can pilot and test the arrangements, with opportunity for review and refinements before extending to more regions. The first phase will cover three NT districts, namely: **Yuen Long, North and Tuen Mun**. These three districts have the highest number of ongoing lease modification applications involving agricultural land.

12. We will be covering areas within **existing new towns⁹** and **in the vicinity of existing or proposed railway stations**. This approach, which is supported by professional organisations in the real estate development sector, will incentivise the market to pool their resources to pursue higher density developments in areas well-supported by rail and other infrastructures instead of digressing resources to remote areas. For instance, low-density house developments in rural settings are not the target of facilitation at this stage. Specifically –

- (a) In the three districts to be covered in the first phase, there are four existing new towns¹⁰ (i.e. Yuen Long, Tin Shui Wai, Fanling/Sheung Shui, Tuen Mun). All of them still have undeveloped agricultural land. These new towns, together with their fringe areas within 1-km radius of their railway stations (in line with the principle in (b) below), are the target of facilitation.
- (b) Rail transport, compared to new roads, contributes significantly to upgrading the accessibility and development potential of an area¹¹. A railway catchment will be defined as 1-km radius of a railway station, which represents a walkable distance from the station (around 15 minutes' walk). Apart from existing railway stations, proposed railway stations with firm locations and other implementation details (e.g. those with publicly announced construction timetable, with proposed railway scheme gazetted, or with construction commenced) will also be covered to accelerate developments in these potential growth areas. Notwithstanding the aforementioned criteria, we will

⁹ As lease modification applications in ongoing and potential NDAs (e.g. KTN & FLN NDAs) will be facilitated by ECNTA before land resumption, for which there is separate standard rates arrangement, these applications will not be covered under the new pilot scheme.

¹⁰ Based on the boundary as delineated by the relevant Outline Zoning Plan(s).

¹¹ Although new roads may also enhance infrastructure support to an area, rail-based developments (over road-based) should be encouraged to maximise yield from the huge rail infrastructural investments made by Government. In any event, the impact of a new road will vary significantly according to the nature of the road and the circumstances of a region. Also, the catchment area may not be easily determined.

exercise discretion not to cover certain railway catchments where appropriate (e.g. the area falls within or close to frontier closed area where potential for private developments is limited, or the area is under strategic development studies where lease modification applications are accorded with a lower processing priority, having regard to any possible inconsistency with future planning uses to be determined under the relevant studies).

13. Based on the considerations above, we have drawn up the geographical scope of coverage of the scheme within the three districts of the first phase. Initially, there will be **10 zones**, comprising **4 zones which are the existing new towns (plus their fringe areas)** and **6 zones which are railway catchments**. A table and a plan illustrating the geographical coverage of the 10 zones is in **Annex C**. The 10 zones will cover over 40% of the potential flat supply of the ongoing lease modification applications in all NT districts (or more than half of the potential flat supply of ongoing applications in the three districts under the first phase)¹². The areas to be covered by the scheme may also attract more new lease modification applications following approval of planning applications involving higher density developments¹³.

14. The **geographical coverage** of the scheme **will be reviewed annually** taking into account amongst other things the planning and implementation of new railways in NT under the newly released Hong Kong Major Transport Infrastructure Development Blueprint. During the review, we will consider covering more districts and more zones progressively and regularising the arrangements in due course taking into account the operation and effectiveness of the pilot scheme. We will also review the implementation experience and suitably refine other parameters where necessary, with a view to better achieving our policy objectives of expediting land supply and streamlining premium assessment process. Any adjustment and/or expansion of the geographical coverage will take effect upon promulgation by the Secretary for Development.

¹² A total of 24 applications (8 508 flats) in the three districts will be covered. This is more than half of all 46 applications (15 050 flats) in the three districts, and over 40% of all 64 applications (19 860 flats) in NT in terms of potential flat supply.

¹³ As a reference, six planning applications (9 073 flats) were approved since 1 January 2018 in the three districts which involve agricultural land and are pending submission of lease modification application. Out of them, five cases (8 674 flats), or over 90% of the potential flat supply, will be covered by the geographical coverage of the scheme.

(B) Eligibility

15. To echo the policy objective of incentivising private owners to put agricultural land to gainful use with a view to unlocking the development potential of such land, we will require a lease modification application within the geographical coverage to have at least **a majority (i.e. at least 50%) of the area of the private land under application being agricultural land (i.e. land whose permitted user under lease is “agricultural”)** to be eligible to opt for standard rates under the scheme. It is common in rural NT that non-agricultural lots (such as house lots) exist alongside agricultural land, and a lease modification application may comprise agricultural lots as well as some adjoining non-agricultural lots to achieve better configuration in line with the Outline Zoning Plan.

(C) Standard rates as an option

16. Same as the existing arrangements for redevelopment of pre-1987 IBs and development of NDAs under ECNTA, standard rates will remain an alternative option for charging land premium instead of mandated, so that applicants may continue to resort to conventional premium assessment if they find it more suitable for their circumstances. Applicants will be required to make their choice on the premium assessment method by the commencement of land premium assessment, i.e. upon acceptance of PBTO of the lease modification. Once an applicant has made his choice, he is not allowed to change course, otherwise he would be required to submit a new application and pay administrative fee afresh.

(D) Level of standard rates

17. The level of standard rates will be determined by DL having regard to relevant market information reflecting the land value in the relevant locations and relevant uses¹⁴. Similar to the existing standard rates scheme for NDAs, standard rates will be set under the new pilot scheme for common types of land uses involved and different zones:

- (a) **including three Before Uses** (i.e. the permitted use(s) under existing lease, namely: (i) agricultural; (ii) non-residential; and (iii) residential); and **two After Uses** (i.e. the permitted use(s) after lease modification, namely: (i) non-residential; and (ii) residential); and

¹⁴ Including results of land sales by the Government, land and property transactions of private sector, land premium for lease modifications assessed by the conventional approach, construction costs and interest rates.

- (b) **generally one tier of rates for each zone**, with flexibility for LandsD to set more than one tier of rates for certain zones where circumstances warrant (for instance, a zone covering an existing new town but with large geographical area or diverse attributes¹⁵).

18. The premium payable at standard rates will be calculated by the same formula applicable to the scheme for IBs and NDAs, i.e. the difference between the After Value and Before Value of the lease modification, to be computed by multiplying the standard rates of the After Use and the Before Use(s) in the relevant zone by the respective GFAs/site area after and before. The capital costs of Government Accommodation to be constructed by the lease modification applicant, if any, will be allowed to be deducted from the premium assessed on standard rates¹⁶, subject to vetting and advice by relevant departments.

19. We note some stakeholders have suggested that the rates for agricultural use (a Before Use) should be pitched at the ex-gratia compensation rate for land resumption¹⁷. As a matter of fact, the ex-gratia compensation rate contains an ex-gratia element beyond the value of agricultural land to facilitate land resumption. Adopting the ex-gratia compensation rate for premium assessment would not be in line with the established valuation principle.

(E) Frequency of review

20. The standard rates will be reviewed annually by DL (same as the frequency for reviewing standard rates under the scheme for IBs (see paragraph 7(b)) to ensure that the rates are in line with market conditions. For each application opting for standard rates, the level of rates prevailing at the time of the acceptance of the PBTO would apply.

21. LandsD will promulgate the above framework in a PN to be issued on the same day as this Legislative Council Brief, The applicable standard rates for the zones set out at **Annex C** will be released in a separate PN to be issued by LandsD in Q1 2024, with the rates taking effect from the date of issue.

¹⁵ Among the 10 zones as illustrated at **Annex C**, Tuen Mun will be divided into two sub-zones due to its large geographical area (about 2 260 hectares).

¹⁶ Unless otherwise reimbursed as part of the agreed terms under the land lease.

¹⁷ The ex-gratia compensation rate is an alternative compensation arrangement under Government land resumption which landowners may choose in lieu of statutory compensation assessed case-by-case according to relevant legislations on land resumption. The current Tier One rate applicable to agricultural land resumed for development uses (e.g. NDAs) (effective from 1 October 2023) is \$1,267/sq. ft. (or around \$13,600/m²) on per site area basis, the Tier Two rate applicable to land resumed for non-development uses (e.g. conservation use) is half of the Tier One rate.

IMPLICATIONS

22. The use of standard rates in land premium assessment for lease modifications involving redevelopment of IB and NT agricultural land outside NDAs has economic, financial and civil service, environmental, sustainability and family implications as set out at **Annex D**. The arrangement is in conformity with the Basic Law, including the provisions concerning human rights, and has no legal, productivity or gender implication.

PUBLIC CONSULTATION

23. We have communicated with relevant stakeholders in various contexts, including discussions with the Land and Development Advisory Committee, the Real Estate Development Association and the Hong Kong Institute of Surveyors. Stakeholders are supportive of extending the application of the standard rates approach to provide a continued incentive to expedite overall land and housing supply.

PUBLICITY

24. We will issue a press release and relevant PNs to announce the implementation details on the same day as the issuance of this Legislative Council Brief. LandsD will promulgate the applicable standard rates in separate PNs to be issued in Q1 2024.

ENQUIRIES

25. Enquiries relating to this brief can be directed to Miss Polly Chong, Principal Assistant Secretary for Development (Planning and Lands) at 3509 8830.

Development Bureau
28 December 2023

**Existing Pilot Scheme for charging land premium at standard rates
for lease modifications
for redevelopment of pre-1987 industrial buildings (IBs)**

Duration

The pilot scheme was introduced in March 2021 initially for two years. In early 2022, it was further extended for one year until end-March 2024.

Eligibility

2. The standard rates arrangement applies to lease modifications involving pre-1987 IBs only. Pre-1987 IBs which have undergone wholesale conversion under the revitalisation schemes for IBs in 2010 and 2018 will be excluded because technically they are no longer pre-1987 IBs in terms of their form and building and fire safety standards.

Standard rates as an option

3. The use of standard rates for premium assessment is an alternative option (i.e. not mandated) to the conventional assessment mechanism.

Separate rates for different regions and different uses

4. Separate standard rates are set for five broad regions in Hong Kong, namely: Hong Kong Island, Kowloon East, Kowloon West, New Territories South, New Territories North. Within each region, separate rates are set for one Before Use (i.e. industrial/godown use as permitted under the existing lease) and two types of After Use (i.e. residential and commercial/ modern industrial as permitted under the modified lease).

Validity of the standard rates

5. No adjustment will be made to the standard rates for the duration of the pilot scheme until 31 March 2024, to provide certainty and minimise dispute.

Formula for calculating land premium

6. The premium chargeable at standard rates will be the difference between the land values after and before the lease modification (“After Value” and “Before Value” respectively), to be computed by multiplying the standard

rates of the After Uses and Before Uses with the respective GFAs. To clarify, for applicants entrusted by the Government under the lease modification to construct Government Accommodation, premium deduction will be allowed for the capital costs of constructing such Government Accommodation¹.

$$\begin{aligned}
 \text{Premium} = & \quad \overbrace{\text{After Rate} \times \text{After GFA}}^{\text{After Value}} \\
 & \quad \underbrace{- \text{Before Rate} \times \text{Before GFA}}_{\text{Before Value}} \\
 & \quad - \text{Deductible}
 \end{aligned}$$

Existing standard rates

7. The existing standard rates (\$ per m² of GFA) under the pilot scheme are set out below.

Region	Before Use (\$ per m ² of GFA)	After Use (\$ per m ² of GFA)	
	Industrial/ Godown	Commercial/ Modern industrial	Residential
Hong Kong Island	40,000	75,000	130,000
Kowloon East	40,000	65,000	100,000
Kowloon West	35,000	60,000	110,000
New Territories South	35,000	50,000	75,000
New Territories North	20,000	30,000	55,000

¹ Unless otherwise reimbursed as part of the agreed terms under the land lease.

Existing scheme for charging land premium at standard rates for lease modifications for the development of New Development Areas (NDAs) under the Enhanced Conventional New Town Approach (ECNTA)

Duration

The application of standard rates for lease modifications in NDAs is a standing arrangement to complement the implementation of the ECNTA which is an on-going measure to increase land supply. As and when lease modification applications are invited for an NDA, the applicable standard rates will be promulgated.

Standard rates as an option

2. The use of standard rates for premium assessment is an alternative option (i.e. not mandated) to the conventional assessment mechanism.

Separate rates for different NDAs and different uses

3. Standard rates are set for each NDA separately. Where circumstances warrant, one NDA may have more than one set of rates (for instance, an NDA with a large geographical area or diverse attributes within it may have more than one set of rates).

4. Within each NDA, separate rates will be set for different Before Uses (agricultural, non-residential and residential - as permitted under the existing lease) and different After Uses (non-residential and residential - as permitted under lease after modification).

Validity of the standard rates

5. In general, no adjustment will be made to the standard rates for the limited duration of the processing period of the applications (which is generally not more than three years from invitation of applications to deadline of execution), to provide certainty and minimise dispute.

Formula for calculating land premium

6. The premium chargeable at standard rates will be the difference between the land values after and before the lease modification (“After Value” and “Before Value” respectively), to be computed by multiplying the standard rates of the After Uses and Before Uses with the respective GFAs (or Site Area where the use involved is agricultural). Where the applicant is entrusted by the Government under the lease modification to construct Government Accommodation, premium deduction will be allowed for the capital costs of constructing such Government Accommodation¹.

$$\begin{aligned} \text{Premium} = & \overbrace{\text{After Rate} \times \text{After GFA}}^{\text{After Value}} \\ & - \overbrace{\text{Before Rate} \times \text{Before GFA or Site Area}}^{\text{Before Value}} \\ & - \text{Deductible} \end{aligned}$$

Standard rates for Kwu Tung North & Fanling North NDAs

7. Standard rates have been rolled out for the Kwu Tung North (KTN) & Fanling North (FLN) NDAs. Notwithstanding the general principle not to adjust the standard rates during the processing period of the lease modification applications, there was a marked correction in the property market since the rates were promulgated in March 2022. To better achieve our policy objectives of facilitating timely conclusion of the lease modification applications to speed up land supply, we have downward adjusted the standard rates on a one-off exceptional basis in June 2023 to ensure that the rates reasonably reflect the latest market conditions and serve as a meaningful option to applicants. The current rates are as follows.

¹ Unless otherwise reimbursed as part of the agreed terms under the land lease.

(\$/m ² GFA unless specified)	Before uses			After uses	
	Agricultural (site area)	Non-residential	Residential	Non-residential	Residential
KTN NDA	4,000	15,000	30,000	27,500	40,000
FLN NDA	4,000	15,000	30,000	22,500	37,500

Annex C

Geographical coverage of the new pilot scheme for applying standard rates to lease modifications involving New Territories agricultural land (those outside the scope of the scheme for New Development Areas)

The geographical coverage of the new pilot scheme is tabulated below. An illustration plan showing respective zones is at **Appendix**. As mentioned in the main body of this Legislative Council brief, certain areas are excluded from the coverage of the pilot scheme, including areas falling within or close to frontier closed area (e.g. Lok Ma Chau and Lo Wu stations), New Development Areas, and areas under strategic development studies, as shown in the plan at **Appendix**.

New town (as delineated by the relevant Outline Zoning Plan, plus its fringe areas which are within 1-km radius from its railway station(s))

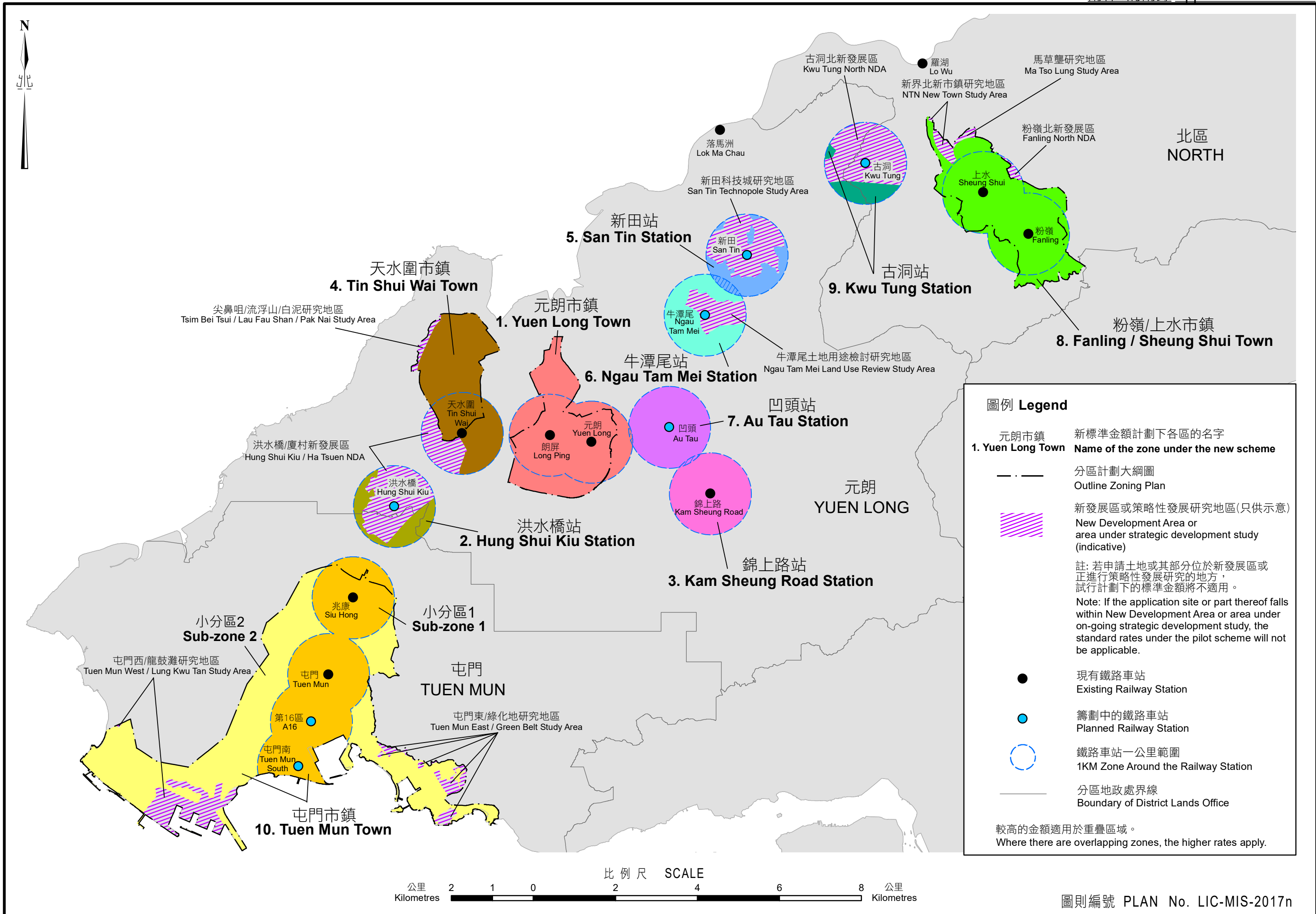
^ Railway catchment (within 1-km radius from the relevant railway station)

* Proposed railway station

Zone	Geographical coverage
<u>Yuen Long District (2 new towns & 5 railway catchments)</u>	
1. #Yuen Long Town	- Yuen Long Town - 1-km radius from Yuen Long Station - 1-km radius from Long Ping Station
2. ^* Hung Shui Kiu (HSK) Station	- 1-km radius from HSK Station
3. ^ Kam Sheung Road Station	- 1-km radius from Kam Sheung Road Station
4. #Tin Shui Wai Town	- Tin Shui Wai Town - 1-km radius from Tin Shui Wai Station
5. ^* San Tin Station	- 1-km radius from San Tin Station
6. ^* Ngau Tam Mei Station	- 1-km radius from Ngau Tam Mei Station
7. ^* Au Tau Station	- 1-km radius from Au Tau Station
<u>North District (1 new town & 1 railway catchment)</u>	
8. #Fanling/ Sheung Shui Town	- Fanling/Sheung Shui Town - 1-km radius from Fanling Station - 1-km radius from Sheung Shui Station
9. ^* Kwu Tung Station	- 1-km radius from Kwu Tung Station

Zone	Geographical coverage
<u>Tuen Mun District (1 new town)</u>	
10. #Tuen Mun Town²	<u>Subzone 1:</u> - 1-km radius from Siu Hong Station - 1-km radius from Tuen Mun Station - 1-km radius from the Proposed Area 16 Station - 1-km radius from the Proposed Tuen Mun South Station <u>Subzone 2:</u> - The remaining area within Tuen Mun Town -

² Among the 10 zones, Tuen Mun is the only zone to have two tiers of rates (to be applied to two subzones, comprising subzone 1 which is the 1-km radius of Siu Hong Station, Tuen Mun Station, Proposed Area 16 Station and Proposed Tuen Mun South Station, and subzone 2 which is area other than subzone 1 in Tuen Mun Town) due to its large geographical area (about 2 260 hectares) which is served by four different railway stations.



圖例 Legend

●	現有鐵路車站 Existing Railway Station
●	籌劃中的鐵路車站 Planned Railway Station
○	鐵路車站一公里範圍 1KM Zone Around the Railway Station
—	分區地政處界線 Boundary of District Lands Office

較高的金額適用於重疊區域。
Where there are overlapping zones, the higher rates apply.

圖例 Legend

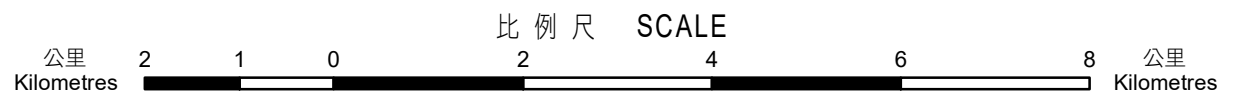
元朗市鎮
1. Yuen Long Town

新標準金額計劃下各區的名字
Name of the zone under the new scheme

— · —
分區計劃大綱圖
Outline Zoning Plan

新發展區或策略性發展研究地區(只供示意)
New Development Area or area under strategic development study (indicative)

註: 若申請土地或其部分位於新發展區或正進行策略性發展研究的地方, 試行計劃下的標準金額將不適用。
Note: If the application site or part thereof falls within New Development Area or area under on-going strategic development study, the standard rates under the pilot scheme will not be applicable.



Implications

Economic Implications

Further application of standard rates will provide higher transparency on land premium payable for the relevant lease modification applications of agricultural lands within the specified zones in the NT districts concerned, as well as pre-1987 IBs including those held under leases for special industries. The attractiveness of standard rates to individual landowners will hinge on the potential difference between the land premium assessed by standard rates and landowners' own estimation of the amount assessed by the conventional mechanism. The approach may facilitate conclusion of more lease modification applications in a timely manner, and in turn expedite development and supply of residential units and non-residential floor space for meeting the socio-economic needs of Hong Kong.

Financial and Civil Service Implications

2. Depending on the circumstances of each case, individual lease modification applications opting for land premium assessment at standard rates may end up paying less or more land premium as compared to that under conventional land premium assessment approach. While the scenario of Government receiving less land premium may imply revenue forgone, the standard rates option may lead to conclusion of more lease modification applications and within a shorter timeframe (all other factors being equal). The overall financial implications of applying standard rates to lease modifications hence cannot be ascertained.

3. The Lands Department will absorb any extra workload that may arise (e.g. to conduct regular reviews of the standard rates).

Environmental Implications

4. The application of standard rates has no environmental implications. Any potential environmental implications of the developments under the approved lease modifications with premium charged at standard rates will continue to be addressed in accordance with the relevant environmental legislation, standards and guidelines.

Sustainability Implications

5. The application of standard rates will help facilitate better use of valuable land resources to contribute to the much needed land and housing supply, as the availability of the standard rates option in land premium assessment is expected to attract more lease modification applications and facilitate their timely conclusion.

Family Implications

6. The application of standard rates would expedite land supply including that for residential use. This will contribute towards addressing the rising demand for housing land in Hong Kong, hence conducive to promoting family harmony in society in general.