



**Premium Assessment for
Exemption of Balconies from GFA and SC Calculation
Under Joint Practice Note No. 1**

Joint Practice Note No. 1 promulgates that subject to completion of the necessary lease modification and payment of premium, balconies meeting certain criteria can be exempted from gross floor area and site coverage calculations under the lease. This Practice Note is intended to explain how the lease modification and premium assessment will be dealt with by the Department.

2. For lease modifications relating to exemption of balcony floor space only

As the number of flats containing an exempted balcony and the area of these balconies determine the amount of premium payable, such information should be sent to the District Lands Office for processing a lease modification when Buildings Department approval to plans has been obtained. It should be noted that applications for lease modification prior to approval of building plans by the Buildings Department, will not be entertained. In the application, the owner should specify the number of flats which have balconies with exempted floor space, the total area of exempted balcony space for each flat and the maximum permissible exempted balcony floor space of each flat under the Joint Practice Note No.1. The lease will be modified by a modification letter which will permit the Director to issue consent letters to exempt the concerned floor space. A consent letter with demand note for the appropriate premium will be issued at the same time. A single administrative fee currently of \$23,000 will be payable. The procedures for dealing with these lease modifications and consents will be streamlined and it is anticipated that they will be dealt with within 1 – 2 months.

3. For new lease modifications relating to change of use or other issues and land exchanges

A suitable clause will be inserted into these modification/land exchange documents to allow the Director to issue consent letters to exempt the balcony floor space for which exemption has been given by the Building Authority. The issue of the consent letter will be subject to the payment of premium and administrative fee.

4. Premium and administrative fee

Premium will be assessed according to the location of the lot, the number of flats that contains exempted balcony floor space, the permissible exempted floor space and the actual exempted floor space provided. The total premium will be determined in accordance with the attached Appendix which will be subject to review with effect from 1st April each year. The rates contained in the Appendix are non-negotiable. Premium is assessed by multiplying the number of flats that contain a certain size of the exempted balcony floor space and the appropriate premium per flat as shown in the schedule. In cases where a development contains flats with different sizes of exempted balcony floor space, then the premium is the sum of all premia calculated under the above formula. It should however be noted that in case the actual claimed exempted balcony floor space for a flat is smaller than the permissible exempted floor space under the Joint Practice Note No. 1 and the permissible exempted floor space is larger than 2.59 m², then the premium is assessed on a pro-rata basis. All the exempted balcony floor space will be rounded to the nearest 0.1 m² when assessing the premium payable. For example if the exempted balcony floor space is 2.54 m² it will be regarded as 2.5 m² while an exempted balcony floor space of 2.55 m² will be regarded as 2.6 m². The following example illustrates how premium is calculated:-

Example

A lot situated in Hong Kong Island and the size of exempted balconies tallies with the permissible exempted floor space under the Buildings Ordinance.

No of flats with exempted balcony	Total exempted balcony size per unit (m ²)
30	2
50	4.1
20	5

$$\text{Premium} = 30 \times \$4,100 + 50 \times \$29,700 + 20 \times \$38,600 = \$2,380,000$$

In a case where the claimed exempted balcony floor space is smaller than the permissible floor space under the Joint Practice Note No. 1 the premium will be assessed on a pro-rata basis. The following examples illustrate how the premia are assessed in each cases:

In each flat the lot is in HK Island	Case 1	Case 2	Case 3
Total claimed area of exempted balcony floor space	2.1	2.1	2.8
Total permissible exempted balcony floor space under Buildings Ordinance /Joint PN1	2.5	2.6	4
Formula used	Not applicable	$\$15,800 \times 2.1/2.6$	$\$28,700 \times 2.8/4.0$
Premium	\$4,800	\$12,761.54	\$20,900

In addition to the premium, an administrative fee currently of \$23,000 will be payable.

The district boundary follows that of the boundary of the District Lands Offices. For lots straddling between two districts, the higher rate is applicable.

5. Subsequent changes

Upon completion of the modification and issue of the first consent letter, subsequent changes to the composition of the exempted floor space or permissible exempted floor space will require a further consent letter subject to payment of an administrative fee, and possibly additional premium if appropriate.

6. Submission of building plans

APs are also advised to provide a schedule in the building plans submitted to the Buildings and Lands Departments listing out the permissible exempted balcony floor space and the claimed exempted balcony space for checking purposes.

7. Future sites sold by Auction or Tender

For sites to be sold by auction and tender a new “Definition of GFA” clause will provide flexibility to allow the Director to exempt any floor space exempted by the Building Authority for provision of green and innovative features at nil premium.

(R.D. Pope)
Director of Lands
26 April 2001

Standard Rates for Premium Assessment for Exemption of Balconies

Total Exempted Balcony Area (m ²) Per Unit	Premium Per Unit					
	HK/KLN	Sha Tin Sai Kung	Tai Po North	Tuen Mun Yuen Long	Kwai Tsing Tsuen Wan	Islands
2.0	\$4,100	\$2,300	\$0	\$0	\$3,000	\$0
2.1	\$4,800	\$2,900	\$0	\$0	\$3,600	\$0
2.2	\$5,500	\$3,500	\$0	\$0	\$4,200	\$0
2.3	\$6,100	\$4,000	\$0	\$0	\$4,800	\$0
2.4	\$6,800	\$4,600	\$0	\$0	\$5,400	\$0
2.5	\$7,400	\$5,100	\$360	\$0	\$6,000	\$360
2.6	\$15,800	\$8,400	\$3,600	\$1,200	\$8,400	\$3,600
2.7	\$16,700	\$9,000	\$4,000	\$1,500	\$9,000	\$4,000
2.8	\$17,600	\$9,700	\$4,500	\$1,900	\$9,700	\$4,500
2.9	\$18,500	\$10,300	\$4,900	\$2,200	\$10,300	\$4,900
3.0	\$19,400	\$10,900	\$5,300	\$2,500	\$10,900	\$5,300
3.1	\$20,300	\$11,600	\$5,800	\$2,900	\$11,600	\$5,800
3.2	\$21,200	\$12,200	\$6,200	\$3,200	\$12,200	\$6,200
3.3	\$22,100	\$12,900	\$6,700	\$3,600	\$12,900	\$6,700
3.4	\$23,000	\$13,500	\$7,100	\$3,900	\$13,500	\$7,100
3.5	\$23,900	\$14,100	\$7,500	\$4,200	\$14,100	\$7,500
3.6	\$24,900	\$14,800	\$8,000	\$4,600	\$14,800	\$8,000
3.7	\$25,900	\$15,500	\$8,500	\$5,000	\$15,500	\$8,500
3.8	\$26,800	\$16,100	\$9,000	\$5,400	\$16,100	\$9,000
3.9	\$27,800	\$16,800	\$9,500	\$5,800	\$16,800	\$9,500
4.0	\$28,700	\$17,400	\$9,900	\$6,100	\$17,400	\$9,900
4.1	\$29,700	\$18,100	\$10,400	\$6,500	\$18,100	\$10,400
4.2	\$30,600	\$18,800	\$10,900	\$6,900	\$18,800	\$10,900
4.3	\$31,600	\$19,400	\$11,400	\$7,300	\$19,400	\$11,400
4.4	\$32,500	\$20,100	\$11,900	\$7,700	\$20,100	\$11,900
4.5	\$33,400	\$20,700	\$12,300	\$8,000	\$20,700	\$12,300
4.6	\$34,500	\$21,500	\$12,900	\$8,500	\$21,500	\$12,900
4.7	\$35,500	\$22,300	\$13,500	\$9,000	\$22,300	\$13,500
4.8	\$36,600	\$23,000	\$14,000	\$9,500	\$23,000	\$14,000
4.9	\$37,600	\$23,800	\$14,600	\$10,000	\$23,800	\$14,600
5.0	\$38,600	\$24,500	\$15,100	\$10,400	\$24,500	\$15,100

with effect from April 2001