

香港特別行政區政府  
發展局局長



SECRETARY FOR DEVELOPMENT  
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20 August 2008

Mr Michael Li  
Executive Director  
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Kowloon



Dear *Michael*,

**Proposed Special Conditions of Sale for "Hotel Use Only" Sites**

Thank you for your letter of 14 July 2008.

Facilitating and encouraging hotel developments to support Hong Kong's tourism industry through introducing "hotel use only" sites on a pilot basis in the 2008-09 Application List is a policy initiative announced by the Financial Secretary in his Budget. I am pleased that this initiative has the full support of the Federation of Hong Kong Hotel Owners. I wish to thank the Federation for meeting with us on 3 July to exchange views on the implementation of this initiative. The Federation's subsequent comments provided in your above-mentioned letter are most helpful.

In consultation with colleagues from the Lands Department and the Planning Department, I have personally considered the concerns raised by your Federation. Our primary objective is to ensure that "hotel use only" sites are serving their stated purpose while providing the needed flexibility conducive to hotel developments in Hong Kong taking account of market trends. I am

pleased to inform you that we have finalised the master document of the Conditions of Sale for these "hotel use only" sites. The Conditions of Sale together with information on the first batch of four "hotel only sites"<sup>1</sup> in the 2008-09 Application List now available for triggering will be uploaded onto the Lands Department's website later this week.

I would like to take this opportunity to respond to the specific comments on the proposed Conditions of Sale raised in your letter dated 14 July 2008.

### **Height Limit**

The Government is committed to clarity, certainty and consistency in land policy. In announcing the 2008-09 Application List earlier this year, I said that we would stipulate clear development parameters in respect of individual sites included in the Application List. This has generally been welcomed by the public. Hence, it is deemed necessary to stipulate the development parameters including the maximum GFA and the height limit (or the limit on the number of storeys permissible) in the Conditions of Sale for the "hotel use only" sites. The building height limit to be specified in the Conditions of Sale reflects the building height restriction as indicated in the relevant Outline Zoning Plans (OZPs); where there is no such restriction in the OZPs, the height limit incorporated into the Conditions of Sale reflects the optimal building height for the site on the advice of the Planning Department taking account of the relevant considerations.

### **Ancillary Accommodation**

Ancillary accommodation in this context is intended to cover basically all facilities that would be provided in hotel development apart from hotel rooms, lobby/reception/common areas and supporting facilities (i.e. those which have been excluded by the Building Authority from calculation of GFA under the Building (Planning) Regulations 23A(3)(b)). In more specific terms, ancillary accommodation is described in the Conditions of Sale as retail shops, restaurants, pubs, fast food shops, entertainment facilities, business centres, facilities for fitness, health and sports, function rooms, exhibition facilities,

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<sup>1</sup> The four "hotel use only" sites are located in Kowloon Bay, Kwun Tong and Tin Shui Wai.

conference facilities and automatic teller machines. We have considered the suggestion of broadening the definition of hotel to include some or all of the ancillary accommodation so that their provision would not be made subject to any limitation. However, we are concerned that this might result in the possibility, albeit remote, of a "hotel use only" site being developed into predominantly non-hotel-room facilities. Given the primary objective of disposing of government sites for "hotel use only" under this initiative, we opine that such a liberal definition of hotel use would not be prudent.

To address the concern raised by you and other stakeholders that hotels intended to serve the meeting/convention businesses may require more space for the banquet halls/meeting rooms, etc., we are now proposing in the Conditions of Sale that –

- while the proposed definition of ancillary accommodation as mentioned above should be adopted for "hotel use only" sites to provide clarity and avoid unnecessary dispute;
- to provide adequate flexibility for developing hotels with different focus, the cap on the amount of ancillary accommodation permissible out of the total GFA of the site would be raised to 40%, that is, doubling the original limit; but
- no more than 25% of the ancillary accommodation (that is, not more than 10% of the total GFA for the site) may be used for retail shops and/or entertainment facilities.

Under these limits, a "hotel use only" site may be developed with GFA for hotel-room facilities, ancillary convention/meeting/banquet/leisure facilities and retail/entertainment facilities at no less than 60%, no more than 30% and no more than 10% respectively. We believe these limits would allow sufficient flexibility for the trade to design and operate their business to keep pace with market demand, while ensuring that the site will be used primarily for hotel purposes. Furthermore, these would provide a reasonable basis for land valuation purpose.

### **Internal Layout, Design and Size of Hotel Rooms**

With in-built safeguards against hotel rooms from being sold individually as residential flats or leased out for long term residential purposes, (i.e. no alienation except as a whole and prohibition of letting and licensing other than by licensing of hotel rooms for a term not longer than 12 month, including renewal), as well as the usual requirement for obtaining Government approval on the design and disposition of the building, I agree that the original proposals for Government to control and regulate the internal layout, design and size of hotel rooms, as well as subsequent changes to such layout and design, is **not** necessary. Your point that such matters should be left to the industry in responding to changing market demands is well appreciated. You will be pleased to note that we have removed such requirements from the Conditions of Sale.

### **Land Premium**

We will assess the open market value of a "hotel use only" site based on the hotel use and such other uses as restricted under the Conditions of Sale, and set the reserve price of the site on the basis of such assessment. The setting of a reserve price is necessary to reassure the public that under no circumstances will government land be sold at a price falling short of its open market value. This is a well-accepted practice in our land disposal policy. There is no question of the land premium for "hotel use only" sites being "inflated" by the reserve price mechanism.

### **Suite-type Hotel Rooms**

In order to provide the trade with maximum flexibility in the design and size of rooms to suit ever changing market needs, the 30% limit on the number of suite-type hotel rooms out of the total hotel rooms is now dropped, and correspondingly, the proposed condition that "no laundry facilities or kitchenette shall be provided or installed in any hotel room except suite-type hotel room" is also removed.

I trust that the revised Conditions of Sale, and our response to the Federation's specific comments relayed to us in the consultation, represent a pragmatic balance between, on the one hand, facilitating hotel developments

that will keep pace with the changing needs of travellers and market trends, and on the other, preventing abuse and ensuring that valuable land resources are put to their intended use. We will continue to work closely with the hotel industry to achieve our common objective in enhancing Hong Kong's status as an international tourism and convention capital. To this end, we will press ahead with the necessary planning work to enable the early release of the remaining "hotel use only" sites into the market. I am sure the Federation of Hong Kong Hotel Owners will continue to lend support to this cause.

Yours sincerely,



(Mrs Carrie Lam)  
Secretary for Development

c.c. Commissioner for Tourism  
Permanent Secretary for Development (Planning and Lands)  
Director of Planning  
Director of Lands  
Director of Buildings