

Background Brief on Policy of Charging Premium on Provision of GFA Concessions

Existing Practice

- Land premium is generally payable in respect of those green features that form part of the individual flats in the building and are for the exclusive possession and enjoyment of the owners and residents. These green features include balconies, utility platforms and non-structural prefabricated external walls.

- Whether premium is payable for the above-mentioned features which are exempted from the calculation of GFA will also depend on the provisions in the land leases concerned. Payments of land premium are not required if:-
 - (i) the land leases concerned are unrestricted leases or without restrictions on the maximum GFA, or even after the features are incorporated into the developments, the maximum GFAs in the land leases have not been exceeded; or
 - (ii) the relevant benefits from balconies, utility platforms or non-structural pre-fabricated external walls have been reflected in the land premium payable for the whole developments.

- Other green features which are communal in nature serving all owners and residents of the development and do not involve exclusive possession and enjoyment by owners of the individual flats

(e.g. wider common corridors and lift lobbies, communal sky gardens and mail delivery room with mail boxes) are not subject to the payment of land premium.

Calculation of Premium

- The amount of premium payable is calculated in accordance with standard rates as promulgated in the relevant Practice Note of the Lands Department. The standard rates of premium vary, depending on the type of green features, the location and the timing. These standard rates reflect the land value of the relevant green features and are subject to review annually. The assessment of premium is done at the time permission for GFA exemption is to be granted, which usually takes place when construction work of the project is about to commence.