

Our Ref.: L19901/URA/05

5th March 2001

Clerk to Panel
Legislative Council Secretariat
3rd Floor, Citibank Tower
3 Garden Road, Central
Hong Kong

Attn.: Mrs. Queenie Yu

By Fax (2869 6794) & Post

Dear Sir,

LegCo Panel on Planning, Lands and Works

As promised at the LegCo Panel meeting on 2nd March 2001, I append herewith a fairly crude draft of a guideline for the determination of the rate for calculating the HPA for urban renewal projects.

Yours faithfully,

M.Y. Wan
Director

Encl.

5th March 2001

Draft Guidelines for the determination of the rate for calculating the HPA

1. For the determination of the rate for calculating HPA (\$ p.s.f. Gross Floor Area), evidence of comparable sales in the 12 month period immediately prior to reversion, of residential flats of similar sizes in the vicinity of the subject area will be considered and suitably adjusted to account for the characteristics of a notional residential flat. Such a notional flat shall be somewhere in the middle floors of a relatively new building of an average orientation, namely, the average conditions of a 10th floor unit facing south or southeast and a 20th floor unit facing the west or northwest would be appropriate.
2. Evidence of sales of units in new buildings (OP issued for less than 3 years) and those other buildings aged 8 years and above are not suitable. Those of buildings aged 7 years will be considered in the absence of sufficient evidence of sales in newer buildings.
3. Based on adjusted results from adopted evidence of comparable sales to the basic characteristics of the notional residential flat, the mean unit price shall be the rate for HPA calculation.
4. In the absence of sufficient sales evidence of units in the vicinity, one may look to such evidence occurring in comparable districts.