

## **Appendix 2**

### The Incentive Scheme for RCHEs



**Lands Administration Office**

**Lands Department**

**Practice Note**

**Issue No. 5/2023**

**Incentive Scheme to Encourage Provision of  
Residential Care Homes for the Elderly Premises in New Private Developments -  
Time-limited Enhancements**

In pursuance of the 2022 Policy Address and the 2023-24 Budget, time-limited enhancements will be introduced to an incentive scheme for encouraging the provision of residential care homes for the elderly (“RCHE”) premises in new private developments launched by the Lands Department (“LandsD”) under Lands Administration Office (“LAO”) Practice Note No. 4/2003 (“the Incentive Scheme”).

2. During the three-year pilot period from 20 June 2023 to 19 June 2026 (“the Pilot Period”), developers may apply and LandsD may grant the following concessions (“collectively “the Concessions”):

- (i) exempt one or more eligible RCHE premises from payment of land premium in land transactions of lease modification, land exchange and private treaty grant for new private developments (excluding industrial developments)<sup>1</sup> (each “a Proposed Development”); and
- (ii) exempt eligible RCHE premises<sup>2</sup> from the calculation of total permissible

<sup>1</sup> Addition to or alteration or conversion of existing building(s) will not be considered as constituting a new private development.

<sup>2</sup> The eligible RCHE premises has to comply with the Town Planning Ordinance (Cap. 131) (“TPO”) and the Buildings Ordinance (Cap. 123) (“BO”), among others. Planning application under section 12A or section 16, as appropriate, of the TPO is required if the proposed RCHE is not always permitted and/or has resulted in exceedance of the maximum plot ratio/GFA/building height permissible under the Notes of the respective Outline Zoning Plan (“OZP”). The Town Planning Board will consider each application based on individual merits of the case. RCHE in private development is GFA accountable under the Building (Planning) Regulations. During the Pilot Period, the Building Authority is prepared to grant modification to permit a higher plot ratio/GFA to accommodate the additional GFA of the RCHE in the development site under the BO taking into account the Planning Department (“PlanD”)’s advice on the planning intention as well as whether the provisions and requirements under the OZP or planning approval have been complied with when processing the general building plans.

gross floor area under lease.

Applications received thereafter will be processed under the parameters of the Incentive Scheme.

3. To be eligible for the Concessions, provision of RCHE premises in a Proposed Development must have the support of the Social Welfare Department ("SWD"). The Concessions, if granted, will be subject to the following conditions:-

- (i) The Concessions will be subject to a cap of no more than 12,000m<sup>2</sup> in total gross floor area ("GFA") or 10% of the total permissible GFA under lease, whichever is the greater. More than one eligible RCHE premises per development site may be eligible for the Concessions. General guideline on the calculation of GFA for RCHE premises is set out at **Annex**;
- (ii) The size and location of each RCHE premises will have to be approved by SWD. No sub-division of each of the RCHE premises will be allowed and assignment, mortgage, underletting, or other disposal of each of the RCHE premises will be prohibited except as a whole unit;
- (iii) Provision of the RCHE premises must comply with all requirements as may be imposed by SWD and all applicable ordinances, by-laws or regulations that are in force from time to time;
- (iv) Throughout the term under lease<sup>3</sup>, the RCHE premises shall be managed and operated as licensed RCHE(s) under the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) and its subsidiary legislation and to the satisfaction of SWD; and
- (v) The above requirements shall be stipulated as conditions under lease, as appropriate.

4. Subject to the above and the approval of SWD, developers will be allowed to either lease or sell each completed RCHE premises as a whole unit or operate the concerned RCHE by themselves. However, any unauthorized change of use or leaving the RCHE premises vacant for a period in excess of 12 months as identified by SWD may render the premises

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<sup>3</sup> All references to "lease" in this Practice Note shall include Government Lease or Conditions of Grant / Sale / Exchange, as the case may be.

liable for enforcement actions under the lease conditions, including re-entry proceedings and the taking of possession of the RCHE premises by the Government without compensation.

5. Interested parties should also refer to the Guidance Note on this subject released by SWD on its website in June 2023.

6. Each application submitted to LandsD pursuant to this Practice Note ("PN") will be considered on its own merits by LandsD at its absolute discretion acting in its capacity as a landlord. This PN shall not constitute any representation on the part of the Government or other authorities or give rise to any expectation on the part of the applicant that any application submitted to LandsD will be processed or approved.

7. This PN is issued for general reference purposes only. All rights to modify the whole or any part of this PN are hereby reserved.

8. During the Pilot Period, LandsD LAO Practice Note No. 4/2003 will not be applicable.

A handwritten signature in blue ink, appearing to read "Andrew Lai", with a stylized flourish at the end.

( Andrew LAI )  
Director of Lands  
20 June 2023

**General Guideline on Calculation of GFA for  
RCHE Premises**

**Annex**

GFA of eligible RCHE premises includes the following areas as illustrated in Figure 1:

- (a) Areas of RCHE(s) (including the enclosing wall(s) of and structure(s) within the premises) (i.e. the areas of RCHE 1 and RCHE 2 – coloured yellow in Figure 1); and
- (b) Staircases, lift shafts, lobbies and corridors solely serving the RCHE(s) (i.e. the areas of Staircase 1, Staircase 2, Lift 1 and Corridor 1 – coloured orange in Figure 1) including horizontal areas of such staircases and lift shafts passing through the RCHE floor and serving RCHE only at that floor.

**Remarks:**

- (1) RCHE's GFA does not include horizontal areas of staircases, lift shafts, lobbies and corridors shared by other uses on the same floor (i.e. the areas of Staircase 3, Staircase 4, Lift 2, Lift 3 and Corridor 2 shown in Figure 1).
- (2) During the RCHE licensing process under the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459), the enclosing wall(s) and structure(s) within RCHE(s) are excluded from the calculation of area of floor space per resident.
- (3) Plant rooms, car parking spaces, loading and unloading areas of the development may be disregarded from GFA calculation according to the prevailing GFA concession mechanism except for (4) below.
- (4) Non-mandatory and non-essential plant rooms and horizontal areas of vertical ducts solely serving the RCHE are not subject to 10% overall cap of GFA concession under Practice Note for Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers APP-151 issued by the Buildings Department ("BD").
- (5) PlanD and LandsD will rely on BD's verified computation of GFA for the RCHE(s) as shown on the general building plans when exercising their authority to check compliance with the requirements/conditions imposed under their respective regimes.
- (6) This Guideline provides general guidance on the computation of GFA for the purposes of this Practice Note. Whether any areas will be included or omitted from the calculation of GFA for RCHE premises will be considered on a case-by-case basis.



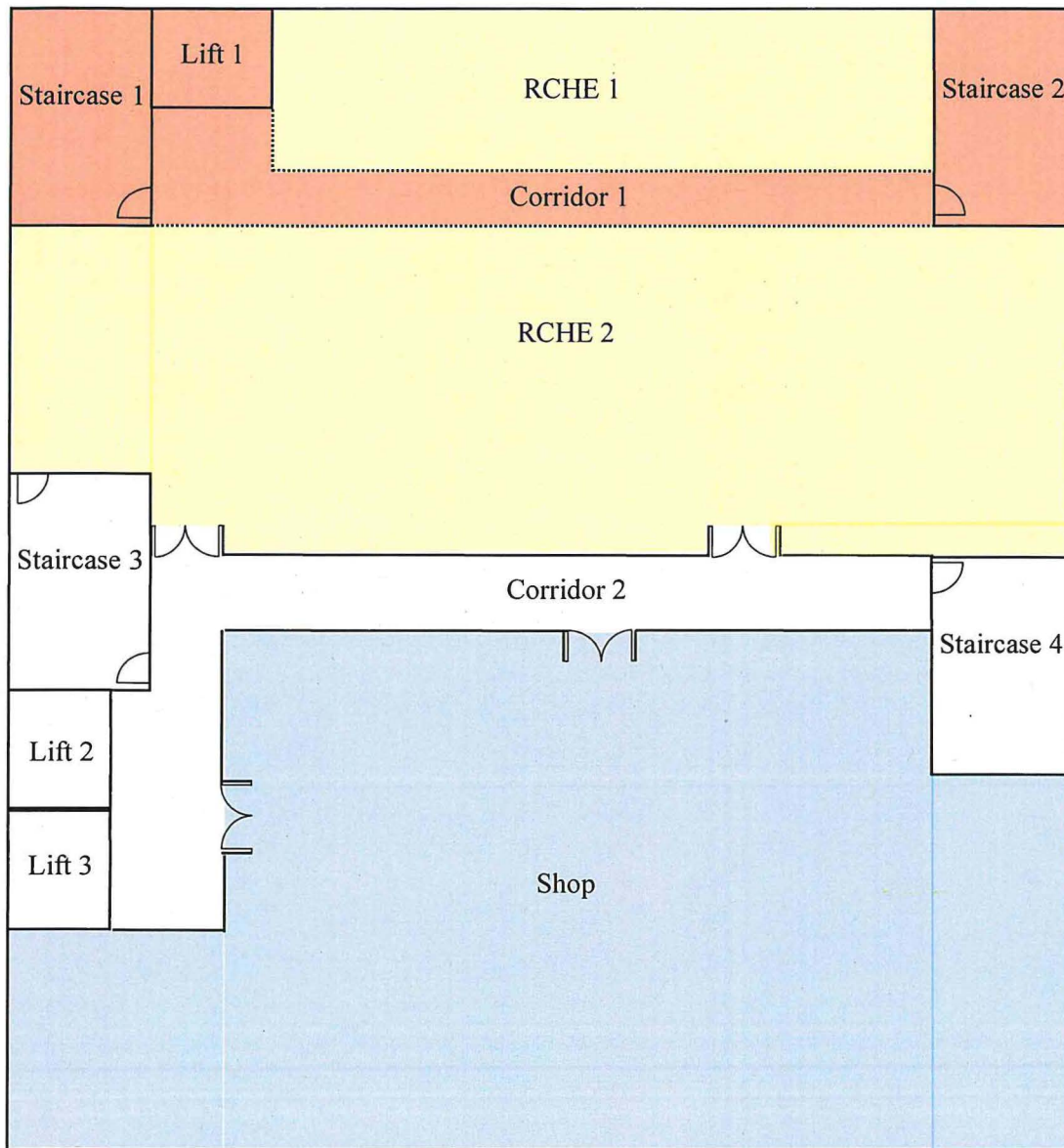


Figure 1

(06/2023)