



**Lease Modification, Approval and Consent for Exemption of
Modular Integrated Construction Floor Area from Gross Floor
Area and Site Coverage Calculations and Relaxation of
Building Height Restriction under Joint Practice Note No. 8**

Joint Practice Note No. 8 (“JPN 8”) promulgated enhanced facilitation measures for buildings adopting Modular Integrated Construction (“MiC”). This Practice Note (“PN”) elaborates how lease modification, approval and consent in connection with exemption of MiC floor area¹ from gross floor area (“GFA”) and site coverage (“SC”) calculations and relaxation of building height (“BH”) restriction under lease² will be processed by the Lands Department (“LandsD”).

Exemption of MiC Floor Area

2. Leases with GFA and/or SC restrictions entered into after the promulgation of Joint Practice Note Nos. 1 and 2 in 2001 and 2002 respectively contain a sub-clause in the “Definition of GFA and/or SC” clause that allows the Director of Lands (“the Director”) to exempt any floor space exempted by the Building Authority (“BA”) for provision of green and innovative features from GFA and/or SC calculations. MiC is one of the green and innovative features and relevant enhanced facilitation measures have been promulgated in JPN 8. For leases that contain an exemption provision as per Version A in **Appendix I(a)**, exemption of MiC floor area will be granted during the building plan checking stage and no premium or administrative fee will be demanded by LandsD. For leases that contain an exemption provision as per Version B or Version C in **Appendix I(a)**, no lease modification is required but the lot owner

¹ For the purpose of this PN, MiC floor area is the floor area contained within the external walls of the combined MiC modules, together with the floor areas of associated construction joints and including the thickness of such walls as defined in paragraph 6 of JPN 8 issued in July 2022.

² All references to “lease” in this PN shall include Government Lease or Conditions of Sale/ Grant/ Exchange, etc. as the case may be and “leases” shall be construed accordingly.

needs to apply for a consent letter to exclude MiC floor area for which exemption has been given by the BA, from GFA and/or SC calculations under lease. The issue of consent letter will be subject to payment of premium and administrative fee. For leases which do not contain any exemption provision in the “Definition of GFA and/or SC” clause as mentioned, a lease modification is required to include the specific exemption provision in the leases and then followed by a consent letter allowing such MiC floor area for which exemption has been given by the BA to be exempted from calculations of GFA and/or SC. The issue of lease modification letter and consent letter will be subject to payment of premium and administrative fee.

Fast Track Approach

3. A fast track approach will be introduced for applications for the necessary lease modification and/or consent letter for GFA and/or SC exemption for adoption of MiC. If the application is accepted, LandsD aims to advise the lot owner the terms and conditions of the lease modification and/or consent letter as well as the premium and the administrative fee chargeable within 10 weeks upon receipt of a valid application. Lot owners should submit their applications together with the necessary information and documents as per the checklist in **Appendix II** as soon as possible after the BA has granted its exemption for the MiC floor area. The lot owner shall engage an Authorized Person (“AP”) to provide (i) a schedule certified by the AP listing out the permissible MiC floor area and the exempted MiC floor area approved by the BA (total, domestic and non-domestic); and (ii) if relaxation of BH restriction is required, an additional certification on the MiC floor(s) identified and the corresponding storey height in accordance with Appendix A annexed to JPN 8 for checking and premium calculation purposes. Details for relaxation of BH restriction are specified in paragraph 4 below.

Relaxation of BH Restriction

4. If the BH of a proposed building adopting MiC renders a breach of the BH restriction under lease, the lot owner shall apply for (i) an approval letter where the lease contains a height clause with a discretionary provision as per **Appendix I(b)**; or (ii) a lease modification to include the discretionary provision in the lease and then followed by an approval letter under such provision allowing relaxation of BH restriction. The issue of modification letter and approval letter will be subject to payment of premium and administrative fee. If the excessive BH under application does not exceed 4% of the total storey height of

MiC floors³ and is the subject of a planning application as referred in JPN 8, the application for lease modification and/ or approval letter for relaxation of BH restriction will be processed together with the application for lease modification and/or consent letter for excluding the MiC floor area from GFA and/or SC calculations in accordance with the fast track approach in paragraph 3 above. Otherwise, the fast track approach will not apply.

Premium and Administrative Fee

5. Premium for exemption of GFA and/or SC and/or relaxation of BH restriction or any combination of them under lease for adoption of MiC will be charged at standard rates having regard to the location of the lot as well as the nature and amount of exempted MiC floor area as approved by the BA under application. The rates for calculation of premium are contained in **Appendix III** which are non-negotiable and subject to review from time to time but in no event earlier than 1 April 2024. The district boundary follows that of the boundary of the District Lands Office. For lots straddling over two districts, the higher rate shall prevail. An administrative fee (subject to review from time to time) currently of \$54,800 will be payable in addition to the premium. For the avoidance of doubt, the rates applicable to the premium assessment in respect of any case shall be the rates prevailing at the time of assessment irrespective of the date of the application. The premium payable will be determined by LandsD at its absolute discretion and not negotiable.

Subsequent Changes

6. Upon completion of the lease modification and/or issue of the consent letter and/or approval letter, subsequent changes resulting in the exempted MiC floor area and/or maximum eligible relaxation of BH restriction exceeding the limit(s) stipulated in the consent letter and/or approval letter will require a further consent letter and/or approval letter, subject to payment of administrative fee and an additional premium if appropriate. Additional premium may not be charged for any subsequent increase in BH and/or SC approved by the BA provided that there is no increase in the exempted MiC floor area for GFA calculation. In the event that a concerned floor is no longer qualified as a MiC floor due to non-compliance with the minimum MiC floor area requirement⁴ or there is a reduction in the storey height of a MiC floor, the BH

³ For the purpose of this PN, (i) MiC floor is taken as a floor of a building where the MiC floor area is not less than 50% of the total area on that floor and the total area on that floor means the area of the site on which the building is erected that is covered by that floor as defined in paragraph 10 and footnote 5 of JPN 8 issued in July 2022; and (ii) storey height of MiC floor is measured from the lowest level of the MiC module to the highest level of the MiC module, including the thickness of slab(s), on that MiC floor together with the associated construction joints below as referred to in footnote 4 of JPN 8 issued in July 2022.

⁴ For the avoidance of doubt, the minimum requirement of a MiC floor is that the MiC floor area is 50% of the total area on that floor as stipulated in footnote 3 of this PN.

relaxation for MiC adoption given under lease will be invalid. Premium and administrative fee paid are non-refundable for any reasons including but not limited to MiC is not adopted in the building proposed to be built, or GFA and/or SC concessions as approved by the BA is revoked.

Further Facilitation

7. When an application for land exchange, land grant or lease modification is being processed for a proposed development (“the proposed transaction”), the lot owner/ applicant may request for adoption of the exemption provision as per Version A in **Appendix I(a)** in the “Definition of GFA and/or SC” clause to obviate the need for issuing a consent letter to exempt the green and innovative features (including MiC floor area) for which exemption is given by the BA from GFA and/or SC calculations under lease after completion of the proposed transaction.

8. Nothing in this PN shall in any way fetter, affect or prejudice the rights of the Government, the Director and their officers under the relevant lease or the Government’s rights as lessor or landlord, and all such rights are hereby reserved. Besides, nothing in this PN, including any words and expressions used, shall in any way be construed as any variation or waiver of any provisions under the relevant lease or affect or bind the Government in relation to interpretation or enforcement of the terms and conditions of the relevant lease or otherwise. All rights to modify the whole or any part of this PN are hereby reserved. This PN takes immediate effect.



(Andrew LAI)

Director of Lands

17 October 2022

Specific Exemption Provision
in “Definition of Gross Floor Area and/or Site Coverage” Clause under Lease

Version A

- () ...the Director at his sole discretion may:
- (i) in calculating the gross floor area [or the site coverage] of any building or buildings erected or to be erected on the lot [(in addition to any floor space which may be excluded by Special Condition[s] No[s]. (), () and () hereof)], subject to sub-clause () of this Special Condition, exclude:
 - (I) any sunshade, reflector or any floor space that he is satisfied is constructed or intended to be used solely for the parking or for the loading or unloading of motor vehicles or occupied solely by machinery or equipment for any lift, air-conditioning or heating system or any similar service and any space for refuse disposal;
 - (II) any structure or floor space, including, but not limited to, any balcony, utility platform, corridor, lift lobby, communal sky garden, acoustic fin, noise barrier, wing wall, wind catcher or funnel, non-structural prefabricated external wall the thickness of which does not exceed 150 millimetres, or any part thereof (all hereinafter referred to as "environmentally friendly or innovative features") and any other structure or floor space which in the opinion of the Building Authority is an environmentally friendly or innovative feature (as to which the opinion of the Building Authority shall be conclusive) and which, for that reason, has been excluded by the Building Authority from the calculation of gross floor area [or site coverage] under the Buildings Ordinance, any regulations made thereunder and any amending legislation;

Version B

- () ...the Director at his sole discretion may:
- (i) in calculating the gross floor area [or the site coverage] of any building or buildings erected or to be erected on the lot [(in addition to any floor space which may be excluded by Special Condition[s] No[s]. (), () and () hereof)], subject to sub-clause () of this Special Condition, exclude:
 - (I) any sunshade, reflector or any floor space that he is satisfied is constructed or intended to be used solely for the parking or for the loading or unloading of motor vehicles or occupied solely by machinery or equipment for any lift, air-conditioning or heating system or any similar service and any space for refuse disposal;
 - (II) subject to the payment by the Purchaser of any premium and administrative fee as shall be determined by the Director:
 - (A) any structure or floor space, including, but not limited to, any balcony, utility platform, corridor, lift lobby, communal sky garden, acoustic fin, noise barrier, wing wall, wind catcher or funnel, non-structural prefabricated external wall the thickness of which does not exceed 150 millimetres, or any part thereof (all hereinafter referred to as "environmentally friendly or innovative features") and any other structure or floor space which in the opinion of the Building Authority is an environmentally friendly or innovative feature (as to which the opinion of the Building Authority shall be conclusive) and which, for that reason, has been excluded by the Building Authority from the calculation of gross floor area [or site coverage] under the Buildings Ordinance, any regulations made thereunder and any amending legislation; and
 - (B) any floor space or structure which has been excluded by the Building Authority from the calculation of gross floor area [or site coverage] under the Buildings Ordinance, any regulations made thereunder and any amending legislation;

Version C

() ...the Director at his sole discretion may, in determining the gross floor area [or the site coverage], exclude ... or any floor space which the Building Authority may permit to be excluded.

Discretionary Provision in “Height” Clause under Lease

() no part of any building or other structure erected or to be erected on the lot together with any addition or fitting (if any) to such building or structure may exceed the aggregate height of { } metres above the Hong Kong Principal Datum, or such other height limit as the Director at his sole discretion may, subject to the payment by the Purchaser of any premium and administrative fee as shall be determined by the Director, approve, provided that...

**Checklist for Submission of an Application for Lease Modification,
Approval Letter and Consent Letter for Exemption of Modular Integrated
Construction (MiC) Floor Area from Gross Floor Area (GFA) and Site
Coverage (SC) Calculations and Relaxation of Building Height (BH)
Restriction under Joint Practice Note No. 8 (JPN 8)**

A. Information/Documents that must be submitted ⁽¹⁾

**For exemption of GFA and/or SC and/or relaxation of BH
restriction**

- (i) A copy of general building plans (“GBPs”) approved by the Building Authority (“BA”) as per JPN 8 showing the total exempted GFA and/or SC for the adoption of MiC and, in the event that relaxation of BH restriction is required, the information laid down in Appendix A of JPN 8.
- (ii) If submitted by an agent, a written authorization from all the registered owners and purchasers who have entered into an Agreement for Sale and Purchase of a unit or units (“purchasers”) (if applicable) of the Property ⁽²⁾.
- (iii) A schedule certified by an Authorised Person engaged by the registered owners and purchasers (“AP”) listing out the permissible MiC floor areas and the exempted MiC floor area approved by BA (total, domestic and non-domestic).

**For relaxation of BH restriction is required, the following, in
addition to the above (i) to (iii), shall also be submitted.**

- (iv) The AP’s certification of information in GBPs submission in accordance with Appendix A annexed to JPN 8.

B. Information/Documents that must be submitted for application for lease modification (for inclusion of clause for (i) exemption of GFA and/or SC; (ii) relaxation of BH restriction)⁽¹⁾:

- (i) 2 copies⁽³⁾ of a complete set of Government Land Sale/ Grant/ Exchange documents (including all executed lease modification letters and extension letters, if any) affecting the Property.
- (ii) A copy of an up-to-date location/ site plan on an appropriate scale (normally 1:1000) showing the Property.

- (iii) 2 copies ⁽³⁾ of a computer printout containing the historical and current ownership particulars of the Property.
- (iv) (a) If any of the registered owners is a limited company, 2 sets of certified true copies of its Certificate of Incorporation, Certificate of Change of Name (if applicable) and Notice of Situation of Registered Office. For non-Hong Kong companies, documents equivalent to the above should be produced.
- (b) If there are any chargees/ mortgagees, letter(s) from the chargees/ mortgagees confirming that they have no objection to/ agree to enter into the proposed Modification Letter.
- (c) In the event of the Property being in multiple ownership and unless otherwise consented to by the Lands Department, a summary list (in duplicate) certified by the solicitor acting for the applicants containing the names of all registered owners/ chargees/ mortgagees/ purchasers (if any) of the Property together with details of number of undivided shares held by each owner and an undertaking by the solicitor to inform the Lands Department of any change in the names of the registered owners/ chargees/ mortgagees/ purchasers between the date of application up to the date of the proposed Modification Letter.
- (v) Details of the application clearly identifying the Property concerned.

For concurrent processing of the application for lease modification, consent and/or approval letter for the above purposes, applicants are encouraged to submit the necessary documents in one go.

Notes:

- (1) Please put a tick in the relevant box if applicable unless otherwise specified; and delete as appropriate.
- (2) Property includes all lots involved in an application for lease modification, consent and/or approval letter.
- (3) One set of documents should be certified by the Land Registry or by the solicitor acting for the applicant, while the other set may be a photocopy of the certified documents. Certification of the documents should be done not more than one month before submission of the application.

Note on Use of Personal Information Required in the Application

Purpose of Collection	The personal data provided in application pursuant to this Practice Note and Appendix II will be used by the Lands Department for the purpose of considering and processing the application. The provision of the personal data is obligatory. If you do not provide the personal data, the Lands Department may not be able to process your application.
Class of Transferees	The personal data you provided may be disclosed to other Government bureaux / departments for the purpose mentioned above.
Access to Personal Data	The individual who is the subject of the personal data has a right of access and correction with respect to personal data as provided for in Sections 18 and 22 and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance (Cap. 486). Such right of access includes the right to obtain a copy of the personal data provided upon payment of the applicable charge.
Enquiries	Enquiries concerning the personal data collected, including the request for access and corrections, should be addressed to: Departmental Personal Data Controlling Officer of the Lands Department 20/F., North Point Government Offices 333 Java Road, North Point Hong Kong

Standard Rates for Premium Calculation for Exemption of Gross Floor Area (GFA) and/or Site Coverage and Relaxation of Building Height Restriction arising from the adoption of Modular Integrated Construction (MiC) under Joint Practice Note No. 8

Location of the Lot ⁽¹⁾	User of Development	
	Domestic ⁽²⁾⁽³⁾	Non-Domestic ⁽²⁾⁽³⁾
Hong Kong/ Kowloon	\$10,590/m ²	\$6,490/m ²
Shatin/ Sai Kung	\$6,740/m ²	\$4,820/m ²
Kwai Tsing/ Tsuen Wan	\$6,800/m ²	\$4,820/m ²
Tuen Mun/ Yuen Long	\$4,110/m ²	\$2,290/m ²
Tai Po/ North	\$5,090/m ²	\$3,040/m ²
Islands	\$4,930/m ²	\$2,880/m ²

Notes:

- (1) The district boundary follows that of the boundary of the District Lands Office. For lots straddling over two districts, the higher rate is applicable.
- (2) The rate refers to the unit rate per exempted MiC floor area (m²). The premium to be charged is the rate of the corresponding district multiplied by the exempted MiC floor area approved by the Building Authority ("BA"). For the avoidance of doubt, exempted MiC floor area(s) will be rounded up to the nearest 0.1m² when assessing the premium payable. The premium payable is to be determined by the Lands Department ("LandsD") at its absolute discretion and not negotiable.
- (3) LandsD has the absolute discretion to apply the appropriate type of rate according to the nature of the development and the lease governing the lot. If the exempted MiC floor area has not been specified in the general building plans approved by the BA whether it is domestic GFA or non-domestic GFA, the domestic user standard rate will be adopted for the purpose of premium calculation.