

LCQ11: Applications for short-term tenancies of land and payment of land premium

Following is a question by Dr the Hon Chan Han-pan and a written reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (March 26):

Question:

It has been reported that the current application procedures for lease of government land by way of short-term tenancy are complicated, and that the procedures for landowners to apply for payment of land premium also take a relatively long time, thus impeding economic development and the efficient use of government land resources to a certain extent. In this connection, will the Government inform this Council:

(1) whether the Government has compiled statistics on the respective average time taken from acceptance to completion of the procedures for each application for short-term tenancy of land and payment of land premium in the past three years (set out in a table);

(2) whether the Government will consider consolidating land resources which have been left vacant for a long time, such as offering several pieces of vacant government land in a certain district for lease as a package to statutory bodies or non-governmental organisations which will then be responsible for management and leasing arrangements, so as to expedite the effective use of land resources; and

(3) given that the current arrangement for charging land premium at standard rates has been extended to New Development Area projects under the Enhanced Conventional New Town Approach, whether the Government will consider extending the arrangement for charging land premium at standard rates to the entire territory; whether the Government will consider streamlining the process of granting land leases, such as establishing simplified procedures for granting leases and payment of land premium, so as to shorten the time taken for vetting and approval?

Reply:

President,

Our reply to the various parts of Dr the Hon Chan's question is as follows:

(1) Currently, short-term tenancies (STTs) are granted by the Lands Department (LandsD) mainly via open tender or direct grant. In relation to

direct grant STTs for community, institutional or non-profit making uses, the LandsD will proceed to grant the tenancy if the applications receive policy support and are confirmed to comply with statutory or administrative requirements upon consultation with relevant departments. The processing time required for each case varies as the nature of each application may differ.

In the past three years (2022 to 2024), the average processing time (from receipt of a valid application to completion of processing) for direct grant STTs for community, institutional or non-profit making uses is tabulated below:

Direct grant STTs for community, institutional or non-profit making uses			
Year	2022	2023	2024
Average processing time	12.2 months	12.7 months	13.9 months

As for lease modification and land exchange applications involving private land, if applicants accept the provisional basic terms offer (PBT0) issued by the LandsD, the LandsD will proceed to premium assessment and issue a premium offer. If applicants are not satisfied with the premium offer made by the LandsD, they may lodge an appeal and provide supplementary information. The time needed for premium negotiation for each case will vary depending on the complexity of the case, and may be affected by the applicants' business considerations and market outlook.

In the past three years (2022 to 2024), the average time needed for premium negotiation in respect of lease modification and land exchange applications approved and executed each year is tabulated below:

Year	2022	2023	2024
Average time needed for premium negotiation for lease modification and land exchange applications	8.5 months	5.8 months	7.8 months

(2) The vacant government sites currently available for rental applications by non-government organisations have been publicised online. It is noted that most of these sites may not have commercial values, a number of which may be secluded or even without vehicular access or other basic facilities. That said, if any external organisations are interested in simultaneously renting multiple sites for socially beneficial uses under the "package" arrangement as mentioned by Dr the Hon Chan, the Government is happy to explore further with the relevant organisations.

(3) In recent years, the Government continuously introduced a number of measures to streamline statutory and administrative procedures with a view to further expediting approval process and removing barriers for development. In terms of premium negotiation procedures, the LandsD will maintain close communications with applicants and endeavour to minimise the differences between both parties, such as allowing applicants to provide supplementary information during appeal, having face-to-face exchanges with applicants on various assessment parameters before processing the appeal. There is also a fast-track procedure for applicant's second or third appeal. If the appeal applications meet the requirements for the relevant fast-track procedures, the LandsD will issue premium offer again within 24 working days after receiving the appeal, which will shorten the process of premium negotiation.

Also, to expedite the processing of specific types of lease modification applications, the Government introduced a standard rate approach for charging premium in the past few years, which provides applicants with an alternative option in addition to the conventional assessment mechanism, through promulgating in advance a set of standard rates for providing certainty. For example, apart from the standard rates applicable to the land exchange applications in new development areas (NDAs) under the "Enhanced Conventional New Town Approach" as mentioned, the Government introduced the standard rates for charging land premium for exemption of gross floor area arising from the adoption of Modular Integrated Construction in end-2022; regularised the standard rates applicable to the redevelopment of aged industrial buildings (IBs) across Hong Kong in end-2023 to provide continued incentive for redevelopment of aged IBs and thereby expedite urban renewal; and rolled out the standard rates arrangement for lease modifications involving development of agricultural land in the New Territories (NT) outside NDAs to unlock the development potentials of agricultural land in the NT. The Development Bureau will continue to keep the implementation of standard rates under review, and will further study whether to expand the standard rates approach for charging premium approach in light of implementation experience and relevant policy considerations.

To adopt a facilitating and collaborative mindset as a "facilitator", the LandsD has implemented measures to further expedite the processing of lease modification and land exchange cases. In terms of the approval process, the LandsD has already streamlined the local consultation process. For cases where local consultation had already been conducted at the stage of planning application, the LandsD will avoid repeated consultation as far as practicable during the lease processing stage. In addition, prior to consulting relevant bureaux/departments regarding the development projects, the LandsD will hold partnership meetings in advance with the applicants on a need basis so as to clarify the key elements of the applications and discuss other potential issues that may need to be tackled with the applicants early, thereby expediting approval process. Also, the LandsD will accept requests for advance processing of lease modification and land exchange applications in association with rezoning applications approved by the Town Planning Board under section 12A of the Town Planning Ordinance with a set of development parameters clearly defined/firmed up. This means that there is no need to wait until the whole statutory rezoning procedure is completed before the

processing could commence.